OUR BEST IDEAS FOR FUTURE GROWTH

BUWOG group

Annual Financial Report 2016/17

BUWOG GROUP KEY FIGURES

EARNINGS DATA		2016/17	2015/16[1]	Change
Net cold rent	in EUR million	214.4	199.4	7.5%
Results of Asset Management	in EUR million	156.9	149.0	5.3%
Results of Property Sales	in EUR million	44.3	38.2	16.1%
Results of Property Development	in EUR million	28.3	21.4	31.9%
EBITDA[2]	in EUR million	188.1	187.2	0.5%
Fair value adjustments of investment properties	in EUR million	335.1	177.9	88.4%
Financial results[3]	in EUR million	–69.3	–41.0	–69.1%
EBT	in EUR million	458.3	308.2	48.7%
Net profit	in EUR million	366.7	239.9	52.8%
Earnings per share[4]	in EUR	3.59	2.37	51.3%
FFO	in EUR million	80.1	77.7	3.1%
Recurring FFO	in EUR million	117.2	112.2	4.4%
Recurring FFO per share[5]	in EUR	1.17	1.13	4.3%
Total FFO	in EUR million	122.6	115.9	5.8%
AFFO	in EUR million	77.9	81.2	–4.0%

ASSET AND FINANCIAL DATA		30 April 2017	30 April 2016	Change
Balance sheet total	in EUR million	5,019.7	4,444.1	13.0%
Equity ratio	in %	39.8%	38.3%	1.5 PP
Cash and cash eqivalents	in EUR million	211.4	82.5	>100%
Net financial liabilities	in EUR million	2,040.2	1,970.1	3.6%
Loan-to-value (LTV)	in %	44.1%	47.6%	–3.6 PP
EPRA Net Asset Value	in EUR million	2,384.8	2,013.2	18.5%
Ø Interest rate on financial liabilities	in %	1.78%	2.19%	–0.4 PP
Ø Term of financial liabilities	years	11.8	15.9	–4.1

SHARE DATA		30 April 2017	30 April 2016	Change
Share price	in EUR	24.79	18.38	34.9%
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	2,473.4	1,833.8	34.9%
Free float[5]	in %	95%	71%	24.0 PP
EPRA Net Asset Value per share[4]	in EUR	23.90	20.18	18.5%

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 in the notes to the Consolidated financial statements).
2) Results of operations adjusted to account for valuation effects and deferred periods (IFRS 5). For more details please go to chapter *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 –10.9 million) and by derivatives (EUR +1.8 million)
4) Base for earnings data: 99,773,479 shares; previous year 99,650,566 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)		30 April 2017	30 April 2016	Change
Number of units	Quantity	49,597	51,058	–2.9%
Germany	Quantity	27,151	27,072	0.3%
Austria	Quantity	22,446	23,986	–6.4%
Total floor area[1)]	in sqm	3,418,784	3,532,273	–3.2%
Germany	in sqm	1,690,258	1,684,879	0.3%
Austria	in sqm	1,728,526	1,847,394	–6.4%
Annualised net in-place rent[2)]	in EUR million	205	201	1.9%
Germany	in EUR million	116	112	3.5%
Austria	in EUR million	89	89	–0.1%
Monthly net in-place rent[2)]	in EUR per sqm	5.18	4.92	5.3%
Germany	in EUR per sqm	5.85	5.68	3.0%
Austria	in EUR per sqm	4.50	4.20	7.0%
Development of net in-place rent – like-for-like[3)]	in %	4.5%	1.6%	2.9 PP
Germany – like-for-like	in %	3.2%	2.7%	0.5 PP
Austria – like-for-like	in %	6.3%	0.3%	6.0 PP
Vacancy rate[4)]	in %	3.4%	3.4%	0.0 PP
Germany	in %	1.9%	2.1%	–0.2 PP
Austria	in %	4.9%	4.7%	0.2 PP
Fair value[5)]	in EUR million	3,942	3,716	6.1%
Germany	in EUR million	1,997	1,651	21.0%
Austria	in EUR million	1,945	2,065	–5.8%
Fair value[5)]	in EUR per sqm	1,153	1,052	9.6%
Germany	in EUR per sqm	1,182	980	20.6%
Austria	in EUR per sqm	1,125	1,118	0.7%
Gross rental yield[6)]	in %	5.2%	5.4%	–0.2 PP
Germany	in %	5.8%	6.8%	–1.0 PP
Austria	in %	4.6%	4.3%	0.3 PP

		2016/17	2015/16	Change
Maintenance expense[7)]	in EUR per sqm	7.7	6.7	15.2%
Capitalization of modernisation work (CAPEX)[7)]	in EUR per sqm	11.2	8.7	28.2%

PROPERTY SALES		2016/17	2015/16	Change
Units sold	Quantity	1,731	1,119	54.7%
thereof Unit Sales	Quantity	614	635	–3.3%
thereof Block Sales	Quantity	1,117	484	>100%
Margin on fair value – Unit Sales	in %	57%	57%	0.0 PP
Margin on fair value – Block Sales	in %	5%	14%	–9.0 PP

PROPERTY DEVELOPMENT		30 April 2017	30 April 2016	Change
Units under construction	Quantity	1,472	971	51.6%
Total investment volume	in EUR million	2,932	2,480	18.2%
Completed units	Quantity	606	420	44.3%
thereof defined for sale to third parties	Quantity	440	420	4.8%
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 net in-place rent (excluding utilities) as of the balance sheet date
3) Comparison: 30 April 2017 vs. 30 April 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 2.2%
5) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2017
6) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value
7) Retrospective adjustment of figures of full year 2015/16 due to the implementation of changed capitalisation policy by Q1 2016/17 according to IAS 8 (see chapter 1.3 consolidated financial statements)

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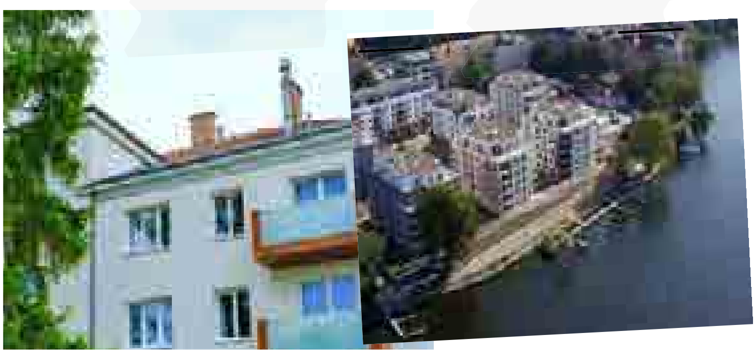
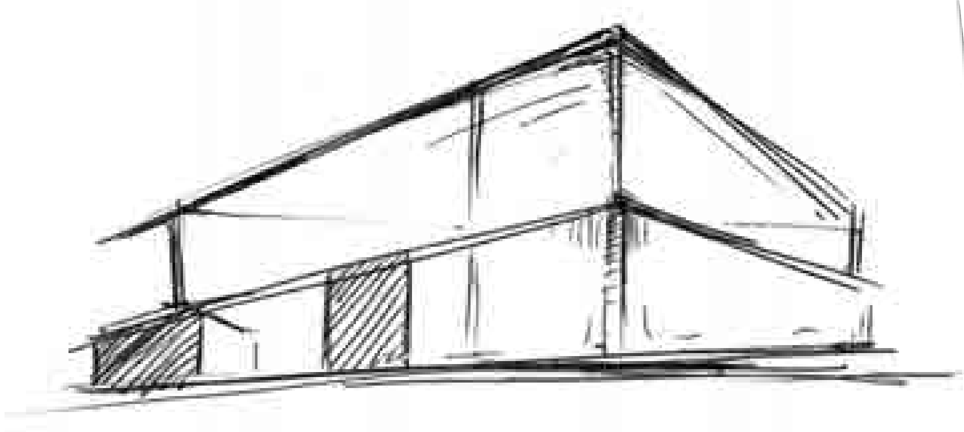


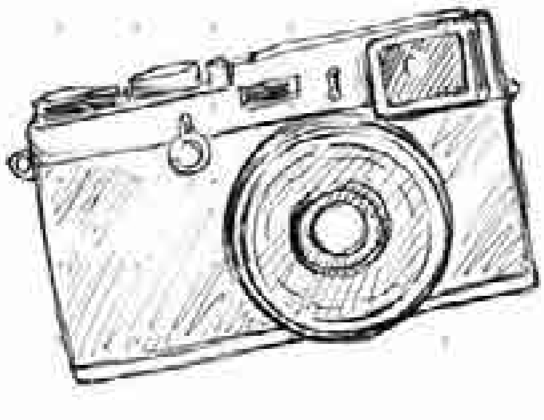
G4 Reference to the GRI-G4 standards



WE'VE GOT DECADES OF EXPERIENCE WITH HAPPY LIVING

June 1951

For us housing is more than just having a roof over your head.



Housing means understanding what people need to make an apartment a home.

june 2017

BUWOG - GOOD HOUSING IDEAS FOR 66 YEARS

BEFORE

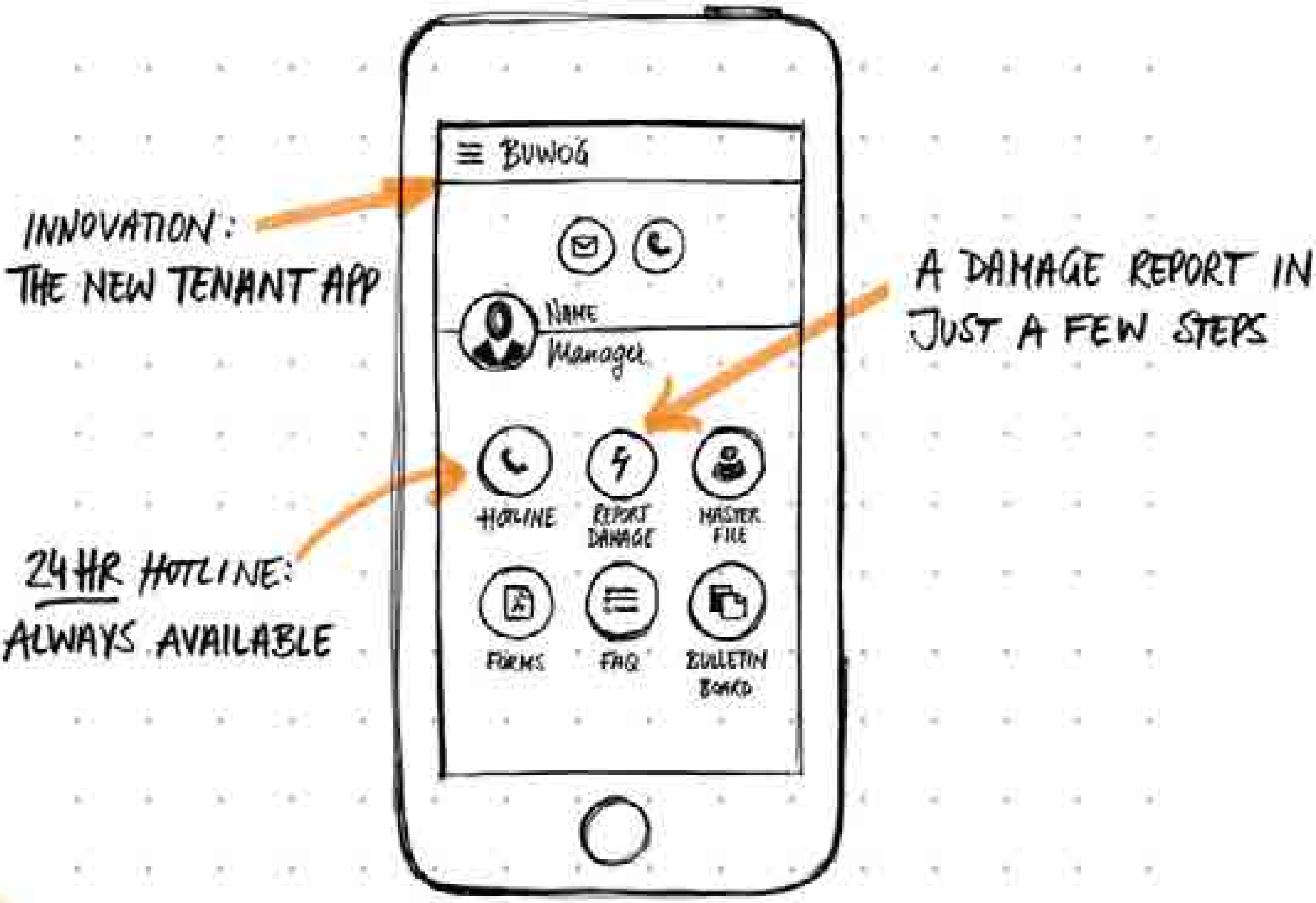
Whether a defective heating system, water damage or energy-efficient façade. We'll take care of it!

TAKING CARE OF YOUR OWN BUILDINGS IS ALWAYS A GOOD IDEA FOR RENTAL GROWTH.

AFTER newly renovated!

Efficient and innovative in equal measure, as a look at our residential buildings shows. Clever ideas like the tenant app, including our hotline and customer care centre.

WE FIND SOLUTIONS FOR THE MODERN MANAGEMENT OF OUR STANDING INVESTMENTS



INNOVATIONS IN PROPERTY MANAGEMENT

Asset Management 4.0

- SAP-INTRODUCTION
- TENANT APP

Management of
49.500
of our own units

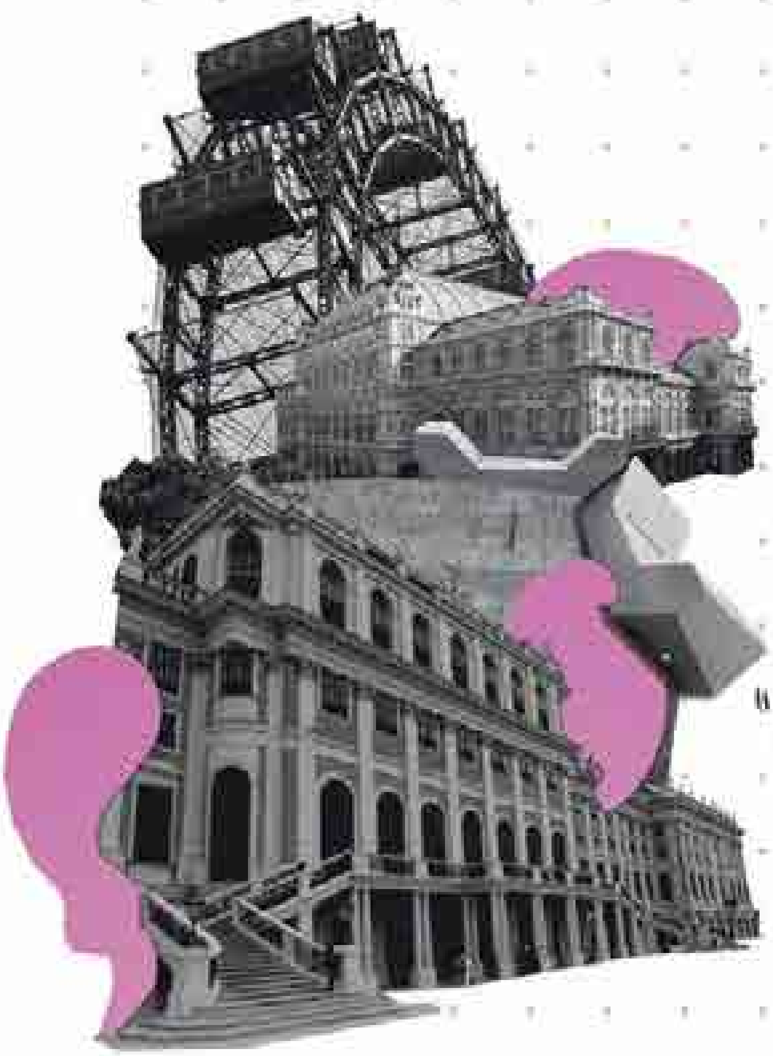
500 employees in
service of customers

OUR TENANTS
ARE IMPORTANT
TO US!

Tenant
satisfaction survey

Berlin

"What is it about that Berlin air …
… and its property appeal?"



Vienna

"Vienna, Vienna, city of my dreams …
… and lovely properties."

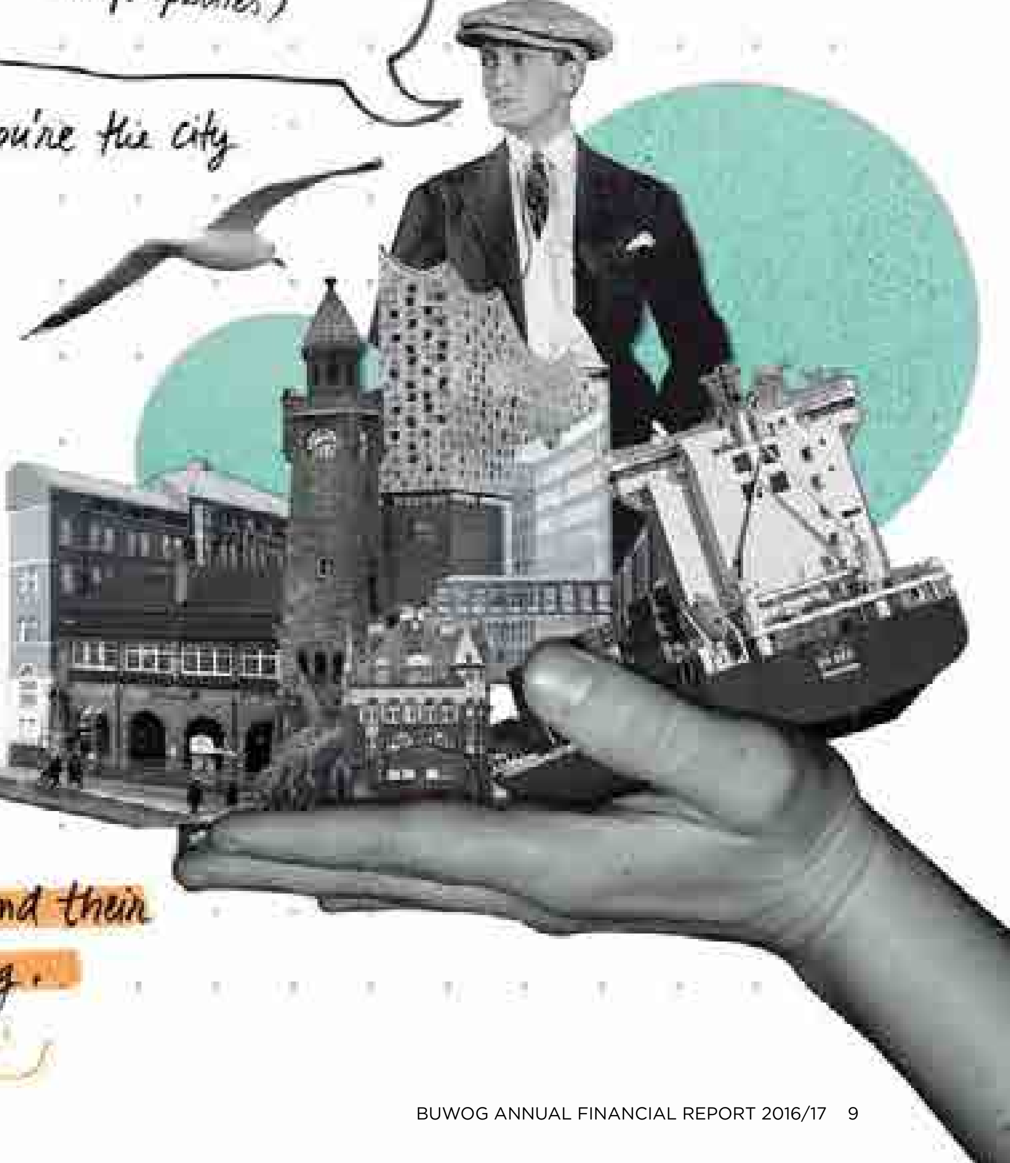
WE'VE ALREADY GOT AN IDEA WHERE WE'RE GOING TO BUILD IN THE FUTURE AND WE'VE GOT SOMETHING OTHERS DON'T*...

PLEASE TURN THE PAGE

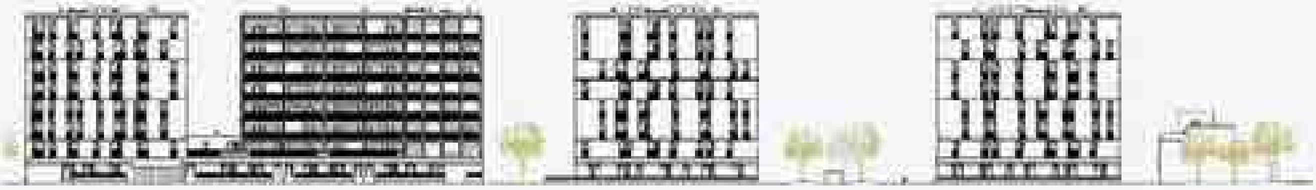
Hamburg

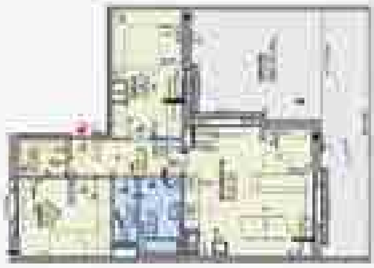
(We've already got the properties)

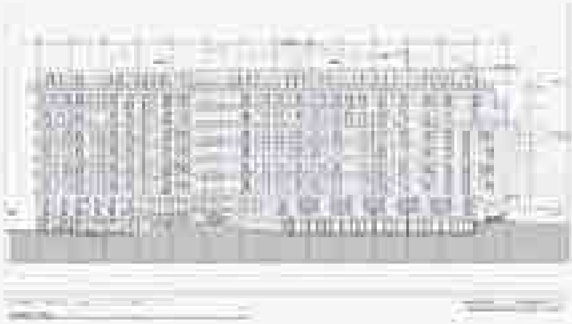
"Hamburg, my pearl, you're the city I can build on ..."

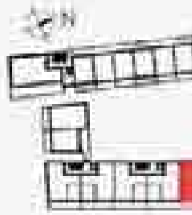


*properties, that is. And their numbers are growing.









! ... WE'RE THE ONLY LISTED RESIDENTIAL PROPERTY DEVELOPER IN THE THREE BIGGEST GERMAN-SPEAKING CITIES.

(BERLIN, HAMBURG, VIENNA)

... WITH A "DEVELOP-TO-HOLD" STRATEGY AND PROFITABLE DEVELOPMENT FOR SALE.

In Germany and Austria happy living is top priority for every generation.
BUWOG's property development strategy develops and guarantees a standard of living.
It has been for 66 years, and with development projects for direct sale.
We develop maximum potential along the entire value chain.

Conclusion:

As a developer, no one is better than us; at the very best they copy us!

Development projects in, for example:

Berlin → 52° Nord
Hamburg → Stadtquartier an den Stuhlrohrhallen
Wien → City Apartments an der Wien

SALES IS ONE OF OUR CORE COMPETENCIES

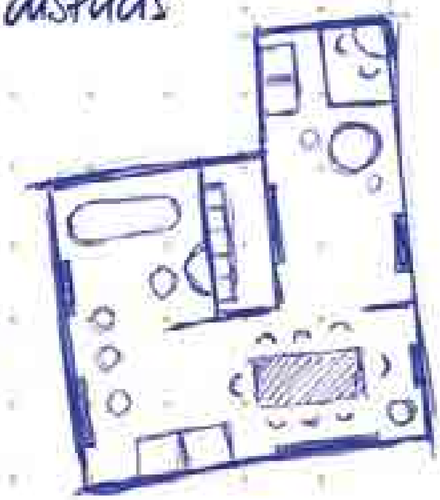
In addition to good teams, for sales we've got good ideas, always and everywhere. Or better put: fairly realistic ideas. And along our entire value chain Especially for new construction and unit sales.

Appointment Ms. Bauer on 14.6.

contact preferably mornings

→ also interested in the 10th & 14th districts

Park nearby
Playground
Shopping centre



190.000 EUR
+ 20.000
→ Parking spot in garage
East-west location = flooded with sunlight
+ Move possible at end of month

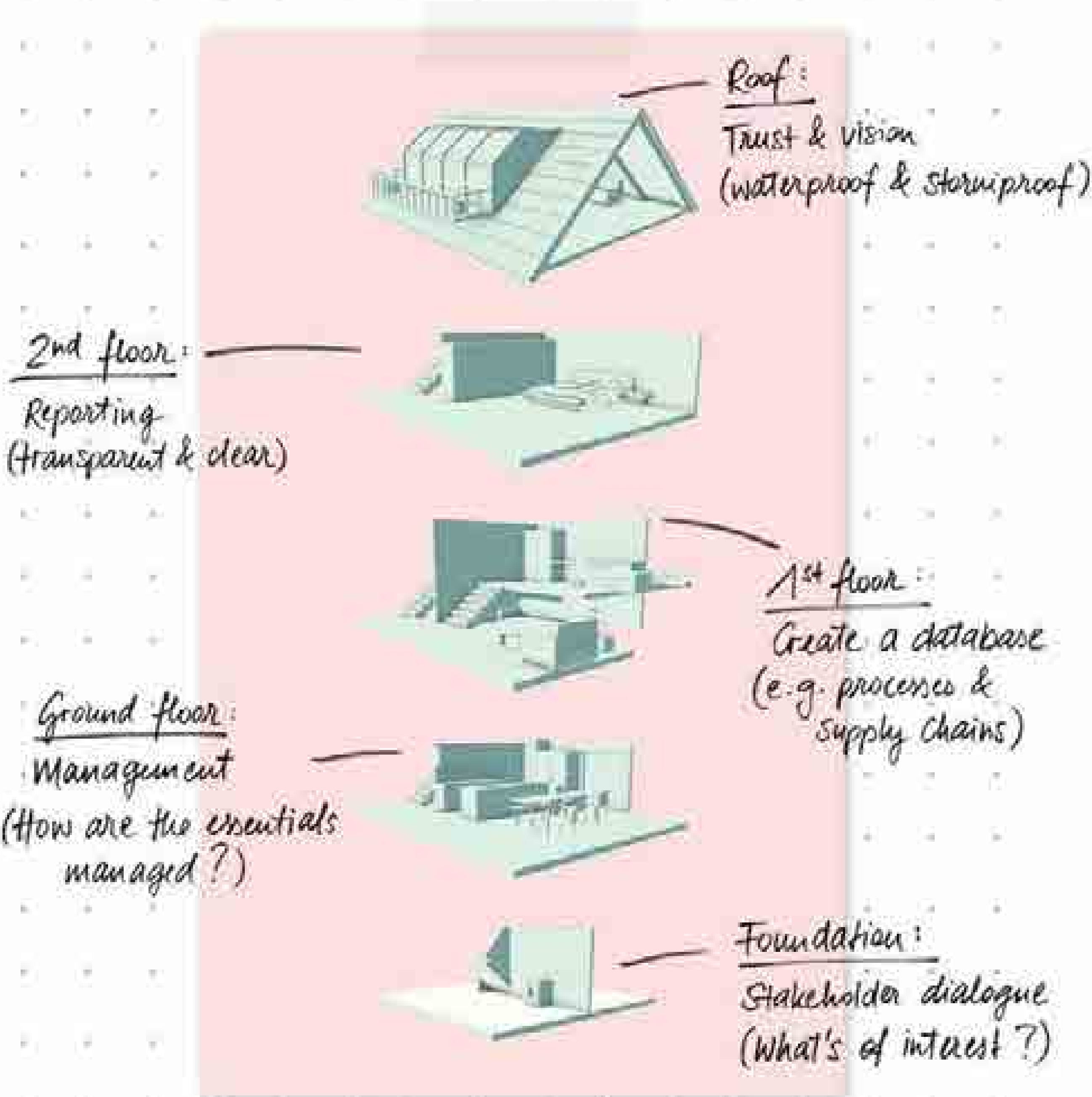
No commission!

Customer request: housing with open area
and unobstructed view

210.000 EUR
→ Closing costs
(+ approx. 6%) excl.

Financing
→ Support through BUWOG

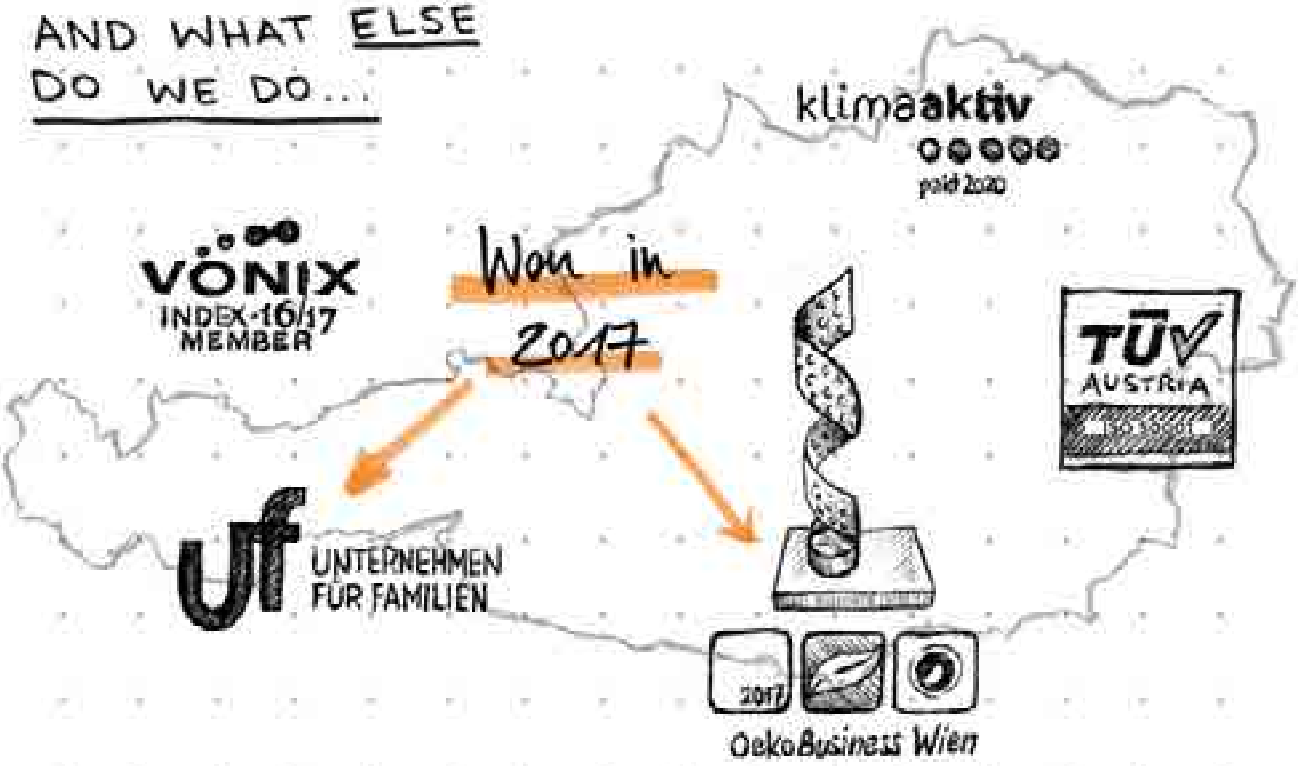
SUSTAINABLE MANAGEMENT WORKS LIKE A SOLIDLY BUILT HOUSE.



Sustainability at BUWOG = Trust & Vision

→ Knowing what's relevant for our stakeholders
→ Communicating & developing managerial approaches
→ Transparent GRI reporting

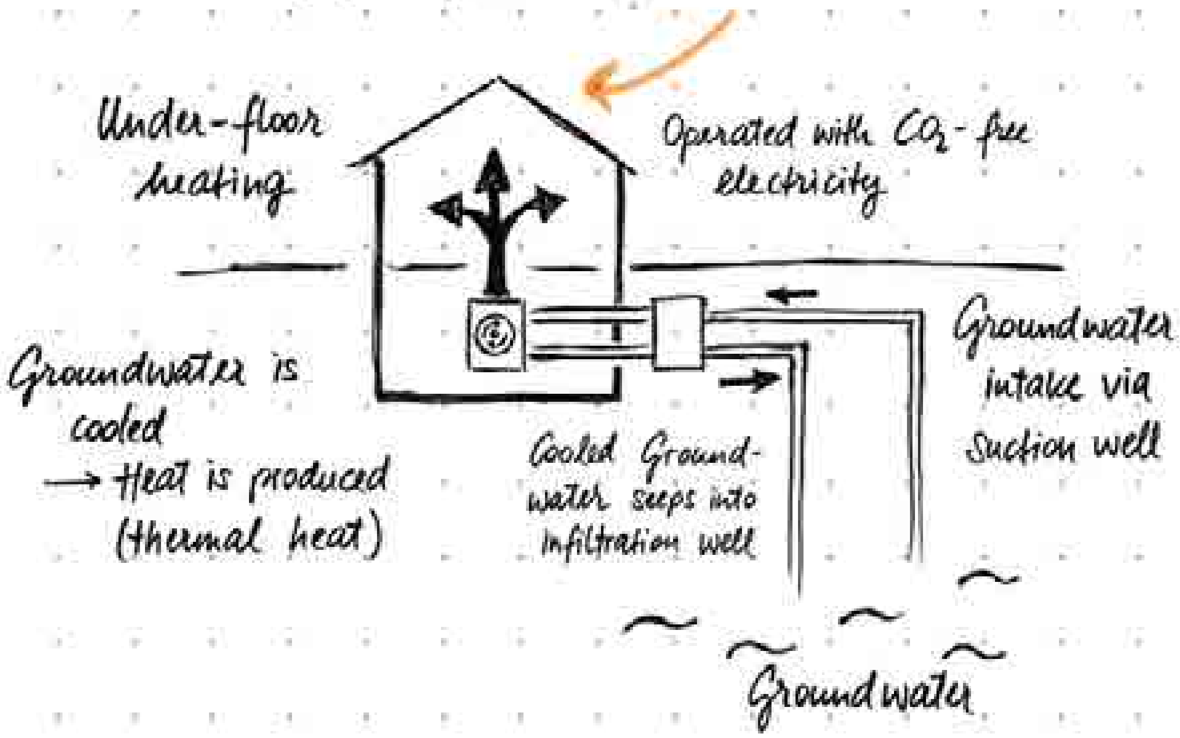
AND WHAT ELSE DO WE DO...



AND WHAT DOES THAT MEAN FOR OPERATIONS?

→ PLENTY OF PROJECTS

→ ONE OF THEM : A HEAT PUMP



WE DON'T ONLY HAVE GOOD IDEAS FOR FINANCING, WE ALSO DO KEEP A CLOSE EYE ON EVERY OPPORTUNITY

CONTINUOUS OBSERVATION OF THE PROPERTY MARKET + FINANCIAL MARKET DEVELOPMENTS

ask BUWOG!

Corporate Finance Toolbox

take measures! → expand financing strategy

Equity: EUR 2.0 bn
39.8% equity ratio

Loan to Value 44.1%

Interest and maturity: Average interest rate: 1.78 %
Average maturity: 11.8 years
Average fixed interest period: 9.7 years

06.09.2016
Convertible bond issue
ISIN: AT 0000A1NQH2

EUR 300 million zero coupon
Maturity: 2016 – 2021
Oversubscribed multiple times
55% premium on last-reported
EPRA NAV/share at issue

!

Refinancing of a loan portfolio in GER
→ 8 years maturity → savings > EUR 30 million
until maturity.

HIGHLIGHTS BUWOG GROUP

- Significant increase of Recurring FFO by 4.4% to EUR 117.2 million
- Further improvement of EPRA NAV per share by 18.5% to EUR 23.90
- Continued intensification of efforts in Property Development -> Pipeline growth of 25%, 52% more units under construction, 44% more units completed
- Rise of monthly net in-place rent per sqm by 5.3% with simultaneous improvement of like-for-like rental growth
- Increased investments in the portfolio for future rental growth and for the improvement of portfolio quality
- Portfolio consolidation and inflow of liquidity for further growth through the successful sale of the Tyrolean portfolio
- Continued optimisation and harmonisation of internal processes and especially the IT infrastructure as part of the completed group-wide implementation of SAP
- Substantial improvement of the average interest rate on financial liabilities to 1.78% and LTV to just 44.1% due to the successful placement of a convertible bond and to refinancing/restructuring measures
- Further development of sustainability-related activities and reporting
- Increase of free float to 95% with a simultaneous widening of the shareholder basis

Austrian Public Reporting Award (APRA) for the BUWOG annual report in the category "Design & Communication".

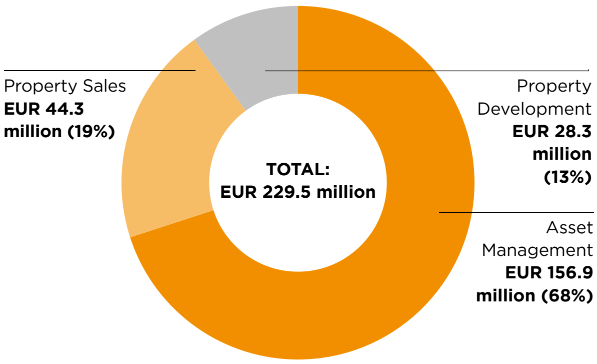
2017 BUWOG employee event in Vienna focusing on SAP & digitisation

2nd place for the Vienna Stock Exchange Award in the category "Corporate Bond"

SUCCESSFUL BUSINESS DEVELOPMENT

- Intensification of efforts in property development reflected in the sizeable 32% increase of the results to EUR 28.3 million
- Growth of the investment property value by EUR 335.1 million on the basis of the CBRE fair value adjustment
- Improvement of the net profit by 53% to EUR 366.7 million
- Recurring FFO of EUR 117.2 million
- Recurring FFO forecast of at least EUR 125 million for the 2017/18 financial year
- Average interest rate on financial liabilities reduced by 19% to 1.78%
- Further improvement of LTV to just 44.1%

OPERATING RESULTS[1)] BY BUSINESS AREA



1) Operating results before the subtraction of costs not directly attributable to the business areas (EUR 40.6 million) and not including other operating income (EUR 3.5 million)

Further details can be found on page 156ff under *Asset, Financial and Earnings Position* and on page 210ff under *Consolidated Financial Statements*.

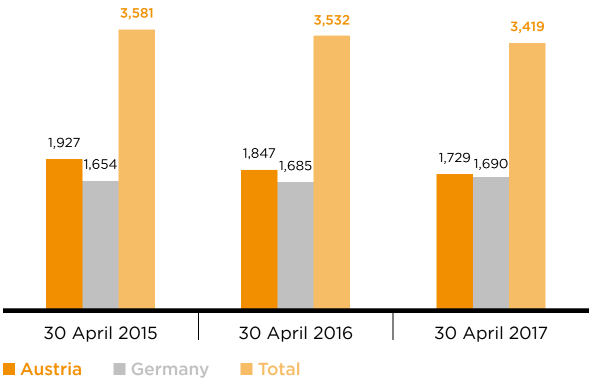
HIGHLIGHTS ASSET MANAGEMENT

- Property portfolio includes 49,597 units totalling around 3.4 million sqm
- Increase of monthly net in-place rent per sqm by 5.3% and increase of net in-place rents on like-for-like basis by 4.5%
- Enhancement of investments in the portfolio by 23% to EUR 18.9 per sqm
- Increase of the fair value of standing investments by 6.1% to around EUR 3.9 billion as part of the fair value adjustment
- Portfolio growth of 166 units in Vienna through the develop-to-hold strategy and a portfolio acquisition of 100 units in Hannover

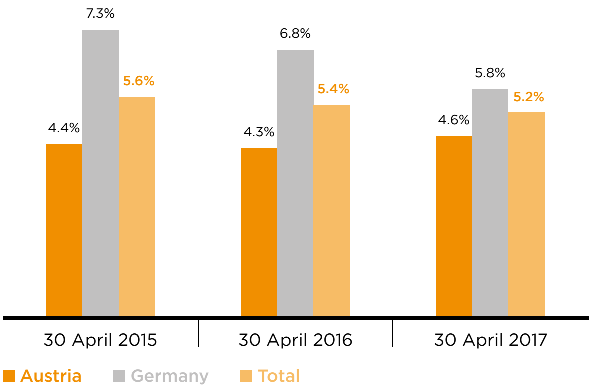
Further details on the Asset Management business area can be found on page 42ff.

TOTAL FLOOR AREA

in 1,000 sqm



GROSS RENTAL YIELD



“Am Otterweg”, Vienna – transfer of 88 new units to the company’s own portfolio

Hinrichsring, Hannover

HIGHLIGHTS PROPERTY SALES

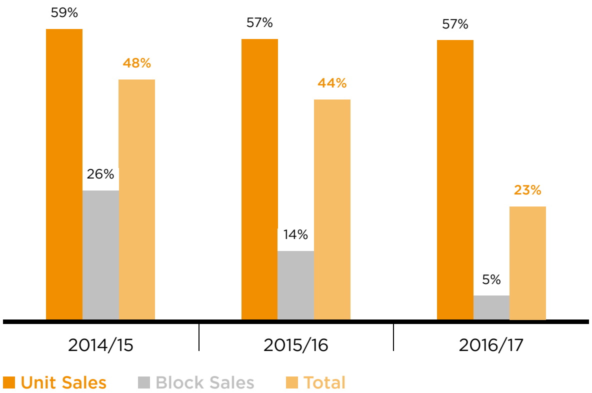
- Considerable increase in the results by 16% to EUR 44.3 million
- Successful sale of 614 units with a margin on fair value of 57%
- Significant potential for future unit sales; the strategic cluster Unit Sales includes 11,615 units at a fair value of around EUR 1.4 billion
- Strategic portfolio consolidation and liquidity inflow of EUR 85 million for further growth due to the successful sale of the 1,116-unit Tyrolean portfolio

Further details on the Property Sales business area can be found on page 68ff.

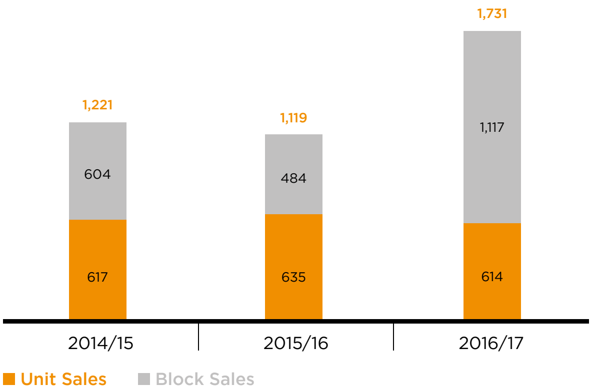
Rilkestrasse, Klagenfurt

Andechsstrasse, Innsbruck

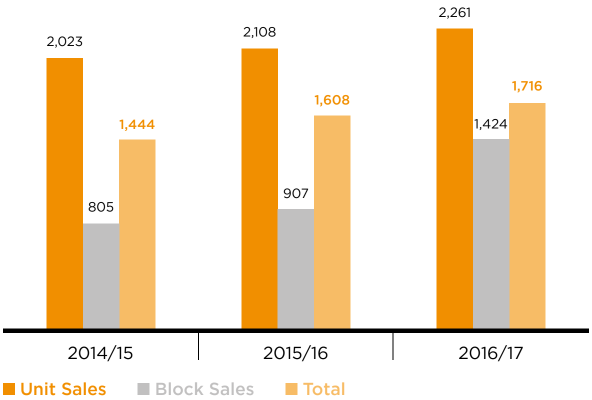
MARGIN ON FAIR VALUE



UNITS SOLD



AVERAGE PRICES REALISED
in EUR per sqm

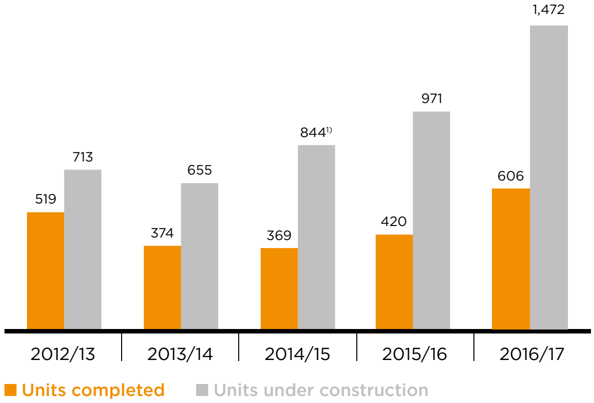


HIGHLIGHTS PROPERTY DEVELOPMENT

- Another improvement of the business area's results by 32% to EUR 28.3 million
- Growth of completions during the reporting period by 44% to 606 units
- Further intensification of the development pipeline through conclusion of a purchase agreement for six new land plots within the reporting period
- Expansion of the development pipeline as of the reporting date by 25% to 10,149 units with a calculated total investment volume of EUR 2.9 billion
- 1,472 units and therefore 52% more units under construction
- Clear and transparent separation of the develop-to-hold and develop-to-sell business fields in Berlin, Hamburg and Vienna

Further details on the Property Development business area can be found on page 76ff.

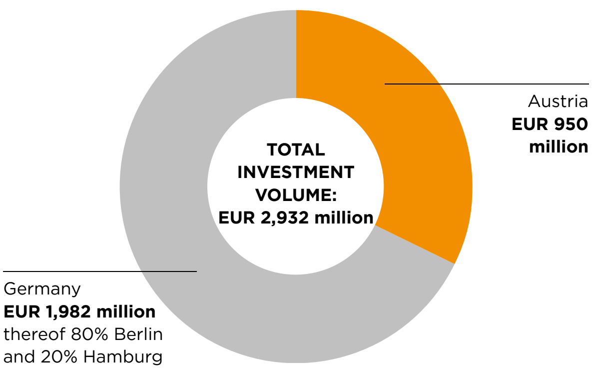
COMPLETED UNITS AND UNITS UNDER CONSTRUCTION



As of 30 April 2017

DEVELOPMENT PROJECTS

by country as of 30 April 2017



"The One", Heidestrasse, Berlin

"Pfarrwiesengasse 23", Vienna

"FOR US THERE IS NO ALTERNATIVE TO TRANSPARENCY BECAUSE IT'S THE RIGHT THING FOR THE BUSINESS MODEL AND THE PEOPLE INVOLVED."

The Executive Board team of Daniel Riedl (CEO), Andreas Segal (Deputy CEO & CFO) and Herwig Teufelsdorfer (COO) discuss business performance in 2016/17, USPs, growth, financing, opportunities and risks for the BUWOG Group now and in the future.

The 2016/17 financial year confirms your forecasts. What does that mean in detail?

SEGAL: With a Recurring FFO of EUR 117.2 million, we've reconfirmed our earnings strength and are not only significantly above the original guidance of EUR 108 million, but have also ended up above our updated forecast of EUR 113 million.

RIEDL: In all three areas of business the contribution to the total Net Operating Income (NOI) was increased on the previous year. At 32% compared to the year before, the growth in the property development business demonstrates the significant level of dynamism in our new construction business. The development pipeline as of 30 April 2017 now contains 10,149 units with a total investment volume of EUR 2.9 billion.

SEGAL: We successfully continued with the diversification of our financing structure. Issuing a convertible bond with a zero coupon and renegotiating a credit agreement reduced our average interest charges by 19% to an attractive 1.78%. Loan-to-Value improved in the reporting year again by 3.6 percentage points to 44.1%. As of 30 April 2017 we had liquid assets of EUR 211.4 million with an equity ratio of 39.8%. These underlying conditions are an outstanding basis for successful further business development. Subsequent to the reporting date we were also able to reinforce our position with the successful issue for a cash capital increase including subscription rights at a volume of EUR 306 million.

TEUFELSDORFER: We're continually optimising the value and earnings of our portfolio with selective investments. In Asset Management a 5.3% increase in the monthly net in-place rent per sqm and 6.1% growth in portfolio value to EUR 3.9 billion were achieved. Like for like, the net in-place rents showed an increase of 4.5% compared to the previous year. Our CAPEX programme for enhancing portfolio quality also got off to a successful start at a volume of EUR 57 million. Furthermore, we were able to confirm our high level of margins in Unit Sales at 57%. We invested, moreover, in the further development of our operational structures and processes in the reporting year and concluded the group-wide introduction of SAP.

You now look back at over three years of BUWOG AG's independent listing, during which time the share has developed quite attractively. To what factors do you attribute this?

RIEDL: The success in the last few years stems from the combination of ongoing portfolio management and the dynamic development business. The apartment business, which was originally run as an add-on, has become a motor for growth in society as a result of market development. This sets us off from other listed residential property companies quite significantly.

SEGAL: I can only agree. The combination is what's critical! The Austrian business is based on the principle of capital recycling. We sell units from the portfolio, purchase undeveloped sites, develop attractive residential properties, hold on to them, and then have the potential for unit sales, in other words, for the sale of individual apartments. The advantages are high cash flows, reinvestments and considerable dividend distributions. In Germany we run a classic rental business with basically an unlimited holding period for our properties. At the same time, we now are also developing new apartments in Berlin and Hamburg to rent. We're therefore creating a high-quality, self-sufficient portfolio with considerable efficiency, higher rents and less need for maintenance in two of the most attractive German cities. In addition to this, we're developing apartments for direct sale to the locations Berlin, Hamburg and Vienna. The profits from the combination of these activities in Austria and Germany flow into our cen-

June 2017

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

tral indicator, Recurring FFO. Recurring FFO is the basis for the dividend distribution, which, at a minimum of 60% to 65% of annual Recurring FFO, we consider highly attractive.

So the basis for the BUWOG dividend is earnings strength, and the company's asset value is retained?
SEGAL: Our dividend yield also originates from the additional component for the rental business, the "develop-to-sell" strategy, the sale of newly built condominiums. Our development business cannot be described simply as development, but has to be differentiated between Germany and Austria and between "to hold" and "to sell". This is where our uniqueness comes from. We're a capital market product with a very specific risk-return profile. This can't be copied in the short or medium term. We have a higher yield than a typical portfolio manager and at the same time less risk than a mere developer. In their product positioning the components of our business model lead to a market segment that investors refer to as "core plus", that is, a stable yield with an extra bonus.

What's the difference between the business in Germany and the one in Austria?
RIEDL: The two countries weren't much help in the beginning because it required explanation. Meanwhile, our shareholders have understood that the two countries are not a hindrance, but that each country has its justification in our portfolio and in our strategy. In Austria we're very sales-oriented. Cash flows from sales are considerably more important in Austria for the overall results than they are in Germany because we're very limited in the development of rents in Austria. In Germany we place the focus on long-term investments in Asset Management and on development-to-sell and development-to-hold in Property Development. With the "develop-to-hold strategy" in Germany, which we are currently intensifying, we don't build properties in order to resell them, rather we retain them in our portfolio more or less indefinitely – to the extent there's something like that on the market. I think it's this combination that defines it. And what always defines a company are the people involved. That means that the fantastic team we've assembled over the last few years is

one of the important factors of success. There is an intensive exchange of BUWOG employees between the two countries and the various locations. Our colleagues are fully committed.

What risks are there?

SEGAL: Normally, a project developer has two primary risks: an exit risk and a financing risk. In the BUWOG business model these two risks are basically not an issue. We're also able to develop every one of the pipeline units to hold in our own portfolio. A classic developer can't. He has to sell in order to generate liquidity. We don't have to buy expensively either; instead, we grow organically through the develop-to-hold process by producing our quality ourselves. This quality, in turn, is the basis for our profit margins. In terms of financing we have solid options from banks as a result of our sizeable investment portfolio of over 49,500 units and in terms of equity and debt access to the capital market. If we're also supposed to get a rating, we'll continue to develop this market position, if necessary through regular BUWOG bond issues.

Strong momentum
in new businesses
+52% units under construction
+44% completions

Capital increase subsequent to the reporting date, successful placement of a zero-coupon bond, refinancing of a major portion of your credit portfolio in Germany – what financing strategy are you pursuing?

SEGAL: Our obvious ambition is to expand our corporate finance toolbox, which is integrated into the financing options of the intensified pipeline. For the optimisation of credit conditions it's important to have a wide selection of financing options available. In the 2016/17 financial year we succeeded at generating EUR 30 million in interest savings over a term of eight years through a major refinancing measure. This alone means a 3% increase in FFO as a result of refinancing effects. That's significant! The convertible bond with a zero coupon and multiple oversubscriptions is added proof of our international investors' confidence in the company's further development.

In the last financial year the development pipeline was significantly expanded, 25% on the year; we're now talking about more than 10,000 units.

RIEDL: We succeeded at significantly expanding the pipeline. We're concentrating on two things in development; both have done well. In condominium production we generate FFO in the shortest cycle. We need properties for this. Currently, we have a market situation in Germany that makes the acquisition of standing investments nearly impossible. For us that's something that feels familiar; we're used to this situation in Austria. We hardly see any bigger transactions, and when we do, then at prices that make you feel numb other than a stomach ache. We let others engage in these transactions. That's why we develop our portfolios ourselves!

Develop to hold – is it worth it?

RIEDL: When I see market yields and multiples of 3.0% and 3.3% – thus 30-fold – for existing portfolios in Berlin, then we can manage to develop rental apartments for our portfolio for over 4%. Average rents are on a scale of EUR 12.00 to EUR 12.50 per sqm, thus marketable in follow-up rentals. As a result, we overcome and compensate for the shortage of opportunities in acquisition, which the market isn't currently offering.

TEUFELSDORFER: We're aiming for an effect precisely where we're unable to buy, namely in Berlin and Hamburg – our core cities – in order to get a more modern portfolio, one with higher rents and lower maintenance expenses.

RIEDL: This brings efficiency! The portfolios we develop ourselves have much higher operational margins than existing portfolios.

TEUFELSDORFER: We're talking about an NOI margin (operational margin) of over 90% compared to the current existing portfolio margin of 65%. This makes an appreciable difference.

What challenges does this strategy bring in day-to-day business?

TEUFELSDORFER: The departments collaborate much more closely. When we develop rental apartments for our own portfolio, our colleagues in Property Development benefit in the early planning stages from the colleagues working in rentals and portfolio management in the Asset Management business area. We rent over 6,000 apartments every year, and not just our own units, but also those managed for third parties. As a result, there is already an enormous amount of internal expertise available that allows us to optimise our product in Development.

RIEDL: If you purchase a portfolio, you can only assess whether something's good or bad and can say yes or no. If you develop a portfolio, you can intervene early and plan the apartment structure, fixtures and fittings, infrastructure and everything yourself. You have an entirely different product! In the first ten years you have far lower maintenance costs and much higher rents per sqm. This results in greater efficiency for us in addition to a product that we are able to define ourselves, also because the colleagues from Property Development cooperate quite intensively with the colleagues from Asset Management. Last year we succeeded at further expanding our pipeline, completing more, and continued to boost our earnings. Our intention is to continue this. We're currently seeking new sites to bring the development pipeline in the direction of 14,000 units and a total investment volume of EUR 4 billion. EUR 1.2 billion of this is for the development a target of around 5,500 develop-to-hold units.

Further growth in Berlin, Hamburg, Vienna: of all places, why are you concentrating the business here, specifically?

RIEDL: Especially important for our development strategy is that we grow exclusively in the three biggest German-speaking cities, Berlin, Hamburg and Vienna. These are cities that need not be explained to anyone; they are three cities that are growing sustainably. At the same time, they are cities where there is relatively little speculation. I worked in the real estate business in Eastern Europe for many years, where prices rose by 20% in basically a three-month interval, thus investors were buying apartments, fuelling the prices even further, and after three months selling them again at a 20% mark-up. All these things are nonexistent for us. The cities we're focused on are growing sustainably. Household and population growth – both are there, intensified by the trend toward single households, multiple apartments and migration on top of that. For all three cities the fundamental data are intact. We've currently got no ambitions to expand our development activities on a regional basis; however, I wouldn't rule out indefinitely that a fourth city will be added. But the objective is to be a leading player focused in these three big cities.

Does this performance and location efficiency apply operationally in equal measure?

TEUFELSDORFER: Thankfully, we not only became more effective last year, but more efficient as well. We streamlined the organisation, merged depart-

Daniel Riedl,
CEO

ments, particularly by concentrating on core competencies. We invest in the purposeful education and further training of our employees. Regular customer surveys attest to this. We're better today than we have been in the ten years we've been conducting these surveys. Continued development of our tools means another gain in efficiency. In addition to the introduction of SAP, which took place in Germany in the financial year before last and in the last financial year in Austria, we're developing highly innovative process-support applications. An example of this is the tenant app, a digital communication channel. It's been in use in Germany since December 2016, and we'll introduce it in Austria in the course of this fall.

What's the current status of the SAP introduction?

TEUFELSDORFER: We're now in the stabilisation phase. We commenced operation at the start of the new financial year and it's going well. This creates a basis for us to further optimise our data in the future – whether on the company or the portfolio.

SEGAL: The rollout of the SAP programme defines a transitional phase.

TEUFELSDORFER: Essentially, we've now created a foundation on which we can develop further. Where there's nothing convincing on the market, we develop our own. We want to have the best from everywhere. To this end we're currently in the process of digitising apartment transfers and handovers.

What does that mean in concrete terms?

TEUFELSDORFER: In the future data will be processed immediately, without media discontinuities. This is happening on a broad front. Last year we introduced maintenance software in both countries. This facilitates even greater proximity to property information and further electronic and digital processing. In budgeting and planning we're more precise than we ever were, thus activities are carried out only once where they occur and are then applicable for the entire company along the value chain.

What's BUWOG 4.0 going to look like?

TEUFELSDORFER: Operational efficiency with a clear focus on digitisation! We're examining what's happening on the market very closely. The latest thing: "prop techs". Start-ups with new, innovative ideas that seize on business models and specific issues from the real estate business via disruptive solutions.

BUWOG invests in start-ups?

TEUFELSDORFER: We're not sponsoring any concrete start-ups. Not yet. But we're taking a very close look. We want to be on the pulse of the times. For example, there are platforms on which you can offer your tenants additional services from cleaning to car rentals and other services. This is organised in a way that would never be possible by oneself because developing the network for this isn't feasible on one's own. There are technological solutions that equip

Andreas Segal,
Deputy CEO & CFO

light bulbs with sensors that have motion detectors and therefore fulfil the functions of an alarm system. There are building technology controls for the remote management of individual control circuits such as heaters and climate control systems.

Of course this is for the state-of-the-art class of apartments, not for the existing portfolio, isn't it?

TEUFELSDORFER: It's less about finding the ultimate full-service solution for our new apartments. We want to know how others are dealing with the issues, what approaches there are and what we can adopt from these approaches in order to develop our company further.

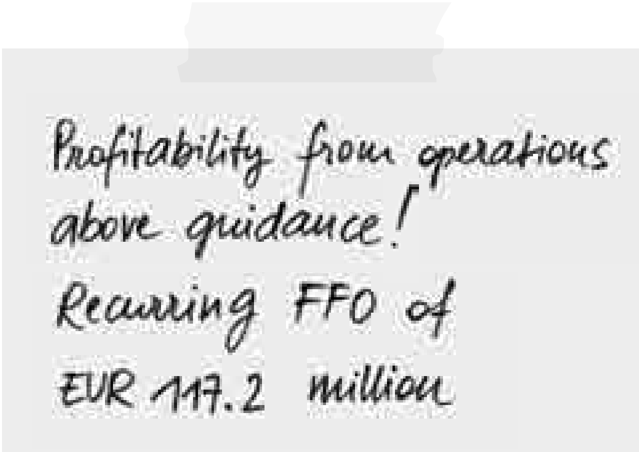
RIEDL: Use in development is certainly the priority here. But if you're offering kitchen refurbishments for existing apartments you can take appliances that communicate intelligently via WLAN. If you're refurbishing heating systems you can install valves that enable external control. We're studying innovations to see what's possible. We don't want to experiment. We don't want to try out things in our tenants' or buyers' apartments. We're interested in implementing things that are useful.

So you're bringing digitisation to the customer?

RIEDL: Yes, but this is where you have to watch out. Customer relations doesn't make the residential development business work. If you position chewing gum today, you can put millions of euros into advertising and try to get your customers interested in the gum. It doesn't work like that with apartments! Our job is to satisfy needs, to recognise the needs of our customers and to ensure those needs are met. Our challenge here is the bit of time lag inherent in the development business. If we make an investment decision in Property Development and begin planning, it takes at least two, three years before the product is transferred to the market. Here you have to be careful you're not overtaken by time. It's also not that all of our customers only want digitisation and to control everything by mobile phone. Our job is to examine all of the options on the basis of their efficiency and in terms of customer needs.

TEUFELSDORFER: In Germany we've begun developing in our own portfolio on an ongoing basis. We know from experience that we have another public for new, modern apartments. A more flexible public, a more mobile public. For city-centre rentals in a certain area it makes sense to use digital applications because the customers are also requesting it. Also: what's not in demand today may be standard in a few years.

SEGAL: Naturally, we address a variety of needs. But basically we offer a flexible product, and that's the distinctive feature about our business model.



Location – location – location ... is this what the value of a residential property stands and falls by?

RIEDL: Location plays a role, no question. But it's the floor plan that plays the biggest role. With the floor plan there are certain developments one undergoes in the lifecycle as a human being: single, couple, family, kids leaving home. Everyone's talking about floor-plan flexibility. Our floor plans are flexible! That's because what's generally said, namely that walls can be moved here and there, doesn't actually work. That's why we build standard floor plans that are applicable for every life situation. People are more flexible in their situation than in their floor plan. They need a room for each of their two children; there's no compromise there. Location, however, is determined by budget. There have been changes in the last few years with two options for us to take further action in Property Development: remaining with locations where we've always sold and built and will continue doing to a lesser extent, or developing more cost-effective locations. Where prices have risen by 20% to 30% and in part even by 50% customers are retreating. The income development of our customers has not kept pace to this extent. Now you have the possibility to stay in the locations and watch how your customer segment continues to shrink, or you follow your customers. We're not migrating entirely to the periphery because that's not our target region. We're remaining within the city limits, but we're migrating from city-centre properties to well-located outerlying properties where we find additional value, and we're producing! In Berlin, for example, this is quite often related to water. We try to find the distinctive feature of each location rather than to just construct something at the city's edge.

"Operational efficiency with a clear focus on digitisation!"

Herwig Teufelsdorfer, COO

How does affordable work?

RIEDL: So you have a chance to have apartments for EUR 15,000 per sqm in your programme, which no one can afford. With us, around EUR 10,000 per sqm is it because above that the customer segment is quite small. At EUR 10,000 it's already luxury, but there's a straightforward market for it that we can address at the periphery. That's why we're moving on with the majority of our products and customers and remaining true to our customer segment. This segment is defined between EUR 4,000 and EUR 5,500 per sqm.

SEGAL: And of course that also changes as prices develop.

RIEDL: This is the bandwidth. The prices are set based on the project. Not as an average price; pricing is handled on a separate basis, apartment by apartment.

SEGAL: I'd say we're an extremely attractive middle-class product.

How sustainable are BUWOG residential properties?

RIEDL: Sustainability is a multidimensional issue. BUWOG has always seen itself as a developer of sustainable residential properties. For decades we've been investing in the refurbishment of our existing properties. Currently we're developing a new project in Berlin in which we're integrating thermal insulation into the brick. So not attaching potentially flammable insulation outside or inside. Neighbourhood development is an important aspect of sustainable residential properties for us. If we develop properties with 1,000 apartments, it is important to take a certain social, aesthetic and urban balance into account.

How sustainable is BUWOG as a group? G4-1

SEGAL: Sustainability is found throughout every dimension of our business activity. This year we carried out an extensive dialogue with our stakeholders and conducted a materiality analysis. Sustainability targets and responsibilities were defined in management on the basis of this. For us sustainability is to be established in the DNA of the company, as we've been doing in a variety of ways over the decades.

RIEDL: In sustainability reporting we orient ourselves according to the international GRI standard. We are currently reporting on our sustainability activities in the annual report in an integrated format.

SEGAL: With this transparent form of communication we aim to provide our investors and customers a better understanding of the non-financial yet essential issues at BUWOG. We want trust and reliability for our future cash flows. To this extent sustainability complements our overall strategy.

How do you communicate this to your customers, investors and employees? G4-56

RIEDL: If there's something we've done well in the last few years, then it's transparency and openness. From day one we've communicated openly about every possible subject. I don't think there's an alternative to this. It's also our business model that makes it necessary to be transparent if you want to be successful. It's a bit easier to forecast rents and maintenance costs for the next few years than to predict development revenues, for which one is quite often dependent on authorities or unable to know what the costs of construction will be. For us, too, there's no alternative to transparency because it's the right thing for the business model with respect to transparent action and information. It's also the right thing for the people involved.

Why did you sell the "Tyrolean portfolio" in the third quarter?

TEUFELSDORFER: The concentration on essential locations was important to us. The market situation was favourable, which was one of the primary reasons for the sale. As a result of the sale we are able to deploy our equity more profitably with capital recycling.

Value growth
in the investment portfolio
+6.1 % fair value

SEGAL: The sale of the portfolio is the systematic continuation of our strategic focus. Thus we're selling the existing portfolio and building new properties in Vienna.

TEUFELSDORFER: We've also sold before, as you know, and no longer have portfolios in Vorarlberg or in Burgenland. We've now sold Tyrol and consequently managed an ideal concentration for our portfolio.

What will BUWOG look like in 2020?

RIEDL: We're aiming to consolidate our market positions in the development business. According to statistics, we're the biggest privately financed residential property developer in Vienna. In Berlin we're currently one of the biggest; in Hamburg we're just getting started. In Vienna and in Berlin this position is to be consolidated further. In Hamburg we plan to become a major provider. Our intention is to continue as a reliable partner for our customers, investors and employees. The develop-to-sell business will remain the cycle of capital generation for reinvestments and dividends. We'll substitute the shortage of standing investments for purchase on the market with develop-to-hold projects. We want to be far ahead of the competition in any case.

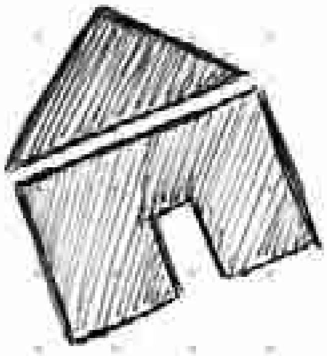
SEGAL: Our aim is to consolidate the business model. At the moment we're "hockey-stick planning". We're moving at a much higher level than in the last few years; it's important to then maintain and consolidate this further.

TEUFELSDORFER: At BUWOG there's a continuous improvement process as part of the company and culture of constructive criticism, on the basis of which we know we'll continue to be very successful. The environment will offer entirely different opportunities – e.g. "digitisation" – and open up opportunities to us as BUWOG so that we will be the best-in-class in 2020.

RIEDL: And on the market with sound products that appeal to our customers.

BUWOG COMPACT

"RIVUS QUARTUS", VIENNA

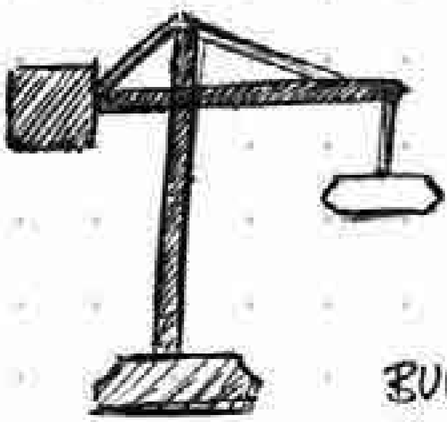


BREITENFURTER STRASSE, VIENNA

"UFERKRONE", BERLIN

MONDSCHEINGASSE, VILLACH

ESMARCHSTRASSE, KIEL



BUWOG BUSINESS MODEL

G4-4

The BUWOG Group is the leading German-Austrian full-service provider in the residential property business and now looks back on 66 years of expertise. The BUWOG Group's integrated business model stands out compared to its peer group due to the breadth and depth of its value chain as well as the optimal integration of the three business areas consisting of the following:

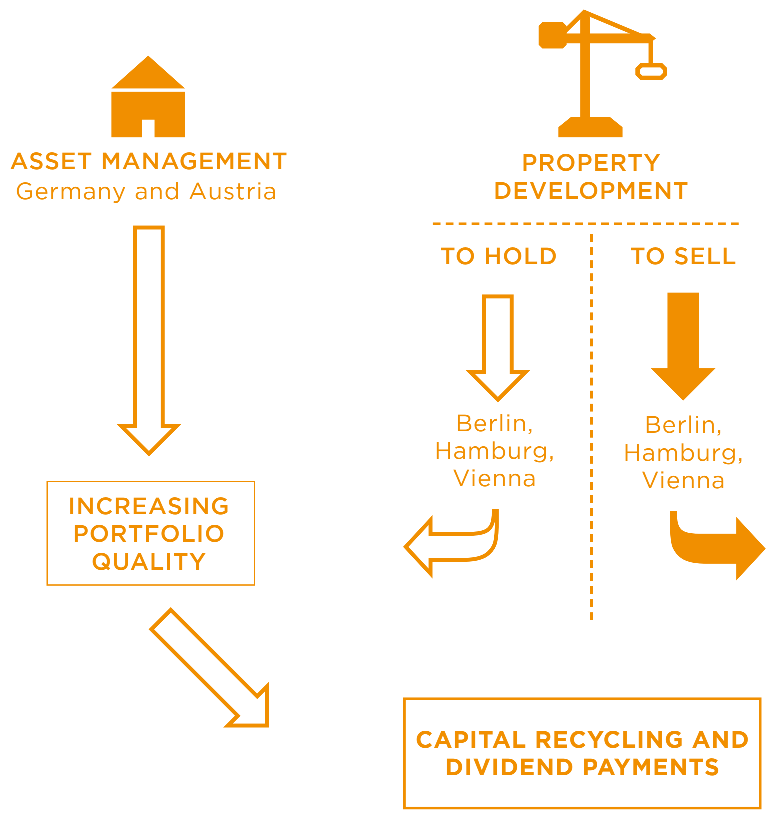
- value-oriented, sustainable management of an investment portfolio encompassing approximately 50,000 units in Germany and Austria (Asset Management)
- development of residential properties in the three biggest German-speaking cities of Berlin, Hamburg and Vienna for immediate sale and inclusion in the BUWOG portfolio
- profit-oriented unit sales in Austria ("Unit Sales")

The BUWOG Group is in a position to take optimal advantage of market cycles and generate significant long-term profitability due to its full integration along the entire real estate value chain with clearly defined, standardised and industrialised processes.

This is how the BUWOG business model combines the ongoing Asset Management business with the considerable profitability from Property Development compared to a company involved solely in property portfolios. Property Development profits from the financial strength of Asset Management and simultaneous minimisation of the typical exit risk of a pure property developer because the properties completed and designated for sale can also be included in the company's own portfolio at any time.

Property Development is divided into the develop-to-sell and develop-to-hold businesses and is regionally focused on the three biggest German-speaking cities of Berlin, Hamburg and Vienna. Profitable and defined by significant cash flow, unit sales completes the BUWOG business model in Austria.

The liquid assets generated from in Asset Management and Unit Sales are used for several things including capital recycling for investments in the company's own portfolio, for new and existing development projects as well as for the acquisition of real estate portfolios in Germany. Thus the company's capacity to finance itself is efficiently availed, the portfolio quality increases steadily, and value for shareholders, who also profit from a high dividend yield, is created.



G4-6
G4-8

COMPANY STRATEGY

The overriding strategic aim of the BUWOG Group is continuous growth of company value along with a high capacity for distributing profits through significant cash flow. An attractive financing structure with a low average interest rate and debt level which is adequate for the market is an essential component of the company strategy. In addition to a high distribution rate of 60% to 65% of Recurring FFO, the following important performance indicators are defined:

- Recurring FFO per share (recurring funds from operations)
- EPRA Net Asset Value per share (Net Asset Value adjusted on the basis of EPRA*)
- Loan-to-Value (the debt level of the property portfolio)

As part of an integrated business model along the entire real estate value chain, the BUWOG Group pursues the following targets in order to implement its company strategy for the individual business areas in the German and Austrian segments:

G4-8

Overview of strategic targets

ASSET MANAGEMENT

Active asset management

- Increase of net in-place rents
- Growth of occupancy rate
- Optimisation of maintenance costs
- Enhancement of customer satisfaction

Qualitative portfolio optimisation

- Two-year EUR 55 million CAPEX programme
- Quality enhancement through the inclusion of new properties from Property Development in the portfolio

Consolidation and growth of the investment portfolio

- Profitable, cycle-optimised block sales in Property Sales, particularly in Austria
- Profitable portfolio growth through acquisitions in Germany with clearly defined acquisition criteria, especially concerning quality, EPRA-NAV growth potential and yields (more than 4%)

PROPERTY DEVELOPMENT

Develop-to-Hold | Develop-to-Sell

Strong project pipeline

- Focus on pipeline development in Berlin, Hamburg and Vienna
- Growth on the basis of clearly defined acquisition criteria

Develop-to-Hold

- Acquisition criteria: particularly location, potential for growth in value and rental yield
- Optimisation of quality & investment costs through the develop-to-hold strategy
- Completion of current pipeline within the next 5 to 6 years

Germany

- Product: largely the construction of privately financed rental apartments
- Average expected yield totalling more than 4%

Austria

- Product: largely the construction of subsidised rental apartments
- Average expected yield totalling about 4%
- Future sales potential for Unit Sales in Vienna

Develop-to-Sell

- Acquisition criteria: particularly location, interest on capital employed and margin on total investment costs
- Limited term of 3 to 5 years
- Product: privately financed condominiums
- Significant profitability with average development margin of 20% on the total investment volume
- Medium-term completion and sale of 1,000 to 1,200 units per financial year
- Average sale prices of EUR 4,000 to EUR 5,500 per sqm

UNIT SALES

High sales margins and high free cash flow

- Focus on Austria
- Sale to third parties for their own use due to fluctuation, or to tenants
- High margins of over 50% on fair value
- Significant generation of free cash flow finances company growth with a focus on Germany and Property Development, and therefore the improvement of portfolio quality
- Sale of around 600 units per financial year
- Long-term sales potential through integration of develop-to-hold strategy in Property Development in Vienna

ASSET MANAGEMENT – QUALITATIVE AND QUANTITATIVE GROWTH

The core responsibilities of Asset Management are the management and ongoing optimisation of the investment portfolio. This includes the 49,597 units in Germany and Austria as of the reporting date. The key parameters for measuring success in Asset Management are net in-place rent, the vacancy rate, gross rental yield as well as the (net) results of Asset Management per share and fair value of the standing investments per share.

ACTIVE ASSET MANAGEMENT

Asset Management's revenues are generated by apartment rentals. The focus is on enhancing rental income and the occupancy rate as well as on optimising maintenance costs. With an individual strategy for every property, it is essential to exploit the property's potential to the fullest and to optimise cost and revenue structures for the purpose of generating generate significant cash flow and high fair value. For targeted implementation, active management is organised decentrally with local teams at the most important real estate locations in Germany and Austria.

The BUWOG Group's portfolio strategy is based on a qualitatively attractive and focused property portfolio with a considerable share of urban locations (around 85% of the investment portfolio is based on fair value). The continuous development of quality and services means the conditions of the properties, which are already favourable today, will continue to grow, as will customer satisfaction. Efficient management, innovation and strength in services guarantee a steady increase in fair value, ensuring future revenue growth.

QUALITATIVE PORTFOLIO OPTIMISATION

The increase in the quality of the investment portfolio is directly related to vacancies, rental income and customer satisfaction. To optimise portfolio quality BUWOG initiated an investment programme with a volume of EUR 57 million (CAPEX programme) beginning with the past financial year with regional focuses on Berlin, Lübeck and Kiel. After implementation is concluded this year, it will enhance the portfolio quality while simultaneously increasing the rents of the relevant units.

Moreover, the quality of the property portfolio will be gradually increased as a result of the construction of new residential properties for the company's own portfolio in the Property Development business area.

CONSOLIDATION AND GROWTH OF THE INVESTMENT PORTFOLIO

The BUWOG Group is aiming to steadily consolidate its existing property portfolio while placing the focus of growth in Germany.

In order to achieve this objective, the Austrian property portfolio is being consolidated in the Property Sales business area through profitable and cycle-optimised block sales in regions of less strategic relevance. The liquid assets freed up are accelerating further growth in the profitable German market due to the significant share of self-financing in the scope of capital recycling. In Germany the aim is to develop the property portfolio in selected cities in northern Germany along with Berlin and Hamburg. Possibilities for purchases are under continuous review, with acquisitions subject to clearly defined criteria with specific regard to quality, the potential for growth of EPRA-NAV and a purchase yield of over 4%.

Further details can be found in the chapter *Asset Management.*

Hinrichsring, Hannover

€€€ UNIT SALES – ATTRACTIVE MARGINS AND HIGH FREE CASH FLOW

The Property Sales business area is closely involved with that of Asset Management and is focused on the continuous optimisation of the BUWOG Group's profit-oriented investment portfolio through high-margin unit sales to owner-occupiers.

The important indicators for measuring success in Unit Sales are the margin on fair value and the average sale prices per sqm.

In Unit Sales in Austria BUWOG's strategy is to sell apartments at attractive prices and at a margin of over 50% on fair value. Sales are made to third parties for their own use, or to tenants, as a result of the fluctuation from apartments that become vacant. This privatisation strategy is decisive for optimising the profitability of the portfolio, which in Austria is shaped by the subsidised rental regimes that generate little profit. BUWOG expects to sell around 600 units per financial year in the long term.

The potential in apartments for sale is continually met with the "develop-to-hold" activity in the Property Development business area. This ensures BUWOG long-term, significant contributions to net profit and creates liquidity for the BUWOG Group to self-finance further growth with the high cash flow that is generated.

Further details can be found in the chapter *Unit sales.*

Ostmarkgasse, Vienna

Lichtenbergstrasse, Saalfelden

PROPERTY DEVELOPMENT – SIZEABLE PROJECT PIPELINE FOR THE PORTFOLIO AND FOR SALE

In the Property Development business area the BUWOG Group combines residential development projects for its own portfolio and for direct sale upon completion. The geographic focus includes the three biggest German-speaking cities: Berlin, Hamburg and Vienna.

LARGE PROJECT PIPELINE

BUWOG's development pipeline grew dynamically in the financial year by 25% to a total of 10,149 units. This is equivalent to a calculated total investment volume of around EUR 2.9 billion. Pipeline development is bound by strictly defined criteria for acquisition, qualitative objectives – large properties, development of multifloor properties, favourable locations (e.g. public transport connections, proximity to water) – and quantitative objectives such as total investment costs and yields.

DEVELOP-TO-SELL

The develop-to-sell business is focused on the construction of privately financed condominiums for direct sale to third parties upon completion. The high level of profitability with planned average margins of 20% on the total investment volume and limited terms of three to five years are justified in particular by BUWOG's years of experience and market presence.

BUWOG's aim is to complete the existing pipeline within a planning horizon of five to six years and to renew at the same level on a revolving basis. In the medium term BUWOG is planning completions for the sale of 1,000 to 1,200 units per financial year at average prices of EUR 4,000 to EUR 5,500 per sqm.

DEVELOP-TO-HOLD

In the context of significant demand for apartments, rising rents and a simultaneous strong increase in the intensity of competition for portfolio acquisitions, for BUWOG with its many years of experience and market presence compared to the German peer group, the develop-to-hold strategy offers the best opportunities to develop a self-sufficient, high-quality and extremely efficient portfolio at the premium locations of Berlin, Hamburg and Vienna. The develop-to-hold business is closely connected to the targets in Asset Management and, in particular, optimises the quality of the investment portfolio. Through the develop-to-hold business BUWOG has created an unparalleled product on the market: new apartments with modern floor plans, contemporary technical standards and, as a result, lower ancillary costs for tenants in urban locations in the cities of Berlin, Hamburg and Vienna. Due to the anticipated low maintenance costs and competitive rental income, this will result in a highly attractive contribution to the future net profit while at the same time the positive valuation effects that are expected will bring added value in the property portfolio for companies, investors, customers and our shareholders.

BUWOG aims to expand its existing develop-to-hold pipeline of 3,700 units to 5,500 units through additional property acquisitions, completing them within the next three to five years. Based on the privately financed development pipeline, BUWOG seeks to generate an average yield[1)] of more than 4% in Germany and about 4% in Austria and Net Operating Income margins of more than 90% in rentals.

Germany. The construction of privately financed rental apartments is the focus of the develop-to-hold strategy in Berlin and Hamburg. BUWOG expects to build 400 to 500 units per financial year for its develop-to-hold portfolio in Berlin and Hamburg.

Austria. The focus on the develop-to-hold strategy in Vienna lies in the construction of regulated rentals, particularly for the continued pursuit of the privatisation strategy in Austria, which is aimed at generating a high level of free cash flow. BUWOG has made it an objective to build 400 to 500 units for its develop-to-hold portfolio in Vienna.

Further details can be found in the chapter *Property Development*.

1) Planned annual net in-place rent with respect to total investment costs

DIVIDEND AND FINANCING STRATEGY

Dividend strategy. In addition to reinvestments for enlarging the investment portfolio and for developing new apartments, the Executive Board seeks in the medium term to distribute 60% to 65% of the annual Recurring FFO in the form of dividends to BUWOG AG shareholders. An increase in the absolute amount of the dividend is possible with the anticipated increase in Recurring FFO. The minimum dividend is EUR 0.69 per share.

Financing strategy. As part of its financing strategy, BUWOG specifically pursues a conservative financial structure that enables further growth, especially in times of potentially rising interest rates. The BUWOG Group seeks an LTV of no more than 45%. In the Asset Management business area, in particular, the company aims to continue its long-term financing profile with low interest rates. Furthermore, as a capital market-oriented company BUWOG seeks to employ diversified instruments for financing at optimal conditions. A convertible bond at an amount of EUR 300 million with a zero coupon was successfully placed in the reporting period. In June 2017 after the reporting date a capital increase at a volume of EUR 305.6 million took place in order to finance further growth.

G4-56

HUMAN RESOURCES STRATEGY

The BUWOG Group places considerable emphasis on the further development of its employees. To encourage the mutual exchange of experiences and establishment of a shared company culture, management workshops and employee events take place on a regular basis. Using modern employee development tools as well as specific training and development courses, employees' skills are augmented to meet the challenges of the future. Further details can be found in the chapter *Sustainable management* in the *Group Management Report* .

IT STRATEGY

To ensure efficient and effective company management, the existing group-wide IT systems are evaluated, optimised and, if necessary, expanded on a regular basis. This facilitates real-time monitoring of all relevant performance indicators as well as a modern, reliable system of risk management. A contemporary infrastructure that supports processes guarantees operational security and is the basis for long-term competitive capacity. Consequently, the focus of IT strategy lies in the digitisation of business processes.

BUWOG employees at the “Navigating the Future III” event in Vienna 2017

COMPANY HISTORY

The roots of BUWOG reach back to 1951, when it was entered in the commercial register as a not-for-profit housing association with the task of providing housing to federal employees. In the first year of its existence, 24 employees worked for BUWOG and its property portfolio included just 210 units. The next few decades were defined by the expansion of the residential property portfolio through development of the portfolio properties and through acquisitions.

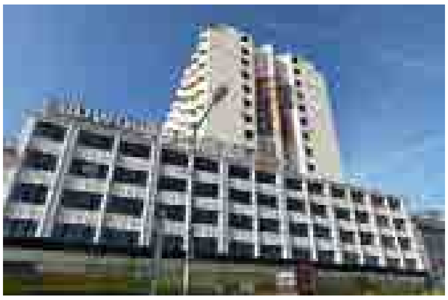
In 2001, one of the most important milestones in BUWOG's history took place when its not-for-profit status legally ended. Three years later, BUWOG was sold to IMMOFINANZ AG by the Republic of Austria as part of the privatisation process. With the establishment of the business area of Property Sales and especially with the focus on Unit Sales, BUWOG's business model was expanded again in 2002. In 2006 stakes were acquired in the originally state-owned not-for-profit railway housing cooperative ESG in Carinthia ("BUWOG Süd"), thus expanding the property portfolio by around 13,000 units.

The first step in expanding to Germany took place in 2010 with the acquisition of around 2,300 units in Berlin. This path of expansion was continued in 2012 with the acquisition of the business operations (including projects under construction) of a leading Berlin property developer and, consequently, entry into the German property development sector. In 2013 and 2014 the investment portfolio in Germany underwent targeted expansion with the addition of around 3,000 units through smaller transactions. To achieve its strategic goal of enlarging and regionally diversifying the standing investment portfolio with a focus on the German market, the BUWOG Group acquired an investment portfolio of 18,000 units in northern Germany in 2014. Parallel to this, the management platform for residential properties with around 300 employees was acquired over the course of the year, allowing all BUWOG properties in Germany to be brought together into a single platform.

MILESTONES IN THE HISTORY OF BUWOG

1951
Foundation of BUWOG for the purpose of providing housing assistance to civil servants

1970
Transfer of the 10,000th apartment



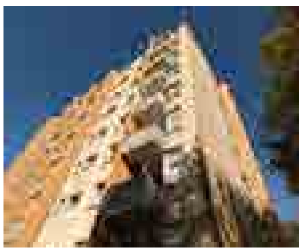
2001
Abandonment of not-for-profit status as per law

2002
Start of property sales with a focus on unit sales

2004
Privatisation – sale by the Republic of Austria to IMMOFINANZ AG

2006
Acquisition of ESG and its 13,000 units – "birth" of the BUWOG Group

2010
Expansion to Germany begins through acquisition of around 2,300 units in Berlin



BUWOG group

On 28 April 2014 BUWOG reached another important milestone with its successful listing at a share price of EUR 13.00 on the stock exchanges in Frankfurt and Vienna and in Warsaw a day later. In the further course of 2014 BUWOG was included in the FTSE EPRA/NAREIT Developed Europe Index and Austrian Traded Index (ATX).

With the aim of expanding and intensifying efforts in Property Development, BUWOG widened its development activities to Hamburg in April 2016, which means it is now active in the three biggest German-speaking cities. In the context of this strategic expansion and newly established development-to-hold strategy in Germany, there is an opportunity to develop a self-sufficient, high-quality portfolio featuring significant potential for added value with a reduced risk profile for the Property Development business area. Based on this, BUWOG can expect the highly profitable Property Development business to constitute a dynamically growing share in BUWOG's total profits in the next few years as well as the group's market position as an established integrated property investor and residential developer to be strengthened for the future.

In the 2016/17 financial year BUWOG intensified expansion of the development pipeline and acquired additional purchase agreements for six properties with a plan for 2,550 units. On the financing side, BUWOG AG took advantage of the favourable market conditions to issue a convertible bond at a volume of EUR 300 million with an interest rate of 0.00% and premium of the latest published EPRA-NAV of 55%. Moreover, a EUR 550 million loan originally taken out as part of the acquisition of the DGAG portfolio was successfully refinanced. Through the refinancing the interest expenses were significantly reduced while the company's cash flow was improved even further due to the payment to be made only upon maturity. As the free float in the shareholder structure had already increased to around 95% in the course of the reporting year, the company also strengthened its equity structure subsequent to the reporting date when carrying out a capital increase with subscription rights, generating for the company a gross amount of EUR 306 million, which is intended for financing further growth, particularly in the Property Development business area.

2012

Start of Property Development in Germany through acquisition of a leading Berlin property developer

2014

Acquisition/development of an investment portfolio of 18,000 units in northern Germany and the acquisition of a management platform with 300 employees

Spin-off from IMMOFINANZ AG and listing in Frankfurt and Vienna (28 April 2014) as well as Warsaw (29 April 2014)

Admission of the BUWOG share to the ATX (22 September 2014)

4/2016

Start of development activities in Hamburg and expansion of the company strategy in Germany with a focus on Berlin and Hamburg

Intensification of development by 25% in the Property Development pipe-line by the end of the 2016/17 financial year

9/2016

Successful issue of a EUR 300 million convertible bond at an interest rate of 0.00%

10/2016

Successful refinancing of a large credit portfolio of EUR 550 million at considerably better conditions

2/2017

Increase of free float to 95%

6/2017

Successful cash capital increase with about 12.5 million new shares for EUR 306 million

COMPANY STRUCTURE

The legal structure of BUWOG Group did not fundamentally change during the reporting period. Listed on the Frankfurt, Vienna and Warsaw stock exchanges, BUWOG AG is the group's holding company and has its headquarters in Vienna. Most of the property portfolio is held in pure holding companies.

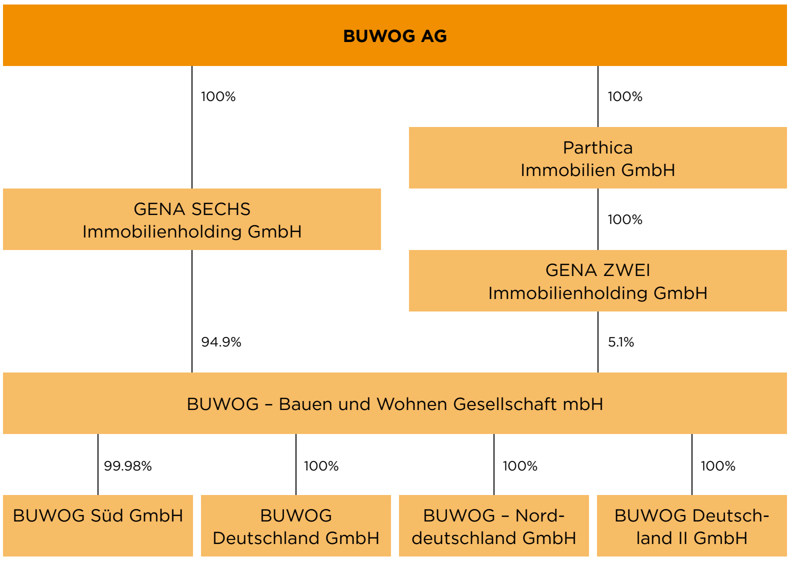
In addition to BUWOG AG, BUWOG – Bauen und Wohnen Gesellschaft mbH and its subsidiaries also have an operational role in the business areas of BUWOG, Asset Management, Property Development and Property Sales. The BUWOG Group employed a total of 781 people (738 FTE) as the reporting date on 30 April 2017.

G4-9
G4-EC5

In Austria the BUWOG team operates in Vienna as well as in the provinces with its own locations in Villach, Salzburg, Innsbruck* and Graz. The BUWOG Group's business activities in Germany are reflected in several subsidiaries; important office locations are maintained in Kiel, Lübeck, Brunswick, Hamburg and Berlin. Management of the German activities in business area of Asset Management is located in Kiel. Property Development in Germany is concentrated on the demographically and economically strong locations of Berlin and Hamburg.

OVERVIEW OF THE LEGAL STRUCTURE OF THE BUWOG GROUP

G4-7



For a detailed list of all participating interests see section *8. Group Companies of BUWOG AG* in the notes to the consolidated financial statements.

* By December 2016 (sale of Tyrolean portfolio)

G4-6

SEGMENTS AND ORGANISATIONAL STRUCTURE OF THE BUWOG GROUP

From an operational perspective, BUWOG Group is organised into the segments of Germany and Austria, which, in turn, are divided into the business areas of Asset Management, Property Sales and Property Development. In addition to these operational units, the BUWOG Group has also set up central departments reporting directly to the Executive Board. The organisational structure of the BUWOG Group as of the reporting date is shown in the following illustration.

G4-34
G4-38

Management Board

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

Germany & Austria

Asset Management	**Property Sales**	**Property Development**

Corporate Departments

"The team in legal supported a range of major company projects again in the 2016/17 financial year."

Paul Kozubek,
Head of Legal/Deputy Compliance Officer

"Worth mentioning are the successful placement of the convertible bond, the portfolio sale in Tyrol and the intensification of the develop-to-hold strategy. The acquisition of large urban quarters for new developments and the subsequent, seamless project development with several private and public project partners pose significant challenges for the entire team, and I'm pleased that with its efficient processes and high level of dedication the legal department made a significant contribution again to the company's success in the reporting year".

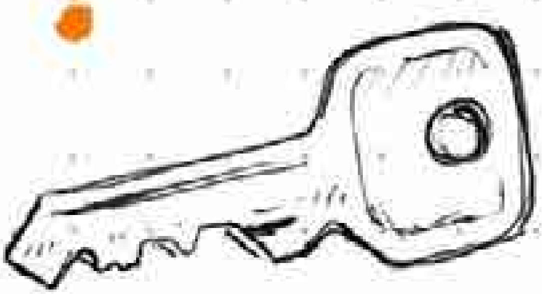
ASSET MANAGEMENT

VAASASTRASSE, KIEL

AM HOHENMOOR, KALTENKIRCHEN

OSSIACHER ZEILE, VILLACH

SAMHABERPLATZ, VIENNA



"HIGH-DECK-SIEDLUNG", BERLIN

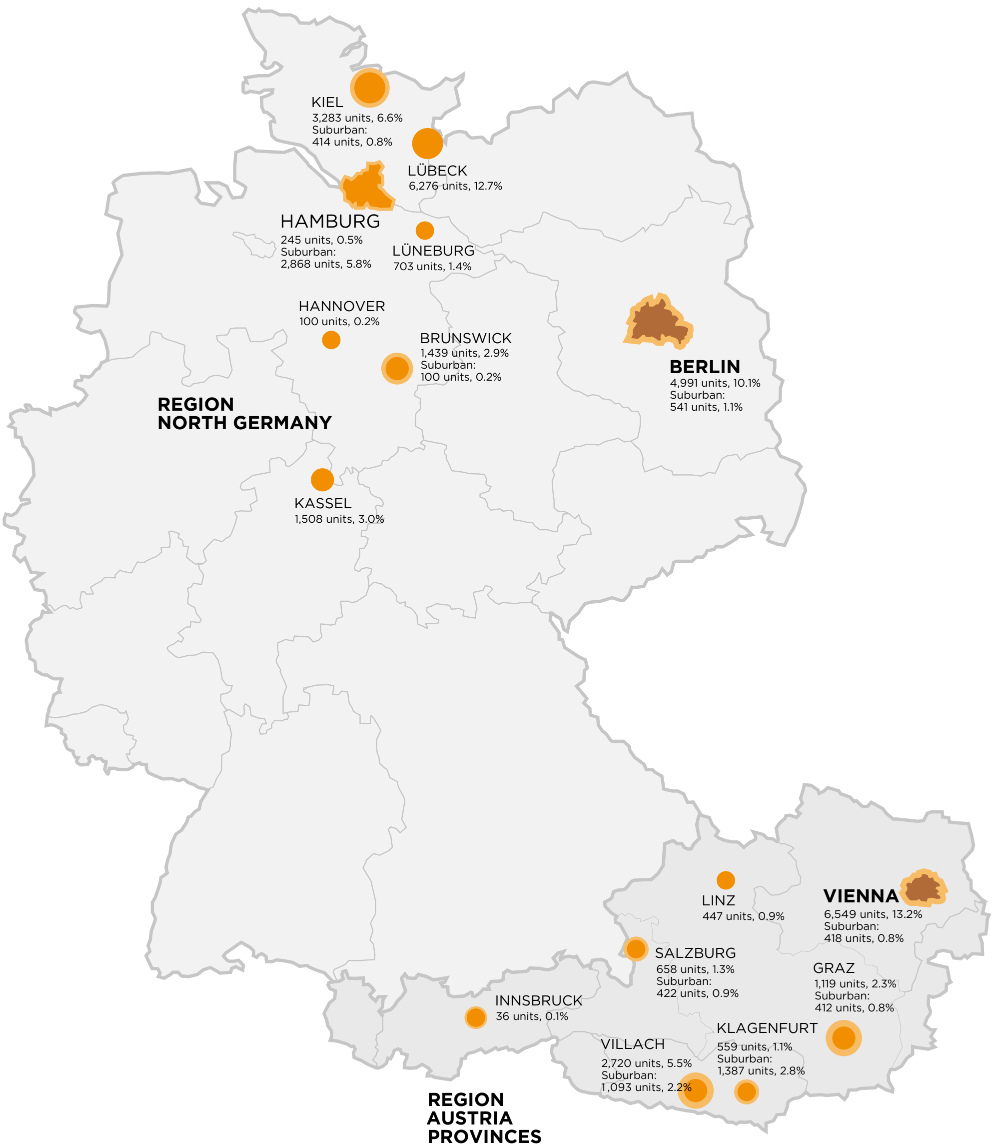
ATTRACTIVE INVESTMENT PORTFOLIO

The BUWOG Group's investment portfolio comprises both subsidised as well as privately financed units with a high degree of customisation as well as terraced and semi-detached homes in Germany and Austria. As of the reporting date on 30 April 2017, a total of 49,597 units (previous year: 51,058 units) with a total floor area of 3.4 million sqm (previous year: 3.5 million sqm) and a fair value of EUR 3.9 billion (previous year: EUR 3.7 billion) were held. Compared to the reporting date the previous year, this is equivalent to a slight 3.2% reduction of floor area due to disposals from Property Sales and a simultaneous increase in fair value of 6.1%. In the reporting year a total of 1,731 units (previous year: 1,119 units) were sold in the scope of property sales, with 1,116 units of these attributed to the sale of the Tyrolean portfolio. In contrast, there were additions totalling 266 units (previous year: 532 units), 100 units of which resulted from a portfolio acquisition in Germany and 166 units from the develop-to-hold strategy in Vienna.

BUWOG INVESTMENT PORTFOLIO BY REGION AS OF 30 APRIL 2017

Number of units per location and percentage of the total portfolio

G4-8



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

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

The BUWOG Group's investment portfolio is divided within the two countries into four regional clusters: "federal capitals", "state capitals & major cities", "suburban regions" as well as "rural regions". In terms of fair value, around 41% (previous year: 39%) of the BUWOG Group's investment portfolio is located within the municipal areas of Vienna and Berlin; this is equivalent to a value of EUR 1.6 billion (previous year: EUR 1.4 billion). No other company in the peer group has such as high concentration of properties in these two capital cities. Another total of 45% of the portfolio (previous year: 47%) based on fair value – EUR 1.8 billion (previous year: EUR 1.7 billion) – is located in state capitals and major cities with more than 50,000 inhabitants, including their suburban regions within a radius of 15 km from the city limit. These cities include Brunswick, Graz, Hamburg, Hannover, Innsbruck, Kassel, Kiel, Klagenfurt, Linz, Lübeck, Lüneburg, Salzburg and Villach. In rural regions only around 14% (previous year: 15%) of the portfolio has a value of EUR 0.5 billion (previous year: EUR 0.5 billion) based on fair value.

G4-8

BUWOG PORTFOLIO BY REGIONAL CLUSTER

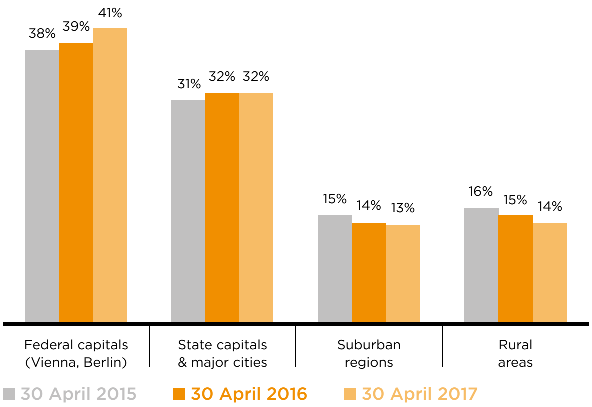
as of 30 April 2017	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	**11,540**	**904,810**	**61**	**5.76**	**1,618**	**1,788**	**3.8%**	**2.7%**
Vienna	6,549	573,107	36	5.44	1,042	1,819	3.5%	3.6%
Berlin	4,991	331,703	25	6.30	576	1,735	4.3%	1.2%
State capitals and major cities[5]	**19,093**	**1,226,550**	**75**	**5.24**	**1,253**	**1,022**	**6.0%**	**2.2%**
Lübeck	6,276	363,787	25	5.88	408	1,120	6.2%	2.2%
Kiel	3,283	198,126	14	6.08	239	1,208	6.0%	1.2%
Villach	2,720	194,725	9	3.83	114	584	7.7%	2.7%
Kassel	1,508	107,289	6	4.72	84	781	7.0%	3.2%
Brunswick	1,439	83,540	6	5.94	94	1,123	6.3%	1.2%
Graz	1,119	84,289	4	4.27	89	1,058	4.7%	2.0%
Lüneburg	703	51,076	4	6.03	56	1,102	6.3%	4.1%
Salzburg	658	43,614	2	4.44	67	1,539	3.4%	2.0%
Klagenfurt	559	41,461	2	3.95	25	593	7.7%	3.7%
Linz	447	32,777	2	4.32	40	1,231	4.1%	3.3%
Hamburg	245	16,601	1	6.83	28	1,663	4.9%	0.5%
Hannover	100	6,350	0	5.83	8	1,254	5.6%	0.0%
Innsbruck	36	2,915	0	3.24	2	743	5.2%	0.0%
Suburban regions[6]	**7,655**	**532,577**	**31**	**5.00**	**528**	**992**	**5.8%**	**3.5%**
Hamburg	2,868	176,564	12	5.66	208	1,180	5.7%	0.8%
Klagenfurt	1,387	99,131	4	4.00	74	749	6.0%	6.1%
Villach	1,093	85,218	4	3.92	58	680	6.4%	7.2%
Berlin	541	34,772	2	5.31	26	735	8.3%	4.2%
Salzburg	422	33,230	2	5.88	52	1,556	4.4%	3.1%
Vienna	418	34,817	2	4.83	50	1,422	3.9%	4.8%
Kiel	414	31,970	2	6.05	29	894	8.0%	1.7%
Graz	412	31,086	2	4.73	27	864	6.5%	0.7%
Brunswick	100	5,791	0	5.38	4	658	9.6%	2.6%
Innsbruck[7]	0	0	0	0.00	1	0	2.1%	0.0%
Rural areas	**11,309**	**754,848**	**38**	**4.47**	**543**	**719**	**7.0%**	**6.2%**
Rural areas Austria	6,626	472,157	20	3.77	303	643	6.5%	8.1%
Rural areas Germany	4,683	282,690	18	5.58	239	846	7.7%	3.0%
Total BUWOG Group	**49,597**	**3,418,784**	**205**	**5.18**	**3,942**	**1,153**	**5.2%**	**3.4%**
thereof Germany	27,151	1,690,258	116	5.85	1,997	1,182	5.8%	1.9%
thereof Austria	22,446	1,728,526	89	4.50	1,945	1,125	4.6%	4.9%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 30 April 2017
3) Annualised 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; 2.2% adjusted by vacancy of unit sales
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
7) Parking garage from the sale of the Tyrolean portfolio with Q1 2018 disposal

In terms of fair value, this means that a total of around 86% (previous year: 85%) or EUR 3.4 billion (previous year: EUR 3.2 billion) of BUWOG Group's property portfolio is located in three regional clusters in urban regions, which stand out in their entirety due to attractive characteristics with respect to development and the quality of the economy, infrastructure and demographics. The fair value of the 49,597 units (previous year: 51,058 units) is also concentrated in the current reporting year primarily in the two federal capitals of Berlin and Vienna (41%), whose share of fair value rose compared to the previous year (39%) again, as well as in the state capitals and major cities (32%). Due to the regional focus on urban centres the shares of fair value for the portfolios in areas close to the city and in rural regions were reduced again.

FAIR VALUE

by geographic cluster (total: about EUR 3.9 billion)



KEY FIGURES PROPERTY PORTFOLIO

		BUWOG Group as of 30 April 2016	BUWOG Group as of 30 April 2017	Austria as of 30 April 2017	Germany as of 30 April 2017
Number of units	Quantity	51,058	49,597	22,446	27,151
Total floor area	in sqm	3,532,273	3,418,784	1,728,526	1,690,258
Annualised net in-place rent[1)]	in EUR million	201	205	89	116
Monthly net in-place rent[1)]	in EUR per sqm	4.92	5.18	4.50	5.85
Fair value[2)]	in EUR million	3,716	3,942	1,945	1,997
Fair value[2)]	in EUR per sqm	1,052	1,153	1,125	1,182
Gross rental yield[3)]	in %	5.4%	5.2%	4.6%	5.8%
Vacancy rate	per sqm	3.4%	3.4%	4.9%	1.9%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 30 April 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

As of 30 April 2017 the investment portfolio in Germany comprised a total of 27,151 units (previous year: 27,072 units) with a total floor area of around 1.7 million sqm (previous year: EUR 1.7 million sqm). As of 30 April 2017 the monthly net in-place rent was an average of EUR 5.85 per sqm (previous year: EUR 5.68 per sqm). As of 30 April 2017 the fair value of the German investment portfolio rose compared to 30 April 2016 by a total of around EUR 300 million, from EUR 1.7 billion to EUR 2.0 billion as a result of the very positive performance of the German real estate investment market and high yield compression (purchase prices for apartment complexes and portfolios increase more than rents) in the BUWOG investment portfolio's core regions. The average fair value increased from EUR 980 per sqm to EUR 1,182 per sqm. The significant increase in the fair value of the investment portfolio from the property valuation as of 30 April 2017 resulted in a decline in gross rental yield from 6.8% to 5.8% in relation to fair value, as the increase in rents was less than the increase in fair value.

The vacancy rate of the portfolio in Germany was reduced from 2.1% in the previous year to 1,9% as of 30 April 2017 due to very successful rental activity as well as positive market and demand development.

In Austria the investment portfolio comprised a total of 22,446 units (previous year: 23,986 units) with a total floor area of 1.7 million sqm (previous year: 1.8 million sqm) and a fair value of EUR 1,945 million (previous year: EUR 2,065 million) as of 30 April 2017. This is equivalent to a fair value of EUR 1,125 per sqm (previous year: EUR 1,118 per sqm). As of 30 April 2017 the monthly net in-place rent totalled EUR 4.50 per sqm (previous year: EUR 4.20 per sqm), resulting in a gross rental yield of 4.6% (previous year 4.3%). The vacancy rate in Austria as of 30 April 2017 rose from 4.7% to 4.9%. This is largely attributed to an empty nursing home in a rural region. Apartments designated for sale as units accounted for 2.3 percentage points of the vacant floor area.

CHANGES IN THE INVESTMENT PORTFOLIO

In the 2016/17 financial year the BUWOG Group acquired a property portfolio with a total of 100 units and 6,350 sqm of floor area in the core region of Hannover for a purchase price totalling EUR 7.8 million or around EUR 1,228 per sqm and took it over in its entirety. Purchase agreements for a portfolio acquisition with 23 units in Hannover were also signed for a total of approximately EUR 3.6 million as well as for the acquisition of a property in Berlin with 14 units for EUR 3.0 million. The transfers are planned for the first or second quarter of the 2017/18 financial year.

Moreover, on 22 March 2017 the BUWOG Group purchased a property in Berlin on which the turnkey construction by a general contractor of a residential facility with 95 units has been agreed. Completion and transfer to the investment portfolio is planned for March 2019.

As part of the implementation of the develop-to-hold strategy, in the 2016/17 financial year a total of 166 units were completed in Vienna in the development projects “Am Otterweg” (88 units) and “Southgate” (78 units) in accordance with the Vienna Housing Initiative and transferred to the company’s investment portfolio in Austria. Both properties are rented in full.

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

PORTFOLIO ACQUISITIONS 2016/17

Portfolio	Regional cluster	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR thousand	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Hannover	State capitals and major cities	100	6,350	445	5.83	1,254	5.6%	0.0%
Total I (closing as per 30 April 2017)		**100**	**6,350**	**445**	**5.83**	**1,254**	**5.6%**	**0.0%**
Hannover	State capitals and major cities	23	2,151	179	6.94	1,664	5.0%	0.0%
Berlin	Federal capitals	14	1,100	53	8.49	2,727	1.8%	52.5%
Total II (including acquisitions after 30 April 2017)		**137**	**9,601**	**677**	**6.25**	**5,646**	**4.7%**	**6.0%**

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on purchase price of acquired standing investments after 30 April 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 purchase price
4) Based on sqm

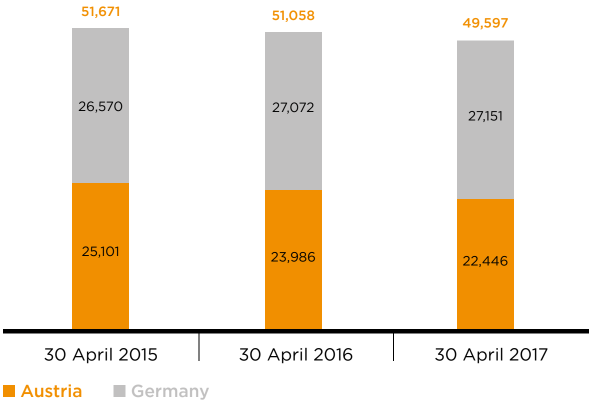
KEY DATA OF THE INVESTMENT PORTFOLIO AND PORTFOLIO STRUCTURE

In addition to efficient portfolio management through selective investment measures in the properties, the BUWOG Group seeks to continuously optimise the value of the property portfolio in order to ensure long-term profitability and stable liquidity inflow. As in the last few financial years, BUWOG substantially improved all of the key performances indicators in this reporting year as well.

ANOTHER SIGNIFICANT INCREASE IN FAIR VALUE TO EUR 3.9 BILLION

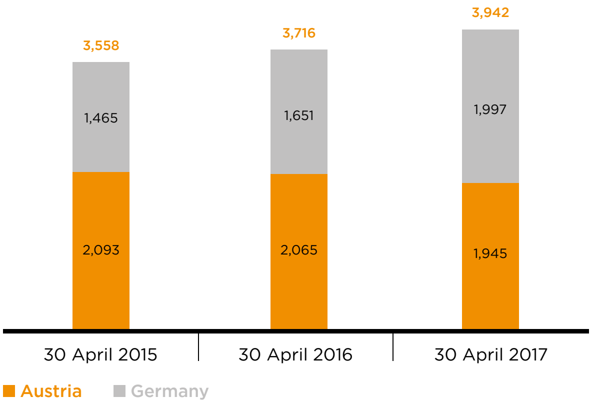
In the respective quarters the 2016/17 financial year was already marked by considerable fair value adjustments of the investment portfolio in Germany. As of 30 April 2017 the fair value of the BUWOG Group's investment portfolio determined by CBRE was EUR 3,942.1 million (last year: EUR 3,716,3 million). The significant growth in value of EUR 226 million was largely influenced by another notable increase in the value of the German investment portfolio as a result of the ongoing rise in yield compression (purchase prices for rental properties increase disproportionately with respect to rents) in the German real estate investment market and the readjustment of sale price potentials in the Unit Sales portfolio in Austria. As of the reporting date, fair value in Germany including the new acquisition portfolio was EUR 1,977.4 million, after EUR 1,651.2 million the previous year (EUR + 346.2 million). In Austria fair value fell by EUR 120 million to EUR 1,945 million due especially to the sales in the Property Sales business area. As a whole, fair value per sqm in BUWOG's investment portfolio increased from EUR 1,052 to EUR 1,153 (+9.6%), which resulted from a significant growth in fair value in Germany from EUR 980 to EUR 1,182 (+20.6%) and in Austria from EUR 1,118 to EUR 1,125 (+0.7%). As of the reporting date on 30 April 2017, the fair value of the Unit Sales cluster was EUR 1.4 billion (previous year: EUR 1.5 billion). Based on the sales margins achieved to date on fair value, BUWOG's property portfolio is also expected to include a significant positive margin effect due to unit sales and, consequently, a contribution to Recurring FFO. Further details can be found in the chapter *Property valuation*.

NUMBER OF UNITS



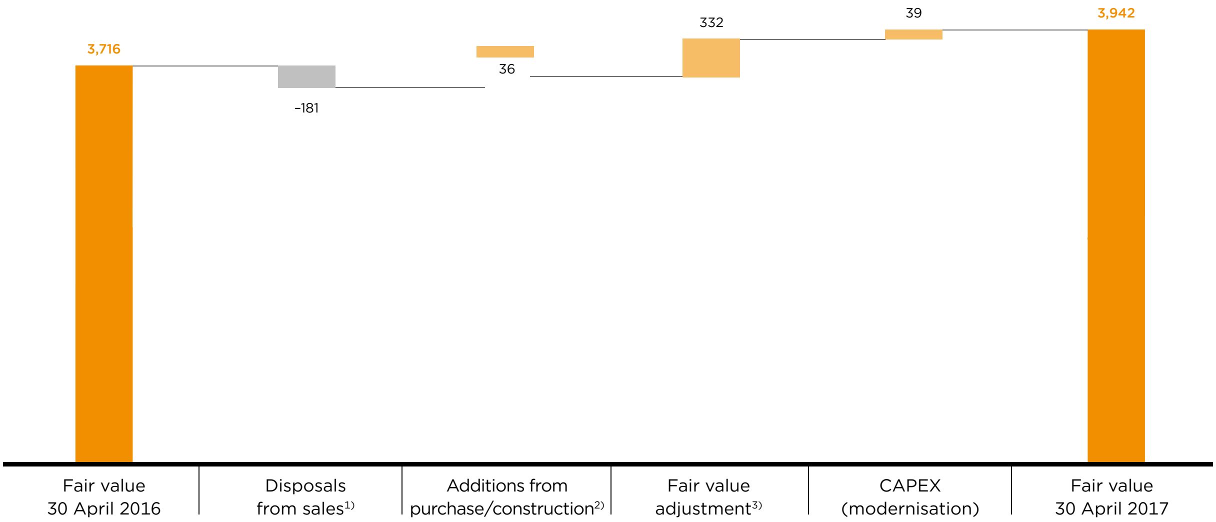
FAIR VALUE STANDING INVESTMENT PORTFOLIO

in EUR million



The following chart shows the development of the fair value of BUWOG's investment portfolio from EUR 3,716 million on 30 April 2016 to EUR 3,942 million on 30 April 2017.

DEVELOPMENT OF FAIR VALUE STANDING INVESTMENT PORTFOLIO
in EUR million

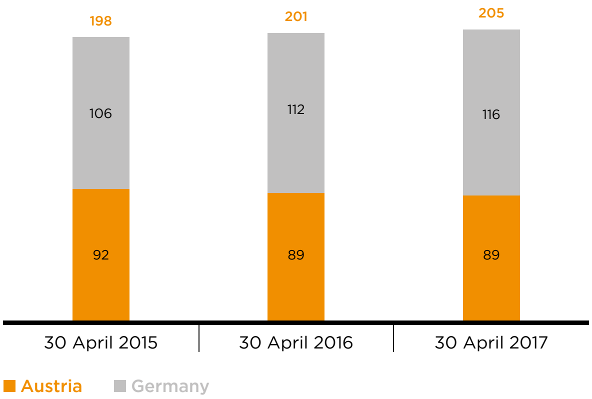


The values in the above graph are not scaled.
1) Net carrying amount of properties sold (EUR -228.4 million) and fair value adjustments to sold properties (EUR 45.6 million) as well as revaluation of properties available for sale (EUR 1.8 million)
2) Additions include the "Am Otterweg" and "Southgate" in Vienna, both of which were built for BUWOG's standing investment portfolio and the portfolio acquisition in Hannover.
3) Fair value adjustments refer solely to standing investments.

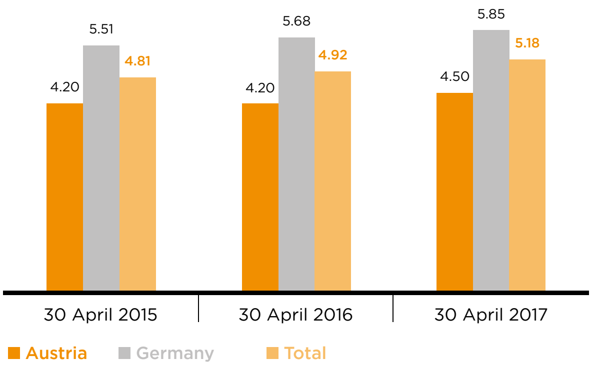
INCREASE IN ANNUALISED NET IN-PLACE RENT TO OVER EUR 205 MILLION

Despite the disposal of nearly every property from the Tyrolean portfolio (around EUR 4.1 million), compared to the previous year the annualised net in-place rent increased by 1.9% from EUR 201.2 million to EUR 205.1 million through active asset management and the non-recurring effect of the amendment to the Austrian Non-Profit Housing Act *(Wohnungsgemeinnützigkeitsgesetz)*. As of the reporting date, the BUWOG Group's average rent per sqm was EUR 5,18 (+5.3%) compared to EUR 4.92 on the same date the previous year, while the proportion of the German investment portfolio that contributes to annualised net in-place rent increased to around 57% (previous year: 56%).

ANNUALISED NET IN-PLACE RENT
in EUR million



NET IN-PLACE RENT PER MONTH
in EUR per sqm



HIGH LIKE-FOR-LIKE RENTAL GROWTH DUE TO NON-RECURRING EFFECT OF THE AMENDMENT TO THE AUSTRIAN NON-PROFIT HOUSING ACT

Asset Management's primary responsibility is the ongoing optimisation of rental income, taking into account the effective legislation on rent and the resulting restrictions on pricing rents through the rent increase cap in Germany and the Austrian Non-Profit Housing Act. In the 2016/17 financial year the increase of the maintenance and improvement contribution in the Austrian portfolio had a significant influence on like-for-like rental growth in the BUWOG Group's investment portfolio. This means the elimination of effects resulting from the change in the investment portfolio (excluding portfolio transactions) and the effect from changes in vacancies were taken into consideration. As of 30 April 2017 like-for-like rental growth for the BUWOG Group totalled 4.5% (previous year: 1.6%). Like-for-like rental growth in the German residential portfolio was 3.2% (previous year: 2.7%), which resulted largely from the conclusion of a significant number of new leases and from increases in the rents generated by standing investments in Berlin and major cities. In the Austrian residential portfolio – a driver for high like-for-like rental growth in the BUWOG Group – net in-place rents per sqm were increased by an extraordinary 6.3% (previous year: 0.3%) as of 30 April 2017 compared to the previous year. The positive non-recurring effect resulted 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 the amendment to the Austrian Non-Profit Housing Act, which has been included in the debit position since 1 July 2016 and has led to a significant increase in rents. The calculation of like-for-like rental growth includes around 99.2% of all units or around 98.4% of the fair value of the BUWOG Group's entire portfolio.

Depending on the feasibility on the regional rental market and taking statutory restrictions from the rent models into account, BUWOG also plans to fully exploit the potentials for increasing rents in the individual investment portfolio units in the future.

LIKE-FOR-LIKE RENTAL GROWTH BY RENTAL AGREEMENT

as of 30 April 2017	Number of units	Occupied floor area in sqm 30 April 2016	Net in-place rent per month in EUR million[3] 30 April 2016	Occupied floor area in sqm 30 April 2017	Net in-place rent per month in EUR million[3] 30 April 2017	Like-for-like rental growth
Unregulated rental agreements Germany	17,504	999,060	5.6	1,001,304	5.9	3.9%
Regulated rental agreements Germany	9,232	596,301	3.2	596,059	3.3	1.9%
Total Germany	**26,736**	**1,595,361**	**8.8**	**1,597,363**	**9.1**	**3.2%**
Unregulated rental agreements Austria (incl. reasonable rents pursuant to WGG and MRG)[1]	1,561	119,357	0.6	121,669	0.7	2.0%
Regulated rental agreements Austria (incl. other provisions under WGG)[2]	20,378	1,471,174	5.7	1,453,862	6.0	6.7%
Total Austria	**21,939**	**1,590,531**	**6.4**	**1,575,531**	**6.7**	**6.3%**
Other (incl. commercial)	530	82,785	0.5	82,905	0.5	1.4%
Total BUWOG Group	**49,205**	**3,268,677**	**15.7**	**3,255,799**	**16.3**	**4.5%**

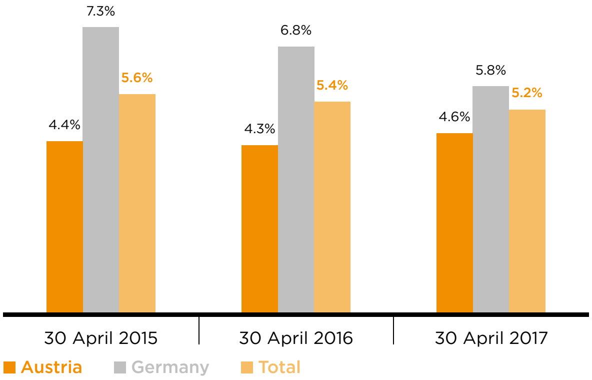
1) Reasonable rents under WGG includes properties for which subsidies received have already been repaid and for which indexing can be individually agreed
2) Coast-covering rent and Follow-up Rent (prev. Burgenland guidelines -30%)
3) Based on monthly net in-place rent (excluding utilities) as of the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

CONSIDERABLE GROWTH IN THE INVESTMENT PORTFOLIO VALUE REDUCES GROSS RENTAL YIELD

Gross rental yield was 5.2% as of the reporting date. The change of -0.2 percentage points from the previous year is based on the disproportionate increase in the fair value of the units of 6.1% compared to the growth in the annualised net in-place rent of 1.9%. As of the reporting date there was a significant decline in gross rental yield from 6.8% to 5.8% in the German portfolio, resulting from the considerable appreciation in value due to strong yield compression. In contrast, the yield in the Austrian portfolio rose to 4.6% (previous year: 4.3%) due to the considerable rise in the annualised net in-place rent arising from the non-recurring effect of the amendment to the Austrian Non-Profit Housing Act.

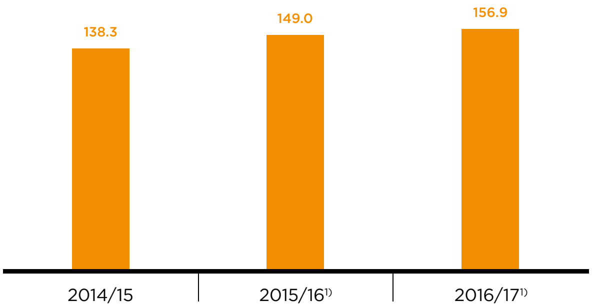
At EUR 149 million, the operating results from Asset Management rose again by EUR 7.9 million to EUR 156.9 million compared to the previous year.

GROSS RENTAL YIELD



OPERATING RESULT FROM ASSET MANAGEMENT

in EUR million



1) The comparable figures from the previous years were adjusted through the retroactive implementation of the capitalisation guideline (see chapter 1.3 of the consolidated financial statements).

VACANCY RATE (INCLUDING THE VACANCY RATE FROM UNIT SALES) STABLE AT 3.4%

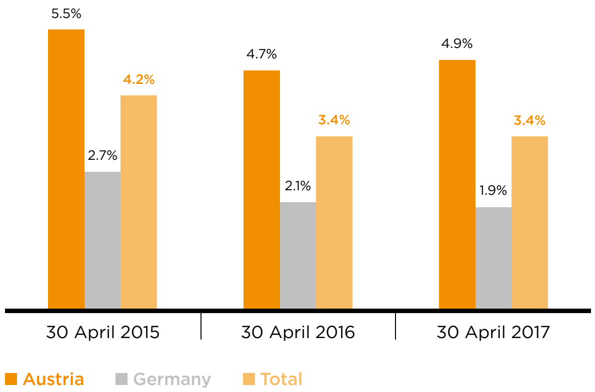
The BUWOG Group's vacancy rate (based on floor area) totalled 3.4% as of 30 April 2017 and therefore remained stable compared to the previous year. Taking the vacancy rate of 1.2% (previous year: 1.2%) necessary for the Unit Sales cluster into account, the BUWOG Group's adjusted vacancy rate (excl. the vacancy rate for Unit Sales) was just 2.2% (previous year: 2.2%).

In Germany the vacancy rate declined from 2.1% last year to 1.9% as of 30 April 2017. The low and nearly stable vacancy rate resulted especially from the active follow-up rentals of refurbished vacant apartments in the core regions of Lübeck, Kiel and Kassel as well as Berlin. The BUWOG Group also profited from the continuing significant demand for rental apartments in Berlin.

In Austria, the vacancy rate rose from 4.7% to 4.9% as of 30 April 2017 compared to the previous year. The increase in the vacancy rate was for the most part a result of the effect of 0.4 percentage points arising from a currently vacant nursing home in a rural region of Styria that has vacant floor area of around 7,000 sqm. In Vienna the vacancy rate was reduced slightly from 3.8% to 3.6%. At the same time, the percentage of units kept vacant for strategic unit sales rose from 3.3% to 3.4%, resulting in an adjusted vacancy rate for the core portfolio in Vienna of just 0.2%. To carry out unit sales it is necessary to reserve a number of vacant units for sale to third parties who own and directly use the properties. In this regard, for properties involving ongoing and planned conversions into condominiums, precautionary expiry dates in rental agreements are not extended, nor are there any follow-up rentals. The restructuring of the rental organisation by the BUWOG Group last year and the increase in marketing measures aimed at Carinthia-focused rentals for the Austrian portfolio resulted in a further improvement of the vacancy rate in that federal province from 6.5% to 5.9% as of 30 April 2017.

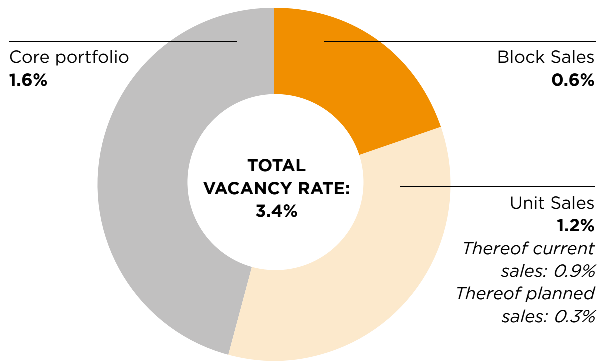
In the following illustration of the vacancy rate by strategic cluster, the BUWOG Group's total vacancy rate of 3.4% is broken down into the core portfolio, Unit Sales and Block Sales. In the financial year the vacancy rate of the core portfolio declined by 0.2 percentage points, while the vacancy rate for Block Sales rose by the identical amount. The Unit Sales portfolio is divided into the current sales portfolio with strategic non-rentals totalling 0.9% (previous year: 0.8%) and planned conversions into condominiums totalling 0.3% (previous year: 0.4%). Unit sales are carried out in Austria. For further details, please refer to the chapter *Unit sales* on page 71ff.

VACANCY RATE



VACANCY RATE BY STRATEGIC CLUSTER

Basis total floor area, as of 30 April 2017



"Clearer responsibilities through new department structures supported by a modern SAP portfolio management programme will improve our work processes in property management in Austria further."

Valerija Karsai,
Head of Property Management in Austria

"In the last financial year we reorganised the property management business in Austria with asset management, technical property management and property accounting, setting the course for more professional and more efficient processes. Through the introduction of the group-wide SAP system on 1 May 2017 portfolio management will also be shifted to a system infrastructure that's reliable for the future".

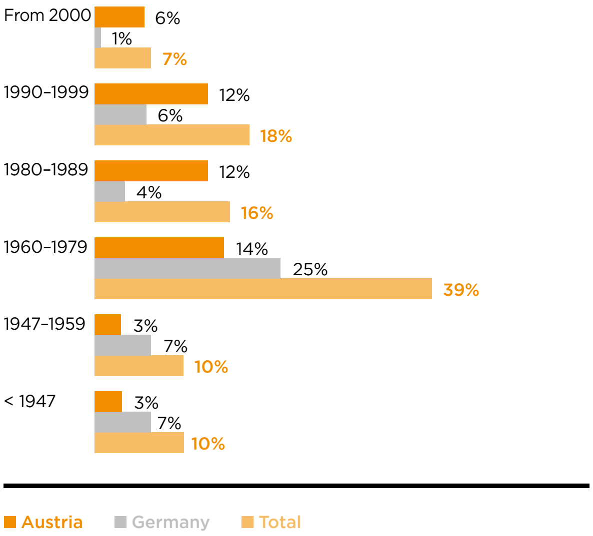
KEY FIGURES ON THE STRUCTURE OF THE INVESTMENT PORTFOLIO

In the following illustrations the structure of the BUWOG Group's investment portfolio is depicted on the basis of construction year, apartment size and monthly net in-place rent.

Distributed by year of construction, at 73% the portfolio from 1960 to 1999 represents the majority of total rentable floor area. Pre-war builds and post-war builds from 1947 to 1959 each account for 10%. Construction years from the year 2000 to the present day represent 7% of the entire portfolio.

PORTFOLIO STRUCTURE BY DATE OF CONSTRUCTION

Total floor area: around 3.6 million sqm



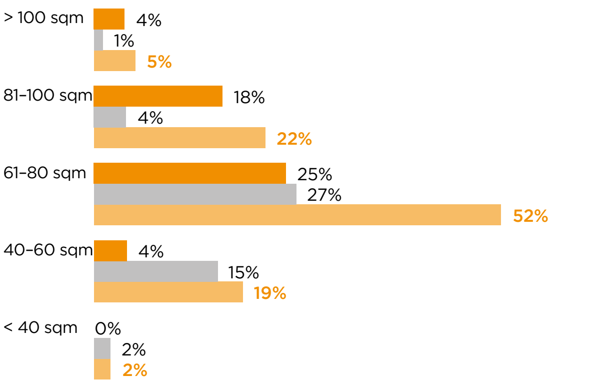
93% of BUWOG's investment portfolio is focused on apartment sizes between 40 sqm and 100 sqm. The majority have a total floor area ranging from 61 sqm to 80 sqm, largely corresponding to three-room apartments that are determined by strong demand.

As of the reporting date on 30 April 2017, the BUWOG Group's entire portfolio showed an average monthly net in-place rent of EUR 5.18 per sqm (previous year: EUR 4.92 per sqm). At around EUR 1.35 per sqm, the differences between the portfolios in Germany and Austria are clear. The average net in-place rent in the German investment portfolio was EUR 5.85 per sqm (previous year: EUR 5.68 per sqm). In contrast, due to the high share of subsidised rents, the average net in-place rent in Austria was EUR 4.50 per sqm and month. Compared to EUR 4.20 per sqm and month the previous year, this was a significant increase as a result of the extraordinary effect from the increase in the maintenance and improvement contribution in the scope of the amendment to the Austrian Non-Profit Housing Act. The average rent level in urban clusters was considerably higher than that of the suburban and rural regions, with Vienna at an average of EUR 5.44 per sqm and month (previous year: EUR 5.15 per sqm and month) and Berlin at EUR 6.30 per sqm an month (previous year: EUR 6.16 per sqm and month) constituting the top group together with the regions of Hamburg (EUR 6.83 per sqm), Kiel (EUR 6.08 per sqm), Lüneburg (EUR 6.03 per sqm), Brunswick (EUR 5.94 per sqm) and Lübeck (EUR 5.88 per sqm).

The structure of the average rent level, which is below that of the peer group, is due especially to the high proportion of subsidised residential buildings in BUWOG's rental portfolio (62% or total rented floor area). In the Austrian portfolio all properties rendered habitable prior to 1 April 2001 are subject to the provision of the Austrian Non-Profit Housing Act, which also precludes increases in rent after subsidies have expired. Conversely, expiring subsidy periods in Germany increase the potential for realising rental increases in the portfolio in the medium to long term.

PORTFOLIO STRUCTURE BY APARTMENT SIZE

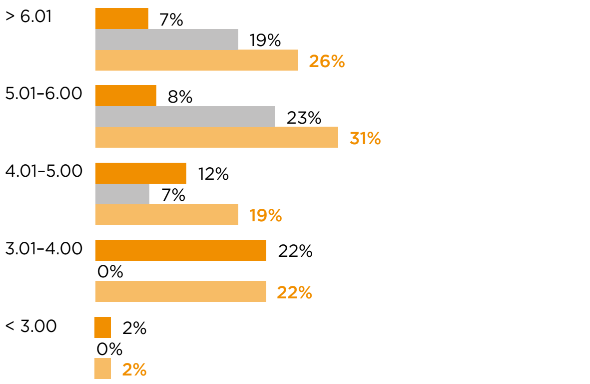
Total floor area: around 3.6 million sqm



■ Austria ■ Germany ■ Total

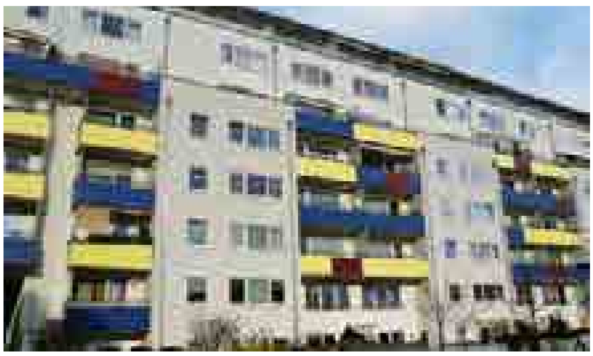
NET IN-PLACE RENT PER MONTH

in EUR per sqm as of the balance sheet date
(Ø total portfolio: EUR 5.18 per sqm)



■ Austria ■ Germany ■ Total

Hinrichsring, Hannover



Perfektastrasse, Vienna

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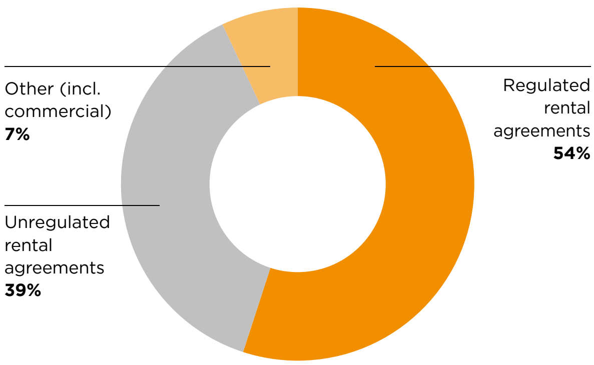
THE INVESTMENT PORTFOLIO'S RENT MODELS

For setting rents the BUWOG Group is subject particularly to Section 16 of the Schleswig-Holstein Housing Subsidy Act *(Wohnraumförderungsgesetz Schleswig-Holstein)* for the subsidised units in the German investment portfolio and to the legal requirements of the Austrian Non-Profit Housing Act for a large part of the Austrian investment portfolio. This is why the BUWOG Group's investment portfolio is divided into unregulated and regulated tenancies as well as other tenancies (including commercial space) in accordance with the chart opposite.

PORTFOLIO STRUCTURE BY TYPE OF RENTAL AGREEMENT

Basis net in-place rent, as of 30 April 2017



STRUCTURE OF RENTAL AGREEMENTS

as of 30 April 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[3]
Unregulated rental agreements Germany	1,009,122	70.7	34%	5.84
Regulated rental agreements Germany	596,120	39.2	19%	5.47
Unregulated rental agreements Austria (incl. reasonable rents pursuant to WGG and MRG)[1]	135,358	8.9	4%	5.45
Regulated rental agreements Austria (incl. other provisions under WGG)[2]	1,457,295	72.5	35%	4.14
Other (incl. commercial)	103,612	13.8	7%	11.12
Total BUWOG Group	**3,301,507**	**205.1**	**100%**	**5.18**

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

The BUWOG Group is subject to the statutory requirements when setting rents for the investment portfolio's fixed-price units, which comprise a share of 60% of the total units rented and 91% of the total units rented in Austria. Thus an increase in rental income in the Austrian portfolio is only attainable to a limited extent as a result of tenant turnover as well as through fixed annual adjustments. Because of these restrictions, it is important for Asset Management to fully exploit the available potential of properties, to determine potentials for value growth by exploiting unused floor area in existing developments as well as to carry out top-floor expansions as well as to optimise cost structures.

COMPARISON OF MARKET RENT TO NET IN-PLACE RENT IN THE PORTFOLIO

	Monthly market rent[1] in EUR per sqm	Monthly net in-place rent[2] in EUR per sqm
Berlin	6.90	6.30
Rest of Germany	6.43	5.74
Total Germany	**6.52**	**5.85**
Vienna	not applicable	5.44
Rest of Austria	not applicable	4.02
Total Austria	**not applicable**	**4.50**
Total BUWOG Group	**–**	**5.18**

1) Based on monthly market rent (excluding utilities) as of the balance sheet date of external valuation from CBRE
2) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date

Thus due to the overwhelming number of fixed-price or regulated units, for BUWOG's Austrian portfolio the potential for increasing rents on the basis of the difference between market rents and net in-place rent is non-existent. In the German portfolio there is a price difference between market rent and net in-place rent of EUR 0.67 per sqm (previous year: EUR 0.72 per sqm) or around 11% (previous year: 13%). In the context of a follow-up rentals arising from tenant turnover, the potential for increasing rent is systematically pursued, supported by property- and apartment-specific modernisation measures. This is reflected in the increase in the fair value of the property in addition to the increase of cash flow from rent.

The BUWOG Group's various rent models for its property portfolio are explained separately for Austria and Germany in the following section. For extensive explanations of the important changes in the amendment to the Austrian Non-Profit Housing Act pertaining to collecting rental income as well as detailed descriptions of the rent models, please refer to the chapter *Asset Management – BUWOG's rent models* in the 2015/16 Annual Report on pages 58ff and on the BUWOG Group's website under www.buwog.com.

CONDITIONS IN GERMANY

In Germany unregulated tenancies represent around 1,009,000 sqm of the BUWOG portfolio. This corresponds to around 61% of the German portfolio's total rented floor area of 1.66 million sqm. The resulting annualised net in-place rent totals EUR 70.7 million at an average rent of EUR 5.84 per sqm.

Rent controls from various types of subsidies. As of 30 April 2017 the BUWOG Group's German portfolio reported 9,233 rent-controlled apartments on the basis of various types of subsidies. The regulated tenancies in the German portfolio account for around 596,000 sqm or 36% of the German portfolio's total rented floor area of 1.66 million sqm. For these property portfolios the annualised net in-place rent totalled EUR 39.2 million at an average rent of EUR 5.47 per sqm. Tenancy law restrictions in Germany originate primarily from the Schleswig-Holstein Housing Subsidy Act. The rent controls for all publicly subsidised units in the BUWOG Group's German investment portfolio run on average until 2026. The expiry of the subsidies and the associated elimination of rent controls represent a potential for rental growth.

TYPES OF SUBSIDIES

Types of subsidies	Units	Share in %	Net in-place rent in EUR per sqm
Schleswig-Holstein Housing Subsidy Act	6,085	66%	5.30
Cost-covering rent	2,330	25%	5.68
Agreed subsidy	818	9%	6.05
Total	**9,233**	**100%**	**5.47**

RENT CONTROL

Expiration of rent control	Units	Share in %	Net in-place rent in EUR per sqm
< 2019	3,214	35%	5.16
2019–2024	527	6%	5.61
2025–2030	3,571	39%	5.74
> 2030	1,921	21%	5.49
Total	**9,233**	**100%**	**5.47**

Section 16 of the Schleswig-Holstein Housing Subsidy Act. A total of 6,085 units and thus around 66% of all rent-controlled units fall under the transitional provisions of Section 16 of the Schleswig-Holstein Housing Subsidy Act. As of 1 July 2014, on the basis of Section 16 of the Act, which now allows opportunities to increase rent as per Section 558 of the German Civil Code *(Bürgerliches Gesetzbuch)*, it is possible for base rents to be raised by a maximum of 9% within a period of three years (varying cap limit). After the rent control agreed in connection with the subsidy no longer applies, an additional increase in rent by a maximum of 20% is possible on the basis of the legal requirements as of 31 December 2018.

In the 2016/17 financial year, net in-place rents for properties falling under the transitional provisions of the Schleswig-Holstein Housing Subsidy Act were increased by 1.7% p.a. (previous year: 1.7% p.a.), or by another TEUR 31 per month (previous year: TEUR 34 per month).

Publicly subsidised portfolio in Berlin. In Berlin, a total of just under 2,000 of around 5,000 units are subsidised. This concerns primarily the High Deck development in Berlin-Neukölln, the portfolio of which is subject in the event of follow-up rentals to cost-covering rent as a rent control, but not to occupancy restrictions. Depending on the construction phase, public subsidies will end between 2025 and 2034.

Effects of the rent increase cap in Germany. The rent increase cap in Germany entered into force on 1 June 2015. The aim of the regulation is to curtail the significant market demand-related increase in rents in strained housing markets. For follow-up rentals in areas that adopt a rent increase cap, the following is to be noted:

- With follow-up rentals lessors are permitted to increase the rent a maximum of 10% above the level customary for the location.
- Apartments rented prior to the introduction of the rent increase cap for more than the customary net in-place rent for the locality plus 10% constitute part of a protected portfolio and may be rented at the previous contractual net in-place rent in the event of follow-up rentals. However, rent increases agreed within the year prior to the tenancy ending are not considered when determining rents for the portfolio.
- Apartments used and rented for the first time after 1 October 2014 are not subject to this restriction on rent.
- Apartments rented for the first time after undergoing extensive modernisation are not subject to a restriction on rent.

For new rental agreements since June 2015 in Berlin and since July 2015 in Hamburg there has been a cap on rents, which are now permitted to be a maximum of 10% above the rent customary in the locality. If the rent which the previous tenant paid is higher, the cap can be no higher than the previous rent that was agreed. In several locations in Schleswig-Holstein and Kassel the rent increase cap has been in effect since November 2015. The rent increase cap also entered into force in Lower Saxony on 1 December 2016, which affects our portfolios in Brunswick, Lüneburg and in Buchholz in der Nordheide as well as the portfolio acquisition in Hannover. For the BUWOG Group's property portfolio in Germany this means that, based on a current estimation, up to 33% (previous year: 32%) of the units could be subject to the rent increase cap. Based on the BUWOG Group's entire portfolio, the share of units subject to the rent increase cap totals around 18% (previous year: 17%).

The rent increase cap impacts the potential for rental growth for follow-up residential rentals if, by the time the cap is introduced, the market rent possible for the housing offered has yet to be effectively obtained. If this is the case, an individual assessment will be required in the event of tenant turnover and depending on the location and property. The effects of applying the rent increase cap pose no notable impairment for the BUWOG Group and are reflected in full in the multi-year planning.

In addition to the rent increase cap, a further instrument to curb rent increases is the German Capping Limit Ordinance *(Kappungsgrenzenverordnung)*. The ordinance stipulates that – in strained rental markets – rent increases in the portfolio are restricted to a maximum of 15% of the previous rent within three years. This applies to the BUWOG locations Berlin, Hamburg and Kassel.

Detailed explanations of the rent increase cap and the German Capping Limit Ordinance can be found in the chapter *Asset Management – BUWOG's rent models* in the 2015/16 Annual Report on pages 63ff.

Effects of the adjustment of rent tables. In and after the 2016/17 financial year a large number of new rent tables were published showing the BUWOG Group and its portfolios. The rent tables provide information on the comparative rents that are customary for the locality for privately financed apartments with respect to location, fixtures and fittings and year of construction. In many municipalities these provide a foundation for increases in portfolio rents as well as for the assessment of follow-up rents. As a rule, the rent tables are updated every two years. A new rent table was published in Brunswick and Lübeck in the 2016/17 financial year. In Brunswick the rent tables for 2016 showed a slight rise averaging just 1% compared to the rent tables from 2014. In Lübeck, however, the rent table for 2016 rose by an average of around 4.6% compared to the last rent table in 2014. The Berlin rent table, which showed an average increase in net in-place rents of around 9.2% compared to the rent table from 2015, was published in May 2017, after the end of the financial year. Published in June 2017, the Kiel rent table also shows an increase of the average rents. For the BUWOG Group this strong market demand-driven development in the various regional rent tables means significant potential for rental growth, which is being systematically implemented in portfolio rents as well as in the agreement of follow-up rents.

CONDITIONS IN AUSTRIA

When collecting rents for the majority of its investment portfolio, in Austria the BUWOG Group is subject to the requirements of the Austrian Non-Profit Housing Act, which pursues the principle of cost-covering as a basic model for rent. These are essentially properties built or rendered habitable by BUWOG or BUWOG Süd GmbH (previously ESG Wohnungsgesellschaft mbH, Villach) prior to their departure from not-for-profit status on 1 April 2001. All apartments built after 1 April 2001 are subject to the Austrian Tenancy Act *(Mietrechtsgesetz)* .

The following describes the main features of the rent models applicable to the BUWOG Group's Austrian property portfolio in accordance with the amendment to the Austrian Non-Profit Housing Act as of 1 July 2016.

Cost-covering rent, Section 14 (1) of the Austrian Non-Profit Housing Act. This applies to around 13,74 rented units representing 1,079,000 sqm, an average net in-place rent of EUR 4.31 per sqm and around 63% of the annualised net in-place rent of the portfolio in Austria.

With cost-covering rent as the basic model of the Austrian Non-Profit Housing Act, land acquisition and building construction are financed through rental income. In accordance with Section 14 (1) of the Austrian Non-Profit Housing Act, rent includes the components annuities, interest and equity contribution, deduction for depreciation of the equity employed to finance building costs and the maintenance and improvement contribution. The new maintenance and improvement contribution, which was a maximum of EUR 1.71 per sqm prior to the amendment to the Austrian Non-Profit Housing Act, was raised on 1 July 2016 through the aforementioned amendment to a maximum of EUR 2.00 per sqm. It is charged as a component of rent to ensure that the apartments are continually maintained, improved and rendered habitable and is calculated depending on the age of the building.

- Category I (age of building up to 10 years): new maintenance and improvement contribution of between EUR 0.50 and EUR 0.80 per sqm
- Category II (age of building between 10 and 20 years): new maintenance and improvement contribution of between EUR 0.86 and EUR 1.40 per sqm
- Category III (age of building over 20 years): new maintenance and improvement contribution of between EUR 1.46 and EUR 2.00 per sqm

The new maintenance and improvement contribution is to be repaid to the tenant in accordance with the amendment of the Austrian Non-Profit Housing Act if the amount charged is not used for maintenance measures in the relevant properties within 20 years (previously 10 years). Maintenance and improvement charges collected through 30 June 2016 and unused are therefore subject to repayment as of 1 July 2016.

Reference value-based rent, Section 13 (6) of the Austrian Non-Profit Housing Act. This applies to approximately 5,715 rented units representing around 380,000 sqm, an average net in-place rent of EUR 3.68 per sqm and around 19% of the annualised net in-place rent of the portfolio in Austria.

Beginning on 1 July 2016, in place of the previous reference value-based rent, there has been an inflation-adjusted amount of EUR 1.75 per sqm in addition to the new maintenance and improvement contribution of max. EUR 2.00 per sqm.

Including the new maintenance and improvement contribution, a charge totalling EUR 3.75 per sqm can be charged for buildings that are older than 30 years and whose loans have been repaid. Compared to the previous ruling, this means a potential increase from EUR 0.25 per sqm as long as the market conditions allow for this at the respective property locations.

Fair rent, Section 13, (4) and (5) of the Austrian Non-Profit Housing Act in conjunction with the Repayment Incentivisation Act *(Rückzahlungsbegünstigungsgesetz)***.** This applies to around 450 rented units representing around 30,000 sqm of floor area, an average net in-place-rent of EUR 6.16 per sqm and around 3% of the annualised net in-place rent of the portfolio in Austria.

If the apartment was built using subsidies, the rental price has to correspond to subsidy guidelines. After the subsidy is reduced, a reasonable market rent can be charged in the event of a change in tenancy.

Unregulated rent under the Austrian Tenancy Act, Section 16 in conjunction with Section 1 (4) no. 1 of the Austrian Tenancy Act. This applies to round 1,300 rented, existing units representing over 106,000 sqm, an average net in-place rent of EUR 5.25 per sqm and around 7% of the annualised net in-place rent in the portfolio in Austria.

There are no rent restrictions on the construction of unsubsidised housing (privately financed condominiums).

Summarisation of the key data on types of rent. The BUWOG Group's regulated tenancies in Austria represent a total rented floor area of around 1.5 million sqm or 88.6% of the Austrian portfolio's total rented floor area of 1.6 million sqm. The annualised net in-place rent from cost-covering tenancies as well as the rent calculated on the basis of the follow-up rent totals around EUR 72.5 million, resulting in an average monthly rent of around EUR 4.14 per sqm.

The unregulated tenancies in Austria represent rented floor area of around 135,000 sqm or 8.2% of the total rented floor area of the Austrian portfolio of 1.6 million. The average monthly rent for these tenancies totals EUR 5.45 per sqm.

For the BUWOG Group the impact of the amendment to the Austrian Non-Profit Housing Act has been positive. Since 1 July 2016 the market-differentiated implementation of the increase in the maintenance and improvement contribution has led to additional cash flow of EUR 4.0 million p.a. for rents in the respective properties and regions. This amount must be invested in the improvement of property conditions within 20 years, thus enhancing the quality of the portfolio in Austria.

Other rent models (including commercial spaces) in Austria and Germany. For commercial and other tenancies not subject to any rent restrictions, reporting is not divided into Austria and Germany. The share of this space totals around 3% of the entire portfolio of BUWOG's total rented floor area in Austria and Germany and shows an average monthly rent of EUR 11.12 per sqm.

STRATEGY, SUCCESS FACTORS, OUTLOOK

The business performance and operating results of Asset Management at BUWOG are affected by a variety of internal and external factors. Important influences are efficient organisational structures as well as processes, strict cost management, a central procurement strategy for profitable residential property management and efficient IT systems. In addition, legal and regulatory requirements for determining rents also have an influence on the company's growth in value. The most important effects associated with this are outlined below. Further details can be found in the chapters *Development of the property markets* and *Risk and opportunity reporting* in the *Group Management Report.*

ACTIVE ASSET MANAGEMENT

The structural organisation of the Asset Management business area at BUWOG is divided into regional teams which ensure the market-based management of standing investments. In their role as owner representatives, the experts from these teams are responsible for managing the properties to add value and for continuously improving them to the benefit of customers and investors. The asset managers cooperate very closely with commercial management of the properties as well as internal departments such as Portfolio Management, Controlling, Technical Procurement, Technical Property Management, Property Accounting and Legal in addition to external service providers such as estate agents, lawyers and notaries. The primary job of Asset Management consists of segmenting the portfolio together with Portfolio Management, along with determining property strategies, carrying out cost-optimised maintenance and modernisation measures as well as recognising and profitably fostering potentials for the portfolio.

Through Asset Management the following objectives are to be achieved:

- Steady increase of rental income through improvement of the occupancy rate, selective modernisation of units and active portfolio management
- Continuation of the growth strategy through new, profitable acquisitions, preferably in the core regions of Germany
- Systematic implementation of the develop-to-hold strategy in the core regions of Berlin and Hamburg in order to expand the investment portfolio with new construction featuring attractive net in-place rents and low maintenance costs (see chapter *Property Development*)
- Sustainable improvement of cost effectiveness in portfolio management, maintenance and modernisation by optimising the organisational and operational structure within the BUWOG Group
- Steady optimisation of the investment portfolio through selective high-margin unit and block sales (see chapter *Property Sales*)

This ensures the ongoing optimisation of revenue, costs and operating results with a significant contribution to Recurring FFO, sustainable liquidity inflows and the overall value of the properties.

CONSOLIDATION AND GROWTH OF THE INVESTMENT PORTFOLIO

In Austria portfolio consolidation takes place primarily through profitable and cycle-optimised block sales in strategically less relevant regions (Property Sales). The concentration on urban locations is aimed at continually increasing the average rent level.

In the profitable German market the aim is to develop the investment portfolio in a selection of cities in northern Germany in addition to in Berlin and Hamburg. The acquisitions are subject to clearly defined criteria for acquisition, particularly with respect to quality, marketability, potential for growth in EPRA-NAV, and a return on the acquisition of over 4%.

In the context of the high level of demand for housing, rising rents as well as the strong growth in the intensity of competition for portfolio acquisitions, BUWOG expanded its develop-to-hold strategy to Germany at the end of last year. The plan is to complete 1,000 units from the development pipeline in the next five years and transfer them to the investment portfolio in Berlin and Hamburg.

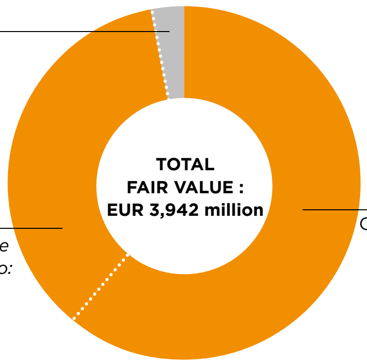
The “Ankerviertel” phase of construction – visualisation of the project segment to be developed for the company’s own portfolio

For the first project, a construction phase of the 86-unit "52 Grad Nord" development in Berlin-Grünau, the so-called "Ankerviertel" district, will be developed for the company's own portfolio. Completion and transfer of the project is likely to take place in April 2018. The focus of new construction for the company's own portfolio is on energy-efficient buildings with coordinated building technology, high-quality fixtures and fittings and spacious common areas. These buildings offer future tenants convenient underground garages, spacious open areas (due to balconies and terraces), contemporary sound-proofing and modern baths. Thus the investment portfolio in Germany will be optimally expanded and improved through attractive high-quality new housing in sought-after residential locations with above-average net in-place rents per sqm as well as low maintenance costs. The calculated yields based on the total investment costs are 4.5% (or a multiplier of 22 on the calculated annual net in-place rent), putting them above the purchase yields for standing investments customary on the Berlin real estate market at present. Further details can be found in the chapter *Property Development*.

CLEAR PORTFOLIO STRATEGY AND PORTFOLIO SEGMENTATION

The BUWOG Group's investment portfolio is clearly structured into geographic and strategic portfolio clusters, with the portfolio clusters subdivided into the categories "Core Portfolio" including "Unit Sales", which represents 97% of the fair value of the portfolio as a whole, and in "Block Sales", which represents 3% of the fair value of the portfolio as a whole. The Block Sales cluster includes properties for which the important indicators such as vacancy rate, monthly net in-place rent and fair value per sqm are comparatively unfavourable and show little potential for improvement in the future. This applies largely to non-urban regions in Austria. The Unit Sales cluster includes properties from the core portfolio that have been identified as suitable for unit sales in the medium and longer-term. They have a higher fair value per sqm due to the potential sales prices considered. For further details please see the chapter *Unit sales*.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 30 April 2017



PORTFOLIO SPLIT BY STRATEGIC CLUSTER

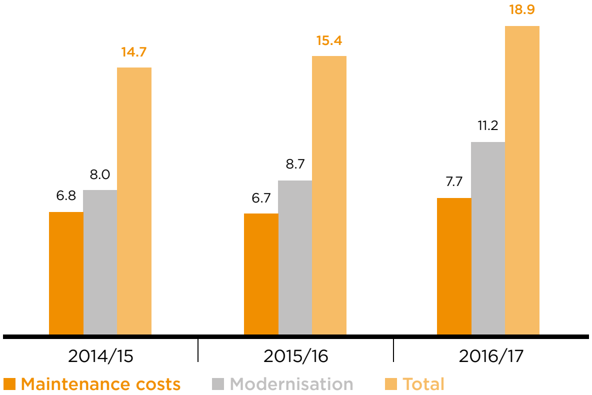
as of 30 April 2017		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,239	11,615	2,743	49,597
Total floor area	in sqm	2,289,780	926,670	202,334	3,418,784
Monthly net in-place rent[1]	in EUR per sqm	5.39	4.90	3.83	5.18
Fair value[2]	in EUR million	2,379	1,432	131	3,942
Fair value[2]	in EUR per sqm	1,039	1,546	646	1,153
Gross rental yield[3]	in %	6.1%	3.6%	6.3%	5.2%
Vacancy rate per cluster	by sqm	2.4%	4.2%	11.0%	3.4%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 30 April 2017
3) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

QUALITATIVE PORTFOLIO OPTIMISATION

Extensive investments in property quality. The BUWOG Group pursues a long-term strategy of portfolio maintenance and modernisation in Germany and Austria. The measures are aimed at the systematic and targeted improvement of property conditions by rendering vacant apartments habitable for follow-up rentals, major maintenance and modernisation measures in Germany and Austria, and at realising potentials for growth in value.

MAINTENANCE AND CAPEX
per year in EUR per sqm



The comparable figures from the previous year were adjusted through the retroactive implementation of the capitalisation guideline (see chapter 2.4 of the consolidated financial statements).

"Modernisation, and not just in the digital sphere."

Thorsten Gleitz,
Head of Property Management in Germany

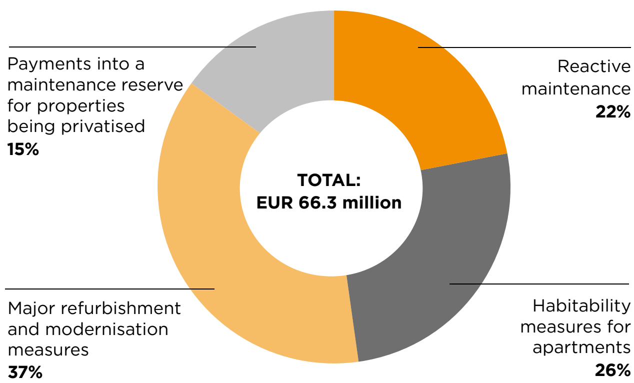
"With SAP as a basis, in many areas of business we have created a secure foundation on which we can build. Digital potentials were recognised and successfully leveraged. A tenant service app facilitates communication between the tenants and us in management. Both sides benefit. In addition to state-of-the-art service, we are also regenerating our products, and we're modernising our buildings. On the one hand, we're refurbishing portfolio buildings on the basis of energy-related factors – on the other, the share of new buildings that we're developing as rentals for our own portfolio is growing".

IMPLEMENTATION OF THE NEW CAPITALISATION GUIDELINE

Beginning with the first quarter of the 2016/17 financial year, the BUWOG Group implemented the results of the best practice analysis on capitalisation policies. In accordance with IAS 8, the application of the new capitalisation guideline represents a change in accounting policies which also requires the retroactive adjustment of the comparable data from previous years (see chapter 1.3 *Change in comparative information* under *Consolidated Financial Statements*).

For ongoing maintenance, rendering housing habitable for the purpose of follow-up rentals, payments into maintenance reserves for properties being privatised as well as for major refurbishment and modernisation measures, the BUWOG Group spent a total of EUR 66.3 million (previous year: EUR 54.8 million) in the property portfolios in Germany and Austria in the 2015/16 financial year. This is equivalent to a total of EUR 18.9 per sqm (previous year: EUR 15.4 per sqm) for maintenance and modernisation. The investments in ongoing maintenance totalled EUR 27.0 million (previous year: EUR 23.7 million) or EUR 7.7 per sqm (previous year: EUR 6.9 per sqm). The capitalised investment measures (CAPEX) came to EUR 39.3 million (previous year: EUR 31.1 million) or EUR 11.2 per sqm (previous year: EUR 8.7 per sqm) and resulted from modernisation of the like-for-like portfolio. The capitalisation ratio of total investment costs was thus 59.2% (previous year: 56.7%). Compared to the adjusted value from the previous year, the capitalisation ratio rose slightly due to the share of investments from the special CAPEX programme with its slightly differentiated mix of measures. The investments in four maintenance categories are illustrated in the chart below. At 63%, habitability measures for apartments and major refurbishment and modernisation activity comprise a significant percentage of the investments.

SPLIT MAINTENANCE AND MODERNISATION
as a % of total maintenance and modernisation



MAINTENANCE EXPENSE AND MODERNISATION

	2016/17	2015/16	Change
Total maintenance expense and modernisation in EUR million	**66.3**	**54.8**	**20.9%**
Maintenance expense in EUR million	27.0	23.7	13.8%
Capitalisation of modernisation work (CAPEX) in EUR million	39.3	31.1	26.3%
Capitalisation rate in %	**59.2%**	**56.7%**	**2.5 PP**
Average total floor space in 1,000 sqm [1]	3,500	3,551	-1.4%
Total maintenance expense and modernisation in EUR per sqm	**18.9**	**15.4**	**22.6%**
Maintenance expense in EUR per sqm	7.7	6.7	15.2%
Capitalisation of modernisation work (CAPEX) in EUR per sqm	11.2	8.7	28.2%

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 1.3 to the consolidated financial statements).
1) Average weighted total floor space, including increases from acquisitions and reductions from sales

SPECIAL CAPEX PROGRAMME IN GERMANY

The BUWOG Group began the 2016/17 financial year with an extensive investment programme in Germany with a total volume of EUR 57 million. The aim of these modernisation measures is to enhance the quality of the investment portfolio and increase the potentials for growth in value. The primary areas of investment are in the core locations of Lübeck, Berlin, Kiel, Brunswick and the surrounding areas of Hamburg. The focus of investments is, first, on energy-related modernisation measures and on the creation of additional floor area by developing penthouse apartments, densification on portfolio land (in Berlin, Kiel and elsewhere) and the addition of balconies. Furthermore, extensive apartment refurbishments focusing on the core strategic regions (e.g. Lübeck, Berlin, Brunswick) are being carried out within the special programme in order to achieve additional increases in rent. The investment programme was started according to plan in the 2016/17 financial year and encompassed an investment volume of around EUR 8.3 million. Energy-related refurbishments were already concluded on several buildings during the reporting year (including window replacements, installing a thermal insulation system on the façade, the energy-related refurbishment of rooftops as well as the refurbishment of stairwells) in Lübeck and Brunswick. These measures lower energy consumption and CO_2 emissions. In the surrounding areas of Berlin (Strausberg) the development of 12 penthouse apartments with 785 sqm of total floor area was successfully completed and fully rented at a net in-place rent in line with the market. The original investment sum declined to EUR 55 million due to a reduced EUR 2 million measure in Berlin. The investments of the special CAPEX programme in Germany have resulted in rent , increases of EUR 3 million p.a., which, given financing with a Loan-to-Value of 30% on the investment measures, will result in a return on capital employed of 7%.

REGIONAL FOCUSES

	Investments in EUR million
Lübeck	23
Berlin	11
Kiel	10
Brunswick	7
Hamburg surrounding area	4
Total	**55**

Rent increase: EUR 3 million
Yield incl. financing: 7%
Loan-to-Value: 30%

COST-OPTIMISED INVESTMENTS IN PORTFOLIO MANAGEMENT

As part of efficient portfolio management, Asset Management allocates funds on a per-property basis through multiyear planning for habitability, major refurbishment and modernisation measures. Core strategic regions and cost awareness are the focus of this. The BUWOG Group's newly created area of Technical Procurement in the financial year can ensure realisation of important cost advantages through standardisation, centralised contracting of services to third parties and by bundling orders. Through regular visits to portfolio properties, local real estate management helps prevent an accumulation of necessary maintenance measures and that defects and damages are remediated near term to prevent cost-related disadvantages and to boost customer satisfaction. With cost-covering rents the costs of maintenance impact the amount of the rents.

INNOVATION AND DIGITISATION

On 1 May 2017 the BUWOG Group introduced a uniform, group-wide ERP system (SAP), thus completing another important milestone for standardisation and enhancing efficiency. In connection with the introduction of SAP, additional applications and IT systems were further developed and new interfaces implemented. An important example of this is the data warehouse update, through which controlling evaluations were organised on a more efficient and extensive basis. The requirements stemming, in particular, from the Austrian Non-Profit Housing Act and the condominium property management system were successfully implemented into the SAP system.

In December 2016 the BUWOG Group introduced a customised BUWOG tenant app for smartphones for customers in the German portfolios. Available in the Apple Store and Google Play, the application enables up-to-date, innovative and process-efficient, interactive communication with tenants as well as improved customer service. The important functional aspects of the tenant app provide support to BUWOG's central services and enable tenants to quickly report damage with a photo upload, specify appointments to remedy the damage and evaluate the workers. In the interest of further digitisation, in the future damage reports will be fed directly into the internal BUWOG SAP ticket system, which will ensure even greater efficiency in processing. It will also facilitate the submission of forms for simple administrative tasks (SEPA participation, noise protocol and tenant certification from the lessor). At the end of 2017 the BUWOG tenant app will also be available for use by tenants in Austria.

"As of 1 May 2017 BUWOG reached an important target: Shared tools for efficient processes in the group as a whole."

Josef Füricht,
Head of IT

"The integrated support based on the group-wide SAP system is an essential pillar for systematically developing digitisation in order to realise efficiency and effectiveness in processes, supported by a contemporary IT system. The future expansion of the IT environment through a state-of-the-art HANA-based BI/BW system will also provide an efficient connection to the group-wide system to be able to meet reporting and consolidation requirements as quickly as possible".

Another technical innovation in the scope of digitisation are electronic voting devices known as "VoteWorks", which make decision-making for items on the daily agenda in owner meetings easier, faster and more transparent. The simple-to-use devices enable selection of a certain type of vote by allowing control over whether voting occurs on the basis of vote numbers, co-ownership shares or total floor area. The range of eligible voters can be defined on a separate basis for each agenda item. The evaluation of results occurs directly after the vote and can be displayed quite transparently in various forms.

In Austria in the 2016/17 financial year the preparation (conceptualisation, customising and evaluation of property condition) for the planned introduction of EPIQR was also completed. EPIQR supports and improves the strategic management of the investment portfolio. The digital application enables comprehensive assessments of the condition of properties, thereby supporting asset management, property management as well as technical services for the management of maintenance measures, for the analysis of potentials to enhance added value in the property portfolio as well as for forecasting medium- to long-term maintenance and modernisation measures on the basis of a designated pricing database. The system, which also has an interface to SAP, will be introduced group-wide for the German and Austrian portfolios in the 2017/18 financial year.

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
GERMANY/AUSTRIA

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Asset Management

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

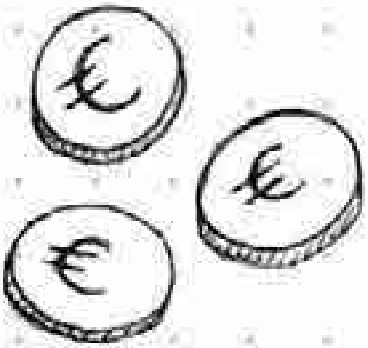
BUWOG strategy

MINIMISE RISK
Stable rental income
High occupancy rates

HIGH UPSIDE POTENTIAL
Portfolio optimisation

PROPERTY SALES

RETTICHGASSE, VIENNA



RILKESTRASSE, KLAGENFURT

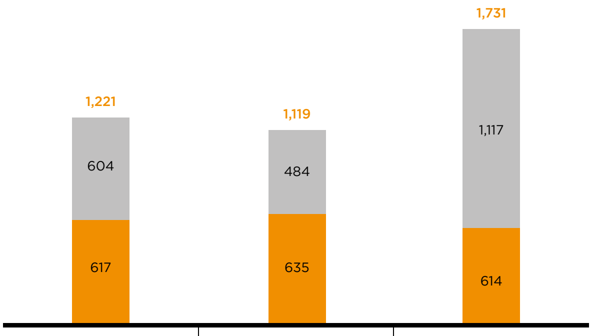
AFLINGER STRASSE, VÖLS

SALES – STABLE REVENUES AND ATTRACTIVE MARGINS

The overall objective of the Property Sales business area is the continued profit-oriented optimisation of the BUWOG Group's investment portfolio through high-margin unit sales and block sales to investors.

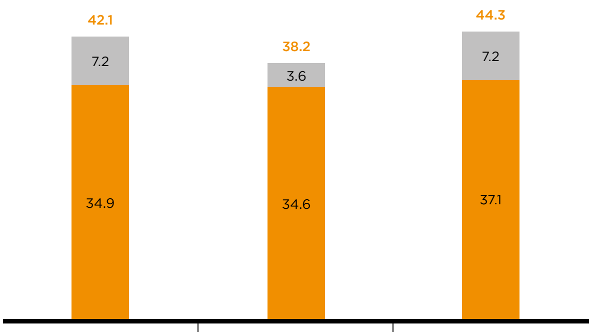
Through the profitable sale of apartments from the Austrian portfolio, the Property Sales business area makes an ongoing, sizeable contribution to Recurring FFO and generates significant liquidity inflows. As part of capital recycling, the BUWOG Group invests these liquid assets – and therefore the capacity for self-financing – into further company growth through acquisitions in Asset Management and Property Development.

UNITS SOLD



OPERATING RESULTS FROM PROPERTY SALES

in EUR million



In Property Sales a total of 1,731 units (previous year: 1,119) were sold in the 2016/17 financial year, 614 of them through Unit Sales and 1,117 through Block Sales. Compared to the previous year, the operating results of the Property Sales business area increased a significant 15.9% from EUR 38.2 million to EUR 44.3 million. As is shown below, Property Sales consists unit sales and block sales (property and portfolio sales). Unit sales are part of the business model and company strategy of the BUWOG Group due to their continuing contributions to Recurring FFO.

	Unit Sales	Block Sales
Examples from the portfolio	 Klagenfurt, Rilkestrasse 2–14; Saalfelden, Lichtenbergstrasse 2-10; Vienna Stipcakgasse 18–22	 Völs, Maximilianstrasse 1; Kufstein, Stimmerfeldstrasse; Innsbruck, Andechsstrasse 5–11
Key facts	■ Sale in selected regions, primarily to owner-occupiers as a result of turnover ■ High profitability – Margins on fair value >50% – Long-term contribution to Recurring FFO – High liquidity inflow ■ Optimal mix of internal and external sales channels	■ Sale of portfolios or properties in strategically less relevant areas, mainly rural regions ■ Portfolio consolidation and optimisation through profitable and cycle-optimised sales ■ Optimal mix of internal and external sales channels
Contribution to **Recurring FFO**	✔ **Long-term contribution to profit from ongoing unit sales**	✘ **Opportunistic block sales with adequate margins**

UNIT SALES

Established for 15 years, the high-margin Unit Sales business area has been an important factor of success within Property Sales. Based on an in-depth analysis of the overall portfolio, the BUWOG Group continually identifies apartments suitable for unit sales in the medium to long term and assigns them to the Unit Sales cluster. On the basis of the fluctuation resulting from vacancies, unit sales are made largely to third parties for their own use or to tenants and, with margins on fair value of over 50%, are highly profitable and provide an important contribution to Recurring FFO. The potential of apartments for sale is continually replenished through regular develop-to-hold measures in Property Development. This ensures significant contributions to net profit and Recurring FFO for BUWOG and also generates liquidity from the substantial free cash flow for the BUWOG Group to finance additional growth on its own.

BUWOG's successful, long-term privatisation strategy is a unique selling proposition compared to the peer group. BUWOG expects to sell around 600 units per financial year in the long term.

HOW DO UNIT SALES WORK?

The sale of units from the Unit Sales cluster is based on the potential for yield resulting from the market price of the units in Unit Sales in relation to the value of the discounted cash flow from renting subsidised apartments with regulated rents. The sales are made by a separate sales team developed by the company at the Vienna, Carinthia and Styria locations as well as by a selection of external agents.

Selection

- Regular in-depth analysis of the overall portfolio for suitable individual properties for sale
- Identification of properties for unit sales on the basis of marketing and underlying legal conditions
- Assignment of the selected properties to the strategic cluster Unit Sales

Conversion into condominiums

- Conversion of properties into condominiums through division of the selected rental properties into units for sale
- Determination of proportional value for each unit to be sold through external property appraisal
- Determination of the property's fair value in an external appraisal in accordance with the Unit Sales cluster

Sale

- Determination of the sale price per unit on the basis of location, condition and market
- Sale of the units converted into condominiums mainly to third parties for their own use on the basis of turnover (around 84% of sales)
- Sale to tenants (around 16% of sales)

OVERVIEW OF THE 2016/17 FINANCIAL YEAR

In the current 2016/17 financial year a total of 614 units (previous year: 635 units) were sold in Unit Sales. At 583 units, in the Austrian portfolio the focus of sales was in the regions of Vienna (260 units), Carinthia (119 units) and Salzburg (57). In Germany 14 units were sold in the region of Brunswick from properties that had already been partially privatised. A total contribution to Recurring FFO of EUR 37.1 million (previous year: EUR 34.6 million) was achieved compared to the previous year's stable, high margins on fair value of 57%. At EUR 2,261 per sqm, the average sale prices were significantly increased again compared to the previous year's EUR 2,108 per sqm.

As of 30 April 2017, the Unit Sales cluster contained a total of 11,615 units (30 April 2016: 12,658 units), all of which were located in Austria and identified as suitable for unit sales in the medium and long term. 6,349 units of these were located in Vienna and 2,046 units in Carinthia; the remaining 3,220 units were distributed across the remaining Austrian provinces. As of the reporting date on 30 April 2017, the fair value of the Unit Sales cluster totalled EUR 1.4 billion (previous year: EUR 1.7 billion) or EUR 1,546 per sqm (previous year: EUR 1,347) with a gross rental yield of 3.6% (previous year: 3.7%). The fair values are generally determined by the independent appraiser CBRE twice per year. In addition to the discounted rental income for a specified period, when appraising units from the Unit Sales cluster, consideration is given to the sale price potentials for the individual apartments and the planned sale based on expected tenant fluctuation as well as legal regulations in the relevant properties. The comparatively sizeable reduction of the number of units in the Unit Sales cluster and of fair value compared to the previous year resulted essentially from the reclassification of apartments from the Tyrolean portfolio that was sold to the Block Sales cluster, in addition to sales.

As of 30 April 2017 around 70% of the units (by fair value) from the Unit Sales cluster were in the process of being sold on the basis of fluctuation arising from apartments that became vacant. BUWOG's expectation remains the sale of around 600 units per financial year in the long term.

UNIT SALES CLUSTER

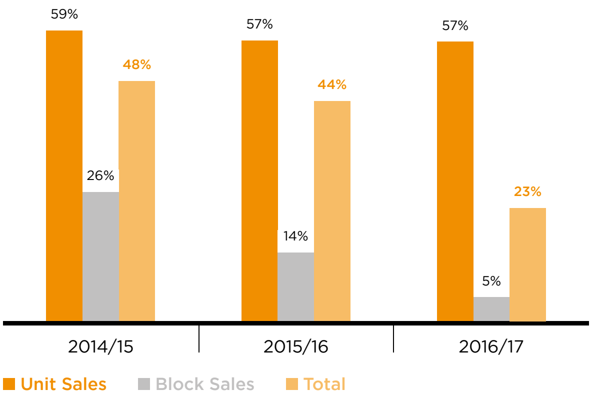
as of 30 April 2017	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Gross rental yield[2]
Vienna	6,349	964	67%	1,814	3.3%
Carinthia	2,046	152	11%	974	4.8%
Rest of Austria	3,220	317	22%	1,322	4.0%
Total	**11,615**	**1,432**	**100%**	**1,546**	**3.6%**
thereof properties with current sales	7,965	996	70%	1,566	3.4%
thereof properties with planned condominium conversions	3,650	436	30%	1,501	4.2%

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2017
2) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

PERFORMANCE INDICATORS 2016/17

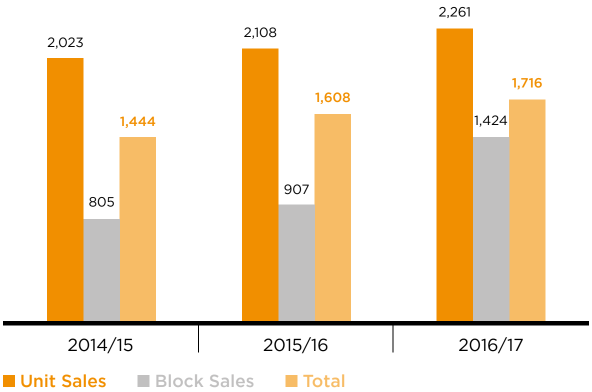
In addition to the contribution to Recurring FFO, the important performance indicators for measuring success in Unit Sales are the margin on fair value and average sale price per sqm. The margin on fair value is determined from the net operating income from Unit Sales including all external costs for the sale and the directly attributable costs for personnel and materials in relation to the carrying amount of the units sold (the "carrying amount' is based on the consolidated income statement minus the "fair value adjustments of properties sold"). For the 2016/17 financial year, the margin on fair value in Unit Sales was 57% as in the previous year and reflected the considerable, continuous profitability of Unit Sales. The average sale prices gained gain substantially on the previous year, totalling EUR 2,261 per sqm (+7.2%). This resulted essentially from an increase in the number of units sold in Vienna and from the generally positive sale price development in this regional segment.

MARGIN ON FAIR VALUE



AVERAGE PRICES REALISED

in EUR per sqm



ACHIEVING ADDED VALUE THROUGH INVESTMENTS

For the long-term increase of the contribution from Unit Sales to Recurring FFO, properties are regularly analysed in the Asset Management business area for the potential to create additional space and carry out top-floor conversions. Due to existing development regulations, in the case of particular properties it is possible to convert the top floors prior to the planned unit sale, which allows additional space to then be created without incurring land costs. As a rule, a top floor conversion is carried out in combination with an extensive refurbishment or modernisation of existing standing investments if a significantly higher yield will be generated in the course of the downstream sale. In addition to major refurbishments, individual extensive refurbishments of apartments in the Unit Sales cluster are carried out if marketability, a positive contribution margin on the investment as well as a higher margin on fair value can be obtained as a result.

In the interest of capital recycling, the BUWOG Group's business model includes the investment of liquid assets into the regular construction of around 100 to 200 rental units per year for the company's own portfolio in Vienna. Later the properties have the potential for conversion into condominiums and, consequently, for future unit sales.

SELECTED UNIT SALES

OSTMARKGASSE, 1210 VIENNA

11 units of 685 sqm at an average price of EUR 1,931 per sqm, remaining total floor area 2,368 sqm at an average monthly rent of EUR 2.90 per sqm

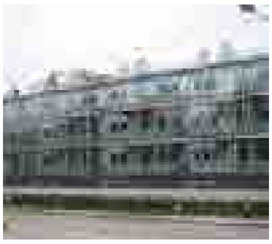
AM HOFGARTEL, 1110 VIENNA

9 units of 685 sqm at an average price of EUR 2,112 per sqm, remaining total floor area 6,394 sqm at an average monthly rent of EUR 4.19 per sqm

RETTICHGASSE, 1140 VIENNA

7 units of 388 sqm at an average price of EUR 3,350 per sqm, remaining total floor area 9,408 sqm at an average monthly rent of EUR 5.39 per sqm

WIENER STRASSE, 3002 PURKERSDORF



12 units of 994 sqm at an average price of EUR 2,613 per sqm, remaining total floor area 4,351 sqm at an average monthly rent of EUR 6.03 per sqm

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
AUSTRIA

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Unit Sales

- Sustainable sales proceeds from Unit Sales, largely from vacancies to third parties for their own direct use
  -> high contribution to Recurring FFO
  -> high liquidity inflow
- Strong track record with high margins in Unit Sales in Austria
- Planned sale of around 600 units per year
- High medium- and long-term sales potential for 11,615 units in Unit Sales
- Sustainability of the sales pipeline for Unit Sales through the develop-to-hold strategy with around 100–200 units per year

BUWOG strategy

MINIMISE RISK
Ongoing unit sales

HIGH UPSIDE POTENTIAL
Continuing high margins through 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 other state capitals and major cities in northern Germany. As part of implementing the capital recycling strategy, selected cycle-optimised block sales are made primarily to local investors at a positive contribution to margin. The liquidity obtained is invested in a selection of core German regions with higher yields. These block sales include properties or portfolios mainly in rural regions, whose profitability is unsuitable for the core portfolio or unit sales.

OVERVIEW OF THE 2016/17 FINANCIAL YEAR

In the 2016/17 financial year a total of 1,117 units were sold (previous year: 484 units). With the exception of a commercial unit in Vienna, all of these were attributed to the sale of the Tyrolean portfolio. In the 2016/17 reporting year, a portfolio sale of 200 units in Carinthia and Styria to be carried out in the first quarter of the 2017/18 financial year was agreed. The profit was generated as a result of the portfolio's reclassification as a property for sale and of setting the sale price in accordance with IFRS 5 in the third quarter of the 2016/17 financial year.

A EUR 5.4 million (EUR 3.6 million) contribution to FFO (excluding the non-current assets held for sale in accordance with IFRS 5) and a margin on fair value of around 5% (14%) were achieved in Block Sales. The decline in the margin compared to the previous year is explained by the sale of the Tyrolean portfolio, which had a significant fair value compared to the sale price obtained from the external property valuation. For the sale of the Tyrolean portfolio, the priorities were the portfolio adjustment for the further regional focus of the portfolio as a whole as well as the generation of liquidity for growth in Germany with higher yields. The average price of the block sales in the last financial year was EUR 1,424 per sqm and for the region was therefore significantly above the previous year's level of EUR 907 per sqm.

As of the reporting date on 30 April 2017, the Block Sales cluster contained a total of 2,743 units (previous year: 3,245 units), 1,697 of which were in Carinthia, 957 in the rest of Austria as well 89 units in Vienna. For these selected Block Sales properties a medium-term sale mainly to local private and institutional investors is planned as part of optimising and consolidating the portfolio for further enhancement of the regional focus of BUWOG's portfolio as a whole.

BLOCK SALES CLUSTER

as of 30 April 2017	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Gross rental yield[2]
Vienna	89	14	11%	1,520	4.9%
Carinthia	1,697	84	64%	662	6.2%
Rest of Austria	957	33	25%	495	7.2%
Total	**2,743**	**131**	**100%**	**646**	**6.3%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2017
2) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

EFFECTS OF THE SALE OF THE TYROLEAN PORTFOLIO

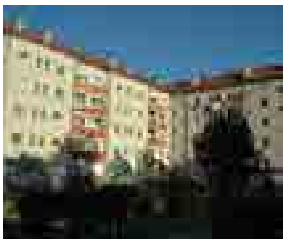
G4-13
G4-22

The sale of the Tyrolean portfolio included a total of 1,152 units and around 89,000 sqm of floor area, which constituted a share of around 5% of the Austrian investment portfolio on the basis of units and total floor area. 1,116 units in the reporting year and 36 units in the first quarter of the 2017/18 financial year were transferred to purchasers. The portfolio included 691 units in Innsbruck from the regional cluster of state capitals, 234 units, largely in Völs, from regions close to the city, and 227 units in Kufstein from the rural regions. The annualised net in-place rent of the Tyrolean portfolio at the time of the sale was around EUR 4.2 million with a monthly net in-place rent of EUR 4.02 per sqm and a vacancy rate of 2.2%. Through the sale of the portfolio a total of 980 units were eliminated from the Unit Sales cluster.

Significant negative effects on future margins on fair value from unit sales as well as the key indicators for the investment portfolio such as gross rental yield and the vacancy rate are not expected from the block sale of the units in Tyrol. After the repayment of debts and before taxes, the BUWOG Group generated an inflow of liquidity of EUR 85 million from the sale, with which the strategy for growth is to be stepped up in the more profitable residential market in Germany.

SELECTED BLOCK SALES

TYROL PORTFOLIO, VARIOUS LOCATIONS



1,152 units with total floor area of 88,989 sqm

DAVIDGASSE, 1100 VIENNA

1 unit (commercial) with a total floor area of 305 sqm

"The results of Unit Sales were increased again, and the sale of the Tyrolean portfolio resulted in a consolidation of the portfolio with a focus on Vienna, in addition to significant cash flow."

Henning Reusch,
Head of Management & Transactions

"Unit Sales remains an important pillar of the BUWOG Group's business model and of critical relevance for the generation of a substantial Recurring FFO in the long term. In Unit Sales with increased sale prices per sqm and a very positive profit contribution and with the sale of the Tyrolean portfolio, we more than succeeded at achieving our objectives and systematically continued our regional focus and optimisation of the Austrian portfolio. To be able to distribute attractive dividends, in the future we will also use the liquidity generated from property sales in Austria to stimulate growth in the attractive core locations of our German business through new, profitable construction projects that are intended for sale and for the company's own portfolio as well as through portfolio acquisitions".

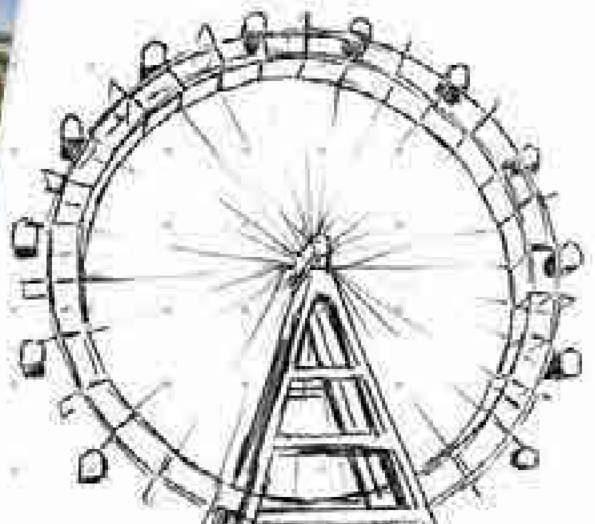
PROPERTY DEVELOPMENT

KARL-NIESCHLAG-GASSE, VIENNA

"UFERKRONE - HAUS SONNE", BERLIN

"CITY APARTMENTS", RECHTE WIENZEILE, VIENNA

"STADTQUARTIER AN DEN STUHLROHRHALLEN", HAMBURG



Berlin

"52 GRAD NORD", BERLIN

"STADTQUARTIER AN DEN STUHLROHRHALLEN", HAMBURG

Hamburg

ADDED VALUE THROUGH PROJECT DEVELOPMENT

The BUWOG Group is one of the largest and leading project development companies in Austria with over 35,000 apartments constructed throughout the company's 65-year history. Operations in the Berlin development market began in 2012 with the acquisition of an experienced team of employees as well as several projects in varying stages of completion and properties for new development projects. Due to the strength of its demographic and economic parameters and to the many years of experience and excellent knowledge of the respective markets, the BUWOG Group focuses its property development activities on the capital cities of Vienna and Berlin and, since April 2016, also on Hamburg,

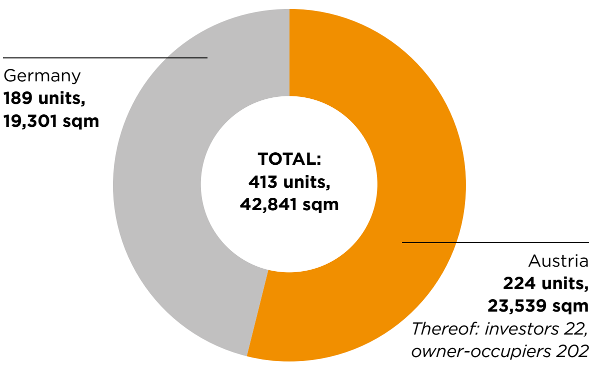
In July 2017 bulwiengesa AG published a ranking of the top eight most active developers in Vienna. The BUWOG Group lists first in the ranking of developers by the number of projects and the number of apartments. As in previous years, the BUWOG Group also takes first place in the ranking for the construction of new condominiums and buy-to-rent apartments. The 2017 bulwiengesa study on the market for development projects in German A-Cities was published in May 2017 as well. On the basis of it the BUWOG Group is one of the biggest project developers in Berlin in terms of residential floor area.

In Property Development, various types of development projects are pursued depending on the respective market and demand situations, which are analysed prior to project development and implementation. In the privately financed sector, development projects are built mainly for private and institutional investors and for owner-occupiers. In the subsidised housing sector in Vienna the apartments are rented following construction in accordance with the subsidisation guidelines. These subsidised rentals are generally transferred to the BUWOG Group's own portfolio, where, depending on the strategy, they are either to remain in the portfolio or be sold in the future at a high margin in the context of property sales (details in the chapter *Property Sales* on page 68ff).

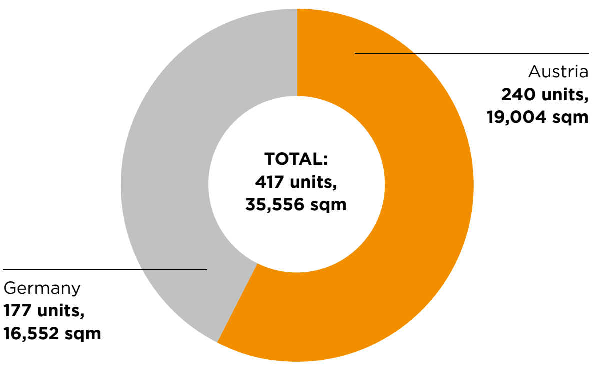
OVERVIEW OF THE 2016/17 FINANCIAL YEAR

In the 2016/17 financial year the Property Development business area generated very strong operating results of EUR 28.3 million, increasing the figure on the year by a significant 32%. In the structure of its contributions to profit, particularly the contribution from development, the BUWOG Group stands out from other listed real estate companies, which are focused largely on apartment rentals and sales but have generally not established property development as a long-term pillar in their business models. With this continuous value chain the BUWOG Group is in a position to generate significant and long-term growth in value.

UNITS TRANSFERRED TO BUYERS 2016/17
Number of units and sqm



UNITS TRANSFERRED TO BUYERS 2015/16
Number of units and sqm

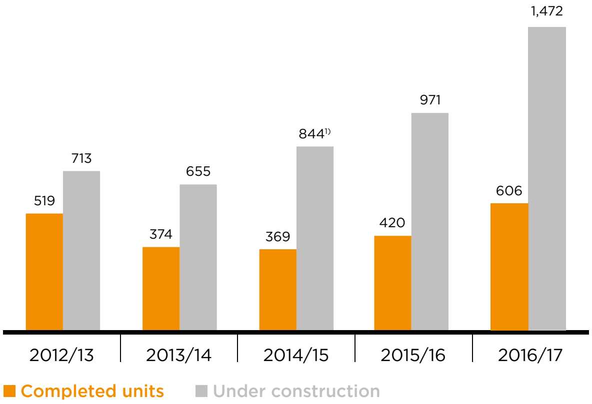


In the 2016/17 financial year a total of 606 units with 56,244 sqm of total floor area were completed in nine projects in Vienna (417) and Berlin (189). Of these, 440 units were designated for sale and 166 units for inclusion in the investment portfolio. Of the units designated for sale, a total of 362 were recognised in profit or loss and transferred (189 in Berlin, 173 in Vienna) in the financial year. Another 51 units that were completed in previous years were also handed over to buyers. As a whole, the BUWOG Group reported 413 units in profit or loss during the reporting year.

Progress was successfully made in the Property Development business area, which significantly sets the BUWOG Group off from its competitors. Through two land acquisitions in Vienna and four in Berlin, the development pipeline was further expanded by a total of 2,550 planned units with a calculated total investment volume of EUR 776 million. As of the reporting date on 30 April 2017, the development pipeline included a total of 10,149 planned units with a calculated total investment volume of around EUR 2.9 billion. In the interest of improved transparency, since the beginning of the 2016/17 financial year the reporting for the total investment volume has excluded calculated interest on equity. The internal project calculations are based on non-cash interest on equity of 8%.

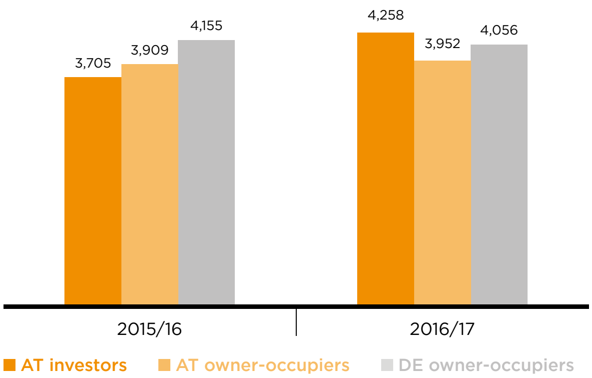
The chart below shows the average sale prices per sqm, split into Berlin and Vienna and based on the units transferred to buyers in the financial year. While in Germany privately financed condominiums were sold exclusively to owner-occupiers, in Austria sales were made to owner-occupiers and to investors. The price for a buy-to-rent apartment bought by an investor does not include value-added tax. Of the 224 units in total transferred to buyers in Austria, investors accounted for 22 and owner-occupiers for 202. In the previous year a total of 417 units were transferred to buyers (240 in Austria, 177 in Germany). In Austria, of the 240 units in total 181 were transferred to owner-occupiers and 59 to investors.

COMPLETED UNITS AND UNITS UNDER CONSTRUCTION



1) Current position as of 30 June 2015

AVERAGE SALE PRICES
in EUR per sqm



Incl. sale of parking spaces

As of the reporting date on 30 April 2017, a total of 18 projects with 1,472 units were under construction. Of these, nine projects with 540 units are being carried out in Berlin and nine projects with 932 units in Vienna. Compared to the reporting date on 30 April 2016, the BUWOG Group increased the number of units under construction again by 52%.

PROPERTY DEVELOPMENT – FROM THE IDEA TO THE APARTMENT

The success of the BUWOG Group in the business area of Property Development is based primarily on clearly defined selection criteria in addition to the decades of experience and extensive expertise of the relevant employees. The success of a profitable development project is already decided by the selection of suitable land and also depends heavily on the timely implementation of the project in line with market conditions as well as on the early exploitation of the residential units. Furthermore, the financing structure and especially the control of production costs, ancillary building costs and other costs as well as sales returns all determine Property Development’s overall yield. Recognition in the income statement occurred in the reporting year on completion and transfer to the buyers.

Completed units that are designated for sale are reported in the balance sheet under current assets. If a unit is transferred to a buyer, current assets are reduced by the relevant carrying amount of the unit sold. The aim is to transfer at least 80% of the completed units to buyers when construction is finished.

Overview of project development process

Out of all of the listed market players in the housing industry, the BUWOG Group is the one with the strongest focus on the Property Development business area. The large number of necessary decisions along the entire value chain are made using standardised processes while keeping the distinctive features of the respective market and project in mind. This ensures a high level of efficiency and a reduction of the relevant risks. This chart illustrates the most important processes and targets that are crucial for building a new residential property.

Ideal time for a project: 12 months of preparation including marketing launch and 18 months of realisation

1. Project concept/analytical stage

- Feasibility analysis
- Development potential, building feasibility (land use and soil pollution)
- Profitability calculation (achievement of targets)
- Assessment of marketability estimation (macro/micro situation and target group analysis)

INTERDEPENDENCIES OF PROJECT DEVELOPMENT

The location of the plot and the project concept are crucial and determine the overall attractiveness and the achievable sales and rental income. The BUWOG Group aims to add value based on defined targets as its main objective when developing projects.

Property

Idea	**Capital**	**Location**
Room layout, use, urban development	User, investor, financing	Environment, infrastructure, economic strength

7. Completion of transfer and guarantee

- Customer support for individual sales, transfer and guarantee service provided by company’s own buyer management
- Transfer to BUWOG investment portfolio (subsidised and privately financed rent)

Rosa-Jochmann-Ring, 1110 Vienna

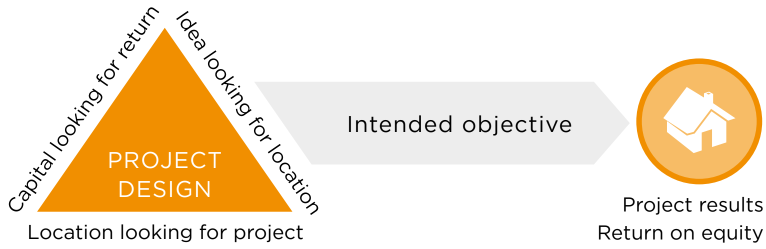
Property transfer “Am Otterweg”, 1220 Vienna

“Pfarrwiesengasse 23”, 1190 Vienna

Units that are completed but not exploited yet, residual units reported in the inventories are actively and selectively marketed by the BUWOG Group sales team.

Rental units built for the company's own portfolio and professionally managed by Asset Management are reported under assets. In Austria subsidised rent is distinguished, in particular, by financing contributions collected on the part of the tenant, which ensures an efficient mix of project financing. In accordance with the BUWOG Group's company strategy, after a certain holding phase Property Sales sells these units through Unit Sales for a profit.

Formula for success
Promising location
+ Marketable products
+ Optimal financing structure
+ Timely realisation
= High-quality BUWOG properties



2. Land acquisition

- Completion of due diligence (technology, legal)
- Approval by the Executive Board and Supervisory Board of BUWOG AG
- Specification of optimum transaction structure
- Conclusion of land purchase agreement

Building container

3. Detailed project design

- Development of detailed usage concept
- Marketing and sales concept
- Financing concept
- Standard calculation with project deliverables, equity interest and cash-flow modelling


"La Belle Ville", Berlin

4. Building preparation

- Zoning of the property
- Procurement of building approval
- Planning (preliminary draft, housing mix, building application planning, commissioning external contractors)
- Conclusion of project financing with bank
- Tendering of construction works

5. Marketing

Key to success in project development

- Individual sales
- Global sales with rentals
- Marketing and sales management

6. Project execution

- Assignment of construction works
- Ongoing project control
- Construction and completion of the development project
- Remedying of defects

COMPLETIONS IN BERLIN

In Berlin the BUWOG Group is currently developing and carrying out several residential projects in the traditionally popular locations and in aspiring districts with potential for development and value growth. As of the reporting date on 30 April 2017, a total of nine development projects with 540 units were under construction. Of these, 454 units are being developed to sell and 86 for inclusion in the investment portfolio. The construction of another nine development projects with 1,015 units is scheduled to begin in the 2017/18 financial year (472 for the portfolio and 543 for sale). A selection of important projects in various stages of development can be found below.

"UFERKRONE", TO OWN (PARTIALLY COMPLETED, UNDER CONSTRUCTION, IN PLANNING)


Lindenstrasse, Berlin-Köpenick

- High-quality urban villas at the waterfront of the Spree
- 224 condominiums and 183 underground parking spaces
- Total floor area: 19,867 sqm
- Apartment sizes from 51 sqm to 193 sqm
- Sale prices from EUR 2,260 to EUR 5,030 per sqm
- 111 units completed as of the reporting date; another 24 currently under construction and 89 in planning
- Planned overall completion 2022

BUWOG is completing part of an ambitious project in 2017 with Uferkrone. Proceeding from a market that at the time of purchase in 2012 was still cautious in terms of volume, in the first phase of construction eight buildings were built, each of which was aimed at a different target group. A majority of the flats have already been sold due to the high level of quality and individuality combined with outdoor facilities on the River Spree, which are a defining element of the quarter. In technical terms, the project is a success with its considerable sustainability-related performance due to the production of energy by a cogeneration plant, the distribution of energy with a local heating grid and distribution to the apartments using fresh-water stations operated by heat exchangers.

"GERVIN & WILMERS", TO OWN (COMPLETED)

- 77 condominiums and 45 parking spaces
- 3 commercial units on the ground floor
- Total floor area: 7,616 sqm
- Apartment sizes from 40 sqm to 222 sqm
- Sale prices from EUR 3,180 to EUR 6,550 per sqm
- Completed in April 2017

These high-quality, modern condominiums meet the needs for contemporary urban living with their adaptable floor plans and design fixtures and fittings. Micro-flats, studios, city lofts, penthouses with on-top-terraces and the house-in-a-house concept provide a wide range of options for the various housing needs for modern city dwellers.


Gerviniusstrasse, Berlin-Charlottenburg


Tharauer Allee, Berlin-Charlottenburg

"WESTENDPARK", TO OWN (PARTIALLY COMPLETED, UNDER CONSTRUCTION

- 112 condominiums and 144 parking spaces
- 11 classically elegant urban villas
- Of these condominiums, 83 units were completed by April 2017
- Total floor area: 12,585 sqm
- Apartment sizes from 72 sqm to 142 sqm
- Sale prices from EUR 3,340 to EUR 5,005 per sqm
- Planned completion in final construction phase in April 2018

These high-quality apartments have expansive windows and south-facing balconies, terraces or private gardens. The project is located directly by a commuter train station with just short routes into the city and, due to its close proximity to Havel, Grunewald and Olympiapark, offers a wide range of recreational opportunities.

COMPLETIONS IN VIENNA

The BUWOG Group completed 417 residential units in Vienna in the 2016/17 financial year. As of the reporting date on 30 April 2017, a total of nine development projects with 932 units were under construction. The construction of another ten development projects with 1,030 units is scheduled to begin in the 2017/18 financial year. A selection of development projects can be found below.

"Pfarrwiesengasse 23", 1190 Vienna

"PFARRWIESENGASSE 23", TO OWN (COMPLETED)

- 85 privately financed condominiums
- High-quality condominiums
- Total floor area: 10,127 sqm
- Apartment sizes from 62 sqm to 231 sqm
- Sale prices from EUR 4,800 to EUR 11,000 per sqm
- Completion April 2017

BUWOG built a residential facility in the luxury segment for the first time with the Pfarrwiesengasse project. In addition to spacious living areas with high-quality fixtures and fittings, the facility has its own swimming pool and fully-equipped fitness and wellness area. A concierge service, multimedia and entertainment room, a doggy- and bike-wash station and the highlight, a wine cellar with a tasting room, complete the range of services on offer. The project won the "European Property Award" in London in November 2016.

"SOUTHGATE", TO OWN AND TO RENT (PARTIALLY COMPLETED)

- 78 rental units (Vienna Housing Initiative) and 164 privately financed condominiums
- Total floor area: 19,956 sqm
- Apartment sizes from 54 sqm to 130 sqm
- Sale prices from EUR 2,800 to EUR 4,400 per sqm
- Partial completions in November 2016 and April 2017, completion of the entire project planned for September 2017

"Southgate", 1120 Vienna

The "Southgate" project's 164 privately financed condominiums are designed as modern apartments featuring a garden, terrace or loggia, or as maisonettes. The individual buildings are turned slightly away from one another, which ensures maximum privacy on the terraces and loggias. The segment with the 78 rental apartments, which face inward to the green area, is located on Sagedergasse. The entire facility is southfacing and separated from the very busy Altmannsdorfer Straße by a residential facility from another developer. As a result, the BUWOG facility is "protected" from the street noise despite its very urban Vienna location.

"AM OTTERWEG", TO BUY AND TO RENT (COMPLETED)

- 120 units, 88 of them rentals as part of the Vienna Housing Initiative and 32 of them privately financed condominiums
- Completion of 88 rentals and 8 condominiums in 2016/17 FY
- Apartment sizes from 79 sqm to 135 sqm
- Sale prices from EUR 3,100 per sqm to EUR 3,700 per sqm
- Partial completion in April 2016, total completion in September 2016

Especially suited for families with children, this residential facility is located in close proximity to the Lobau recreational area and offers expansive open areas. The architecture of the point blocks and terraced housing blends carefully into the surrounding natural landscape. Energy consumption is covered to a large extent by renewable energy sources.

"Am Otterweg", 1220 Vienna

LAND ACQUISITIONS

CRITERIA FOR ACQUIRING LAND

The BUWOG Group has been constructing multifloor housing for a variety of target groups in attractive locations such as Berlin, Hamburg and Vienna for over 60 years. Its focus is on developing multifloor properties on large tracts of land. In addition to cost and marketing advantages, such large-scale projects also provide the opportunity to design the residential environment based on individual qualities of the quarter, energy concepts included. Consequently, small-scale luxury projects are not the focus of the BUWOG Group.

In Germany, the connection to water is a particular priority for BUWOG's development projects. Such projects include, for example, "52 Grad Nord" on the Langer See by the tributary of the River Dahme, the project "The One", which is directly on the ship canal, "Uferkrone" as well as "Wohnwerk" in Niederschönweide directly on the River Spree, and the property on the Schleusengraben canal in Hamburg. Another criterion is close proximity to public transportation options as with "Gervin & Wilmers" by the Charlottenburg commuter train, "Westendpark" by the Pichelsberg commuter train, and the "Stadtquartier an den Stuhlrohrhallen" at the Hamburg-Bergedorf railway station.

In Vienna BUWOG is engaged as a developer in all important large-scale urban development areas, as in the past with the new Vienna Central Station and currently in Seestadt Aspern and with the refurbishment of Vienna's Nordbahnhof railway station.

As part of the strategy to develop rental apartments to hold in its own portfolio, Property Development is focused on acquiring tracts of land with the option of building affordable rental apartments in residential areas that are attractive for influx in the medium term.

For the BUWOG Group, the decision-making basis for land acquisitions involves various minimum criteria. For land designated for later sale, a margin of total investment costs (excl. interest on equity) of 18% to 20% is generally planned. For properties designated for the develop-to-hold portfolio, an average rental yield of more than 4% in Germany and about 4% in Austria is sought. Properties with and without zoning are purchased.

LAND ACQUISITIONS IN THE 2016/17 FINANCIAL YEAR

As part of intensifying efforts in the Property Development business area, in the 2016/17 financial year BUWOG acquired six new land plots – four of them in Berlin and two in Vienna. The construction of over 2,550 rental apartments and condominiums at a calculated total investment volume of EUR 776 million is planned on these areas. The transfer of benefits and encumbrances also took place for three properties acquired in previous financial years.

Through the land acquisitions in the 2016/17 financial year, the BUWOG Group expanded its development pipeline to a calculated total investment volume of EUR 2.9 billion. This is equivalent to an increase of 18% and illustrates the successful intensification of efforts in this business area.

In December 2016 the BUWOG Group acquired the company stakes in a project company and the related development rights for the property at Rathausstrasse 1 in the first district of Vienna. The property is in one of the best locations in Vienna, in the direct vicinity of the city hall and parliament. The BUWOG Group is planning to build its new customer and administrative centre at this location. The transaction will be recognised in the balance sheet in non-current assets under non-tangible assets (Details can be found in the *Portfolio report* in the *Consolidated Management Report*).

Subsequent to the reporting date the BUWOG Group acquired another property in Berlin. With the "Jahnstrasse" project in Berlin-Kreuzberg the develop-to-sell pipeline was expanded by 36 units and the develop-to-hold pipeline by 14 units in July 2017. This is equivalent to a total investment volume of EUR 19 million.

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

LAND ACQUISITIONS IN VIENNA AND BERLIN IN THE 2016/17 FINANCIAL YEAR

Locations	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1)]	Fair value 30 April 2017 in EUR million[2)]	Strategy
"MGC-Plaza", Döblerhofstrasse, 1030 Vienna, Austria[3)]	07/2016	–	378	28,205	90.5	–	to hold and to sell
"Himberger Straße, Rothneusiedel", 1100 Vienna, Austria	07/2016	07/2016	420	31,500	85.3	12.8	to hold and to sell
"Ludwigsluster Straße", Ludwigsluster Strasse, Berlin Kaulsdorf, Germany	12/2016	03/2017	124	8,666	29.7	7.4	to hold and to sell
"Parkstraße", Parkstrasse 13, Berlin-Spandau, Germany	12/2016	03/2017	612	56,754	221.5	48.2	to hold and to sell
"Gartenfeld", Gartenfelder Strasse, Berlin-Spandau, Germany	01/2017	03/2017	949	71,133	333.2	65.3	to hold and to sell
"Spree 12", Spreestrasse 12, Berlin-Niederschöneweide, Germany[3)]	01/2017	–	67	4,482	15.8	–	to hold
Total I (as of 30 April 2017)			**2,550**	**200,740**	**775.9**	**133.7**	

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 30 April 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 in 2017.

The transfer of benefits and encumbrances also took place for three additional properties in the 2016/17 financial year.

Locations	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1)]	Fair value 30 April 2017 in EUR million[2)]	Strategy
"Vorgartenstrasse", Vorgartenstrasse, 1020 Vienna, Austria	04/2016	05/2016	169	12,755	28.2	4.3	to hold and to sell
"Mariendorfer Weg", Mariendorfer Weg, Berlin-Neukölln, Germany	02/2016	05/2016	562	44,160	167.7	37.6	to hold and to sell
"Stadtquartier an den Stuhlrohrhallen", Weidenbaumsweg, Hamburg-Bergedorf, Germany	04/2016	06/2016	1,111	89,630	396.6	65.2	to hold and to sell
Total (as of 30 April 2017)			**1,842**	**146,545**	**592.5**	**107.1**	

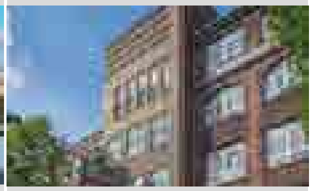
1) Total investment volume excluding calculated interests.
2) The pipeline projects are valued by CBRE semiannually as of 31 October and 30 April.

PRODUCT DEVELOPMENT MATRIX

As part of the intensification of efforts in the Property Development business area, the BUWOG Group continued to expand its development pipeline in the 2016/17 financial year. As of the reporting date on 30 April, the project development pipeline, which is illustrated below in the BUWOG Group's product development matrix, included a total of 10,149 units. 60% of these units are in Germany and 40% in Austria.

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

PRODUCT DEVELOPMENT MATRIX as of 30 April 2017

Property Development	Develop-to-Hold	Develop-to-Sell	
	Subsidised and privately financed rentals	Privately financed condominiums	Global exit
Vienna 4,109 units	**Investment portfolio** Units: 1,591 Total floor area: 117,076 sqm  "Rivus Quartus", 100 units	**Regional customers** Units: 2,504 Total floor area: 178,460 sqm  "frei:raum 21", 140 units	**Institutional investors and foundations** Units: 14 Total floor area: 27,894 sqm  Breitenfurter Strasse 223-237 BPL 2, two units
Berlin 4,929 units	**Investment portfolio** Units: 1,831 Total floor area: 146,082 sqm  "52 Grad Nord" – partial project "Ankerviertel", 86 units	**Regional customers** Units: 3,023 Total floor area: 251,050 sqm  "The One", 240 units	**Institutional investors and foundations** Units: 75 Total floor area: 10,963 sqm  "Geyer-Medienhöfe", 75 units
Hamburg 1,111 units	**Investment portfolio** Units: 271 Total floor area: 16,258 sqm	**Regional customers** Units: 807 Total floor area: 64,552 sqm	**Institutional investors and foundations** Units: 33 Total floor area: 8,820 sqm
Total 10,149 units			

The product development matrix is divided into several categories and classifies the BUWOG Group's pipeline of development projects. As of 30 April 2017 the pipeline included a total of 10,149 units. Of these, the largest shares comprised subsidised rentals with 3,693 units and privately financed condominiums with 6,334 units. The segment of privately financed condominiums in Vienna is simultaneously suitable for buy-to rent apartments for national customers (capital investors), opening up another lucrative sales channel for BUWOG. The sale price of a buy-to-rent apartment is without value-added tax (net), as the buyer acquires it as a business person. This means that in Austria the BUWOG Group also reports the cost of buy-to-rent properties sold as net costs, as the value-added tax can be deducted. Subsidised condominium construction is no longer pursued as a strategic approach.

"Das Lichtenhain", Berlin

"SeeSee Home", Seestadt Aspern, Vienna

DEVELOP-TO-HOLD

THE DEVELOP-TO-HOLD STRATEGY

Intense competition was also observed on the German and Austrian property market in the last financial year, making yield-oriented portfolio acquisitions increasingly difficult. At the same time, there is ongoing, vigorous demand for housing not met by the current supply, particularly in metropolitan areas. In the context of this and the over 60 years of experience in residential property development and local market presence, BUWOG has also extended the develop-to-hold strategy to Germany. This expanded strategy enables a reduction of the due diligence risk compared with the acquisition of investment portfolios, savings on ancillary purchase costs for estate agents and on property transfer taxes, and an enhancement of portfolio quality through new construction in the Berlin and Hamburg locations. At the same time, it boosts efficiency in the ongoing asset management business. Through further land acquisitions the BUWOG Group envisions development of the existing pipeline from 3,700 develop-to-hold units to 5,500 units and completing these within the next five years.

The essential points concerning the develop-to-hold strategy for Germany and Austria are illustrated below. All explanations in the chart below are based on data from the BUWOG Group's current project pipeline.

How does develop-to-hold work?

Germany		Austria
	ENVIRONMENT	
High level of demand for apartments along with rising rents		Extensive experience and market presence
Largely privately financed (unregulated rent)	**PRODUCT**[1] What's being built?	Vienna Housing Initiative (regulated rent)
Quantitative & qualitative portfolio development	**STRATEGY**	Quantitative & qualitative portfolio development with potential for unit sales after ten years
High quality with modern floor plans and limited ancillary costs	**QUALITY**	High-end quality with modern floor plans and limited ancillary costs
Financing at individual market conditions	**FINANCING**	Subsidised financing through the City of Vienna and contributions to financing from tenants and bank loans
	SALES[2]	
Direct sale by BUWOG		Marketing begins six months prior to completion of construction; Target: full occupancy upon completion of construction
Avg. rent of over EUR 13/sqm incl. parking space – higher rent potential	**EXPECTED TARGET RENT**[3]	Avg. rent of over EUR 6/sqm incl. parking space – limited rent potential
over 4%	**EXPECTED YIELDS**[4]	about 4%

1) Germany: with the exception of one project – Mariendorfer Weg (54 units of 211)
2) Austria: contingent for allocation from the City of Vienna (generally 50%)
3) Austria: indexed value for the project pipeline of the next few years. Basis of indexing EUR 4.75/sqm plus parking spaces and maintenance and improvement contribution
4) Net in-place rent including parking spaces in relation to total investment volume (in Austria: total investment volume minus financing contribution)

DEVELOP-TO-HOLD IN GERMANY

The plan in Germany is mainly for privately financed units. The advantage of this approach is that when building the property the company is bound to fewer requirements than would be the case within a subsidy regime.

The large property development pipeline in Berlin and Hamburg in connection with the comparatively moderate acquisition prices of the properties in Grünau (“52 Grad Nord”), Niederschöneweide and Neukölln also make it possible for the BUWOG Group to develop rental apartments in addition to condominiums to hold and transfer to asset management. This is especially attractive when Property Development acts as Asset Management’s service provider and the short-term development earnings are converted into long-term rental yields.

DEVELOP-TO-HOLD IN AUSTRIA

The BUWOG Group has been building rental apartments which it manages in the company’s own portfolio since its foundation in 1951. In the last few years in Vienna units have been constructed mainly as part of the Vienna Housing Initiative.

The Vienna Housing Initiative is a special version of privately financed residential construction, which through low-cost loans provided by the City of Vienna, offers advantageous conditions similar to those of subsidised housing. The city links loan approval to equity and rent caps as well as to quality criteria. Tenants of a Vienna Housing Initiative apartment must pay a financing contribution in the amount of EUR 500 per sqm. This amount is reduced through a usage-related deduction over a period of 100 years. If the tenant vacates the apartment, he is refunded the financing contribution minus the usage-related component of 1% per year. The annual discount is recognised by the BUWOG Group as revenue. Prior to tenancy, the subsequent tenant must pay the refunded financing contribution as a deposit. The Vienna Housing Initiative stipulates compliance with the contractual criteria for at least ten years. After that the company is basically free to choose the further course of action.

Building on the Vienna Housing Initiative model replenishes the BUWOG portfolio in Austria on a regular basis, supplying new, high-quality rental apartments to Asset Management.

OVERVIEW OF THE 2016/17 FINANCIAL YEAR

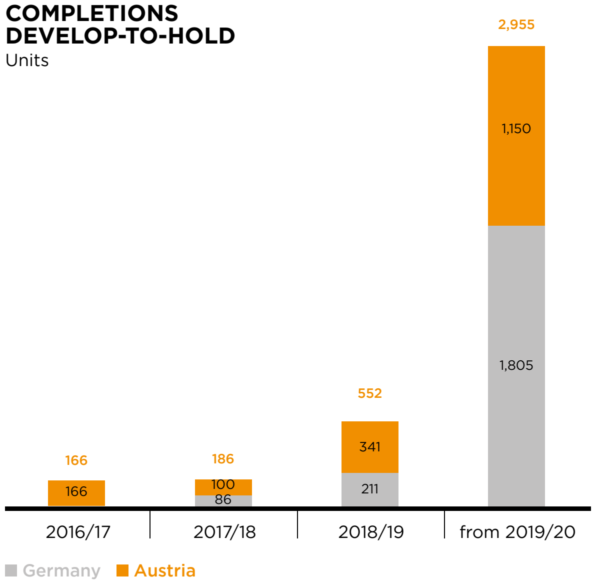
In the 2016/17 financial year a total of 166 subsidised units of the Vienna Housing Initiative were completed in the “Am Otterweg” and “Southgate” projects and transferred to the company’s own portfolio. Construction of 86 units with an investment volume of EUR 25 million in Berlin and of 181 units with a total investment volume of EUR 29 million in Vienna was also begun in the financial year. Completion of 86 units in Germany and 100 units in Austria is anticipated in the 2017/18 financial year.

The current develop-to-hold pipeline at the time of reporting included 3,693 units (thereof 1,831 in Berlin, 271 in Hamburg and 1,591 in Vienna), thus 1,399 units or 61% more than as of 30 April 2016.

PERFORMANCE INDICATORS AND OUTLOOK

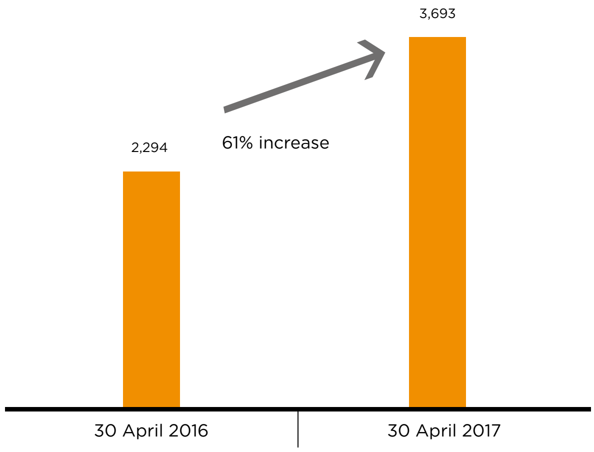
Through further land acquisitions, the BUWOG Group envisions development of the existing pipeline from 3,700 to 5,500 develop-to-hold units and completing these within the next five years. An average Net Operating Income margin of 90% is sought through the pipeline.

COMPLETIONS DEVELOP-TO-HOLD
Units



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

DEVELOPMENT OF THE DEVELOP-TO-HOLD PIPELINE
Units



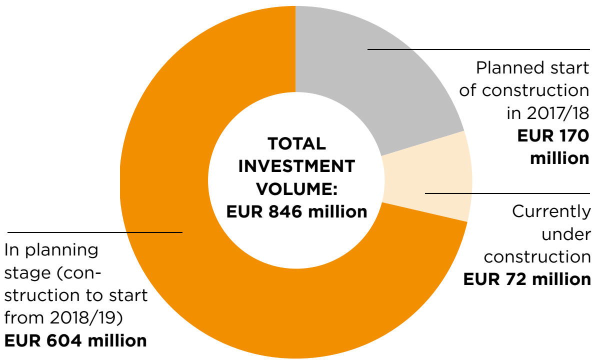
The charts above illustrate the scheduled completion dates for the develop-to-hold pipeline based on the segments of Germany and Austria. They are a clear reflection of the growth in the Property Development business area and of the intensification of efforts in the develop-to-hold strategy in Germany. This also constitutes the foundation for continued growth and further improvement in the quality of the investment portfolio in the coming financial years. In the 2017/18 financial year the BUWOG Group is planning to complete 186 units, 100 units in Vienna and 86 in Berlin. With the completion of the 86 units in the "Ankerviertel" district in Berlin the BUWOG Group is developing apartments in Berlin for its own portfolio for the first time

The chart for the develop-to-hold pipeline shows that as of the reporting date on 30 April 2017 the pipeline included 3,693 units and therefore grew by a remarkable 61% compared to the same time the previous year. The total investment volume of the develop-to-hold pipeline is EUR 846 million.

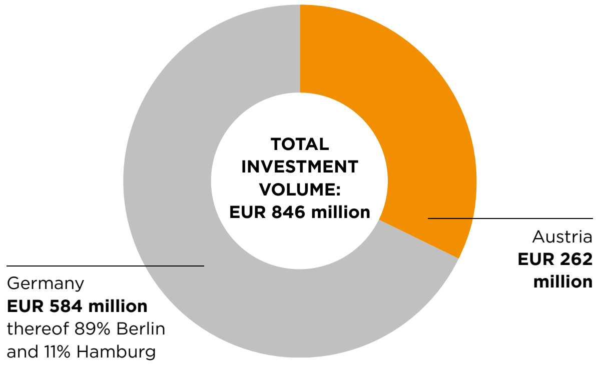
In Germany 86 units are under construction in Berlin, with construction set to begin for 472 units in the 2017/18 financial year. 1,544 additional units (1,273 in Berlin, 271 in Hamburg) are currently in the planning process, with construction expected to begin as of 2018/19. Thus the develop-to-hold pipeline in Germany totals 2,102 units. This corresponds to a total investment volume of EUR 584 million.

In Austria the pipeline in Vienna includes 1,591 units with a total investment volume of EUR 262 million, with 281 units currently under construction. For 328 units the start of construction is planned in the 2017/18 financial year. Another 982 units are currently in the planning process, with construction to begin as of 2018/19.

DEVELOPMENT PROJECTS DEVELOP-TO-HOLD
by implementation stage, as of 30 April 2017



DEVELOPMENT PROJECTS DEVELOP-TO-HOLD
by segment as of 30 April 2017



As of the reporting date on 30 April 2017, the BUWOG Group's development pipeline included a total of 61 new construction projects. These projects are either planned or being built solely as rental properties for the company's own portfolio, solely as condominium properties for sale, or as mixed properties (to rent and to own). This corresponds to a total investment volume of EUR 2,932 million. The share of the develop-to-hold pipeline contained therein was EUR 846 million. This amount is divided into a pipeline of EUR 584 million in Germany (thereof 89% in Berlin) and EUR 262 million in Austria. Of the total develop-to-hold projects, a EUR 72 million volume of them are currently under construction, and for another volume of EUR 170 million construction is slated to begin in the 2017/18 financial year. The remaining projects are still in planning at present, and from today's perspective construction is scheduled to begin as of the 2018/19 financial year.

"Progress is outstanding with the BUWOG Group's plans for new construction in Berlin - especially with '52 Grad Nord', the extensive neighbourhood development in Köpenick."

Alexander Happ,
Head of Property Development in Germany

"We were able to persuade the pioneers, our buyers in the Seefeld I site, and get the first of them moved in already. We thank our buyers for the trust, something that will now be vigorously pursued n subsequent construction sites. In the 2016/17 financial year the BUWOG Group was simultaneously able to acquire attractive new properties and advance the develop-to-hold strategy in Germany, which is enabling organic portfolio growth with significant contributions to FFO".

DEVELOP-TO-SELL

THE DEVELOP-TO-SELL STRATEGY

The BUWOG Group's strategy in the Property Development business area is aimed at the continuous and market-oriented realisation of new projects. Currently, 6,456 units with a volume of EUR 2.1 billion are in the pipeline for later sale.

In Berlin the BUWOG Group has planned several projects in the up-and-coming districts in the east of the city as well as in established western regions. The BUWOG Group leads the Bulwiengesa ranking of Berlin residential project developers in 2017 as the fourth-largest residential developer in Berlin. The foundation for this and for the BUWOG Group's further growth are the "Ludwigsluster Straße", "Parkstraße", "Gartenfeld" and "Spree 12" acquisitions during the 2016/17 financial year. BUWOG's sales pipeline in Berlin currently includes 3,098 residential units with an investment volume of EUR 1.1 billion. 189 units were completed for sale (see *Development projects* on page 93) in the German capital in the 2016/17 financial year.

Despite the challenging conditions for the real estate industry on the Vienna housing market, the BUWOG Group secured an extensive volume of properties for future development projects. 2,518 units with an investment volume of EUR 0.7 billion are currently being developed in Vienna and will be offered later for sale. In the 2016/17 financial year the number of units developed and completed for sale was 251 (see *Development projects* on page 93). The number of units completed for sale annually is to be increased to around 500 to 600 units in the coming years.

In addition to Berlin and Vienna, Hamburg, too, will be an important development location for the BUWOG Group in the future. Due to previous Hamburg-related activities in the asset management business and the integration of the BUWOG team, BUWOG has outstanding knowledge of the market and contacts in the Hanseatic city, which – in addition to the German export champion's attractive sociodemographic prospects – makes Hamburg a relevant location. The first Hamburg-based residential project includes a quarter with – according to the latest status of planning – over 1,100 residential units, 840 of them designated for sale. The estimated total investment costs for the condominiums are around EUR 0.3 billion. On approval of the project (development rights), construction time of around five years is expected until completion of the new quarter of the city. As in Vienna, in Berlin and in Hamburg between 500 and 600 residential units are to be completed every year in the coming periods.

In the context of developing residential units for sale, only privately financed condominiums will be built. For this land acquisitions are made on the basis of clearly defined criteria: on the one hand, qualitative targets are pursued such as the focused purchase of large plots for the development of multifloor properties in interesting locations (e.g. with favourable local transportation connections and/or proximity to waterways in Germany), though quantitative targets such as minimum criteria for the margin of total investment costs (excl. interest on equity) are taken into account as well. The aim is to achieve a total investment cost margin (excl. interest on equity) of between 18% and 20%. About 20% equity, which flows into the land purchase, and 80% borrowing are generally expended for financing a development project. By the time the construction is completed the BUWOG Group aims to have marketed around 80% of the developed units, with complete placement about six months afterward. The BUWOG Group's objective in the business area of Property Development is to complete most of the existing development pipeline within the coming five to six year and replenish it at the identical level. In the medium term the BUWOG Group is planning to sell the units at average sale prices of EUR 4,000 to EUR 5,500 per sqm.

OVERVIEW OF THE 2016/17 FINANCIAL YEAR

In the 2016/17 financial year a total of 440 units (189 in Berlin, 251 in Vienna) with 43,334 sqm of total floor area that were designated for sale to third parties were completed. Thus 20 more units were completed in the last financial year than in the previous one. 413 units were transferred to buyers and recognised in profit or loss. Of these, Germany accounted for 189 units and Austria for 224.

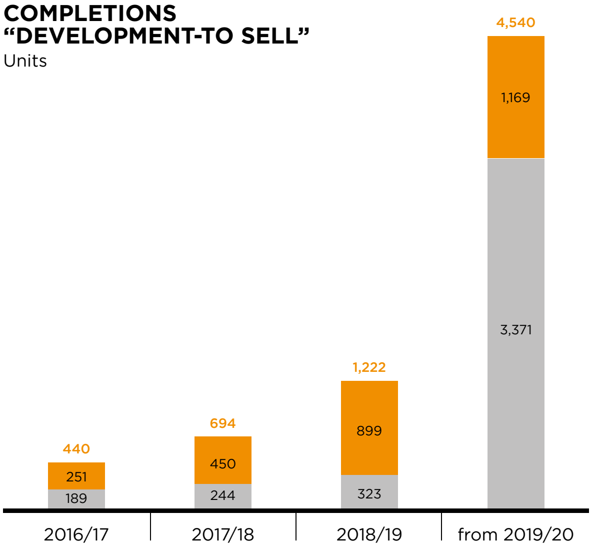
BUWOG's development pipeline for sales exhibited dynamic growth in the last financial year from 5,827 units to 6,456 units. This corresponds to an increase of 11% or, based on the calculated total investment volume, an increase of 5% to about EUR 2.1 billion. Of these 6,456 units, 3,938 are planned in Germany and 2,518 in Austria.

PERFORMANCE INDICATORS AND OUTLOOK

The BUWOG Group completed 440 condominiums in the last financial year. Of these 440 units, 189 were completed in Berlin and 251 in Vienna. As a result, 43,300 sqm of living area was created.

COMPLETIONS "DEVELOPMENT-TO SELL"

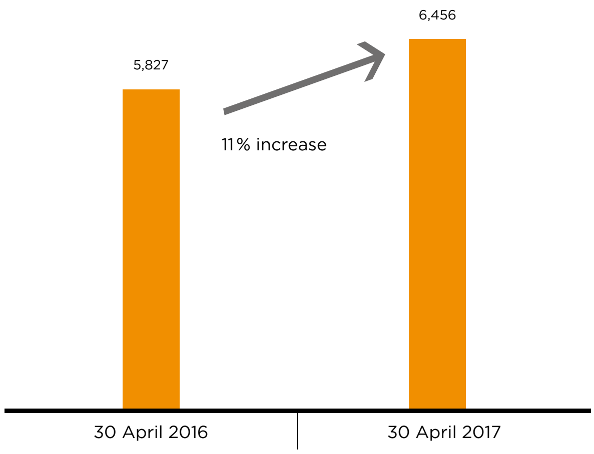
Units



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

DEVELOP-TO-SELL PIPELINE

Units

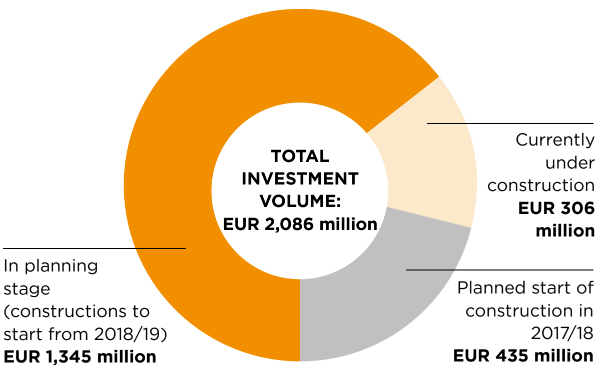


For the 2017/18 financial year BUWOG is planning to complete another 694 condominiums. Of these, 244 units will be built in Berlin with a total investment volume of EUR 90 million and 450 units in Vienna with a total investment volume of EUR 100 million.

As of the reporting date on 30 April 2017, the entire develop-to-sell pipeline included 6,456 units, thus 11% more than on 30 April 2016. Of the 3,938 units in the develop-to-sell pipeline in Germany, 454 units are under construction, the start of construction for 543 units is planned in the 2017/18 financial year, and 2,941 units (2,101 in Berlin, 840 in Hamburg) are in the planning phase. This corresponds to a total investment volume of EUR 1,398 million. In Austria the pipeline in Vienna includes 2,518 units with a total investment volume of EUR 688 million, with 651 units currently under construction. For 702 units construction is set to begin in the 2017/18 financial year. Another 1,165 units are currently in the planning process, with construction to begin as of 2018/19.

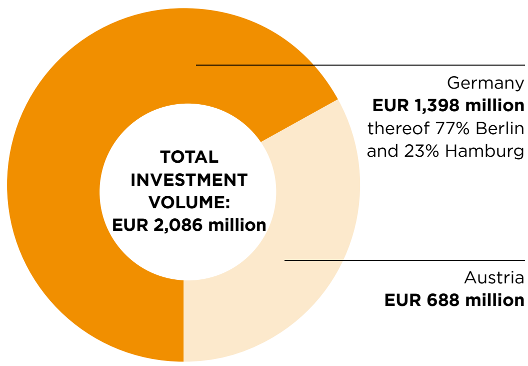
DEVELOPMENT PROJECTS DEVELOP-TO-SELL

by implementation stage as of 30 April 2017



DEVELOPMENT PROJECTS DEVELOP-TO-SELL

by segment as of 30 April 2017



As of the reporting date on 30 April 2017, the BUWOG Group's development pipeline included a total of 61 new construction projects. These projects are either planned or being built solely as rental properties for the company's own portfolio, solely as condominium properties for sale, or as mixed properties (renting and owning). This corresponds to a total investment volume of EUR 2,932 million. The share of the develop-to-sell pipeline contained therein was EUR 2,086 million. This amount is divided into a pipeline of EUR 1.398 million in Germany (thereof 77% in Berlin) and EUR 688 million in Austria. Of the total develop-to-sell projects, a volume of EUR 306 million of them are under construction, and for another volume of EUR 435 million construction is slated to begin in the 2017/18 financial year. The remaining projects with a total investment volume of EUR 1,345 million are still in planning at present, and from today's perspective construction is scheduled to begin as of the 2018/19 financial year.

OVERVIEW OF BERLIN, HAMBURG AND VIENNA

The BUWOG Group's strategy in the business area of Property Development is aimed at the market-oriented and continuous realisation of new construction projects that have been prepared in Berlin, Hamburg and Vienna. The primary objective is to ensure a high level of long-term profitability while taking the respective risk situation into account. To sustainably secure the development pipeline for future development projects, BUWOG is stepping up its ongoing acquisition of attractive land plots in Berlin, Hamburg and Vienna.

"Stadtquartier an den Stuhlrohrhallen", Hamburg

"SeeSee" project in its entirety, Seestadt Aspern, Vienna

"Regattahaus – 52 Grad Nord", Berlin

OUTLOOK FOR BERLIN

In Berlin the focus of the BUWOG Group in the 2017/18 financial year is primarily on the launch of the project "The One" and the next phases of construction for condominiums and units for its own portfolio at "52 Grad Nord". The start of construction on the "May&Nielsen" project, which is almost fully placed and is in the welcoming location at the southern end of Weissensee, as well as the completion of the final phases of construction in "Westendpark" and "Uferkrone" are also planned. The "Lichtenhain" project is increasingly taking shape, and the marketing for it is gaining momentum.

For the large-scale developments of various quarters in Spandau the basic requirements for successful implementation, site preparation and procurement of development rights are being carried out. With the development projects "Geyer Medienhöfe", "Mariendorfer Weg", "Spree 12", "52 Grad Nord" and "Uferkrone" with "Wohnwerk", in the dynamic southeastern part of the city BUWOG is very well positioned to carry out the combined develop-to-hold and develop-to-sell strategy in the medium term.

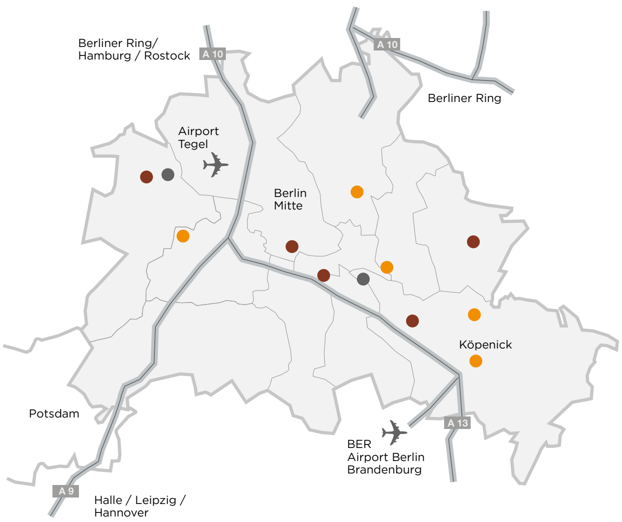
Currently, there are nine BUWOG Group projects under construction in Berlin, the start of construction is planned for another nine projects in the 2017/18 financial year, and another eleven projects are in planning. The BUWOG Group's pipeline in Berlin therefore totals 4,929 units. These are divided into 3,098 units for sale and 1,831 units for inclusion in the property portfolio.

With this pipeline the BUWOG Group is extremely well positioned for the future in a more constrained land market. The regulatory interventions on the part of Berlin policymakers withdrew the federal government and state of Berlin's properties from the market. This has led to scarcity and price hikes, which the BUWOG Group addressed early.

PROGRESS OF DEVELOPMENT PROJECTS IN BERLIN

as of 30 April 2017	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction[1]	9	540	52,545	186.1
Planned construction start in 2017/18	9	1,015	78,359	320.4
In planning stage (construction to start from 2018/19)	11	3,374	277,192	1,087.6
Land reserves	–	–	–	–
Total	**29**	**4,929**	**408,095**	**1,594.1**

1) The project "52 Grad Nord" is being carried out in several phases with different starting dates for construction.
2) The project "Uferkrone" is being carried out in several phases. 24 of 224 units are currently under construction. 111 units are already completed.



● Currently under construction
● Planned construction start in 2017/18
● In planning stage (construction to start from 2018/19)

OUTLOOK FOR HAMBURG

After entering the market in the 2016/17 financial year, in Hamburg the BUWOG Group laid the foundations for the successful development of the quarter at the “Stuhlrohrhallen”. The culmination of organising a development team in Hamburg including two project developers and the technical administration was winning the bid in a LIG Hamburg concept procedure. Through the acquisition of a building site, in the course of the ongoing financial year the BUWOG Group will thus begin a second project in the north of Hamburg and expand its business. It should be pointed out that it was especially the concept BUWOG submitted to the competition that resulted in a win in this intensely competitive bidding procedure.

Both projects are still currently in planning.

PROGRESS OF DEVELOPMENT PROJECTS IN HAMBURG

as of 30 April 2017	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction	–	–	–	–
Planned construction start in 2017/18	–	–	–	–
In planning stage (construction to start from 2018/19)	2	1,111	89,630	388.2
Land reserves	–	–	–	–
Total	**2**	**1,111**	**89,630**	**388.2**

● In planning stage (construction to start from 2018/19)

OUTLOOK FOR VIENNA

Despite the formidable competition and limited supply of suitable land for housing, in Vienna development projects were secured in favourable locations as well as in urban development areas. In addition to urban development areas such as Nordbahnhof and Seestadt Aspern, the BUWOG Group is carrying out a large number of development projects, first and foremost in the populous districts outside of the Vienna beltway and in specific cases within it.

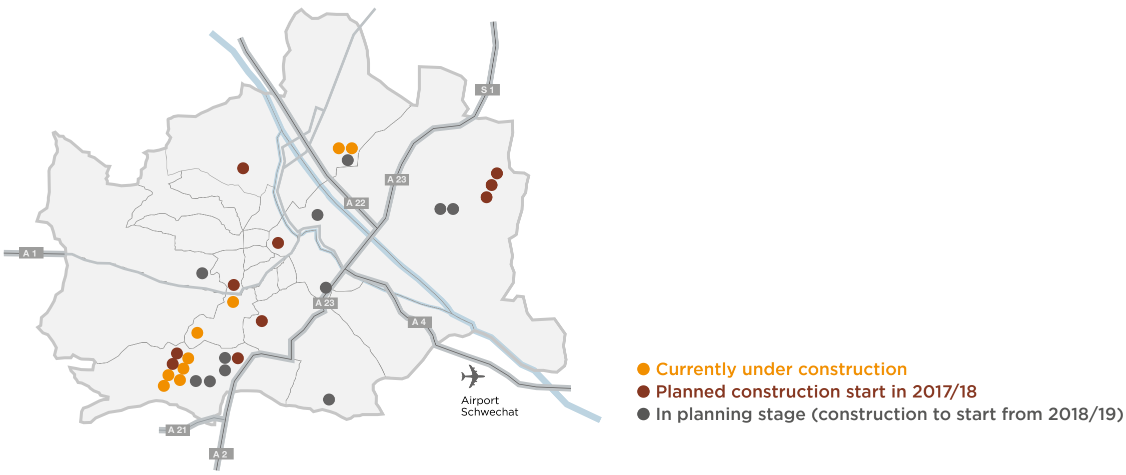
Despite the low supply on the Viennese property market, BUWOG managed to secure several additional plots of land for carrying out residential construction projects. With properties on Döblerhofstrasse in the 3rd district of Vienna for 378 planned units (157 units to sell and 221 units to hold) and on Himberger Strasse in the vigorously growing 10th district (for 140 units to sell and 280 units to rent), the Vienna land purchases transacted in the 2016/17 financial year were an ideal fit for BUWOG's strategy of focusing primarily on space for large-scale projects and having a presence in every part of Vienna with its supply of new apartments.

Currently, there are nine BUWOG Group projects under construction in Vienna, the start of construction is planned for another ten projects in the 2017/18 financial year, and another eleven projects are in planning. The BUWOG Group's pipeline in Vienna therefore totals 4,109 units, 1,591 of which are designated for inclusion in the property portfolio and 2,518 for sale.

PROGRESS OF DEVELOPMENT PROJECTS IN VIENNA

as of 30 April 2017	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction	9	932	68,161	191.8
Planned construction start in 2017/18	10	1,030	95,810	285.1
In planning stage (construction to start from 2018/19)	11	2,147	159,460	472.8
Land reserves[1)]	4	0	0	0
Total	**34**	**4,109**	**323,430**	**949.6**

1) Outside Vienna: Mödling, Salzburg



INNOVATIONS AND MARKET OPPORTUNITIES

IDENTIFYING AND SECURING MARKET OPPORTUNITIES

The BUWOG Group identifies and secures attractive development projects at an early stage on the basis of the BUWOG team's in-depth expertise in the core markets of Berlin, Hamburg and Vienna and a close-knit network of partners along the entire value chain. Potential project opportunities are analysed by internal procurement staff whose task is to actively evaluate land plots not yet on the market in order to ensure a competitive edge and, potentially, a lower purchase price. On the Viennese housing market, the BUWOG Group benefits, in particular, from its land reserves and from a well-prepared and structured project pipeline that has been built up over the last few years and undergoes continuous expansion. The main areas of focus include primarily large-scale projects with district developments that can be carried out by just a few project developers with the necessary financial strength and experience.

INNOVATIONS IN PROPERTY DEVELOPMENT

With innovations in new housing construction, the BUWOG Group continually strengthens its market position as a leading developer. This includes the construction itself, e.g. the selection of building materials, architecture and features of fittings and fixtures, as well as services for the future residents and innovations in sales. An example is the construction of the "Ankerviertel" sub-project ("52 Grad Nord") in Berlin-Köpenick. For the project the BUWOG Group is using a special brick product from the company Wienerberger, in which the thermal insulation is already integrated into the brick. Completed in the 2016/17 financial year, the "Pfarrwiesengasse 23" project has also proven to be especially innovative. In addition to the extensive range of services for the owners (e.g. concierge, wine cellar, spa area, dropbox for deliveries, etc. – more information on the project is available on page 83), an online residents portal was also set up, through which residents can reserve rooms and services and receive all relevant information, announcements and the names of contacts pertaining to the residential property.

INTRODUCTION OF A NEW BUILDING MANAGEMENT SOFTWARE

In the last financial year the company worked intensively on introducing the new building management software "BIM4YOU", which has been successful, productive use since May 2017. The following areas were the focus of the software's introduction:

Budget and revenue controlling for management of the development projects. The central function of the product "BIM4YOU" is the complete overview of development projects in relation to budget- and order-tracking, cost-monitoring as well as support for sales and revenue controlling (contract display, creating form letters/correspondence, overviews of purchase prices, etc.). With the software's implementation, this application is the BUWOG Group's central tool for the management and monitoring of construction properties in the business area of Property Development.

Reporting. In "BIM4YOU" extensive and customisable shared, standardised reporting can be carried out (direct ascertainment of current project performance indicators and comparative figures based on the current status and on planning and forecasting, etc.).

Error identification and guarantee management. The identification, documentation and tracking of errors is considerably simplified by the supplementary product "Quality Manager", which is linked directly to the core application "BIM4YOU". Construction errors can be directly identified, documented and stored in full in the system on location (use of tablet PCs).

BIM – building information modelling. A foundation for the future requirements of the market is illustrated by the BIM functions. The objective of the functions is to enhance planning security in technical execution while recognising and taking advantage of potentials for cost optimisation, thereby enhancing the company's efficiency. The "BIM4YOU" software is able to display 3D models and link them to corresponding data (object master data, costs, etc.).

The new software guarantees greater efficiency in managing and planning the growing project pipeline. For BUWOG Group sales the new software maps a number of functions in one system. For example, BIM4YOU offers support in the sales process through clear administration of the units, manages various contracts and serves as a central depository for documents, and it enables the sales team to produce sales reports.

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
BERLIN/HAMBURG/ VIENNA

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Property Development

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

BUWOG strategy

MINIMISE RISK
Approx. 65 years of development experience

HIGH UPSIDE POTENTIAL
High margins from property development

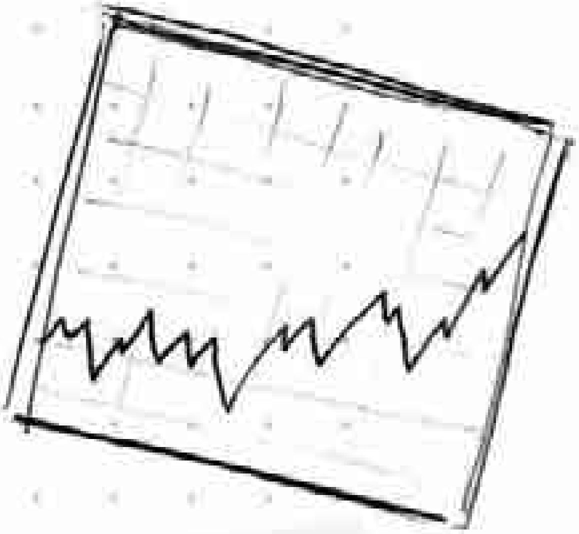
"The BUWOG Group more than lived up to its claims as a leading residential developer in Vienna in the 2016/17 financial year."

Andreas Holler,
Head of Property Development in Austria

"We've solidified our role as a volume-driven developer with command of every form of residential development, in projects we've concluded as well as begun. For example, the prestigious "Pfarrwiesengasse" project in Vienna-Döbling, which falls in the luxury segment, was completed as much on schedule as the regulated rent segment of the "Southgate" project, which is representative of affordable living. Important milestones were reached in ongoing developments such as the large-scale "Rivus" project, and with "Rathausstraße 1" in the reporting year the BUWOG Group also found the ideal location to build our future, state-of-the-art customer and administrative centre".

INVESTOR RELATIONS

"SOUTHGATE", SAGEDERGASSE, VIENNA



MUHLGRUNDGASSE, VIENNA

SALZBURGER STRASSE
ST. JOHANN IM PONGAU

"DAS LICHTENHAIN", BERLIN

UDINESTRASSE, VILLACH

VIENNA STOCK EXCHANGE AWARD

CAPITAL MARKET ENVIRONMENT

The international stock markets and their indices were still volatile to on the decline during the reporting period due to the outcome of the “Brexit” referendum and weak economic data from China and the USA, before an upturn set in beginning in November 2016 as a result of improving economic expectations, particularly in the USA. Slight support was also provided by the improved economic data in the eurozone and the more stable oil price. With the election of Donald Trump on 9 November 2016, the upward trend on the international capital markets continued, with indices reaching new highs. The increase in the key interest rate in December 2016 by the US Federal Reserve nevertheless weighed on the share prices of German and Austrian residential companies, though the effect lasted just briefly. Buoyed by the European Central Bank’s steady interest rate policy and on the basis of stable fundamental data for Germany and Austria, German and Austrian residential property shares climbed again to a level prior to the increase in the interest rate by the Federal Reserve.

Uncertainty about the United Kingdom’s EU membership in May and June 2016 led to a downturn for the DAX. The hope for a more relaxed monetary policy of the US Federal Reserve temporarily compensated for the negative effects. When the majority of the British voted on 23 June 2016 in favour of leaving the EU, this led to a formidable loss for the DAX as well as a decline on the global capital markets. However, the DAX picked up again in July 2016, supported in part by strong labour market data and the hope for rising interest rates in the USA as well as the Bank of England’s announcement of its intention to purchase government and company bonds. Positive economic data from China in October 2016 provided upward momentum again for share prices and, in particular, the DAX. Share prices received an additional boost in mid-December due to the continued expansive monetary policy of the European Central Bank and the weak euro. In the first quarter of 2017 the uncertainties about the outcome of the impending elections in the Netherlands and France put a strain on share prices. The optimistic data, particularly from the industrialised nations, the moderate increase in the interest rate by the US Federal Reserve, and strong corporate data provided an impetus to the stock market, however. The outcome of the election in France in May brought the anticipated easing on the capital market and led European shares to new all-time highs.

The ATX, the key index of the Vienna Stock Exchange, rose significantly in the reporting period by 30%, closing at the end of April 2017 at 3,010 points. The MDAX increased in the reporting period by 12% from 20,101 points to 22,466 points. The Immobilien ATX (IATX), which includes the shares of six other Austrian real estate companies in addition to those of BUWOG AG, rose by 18% to 272 points. At the European level the EPRA Developed Europe property index reported a slight decline of 1% from 2,139 points to 2,129 points. The GPR 250 index reported an increase of 7.89% during the reporting period. Limited to European shares, the GPR 50 rose by 1.7%.

Since 22 September 2014 the BUWOG share has been listed on the ATX, where it currently has a weighting of 6%. On the IATX, which reflects the Austrian real estate shares of the Prime Market*, the BUWOG share is currently weighted at 25%. Since 7 May 2014 the BUWOG share has listed at a current weighting of 1.67% on the sector-specific FTSE EPRA/NAREIT Developed Europe Index, which is a globally recognised benchmark and the most frequently used index in the industry. Since June 2014 the BUWOG share has also been listed on the VÖNIX Sustainability Index, which comprises listed Austrian companies that are leaders in social and environmental performance in Austria. As of 30 April 2017 BUWOG also comprised 0.2% of the GPR 250 Index, which includes the 250 biggest and most liquid real estate companies in the world, and was in the GPR 50 Euro with a share of 1.67%.

As part of the Vienna Stock Exchange Award 2016 BUWOG won third prize in the category ATX for its work on the capital market.

For the successful placement of a five-year convertible bond in September 2016 with an interest rate of 0.00% Property Investor Europe presented BUWOG AG with the European Property finance Award at the end of 2016 in Frankfurt am Main in the category “Property Finance Structuring of the Year – Performing”.

*stricter transparency requirements and minimum capitalisation

DEVELOPMENT OF THE BUWOG SHARE

Since it was listed in April 2014 at an initial share price of EUR 13.00, the BUWOG share has traded consistently above this price with relatively low volatility and an appreciation in value since then. Supported by the generally positive development of the real estate sector, with a closing price of EUR 24.79 on 28 April 2016 the BUWOG share had risen by roughly 91% since its initial listing, significantly outperforming the relevant benchmark indices. From April 2014 to 30 April 2016, BUWOG AG's shareholders were able to participate in an increase in value totalling EUR 1.3 billion, or 107%, including the EUR 0.69 dividend per share distributed annually in October.

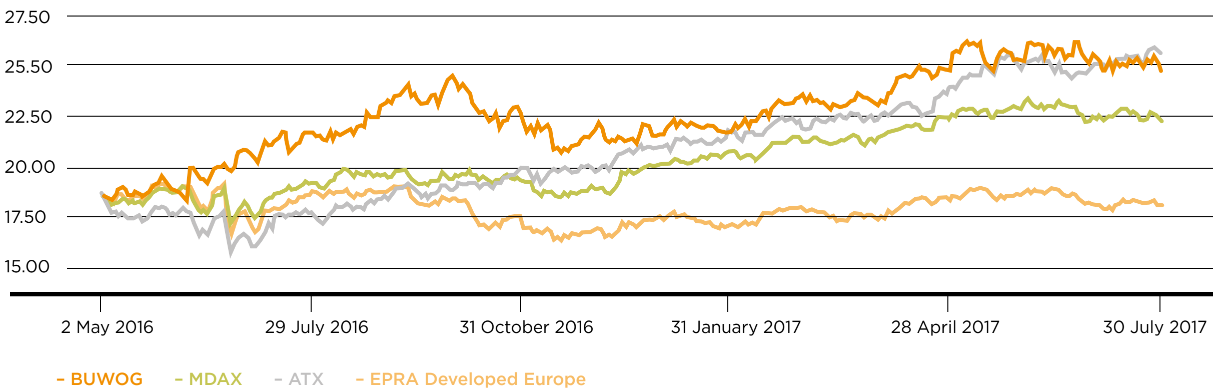
In the reporting period from 1 May 2016 to 30 April 2017, the BUWOG share price rose by 34%. Including the dividend of EUR 0.69 per share distributed in October 2016, this resulted in a return of 38%. With a share price of EUR 24.79, as of the reporting date on 30 April 2017, the BUWOG AG share listed slightly above the EPRA NAV per share of EUR 23.90. The share's performance benefited in the reporting period due in particular to a transparency campaign and an increase in free float following the sale of former major shareholder IMMOFINANZ AG's remaining stake of 18.6% to the Sapinda Group. After a short holding period, on 19 July 2016 the Sapinda Group then sold its entire stake by placing the BUWOG shares on the capital market at a sale price of EUR 20.25, which reflected a discount of 7% of BUWOG's closing share price on the day of the placement. This led the day after to an approximately 4% adjustment in share price, which then rapidly stabilised. With the increase in free float to 90%, the shareholder basis also expanded. In February 2017 as part of an accelerated book-building process the free float rose to 95% through another placement of an additional 4.5 million shares from the portfolio of IMMOFINANZ AG.

BUWOG AG's share price development remained positive after the reporting date as well. Only short-term losses in share price followed the announcement of the capital increase with subscription rights in mid-May 2017, which was successfully concluded on 2 June 2017 with the placement of 12,471, 685 shares at an issue price of EUR 24.50.

Following the successful placement of the capital increase, the share rose again significantly, approaching the all-time high prior to the capital increase. Real estate shares came under pressure due to the growing interest rate on the bond market. The yield of 10-year German government bonds doubled within less than two weeks to 49 basis points on 5 July 2017. At a closing share price of EUR 24.84 on 31 July 2017, however, the BUWOG share continued show an attractive premium on EPRA NAV.

Since 28 April 2014 the BUWOG AG share has been listed on the Frankfurt Stock Exchange (Prime Standard) and on the stock exchanges in Vienna (Prime Market) and Warsaw (Main Market). The listing in Warsaw is attributed to BUWOG AG's spin-off in 2014 and was designed to enable local shareholders to retain BUWOG shares for regulatory purposes. The listing on the Vienna and Frankfurt stock exchanges reflects BUWOG AG's presence on its home markets. In Austria and Germany it also facilitates comparability, particularly with the German peer group.

COMPARATIVE PERFORMANCE OF THE BUWOG SHARE
(compared with opening prices on 2 May 2016), in EUR



SHARE DATA

		30 April 2017	30 April 2016	Change
Share price	in EUR	24.79	18.38	34.9%
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	2,473.4	1,833.8	34.9%
Free float[2]	in %	95%	71%	24.0 PP
Earnings per share[1]	in EUR	3.59	2.37	51.3%
EPRA Net Asset Value per share[1]	in EUR	23.90	20.18	18.5%

1) 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)
2) For more detail please go to chapter *Investor Relations.*

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)

The ratio of enterprise value to EBITDA reflects the company's value depending on its operating strength and is a standard indicator for company valuation in the financial industry. The enterprise value is calculated on the basis of the (weighted) market capitalisation plus the (average) net financial liabilities of the company.

ENTERPRISE VALUE/EBITDA ADJUSTED

	2016/17	2015/16	Change
Share price in EUR	24.79	18.38	34.9%
Shares issued as of the balance sheet date (excl. Treasury shares)	99,773,479	99,773,479	0.0%
Market capitalisation in EUR million[1]	2,171.1	1,861.7	16.6%
Net financial liabilities in EUR million	2,005.2	1,963.4	2.1%
Enterprise Value in EUR million	**4,176.2**	**3,825.1**	**9.2%**
EBITDA adjusted in EUR million	188.1	187.2	0.5%
Enterprise Value/EBITDA adjusted	**22.2**	**20.4**	**8.6%**

1) On the basis of VWAP (Volume Weighted Average Price) according to Bloomberg (1 May 2016 to 30 April 2017) = 21.76 (previous period: 18.66)

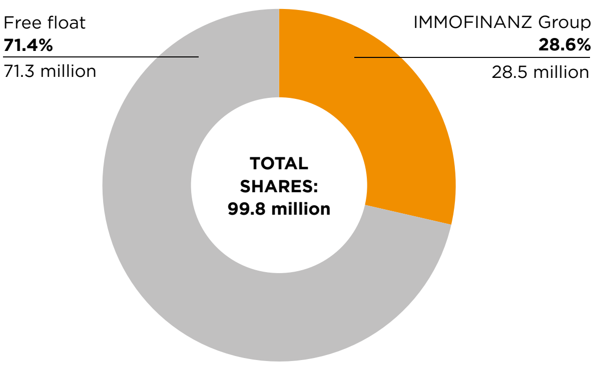
SHAREHOLDER STRUCTURE

The shareholder structure at the beginning of the financial year was characterised by a free float of 71.4% and IMMOFINANZ AG's 28.6% stake. On 9 June 2016 IMMOFINANZ AG sold 18.5 million BUWOG shares to the Sapinda Group at a price of EUR 19 per share, thereby reducing its stake of 28% to 10%. The Sapinda Group sold the stake it had acquired shortly before on 19 July 2016 through a placement on the capital market at a share price of EUR 20.25. The sale increased the free float of the BUWOG share to 90%. As of the reporting date on 30 April 2017, around 95% of the BUWOG shares were in free float following another placement of approximately 4.5 million shares by IMMOFINANZ AG. The remaining 4.7 million shares held by IMMOFINANZ AG corresponded to a stake of approximately 4.7% and are intended for servicing the convertible bonds issued by IMMOFINANZ AG. As per 30 April the majority of the approximately 95.1 million shares in freefloat are owned by a highly diversified range of international and national institutional investors, investment funds and mainly private European investors. In addition to IMMOFINANZ AG, three shareholders currently have a relevant interest in BUWOG AG that is subject to reporting requirements: FMR LLC with 5.9%, BlackRock Inc with 5.1% and JP Morgan Chase with 4.9% of the shares.

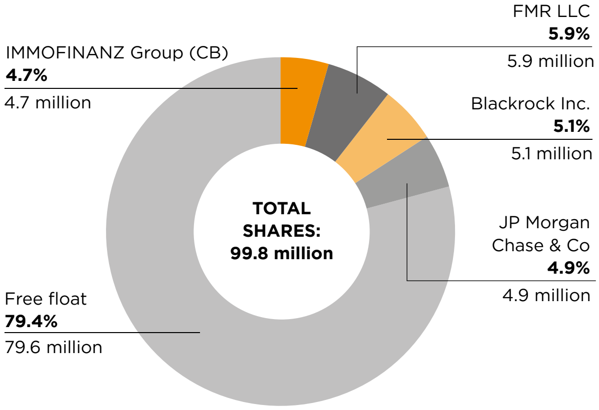
IMMOFINANZ AG has two outstanding convertible bonds, in the scope of whose conversion by bondholders IMMOFINANZ AG is required to transfer previously existing BUWOG shares held by IMMOFINANZ AG, as these convertible bonds were issued prior to BUWOG AG's spin-off in 2014. In the case of the bond due in November 2017, around 0.2 million previously existing BUWOG shares held by IMMOFINANZ would be transferred to bondholders on the basis of the current exchange ratio. However, a conversion of CB 2017 (XS0332046043) appears highly unlikely at present due to the current price of the IMMOFINANZ AG and BUWOG AG shares. The full conversion of the bond due in March 2018 (XS0592528870) would lead to the transfer of 4.6 million BUWOG shares to bondholders, such that the free float of the BUWOG share would increase from around 95% at present to 100%. These bonds do not represent a dilution risk for BUWOG shareholders.

Key data and further information on the convertible bonds can be found on the IMMOFINANZ AG website, which can be accessed at www.immofinanz.com (the Investor Relations section). All voting rights announcements are published on a timely basis under www.buwog.com.

SHAREHOLDER STRUCTURE AS OF 30 APRIL 2016



SHAREHOLDER STRUCTURE AS OF 30 APRIL 2017



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G4-22

BUWOG CONVERTIBLE BOND 2016 (ISIN AT0000A1NQH2)

On 6 September 2016 BUWOG AG announced the issue of a non-subordinated unsecured five-year convertible bond with a total nominal value of EUR 300 million and a denomination of EUR 100,000. The subscription rights of BUWOG shareholders were excluded within the framework of the authorisation and in compliance with reporting requirements. The bond was initially convertible into 9,554,140 zero par value bearer shares, which represent approximately 8.51% of BUWOG's current outstanding share capital. Active investor interest the scope of the book-building process set the initial conversion premium at 35% above the reference price of EUR 23.25, or 55% above the last published EPRA NAV per share on the issue date. The conversion price therefore totalled EUR 31.40. There will be no interest payments due to the zero coupon. The convertible bond was issued at 100% of the nominal value. It is the first convertible bond of a listed real estate company in the German-speaking world with a zero coupon. The proceeds from this bond were used primarily to finance growth in property development activities in Germany, particularly as part of the develop-to-hold strategy being pursued. Furthermore, funds from the convertible bond issue were used for a CAPEX programme and for the refinancing measures announced on 27 October 2016.

After the reporting period the conversion price was adjusted on the basis of the capital increase that took place on 2 June 2017 effective in accordance with Section 11 (b) of the conditions governing convertible bonds on 16 May 2017, as follows:

ISIN convertible bond	AT0000A1NQH2
Convertible bond due in 2021, excluding interest	2021
Adjusted conversion price as of 16 May 2017 (EUR)	31,22

REFINANCING MEASURES 2016

In January 2017 BUWOG AG concluded a credit agreement with Berlin Hyp and Helaba at a volume of EUR 550 million for a period of eight years for the purpose of refinancing an existing credit portfolio. Through attractive conditions EUR 4 million in interest charges p.a. can be reduced and an additional EUR 13 million p.a. in cash flow can be generated due to the reduction in amortisation costs upon maturity of the underlying loans.

CAPITAL INCREASE JUNE 2017

On 2 June 2017 12,471,685 new shares at a subscription price of EUR 24.50 per share determined in a bookbuilding process were successfully placed as part of a cash capital increase with subscription rights. The proceeds of the rights issue came to EUR 305.6 million, which drove the total number of shares up to 112,245,164. The transaction was concluded at a premium of 7.2% on the last EPRA NAV reported at the time of the capital measure. The proceeds will be invested primarily in the acquisition of additional land and will be used in the vigorously growing areas of development-to-hold, where the existing pipeline is to be expanded to around 5,500 units, and development-to-sell (planned expansion of the pipeline by around 1,300 units) at the established locations of Berlin, Hamburg and Vienna.

INVESTOR RELATIONS ACTIVITIES

Intensive and transparent communication with existing and potential shareholders, investors, analysts and numerous other stakeholders is top priority for BUWOG AG. The content is determined by the latest business developments, while the company's strategic orientation, development prospects as well as feasibility for the future and sustainability form a central component of every dialogue. As a member of the European Public Real Estate Association (EPRA), the leading European association of listed property companies, BUWOG is committed to that organisation's standards governing the transparency of accounts. This underscores BUWOG's credibility in its standard of professionalism and excellence.

To enhance the perception of BUWOG AG on the capital markets, members of the Executive Board and employees from the Investor Relations & Corporate Finance departments took advantage of a total of more than 450 meetings with investors aimed at the successful presentation of the company. The discussions and communication took place in institutionalised formats such as one-on-ones, small group meetings or at roadshows and conferences as well as investor calls and at an individual level in telephone calls, emails, letters and personal meetings. During the reporting year BUWOG AG appeared at investor events in the important financial centres of Europe and North America including Amsterdam, Berlin, Boston, Chicago, Denver, Frankfurt, London, New York, Paris, Stegersbach, Vienna and Zürs. Numerous analysts and investment fund managers took advantage of the opportunity to find out more about the company at BUWOG AG's headquarters in Vienna as well as at the subsidiaries in Berlin and Hamburg. A two-day Capital Markets Day event took place in Berlin for the first time. Following an extended property tour by boat featuring a view of Berlin's waterfront development projects, the Executive Board and managers of the BUWOG Group presented the company strategy to a group of over 50 institutional investors and analysts in various workshops, providing insight into the background of day-to-day business with a focus on asset management and property development.

Communication with private investors is also highly important for BUWOG AG. BUWOG's employees and the members of the Executive Board regularly publish up-to-date background articles on the company's own blog. In addition to the Annual General Meeting, BUWOG has also established a newsletter to regularly inform interested shareholders about the latest news and the company's performance. More than 600 subscribers attest to the transparent, comprehensible and continuous investor relations work.

The latest information about BUWOG AG and its activities on the capital market can be found on the BUWOG Group website in the "Investor Relations" section.

Analyses by renowned financial institutions and research specialists are important sources of information and form a basis for decision-making, particularly for institutional investors. BUWOG AG is in regular contact with these experts. The following companies analyse the business performance of BUWOG AG and publish information on the BUWOG share:

ANALYSTS' RECOMMENDATIONS

Institution	Date	Target share price	Recommendation
Baader Bank	8 August 2017	EUR 26.00	Hold
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	26 June 2017	EUR 29.50	Buy
Erste Bank	9 March 2017	EUR 26.50	Accumulate
HSBC	5 July 2017	EUR 34.00	Buy
Kepler Cheuvreux	31 May 2017	EUR 26.50	Hold
M.M. Warburg Bank	5 May 2017	EUR 28.30	Buy
Raiffeisen Centrobank	13 February 2017	EUR 26.70	Hold
Societe Generale	27 February 2017	EUR 29.00	Buy
Victoria Partners	7 July 2017	EUR 24.50 – 26.50	-

The average target share price in the published research reports is EUR 27.64, thus 11.0% above the share price on 31 July 2017 (EUR 24.84).

DIVIDEND POLICY

The Executive Board of BUWOG AG is especially committed to protecting the interests of its shareholders. This also includes providing a reasonable return on the capital employed. Over the long term, the Executive Board plans to recommend to the Annual General Meeting of BUWOG AG the payment of dividends equalling approximately 60% to 65% of Recurring FFO. A dividend in the previous amount of EUR 0.69 per share is to be paid until the defined payout ratio is reached. A further increase in the dividend should then reflect the growth in the company's Recurring FFO. A dividend of EUR 0.69 per share represents a return of 2.79% of the company's EPRA NAV as of the reporting date on 30 April 2017 and a return of 2.8% on the closing price of EUR 24.84 on 31 July 2017. This is equivalent to 2.8% of the volume-weighted average price (VWAP) of the financial year.

Possible portfolio appreciation and anticipated increases in revenue, particularly in the Property Development business area, provide additional potential for growth.

FINANCIAL CALENDAR

31 August 2017	Publication of the Annual Report 2016/17
12–13 September 2017	Bank of America Merrill Lynch Global Real Estate Conference, NY
19 September 2016	Baader Investment Conference, Munich
28 September 2017	Publication of the Q1 Report 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 day
20 October 2017	Record date for dividend
23 October 2017	Dividend payment date
4–7 December 2017	Berenberg European Conference, Surrey (UK)
21 December 2017	Publication of the H1 Report 2017/18
15 January 2018	German Corporate Conference Kepler Cheuvreux/UniCredit, Frankfurt
29 March 2018	Publication of the 9M Report 2017/18

CONTACT

Holger Lüth, Head of Corporate Finance & Investor Relations
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Tel.: +43 1 87828-1203, Fax: +43 1 87828-5203

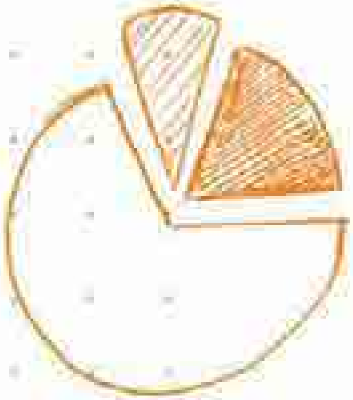
"We were able to carry out critical financing projects in the last financial year."

Holger Lüth,
Head of Corporate Finance & Investor Relations

"Such projects included the successful placement of the EUR 300 million convertible bond with a zero coupon, the refinancing of an existing credit portfolio and the preparation for a capital increase that ultimately took place subsequent to the reporting date. The achievements succeeded due to the intensive cooperation between departments and countries. For this I extend my thanks to all of the employees. The strong interest in BUWOG as a capital market product was obvious, particularly in the conditions obtained for the aforementioned financing measures, but also in numerous discussions my team and I conducted worldwide at conferences, roadshows and property tours. This was also substantiated by the large number of participants at our first BUWOG Capital Markets Day carried out in September 2016 in Berlin. I thank all of the shareholders, investors and financing partners for their trustworthy cooperation, which we look forward to pursuing in the future".

CONSOLIDATED CORPORATE GOVERNANCE REPORT

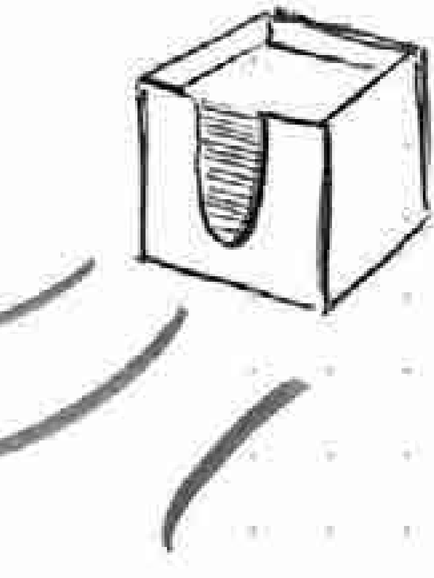
VORGARTENSTRASSE, VIENNA



MARIENDORFER WEG, BERLIN

"MAY & NIELSEN", GOETHESTRASSE, BERLIN

FERDINAND EBNER GASSE, GABLITZ



COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

The Executive and Supervisory Boards of BUWOG AG are committed to compliance with the rules of the Austrian Corporate Governance Code, which is recognised on the Vienna Stock Exchange. BUWOG shares are admitted for trading on the Regulated Market of the Frankfurt Stock Exchange, the Official Market of the Vienna Stock Exchange and the Main Market (Rynek podstawowy) of the Warsaw Stock Exchange. The Austrian Corporate Governance Code is the applicable set of regulations because the company's registered office is located in Vienna.

The current version of the code can be accessed on the website of the Austrian Working Group for Corporate Governance under www.corporate-governance.at and under www.buwog.com (under investor relations). The version of the code applicable to the 2016/17 financial year was issued in January 2015 and comprises a total of 83 rules which are classified under L, C and R categories. "L-Rules" (legal requirements) are based on mandatory statutory provisions. Deviation from the "C-Rules" (comply or explain) must be explained or justified to achieve compliance with the code. The "R-Rules" are recommendations and non-compliance does not require disclosure or justification.

DEVIATIONS FROM C-RULES

All L-Rules were met in 2016/17. The deviations to the C Rules are explained as follows::

C-Rule 27. This rule requires compliance with various principles in connection with the remuneration of the Executive Board. Among others, the contracts with management board members should entitle the company to request repayment of variable remuneration components if it becomes evident that these funds were paid out on the basis of obviously false data.

Explanation/reasons for deviation: The older contracts with the members of the Executive Board did not include any explicit provisions for such cases. In 2016/17 this applied to the Executive Board contract with Herwig Teufelsdorfer. After the end of the 2016/17 financial year the Personnel and Nominating Committee approved an extension to Herwig Teufelsdorfer's appointment and amended his contract to include a repayment clause. All Executive Board contracts now meet the requirements of C-Rule 27.

C-Rule 28. This rule requires the approval of the annual general meeting for the implementation and amendment of stock option programmes and share transfer programmes for members of the Executive Board. Additional information is provided in the section on the remuneration of the Executive Board / long-term incentive programme 2017.

C-Rule 83. This rule states that the auditor must evaluate the effectiveness of risk management and report to the Executive Board on the results of this analysis.

Explanation/reasons for deviation: The regular audit of the consolidated and separate financial statements in 2016/17 did not include a special review of the effectiveness of the risk management system by the auditor. The next audit of the effectiveness of the risk management system will be carried out in 2017/18 due to special activities during the reporting year, e.g. the implementation of a new ERP system (SAP) as well as preparations for and the successful execution of a cash capital increase with the accompanying limitations on resources.

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ANNUAL GENERAL MEETING

All decisions of fundamental importance are taken at the annual general meeting (AGM) of BUWOG AG and include, above all, decisions on the use of profit, the release of the Executive and Supervisory Boards from liability and the election of the auditor as well as decisions on capital measures. BUWOG arranges for a representative to assist shareholders in exercising their voting rights. In addition, shareholders may be represented by a proxy. Each share is entitled to one vote. In accordance with the Austrian Stock Corporation Act (Aktiengesetz) and the Austrian Corporate Governance Code, AGMs are convened at least 28 days before an ordinary annual general meeting and at least 21 days before an extraordinary general meeting. One AGM was held during the reporting year: this third ordinary AGM of BUWOG AG was held on 14 October 2016. The relevant documents for the annual general meetings are published on the company's website and are also available after each annual general meeting together with the voting results.

The de-domination agreement concluded in connection with the spin-off of BUWOG from IMMOFINANZ AG in April 2014 was terminated by mutual agreement in October 2016 due to a reduction in IMMOFINANZ's investment in BUWOG and the resulting end of significant influence. This agreement included restrictions on the exercise of voting rights by IMMOFINANZ from its BUWOG shares.

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EXECUTIVE BOARD

The Executive Board of BUWOG AG had three members as of 30 April 2017.

Daniel Riedl was appointed to the Executive Board on 27 November 2013 and has served as its chairman since April 2014. A resolution of the Supervisory Board on 28 April 2016 extended his appointment to 28 April 2021 and revised his contract.

In a meeting on 22 June 2015, the Supervisory Board of BUWOG AG appointed Herwig Teufelsdorfer to the Executive Board as of 1 July 2015 for a period of three years.

Through a resolution on 9 December 2015, the Supervisory Board appointed Andreas Segal to the Executive Board of BUWOG AG as of 1 January 2016 for a period of four years and also designated him as Deputy CEO.

The areas of responsibility of the individual Executive Board members are described below.

DANIEL RIEDL FRICS, CEO

Born on 7 September 1969, appointed Chairman of the Executive Board from 27 November 2013 to 28 April 2021, responsible for development in Austria and Germany, marketing and communications, human resources and organisation, legal, internal audit, process and project management, and compliance, whereby the full Executive Board has functional responsibility for internal audit and compliance.

Daniel Riedl studied business administration in Vienna and is a Fellow of the Royal Institution of Chartered Surveyors. From 2004 to 2011 he headed BUWOG in its previous form. He served on the Executive Board of IMMOFINANZ AG from 2008 to 2014 and chaired the Supervisory Board of BUWOG GmbH from the beginning of 2012 to October 2013. Daniel Riedl does not serve on any supervisory boards or hold similar offices in any other Austrian or foreign company not included in the consolidated financial statements of BUWOG AG.

ANDREAS SEGAL, DEPUTY CEO, CFO

Born on 30 August 1969, appointed from 1 January 2016 to 31 December 2019 Deputy Chairman of the Executive Board, responsible for accounting & taxes, controlling & risk management, corporate finance & investor relations, technical procurement and IT.

Andreas Segal is a graduate of the Advanced Management Programme at Harvard Business School. He completed bank training, has an intermediate diploma in business administration and completed his legal education with the second legal state examination. Mr. Segal last served as the chief financial officer of Deutsche Wohnen AG and vice-chairman of the supervisory board of GSW Immobilien AG. Before that time, he was co-managing board chairman and chief financial officer of GSW Immobilien AG. From 2003 to 2006 he was a member of the management of ProMarkt Handels GmbH in Berlin and managing director of Wegert Holding GmbH, a private asset management company. Other stations in his professional career include the international capital market business at Commerzbank and activities as an attorney specialising in corporate finance and tax law. Information on supervisory board positions or similar offices held by Mr. Segal in Austrian or foreign companies that are not included in the consolidated financial statements of BUWOG AG is provided in the following table on the responsibilities of the Executive Board.

HERWIG TEUFELSDORFER MRICS, COO

Born on 17 March 1969, appointed from 1 July 2015 to 30 June 2022
Responsible for property management in Austria and Germany, transactions and portfolio management, quality assurance and complaint management.

Herwig Teufelsdorfer studied industrial engineering in Graz and corporate real estate management at EBS Oestrich-Winkel. He can look back on a long and successful career in the real estate sector. After managing restructuring projects in the real estate industry for an international consulting company, he was appointed head of corporate and portfolio strategy for the Frankfurt-based Vivico. Other career positions included management functions with Austria's Bundesimmobiliengesellschaft BIG, the Bank Austria Real Invest Group and the IVG Group. In March 2014, he joined the management of BUWOG Bauen und Wohnen GmbH and in June 2015 he was appointed to the Executive Board of BUWOG AG. Herwig Teufelsdorfer does not serve on any supervisory boards or hold similar offices in any other Austrian or foreign company not included in the consolidated financial statements of BUWOG AG.

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INDEPENDENCE OF THE EXECUTIVE BOARD

The members of the Executive Board are required to take their decisions independent of any personal interests and the interests of controlling shareholders. Moreover, these decisions must be based on well-founded knowledge and comply with all applicable legal regulations. The members of the Executive Board must disclose any personal interests in the company's transactions or other conflicts of interest to the Supervisory Board without delay and also inform their Executive Board colleagues. Persons serving on the Executive Board may only accept appointments to the supervisory bodies of non-Group companies with the consent of the BUWOG Supervisory Board. The legal prohibition on competition was not revoked.

RESPONSIBILITIES OF THE EXECUTIVE BOARD

	Responsibilities	First appointed on	Appointed up to	Functions on other corporate bodies
Daniel Riedl, FRICS **CEO**	– Development AT & DE – Marketing & Communications – Human Resources & Organisation – Legal – Internal Audit – Compliance	27 November 2013	28 April 2021	None
Andreas Segal, Deputy CEO **CFO**	– Accounting & Taxes – Controlling & Risk Management – Corporate Finance & Investor Relations – Technical Procurement – IT	1 January 2016	31 December 2019	Managing director of ASSK GmbH Non-executive member of the board, Griffin Premium R.E.
Herwig Teufelsdorfer, MRICS **COO**	– Property Management AT & DE – Transactions & Portfolio Management – Quality Assurance & Complaint Management	1 July 2015	30 June 2022	None

The Executive Board members are responsible for management duties in their functions as managing directors of the following major subsidiaries of BUWOG AG: BUWOG Bauen und Wohnen GmbH, BUWOG Süd GmbH, BUWOG Norddeutschland GmbH and GENA SECHS Immobilienholding GmbH.

SUPERVISORY BOARD

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The Supervisory Board of BUWOG AG monitors the management of the company by the Executive Board and provides support, in particular, for decisions of fundamental importance. As of 30 April 2017, the Supervisory Board included the following persons: Vitus Eckert, Klaus Hübner, Jutta A. Dönges. Volker Riebel, Stavros Efremdis, Markus Sperber (Works Council representative), Carina Eibl (Works Council representative) and Raphael Lygnos (Works Council representative). Elisabeth Manninger resigned from the Supervisory Board in November 2016, and the Works Council delegated Carina Eibl as her replacement. Oliver Schumy resigned from the Supervisory Board on 6 March 2017. New elections were subsequently held for the presidium and the committees; additional details on the current composition of the Supervisory Board and its committees is provided below.

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Five meetings of the Supervisory Board, three meetings of the Audit Committee and one meeting of the Strategy Committee were held during the reporting year. At the meeting on 27 April 2017, the Supervisory Board discussed the questionnaire and the results of its self-evaluation.

RESPONSIBILITIES OF THE SUPERVISORY BOARD (AS OF 30 APRIL 2017)

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	Responsibilities	First elected/ appointed on	Appointed up to	Mandates/functions in other Austrian and foreign companies
Vitus Eckert	– Chairman of the Supervisory Board – Chairman of the Audit Committee – Chairman of the Strategy Committee – Chairman of the Personnel and Nominating Committee – Independent as per C-Rules 53 and 54 Corp. Gov. Code	27 November 2013	AGM 2019	– Chairman of the supervisory board of STANDARD Medien AG – Chairman of the supervisory board of Vitalis Food GmbH – Chairman of the supervisory board of Adolf Darbo AG – Vice-chairman of the supervisory board of S. Spitz GmbH – Member of the management board of St. Ambrosius AG – Chairman of the board of directors, Serone International Ltd., Malta – Chairman of the board of directors, Continvest Holdings Ltd., Malta – Member of the executive board of Bronner Familien-Privatstiftung – Member of the executive board of Darbo Familien-Privatstiftung – Member of the executive board of Simacek Privatstiftung – Member of the executive board of NAOMI Privatstiftung
Klaus Hübner	– Vice-Chairman of the Supervisory Board – Vice-Chairman of the Audit Committee – Vice-Chairman of the Strategy Committee – Vice-Chairman of the Personnel and Nominating Committee – Financial experts – Independent as per C-Rules 53 and 54 Corp. Gov. Code	7 March 2014	AGM 2019	– Member of the Supervisory Board of WT-Akademie GmbH – President of the Chamber of Austrian Chartered Accountants (KWT) – Mag. Klaus Hübner Steuerberatungs GmbH
Volker Riebel	– Member of the Supervisory Board – Member of the Personnel and Nominating Committee – Member of the Strategy Committee – Independent as per C-Rules 53 and 54 Corp. Gov. Code	15 May 2014	AGM 2019	– Vice-chairman of the supervisory board of ARBIREO Capital AG – Managing director and share-holder of Carpe Diem GmbH – Vice-chairman of the super-visory board of Deutsche Geo-thermische Immobilien AG – Chairman of the advisory board of Netsec GmbH & Co.KG

Jutta Dönges	– Member of the Supervisory Board – Member of the Audit Committee – Independent as per C-Rules 53 and 54 Corp. Gov. Code	15 May 2014	AGM 2019	– Chairwoman of the management board of the Federal Agency for Financial Market Stabilisation (FMSA) – Member of the administrative board of FMS Wertmanagement AöR – Member of the committee for financial stability (AFS) – Member of the supervisory board of Brückeninstitut EINS AG – Member of the supervisory board of Brückeninstitut ZWEI AG – Member of the supervisory board of Brückeninstitut DREI AG
Stavros Efremidis	– Member of the Supervisory Board – Member of the Strategy Committee – Independent as per C-Rules 53 and 54 Corp. Gov. Code	8 June 2015	AGM 2019	– Chairman of the management board of WCM Beteiligungs- und Grundbesitz-AG – Managing director of Invivo Capital GmbH – Managing director of Invivo Management GmbH – Managing director of Invivo Immobilienverwaltungs GmbH – Member of the supervisory board of Verwaltung Tophi Warenhandels AG
Carina Eibl	– Member of the Supervisory Board – Member of the Audit Committee	20 December 2016 Appointed by the Salaried Employees Works Council		None
Markus Sperber	– Member of the Supervisory Board – Member of the Audit Committee – Member of the Strategy Committee	2 June 2014 Appointed by the Salaried Employees Works Council		None
Raphael Lygnos	– Member of the Supervisory Board – Member of the Strategy Committee	2 June 2014 Appointed by the Salaried Employees Works Council		None

VITUS ECKERT

Born on 14 July 1969, Chairman of the Supervisory Board from 27 November 2013 to 7 March 2014 and from 7 March 2014 to 15 May 2014; subsequently re-appointed from 15 May 2014 up to the annual general meeting that will pass resolutions pertaining to the 2018/19 financial year.

KLAUS HÜBNER

Born on 9 November 1952, appointed from 7 March 2014 to 15 May 2014; since 15 May 2014 appointed up to the annual general meeting that will pass resolutions on the 2018/19 financial year, Vice-Chairman of the Supervisory Board since 7 March 2017.

VOLKER RIEBEL

Born on 15 October 1955, appointed from 15 May 2014 up to the annual general meeting that will pass resolutions on the 2018/19 financial year.

JUTTA DÖNGES

Born on 9 May 1973, appointed from 15 May 2014 up to the annual general meeting that will pass resolutions on the 2018/19 financial year

STAVROS EFREMIDIS

Born on 27 September 1968, appointed from 8 June 2015 up to the annual general meeting that will pass resolutions on the 2018/19 financial year.

OLIVER SCHUMY

Born on 4 April 1971, Vice-Chairman of the Supervisory Board from 1 May 2015 up to his resignation on 6 March 2017.

Executive board functions: chairman of the Executive Board of IMMOFINANZ AG

CARINA EIBL

Born on 6 August 1989,
Appointed to the Supervisory Board by the Salaried Employees Works Council on 20 December 2016.

MARKUS SPERBER

Born on 1 July 1985,
Appointed to the Supervisory Board by the Salaried Employees Works Council on 2 June 2014.

RAPHAEL LYGNOS

Born on 31 July 1980,
Appointed to the Supervisory Board by the Salaried Employees Works Council on 2 June 2014.

ELISABETH MANNINGER

Born on 11 February 1962,
Appointed to the Supervisory Board by the Wage Employees Works Council
from 2 June 2014 to 31 October 2016.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established three committees:

AUDIT COMMITTEE

– Vitus Eckert, Chairman
– Klaus Hübner, Vice-Chairman since 7 March 2017
– Jutta Dönges, Member since 7 March 2017
– Carina Eibl, Member since 20 February 2017
– Markus Sperber, Member
– Oliver Schumy, Vice-Chairman up to 6 March 2017
– Elisabeth Manninger, Member up to 31 October 2016

The Audit Committee deals with accounting issues. It is responsible for examining and preparing the approval of the annual financial statements and the management report, the consolidated financial statements and the group management report, the recommendation for the distribution of profit and the corporate governance report. Other duties include the following: the monitoring of accounting, the effectiveness of the internal control system and the audit of the annual and consolidated financial statements; responsibility for the selection of an auditing firm and a subsequent recommendation for its appointment to the Supervisory Board; reporting on the results of the audit to the Supervisory Board; and verification and control of the auditor's independence. The Audit Committee met three times during the 2016/17 financial year which ended on 30 April 2017. The first meeting was held on 25 August 2016 and focused on the audit of the annual and consolidated financial statements, the corporate governance report and the use of profit for 2015/16. The meeting on 13 October 2016 dealt with the internal audit department's activity report. The third meeting took place on 27 April 2017, whereby the agenda included the audit schedule for 2016/17, the internal audit activity report and planning for the internal audit reviews in 2017/18.

Legal regulations and the Austrian Corporate Governance Code require the Audit Committee to have at least one financial expert. This expert is Klaus Hübner. Two Works' Council members were also appointed to the Audit Committee. All members of the Audit Committee are well-acquainted with the area of business (sector) in which BUWOG operates.

STRATEGY COMMITTEE

– Vitus Eckert, Chairman
– Klaus Hübner, Member and Vice-Chairman since 7 March 2017
– Volker Riebel, Member
– Stavros Efremidis, Member since 7 March 2017
– Raphael Lygnos, Member since 20 February 2017
– Markus Sperber, Member
– Oliver Schumy, Vice-Chairman up to 6 March 2017
– Elisabeth Manninger, Member up to 31 October 2016

The Strategy Committee is responsible for regularly evaluating the Group's strategy and advising the Executive Board on related issues. It assesses strategic opportunities for development, with the aim of improving the BUWOG Group's long-term competitive position and increasing the sustainable creation of value for shareholders. Accordingly, this committee monitors relevant market events, reviews opportunities for future development and monitors the growth of the BUWOG Group with regard to decisions on investments, disinvestments and restructuring measures. The Strategy Committee is also authorised to take decisions in urgent cases. This committee met once during the reporting year on 26 April September 2017 and focused on the strategic positioning of the BUWOG Group as well as liquidity planning and financing options.

PERSONNEL AND NOMINATING COMMITTEE

- Vitus Eckert, Chairman
- Klaus Hübner, Vice-Chairman since 7 March 2017
- Volker Riebel, Member since 7 March 2017
- Oliver Schumy, Vice-Chairman up to 6 March 2017

The Personnel and Nominating Committee submits proposals to the full Supervisory Board for the appointment of members to vacant positions on the Executive and Supervisory Boards and deals with succession planning issues. It also addresses the remuneration of the Executive Board members and the terms of their employment contracts. The Personnel and Nominating Committee took its decisions in the form of circulatory resolutions with preceding telephone conferences five times during 2016/17. The resolutions passed on 25 August 2016 defined the target-independent annual variable bonuses (STI) for the Executive Board in 2016/17 and the target attainment of the Executive Board for the determination of the STI in 2015/16. On 27 February 2017, the Personnel and Nominating Committee approved the appointment of Andreas Segal to the supervisory board of a non-Group company. An LTI programme for the Executive Board was approved in March 2017. In accordance with C-Rule 43 of the Austrian Corporate Governance Code, the Personnel and Nominating Committee – which also carries out the functions of a remuneration committee – must include at least one member who has knowledge and experience in the area of remuneration policies. This member is Vitus Eckert.

SUPERVISORY BOARD COMMITTEES

Audit Committee	Strategy Committee	Personnel and Nominating Committee
Vitus Eckert, Chairman	Vitus Eckert, Chairman	Vitus Eckert, Chairman
Klaus Hübner, Vice-Chairman	Klaus Hübner, Vice-Chairman	Klaus Hübner, Vice-Chairman
Jutta Dönges	Volker Riebel	Volker Riebel
Carina Eibl	Stavros Efremidis	
Markus Sperber	Raphael Lygnos	

INDEPENDENCE OF THE SUPERVISORY BOARD

The members of the Supervisory Board are required to represent the interests of the company and must disclose any conflicts of interest. They may not accept positions on the corporate bodies of any companies that compete with BUWOG AG.

The Chairman of the Supervisory Board, Vitus Eckert, is a partner in Eckert Fries Prokopp Rechtsanwälte GmbH, based in Baden bei Wien. This law firm charged fees of EUR 9,663.95 for legal advice to BUWOG Group companies in 2016/17. The terms of these fees, above all the hourly rates, reflect standard market conditions.

In 2016/17 one member of the Supervisory Board was a tenant in a BUWOG apartment. One member of the Executive Board submitted a purchase offer for a BUWOG condominium, and a close relative of a Supervisory Board member purchased two BUWOG condominiums after the end of the reporting year. All of the related terms reflect standard market conditions. BUWOG also provides property management services for Serone International Ltd., a company in which Vitus Eckert serves on a corporate body.

There are no other contracts within the scope of L-Rule 48 between members of the Supervisory Board and BUWOG AG or its subsidiaries in which a member of the Supervisory Board has a significant economic interest. The members of the Supervisory Board have defined C-Rule 53 of the Austrian Corporate Governance Code and the guidelines included in Annex 1 of the code as the criteria for their independence. All members have declared their independence in accordance with these criteria and also meet the additional independence criteria defined in C-Rule 54 of the code in that they do not represent any shareholders with holdings of more than 10% or the interests of such shareholders within the meaning of this rule.

CRITERIA FOR THE INDEPENDENCE OF THE SUPERVISORY BOARD

In accordance with C-Rule 53 of the Austrian Corporate Governance Code, a Supervisory Board member is considered to be independent if he/she has no professional or personal relationships with the company or its Executive Board that could constitute a material conflict of interest and therefore be likely to influence the member's behaviour. The Supervisory Board of BUWOG AG has adopted the following guidelines, which are defined in Annex 1 to the Austrian Corporate Governance Code, as the criteria for evaluating the independence of its members:

- The Supervisory Board member may not have been a member of the Executive Board or a key employee of the company or a subsidiary of the company during the past five years.
- The Supervisory Board member may not presently have/or, in the previous year, had any business relations with the company or a subsidiary of the company of a scope material for that Supervisory Board

member. This also applies to business relationships with companies in which the Supervisory Board member holds a significant financial interest, but does not include positions on Group corporate bodies. The approval of individual transactions by the Supervisory Board in accordance with L-Rule 48 does not automatically result in qualification as not independent.
- The Supervisory Board member may not have been an auditor of the company or a shareholder or employee of the examining audit company during the previous three years.
- The Supervisory Board member may not be an executive board member in another company in which an Executive Board member serves on the supervisory board.
- The Supervisory Board member may not serve on this body for more than 15 years. This criterion does not apply to Supervisory Board members who are shareholders with an entrepreneurial interest or who represent the interests of such shareholders.
- The Supervisory Board member may not be a close family member (direct descendant, spouse, life partner, parent, uncle/aunt, brother/sister, nephew/niece) of an Executive Board member or a person in one of the positions described above.

COOPERATION BETWEEN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

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The members of the Executive Board and Supervisory Board work closely together to meet their obligations for the benefit of the company. They support each other as best as possible and in accordance with the principles of good corporate governance. The Executive Board prepares the documents for the meetings of and resolutions by the Supervisory Board and submits these documents on a timely basis. The Executive Board members conduct open discussions with the Supervisory Board, consult with the latter on the company's strategic direction and report on the implementation of the corporate strategy. The Executive Board informs the Supervisory Board immediately of any significant events that are of particular importance for the company's profitability or liquidity.

REMUNERATION REPORT

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The remuneration of the Executive Board members includes a fixed component and a target-based, annual variable bonus (STI). The bonus is based on pre-defined targets, whereby qualitative and quantitative categories are linked to appropriate indicators. Remuneration also includes options for the purchase of BUWOG shares in the form of a long-term incentive programme (LTIP 2014) and a variable remuneration component in the form of cash-settled options (LTIP 2017).

FIXED REMUNERATION COMPONENT

The members of the Executive Board receive a fixed gross annual salary, which is paid in 14 equal instalments on the customary payment dates. In addition to this fixed remuneration, the Executive Board members receive non-cash compensation in the form of a company car and Andreas Segal also receives housing. A payment equal to 10% of the respective fixed salary each year is transferred to a defined contribution pension plan on behalf of each Executive Board member. Details on this plan are provided in the notes to the consolidated financial statements. Directors' and officers' liability (D&O) insurance with coverage of EUR 30 million has been arranged for the management bodies of BUWOG AG. This insurance does not include any deductible for the involved managers.

TARGET-BASED ANNUAL VARIABLE BONUS (STI)

The STI ranges from 37.5% to 100% of the fixed salary depending on the Executive Board member and is calculated in accordance with following stipulations: An annual target is set in advance in agreement with the Personnel and Remuneration Committee of the Supervisory Board, with goals defined in both qualitative and quantitative categories. These goals include Recurring FFO and earnings before tax at a weighting of 40% each, while other individual goals comprise 20% of the STI. A component equal to 80% of the target-based bonus is accounted for by including 1/14 with each regular salary payment. The final amount of the STI is set by the Supervisory Board or the Remuneration Committee after the approval of the annual financial statements. It is communicated in writing no later than four weeks after receipt of the audited annual financial statements and distributed, after the deduction of the advance payments, with the next salary instalment. Any excess must be repaid by the Executive Board member, and the payments on account for the following financial year are reduced equally. In accordance with Section 77 of the Austrian Stock Corporation Act, the variable remuneration approved by the Supervisory Board may not exceed the annual net profit recorded by the company. The Supervisory Board may also grant the members of the Executive Board a special bonus for exceptional performance in a financial year. The contracts with all members of the Executive Board include a change of control clause that defines their entitlements in the event of premature termination. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or two years at most. In 2015/16 Recurring FFO was higher than the target and profit before tax clearly exceeded the target. The individual targets were met to different degrees by the Executive Board members. The total attainment equals 100%, and the STI is payable in full after deduction of the advance payments.

EXECUTIVE BOARD REMUNERATION

	Daniel Riedl				Andreas Segal			
in TEUR	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16
Fixed remuneration	720.0	720.0	720.0	720.0	450.0	450.0	450.0	150.0
Remuneration in kind	11.5	11.5	11.5	9.6	32.3	32.3	32.3	7.2
Pension fund contributions	72.0	72.0	72.0	72.0	45.0	45.0	45.0	12.9
Total fixed remuneration	**803.5**	**803.5**	**803.5**	**801.6**	**527.3**	**527.3**	**527.3**	**170.1**
Short-term incentive	300.0	0.0	300.0	270.2	250.0	0.0	250.0	83.3
Total variable remuneration	**300.0**	**0.0**	**300.0**	**270.2**	**250.0**	**0.0**	**250.0**	**83.3**
Termination payments	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total remuneration	**1,103.5**	**803.5**	**1,103.5**	**1,071.8**	**777.3**	**527.3**	**777.3**	**253.4**

	Herwig Teufelsdorfer				Ronald Roos[1]			
in TEUR	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16
Fixed remuneration	250.0	250.0	250.0	208.3	0.0	0.0	0.0	178.6
Remuneration in kind	11.5	11.5	11.5	8.2	0.0	0.0	0.0	19.3
Pension fund contributions	25.0	25.0	25.0	19.6	0.0	0.0	0.0	0.0
Total fixed remuneration	**286.5**	**286.5**	**286.5**	**236.1**	**0.0**	**0.0**	**0.0**	**197.9**
Short-term incentive	250.0	0.0	250.0	208.3	0.0	0.0	0.0	166.7
Total variable remuneration	**250.0**	**0.0**	**250.0**	**208.3**	**0.0**	**0.0**	**0.0**	**166.7**
Termination payments	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**673.5**
Total remuneration	**536.5**	**286.5**	**536.5**	**444.4**	**0.0**	**0.0**	**0.0**	**1,038.1**

1) Member of the Executive Board up to 9 December 2015

LONG-TERM INCENTIVE-PROGRAMME (LTIP)

In addition to the STI, a long-term incentive programme was implemented for the members of the Executive Board to support target-based performance and strengthen ties with the company. This programme links part of the variable remuneration to the development of the BUWOG share price in line with long-term corporate goals, strengthens the motivation of the Executive Board members and their ties to BUWOG AG and further synchronises the interests of the Executive Board members with the interests of BUWOG's shareholders.

Long-Term Incentive Programme 2014 (LTIP 2014). The AGM on 14 October 2014 approved a conditional capital increase to grant stock options to CEO Daniel Riedl and former Executive Board member Ronald Roos as part of the long-term incentive programme 2014 (LTIP 2014).

The Executive Board members Daniel Riedl and Roland Roos were granted a total of 720,000 options to purchase BUWOG shares at an exercise price of EUR 13.00 each. This exercise price equals the initial listing price for BUWOG shares on the Frankfurt Stock Exchange on 28 April 2014. The granted stock options are, in each case, divided into basic options and three tranches of bonus options. The vesting period depends on the attainment of performance targets for the respective financial year based on the applicable stock exchange price in relation to the EPRA NAV per share and rewards the efforts of the Executive Board to reduce the implied discount to book value at the time of the IPO. It ensures that the LTIP 2014 creates a balance between the interests of shareholders and the Executive Board members. The LTIP 2014 requires a personal investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of three financial years beginning in 2014/15. The company is entitled to use conditional capital, authorised capital or treasury shares to supply the BUWOG shares to be transferred on the exercise of the options.

The options can, in principle, only be exercised after a waiting period of four financial years, i.e. for the first time in the fifth financial year after the start of the programme (i.e. 2018/19). These rights may be exercised earlier in certain cases related to the premature termination of an Executive Board member's contract. This is possible, among others, for basic options and bonus options whose performance targets have been met when the Executive Board contract is terminated due to a change of control. Ronald Roos utilised this right on the premature termination of his Executive Board contract and exercised all eligible options for the purchase, in total, of 160,000 BUWOG shares after his resignation. Option rights for the purchase of 480,000 BUWOG shares within the context of the LTIP 2014 can still be exercised by Daniel Riedl.

An additional retention period is not foreseen for the BUWOG shares purchased through the exercise of options (C-Rule 28 of the Austrian Corporate Governance Code). The stock options can be exercised from 1 May 2018 to 30 April 2019 (inclusive).

The allocation of the exercisable options and the performance targets are shown in the following overview:

LTIP 2014 – OPTIONS AND PERFORMANCE TARGETS

Type	Basic options	Bonus options Tranche 1	Bonus options Tranche 2	Bonus options Tranche 3	Total
Period	Start	1st year FY 2014/15	2nd year FY 2015/16	3rd year FY 2016/17	–
NAV target[1]		85.0%	92.5%	100.0%	–
Daniel Joachim Riedl (CEO)	75,000	100,000	130,000	175,000	480,000
% rate	16%	21%	27%	36%	100%
Target share price	achieved	achieved	achieved	achieved	–

1) Share price over the NAV on five trading days as of the balance sheet date.

The estimated value of the options granted within the context of the LTIP 2014 and still eligible for exercise totalled EUR 5,632,800.00 as of 30 April 2017.

LONG-TERM INCENTIVE PROGRAMME 2017 (LTIP 2017)

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In March 2017 the Supervisory Board approved a long-term incentive programme (LTIP 2017) for Daniel Riedl, Andreas Segal and Herwig Teufelsdorfer. The LTIP 2017 comprises variable remuneration with cash settlement options equalling up to 40% of total remuneration.

The LTIP 2017 involves the granting of options to the Executive Board members on the basis of defined allocation and exercise conditions. The number of options to be granted for a specific financial year is dependent on (i) the reference value of a stock option (average price of the BUWOG share) for the respective financial year in which the allocation takes place; (ii) the remuneration of the Executive Board member; and (iii) the degree of target attainment. Variable remuneration under the LTIP 2017 is dependent on the fulfilment of pre-defined, long-term performance goals and equals up to 40% of the Executive Board member's total remuneration (base salary, short-term variable salary component and long-term variable salary component). The LTIP 2017 calls for an own investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of two financial years beginning in 2017/18 and must be held during the entire term of the LTIP 2017. Each option tranche can only be exercised after a waiting period of three financial years (with different exercise terms under certain circumstances upon the termination of employment or the Executive Board contract).

The exercise of the options involves a cash payment based on an average stock market price for the company's shares. BUWOG may also utilise a substitution right, if approved by the AGM, and deliver BUWOG shares in place of the cash settlement. In view of C-Rule 28 of the Austrian Corporate Governance Code, which requires the approval of the AGM for stock option programmes and stock transfer programmes for Executive Board members, it should be noted that the utilisation of the substitution right – i.e. the delivery of shares instead of a cash settlement – must first be approved by the AGM.

The LTIP 2017 applies to all Executive Board members as of the 2017/2018 financial year. For the two Executive Board members, Andreas Segal and Herwig Teufelsdorfer, who did not participate in the LTIP 2014 (see above) the LTIP 2017 began with the 2016/2017 financial year. Furthermore, Mr. Segal was granted 8,754 options and Mr. Teufelsdorfer 15,632 options for the 2015/2016 financial year, which can be exercised in the 2018/2019 financial year.

Expenses of TEUR 1,974.5 for the long-term incentive programme were recorded for the members of the Executive Board in 2016/17 (2015/16: TEUR 553.8). Additional details on the long-term incentive programme for the Executive Board members are provided in section 6.13 of the notes under Share-based remuneration.

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REMUNERATION OF THE SUPERVISORY BOARD

In accordance with a resolution of the AGM on 14 October 2016, the members of the Supervisory Board received remuneration of TEUR 225 for the 2015/16 financial year in addition to the reimbursement of their expenses.

The Supervisory Board discussed and approved the following remuneration system in its meeting on 13 October 2015:

REMUNERATION OF THE SUPERVISORY BOARD – BASIC

per year in EUR

Function	Fixed remuneration	Remuneration per committee membership
Chairman	60,000	10,000
Vice-Chairman	45,000	7,500
Member	30,000	5,000

This results in the following distribution for the 2015/16 financial year:

REMUNERATION OF THE SUPERVISORY BOARD – 2015/16

Remuneration in EUR	Chairman Vitus Eckert	Vice-Chairman Oliver Schumy	Member Jutta Dönges	Member Klaus Hübner	Member Volker Riebel	Member Stavros Efremidis
Fixed remuneration	60,000		30,000	30,000	30,000	30,000
Audit Committee	10,000			5,000		
Strategy Committee	10,000				5,000	
Personnel Committee	10,000			5,000		
Total	**90,000**	1)	**30,000**	**40,000**	**35,000**	**30,000**
Total FY 2015/16						**225,000**

1) Oliver Schumy waived payment of this remuneration due to his position as CEO of IMMOFINANZ AG.

The above amounts for the 2015/16 financial year were paid out in 2016/17. The members of the Supervisory Board have not yet received any remuneration for the 2016/17 financial year. The AGM on 17 October 2017 will decide on the remuneration of the Supervisory Board for the 2016/17 financial year. The consolidated financial statements include provisions of TEUR 292.5 for this remuneration (see the consolidated financial statements, note *7.7.3 Information on corporate bodies and remuneration*).

COMPLIANCE

In accordance with Regulation (EU) 596/2014 of the European Parliament and the Council dated 16 April 2014 (on market abuse), the Austrian Stock Exchange Act and the Austrian Issuer Compliance Directive, the Executive Board issued a compliance guideline that is directed to preventing the misuse and dissemination of insider and compliance-relevant information. The rules of this compliance guideline apply to all employees of the BUWOG Group and to the members of the Supervisory Board. The Executive Board views this guideline as a way to ensure equal treatment for all shareholders, to prevent conflicts of interest and to represent the interests of all stakeholder groups.

BUWOG organises regular training courses to familiarise managers, people working in confidentiality areas and all other employees with the provisions of this compliance guideline and to create a greater awareness for the need to treat confidential information responsibly. Blackout periods and trading bans are implemented before sensitive company events, such as the publication of quarterly and annual results. BUWOG has also appointed a compliance officer and deputy who report directly to the Executive Board. Adherence to the compliance guideline is confirmed by continuous monitoring.

In addition, BUWOG has issued an anti-corruption guideline as well as an e-learning tool for anti-corruption training which is based on the UN Global Compact's online e-learning tool. This anti-corruption guideline also requires mandatory compliance by all employees of the BUWOG Group. Business partners have not been involved proactively in anti-corruption prevention to date. The compliance officers report regularly, at least four times each year, to the Executive Board and at least once each year to the Supervisory Board on the observance of the compliance guideline and measured to prevent corruption in the company.

MEASURES TO SUPPORT WOMEN

BUWOG AG offers equal compensation, equal opportunities for promotion and equal working conditions to male and female employees. As of 30 April 2017, women held 23.53% of all management positions. Jutta Dönges was appointed by the extraordinary general meeting as the first women to the Supervisory Board of BUWOG AG. As of 30 April 2017, women accounted for 55.44% of the BUWOG workforce. Coaching measures focused on specialised professional training and personal development are currently offered to further increase the percentage of women in management positions. As part of human resource measures, a home office scheme was introduced to improve the work-life balance and opportunities for part-time work with challenging responsibilities are offered after parental leave.

DIRECTORS' DEALINGS

In accordance with Article 19 Section 1 of Regulation (EU) 596/2014 of the European Parliament and the Council dated 16 April 2014 (on market abuse), members of management and persons closely related to these mangers are required to report all purchases and sales of BUWOG shares and financial instruments to the company and the Financial Market Authority. These transaction reports are disclosed on the BUWOG website. The following tables present an overview of the direct and indirect shareholdings by members of the corporate bodies.

NUMBER OF BUWOG SHARES – EXECUTIVE BOARD
(including related parties) as of 30 April 2017

Daniel Riedl	75,000 shares
Andreas Segal	–
Herwig Teufelsdorfer	5,577 shares

NUMBER OF BUWOG SHARES – SUPERVISORY BOARD
(including related parties) as of 30 April 2017

Vitus Eckert	8,136 shares
Klaus Hübner	10,000 shares

INTERNAL AUDIT

C-Rule 18 of the Austrian Corporate Governance Code requires the installation of an internal audit function as a separate staff department reporting to the Executive Board. The Audit Committee of the Supervisory Board receives at least one report each year on the audit schedule and the results of these reviews. The Audit Committee meeting on 27 April 2017 unanimously acknowledged and approved the audit plan for 2017/18.

EXTERNAL EVALUATION

BUWOG AG arranged for an external audit of its compliance with the provisions of the Austrian Corporate Governance Code in 2014/15 by Deloitte Audit Wirtschaftsprüfungs GmbH. The report on the external evaluation of this compliance is available for download at www.buwog.com under the menu item Investor Relations/Corporate Governance/Reports. The next evaluation is scheduled for the corporate governance report on the 2017/18 financial year.

DEAR SHAREHOLDERS

In the last financial year, BUWOG AG forged ahead with the expansion of its development pipeline, that is, its reserve of land and projects for future property development, and acquired additional sites both in Vienna and in Berlin. Demand remains high for investment portfolios on the German market, particularly in locations such as Berlin and Hamburg. This has led to a rise in price levels in acquisitions. As a result, comparable transactions are showing yields of just 3%. Based on current market rents in Berlin and Hamburg, in the develop-to-hold business the BUWOG Group is in a position to generate yields of over 4%. In the context of this, the strategic decision was taken to develop properties for the company's portfolio at the Berlin and Hamburg locations, in addition to the Vienna location. Thus BUWOG AG is developing a quality portfolio for the company to hold at the Berlin, Hamburg and Vienna locations.

For the optimal financing for business activity, in September 2016 a convertible bond with a zero coupon was issued and preparations were made for a capital increase with subscription rights for shareholders, which was carried out after the reporting period. Both capital measures were extremely well received on the market and were carried out under especially favourable conditions.

As a whole, we can look back on a successful 2016/17 financial year, the highlights to which I will briefly call your attention.

SHARE

From the beginning of the financial year on 1 May 2016 until the reporting date of 30 April 2017 the BUWOG share reported growth in value of 34% to EUR 24.79. The BUWOG share thus listed on 28 April 2017 at a premium of around 3.7% on EPRA NAV. This development in share price occurred despite interim shareholder Sapinda Group's placement in July 2016 of a significant 18.6% stake in BUWOG, which was previously held by IMMOFINANZ AG. The BUWOG share currently lists at EUR 24.84 (31 July 2017).

COMPOSITION OF THE SUPERVISORY BOARD

Oliver Schumy resigned his mandate on 6 March 2017. Klaus Hübner was subsequently elected vice-chairman of the Supervisory Board and of the established committees. Details on the composition, activities and remuneration of the Supervisory Board and its committees are illustrated in the *consolidated corporate governance report* on page 116ff. This report also includes an extensive description of BUWOG AG's corporate governance tools.

CHANGES ON THE EXECUTIVE BOARD

The composition of the Executive Board remains unchanged. Subsequent to the reporting period, Mr. Andreas Segal took over the Process Management department in IT to ensure optimal integration of company processes into the newly introduced group-wide SAP system. The division of responsibilities in the Executive Board is illustrated in the *consolidated corporate governance report* on page 113ff. The Remuneration and Nominating Committee of the Supervisory Board reached the decision on 4 July 2017 to extend Executive Board member Herwig Teufelsdorfer's mandate until 30 June 2022.

SHAREHOLDER STRUCTURE

In the last financial year IMMOFINANZ AG further reduced its stake from around 28.57% at the beginning of the reporting period to 9.98% in June 2016 and, after another share placement in February 2017, to around 4.7% at the time of reporting. With regard to IMMOFINANZ AG's reduced holding, the dedomination agreement concluded between IMMOFINANZ AG and BUWOG AG for the spinoff was amicably dissolved in October 2016. Free float was 95% at the time of reporting.

COMPANY

The company continued to significantly improve its financing structure in order to finance growth and be able to generate growth in value for its shareholders. In September 2016 a convertible bond at a volume of EUR 300 million was placed with institutional shareholders. The interest rate was 0.00% and the initial conversion price of EUR 31.40 corresponded to a premium of 55% on the last EPRA NAV published prior to issue. For dividends the conversion price will only be adjusted for dividend amounts exceeding EUR 0.69 per share, which means amounts exceeding the dividend per share regularly distributed in the past. As a result of the capital increase carried out after the reporting period, the conversion price declined to the current EUR 31.22.

Another milestone for the company was also reached with the refinancing of the EUR 550 million property financing concluded as part of acquiring the German DGAG portfolio. Through the refinancing the financial results were reduced by around EUR 4 million. The positive effect of EUR 13 million on the company's cash flow was even higher. This effect was a result of the repayment structure for the loan upon maturity after eight years.

After the reporting period a capital increase with subscription rights for shareholders was also carried out in which around 12.5 million new BUWOG shares were issued at a price of EUR 24.50 and, consequently, at a premium of EUR 22.86 on the EPRA NAV published at the time of issue.

In the 2016/17 financial year several properties for development projects were purchased at existing Berlin and Vienna locations, thus expanding the Property Development pipeline considerably. Details on this can be found in the chapter *Land acquisitions* on page 84 of the Annual Report.

The Supervisory Board will continue to pursue further strategic development at the BUWOG Group in cooperation with the Executive Board, aiming, in particular, to steadily strengthen the Property Development business area in order to advance the develop-to-hold strategy. The company will provide detailed information on this in its regular reporting.

G4-33

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR 2016/17

The Executive Board presented the Supervisory Board with the following documents: the annual financial statements for 2016/17, which were prepared in accordance with the Austria Commercial Code (Unternehmensgesetzbuch), and the management report; the consolidated financial statements for 2016/17, which were prepared in accordance with the International Financial Reporting Standards (IFRS), and the group management report; the Executive Board's recommendation for the distribution of profit; and the consolidated corporate governance report for 2016/17. The annual financial statements for 2016/17 and the management report as well as the consolidated financial statements for 2016/17 and group management report were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and each awarded an unqualified opinion.

The annual financial statements and the consolidated financial statements as well as the auditor's reports were discussed in detail by the Audit Committee in the presence of the auditor's representatives and the Executive Board and reviewed in accordance with Section 96 of the Austrian Stock Corporation Act (Aktiengesetz). Following this examination and discussion, the members of the Audit Committee unanimously agreed to recommend the unqualified acceptance of these documents to the Supervisory Board. The Supervisory Board accepted the annual financial statements as of 30 April 2017 in the meeting on 24 August 2017 and thereby approved them in accordance with Section 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board also supports the Executive Board's proposal to the annual general meeting for the distribution of a dividend of EUR 0.69 per BUWOG share, or a total of around EUR 77.5 million, for the 2016/17 financial year. This corresponds to a return of 2.8% based on the closing share price as of 28 April 2017 and around 2.9% of EPRA Net Asset Value. The dividend should equal about 60% to 65% of Recurring FFO over the medium term, which should provide an attractive return for shareholders and enable continued growth for BUWOG AG.

Vitus Eckert, Chairman of the Supervisory Board

The consolidated corporate governance report was examined and approved by the Supervisory Board.

The Supervisory Board proposes a change of auditor on a routine basis and with regard to the legal alterations in the activity of auditing firms. After conducting a relevant public selection process in accordance with Section 16 (3) of regulation (EU) no. 537/2014, the Audit Committee submitted a recommendation for PwC Wirtschaftsprüfung GmbH. The Supervisory Board agreed with the recommendation of the Audit Committee and will report the proposed choice of auditor for the 2017/18 financial year to the Annual General Meeting.

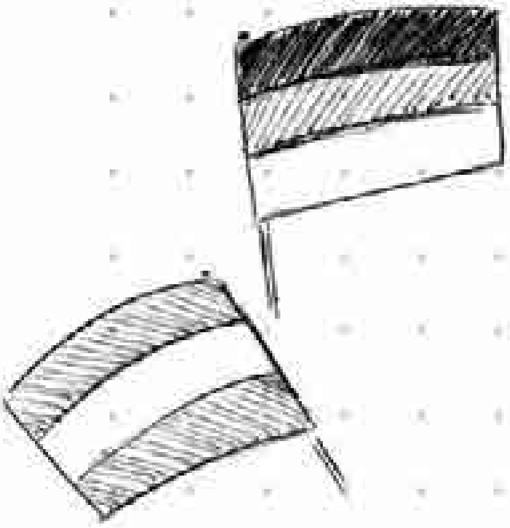
On behalf of the entire Supervisory Board, I would like to thank the members of the Executive Board and employees of the BUWOG Group for their outstanding commitment. I would also like to thank the shareholders of BUWOG AG for the trust they have placed in us and ask them for their continued support.

Vienna, 24 August 2017

For the Supervisory Board

Vitus Eckert
Chairman

GROUP MANAGEMENT REPORT



"52 GRAD NORD", BERLIN

MILESISTRASSE, VILLACH

"SOUTHGATE", SAGEDERGASSE, VIENNA

HERTHA-FIRNBERG-STRASSE, VIENNA

"AMELIN", TRIESTER STRASSE, VIENNA

GENERAL ECONOMIC ENVIRONMENT

MODERATE GROWTH FOR THE GLOBAL ECONOMY

The global economy remained on a moderate growth course in 2016 and, according to an estimate by the World Bank, will still face fundamental challenges in 2017. The main influencing factors during the reporting year included the stagnation of worldwide trade, weaker capital investment, political uncertainty and the ongoing negative economic effects of refugee flows and the “Brexit”. Private domestic demand continues to serve as the most important growth driver. Supported by the gradual rise in raw material prices, the emerging and developing countries can look forward to a much more optimistic future (2017: +4.2%). Forecasts by the World Bank indicate that the worldwide growth of 2.4% in 2016 should be followed by an increase of 2.7% in 2017 and 2.9% in 2018. The USA is expected to see moderate recovery with a GDP increase of 2.1% in 2017 and 2.2% in 2018 (2016: +1.6%). The effects on the global economy of the “Brexit” and the election of Donald Trump as US president are still uncertain. The European Central Bank (ECB) has raised its growth forecasts for the Eurozone to +1.8% in 2017 and 2018, but is also projecting an increase in inflation to 1.3% in 2017 and 1.6% in 2018.

ECONOMIC INDICATORS AT A GLANCE

	GDP growth 2016 in %	Forecasted growth rate 2017 in %	Forecasted growth rate 2018 in %	Unemployment rate April 2017 in %	Annual inflation rate April 2017 in %	Gross national debt to GDP 2016 in %	Change in gross national debt from previous year in PP
EU-28	1.9	1.9	1.9	7.8	1.9	83.5	–1.4
Eurozone (19 member countries)	1.8	1.7	1.8	9.3	1.7	89.2	-1.1
Germany	1.9	1.6	1.9	3.9	2.0	68.3	–2.9
Austria	1.5	1.7	1.7	5.5	2.3	84.6	-0.9

Source: European Commission, Eurostat

STEADY GROWTH IN EUROPE

The economic recovery finally reached the remaining EU member states in its fifth year and should proceed at a steady pace over the next two years. Calculations by the European Commission in spring 2017 show continued growth for the 28 EU member states at an average rate of 1.9% in 2016. The forecasts for 2017 and 2018 point to steady GDP development of 1.9% annually, but with individual differences. The decline in unemployment throughout the EU-28 is expected to continue with a reduction from 8.5% in 2016 to an estimated 8.0% in 2017 and 7.7% in 2018. Inflation remained at a low level in both the Eurozone (0.2%) and the 28 EU (0.3%) during 2016 due to the decline in oil prices. However, the upward trend in oil and energy prices has led the European Commission to project an increase in inflation for the EU-28 to 1.8% in 2017 and 1.7% in 2018.

Growth in the Eurozone slowed slightly to 1.8% in 2016 (2015: 2.0%), but was generally more stable than in recent years. For 2017 and 2018 the European Commission is expecting a GDP increase of 1.7% and 1.8%, respectively. A favourable economic climate, rising domestic demand, structural reforms and public sector measures should support the continued improvement of the labour market. The labour market reforms and fiscal policies implemented by a number of member states will play an important role in job creation, and the unemployment rate in the Eurozone is expected to decline to 9.4% in 2017 and 8.9% in 2018 (2016: 10.0%). The inflation rate in the Eurozone is projected to equal 1.6% in 2017 and 1.3% in 2018 according to the European Commission.

STABLE GROWTH IN GERMANY

The stable growth that took hold in Germany at year-end 2016 will continue into 2017 supported, in particular, by strong private household consumption, favourable financing conditions, a stable employment market, construction investments and other public spending measures. In its 2017 spring forecast, the European Commission is projecting real GDP growth of 1.6% in 2017 and 1.9% in 2018 (2016: 1.9%). The domestic economy was sound at year-end 2016 with unemployment constant at only 4.1% and low inflation of 0.4%. The unemployment rate had fallen to 3.9% as of 30 April 2017, but the Commission is expecting 4.0% in 2017 and 3.9% in 2018. The inflation rate is forecasted to quadruple to 1.7% in 2017 before falling to 1.4% in 2018.

The investment sentiment among German companies should also play an important role in economic growth over the coming years. Gross investments have risen steadily since 2010, with a year-on-year increase to 22.0% of GDP in 2016. Of special note is the price-adjusted rise of 3.1% in construction investments, which is the result of strong development in the residential sector. Key impulses were also provided by research and development investments, which have more than doubled since 2014, and are based to 20% on investments in software and databases.

ROBUST GROWTH IN AUSTRIA

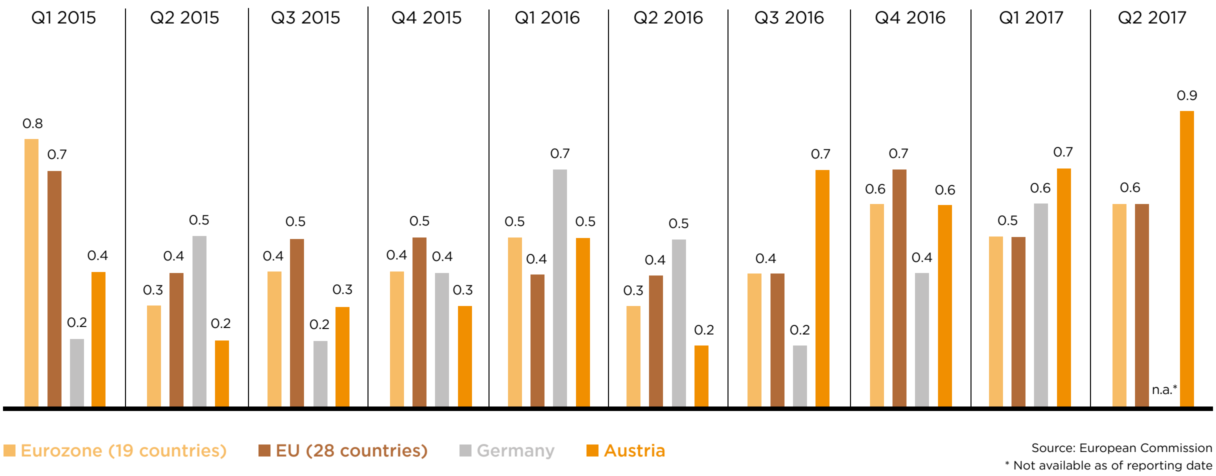
The Austrian economy is expected to follow the 1.5% increase in 2016 with solid annual growth of 1.7% in both 2017 and 2018 based on stronger global momentum and improved framework conditions. The positive development of the Austrian economy in 2016 was supported, above all, by public and private sector spending. Investment activity (+2.6% in 2016), rising public and private consumption, not least due to the additional expenditures for refugees, and the 2015/16 wage tax reform will be the main drivers for the projected acceleration of growth over the coming years.

Both the export and import sectors recorded an increase in 2016, but made only a minor contribution to growth. The unemployment rate calculated in accordance with international standards fell slightly from 6.0% at the end of April 2016 to 5.5% one year later. According to the European Commission, unemployment should stabilise at 5.9% in 2017 and 2018. The annual inflation rate, based on the consumer price index, is projected to nearly double to 1.8% in 2017 (2016: 1.0%) as a result of the increase in oil prices, before declining to 1.6% in 2018.

The investment sentiment in the Austrian economy improved year-on-year, with gross investment rising to 22.9% of GDP in 2016.

DEVELOPMENT OF REAL GDP

in comparison to the previous quarter, in %



Source: European Commission
* Not available as of reporting date

DEVELOPMENT OF THE PROPERTY MARKETS

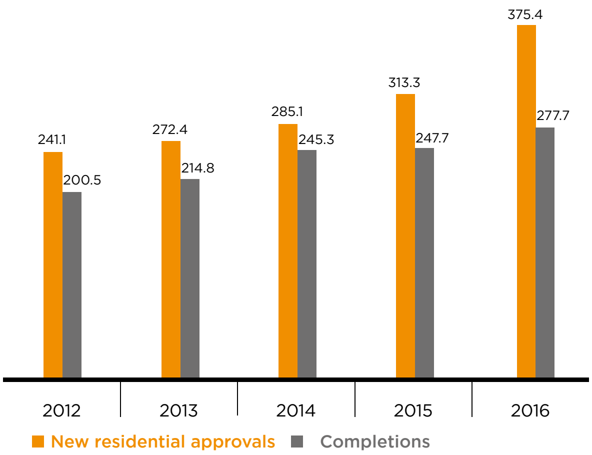
The BUWOG Group's strategic business model is focused on Asset Management (management of investment properties), Property Development (new construction projects) and Unit Sales (sale of individual apartments). These residential property markets in the BUWOG's two segments – Austria and Germany – are described more closely in the following section, whereby the main emphasis is on the core regions that are particularly important for the portfolio.

RESIDENTIAL MARKET – GERMANY

The interest of national and international investors in residential properties on the German market remained high during 2016/17. A CBRE market study of the residential property investment market in Germany indicated that residential portfolio transactions (> 50 units) again reached a high level in 2017, but failed to match the 2016 record primarily due to a supply shortage. Transactions in residential portfolios on the German market were 42% lower year-on-year at approx. EUR 13.7 billion in the 2016 calendar year (2015: EUR 23.5 billion), but the absolution transaction volume exceeded the past five-year average. Berlin was again a key focal point for national and international investors. For 2017, CBRE is expecting a similarly high transaction volume in the double-digit billion range. The factors underlying this momentum and the strong demand for real estate investments remain unchanged: they include the current interest rate policies of the European Central Bank (ECB), which is continuing to supply the financial markets with sufficient liquidity at historically low rates, as well as the search by investors for attractive, stable investment opportunities with sound yields. The current strong demand and short supply are driving not only the purchase prices for average units, but also the average purchase price per square metre. The increase in real estate purchase prices was substantially higher than the development of rental prices, which resulted in a yield compression combined with a sharp rise in purchase price multipliers and a decline in the purchase yields for residential portfolios. In particular, the low level of new construction and rising migration to the top German cities has led to a continuation of the recent rental and purchase price trends at a high level. The market environment has also led to growing interest by national and international institutional investors in completed as well as planned development projects. A total of EUR 3.5 billion was invested in development projects in Germany during 2016 (2015: EUR 2.3 billion), including 34% or EUR 1.2 billion (2015: EUR 0.6 billion) in the growth and investment location Berlin. This demand pressure on market prices is also expected to continue during the coming year.

Germany is experiencing significant population growth as a result of migration. According to the Federal Statistical Office, the population totalled 82.8 million at year-end 2016 (2015: 82.2 million). The number of households has risen to roughly 41.0 million (2015: 40.8 million), which represents an average household size of two persons. The country had roughly 16.8 million single person households in 2016 (41%). Nearly 55% of all German households live in rented apartments, and the share of households in rented apartments is particularly high in the singles/single parent plus children segment at over 70%.

NEW RESIDENTIAL APPROVALS AND COMPLETED APARTMENTS
in Germany, in 1,000



Source: Statistisches Bundesamt, Germany

Estimates by the Council of Real Estate Experts (Rat der Immobilienweisen) in their 2017 spring report show an increase of 2.6% in rents across Germany during 2016 (2015: 3.4%). Average rents equal roughly EUR 7.20 per sqm, which represents an increase of EUR 1.10 per sqm or 18% over the 2010 level. The top seven cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart) have witnessed a further significant and strong upward trend in rental prices, which is the result of high immigration and internal migration as well as expectations of a further sharp rise in new contract rental prices, above all in Berlin, Hamburg and Munich. This development has been accompanied by a sharp drop in vacancies and rising demand for newly constructed buildings. Forecasts also point to a long-term increase in the prices for rental apartments and condominiums in Berlin and Munich.

The above report also shows a further significant year-on-year increase in real estate prices during 2016 (+8.4%) that exceeded the increase of 2.6% in average rents. Nationwide purchase prices rose by 48% over the 2010 level in 2016, an increase which is explained by low interest rates or a catch-up effect and, according to the experts, not by a real estate bubble.

The Federal Statistical Office reported a 20% year-on-year increase in the number of building permits to roughly 375,000 in 2016 (313,000), which represents a total floor area of approx. 32.0 million sqm. Completions in 2016 covered 277,700 apartments (2015: 247,700) with approx. 25 million sqm of total floor area. In its May 2015 housing market forecast, the Federal Institute for Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau-, Stadt- und Raumforschung) estimates new construction requirements for the entire country at an average of 230,000 apartments annually up to 2030. Additional new construction of approx. 272,000 apartments per year up to 2020 is, however, seen as necessary to meet the current very strong demand, above all in the top cities.

According to information published by Jones Lang LaSalle (JLL) in January 2017, strong migration has created a tense situation on the rental markets in Germany's most attractive cities and led to new record rental price increases in 2016. Rental prices in Berlin and Hamburg, where migration is particularly strong, recorded the highest increases despite the introduction of a rental price cap on 1 June 2015. The volume of construction required to ease the demand pressure on the housing market is unable to develop the necessary momentum due to the insufficient re-zoning of construction sites and lengthy planning, approval and completion periods. Additional details on the rental price cap are provided under *Asset Management – the investment portfolio's rent models*.

Berlin. With approx. 3,671,000 residents over 892 km², Berlin is the largest city in Germany as well as the seat of the federal government and the country's capital. The Berlin-Brandenburg Statistical Office places the growth in the city's population at nearly 60,000 in 2016, which represents the largest component of the country's migration surplus. The number of private households totalled nearly 2.0 million, including 1.1 million single person households and 0.6 million two person households. The average household has 1.8 persons. The latest demographic forecast for Berlin by the Berlin-Brandenburg Statistical Office projects a further, but slower increase in the population to approx. 3.9 million by 2030. Berlin is one of Europe's most important centres for politics, media, culture and science. With nearly 31 million overnight stays and 12.5 million visitors in 2016, tourism is a major factor and growth driver for the local economy. In addition to the high, attractive quality of life, Berlin's economic indicators – like the employment rate and income level – have improved substantially and explain the strong influx into the city.

A 2017 housing market report on Berlin by CBRE and BerlinHyp (Wohnmarkt Berlin 2017) indicates that the median level for quoted rents rose by 5.6% to roughly EUR 9.00 per sqm in 2016 in spite of the rental price cap and official rent tables. However, rental prices in Berlin differ substantially by geographical area from an average of EUR 5.84 to EUR 14.46 per sqm: in centrally located, popular areas and the upper market segment, the median quoted rents in Berlin-Mitte range up to EUR 17.50 per sqm and in Friedrichshain-Kreuzberg and Charlottenburg-Wilmersdorf up to EUR 15.55 per sqm. In contrast, quoted rents in the outlying districts of Marzahn-Hellersdorf or Spandau are much lower at an average of EUR 5.20, resp. EUR 5.40 per sqm in the lower segment. New forms of housing have developed, for example there is a particularly strong demand for furnished apartments at inner city locations with good infrastructure. This is a direct consequence of the increasing flexibility, mobility and internationalisation in the working world. The rental prices for smaller apartments are considerably higher in this market segment and reflect the additional services offered.

In order to satisfy the strong demand, numerous new construction projects, including larger and more diverse developments, are currently in realisation by public housing companies, private development firms and housing cooperatives. These properties are designed for all groups from low-income renters to exclusive international buyers. Construction costs for new projects as well as maintenance and cosmetic repairs to existing buildings have also risen sharply due to the general upward trend in prices and the full order books of the involved companies.

A total of 13,659 apartments in 3,570 projects – including 5,783 units as condominiums – were completed during 2016 (+27.4% versus 2015). The completions were concentrated in Treptow-Köpenick, Berlin-Mitte and Pankow. The Berlin building supervisory authorities issued building permits for 25,063 apartments in 2016, for an increase of 12.1% over the previous year. The majority of 21,119 apartments represent new construction, while 3,944 apartments were created through construction in existing buildings (e.g. lofts). Most of the approved apartments are located in the Pankow, Berlin-Mitte and Lichtenberg districts. Building rights approvals are generally delayed by a lack of personnel resources in the city's planning agencies and the strict regulations defined by the Berlin model for cooperative site development. These regulations establish numerous requirements for investors which include the assumption of costs for site development, the creation of places in day care facilities and elementary schools as well as restrictions on rental prices and occupancy (approx. 25% of apartments). Further details are provided in the section on *Property Development*.

An even stronger upward trend has been noted in the prices for newly built condominiums: peak purchase prices have topped EUR 15,000 per sqm in Berlin-Mitte and range up to EUR 12,750 per sqm in Charlottenburg-Wilmersdorf and up to EUR 5,050 per sqm in the southeastern Treptow-Köpenick.

Hamburg and Schleswig-Holstein region. The Hanseatic city Hamburg is the second largest city in Germany with a population of 1,787,000 as of 31 December 2015 and official forecasts (Demografie-Konzept 2030) for further steady growth to roughly 1,854,000 in 2030. The increase in the population and number of households reflects the city's high quality of life, which has led to a steadily expanding demand overhang on the housing market and rising rental prices in recent years.

The strong demand on the Hamburg housing market has led to a continuous increase in new development projects over recent years. The BUWOG Group entered this development market in April 2016 with the purchase of a 42,700 sqm site in Hamburg-Bergedorf to continue the expansion of its Property Development business area at a third location in line with the expected dynamic market trends and very robust socio-demographic framework. According to the Hamburg – Schleswig-Holstein Statistical Office, 7,722 new apartments were completed and building permits were issued for 10,736 new apartments in Hamburg during 2016.

The current very strong demand for housing in Hamburg has led to a situation where, according to JLL, quoted rents rose substantially to an average of EUR 11.50 per sqm in 2016 (2015: EUR 10.80 per sqm). The purchase prices for condominiums have also increased significantly to an average of EUR 4,020 per sqm (2015: EUR 3,790 per sqm).

The demand for apartments remains focused on the central and inner city areas in popular residential districts. However, there is a growing interest in development areas with larger units at less central locations – and this trend is also driving rental and purchase prices. At the present time there are no signs of a trend reversal in the strong demand for housing in Hamburg.

Hamburg surrounding area. The tense situation on the housing market in Hamburg has also spread to the surrounding areas. The result has been further steady population growth and an increase in the number of households plus a rising demand for apartments and higher rental prices – and a trend that is expected to continue. The most important urban centres include Ahrensburg as well as the cities of Reinbek, Glinde, Norderstedt, Henstedt-Ulzburg and Kaltenkirchen, where the BUWOG Group holds standing investments. Average rents range from EUR 8.50 to 9.00 per sqm. In the Segeberg district, the average apartment rent equals EUR 8.96 per sqm, although higher rents can be realised depending on the proximity to Hamburg.

Kiel. This capital city and largest metropolitan area in the state of Schleswig-Holstein had a population of approx. 247,000 at the end of 2016. Kiel is a traditional commercial hub with a focus on engineering and shipping as well as an prominent university city with roughly 34,000 students. According to official forecasts (Statistik der Landeshauptstadt Kiel) the population is projected to rise to approx. 268,300 by 2030. The demand for housing will continue to increase, also due to the steady growth in the number of households. This trend, in turn, will lead to an increase in rental prices because of the limited supply and the low level of vacancies and new completions.

According to CBRE, the average quoted monthly rent equalled EUR 7.03 per sqm in 2015 based on an average apartment size of 57 sqm. The prices for condominiums have risen steadily for five years and reached a new record of nearly EUR 3,000 per sqm in 2015. Used condominiums are less expensive at EUR 2,500 per sqm.

Lübeck. As the second largest city in Schleswig-Holstein, Lübeck is located in the direct catchment area of the Hamburg metropolitan region. The population has risen consistently in recent years and totalled 220,211 at the end of 2016. Lübeck has a number of attractive residential locations due to the expansive stretches of water and historic centre city. The economy is broadly diversified across sectors ranging from the food industry to trade, services and logistics. This solid economic foundation combined with four universities and the largest Baltic Sea port make Lübeck an interesting and stable growth location.

CBRE placed the average quoted rent at EUR 6.94 per sqm in 2015 based on an average apartment size of 59 sqm. The vacancy rate has been lower than 2.0% for some time. The purchase prices for condominiums have also increased in recent years. The average square metre price for new condominiums equalled roughly EUR 3,000 for newly built condominiums and EUR 1,800 for resales.

The Hamburg and Schleswig-Holstein region continues to represent an important portfolio focal point for the BUWOG Group. This strategic focus is based on the potential for growth due to its attractiveness as a regional residential market with robust economic indicators and expected positive socio-demographic development.

Brunswick-Hannover region. The largest cities in this region are Hannover with approx. 532,000 residents and Brunswick with approx. 252,000 residents. Hannover, the capital city of Lower Saxony, is a very attractive and stable economic centre and the headquarters for numerous DAX- and MDAX-listed companies like Volkswagen, Continental, Talanx and TUI. It is also an important university city and the location of Hannover Medical School.

Quoted rents in Hannover averaged EUR 7.50 per sqm in 2015 based on an average apartment size of 65 sqm.

Brunswick is the economic and cultural centre of the south-eastern region of Lower Saxony. It is an administrative and service hub and a traditional university and research town which benefits, not least, from close proximity to the Volkswagen Group in Wolfsburg.

Quoted rents rose by 16% from a low basis during the period from 2012 to 2015 and averaged EUR 7.16 per sqm in 2015 based on an average apartment size of 65 sqm. The purchase prices for condominiums followed this development with a lag, but have risen to EUR 3,200 per sqm for new units and to EUR 2,200 per sqm for resales. The vacancy rate was recently reported at 2.0% based on a total market of over 137,000 residential units.

Brunswick-Hannover represents a strategic growth region for the purchase of new standing investment portfolios by the BUWOG Group because of its highly attractive economic and socio-demographic indicators and optimistic forecasts.

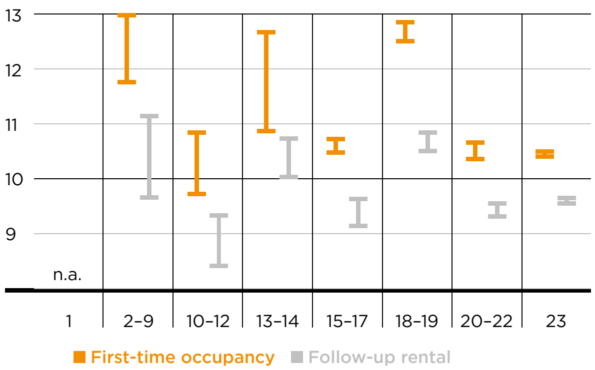
RESIDENTIAL MARKET – AUSTRIA

Estimates by CBRE point to strong growth in the transaction volume on the Austrian real estate market to roughly EUR 3.5 billion in 2017, above all due to the sale of the Vienna DC Towers: That would represent a level only slightly below the record EUR 3.8 billion recorded in 2015 and a significant increase over the moderate EUR 2.8 billion generated in 2016. Investors' interest was directed primarily to the office asset class in 2016, followed by hotel properties, while transactions in the residential sector played only a minor role. Market transactions were characterised by substantially higher prices and a resulting decline in yields to a maximum of 4.0%.

The residential market is characterised by steady population growth, a continuous reduction in the average household size and ongoing urbanisation. Statistik Austria points to an increase of 9.5% in the population rose to 8,739,806 in 2016. The number of private households totalled 3.86 million, including 1.43 million single person households. The strongest growth was recorded in Vienna with a plus of 1.5% (27,356 residents).

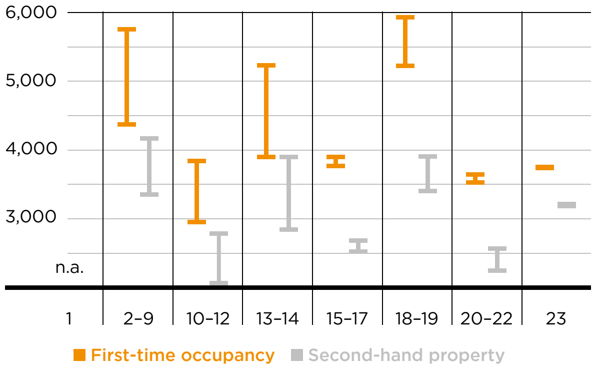
According to Statistik Austria, the average ownership rate on the Austrian housing market was comparatively low in international comparison at 57% in 2016. There is a substantial difference between regions: in rural areas (e.g. Burgenland) ownership ranges up to 80%, while in urban regions, especially Vienna, 79% of the population lives in rented housing. The high share of rentals in the metropolitan areas is explained, above all, by the high proportion of subsidised and social housing with low net cold rent, which is a result of the government's "affordable housing" policy. Roughly 60% of all households in rented properties live in subsidised council housing or cooperative apartments that are subject to the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz). The average rent (net cold rent plus operating costs) equals EUR 7.55 per sqm (2015: EUR 7.10 per sqm) or roughly EUR 500 per month. The increase in rental prices, especially in urban regions, is a direct result of the strong demand for housing that has resulted from migration, combined with an insufficient level of completions (approx. 50,000 apartments per year in the entire country). This additional demand is developing primarily in the lower and middle price segments because the population growth is supported primarily by immigrants with low incomes and limited wealth. The extensive supply of subsidised, non-profit and municipally owned apartments in Vienna is also not large enough to satisfy the rising demand for affordable housing.

RENTAL PRICE LEVEL VIENNA
by district in EUR per sqm



Source: Erster Wiener Wohnungsmarktbericht 2017 by BUWOG Group/EHL

PURCHASE PRICE LEVEL VIENNA
by district in EUR per sqm



Source: Erster Wiener Wohnungsmarktbericht 2017 by BUWOG Group/EHL

The amendment to the Austrian Non-Profit Housing Act passed by Austrian Parliament and enacted on 1 January and 1 July 2016 clarified several factors which are relevant for the rental market in this country – rental prices, the maintenance and improvement contribution and maintenance works. The most important effects of this amendment on the BUWOG Group are provided under *Asset Management* and on the BUWOG homepage under www.buwog.com.

Vienna. The population in Vienna rose to approx. 1.87 million at the beginning of 2017, supported by immigration and an increase in the birth rate. Based on the number of residents, Vienna is now the sixth largest city in the EU and the second largest city in the German-speaking countries after Berlin. This population growth is creating new social and economic momentum. Vienna was recently rated the most liveable city in the world by the international "Quality of Living" study, the most thriving city in the world by the UN Habitat and one of the most innovative cities in the world by the "Innovation Cities Global Index". Robust economic development combined with a liveable environment lead to forecasts for continued growth in the city's population to two million by 2023. Statistics show roughly 902,000 private households at the end of 2016, with nearly 406,000 single person households and 496,000 multi-person households. Roughly 730,000 persons live in rented premises and 160,000 in owned properties. According to a joint study on the Vienna housing market by the BUWOG Group and EHL (Erster Wiener Wohnungsmarktbericht 2017), Vienna should have more than one million private households in 2030. The residential market in Vienna covers an area of approx. 415 km^2 and is characterised by high building density in the inner city districts with few unbuilt areas for new construction projects. The steady population growth and resulting strong demand for housing led to a further increase in rental prices during the reporting year – also due to the still low level of new completions (2015: approx. 7,300).

There are still significant price differences in the condominium segment of the Vienna residential market which – similar to the rental segment – are dependent on the location of the property. The charts on the left show the price levels for rental and condominium apartments, aggregated by district and classified by rental units and condominiums.

GENERAL REFERENCES AND SOURCES

The data on Austria was obtained from Statistik Austria and a study published by the BUWOG Group in cooperation with EHL (Erste Wiener Wohnungsmarktberichts 2017). Information from the Federal Statistical Office and comparable state agencies was used to obtain consistent and comparable data on Germany. Property-specific data was taken from the CBRE market reports, unless indicated otherwise.

DEVELOPMENT ON THE FINANCIAL MARKETS

INTEREST RATES AND REFINANCING

Review of the financial markets in 2016/17

- "Brexit" referendum
- Europe challenged by continuing migration
- Presidential elections in the USA

The central banks have overshadowed the financial markets for a number of years. Their monetary policies – which, in some cases have included unconventional measures – have come to dictate the actions of the capital market players, while their decisions and, above all, their non-decisions have dominated market activities to a great extent.

Developments on the international stock, currency and financial markets in 2016/17 were influenced, above all, by the results of the "Brexit" referendum, which led to a brief decline in share prices during the reporting year, and by the continuing negative effects of refugee flows on the political sector.

In the United States, the reporting year was influenced by the presidential election and the related uncertainties over the effects of capital market measures planned by the new president. An additional factor was the initial increase in interest rates by the US Federal Reserve from a range between 0.25% and 0.50% to 0.75% and 1.00%. This increase continued in June 2017 with an adjustment to a range of 1.00% to 1.25%.

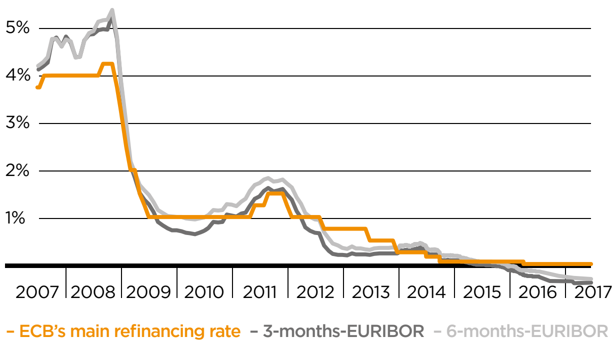
DEVELOPMENT OF KEY INTEREST RATES

The ECB's key interest rate remained unchanged at 0.00% during the reporting year. The three-month EURIBOR fell to a low of –0.332% on 10 April 2017 and the six-month EURIBOR declined to –0.251% on 19 April 2017. Both rates also continued at a low level after the end of the reporting year on 30 April 2017.

Long-term swap rates fell sharply at the beginning of 2016/17, but generally recovered by the end of the reporting year. The development of swap rates is particularly important for the BUWOG Group in the fair value measurement of financial liabilities and derivatives (non-cash effect) and for the hedging of interest rate risks (cash effect). Details of the effects on the BUWOG Group's financial results are provided in this management report under the sections on *Financing* and the *Asset, financial and earnings position*.

ECB MAIN REFINANCING RATE VS. EURIBOR

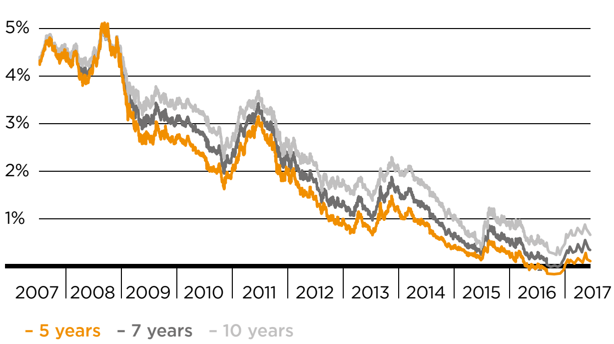
1 May 2007 to 30 April 2017



Source: Bloomberg

EUR SWAP RATES

1 May 2007 to 30 April 2017



Source: Bloomberg

THE ECB'S MONETARY MEASURES

The quantitative easing (QE) programme launched by the ECB at the beginning of 2015 to stimulate the economy and raise inflation to the Maastricht target of "close to but below" 2% was expanded by a further EUR +540 billion (December 2016: EUR +240 billion) to approx. EUR 2.28 trillion and extended to December 2017. In April 2017 the ECB cut the monthly bond purchase volume from the previous level of EUR 80 billion to EUR 60 billion. The expansion of the ECB's bond purchase programme to include corporate bonds provided added support for these instruments. Credit spreads in the real estate sector are currently at a very low level. A decision on the volume of future bond purchases is expected in autumn 2017.

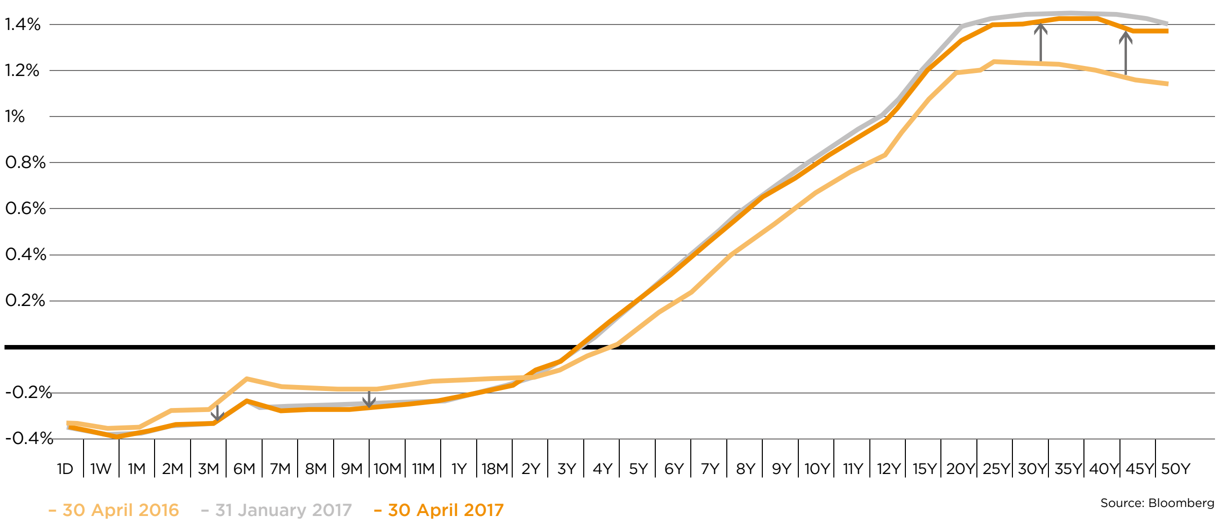
DEVELOPMENT OF FINANCING PARAMETERS

The BUWOG Group sees financing for the real estate industry in Germany and Austria as generally secure at the present time due to the strong demand for capital investments by the banking sector and the current low interest rate environment. The increased capital adequacy requirements for banks defined by Basel II and Basel III are reflected in lower loan-to-value ratios and, consequently, to higher capital requirements for real estate investments. Sufficient financing is generally available for development projects, although lending conditions have tightened significantly in recent years through bank covenants and reporting standards. The main determining factors for the lending process are location and cost security through the appointment of a general contractor with fixed price and completion guarantees as well as verifiable pre-letting. In summary, sufficient financing is available – but under stricter lending conditions.

DEVELOPMENT OF THE EUR SWAP CURVE

The significance of the EUR swap curve for the BUWOG Group is reflected in cash interest expenses and, above all, in non-cash financial results. A substantial shift in this curve was visible during the reporting year, with an increase over the level on 30 April 2016 that had only a limited effect on short-term rates. In view of BUWOG's defensive risk profile with a long-term, balanced financing structure and an average term of 12 years for financial liabilities, the increase in the EUR swap curve had a positive effect on non-cash financial results in 2016/17. Additional details are provided in the section *Asset, financial and earnings position* on page 156.

DEVELOPMENT EUR SWAP CURVE
Comparison 30 April 2016 to 31 January 2017 and 30 April 2017



Source: Bloomberg

PORTFOLIO REPORT

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

The following information is based on the values as of 30 April 2017, the balance sheet date for the 2016/17 financial year. The comparative figures in parentheses refer to the values as of 30 April 2016, unless otherwise indicated. Information on the carrying amounts is provided in the consolidated financial statements under note *2 Accounting Policies.*

THE BUWOG GROUP'S PROPERTY PORTFOLIO

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

The fair value of the BUWOG Group's portfolio totalled EUR 4,646.4 million as of 30 April 2017 (EUR 4,142.0 million). Standing investments and non-current assets held for sale represent the major component at EUR 3,942.1 million (EUR 3,716.3 million) or 84.8% (89.7%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 355.5 million (EUR 217.3 million) or 7.6% (5.2%) of the carrying amount of the Group's portfolio. The pipeline projects have a combined fair value of EUR 277.5 million (EUR 168.7 million) or 6.0% (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 56.3 million (EUR 33.0 million) or 1.2% (0.8%). The other tangible assets, which include properties used directly by the BUWOG Group, total EUR 14.9 million (EUR 6.7 million) or 0.3% (0.2%).

The property portfolio of the BUWOG Group is classified under non-current and current assets on the balance sheet. The following charts reconcile the balance sheet values as of 30 April 2017 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 30 April 2017 in EUR million

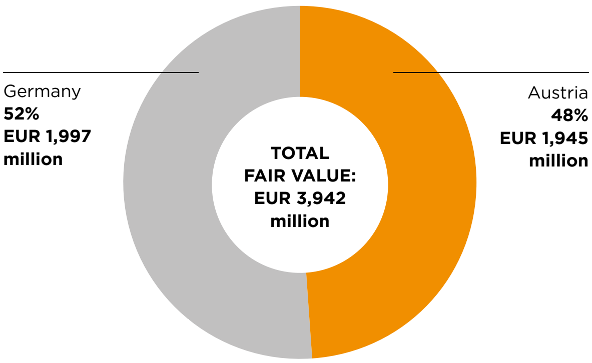
Non-current assets	**4,275.2**	Investment properties	4,203.9	**Standing investments**	**3,926.5**
				Pipeline projects	277.5
		Other tangible assets	14.9	Properties used by the BUWOG Group[1]	14.9
		Investment properties under construction	56.3	Construction for the BUWOG portfolio	56.3
Current assets	**371.2**	Non-current assets held for sale	15.7	**Standing investments**	**15.7**
				Pipeline projects	0.0
		Real estate inventories	355.5	Development projects	355.5
Total portfolio BUWOG Group	**4,646.4**		**4,646.4**		**4,646.4**

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

The following chart shows the regional distribution of the standing investment portfolio:

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2017



PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2017	Units	Standing investments in EUR million	Pipeline projects in EUR million	Properties used by the BUWOG Group in EUR million[1]	Construction for BUWOG portfolio in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Germany	27,151	1,997.4	246.6	0.7	21.9	155.4	2,422.0	52.1%
Austria	22,446	1,944.8	30.9	14.2	34.4	200.2	2,224.4	47.9%
BUWOG Group	**49,597**	**3,942.1**	**277.5**	**14.9**	**56.3**	**355.5**	**4,646.4**	**100.0%**

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

INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating steady rental income. The property portfolio in Germany and Austria included 49,597 standing investment units (51,058), which had a fair value of EUR 3,942.1 million as of 30 April 2017 (EUR 3,716.3 million) and represented 85% of the total property portfolio (incl. development projects). The standing investment portfolio is carried at fair value in accordance with IAS 40.

In 2016/17 a portfolio with 100 units in Germany was acquired for EUR 7.8 million and successfully integrated. The completion of two development projects in Vienna ("Am Otterweg" with 88 units and "Southgate" with 78 units) added a total of 166 units to BUWOG's standing investment portfolio. Contracts were signed during the reporting year for the purchase of a portfolio with 23 standing investment units in Hannover for approximately EUR 3.6 million and for the purchase of a property in Berlin with 14 standing investment units for approximately EUR 3.0 million. The closings are expected to take place during the first, respectively second quarter of 2017/18. The BUWOG Group also signed a contract for a property in Berlin with 95 units, which will be built for turnkey delivery and is scheduled for completion and transfer in March 2019.

PORTFOLIO TRANSACTIONS IN FY 2016/17

	Acquired on
100 units in Hannover	1 April 2017

The core regions of Berlin, Hamburg, Schleswig-Holstein and Brunswick/Hannover form the regional focus of investments to continue the sustainable expansion of the portfolio in Germany. The BUWOG Group's most important investment criteria are the appreciation potential of the respective property in these attractive socio-demographic and economically stable growth regions, a minimum gross rental yield of roughly 4.0% to 6.0% depending on the location, a positive contribution to the sustainable increase in Net Operating Income (NOI) and Recurring FFO, and the suitability for possible privatisation.

Vienna and Berlin together with 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 30 April 2017.

The annualised contractual net in-place rent for the portfolio properties, including parking spaces, totalled EUR 205.1 million as of 30 April 2017 (EUR 201.2 million). That represents an average net in-place rent of EUR 5.18 per sqm (EUR 4.92 per sqm) and a gross rental yield (annualised net in-place rent in relation to fair value) of 5.2% (5.4%). The vacancy rate is based on the total floor space and equalled 3.4% as of 30 April 2017 (3.4%). The average size of the units in BUWOG's standing investment portfolio is roughly 69 sqm.

On a like-for-like basis – i.e. after the elimination of the effects from changes in the portfolio (excluding portfolio transactions) and the inclusion of changes in vacancies – the increase in rents totalled 4.5% (1.6%). The like-for-like rental growth equalled 3.2% (2.7%) in the German portfolio and 6.3% (0.3%) in the Austrian portfolio. The improvement in the Austrian portfolio is attributable to a non-recurring special effect from the adjustment of a rent component, the maintenance and improvement contribution (Erhaltungs- und Verbesserungsbeitrag), based on an amendment to the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz). Additional details are provided on page 63.

A further year-on-year increase was recorded in the fair value of the BUWOG Group's standing investment portfolio during 2016/17, which resulted in fair value adjustments of EUR 331.8 million that were recognised in profit or loss. An overview of the fair value adjustments and additional information on the regional distribution are provided on page 149.

The BUWOG Group implemented the results of the best practice analysis of its capitalisation policies beginning with the first quarter 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 for 2015/16. Additional details are provided in the consolidated financial statements under note 1.3 *Change in comparative information* (see page 226). The new capitalisation guideline leads to higher capitalisation rates than the previously applied policy based on a constant mix of measures.

BUWOG invested EUR 66.3 million in its Austrian and German properties during 2016/17 (EUR 54.8 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. That corresponds to EUR 18.9 per sqm (EUR 15.4 per sqm). Investments in regular maintenance totalled EUR 27.0 million (EUR 23.7 million) or EUR 7.7 per sqm (EUR 6.7 per sqm), and capitalised investment costs amounted to EUR 39.3 million (EUR 31.1 million) or EUR 11.2 per sqm (EUR 8.7 per sqm). The capitalisation ratio for investment costs equalled 59.2% (56.7%) of total investments. As part of its active Asset Management approach, the BUWOG Group continues to focus on sustainable, yield-oriented property management and optimisation to realise opportunities to increase value, improve the properties and boost rental income.

PORTFOLIO OVERVIEW STANDING INVESTMENTS BY LOCATION

as of 30 April 2017	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	11,540	904,810	61	5.76	1,618	1,788	3.8%	2.7%
Vienna	6,549	573,107	36	5.44	1,042	1,819	3.5%	3.6%
Berlin	4,991	331,703	25	6.30	576	1,735	4.3%	1.2%
State capitals and major cities[5]	19,093	1,226,550	75	5.24	1,253	1,022	6.0%	2.2%
Suburban regions[6]	7,655	532,577	31	5.00	528	992	5.8%	3.5%
Rural areas	11,309	754,848	38	4.47	543	719	7.0%	6.2%
Total BUWOG Group	**49,597**	**3,418,784**	**205**	**5.18**	**3,942**	**1,153**	**5.2%**	**3.4%**
thereof Germany	27,151	1,690,258	116	5.85	1,997	1,182	5.8%	1.9%
thereof Austria	22,446	1,728,526	89	4.50	1,945	1,125	4.6%	4.9%

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 as of 30 April 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's standing investments are assigned to one of three clusters for portfolio management: (a) the core portfolio, (b) the Unit Sales portfolio (current and planned property sales) and (c) the Block Sales portfolio (individual properties and portfolios) where the sale of properties over the medium-term is part of an opportunistic approach to optimise and concentrate the portfolio. In accordance with the strategic portfolio cluster, the core holdings represent 97% of BUWOG's portfolio. The cluster allocation is shown in the following table.

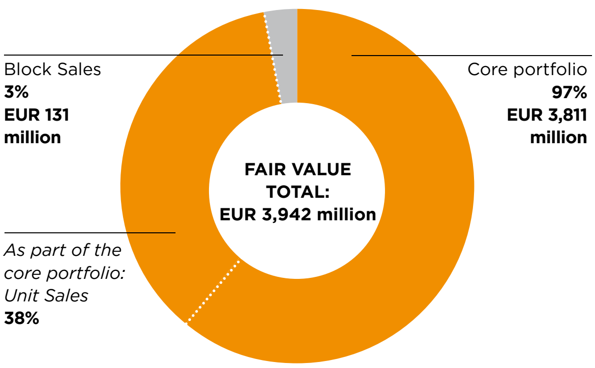
PORTFOLIO SPLIT BY STRATEGY CLUSTER

as of 30 April 2017		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,239	11,615	2,743	49,597
Total floor area	in sqm	2,289,780	926,670	202,334	3,418,784
Monthly net in-place rent[1]	in EUR per sqm	5.39	4.90	3.83	5.18
Fair value[2]	in EUR million	2,379	1,432	131	3,942
Fair value[2]	in EUR per sqm	1,039	1,546	646	1,153
Gross rental yield[3]	in %	6.1%	3.6%	6.3%	5.2%
Vacancy rate per cluster	by sqm	2.4%	4.2%	11.0%	3.4%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 30 April 2017
3) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE

as of 30 April 2017



SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)

A total of 1,731 units were sold during 2016/17 (1,119): 1,700 units from the Austrian portfolio (1,102) and 31 units (17) from the German portfolio. These sales generated Net Operating Income (NOI) of EUR 44.3 million (EUR 38.2 million).

Unit Sales are the main driver for sustainable revenues and contributions to Recurring FFO in the BUWOG Group'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 614 standing investment units were sold during 2016/17 (635), including 583 units from the Austrian portfolio and 31 units from the German portfolio. These sales contributed EUR 37.1 million (EUR 34.6 million) to Recurring FFO and had a margin on fair value of 57% (57%).

BUWOG's activities to further adjust and concentrate the portfolio were reflected in the signing of a contract for the Block Sale of 1,152 units in Tyrol on 7 December 2016. Block Sales covered 1,117 standing investment units in 2016/17 (484 standing investment units), whereby 1,116 units are part of the Tyrolean portfolio. The remaining 36 units from the Tyrolean sale will be transferred to the buyer during the first quarter of 2017/18. The earnings contribution from Block Sales is not part of Recurring FFO and is only included in Total FFO. It amounted to EUR 5.4 million (EUR 3.6 million) with a margin on fair value of 5% (14%).

INVESTMENT PROPERTY – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The balance sheet position investment property covers standing investments and 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 decision parameters include the availability of building permits, the progress of construction, the legal situation, the amount of equity previously invested by the BUWOG Group, the availability of bank financing, the level of pre-letting or sales, the expected margin, the margins achievable on alternative projects, project-specific factors and, not least, the macroeconomic environment.

The pipeline projects recognised on BUWOG's balance sheet had a carrying amount of EUR 277.5 million as of 30 April 2017 (EUR 168.7 million).

PIPELINE PROJECTS FAIR VALUE

as of 30 April 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	238.2	0.0	0.0	8.4	246.6	88.9%
Austria	25.4	3.6	0.0	1.9	30.9	11.1%
Total	**263.6**	**3.6**	**0.0**	**10.3**	**277.5**	**100.0%**

OTHER TANGIBLE ASSETS

The other tangible assets had a combined carrying amount of EUR 14.9 million as of 30 April 2017 (EUR 6.7 million). These assets consist primarily of office properties occupied by the BUWOG Group in Vienna (Hietzinger Kai 131) and Villach (Tiroler Strasse 17). Also included here are tangible assets currently under construction for BUWOG's future customer and administrative centre in Vienna at an amount of EUR 8.6 million. These assets represent the shares in a project company which were acquired by BUWOG during December 2016 and the related construction rights for the property at Rathausstrasse 1 in Vienna's first district. The building has roughly 12,000 sqm of gross floor space at one of the best locations in Vienna close to the city hall and parliament.

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 56.3 million as of 30 April 2017 (EUR 33.0 million). Two new projects in Vienna were under construction at the end of the reporting year: "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 market rent apartments. The "Am Otterweg" and "Southgate" projects with a total of 166 subsidised units in Vienna were completed and transferred to the standing investment portfolio during the reporting year as part of the Vienna Housing Initiative.

NON-CURRENT ASSETS HELD FOR SALE (ASSET MANAGEMENT/ PROPERTY DEVELOPMENT BUSINESS AREAS)

The properties classified as non-current assets held for sale and accounted for in accordance with IFRS 5 were covered by specific plans as of 30 April 2017 which make their sale likely in the near future. These properties had a combined carrying amount of EUR 15.7 million as of 30 April 2017 (EUR 0.0 million) and are included in the portfolio report under the standing investment cluster. The individual assets involve two properties from the sale of the Tyrolean portfolio which had not been transferred by 30 April 2017 and the sale of a portfolio with 200 units in Styria and Carinthia which was signed on 11 May 2017. The units will be transferred to the buyers during the first quarter of 2017/18.

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

The development of subsidised or privately financed condominiums and investment apartments (investors) for local customers and institutional investors and foundations is an important part of BUWOG's business activities. The markets in Vienna, Berlin and Hamburg with their strong demand for condominiums represent the main regional focus of these new development projects. The principle selection criteria for development projects are the location, the size of the project, its marketability and the expected profitability.

Development projects completed or currently under construction are reported on the balance sheet as real estate inventories (current assets) and accounted for at depreciated cost or the lower net realisable value in accordance with IAS 2. The fair value of the real estate inventories totalled EUR 355.5 million as of 30 April 2017 (EUR 217.3 million).

PROPERTY VALUATION

The consolidated financial statements of the BUWOG Group as of 30 April 2017 were prepared in accordance with International Financial Reporting Standards (IFRS), which include the application of the fair value method. The determination of fair value requires the regular appraisal of the investment properties by independent experts. The valuation of the property portfolio reflects the Best Practice Recommendations of the European Public Real Estate Association (EPRA) for the application of the fair value method as defined in IFRS. The BUWOG Group views the calculation and transparent presentation of fair value as an important internal controlling instrument, which also allows for a realistic external assessment of its property assets.

The standing investments, new construction projects and undeveloped land held by the BUWOG Group are valued by the independent external appraisers at CBRE Germany/Austria as of the reporting dates on 30 April and 31 October.

CBRE uses a discounted cash flow (DCF) model to value the Austrian real estate holdings. This model was adapted to reflect the special features of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz), in particular, cost-covering rent and re-letting fees, and the Unit Sales from these holdings. The parameters for Austria include long-term subsidy periods, interest rate hikes and the long-term revenues realisable from Unit Sales in the form of detailed cash flows over a period of 80 years. If the sale of individual apartments is the most economically feasible option, the property is valued according to the estimated sale potential of the individual units. The recoverable revenue on the sale is determined by applying the sales comparison approach and included in the DCF model on an accrual basis.

A standard discounted cash flow (DCF) method is applied to the German standing investments. The residual value method is used for property under construction (project development) and the comparative value method for undeveloped property (for future development projects) in Germany and Austria.

Additional information on the valuation process and methods is provided in the consolidated financial statements under note 6.1.2 *Valuation methods and input factors*.

CBRE valued the entire property portfolio of the BUWOG Group as of 30 April 2017. The fair values of these properties and land have a direct influence on the Net Asset Value (NAV) and therefore represent an important factor for evaluating the financial position of the BUWOG Group.

DEVELOPMENT OF PROPERTY VALUES IN 2016/17

The external appraisal by CBRE indicated showed a substantial year-on-year increase in the fair value of BUWOG's properties as of 30 April 2017. Fair value adjustments (IFRS) totalled EUR 335,1 million as of 30 April 2017, whereby EUR 317.3 million resulted from the valuation of the German portfolio and EUR 14.5 million from the valuation of the Austrian portfolio. The fair value adjustments to the pipeline projects amounted to EUR 3.3 million.

The fair value of the standing investments recognised at fair value in accordance with IAS 40 (excluding properties held for sale; standing investments in accordance with IFRS 5) totalled EUR 3,926.5 million as of 30 April 2017, while the pipeline projects had a combined fair value of EUR 277.5 million. For the BUWOG Group, that represents a total carrying amount of EUR 4,203.9 million. The fair value of the properties held for sale (standing investments as defined by IFRS 5) equalled EUR 15.7 million and resulted in a total fair value of EUR 3,942.1 million for the standing investments as of 30 April 2017.

The above-average increase of EUR 317.3 million in the fair value in the German properties resulted primarily (roughly 90%) from an increase in market rents and a high yield compression – with an above-average increase in the purchase prices for rental properties and property portfolios in relation to the growth in rents – which reflects the continuing strong demand by domestic and foreign investors. This sharp rise in the purchase prices for properties, above all in Berlin, is also visible in the rapidly growing medium-sized cities in northern Germany, e.g. Kiel, Lübeck and Brunswick. These so-called B- and C-locations are attracting opportunistic investors as well as an increasing number of long-term oriented real estate investors from the peer group which, in turn, is intensifying competition. There are no signs of a decline in the strong demand for residential properties and a related decrease in the rising yield compression over the short-term. Fair value adjustments were not only favourably influenced by these market factors, but also by an increase in the share of new rentals to roughly 5% – especially in BUWOG's core regions. The highest fair value increase in the German standing investment portfolio was recorded in the Berlin region at EUR 150.8 million and resulted chiefly from the ongoing strong yield compression. Substantial increases in the state capitals/major cities were noted in Lübeck (EUR 52.5 million), Kiel (EUR 41.8 million) and the suburban regions near Hamburg (EUR 22.5 million).

In the BUWOG Group's Austrian portfolio, the fair value adjustments of EUR 14.5 million resulted from the positive development of ownership prices on the real estate market. The fair value adjustments in this portfolio were concentrated on Unit Sales properties in Vienna at EUR 20.2 million. The following table summarises the fair value adjustments by regional cluster.

REVALUATION RESULT BY REGIONAL CLUSTER

as of 30 April 2017	Fair value adjustments in EUR million	Fair value in EUR million	Fair value in EUR per sqm	Monthly net in-place rent[1] in EUR per sqm	Multiplier net in-place rent
Federal capitals	171.0	1,618	1,788	5.76	26.6
Vienna	20.2	1,042	1,819	5.44	28.9
Berlin	150.8	576	1,735	6.30	23.2
State capitals and major cities[2]	126.7	1,253	1,022	5.24	16.6
Suburban regions[3]	23.5	528	992	5.00	17.1
Rural areas	10.7	543	719	4.47	14.3
Total BUWOG Group	**331.8**	**3,942**	**1,153**	**5.18**	**19.2**
thereof Germany	317.3	1,997	1,182	5.85	17.2
thereof Austria	14.5	1,945	1,125	4.50	21.9

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 as of 30 April 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

EFFECTS OF THE AMENDMENT TO RENTAL LAW IN GERMANY ON FAIR VALUES

Rental prices on the housing market in Germany have risen significantly over the past five years, chiefly owing to higher demand. The growing pressure on politicians to intervene in tight housing markets resulted in a legal cap on rent increases which took effect on 1 June 2015. This regulation is intended to contain the substantial demand-driven increase in rental prices on tight housing markets. New rentals in areas with this cap are subject to the following restrictions:

- Landlords may only increase the rent by a maximum of 10% above the normal rent for the area when leases are renewed.
- Apartments rented prior to the introduction of the cap at a price exceeding the normal in-place rent for the area plus 10% are classified as protected and may be rented in the future at the previous in-place rent. However, any rent increases implemented in the year before the end of the former contract may not be included.
- New apartments rented for the first time after 1 October 2014 are not subject to the cap.
- Apartments rented for the first time after comprehensive modernisation are not subject to the cap.

The rental price cap has the following effect on the BUWOG Group's properties in Germany: the rents on newly concluded contracts are capped at a maximum of 10% over the normal rent in Berlin (since June 2015) and in Hamburg (since July 2015). If the former tenant‘s rent was higher, the cap can be raised to this agreed amount. The rental price cap has also been in effect at a number of locations in Schleswig-Holstein and Kassel since November 2015. It was enacted in Lower Saxony as of 1 December 2016 and will therefore cover BUWOG's properties in Brunswick, Lüneburg and Buchholz in der Nordheide as well as the portfolio purchased in Hannover during 2016/17. Current estimates indicate that roughly 33% (2015/16: 32%) of BUWOG's standing investments and approx. 18% (2015/16: 17%) of the total portfolio are subject to the rental price cap.

Research by CBRE indicates that neither a simple nor a qualified rental price index is available for most of the cities. Consequently, there is no clear basis for determining the comparable local rent as the basis for new contracts. Defining the comparable rent based on similar apartments is difficult without an expert opinion. Introducing a cap on rental prices without amending the related index system has only made it more difficult to establish rental prices. Conflicting court decisions on the application of the rental price index as the basis for comparable local rents has since led to further uncertainty on the rental market.

The rental price cap has an influence on the potential for increasing the prices for new rentals when the realisable market rent for a particular apartment was not reached before the cap was implemented. However, this potential can only be determined on a case-by-case basis when the tenants change and is dependent on the location and property. The rental price cap does not significantly impair BUWOG's ability to determine the rental prices for its standing investments, and the related effects are included in full in the Group's multi-year planning.

In order to further utilise the available opportunities, BUWOG's investments in existing apartments are focused on units where there is still a substantial difference between the rental price cap and the market rent.

In addition to the rental price cap, the Ministry of Justice has redefined the capping limit ordinance (Kappungsgrenzenverordnung) as an additional instrument to limit rental price increases. It limits the increases to a maximum of 15% of the former rent during a period of three years in tight housing markets. This regulation has an influence on BUWOG's locations in Berlin, Hamburg and Kassel.

Further details on the rental price cap and capping limit ordinance are provided under *Asset Management – BUWOG's rent models* in the 2015/16 annual report beginning on page 63.

EFFECTS OF INDEX ADJUSTMENTS

A number of new rent tables, which are generally updated every two years, were published at BUWOG locations during and after the 2016/17 financial year. These tables provide information on comparable local rents for privately financed apartments based on the location, furnishings and year of construction. New rent tables were published, among others in Brunswick and Lübeck, during 2016/17. In Brunswick, the rent table shows an average increase of 1% from 2014 to 2016, while the comparable level for Lübeck is a substantially higher 4.6%. The Berlin rent table was published in May 2017 and shows an average increase of 9.2% in the net in-place rent compared with 2015. The Kiel rent table, which was published in June 2017, also includes an increase in average rents. For the BUWOG Group, this strong market-driven development in the various regional tables represents a significant potential for an increase in rents in the standing investments and on re-letting.

Effects on fair value. The transaction market remains robust despite the growing regulation of the residential rental sector. Completions are unable to keep pace with the rising number of households in the attractive regional housing markets with comparatively high upward trends in rents and purchase prices. This has depressed vacancy rates to historic lows.

The steady high demand by institutional investors for multi-family houses in the large metropolitan areas and the strong rise in purchase prices for core properties have also been accompanied by an increase of one to three years' net in-place rent (multipliers) in the purchase price parameters for non-core properties in top locations. Institutional investors are also increasingly turning to the rapidly growing medium-sized cities in northern and eastern Germany (e.g. Brunswick, Leipzig and Magdeburg). These so-called B- and C-locations are not only attracting a larger number of opportunistic investors, but also potential long-term owners – a development that is also fuelling competition in these areas.

The consequences for the valuation of BUWOG's properties in Germany include an increase in the purchase price parameters (yield compression), which more than offsets the negative effects of the rental price cap at a number of locations, as well as fair value adjustments in Germany that reached EUR 317.3 million in 2016/17 (EUR 141.6 million).

EFFECTS OF THE AMENDMENT TO THE AUSTRIAN NON-PROFIT HOUSING ACT ON FAIR VALUES

The amendment to the Austrian Non-Profit Housing Act which took effect on 1 July 2016 includes, among others, the restructuring of the maintenance and improvement contribution (Erhaltungs- und Verbesserungsbeitrag, EVB) as a major adjustment. The basic contribution of EUR 0.43 per sqm (EVN I) collected from tenants as part of the rent is now also subject to repayment. Maintenance and improvement contributions collected but not used by 30 June 2016 fall under the repayment obligation as of 1 July 2016. These funds must be refunded to tenants if they are not used for maintenance within 20 years (previously 10 years). The extension of the period after which the collected maintenance and improvement contribution must be repaid allows the BUWOG Group to make more targeted investments in the building substance.

Legal regulations previously permitted the use of the Burgenland benchmark less 30% (BRW -30) in place of a cost-covering rent to determine the new price when apartments were re-let. This benchmark last equalled EUR 3.50 per sqm and included both of the maintenance and improvement contributions (EVB I and II). The amendment to the Austrian Non-Profit Housing Act replaced the previous benchmark price with a new indexed value of EUR 1.75 per sqm as of 1 July 2016. In contrast to the previous legal regulation, an indexed maintenance and improvement contribution may be also collected in line with the age of the building, but up to a maximum of EUR 2.00 per sqm.

Including the indexed maintenance and improvement contribution, a total of EUR 3.75 per sqm can be collected from tenants in buildings 30 years or older. That represents a potential increase of EUR 0.25 per sqm compared with the previous regulation, if permitted by market conditions at the respective location.

Effects on fair value. The valuation of the BUWOG Group's Austrian properties therefore includes the negative effects of the amendment to the Austrian Non-Profit Housing Act as well as very positive effects from the further improvement in their sale potential due to the rising prices for condominiums and the related effects on the fair value of the Unit Sales portfolio. The fair value adjustments to the Austrian property portfolio totalled EUR 14.5 million in 2016/17 (EUR 49.2 million).

FINANCING

The BUWOG Group successfully arranged (re)financing for its standing investments and extended working capital lines with a total volume of EUR 581.5 million in 2016/17. Financing was also arranged for "build to hold" projects with a total volume of EUR 13.2 million[1)] and an average interest rate of 1.20% and for "build to sell" projects with a total volume of EUR 165.9 million[2)] and an average interest rate of 1.19%.

In total, the BUWOG Group successfully continued its financing at sustainably favourable conditions and thereby further improved the Recurring FFO available for dividends and investors.

FINANCING INDICATORS

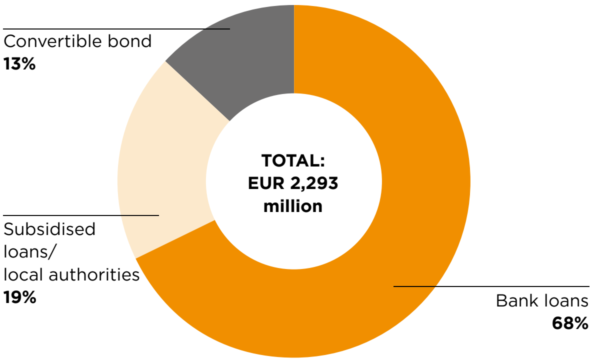
	Outstanding liability in EUR million	Share of outstanding liability	Ø Interest rate	Ø Term in years
Bank liabilities	**1,549**	**68%**	**2.18%**	**11.2**
thereof Germany	806	35%	2.08%	6.7
thereof Austria	743	32%	2.29%	16.0
Local authorities	**444**	**19%**	**1.60%**	**18.9**
thereof Germany	12	1%	0.28%	1.3
thereof Austria	432	19%	1.64%	19.4
Convertible bond	**300**	**13%**	**0.00%**	**4.4**
Total	**2,293**	**100%**	**1.78%**	**11.8**

Data may include rounding differences.

The financial liabilities held by the BUWOG Group include liabilities to credit institutions, liabilities to local authorities and development banks and liabilities from the issued convertible bonds. The outstanding volume of these financial liabilities, which are denominated in Euros, totalled approximately EUR 2,293 million as of 30 April 2017. The net financial liabilities of EUR 2,040 million in relation to the carrying amount of the total portfolio (EUR 4,631 million) represent the loan-to-value. This indicator was successfully reduced from 47.6% as of 30 April 2016 to 44.1% (IFRS) at the end of the reporting year. Additional details on the calculation of the LTV are provided under *Loan to value* in the section on the *Asset, financial and earnings position*.

STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES

as of 30 April 2017



1) As of 30 April 2017, EUR 10.9 million had not been transferred because the disbursement requirements must still be met.
2) As of 30 April 2017, EUR 112.4 million had not been transferred because the disbursement requirements must still be met.

REFINANCING AND RESTRUCTURING OF THE LOAN PORTFOLIO

The BUWOG Group successfully completed the refinancing and restructuring of a major loan portfolio at the end of the second quarter of the reporting year. This financing arrangement covered a volume of EUR 550 million and was concluded with Berlin Hyp as the consortium leader and Helaba. The closing took place at the end of the third quarter of 2016/17.

In addition to restructuring EUR 381.4 million of bank liabilities from the loan portfolio, EUR 195.3 million of subsidised loans in Germany (loans from financial institutions and local authorities) were or will be refinanced through a fixed interest loan (EUR 168.6 million) and equity (approx. EUR 30.0 million) by the end of the 2017 calendar year. Loans totalling EUR 550 million were refinanced and restructured with an average term of eight years. The weighted average nominal interest rate, including the related derivatives, is substantially lower than the previous interest rate and reduces financial results by EUR 4 million per year. The bullet repayment of the loan will also result in a cash flow advantage of roughly EUR 13 million.

The above measures led to an improvement in the weighted average nominal interest rate from 2.19% as of 30 April 2016 to 1.78% compared with the previous financing of these financial liabilities, including the convertible bond.

CONVERTIBLE BOND

In the second quarter of 2016/17, the BUWOG Group issued an unsecured convertible bond with a volume of EUR 300 million through a bookbuilding procedure. The convertible bond has an interest rate of 0.00% and a term of five years.

The initial conversion price of EUR 31.40 declined to EUR 31.22 after the end of the reporting year following a cash capital increase with subscription rights from authorised capital with a volume of approximately EUR 306 million in exchange for the issue of roughly EUR 12.5 million new shares. The conversion price will be adjusted to reflect future dividend payments only when the dividend exceeds the previous level of EUR 0.69 per share.

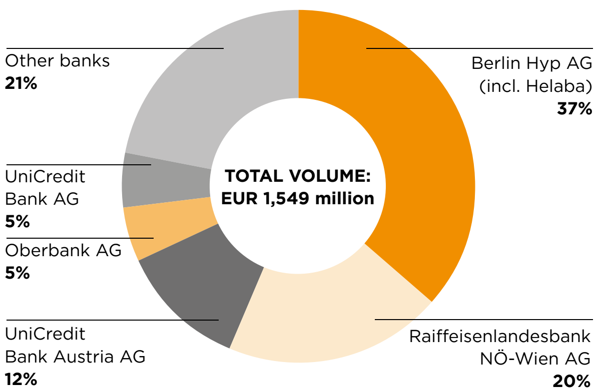
The placement of the convertible bond resulted in an interest advantage of roughly 0.28% for the Group's financial liabilities.

FINANCING PARTNERS AND REPAYMENT STRUCTURE

BUWOG benefits from long-standing business relations with more than 40 financial institutions in Austria and Germany. Its most important contract partners are Berlin Hyp, Raiffeisenlandesbank Niederösterreich-Wien AG, UniCredit Bank Austria AG, Oberbank AG and UniCredit Bank AG. The diversification of financing among various lenders allows the Group to avoid dependency and creates broad access to a wide range of funding sources.

KEY FINANCING PARTNERS (BANKS)

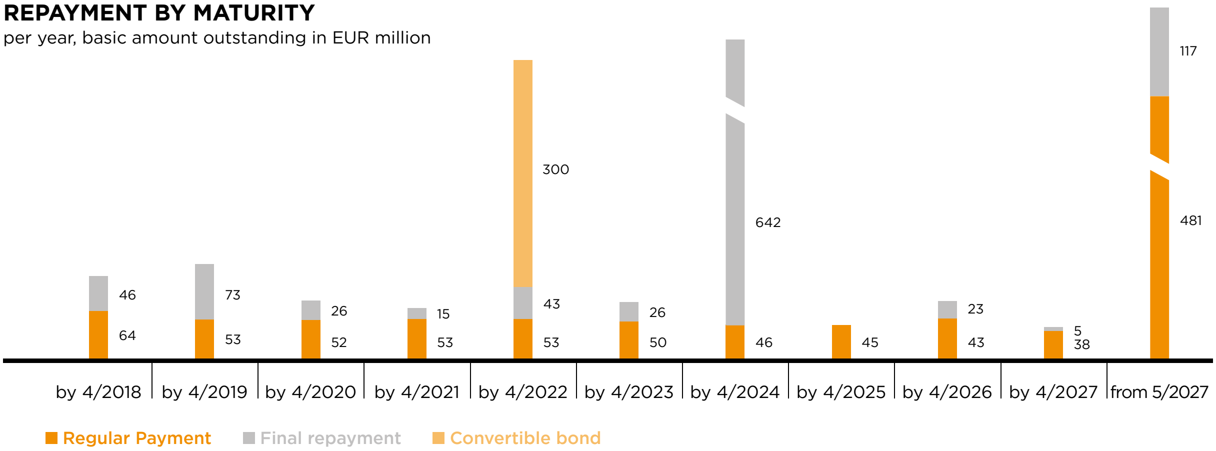
as of 30 April 2017



In keeping with the long-term nature of its core business, the BUWOG Group works to develop and maintain a long-term, balanced financing structure to protect its defensive risk profile. Most of the financing contracts are based on long-term agreements. The refinancing of the loan portfolio with an average term of eight years reduced the average remaining term is 11.8 years and the average fixed interest period 9.7 years.

The repayment structure by maturity is shown below:

REPAYMENT BY MATURITY
per year, basic amount outstanding in EUR million

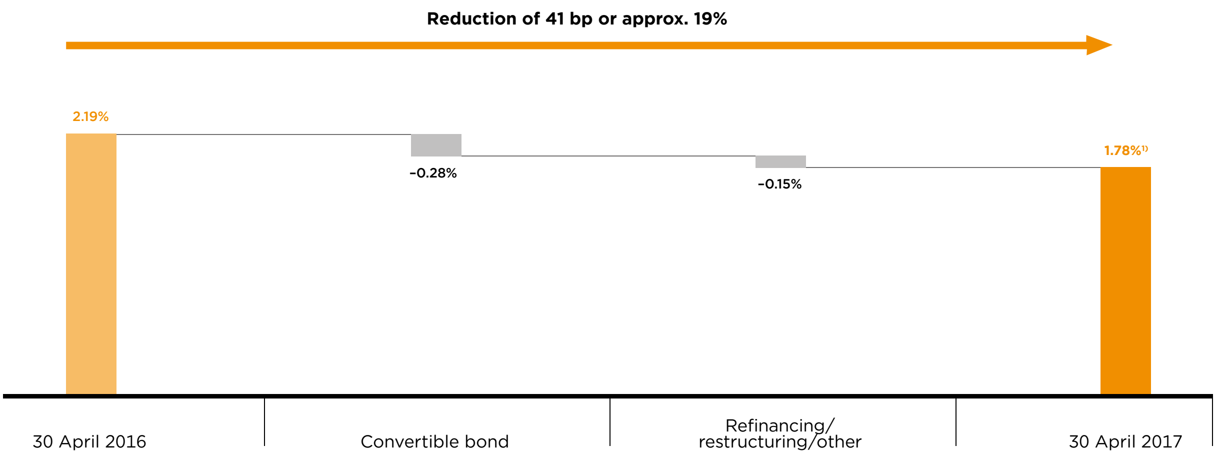


INTEREST RATE STRUCTURE

In accordance with the long-term nature of BUWOG's financing structure, 88% of the financing contracts are hedged against interest rate risk through fixed interest rate agreements and/or interest rate swaps.

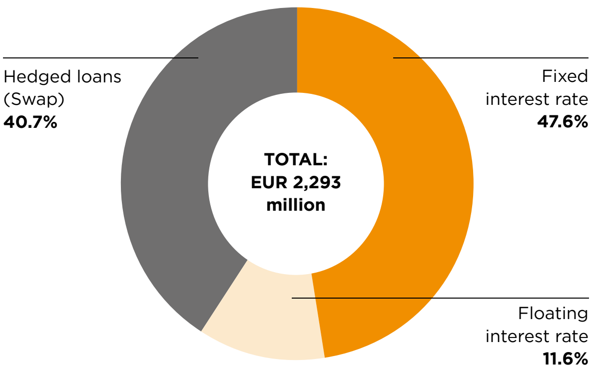
The weighted average nominal interest rate was reduced by 19%, or 41 basis points, from 2.19% to 1.78% during the reporting year. Key factors for this reduction were the issue of the convertible bond and the refinancing/restructuring of the loan portfolio.

DEVELOPMENT OF AVERAGE INTEREST RATES FOR FINANCIAL LIABILITIES



The values shown in the above graph are not scaled mathematically.
1) Average interest rate increased by two basis points based on annuity hikes in Carinthia and floor agreements on financing hedged with swaps

INTEREST RATE STRUCTURE
as of 30 April 2017



HOUSING SUBSIDIES

A special component of financing for the BUWOG Group is formed by the subsidised loans provided by financial institutions and local authorities in Austria. These loans currently represent roughly 25% of the outstanding balance of financial liabilities. In Austria, a large part of the Group's construction projects were financed by the public sector within the framework of housing subsidies. The housing subsidies granted to the BUWOG Group can be classified, in particular, according to the following criteria:
- Provincial subsidies for construction and renovation
- Types of subsidies: annuity subsidies, construction cost subsidies or direct loans

These subsidies are defined by the housing construction laws in the individual Austrian provinces. Despite the wide variety of detailed legal regulations, these housing subsidy laws have several fundamental principles in common:
- Rental prices, especially in Austria, are capped during and after the term of the subsidy.
- Certain restrictions are imposed as protection for the funds flowing into housing construction subsidies, e.g. temporary limits on sale.
- Sanctions, in particular premature repayment, take effect if the intent of the subsidy is violated.

All of the subsidised loans obtained by the BUWOG Group fall under the above criteria and have an average interest rate of 1.49% as of 30 April 2017. Most of the subsidised loans carry fixed interest rates and include annuity hikes or graduated interest agreements, which are known when the related contract is concluded and can generally be passed on through an increase in rents. Annuity hikes took effect in Carinthia during the last quarter of 2016/17 (Housing Subsidy Act 1991) and led to an increase in interest expense due to local Austrian authorities.

DERIVATIVES

BUWOG uses derivative financial instruments to hedge the risk of interest rate changes. Derivatives are only used to hedge interest rates, and the key parameters such as the term and repayment structures are adjusted to reflect the respective underlying transaction.

The BUWOG Group held derivatives with a notional amount of EUR 934 million as of 30 April 2017. Of the total financial liabilities, 88% are hedged against interest rate risk through swaps or fixed interest agreements. Floor agreements for underlying hedged transactions with a volume of EUR 478 million have led to an increase in interest expense due to the current negative reference rates. Further details on derivatives can be found in the consolidated financial statements under note *7.2.5 Interest rate risk*.

ASSET, FINANCIAL AND EARNINGS POSITION

G4-EC1

The following information on the asset, financial and earnings position is based on the 2016/17 financial year (reporting year) and the 2015/16 financial year (preceding period) and can include rounding differences. 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 Asset Management business area recorded a further sound improvement in all profitability indicators during the reporting year based on its clearly defined portfolio and asset strategy. Annualised net cold rent rose by 1.9% from EUR 201.2 million to EUR 205.1 million despite the sale of the Tyrolean portfolio. The active implementation of targeted asset management and investment measures led to an increase of 5.3% in the NOI for this business area to EUR 156.9 million.

The Property Sales business area is characterised by high-margin Unit Sales and Block Sales to investors as a means of optimising the portfolio. A total of 1,731 standing investment units were sold during 2016/17 (1,119): 614 (635) units through Unit Sales at a stable margin of 57% and 1,117 units (484 units) through Block Sales. Block Sales were influenced by the sale of a portfolio in Tyrol with 1,116 units. The NOI in this business area rose by 16.1% to EUR 44.3 million.

The NOI in the Property Development business area improved by 31.9% to EUR 28.3 million (EUR 21.4 million). This positive development was also reflected in the number of completed units in Vienna and Berlin, which rose by 44% to a total of 606. The development pipeline increased by 25% to 10,149 planned units and an investment volume of approx. EUR 2.9 billion (EUR 2.5 billion).

EARNINGS POSITION

CONDENSED INCOME STATEMENT

in EUR million	2016/17	2015/16[1]	Change
NOI Asset Management	156.9	149.0	5.3%
NOI Property Sales[2]	44.3	38.2	16.1%
NOI Property Development[3]	28.3	21.4	31.9%
Other operating income	3.5	7.5	-53.1%
Expenses not directly attributable	-40.6	-33.0	-23.3%
Results of operations	**192.4**	**183.2**	**5.0%**
Other valuation results	335.2	165.9	>100%
Operating profit (EBIT)	**527.5**	**349.1**	**51.1%**
Financial results	-69.3	-41.0	-69.1%
Earnings before tax (EBT)	**458.3**	**308.2**	**48.7%**
Net profit	**366.7**	**239.9**	**52.8%**
Net profit per share[4] in EUR	**3.59**	**2.37**	**51.3%**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Including of adaption IFRS 5 EUR 1.8 million
3) Including adjustment to fair value of investment properties under construction of EUR 5.6 million
4) Base 99,773,479 shares (weighted average) previous year: 99,650,556 shares

G4-9

Asset Management. The income recorded by the Asset Management business area consists of net cold rent of EUR 200.1 million (EUR 187.4 million) from residential properties plus other rental income of EUR 14.4 million (EUR 12.0 million) which results primarily from the rental of office, retail and parking space. These two items comprise the indicator "net in-place rent" and represent the contribution by Asset Management to the BUWOG Group's total revenue. The revenues from Asset Management also include operating costs passed on to tenants and third-party management revenues of EUR 112.0 million (EUR 107.9 million) as well as other revenues of EUR 0.2 million (EUR 0.1 million). These revenues are contrasted by operating expenses and expenses from third-party management amounting to EUR 112.1 million (EUR 106.1 million) and expenses directly related to investment properties totalling EUR 57.7 million (EUR 52.2 million), which include maintenance costs of EUR 27.1 million (EUR 23.9 million) for BUWOG's own portfolio.

The NOI generated by Asset Management rose by 5.3% year-on-year to EUR 156.9 million in 2016/17 (EUR 149.0 million). This improvement was supported, above all, by an increase in the NOI generated by Asset Management in Germany from EUR 77.9 million to EUR 81.5 million, which was based on higher prices for new rentals and rental increases in Berlin and other major cities. The NOI from Asset Management in Austria increased substantially to EUR 75.4 million (EUR 71.2 million) and was supported, in particular, by a special effect resulting from the amendment to the Austrian Non-Profit Housing Act and the related increase in net in-place rent.

OVERVIEW OF ASSET MANAGEMENT

in EUR million	2016/17	2015/16[1)]	Change
Residential rental income	200.1	187.4	6.8%
Other rental income	14.4	12.0	19.7%
Rental revenues	**214.4**	**199.4**	**7.5%**
Operating costs charged to tenants and third party property management revenues	112.0	107.9	3.9%
Other revenues	0.2	0.1	>100%
Revenues	**326.7**	**307.3**	**6.3%**
NOI Asset Management	**156.9**	**149.0**	**5.3%**
NOI margin Asset Management	**73.1%**	**74.7%**	**–1.6 PP**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).

The following table shows the classification between maintenance costs and modernisation expenditures (CAPEX). Maintenance costs represent an expense item on the income statement, while modernisation expenditures (CAPEX) increase the carrying amount of the standing investments. BUWOG's goal to improve the quality of the portfolio and create the potential for future rental increases was reflected in an increase of 23% in CAPEX for the standing investments to EUR 18.9 per sqm.

MAINTENANCE AND INVESTMENT IN INVESTMENT PROPERTIES

	2016/17	2015/16[1]	Change
Maintenance and investment in EUR million[2]	66.3	54.8	21.0%
Maintenance in EUR million[2]	27.0	23.7	13.8%
Modernisation (CAPEX) in EUR million	39.3	31.1	26.3%
Modernisation (CAPEX) in %	59.2%	56.7%	2.5 PP
Average total floor area in 1,000 sqm[3]	3,500	3,551	-1.4%
Maintenance and investment in EUR per sqm	**18.9**	**15.4**	**22.6%**
Maintenance in EUR per sqm	7.7	6.7	15.2%
Investment (CAPEX) in EUR per sqm	11.2	8.7	28.2%

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Maintenance costs of own real estate portfolio (excl. EUR 0.1 million in costs for project companies (EUR 0.3 million))
3) Average weighted floor area taking into account increases and reductions from purchases and sales

Property Sales. NOI in the Property Sales business area rose by 16.1% to EUR 44.3 million in 2016/17 (EUR 38.2 million). The number of units sold increased from 1,119 in the previous year to 1,731, including 1,116 standing investments from the sale of the Tyrolean portfolio. The margins on Unit Sales remained at a high 57%. The position "Adaption IFRS 5" includes fair value adjustments of EUR 1.8 million to non-current assets held for sale. This period-based valuation effect was reflected in the calculation of NOI, EBITDA and Total FFO. G4-9

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

OVERVIEW PROPERTY SALES

	2016/17	2015/16	Change
Sales of units in numbers	**1,731**	**1,119**	**54.7%**
thereof Unit Sales	614	635	-3.3%
thereof Block Sales	1,117	484	>100%
Revenues Property Sales in EUR million	**228.4**	**129.8**	**76.0%**
thereof Unit Sales in EUR million	104.9	99.2	5.8%
thereof Block Sales in EUR million	123.4	30.6	>100%
NOI Property Sales in EUR million	**44.3**	**38.2**	**16.1%**
Adaption IFRS 5 current year	-1.8	0.0	n.a.
NOI Property Sales in EUR million adjusted	**42.5**	**38.2**	**11.4%**
thereof Unit Sales in EUR million	37.1	34.6	7.3%
thereof Block Sales in EUR million	5.4	3.6	50.1%
Margin on fair value	**23%**	**44%**	**-20.4 PP**
thereof Unit Sales	57%	57%	0.1 PP
thereof Block Sales	5%	14%	-9.0 PP

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

G4-9

Property Development. The Property Development business area, which is classified in "build to sell" and "build to hold", was very successful during 2016/17. Revenues from property sales rose by 7.8% year-on-year to EUR 174.7 million. The NOI generated in Austria, adjusted for the fair value of properties currently under construction, increased by 67.0% to EUR 16.8 million. This sound improvement was influenced by a higher number of full or partial completions ("Pfarrwiesengasse", "Southgate", "Am Otterweg" and "Samhaberplatz" projects) and by the sale of the "Kranebitter Allee" site. The adjusted NOI in Germany equalled EUR 5.9 million, whereby the previous year was influenced by the sale of two sites for a total of EUR 6.8 million.

The significant 31.9% increase in NOI in the financial year and constant NOI margin of 13% confirmed the BUWOG Group's strategically successful direction in this business area.

OVERVIEW PROPERTY DEVELOPMENT

	2016/17	2015/16	Change
Sold units	**410**	**417**	**-1.7%**
thereof Germany	189	177	6.8%
thereof Austria	221	240	-7.9%
Revenues Property Development in EUR million	**174.7**	**162.0**	**7.8%**
thereof Germany in EUR million	78.3	88.6	-11.6%
thereof Austria in EUR million	96.3	73.5	31.2%
NOI Property Development in EUR million	**28.3**	**21.4**	**31.9%**
Adjustment to fair value of investment properties under construction	-5.6	0.0	>-100%
NOI Property Development adjusted in EUR million	**22.7**	**21.5**	**5.9%**
thereof Germany in EUR million	5.9	11.4	-48.2%
thereof Austria in EUR million	16.8	10.1	67.0%
NOI margin Property Development adjusted	**13.0%**	**13.2%**	**-0.2 PP**
thereof Germany	7.5%	12.8%	-5.3 PP
thereof Austria	17.5%	13.7%	3.7 PP

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

Expenses not directly attributable. Expenses not directly attributable to the three business areas amounted to EUR 40.6 million (EUR 33.0 million). They consist primarily of personnel expenses totalling EUR 15.8 million (EUR 14.4 million), legal, auditing and consulting fees of EUR 9.4 million (EUR 4.9 million) and IT and communication costs of EUR 3.7 million (EUR 3.9 million). The expenses for advertising and marketing declined to EUR 2.0 million in 2016/17 (EUR 2.9 million). The substantial increase in consulting fees was related to a non-recurring effect from the Group-wide introduction of SAP ERP. Another factor was the increase in the average number of employees to 756 (719).

Other revaluation results. Other revaluation results totalled EUR 335.1 million (EUR 165.9 million) and consisted primarily of fair value adjustments to investment properties. The significant increase of 102% in other revaluation results reflects the substantial fair value adjustments to the standing investment portfolio in Germany, which was based primarily on the continuing rise in the yield compression in that country. In the previous year, other revaluation results included a negative effect of EUR 12.0 million from the inclusion of the maintenance and improvement contribution. Additional details are provided in the consolidated financial statements under notes 5.7 *Fair value adjustments* and 5.8 *Recognition of maintenance and improvement contributions*.

Financial results. Financial results of EUR –69.3 million (EUR –41.0 million) include cash financing costs of EUR –47.9 million (EUR –48.6 million) as well as non-cash results from the fair value measurement through profit or loss of derivatives at EUR +1.8 million (EUR +2.6 million) and financial liabilities at EUR –10.9 million (EUR +9.4 million). The non-cash results from the fair value measurement of financial liabilities were based on the difference between the development of the underlying discount curve in 2016/17 and 2015/16. Non-cash valuation effects have no impact on Recurring FFO. Information on the development of interest rates is provided in the management report under *General economic environment* and *Development of the financial markets.*

EBITDA. Results of operations rose by 5.0% to EUR 192.4 million, supported by the above-mentioned effects and the positive development of the three business areas. EBITDA equalled EUR 188.1 million (EUR 187.2 million) after the inclusion of non-cash effects related to previous financial years and the valuation of properties under construction and properties held for sale.

EBITDA

in EUR million	2016/17	2015/16[1]	Change
Results of operations	**192.4**	**183.2**	**5.0%**
Impairment losses/revaluations	3.1	4.0	–22.0%
Adjustment to fair value of investment properties under construction	–5.6	0.0	>–100%
Adaption IFRS 5 current year	–1.8	0.0	>–100%
EBITDA[2]	**188.1**	**187.2**	**0.5%**
EBITDA Asset Management	**127.6**	**128.6**	**–0.8%**
EBITDA Property Sales[2]	**41.7**	**37.7**	**10.7%**
thereof Unit Sales	36.3	34.1	6.7%
thereof Block Sales	5.3	3.6	48.5%
EBITDA Property Development[2]	**18.9**	**20.9**	**–9.7%**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Results of operations adjusted to account for valuation effects from period-based shifts (IFRS 5)

Recurring 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). Recurring FFO reflects the sustainable, experience-based business model of the BUWOG Group, which consists of Asset Management, Property Development and Property Sales (excluding the results of Block Sales). Net profit for the year is the starting point for the calculation shown in the following table.

Recurring FFO, which also serves as the benchmark for the dividend, rose by 4.4% year-on-year to EUR 117.2 million in 2016/17 (EUR 112.2 million) and exceeded the revised guidance of EUR 113 million. The 26.3% increase in CAPEX investments in the standing investments and the resulting higher capitalisation rate led to a decline of 4.0% in AFFO to EUR 77.9 million.

FFO

in EUR million	2016/17	2015/16[1]	Change
Net profit	366.7	239.9	52.8%
Results of Property Sales	-44.3	-38.2	-16.1%
Other financial results	20.9	-7.1	>100%
Fair value adjustments of investment properties[2]	-340.7	-177.9	-91.5%
Impairment losses/revaluations	3.1	1.8	74.1%
Deferred taxes	62.3	50.2	24.2%
Other	12.2	9.0	34.7%
FFO	**80.1**	**77.7**	**3.1%**
Unit Sales result	37.1	34.6	7.3%
Recurring FFO	**117.2**	**112.2**	**4.4%**
Block Sales result[3]	5.4	3.6	50.1%
Total FFO	**122.6**	**115.9**	**5.8%**
Recurring FFO per share in EUR basic[4]	1.17	1.13	4.3%
Total FFO per share in EUR basic[4]	1.23	1.16	5.7%
Recurring FFO	**117.2**	**112.2**	**4.4%**
CAPEX	-39.3	-31.1	-26.3%
AFFO	**77.9**	**81.2**	**-4.0%**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Includes EUR 335.2 million (EUR 177.9 million) of fair value adjustments of investment properties and EUR 5.6 million for the valuation of properties under construction
3) Excl. valuation effect from assets held for sale of EUR 1.8 million (EUR 0.0 million)
4) Basis for earnings data: 99,773,479 shares (99,650,556) weighted average

Other financial results amounted to EUR 20.9 million (EUR -7.1 million) and include the following adjustments: other financial results of EUR -18.0 million (EUR +8.6 million), results of EUR -2.8 million (EUR -2.1 million) from the valuation of financial liabilities at amortised cost, results of EUR +0.6 million (EUR +0.6 million) from other financial assets valued at amortised cost, cash transaction costs of EUR +1.1 million (EUR 0.0 million) from current borrowings and increased interest of EUR -1.7 million (EUR 0.0 million) based on the effective interest method for the convertible bond issued during the reporting year.

Impairment losses/revaluations include EUR 2.4 million (EUR 1.8 million) of depreciation, amortisation and impairment losses to tangible and intangible assets as well as expenses of EUR 0.7 million (EUR 0.0 million) from the valuation of real estate inventories.

The position “other” includes personnel expenses of EUR 2.4 million (EUR 0.0 million) and operating expenses of EUR 7.1 million (EUR 1.7 million) for non-recurring reorganisation costs and special projects. Also included here are expenses of EUR 0.2 million (EUR 0.6 million) for share-based remuneration agreements with equity settlement, income of EUR 0.5 million from insurance compensation, income of EUR 0.5 million (EUR 0.0 million) from the reimbursement of expenses from previous financial years and additions of EUR 3.5 million (EUR 0.0 million) to provisions for unusual and/or aperiodic damages and legal proceedings. In the previous year this position included income of EUR 2.0 million from the refund of property transfer tax, expenses of EUR 12.0 million from the recognition under liabilities of maintenance and improvement contributions (see note 5.8 *Maintenance and improvement contributions received* in the consolidated financial statements) and guarantee provisions of EUR 3.1 million.

ASSET POSITION

CONDENSED BALANCE SHEET

in EUR million	30 April 2017	30 April 2016	Change
Investment property	4,203.9	3,885.0	8.2%
Investment property under construction	56.3	33.0	70.8%
Other tangible assets	14.9	6.7	>100%
Intangible assets	14.6	9.4	54.6%
Trade and other receivables	127.7	181.9	–29.8%
Other financial assets	15.5	19.6	–21.0%
Deferred tax assets	0.2	5.4	–96.8%
Non-current assets held for sale	15.7	0.0	n.a.
Income tax receivables	3.9	3.3	21.0%
Real estate inventories	355.5	217.3	63.6%
Cash and cash equivalents	211.4	82.5	>100%
Assets	**5,019.7**	**4,444.1**	**13.0%**
Equity	1,995.8	1,700.0	17.4%
Liabilities from convertible bonds	288.0	0.0	n.a.
Financial liabilities	1,963.5	2,052.7	–4.3%
Trade payables and other liabilities	464.0	422.9	9.7%
Income tax liabilities	28.8	47.6	–39.4%
Provisions	14.6	13.2	10.9%
Deferred tax liabilities	264.9	207.8	27.5%
Financial liabilities held for sale	0.1	0.0	n.a.
Equity and liabilities	**5,019.7**	**4,444.1**	**13.0%**

Information on investment property, investment property under construction, real estate inventories and non-current assets held for sale is provided in the portfolio report and in the consolidated financial statements. A detailed analysis of the development of the BUWOG Group's equity can be found under Development of Group Equity in the consolidated financial statements. The year-on-year increase in other tangible assets is attributable to BUWOG's new administrative building at 1010 Vienna, Rathausstrasse 1. The year-on-year increase in intangible assets resulted primarily from the Group-wide installation and subsequent capitalisation of software (primarily SAP).

EPRA Net Asset Value (EPRA NAV) is calculated in accordance with the Best Practice Policy Recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV concept is used to present the fair value of net assets on a long-term basis and to give investors an impression of a company's sustainable asset position. The EPRA NAV improved substantially by 18.5% to EUR 23.90 per share in 2016/17. Further details are provided in the section *Overview of EPRA performance indicators* in the Group management report.

EPRA NAV

in EUR million	30 April 2017	30 April 2016	Change
Equity before non-controlling interests	1,974.6	1,685.9	17.1%
Goodwill	-5.6	-5.6	0.0%
Inventories (carrying amount)[1]	-355.5	-217.3	-63.6%
Inventories (fair value)	427.7	250.5	70.7%
Properties owned by BUWOG (carrying amount)	-13.6	-5.4	>100%
Properties owned by BUWOG (fair value)	19.1	10.3	85.2%
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	66.1	67.9	-2.6%
Deferred tax assets on investment properties	-0.2	-0.4	37.6%
Deferred tax liabilities on investment properties (adjusted)[2]	305.6	249.9	22.3%
Deferred taxes on property inventories	-20.0	-9.3	>100%
Deferred taxes on derivative financial instruments	-13.4	-13.3	-0.6%
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Total floor area	3,418,784	3,532,273	-3.2%
EPRA NAV in EUR per sqm	**697.6**	**569.9**	**22.4%**
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**23.90**	**20.18**	**18.5%**

1) The fair value adjustments of inventories are valuated by CBRE as of 31 of October and 30 of April.
2) Adjustment for deferred tax liabilities arising in connection with potential property sales of EUR 33.4 million (EUR 31.8 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 44.1% as of 30 April 2017. This decline was based on the increase in property assets following the appraisal as of 30 April 2017 and the strong development of the Property Development business area.

LOAN-TO-VALUE RATIO

in EUR million	30 April 2017	30 April 2016	Change
Non-current financial liabilities	1,844.6	1,947.0	-5.3%
Current financial liabilities	118.8	105.7	12.5%
Financial liabilities held for sale	0.1	0.0	n.a.
Liabilities from convertible bonds	288.0	0.0	n.a.
Financial liabilities	**2,251.6**	**2,052.7**	**9.7%**
Cash and cash equivalents	-211.4	-82.5	>-100%
Net financial liabilities	**2,040.2**	**1,970.1**	**3.6%**
Investment properties	4,203.9	3,885.0	8.2%
Investment properties under construction	56.3	33.0	70.8%
Non-current assets held for sale	15.7	0.0	n.a.
Inventories	355.5	217.3	63.6%
Carrying amount overall portfolio	**4,631.4**	**4,135.3**	**12.0%**
Loan-to-value ratio	**44.1%**	**47.6%**	**-3.6 PP**

FINANCIAL POSITION

CONDENSED CASH FLOW STATEMENT

in EUR million	2016/17	2015/16	Change
Gross cash flow	91,1	148,5	–38.7%
Cash flow from operating activities	109.2	158.0	–30.9%
Cash flow from investing activities	–57.5	–62.9	8.6%
Cash flow from financing activities	77.2	–161.7	>100%
Cash flow	**128.9**	**–66.6**	**>100%**

Gross cash flow – adjusted for non-cash items such as the fair value adjustment of investment properties, the valuation of financial instruments at fair value, depreciation, amortisation and other positions – totalled EUR 91.1 million (EUR 148.5 million). The year-on-year decline of EUR 57.4 million resulted from higher income tax payments. The net cash inflow from net working capital positions amounted to EUR 18.1 million (EUR 9.5 million). Cash flow from operating activities, which is determined primarily by the Asset Management and Property Development business areas, declined by EUR 48.8 million, or 30.9%, from EUR 158.0 million to EUR 109.2 million.

Payments of EUR 298.7 million (EUR 180.4 million) made for the purchase of investment properties, properties under construction and other non-current assets were contrasted by payments of EUR 236.2 million (EUR 111.7 million) received from the sale of non-current assets. The increase in cash outflows was related primarily to land purchased for the expansion of the development pipeline. Major cash inflows from the Property Sales business area resulted from Unit Sales and from the sale of the Tyrolean portfolio. Cash flow from investing activities totalled EUR –57.5 million and declined slightly in comparison with the previous year (EUR –62.9 million).

Cash flow from financing activities was positive in contrast to the previous year at EUR 77.2 million in 2016/17 (EUR –161.7 million). This development reflected the issue of a convertible bond which resulted in net cash inflows of EUR 297.0 million. The cash inflows were contrasted by cash outflows from the net decline of EUR 101.2 million (EUR 48.3 million) in other current and non-current financing, the dividend payment of EUR 69.0 million (EUR 68.7 million) and interest paid of EUR 47.9 million (EUR 46.8 million).

"The demands on controlling will become even more extensive and challenging due to the expansion of the development business and related growth of the BUWOG Group."

Martin Puckl,
Head of Controlling

"Following the successful reorganisation of controlling and the group-wide introduction of a uniform ERP system (SAP), further professionalisation of controlling is on the agenda for my area of business. Development of the tools and the competent team, and the optimisation of the controlling processes will sharpen the focus on the BUWOG Group's business even further."

G4-EC1

OVERVIEW OF EPRA PERFORMANCE INDICATORS

In order to ensure transparency and comparability with other listed companies, the BUWOG Group includes separate information on indicators calculated in accordance with Best Practice Recommendations of the European Public Real Estate Association (EPRA). These indicators can differ from the values based on IFRS.

OVERVIEW OF EPRA PERFORMANCE INDICATORS

in EUR million	2016/2017	2015/16
EPRA NAV basic (balance sheet date)	2,384.8	2,013.2
EPRA NAV per share in EUR basic (balance sheet date)	23.90	20.18
EPRA NNNAV	2,306.2	1,929.8
EPRA NNNAV je Aktie	23.11	19.34
EPRA earnings	48.9	58.4
EPRA net initial yield	4.4%	4.6%
EPRA vacancy rate	3.0%	3.1%
EPRA cost ratio (including direct vacancy costs)	42.5%	39.3%
EPRA cost ratio (excluding direct vacancy costs)	41.0%	37.3%

EPRA NET ASSET VALUE (EPRA NAV)/NNNAV

The EPRA NAV concept is used to present the fair value of net assets on a long-term basis and, in this way, to give investors an impression of a company's sustainable asset position. The calculation of EPRA NAV includes the undisclosed reserves in real estate inventories and property used by the company as well as the fair values of derivative financial instruments. The former are not included in the values reported on the balance sheet due to IFRS accounting regulations. The latter regularly serve as a hedge for long-term financing and are held to maturity, and the hypothetical losses recognised as of the balance sheet date are therefore not realised. The deferred taxes on these items are included.

In accordance with the EPRA concept, deferred taxes on investment properties are included because of the intention to hold these assets. BUWOG's business model also covers the regular sale of individual apartments and properties, and the addition of deferred taxes is therefore adjusted to reflect potential property sales within a certain period of time. Goodwill is also deducted.

EPRA Triple NAV is derived from EPRA NAV by deducting the fair value of derivative financial instruments, financial liabilities and deferred taxes. The resulting EPRA NNNAV represents the fair value of a property company.

The EPRA NAV rose by a substantial 18.5% year-on-year to EUR 2.4 billion, respectively to EUR 23.90 per share. This increase was based primarily on positive development of the business areas and positive fair value adjustments.

EPRA NAV AND EPRA NNNAV

in EUR million	30 April 2017	30 April 2016	Change
Equity before non-controlling interests	1,974.6	1,685.9	17.1%
Goodwill	–5.6	–5.6	0.0%
Inventories (carrying amount)[1)]	–355.5	–217.3	–63.6%
Inventories (fair value)	427.7	250.5	70.7%
Properties owned by BUWOG (carrying amount)	–13.6	–5.4	>100%
Properties owned by BUWOG (fair value)	19.1	10.3	85.2%
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	66.1	67.9	–2.6%
Deferred tax assets on investment properties	–0.2	–0.4	37.6%
Deferred tax liabilities on investment properties (adjusted)[2)]	305.6	249.9	22.3%
Deferred taxes on property inventories	–20.0	–9.3	>100%
Deferred taxes on derivative financial instruments	–13.4	–13.3	–0.6%
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Total floor area	3,418,784	3,532,273	–3.2%
EPRA NAV in EUR per sqm	**697.6**	**569.9**	**22.4%**
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**23.90**	**20.18**	**18.5%**
EPRA NNNAV			
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	–66.1	–67.9	2.6%
Fair Value of debt	–25.8	–28.8	10.4%
deferred tax on derivative financial instruments	13.4	13.3	0.6%
EPRA NNNAV	**2,306.2**	**1,929.8**	**19.5%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
EPRA NNNAV je Aktie	**23.11**	**19.34**	**19.5%**

1) The fair value adjustments of inventories are valuated by CBRE as of 31 of October and 30 of April.
2) Adjustment for deferred tax liabilities arising in connection with potential property sales of EUR 33.4 million (EUR 31.8 million)

EPRA EARNINGS PER SHARE (EPRA EPS)

EPRA earnings per share, which represent a benchmark for the results of operations, are based on the net profit recorded by the BUWOG Group. Net profit is then adjusted for valuation effects, the results of Property Sales and Property Development after the deduction of the proportional share of expenses not directly attributable and the related effects on deferred taxes. EPRA EPS declined from EUR 0.59 in the previous year to EUR 0.49 in 2016/17 due to a reduction of EUR 4.0 million in other operating income and an increase of EUR 7.7 million in other expenses not directly attributable.

in EUR million	2016/17	2015/16[1)]	Change
Net profit (attributable to owners of the parent company)	357.8	236.3	51.5%
Fair value adjustments of investment properties and properties under construction[2)]	–340.7	–165.9	–105.4%
Results of Property Sales	–43.3	–37.4	–15.7%
Results of Property Development	–17.4	–17.6	1.4%
Taxes on Property sales and Property Development	16.1	14.7	9.3%
Valuation of financial instruments	9.2	–12.0	>100%
Deferred taxes in relation to EPRA adjustments	52.5	33.6	56.4%
Share of non-controlling interests in relation to EPRA adjustments	14.8	6.9	>100%
EPRA-Earnings	**48.9**	**58.4**	**–16.2%**
Weighted average number of shares (basic)	99,773,479	99,650,556	0.1%
Basic EPRA-Earnings per share in EUR	**0.49**	**0.59**	**–16.4%**
Weighted average number of shares (diluted)	106,113,804	99,849,153	6.3%
Diluted EPRA-Earnings per share in EUR	**0.46**	**0.58**	**–21.2%**

1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) 2015/16 incl. maintenance and improvement contributions received

EPRA NET INITIAL YIELD (EPRA NIY)

The EPRA net initial yield equals the annualised net in-place rent as of the reporting date, adjusted for non-recoverable property expenses, divided by the fair value of the standing investment portfolio, including assets held for sale and estimated ancillary purchase costs as of the reporting date. This indicator describes the net initial yield that a third party would realise on a purchase from the portfolio, taking into account any ancillary acquisition costs and non-recoverable property expenses from the portfolio. The BUWOG Group's net initial yield for 2016/17 equalled 4.4%.

		BUWOG Group as of 30 April 2017	Austria as of 30 April 2017	Germany as of 30 April 2017
Fair value standing investments[1]	in EUR million	3,926	1,929	1,997
Non-current assets held for sale	in EUR million	16	16	0
Fair value standing investments (net)	**in EUR million**	**3,942**	**1,945**	**1,997**
Acquisition costs[2]	in EUR million	314	138	176
Fair value standing investments (gross)	**in EUR million**	**4,256**	**2,083**	**2,174**
Annualised net in-place rent[3]	in EUR million	205	89	116
not recoverable costs[4]	in EUR million	18	7	11
Annualised net in-place rent (net)	**in EUR million**	**187**	**82**	**105**
net initial yield	**%**	**4.4%**	**3.9%**	**4.8%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2017
2) Expected acquisition costs on fair value standing investments for real transfer tax, brokerage fee and notary according to CBRE valuation report
3) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
4) Based on expenses directly related to investment property (see table 5.1.3. to the Consolidated financial statements) adjusted by expenses for maintenance and asset management, write-offs of receivables as well as marketing expenses and distribution allowances

EPRA VACANCY RATE

The EPRA vacancy rate shows the relationship between the market rental value of vacant space and the estimated market rental value of the entire portfolio as of the balance sheet date. The EPRA vacancy rate for the BUWOG Group equalled 3.0% as of 30 April 2017.

as of 30 April 2017	Number of units	Market rent in EUR million[1]	Market rent vacant units in EUR million[1]	EPRA vacancy rate
Total BUWOG Group	**49,597**	**246.6**	**7.5**	**3.0%**
thereof Austria	22,446	114.3	5.1	4.4%
thereof Germany	27,151	132.3	2.4	1.8%

1) Based on market rent (excluding utilities) per month as of the balance sheet date annualised

EPRA COST RATIO

The EPRA cost ratio is an indicator of the cost efficiency of property management. It is calculated as the ratio of operating and administrative expenses to gross rental income. Increasing rental income and declining property expenses and general costs lead to an improvement in the EPRA cost ratio. In order to provide a more transparent presentation of the EPRA cost ratio, an adjustment was made for maintenance costs because they are dependent on the maintenance strategy and capitalisation rules. The EPRA cost ratio rose by 3.2 percentage points to 42.5% in 2016/17 due to an increase in the expenses related to investment property.

EPRA COST RATIO

in EUR million	2016/17	2015/16[1)]	Change
Expenses directly related to investment property	57.7	52.2	10.6%
Share of expenses not directly attributable Asset Management	34.3	28.4	20.8%
Net service charge costs/fees	0.0	-1.7	>100%
Management fees less actual/estimated profit component	0.0	0.0	n.a.
Other revenues	-0.2	-0.1	-154.5%
Share of joint venture expenses	0.0	0.0	n.a.
Depreciation of investment property	0.0	0.0	n.a.
Land lease fees	-1.1	-0.7	-74.2%
Service charges recovered through rents (but not separately invoiced)	0.0	0.0	n.a.
EPRA Costs (including direct vacancy costs)	**90.7**	**78.1**	**16.1%**
Direct vacancy costs	-3.2	-4.0	20.4%
EPRA Costs (excluding direct vacancy costs)	**87.5**	**74.1**	**18.1%**
Gross rental Income per IFRS	214.4	199.4	7.5%
Ground rent costs	-1.1	-0.7	-74.2%
Gross rental Income	**213.3**	**198.7**	**7.3%**
EPRA Cost ratio (including direct vacancy costs)	**42.5%**	**39.3%**	**3.2 PP**
EPRA Cost ratio (excluding direct vacancy costs)	**41.0%**	**37.3%**	**3.7 PP**
Adjustment maintenance[1)]	27.0	23.7	13.8%
EPRA Costs adjusted by maintenance (including direct vacancy costs)	**63.7**	**54.4**	**17.1%**
EPRA Costs adjusted by maintenance (excluding direct vacancy costs)	**60.5**	**50.4**	**20.1%**
EPRA Cost ratio adjusted by maintenance (including direct vacancy costs)	**29.9%**	**27.4%**	**2.5 PP**
EPRA Cost ratio adjusted by maintenance (excluding direct vacancy costs)	**28.4%**	**25.4%**	**3.0 PP**

1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Maintenance costs of own real estate portfolio (incl. EUR 0.1 million in costs for project companies)

"Communication contributes significantly to the success of sustainable activities."

Sven Frieske,
Head of Accounting & Taxes

"The intensive cooperation of all of the departments and locations working on shared, group-wide system has produced an outcome. In the future this means greater efficiency and, first and foremost, greater quality. In this challenging process my team from the financial accounting, accounting, tax and consolidation departments was at the centre of the activity. No project on this scale runs entirely smoothly, but the way my team endeavoured to handle the challenges and problems deeply impressed me as a department head."

SUSTAINABLE MANAGEMENT

G4-4

The core business of the BUWOG Group covers the construction, rental, management and sale of apartments. These activities touch fundamental human needs and therefore have a significant impact on the environment and society. BUWOG is well aware of the related profound responsibility and not only views residential properties as an economic asset, but also places a special focus on ecological and social factors. This fundamental belief is based on a deep-seated commitment as well as respect for mankind and the environment. It influences the corporate culture and its implementation in all areas of business.

G4-15

The following sustainability report is directed to all stakeholders and other persons who have an interest in the ecological, social and economic performance of the BUWOG Group. The sustainability report for the BUWOG Group in 2016/17 is integrated in the various chapters of the annual report and is based on the Global Reporting Initiative (GRI). The goal of this reporting is to create transparency and allow for a comparison of BUWOG's sustainability activities with other market participants.

The BUWOG Group continued the comprehensive development of its sustainability strategy during the 2016/17 financial year. The following sections provide a transparent overview, among others, of the external stakeholder dialogue implemented in the past year, the key sustainability issues and related management approaches identified for the company and other important sustainability activities.

MATERIALITY ANALYSIS & STAKEHOLDER DIALOGUE

Sustainable development is a complex process that is influenced by a multitude of issues in the areas of economy, the environment and society. The potential impact of entrepreneurial actions on these areas of life is determined by the specific core business, the branch and the operating environment.

G4-14

Knowledge of the relevant stakeholder groups and their interests, their systematic inclusion to identify the most important sustainability issues along the value chain, the management of these key issues by the company and transparent external communications form the cornerstones for responsibility, reliability, trust and risk management in the BUWOG Group.

G4-18
G4-23

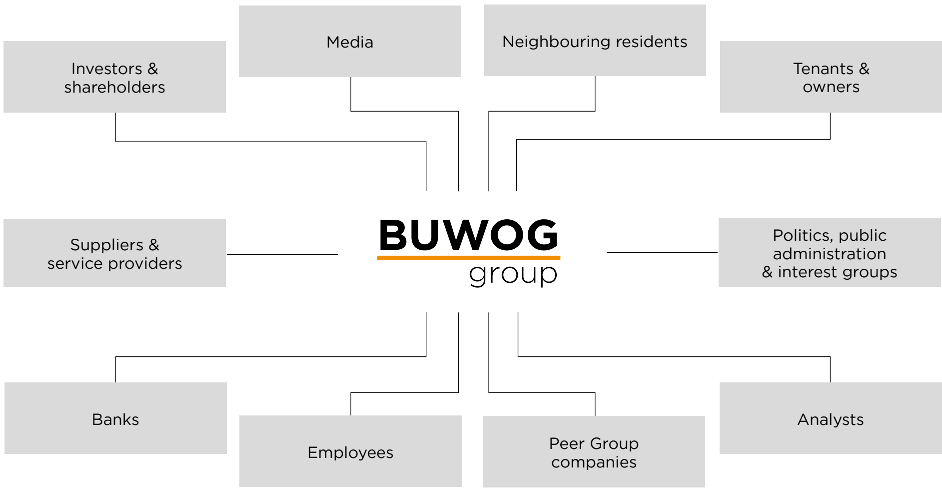
In order to improve the targeted management of the major sustainability issues, the BUWOG Group carried out an extensive materiality analysis in 2017. This process, as well as the related reporting, is based on the GRI principles. The viewpoints of BUWOG's internal and external stakeholder groups, among other factors, were systematically surveyed for the first time. They provided a sound foundation for the design of BUWOG's sustainability strategy and operating management approaches.

G4-25

PROCESS DESCRIPTION AND STRATEGIC INTEGRATION

The most important issues for the BUWOG Group were identified and ranked in a multi-stage process as part of a materiality analysis, which included interactive expert groups comprising management, department heads and the sustainability team. Their goal was to jointly identify and classify general and specific sustainability issues (based on the general and branch-specific GRI issues) and stakeholder groups along BUWOG's value chain in Germany and Austria. These expert groups identified 34 preliminary sustainability issues and the following internal and external stakeholders: investors, shareholders, analysts, banks, employees, suppliers, service providers, tenants, owners, neighbouring residents, peer group companies, the media, politics, public administration and interest groups.

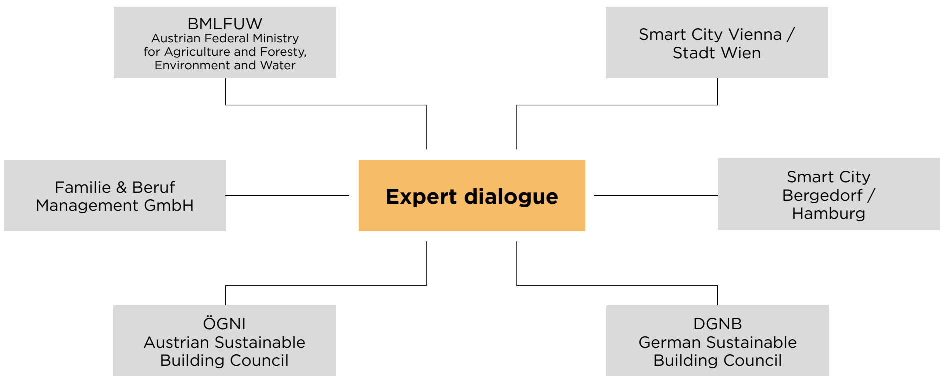
THE BUWOG GROUP'S STAKEHOLDERS



Feedback was then collected from internal and external BUWOG stakeholders and external experts to develop an objective estimate of the importance of the identified preliminary sustainability issues. This extensive survey covered two main areas: G4-24 G4-26

- The viewpoints of key internal and external stakeholders (investors, shareholders, analysts, banks, employees, suppliers, service providers, tenants, owners, politics, public administration and interest groups) were collected through an online survey. The central question to the stakeholders was: How important for you is BUWOG's commitment to the respective sustainability issue?
- Various experts from Germany and Austria were interviewed with regard to their knowledge and experience with sustainability issues in the construction and real estate branches. These discussions focused on an assessment of the effects of BUWOG's activities on the environment and society. The central question was: Which of the sustainability issues identified for the BUWOG Group can be expected to have the greatest impact on the environment and society?

EXPERT DIALOGUE



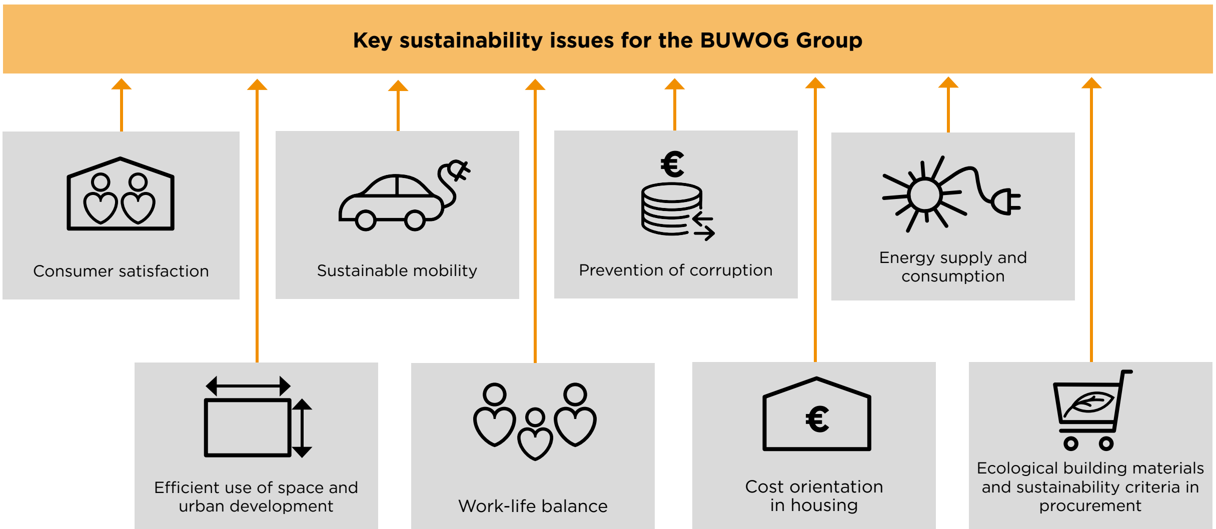
Numerous construction and real estate companies in the German-speaking countries are networked in the branch-specific sustainability platforms DGNB (in Germany) and ÖGNI (in Austria). Integrated, future-oriented urban development concepts are frequently summarised under the term "smart city", and BUWOG's survey therefore included smart city representatives in Bergedorf/Hamburg and Vienna. In Austria, the Ministry for Agriculture and Forestry, Environment and Water deals with various environmental issues at the federal level and works together with the business sector. Beruf & Familie Management GmbH is responsible for the "*berufundfamilie*" audit (see page 181 for details).

The results of the two survey areas with stakeholders and experts were then objectified and transparently aggregated in a materiality matrix. The y-axis shows the ranking of the surveyed issues from the viewpoint of stakeholders, while the x-axis shows the experts' ranking of the resulting effects (see the graph on page 173). A classification close to zero on both axes represents low materiality.

G4-34 G4-37 G4-35 G4-42 G4-43 G4-45

The survey results formed the basis for further reflection and the aggregation of content on sustainability issues by internal expert groups comprising BUWOG management, the responsible department heads and the sustainability team. Among others, these groups analysed the relevance for BUWOG's core business, the related ecological, social and economic effects as well as current performance and BUWOG's opportunities in these areas. The following eight points represent the key sustainability issues for the BUWOG Group. Corporate management approaches were developed for these issue areas and coordinated with BUWOG's Executive Board.

G4-19



G4-17

The BUWOG Group has already defined ambitious management elements for many of these issues. The goal for the next three financial years is to establish and harmonise standard processes for sustainability management throughout the Group in line with the corporate strategy and, in this way, create a well-founded database for the operational implementation of all management approaches.

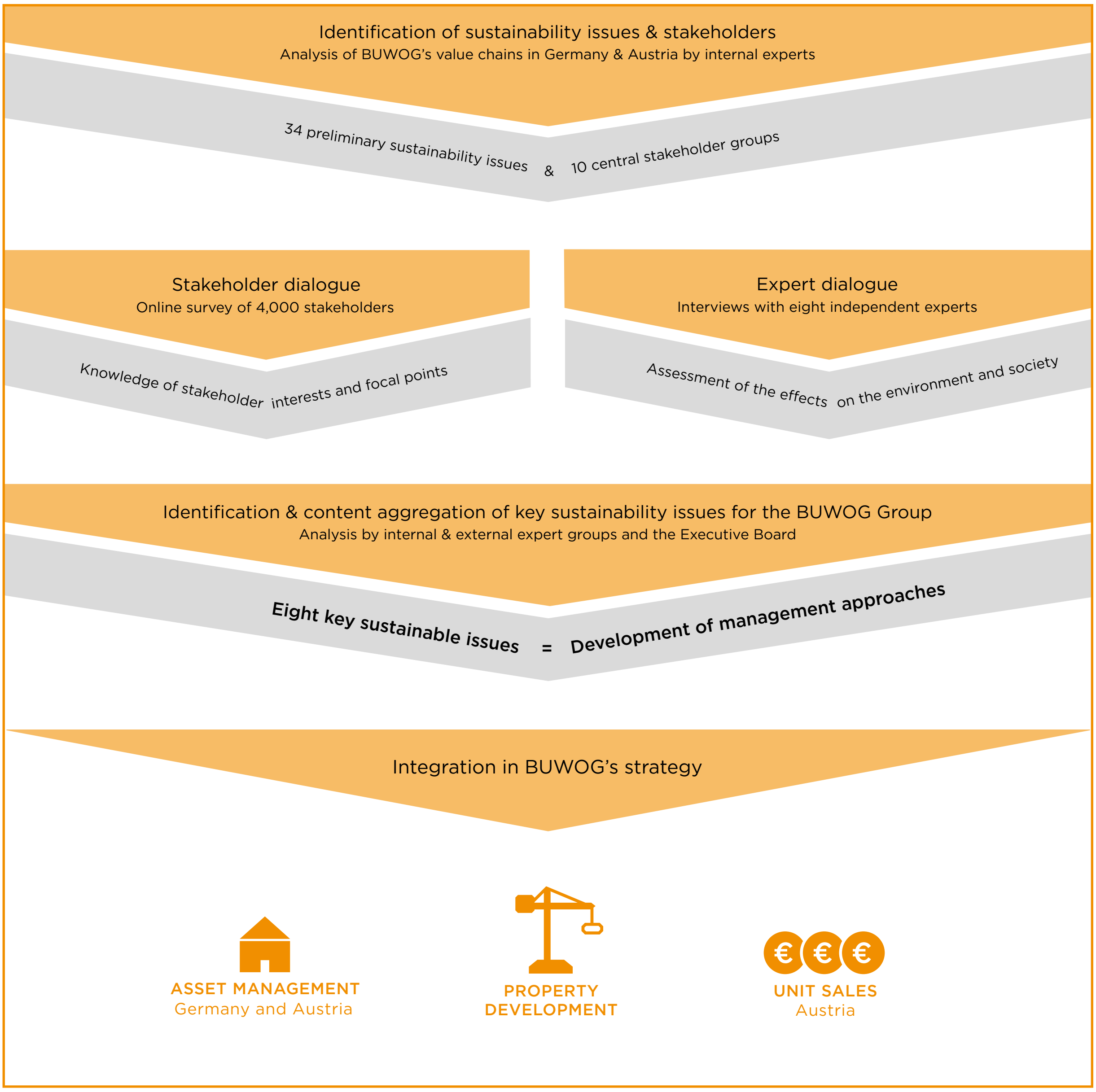
G4-26 G4-16

In addition to the stakeholder dialogue, the BUWOG Group remains in continuous direct and indirect contact with its stakeholders to provide them with information on the latest developments and support the exchange of ideas. The concrete communication channels and content are adapted as required and regularly adjusted to meet the needs and interests of the respective stakeholder groups. Conventional communication paths like public relations, conferences, trade fairs, websites, employee events, customer service centres and blogs are complemented by special interactive formats that include the capital markets day, property tours, professional associations, neighbourhood and tenant meetings and "open apartment days". Through cooperative research and development projects, the BUWOG Group tests innovative solutions for the environment and society (see page 190 for details). BUWOG is also a member of the following branch and interest-based associations and networks: EPRA, Friends of the Berlin School of Economics and Law in Berlin, Society of Property Researchers Germany, Verein zur Förderung der Qualität in der Immobilienwirtschaft, GRI Global Club Real Estate Association, IVD, Austrian Society for Process Management, Real Estate Brand Club, respACT – Austrian Business Council for Sustainable Development.

The following graph illustrates the materiality analysis process and the strategic integration of the key sustainability issues in BUWOG's strategy.

G4-18

MATERIALITY ANALYSIS PROCESS & INTEGRATION IN BUWOG'S STRATEGY

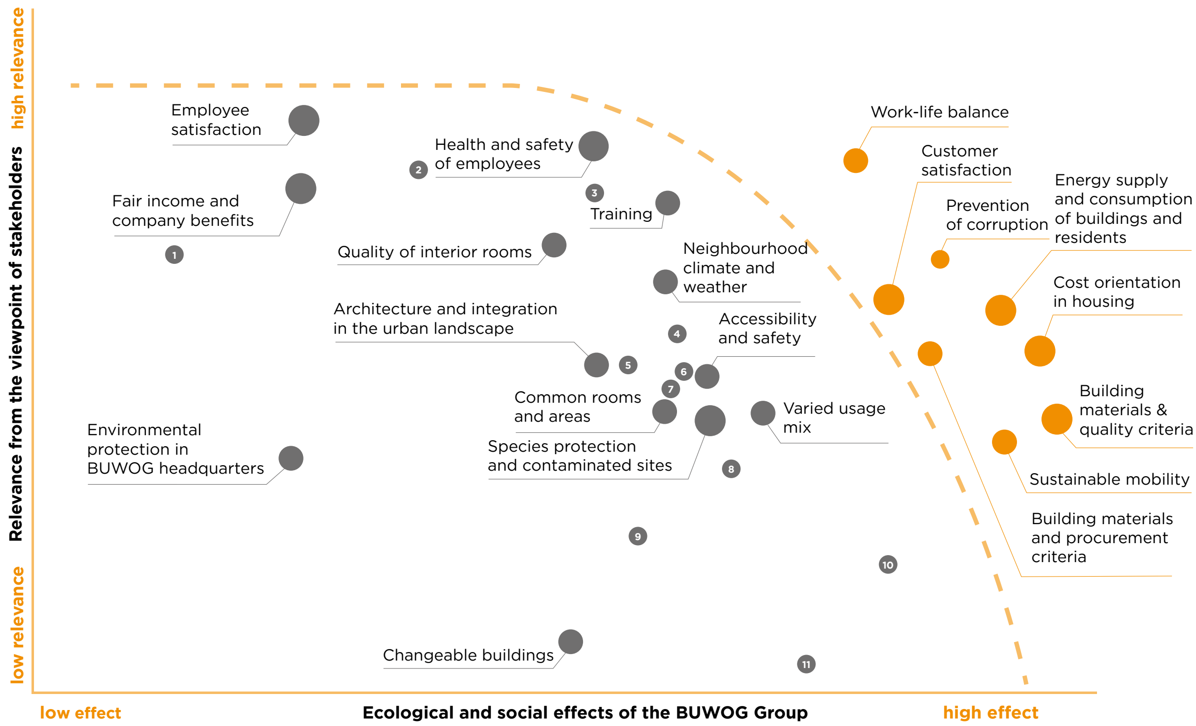


MANAGEMENT APPROACHES FOR THE KEY SUSTAINABILITY ISSUES

The BUWOG Group's materiality matrix is presented in the following illustration, with the key sustainability issues shown above the line in orange. Structured GRI-based management approaches were developed for these issues to ensure efficient and effective management and are explained in detail on the following pages.

G4-27

THE BUWOG GROUP'S MATERIALITY MATRIX



1 Equal opportunity and diversity management
2 Compliance with labour regulations and company agreements
3 Data protection and security
4 Waste separation by residents
5 Dialogue politics/neighbouring residents → satisfactory environment
6 Environmental protection and construction site safety
8 Ecologically compatible cleaning and maintenance
9 Social diversity and conflict avoidance
10 Building certification
11 Room for participation

The size of the circles demonstrates the estimated economic impact on the BUWOG Group (the bigger the circle, the greater the economic impact)

G4-20
G4-DMA
G4-21

SUSTAINABLE ENERGY SUPPLY AND CONSUMPTION BY BUILDINGS AND RESIDENTS

Energy supply, consumption and energetic building technology are key issues for the construction and real estate branches. Energy supplies in the form of electricity and heat form the basis for comfortable living. At the same time, energy carriers and consumption in housing have a significant impact on climate change. The BUWOG Group is well aware of its energetic influence on the environment and society – prudence and foresight therefore represent important factors for its actions related to the ecological and economic demands for energy supply and consumption as well as the creation and maintenance of value in the portfolio buildings.

The contribution by the BUWOG Group. The BUWOG Group's direct influence lies in the energetic design of new buildings, modernisation measures in the standing investments and the energetic performance of the company's offices and motor vehicle fleet. In addition, the selection of the energy carrier can also have a positive influence on the energy balance of a property.

The central responsibility of the BUWOG Group is to create the background for low energy consumption in its buildings. This involves the energy-efficient design of new properties as well as the gradual energetic modernisation of suitable standing investments.

Modernisation object in Hirschpass, Luebeck

Goals, measures and monitoring. The BUWOG Group launched an extensive modernisation programme in 2016/17 which is focused on the standing investments in Germany (CAPEX programme). In Austria, the maintenance and contributions collected in accordance with the Austrian Non-Profit Housing Act were used for modernisation to safeguard the good technical and energetic condition of the buildings and apartments. These activities have already led to a substantial improvement in energy efficiency for roughly 2,500 units in Germany and Austria, and energy-efficiency measures are planned for a further 1,800 standing investment units in Germany during 2017/18. The modernisation measures include, for example, the replacement of windows, the installation of thermal insulation systems on facades and energetic improvements to roofs and cellars. These projects not only increase the value of the properties, they also reduce energy consumption and CO_2 emissions.

The common areas (garages, stairwells etc.) in all properties under the majority ownership of the BUWOG Group and all of the company's offices are supplied with certified green energy. Pilot projects and research assignments are in progress at selected new construction projects to test renewable energy supplies and other energy-based innovations – they have a high potential for wide-ranging use if the applications are successful and the future prospects are promising (see *Innovations for the environment and society* beginning on page 191).

Numerous energy saving tips from experts can be found in the BUWOG blog under http://blog.buwog.com/

However, energy efficiency is not only dependent on the building. The efficient use of energy by residents is also decisive and can make an important contribution to climate protection. The behaviour of the individual residents is a factor that can only be influenced to a limited extent by the BUWOG Group. Control measures in this area are concentrated on targeted and clear communications, e.g. notices in the property, information on the website and the BUWOG blog as well as tenant manuals, and will be expanded in the future. Their objective is to create an increased awareness among BUWOG's tenants for the importance of energy conservation.

Energy as a central sustainability issue has a long tradition in the BUWOG Group. In Austria, the company has been a long-standing partner of the ambitious "klimaaktiv pakt2020" established by the Ministry for Agriculture and Forestry, Environment and Water. BUWOG's energy management system is certified under ISO 50001, which requires substantiated anchoring in processes as well as a formally defined energy policy (see page 184 for details). G4-15

The Group-wide restructuring and standardisation of sustainability management processes will include a broad-based status quo survey on the sustainable energy supply and consumption of the portfolio buildings in 2017/18. The results of this survey will form the basis for the development of further goals and measures in the following areas throughout the BUWOG Group:

- Integration of energy reduction and energy efficiency standards throughout the entire new construction process: analysis and definition of targets and measures for the due diligence reviews connected with the purchase of land, planning and implementation in project design, construction preparations and project realisation
- Energetic renovation, adjustments and upgrading of the standing investments: definition of schedules, targets and measures for energy efficiency and improvement with renewable energy carriers for renovation projects

- Increase in information and awareness-raising communications for current and future tenants to improve energy conservation: among others, through the proactive communication of changes in ancillary and operating cost charges

G4-CRE1

The evaluation will be based, among others, on the following indicators:
- Absolute energy consumption for common-area electricity and heat, based on energy certification and consumption data, in kWh and CO_2e emissions*
- Energy intensity: annual energy consumption for common area electricity and heat per sqm of usable space in kWh and CO_2e emissions
- Measures to reduce energy consumption, energy efficiency measures and inclusion of residents
- Savings effects resulting from energetic modernisation measures in kWh and CO_2e, based on energy certification

G4-21 G4-DMA G4-21

COST ORIENTATION IN HOUSING

The current tense supply and demand situation on the rental markets in major cities and the fluctuations in energy and operating costs represent important socio-economic factors and increase the need for cost orientation by tenants. The BUWOG Group cannot deal with these aspects alone, but can work within the available range of possibilities to optimise costs for tenants wherever possible.

The contribution by the BUWOG Group. Through new construction, structural extensions and loft conversion, the BUWOG Group creates additional living space in Berlin, Hamburg and Vienna – three cities which are particularly affected by current demographic trends. This helps to address the housing shortage. BUWOG's diverse property portfolio serves a very broad customer base and is focused, in particular, on middle-income persons and families.

BUWOG's portfolio combines regulated housing with unregulated rental apartments. The rents for 82% of the standing investment portfolio range up to EUR 6 per sqm, based on a general apartment size of 61 sqm to 80 sqm (see page 53 for details on the structure of the standing investment portfolio). Most of the rented standing investment units owned by the BUWOG Group in Austria are covered by regulated leases which are based on the provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz) and are therefore subject to cost coverage and re-letting fees. This legal regulation, with its framework for the development of rental prices, places a priority on the creation of affordable housing. Rental increases are only implemented by the BUWOG Group within the scope of the Austrian Non-Profit Housing Act. In Germany, roughly one-third of the rented standing investment units owned by the BUWOG Group are regulated properties. These apartments represent social housing that is subject to strict rent control. The BUWOG Group complies with all rules for the allocation of these apartments and only lets them to tenants who meet the related requirements. The rental prices in the unregulated standing investments in Germany are subject to laws and regulations as well as a rental price cap. In these properties, rental increases are also only implemented by the BUWOG Group within the legally defined framework.

Additional charges such as utilities represent an essential component of many tenants' household budgets. The BUWOG Group regularly evaluates the operating and administrative costs for each property to identify opportunities for optimisation.

Goals, measures and monitoring. In order to reduce costs for tenants, BUWOG's Technical Procurement Department works to realise economies of scale and synergy effects with activities like multi-year planning and the bundling of orders. These activities can involve a wide range of procurement processes for services such as snow removal or garden maintenance as well as contracts with energy providers. Since the energy efficiency investments listed on page 174 have an effect on the total amount of cost covering rents, they are only made when they contribute to an improvement in economic efficiency. The focus for these projects is on cost effectiveness and compliance with legal regulations. The BUWOG Group works together with local politics and tenant associations to develop suitable solutions for tenants.

A Group-wide survey of the status quo is scheduled for 2017/18 and 2018/19. The annual customer survey will also include questions for tenants on operating costs and the related services. The BUWOG Group will monitor the development of operating costs, among others, based on the following indicator:
- Intensity of operating costs: average annual operating costs per sqm of floor space

* Carbon dioxide equivalent (CO_2e) is a standardised unit for assessing the relative contribution of various gases to the greenhouse effect. Emissions that are harmful to the climate not only appear in the form of the most well-known representative, carbon dioxide (CO_2). Other gases such as methane (CH_4) and dinitrogen monoxide (N_2O) are converted into CO_2 equivalents with the help of a conversion factor, thereby facilitating comparability with respect to environmental damage.

CUSTOMER SATISFACTION

G4-21
G4-DMA

Customer satisfaction is not only important from an economic viewpoint – it plays an important role in holding turnover and vacancies at a low level. High vacancies that are not caused by weak demand can, in turn, increase the upward price spiral in areas with a housing shortage. In addition, resources are not used efficiently or sustainably when vacancy rates are high.

The contribution by the BUWOG Group. Customer satisfaction shows that the BUWOG Group can effectively address economic, social and ecological issues with its integrated goals. The central slogan of the BUWOG Group is "Happy Living". The wide variety of measures implemented to meet this goal are designed to support, and where possible improve, the high level of customer satisfaction. Roughly 300 employees are directly involved in the day-to-day support of BUWOG's customers, whereby the key elements of their work are availability and reaction time, commitment, speedy handling and, of course, friendliness. These guiding principles are reflected in various qualitative and quantitative customer service measures. BUWOG's direct possibilities to influence customer satisfaction and vacancies are, however, influenced by larger regional factors, personal developments on the part of tenants and external services.

Goals, measures and monitoring. BUWOG's primary goal is to satisfy and retain existing and potential future tenants. In addition to extensive personal services, the Group's tenants will soon benefit from the expansion of digital communications. A specially designed BUWOG tenant app was introduced for customers in the German properties during December 2016. This modern and efficient communication offering will also be available in Austria at the end of 2017. The diverse functions in the tenant app support the central services provided by the BUWOG Group and allow tenants to quickly and easily report damages via a photo upload, to arrange appointments for repairs and to evaluate the involved service providers. An integrated function for the comparison of energy providers, including green electricity suppliers, supports the conscious selection of utility companies. Further technology-based improvements in customer service will be made on a regular basis, whereby the goal is to improve process efficiency and the related fast reaction time from the viewpoint of customers.

Regular training for the service staff is important for strengthening customer ties. 70 employees received training on the mechanisms of a customer-oriented service culture and related communications in 2016/17, and an additional 80 will attend these courses in 2017/18.

The BUWOG Group also reacts to developments in tenants' personal situation which result, for example, from family or job changes and is generally open to requests by long-term tenants for relocation within the same property. A written guideline defines the requirements and framework for BUWOG's internal relocations.

Tenants' concerns are not always directly related to BUWOG services, but the company nevertheless takes them seriously and supports their handling through its internal services. For example: professional services (e.g. plumbers, carpenters) are generally billed directly by the service provider and not through the BUWOG Group. Proactive communication by BUWOG Group, above all in these types of cases, will be further expanded over the medium-term.

A survey coordinated by the Quality Assurance & Complaint Management Department is carried out each year to measure customer satisfaction. The results are reported to the Executive Board and the involved departments and can be found in this sustainability programme on page 182. The following key indicators will be published in future annual reports. G4-PR5

- Overall satisfaction
- Satisfaction with property management
- Satisfaction with handling
- Satisfaction with availability
- Average length of lease per tenant

G4-21
G4-DMA

ECOLOGICAL BUILDING MATERIALS & SUSTAINABILITY CRITERIA IN PROCUREMENT

Sustainability criteria in procurement play an important role with regard to the environmental compatibility of the resources used and the production process and conditions. The life cycle of a building begins with the raw materials and their sourcing. It is followed by in part multi-stage processing and/or refining steps before these materials are used in construction and – after completion – the decade-long usage phase by residents begins. The end of the life cycle, i.e. when the building is demolished, marks the start of the dismantling, recycling and disposal processes. Consequently, the effects of the construction and real estate branches on the environment and society during this life cycle range from the use of renewable and finite resources to working conditions, transport routes and healthy living space to landfilling and the recycling of the used materials. Specific statements and assessments of these effects can only be made on an individual project basis. The BUWOG Group plans to implement a structured process to identify and evaluate these individual project effects over the coming years.

The contribution by the BUWOG Group. As the leading German-Austrian full-service provider in the residential property sector, the BUWOG Group is well aware of its ecological and social responsibility along the entire value chain. Supplier relationships based on sustainability and economic efficiency are therefore a central goal. This includes the acceptance of responsibility as well as the reduction of any sustainability-based risks in BUWOG's supply chain. An important task in this context involves the identification and best possible reduction of potential sustainability risks in the supply chain and is reflected in the careful selection and evaluation of current and potential suppliers and service providers by the Technical Procurement Department. Activities in this area also include the development of long-standing relationships with suppliers which are based on mutual trust and include compliance with legal and contractual requirements. In this way, sustainability and efficiency improvements help to identify and utilise positive multiplier effects along the value chain. This process requires, above all, a transparent overview of the individual supplier's ecological performance and labour policies.

The BUWOG Group is working together with the "BauKarrusell" cooperation network and the "Harvest Map" recycling platform on the dismantling of the property at Rathausstrasse 1 in Vienna.

G4-12

In Germany, the BUWOG Group works primarily together with its direct upstream construction companies. General contractors are responsible for detailed coordination and construction services in Austria, which are then delegated in full or in part to subcontractors. Cooperation with dismantling and disposal companies takes place primarily in connection with the purchase of land with buildings that do not fit with BUWOG's portfolio for various reasons and must therefore make way for new construction projects.

Goals, measures and monitoring. The medium-term goal is to anchor the use of ecological building materials in new construction, renovation and structural extensions and include social and ecological sustainability aspects in the supply chain and contract management. The BUWOG Group is convinced that sustainability and cost efficiency need not be mutually exclusive. efficient procurement processes and cooperative supplier relationships can lead to cost-neutral procurement for the company as well as its tenants (also see *Cost orientation in housing* on page 175). In order to realise this potential, the multi-stage optimisation of procurement processes in the BUWOG Group is planned. The standard product groups and volumes used by the Group will be identified through a survey in 2017/18 and rated for their ecological, social and economic impact by external experts. This evaluation process, which is scheduled for completion in 2018/19 and 2019/20, will form the basis for the implementation of corporate procurement guidelines. The focus will be placed on central procurement groups which have high financial and physical volumes as well as a substantial impact on the environment and society. Legal and voluntary standards will be defined for these product groups and regulated throughout the Group wherever possible. The sustainability performance of suppliers and service providers can also be supported by certificates and other documentation. These processes will be managed centrally by the Technical Procurement Department. The resulting procurement guidelines will complement the existing planning guidelines and performance profiles for general contractors, architects, building technicians etc. and represent an integral part of tenders and procurement processes. Apart from the physical materials used for the construction and operation of residential buildings, numerous people are also involved – the construction firms which work on new projects, renovation and maintenance are just as relevant as the service providers for property management, e.g. snow removal and garden maintenance.

The implementation of BUWOG's sustainability criteria by suppliers and service providers will take place through a contractual-legal framework, personal discussions and targeted on-site reviews. Monitoring will be based, among others, on the following indicators:

– Material consumption by weight or volume – classified by non-renewable materials and renewable materials for selected procurement groups.

EFFICIENT USE OF SPACE & URBAN DEVELOPMENT

G4-21

G4-DMA

The residential markets in Berlin, Hamburg and Vienna have been characterised for years by continuous population growth and a related increase in the demand for housing. The resulting expansion of built-up areas is steadily reducing the natural urban recreation areas. In addition, these sealed areas no longer contribute to regulating the microclimate or the production of food. As seen from the viewpoint of sustainability, there is not only a need for additional housing but also for more green areas in cities.

The contribution by the BUWOG Group. The BUWOG Group addresses this supposed goal conflict in line with the principle of so-called "fully loaded space", under which space- and resource-efficient construction creates high-quality space for people and nature at the same time. The alternative would be a further reduction in the average apartment size to accommodate the growing urbanisation, which would shift housing to increasingly smaller units and spread the overdevelopment into the urban surroundings. This trend is already visible in the suburbs of Berlin, Hamburg and Vienna. Increasing demands for individual living space and traffic areas as well as lower floor areas have been reflected in the comparatively higher per capita sealing of space. Structural extensions in cities are substantially more resource- and space-efficient because the construction of multi-storey buildings is possible and the space-saving infrastructure, such as road and sewage networks, is already available.

Goals, measures and monitoring. The BUWOG Group is working to develop a practical definition of "fully loaded space", i.e. space-efficient construction which reflects high-quality demands for the long-term satisfaction of human and ecological needs, for integration in its management approach in 2017/18. The related activities include a dialogue and comparisons with companies that implement model examples. In addition, the BUWOG Group maintains regular contacts with local authorities to establish a common understanding. This analysis and dialogue phase will be followed by the definition of Group-wide standards for the creation of "fully loaded space" and for the integration of other regional sustainability factors in urban areas. Included here, for example, are new construction and the realisation of structural extension opportunities in Berlin, Hamburg and Vienna. The specific implementation measures and ongoing monitoring are expected to begin in 2018/19.

Most of BUWOG's construction already takes place on "compensation space", i.e. areas with structures built prior to their purchase by the BUWOG Group which can longer be used for their original purpose due to the urban structural shift ("brownfields"). Projects at these locations often include the decontamination of the ground water and soil on former commercial sites by the BUWOG Group and the transformation of these areas into attractive living areas that increase the value of the space. High-quality, spatially efficient development plans are prepared for each project in accordance with legal requirements, urban development plans, zoning plans and other regional factors and in dialogue with local authorities and governments. Wide-ranging issues like floor height, green areas, activation of roof areas, tree preservation, rainwater retention, parking spaces etc. are integrated in the project development.

SUSTAINABLE MOBILITY

G4-20

G4-DMA

Mobility with regard to climate change covers a large number of current and future challenges, above all in urban areas. These challenges include, for example, the local air pollution caused by the carbon dioxide (CO_2) and nitrogen dioxide (NOx) emissions from motor vehicle traffic as well as energy consumption. Future-oriented intelligent mobility and traffic concepts represent the solutions for these problems. They involve, among others, the greater use of public transportation and car sharing offers as well as the increasing electrification of mobility in urban areas. In connection with the sustainable use of the limited space in urban areas (also see the *Efficient use of space & urban development* on page 178) it is important to understand that the areas required for mobility are generally not available for housing or nature and recreational areas.

E-car from the BUWOG fleet

The contribution by the BUWOG Group. As one of the largest residential project developers in Berlin, Hamburg and Vienna and a leading property manager in the German-speaking countries, the subject of sustainable mobility has been a focus of BUWOG's work for many years. Integrated mobility concepts are becoming increasingly important, especially in project development.

E-mobility, in particular, represents an important future-oriented subject for the BUWOG Group. The design and planning of new properties – at least three years before completion – must also include the future requirements for parking spaces and e-charging stations as well as empty ducts for subsequent upgrading. The analysis of these future requirements, the regulatory framework and intelligent mobility solutions is an important factor for the BUWOG Group to avoid added costs in the future.

Mobility issues are addressed by the regional governments, for example in urban development contracts or by the so-called "parking space regulation" in Vienna. This latter order requires the creation of at least one parking space at the building site for each 100 sqm of living space. The cities of Berlin and Hamburg eliminated the regulations for the mandatory creation of parking spaces by residential construction companies in 2014, respectively 2013. The mobility decisions of individual residents also make an important contribution to environmentally compatible urban development.

Goals, measures and monitoring. An overriding goal is to define and anchor sustainable mobility concepts in the planning guidelines for project development, including individual opportunities for design by residents and the inclusion of local infrastructure requirements.

In addition to e-mobility, medium-term plans call for the integration of all-weather bicycle parking areas with workshops in the properties as well as cooperation with mobility service providers (e-vehicle and car sharing firms). Mobility advising and additional information on sustainable mobility will be included in advertising for the units and their transfer to tenants or owners. BUWOG's goal is to create a standardised mobility offering for new construction and standing investments which, where possible, covers several properties and is based on cooperation with mobility service providers. The BUWOG Group plans to include centrally managed, standardised and regular reviews of the mobility offering in the standing investment portfolio to identify opportunities for optimisation and practical measures for maintenance and upgrading. A survey of the Group-wide status quo will be carried out in 2017/18 and will be followed by the standardisation of detailed planning for appropriate goals and measures.

Another important goal for the BUWOG Group in the area of mobility is to make a positive contribution to the development of sustainable mobility with modern and efficient vehicle fleet management. BUWOG's employees have electrically powered pool vehicles and bicycles at their disposal for business-related travel. Internal mobility in the BUWOG Group is related to business travel that is generally connected with the management of BUWOG's properties and meetings with colleagues at various locations. The recently updated company vehicle guideline regulates, among others, the procurement criteria for pool and company cars. In accordance with this guideline, only electrically powered cars or petrol-driven cars have been purchased since May 2017 and diesel-powered vehicles will be gradually eliminated. The pool vehicles, which are available to all employees, will be gradually replaced with hybrid vehicles. Planned purchases will increase the share of pool vehicles with electrical or hybrid drives to 55% in 2017 and to 70% in 2018. By 2019 most of the pool vehicles will have been replaced at the end of their leases, and vehicles with alternative drives will represent nearly 100% of the pool. As a means of reducing business travel and the related CO_2e emissions, meetings in this German-Austrian company increasingly take place via video and telephone conferences. Employees are also encouraged to use bicycles for their trips to and from work and for business travel. A suggestion by the Works Council in Austria led to the installation of rental bicycles and helmets at a number of BUWOG locations (in Hamburg, Brunswick, Lübeck, Frankfurt, Kiel, Kassel, Vienna, Villach, Graz and Salzburg). An electric bicycle was also added to the cycle pool in 2017. The BUWOG Group is a member of the campaign "Vienna cycles to work", a programme started by a bicycle interest group.

The BUWOG Group's sustainability performance in the area of mobility will be measured on the basis of the following indicators:
- Share of new construction projects with central e-charging stations for passenger cars
- Number of central e-charging stations for passenger cars per 100 residential units under development
- Number of new construction projects with sustainable mobility offerings like car/bike sharing
- CO_2e emissions per km by the BUWOG vehicle fleet

PREVENTION OF CORRUPTION

G4-20 G4-DMA G4-21

Bribery and corruption make investments more difficult throughout the world and distort international competition. The redirection of funds as a result of corrupt practices also endangers society's economic, social and ecological well-being. Companies play an important role in combatting these practices because corruption is harmful not only to democratic institutions, but also to good corporate governance.

The contribution by the BUWOG Group. The fundamental importance of honesty, integrity and transparency in both the public and the private sector is firmly anchored in the BUWOG Group. It forms the basis for the creation of measures to prevent corruption and improve transparency in order to strengthen the awareness of corruption. The implementation of effective corporate governance practices therefore represents a key sustainability issue to develop and preserve a responsible corporate culture, an aspect which is also important to the stakeholders of the BUWOG Group.

G4-15

Measures, goals and monitoring. As a listed company, the BUWOG Group complies with the rules defined by the Austria Corporate Governance Code (January 2015). The code is a voluntary framework for good corporate management and control, which is designed to ensure the responsible, sustainable and long-term creation of value. These goals are intended to serve the interests of all stakeholders whose well-being is connected with the success of the company and to ensure a high degree of transparency.

The Corporate Governance Code is based on the requirements of Austrian stock corporation, stock exchange and capital market laws as well as the EU recommendations for the duties of supervisory board members and the remuneration of directors. The underlying principles comply with the OECD guidelines for corporate governance, which are also designed to support a positive contribution by the global economy to economic, social and ecological progress. The OECD principles create a greater awareness among companies and the general public for the fight against corruption.

G4-SO4

The measures implemented by the BUWOG Group to prevent corruption include the establishment of a Group-wide anti-corruption and compliance guideline as well as an e-learning tool for employee training. The content of the online tool is based on the principles of the UN Global Compact, the largest global initiative for corporate responsibility and sustainability, and requires completion by all employees.

The BUWOG Group has appointed a compliance officer and deputy who report directly to the Executive Board and have a wide range of duties which cover, among others, the constant observance of the compliance guideline. The compliance officers report regularly, at least four times each year, to the Executive Board and at least once each year to the Supervisory Board on the observance of the compliance guideline and measures to prevent corruption in the company. Additional details can be found in the *Consolidated Corporate Governance Report* beginning on page 110.

G4-20
G4-DMA

WORK-LIFE BALANCE

The working world is in a continuous state of flux as a result of accelerating momentum and increasing demands on flexibility. That creates a growing number of challenges for establishing a balance between employees' jobs, families and private lives.

The contribution by the BUWOG Group. Effective and targeted personnel development measures have been implemented in the BUWOG Group to support employees in these areas. The company also participates in the "*berufundfamilie*" audit carried out by the Austrian Federal Ministry of Families and Youth. It represents a voluntary state seal of approval that recognises improvements in family awareness and is awarded in connection with a structured review process. The audit is also intended to strengthen employer attractiveness, employee ties, motivation and identification and thereby reduce turnover and absence times. The three-year improvement process started in 2017 and involves workshops as well an extensive employee survey. The results also include the following BUWOG definition of family, which covers the greatest possible number of employees: "Family in the BUWOG Group covers the people who currently live, or previously lived, together in a common household, regardless of their sexual orientation or specific constellation. Consequently, family not only refers to the direct core family (mother-father-child) but also includes, for example, patchwork families, life partnerships and homosexual couples."

Goals, measures and monitoring. Specific goals and measures cover, among others, the following areas: The gradual expansion of individual part-time working agreements, e.g. also for nursing cases, a meeting policy coordinated with part-time employees, continued contacts with employees on parental leave and the creation of a parent-child office at BUWOG's headquarters Berlin and Vienna for parents who must bring their children to work for a short period due to a gap in childcare. Additional goals in the area of human resources management & organisation are explained in the sustainability programme on page 183.


BUWOG Family Day 2016

The "berufundfamilie" audit has started in Austria and is being organised in Germany in accordance with local legal regulations. Two employees (VZÄ) in the Human Resources & Organisation Department are responsible for the audit. The employee representatives in Germany and Austria serve as additional contact partners. The BUWOG Group has also been a member of the "*Unternehmen für Familien*" network created by the Austrian Federal Ministry of Families and Youth since 2015 to further strengthen the exchange of information and support for the work-life balance.

The effectiveness of the management approach in this area is measured through regular focus groups and an employee survey that is carried out every two to three years. HR controlling also conducts annual reviews, among others based on the following GRI indicators. Audit reports and information in the annual report illustrate the year-to-year development of parental leave in the BUWOG Group.

- Number of employees eligible for various forms of parental leave during the reporting period, classified by gender
- Number of employees on parental leave, classified by gender
- Number of employees returning from parental leave during the reporting period, classified by gender
- Number of employees still employed 12 months after returning from parental leave, classified by gender
- Return and retention rate for employees previously on parental leave, classified by gender

SUSTAINABILITY PROGRAMME

MEASURES 2016/17	STATUS 2016/17	MEASURES 2017/18
Professionalise and anchor sustainability management		
Professionalisation of sustainability management and strategy		
Organisation of materiality analysis (analysis of value chains, extensive stakeholder dialogue, expert interviews etc.)	✔	
(Further)Development of management approaches & sustainability strategy and establishment in 2016/17 annual report	✔	
Further development of sustainability reporting		
Preparations for change in legal regulations for non-financial reporting (Sustainability and Diversity Improvement Act, CSR Implementation Act)	▶	Implementation of amended rules for non-financial reporting
Preparations for conversion of sustainability reporting from GRI G4 to GRI Standards	▶	Conversion of sustainability reporting to GRI Standards
Process optimisation and data management		
Integration of sustainability issues in customer and employee surveys	▶	Optimisation and expansion of internal reporting and monitoring system and data management for sustainability performance (above all for key sustainability issues)
Start of Group-wide standardisation of sustainability-related processes and data	▶	
Effectively address key sustainability issues		
Sustainable energy supplies and consumption by buildings and residents		
Energetic renovation of standing investments (2,500 units)	↻	Energetic renovation of standing investment units (planned 1,800 units)
Integration of energy efficiency measures in new construction process	✔	Group-wide status quo survey of energy supply and consumption plus optimisation potential
		Expansion of communication measures on the subject of energy for current and future tenants
Cost orientation in housing		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Group-wide status quo survey to identify opportunities for the optimisation of operating costs in order to provide relief for tenants
		Expansion of customer survey to include operating costs
Customer satisfaction		
Further development of service centre structure and ongoing improvement of digitalisation	↻	Strengthening of customer ties and improvement of digitalisation through Group-wide introduction of BUWOG tenant app
Expansion of communication measures for major refurbishment projects	▶	Continuation of staff training on customer satisfaction
Goal: Attainment of high customer satisfaction in central areas - Overall satisfaction: 94.5% - Satisfaction with property management: 85.5% - Satisfaction with handling: 80.5% - Satisfaction with availability: 86%*	✔	Goal: Hold results of customer survey constant at high level (min. 80%) G4-PR5
		Goal: Hold average lease term constant at good level (min. 10 years; approx. 12.5 years as of 30 April 2017)
Ecological building materials & sustainability criteria in procurement		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Identification of product groups and volumes for the Group and start of assessment for ecological, social and economic impact
Efficient use of space & urban development		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Internal specification and definition of “fully charged space” (i.e. space efficiency combined with quality demands)

* Reporting period: May 2015 to April 2016, response rate 42%, data based on answers with “satisfied/yes” and “neutral”.

Sustainable mobility		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Group-wide status quo survey, definition of goals and measures
		Implementation of sustainable mobility concepts in new construction process
		Group-wide reduction of CO_2e emissions by BUWOG motor vehicle pool through increase in share of hybrid vehicles
Prevention of corruption		
Ongoing implementation of the anti-corruption guideline and e-learning tool for employee training	▶	Ongoing training for employees on the subject of corruption
Continuous monitoring of the anti-corruption guideline by the compliance officer and deputy and reporting to the Executive and Supervisory Boards	▶	Continuous monitoring of anti-corruption performance and reporting to the Executive and Supervisory Boards
Work-life balance		
Start of “berufundfamilie” audit in Austria	✔	Gradual increase in family-friendly working times and locations (home office, individual part-time agreements, one-month parental leave for new fathers, technical outfitting of meeting rooms, vacation day care offering)
Appointment of family officer	✔	Maintain contact with employees on leave and facilitate their return to work (special distribution lists, breakfast meetings, invitations to company events, men/women on leave as vacation replacements, buddy programme and training
		Further development of management culture (family awareness in corporate values, family friendly management as part of managerial training, support for active fatherhood)
		Expansion of internal and external communication (managers as contact persons, guidelines on the subjects of pregnancy, intranet columns, press releases, employer branding, etc.).
		Start of “berufundfamilie” audit in Germany

Further goals and measures for human resources management & organisation		
Targeted personnel development measures (Group-wide training plan based on results of employee appraisals and individual training measures to reach personal goals)	↻	Targeted personnel development measures (focal points for 2017: self-management for all employees, role understanding for managers, presentations and moderation skills, project management)
Optimisation of HR-IT (standardised database for Germany and Austria)	▶	Optimisation of HR-IT (new DPW modules: mobile travelling, education, job descriptions, replacement of MDM programme)
Cascading corporate strategy (four-part event to provide information on and further process strategic corporate goals incl. group event for all employees)	✔	Optimisation of job descriptions (continuous process optimisation, focus on the identification of inter-departmental aspects)
		Employer branding (stronger positioning of the employer brand through new internet presence incl. videos, pictures, social media)
		Cascading corporate strategy (three-part event to provide information on and further process strategic corporate goals)

✔ Completed ▶ Ongoing ↻ Recurring

ADDITIONAL SUSTAINABILITY ACTIVITIES

SUSTAINABILITY RATING

Ecological and social criteria have become an increasingly important factor for the stock markets. In this respect, the key words for investors and companies are reliability, transparency and risk prevention. Reporting combined with sustainability indices and ratings form the basis for evaluating listed companies' sustainability performance.

VÖNIX sustainability index. BUWOG AG has been included in the VBV Austrian sustainability index (VÖNIX) since June 2014. This capitalisation-weighted price index contains Austrian listed companies which are leaders for their social and ecological performance. The composition of the VÖNIX is determined each year based on a sustainability analysis of the participating companies. This year's cycle covered an analysis of roughly 60 companies, whereby one-third successfully completed the process. The VÖNIX 2017/18 comprises 20 companies – BUWOG AG is weighted at 10.25%, which makes it the most important company after the banking sector. G4-15

OTHER ECOLOGICAL ACTIVITIES

The significance of the ecological aspect of sustainability for the construction and real estate branches is demonstrated by the strong focus on this area. The BUWOG Group is convinced that activities and investments in the environment are not only extremely important for the ecosystem and, in turn, also for society, but also create economic benefits – for customers and for the BUWOG Group.

"klimaaktiv pakt2020" and "ISO 50001" in Austria. In addition to the environmental activities in the areas of energy, mobility, space and building materials which were discussed in connection with the key sustainability issues, the BUWOG Group engages in other ecological activities. The company is a member of the "klimaaktiv pakt2020" initiated by the Austrian Federal Ministry for Agriculture and Forestry, Environment and Water and has an energy management system that is certified in accordance with ISO 50001. G4-15

BUWOG, as one of 12 major Austrian companies and the only construction and real estate company in the "klimaaktiv pakt2020", has made a voluntary (but binding) commitment to meet the Austrian climate goals by 2020 (basis 2005). In close cooperation with the Austrian Federal Ministry for Agriculture and Forestry, Environment and Water, the BUWOG Group, as a founding member and long-standing project partner (since 2007) is one of the ambitious pioneers for climate-compatible business operations in Austria and clearly exceeds legal requirements and specifications. The following table shows the specific goals for renewable energy, energy efficiency, CO_2e emissions and mobility as well as the status of implementation:

THE BUWOG GROUP'S GOALS FOR THE KLIMAAKTIV PAKT2020 IN AUSTRIA

	Goals 2020	Goals 2015*	Status 2015*
Energy efficiency (kWh/sqm)	107.7	113.4	112.2
Share of renewable energy carriers – total (%)	34	32.1	38.5
Share of renewable energy carriers – traffic (%)	10	8.4	6.9
CO_2e emissions (t)	43.8	44.4	36.1

G4-EN5

* For feasibility reasons, data collection for the klimaaktiv Pakt2020 was based on the invoice period used by the energy supply companies and not on the financial year. Consequently, energy data for the reporting year was not available when this annual report was prepared and the klimaaktiv data is based on the 2015 invoice period.

In 2013/14 the BUWOG Group implemented an energy management system in Austria which is certified in accordance with ISO 50001. The central issues include, among others, the improvement of energy efficiency and the reduction of energy costs, energy consumption and CO_2e emissions. This energy management system provides a sound foundation for the attainment of the goals defined by the "klimaaktiv pakt2020". It is therefore based not only on energetic data management and the implementation of individual technical measures, but also includes strategic and organisational management approaches and internal and external audits. The analysis and planning of these measures is based on the extensive energy data compiled regularly by the BUWOG Group, G4-EN12 G4-EN13

Plans call for the installation of a water-heat pump at the "Töller-gasse t(h)ree" project in Vienna.

Protection and support of biodiversity. The preservation of habitats and biodiversity is an important aspect for the planning and operation of BUWOG's new construction projects. The goal is to prevent any negative impact on nature conservation areas or endangered species – at best, new urban areas are created for animals and plants.

For example: the BUWOG Group has created urban breeding areas and habitats for small animals at its new construction project in Vienna's Triester Strasse. Stone materials and scrap wood are collected at the site and converted into hiding spaces and nesting aids with hollow spaces for lizards and other smaller animals. The creation of habitats for pollinating insects – in particular wild bees – with the help of special wood blocks was also an objective for the properties in the Meischelgasse and Vorgartenstrasse in Vienna.

WORKING SUCCESSFULLY AND HAPPILY TOGETHER

The BUWOG Group views the qualifications, motivation and participation of its employees as an essential success factor. Responsibility for employees and society is a crucial element of future-oriented management.

G4-42 G4-56

BASIC PRINCIPLES AND KEY SKILLS

In addition to company agreements and mission statements, the BUWOG Group – through a cooperation between the Executive Board and managers and with the support of the Human Resources Management & Organisation Department – defined the following strategic skills which reflect the corporate culture: entrepreneurship, foresight, cost consciousness, feedback, continuous development, solution orientation, customer orientation, cooperation, creative power and commitment. In the sense of transparent communication, these skills are published under: www.buwog.com/en/career.

As a company that operates solely in Germany and Austria, the activities of the BUWOG Group are subject to German and Austrian laws – including all constitutionally guaranteed basic rights. The BUWOG Group places high value on human rights, and compliance with human rights and their integration in daily activities is therefore a matter of course. That takes place, among others, in the following areas where the BUWOG Group is active above and beyond legal obligations.

TRAINING

G4-LA10 G4-LA11

The BUWOG team is characterised by a high level of personal responsibility, motivation, flexibility and professionalism. Appraisal interviews are carried out each year to support the improvement of employees' skills and their personal development. These discussions include the joint definition of goals as well as training requests and general opportunities for advancement within the BUWOG Group. The offering of individual training measures – in the form of individual modules or group courses – covers technical subjects like non-profit housing and rental laws as well as personal development seminars in line with the Process Communication Model®.

BUWOG management workshop 2017

"The balance between career and private life must also be equitably managed in the face of increased requirements and growing challenges in everyday professional life."

Martina Wimmer,
Head of Human Resources & Organisation

„I'm delighted we were able to develop our activities in the area of family orientation even further in the 2016/17 reporting year. In the scope of the "career and family" audit, measures customised to our company and employees were developed to help reconcile the two worlds of career and private life in the future even more. Measures in this area are especially important to us, for only those who find balance in private life can look forward to tackling the responsibilities in everyday working life in the long term."

In order to give employees greater orientation in change processes like the SAP conversion, activities in 2016/17 focused on management development. This included the preparation of course books and reference manuals for managers on the subject of management in the BUWOG Group. The two volumes present general management theories and models as well as BUWOG-specific processes and labour law issues. Fifteen individual workshops were held for individual departments with the support of external moderators during the reporting year to create a deeper understanding of the respective responsibilities and to integrate new managers and employees. The efforts undertaken in earlier years to prepare selected BUWOG employees for management positions paid off in 2016/17: nearly all new team and department heads were recruited internally.

The BUWOG Group invested EUR 1,700 and 4.6 training days per employee in 2016/17 (2015/16: EUR 1,200 and 2.5 training days per employee). The additional costs resulted primarily from the SAP introduction. G4-LA9

INTEGRATION OF NEW EMPLOYEES

Regular "welcome days" are organised to give new colleagues an overview of the BUWOG Group. These events also provide an opportunity to meet managers from different areas and departments, who introduce their various activities and engage in an initial dialogue with the employees. The integration of new staff was improved by the introduction of a "buddy system" in 2016/17, which involves the assignment of a so-called "buddy" to each new employee. The "buddies" are experienced employees from different departments who can facilitate integration into the BUWOG Group and create a good foundation for inter-departmental networking.

EQUAL OPPORTUNITY

Ensuring equal opportunity between women and men is an important priority for the BUWOG Group. The share of women in the total workforce equalled 55% as of 30 April 2017 (2015/16: 55%). In addition, 24% (2015/16: 32%) of the management positions are held by women. The measures introduced to support women are listed on page 126.

G4-LA2

The BUWOG Group does not differentiate between full-time or part-time employees. All employees are entitled to the same benefits, which include training allowances, health examinations, allowances for computer glasses and massages during working hours (the BUWOG Group contributes a quarter hour of working time).

G4-LA12

The Executive Board of the BUWOG Group consists of three men between the ages of 30 and 50. Additional details on the structure of the workforce are provided on page 190.

WORK-LIFE-BALANCE, HEALTH AND OCCUPATIONAL SAFETY

Strict adherence to the principle of equal opportunity, flexible working hours and teleworking options represent the key elements of the work-life balance for employees in the BUWOG Group. The company also offers attractive benefits and a pension fund scheme as well as retirement and other employee benefits. Additional details are provided under the Management approach: Work-life balance on page 181.

G4-LA5

Employees' health is another focal point of management's activities. Workplace health promotion includes a company doctor, industrial psychologist and safety officer as well as a biannual health day with information from specialists on subjects like exercise and ergonomics, nutrition and psychology. The BUWOG Group also gives employees opportunities for a medical check-up or biofeedback training. Workshops on stress, conflict management, communications, teambuilding and relaxation are developed and offered together with industrial psychologists.

BUWOG's safety committee in Austria comprised 11 company employees and three external experts (an occupational physician and psychologist plus a safety officer) in 2016/17. The committee's responsibilities are regulated by the Austrian Employee Protection Act and include, among others, the provision of information on the status of employee protection in the BUWOG offices and, in particular, on the development of the accident rate and occupational illnesses. In Austria, the BUWOG Group had 30 safety officers, fire prevention officers, first aid and evacuation helpers at its largest location in Vienna during the reporting year. The high priority given to occupational and general safety is also reflected in close cooperation with an external consulting firm (B.A.D.), which accompanies and monitors all necessary safety and protection measures at BUWOG's locations in Germany.

EMPLOYEE REPRESENTATIVES

G4-LA4

The BUWOG Group has a Works Council in both Germany and Austria, which communicates on an equal basis with the Executive Board and department heads, negotiates company agreements and represents the interests of employees. Regular meetings at 14-day intervals provide an opportunity for the discussion of relevant issues. Both countries have legal regulations that define the timing of and information to be provided to the Works Council (in Germany: the Works Council Constitution Act; Betriebsverfassungsgesetz). In Austria, the Works Council must be informed of any plans for restructuring measures in advance and on a timely basis (Section 109 of the Austrian Labour Constitutional Act; Arbeitsverfassungsgesetz). In cases where employment is terminated by the employer, the Works Council must be informed seven days in advance to allow for the preparation of an opinion (objection) within the seven-day period defined by law (Section 105 of the Austrian Labour Constitutional Act, resp. Section 99 (3) of the Works Council Constitution Act). The Works Councils in Germany and Austria organise annual employee meetings and information events and present information and news in the intranet and an own newsletter (BetriebsTAT).

The BUWOG Works Council
(Germany and Austria)

"Sustainability affects all of the employees at the BUWOG Group. The Works Council supports employees and their ideas and pitches them to the decision-makers. Regularly receiving and giving feedback is important to us. This valuable and productive internal process of discussion plays an essential role in decision-making in the company. Our contribution today has an impact on tomorrow and, consequently, on the BUWOG Group's success in the future. As a result, the exchange of ideas between the Works Council, employees and management will become a sustainable cycle in itself."

Markus Sperber,
Chairman of the Works Council in Austria

G4-11

G4-EC5

REMUNERATION AND COMPANY AGREEMENTS

The minimum wage in Germany has equalled EUR 8.84 per hour since the beginning of 2017. Austria does not have a minimum wage at the present time, and important rules are therefore defined in various branch-specific collective agreements. These collective agreements are developed in annual negotiations between employers and employees ("social partnership"). The salaries of nearly all employees working for the BUWOG Group in Austria exceed the amounts defined by the collective agreements (property manager) and reflect the market level in the construction and real estate branches. The collective agreement regulates, among others, the continuation of salary or wage payments in the event of incapacitation and special payments such as vacation and Christmas bonuses. The company agreement regulates issues like the 38-hour week, flexible working times, teleworking and contributions to the voluntary pension fund.

External and internal benchmarks were used for the income budgeting process and the existing bonus system was simplified. All of the guidelines and company agreements in Germany were updated and adapted to meet contemporary requirements.

INTERNAL COMMUNICATIONS & TEAM BUILDING

Communications between management and employees are supported by regular department and business area meetings as well as general information events like the "BUWOG Orangerie" and "BUWOG Café". This framework is used by the Executive Board and managing directors as well as the Human Resources Management & Organisation Department and other specialist areas to provide regular information on important company decisions, personnel issues, new guidelines, current projects, occupational safety, sustainability and other current topics. Current information is also sent to employees via email and published in the BUWOG intranet.

Team spirit in the BUWOG Group is supported by activities that include a business run, dragon boat race and property tours to the standing investments and new construction projects. The BUWOG Family Day, which was held in Berlin, Vienna and Villach during 2016/17, also makes an important contribution to the comfort factor. Families learn about the employees' work and meet their colleagues and thereby gain a better understanding for day-to-day work in the BUWOG Group.

The third general event for all BUWOG employees was held in Vienna during 2016/17. The goal of this two-day get-together was to personally meet colleagues from other BUWOG locations, promote internal networking and exchange know-how. Employees were given an opportunity to experience the Executive Board in lectures and personal discussions and to learn about the BUWOG Group's strategy. An extensive information offering was created to present, for example, the current status of individual property developments and major corporate projects like the Group-wide SAP implementation. These activities were accompanied by an interesting supporting programme that included excursions and sport elements. Combined with a common celebration, these events, among others, reward employees for their performance.

Further goals und measures planned by the Human Resources Management & Organisation Department for the future are described in the sustainability programme on page 183.

The third general employee event of the BUWOG Group

FACTS & FIGURES

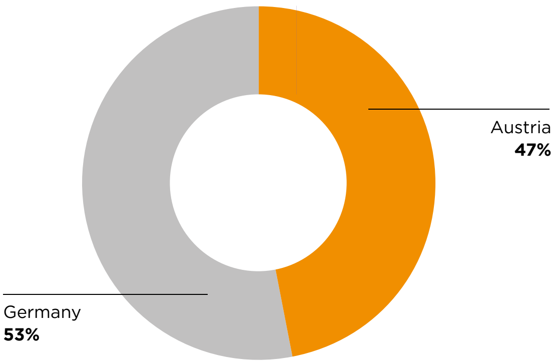
G4-9
G4-10

A total of 781 employees, or 738 full-time equivalents, worked in the fully consolidated companies of the BUWOG Group as of 30 April 2017, including 705 salaried employees and 33 wage employees. The following graphs show the classification of salaried employees by region and operating function. Asset Management, Property Sales and Property Development are responsible for roughly 75% of the full-time equivalents (salaried employees).

G4-10

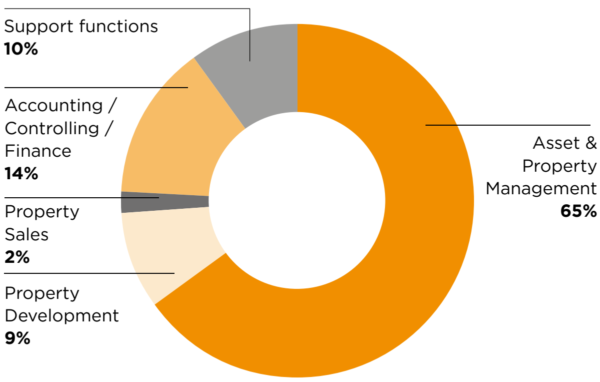
SALARIED EMPLOYEES (FTE)

as of 30 April 2017 by region



WAGE AND SALARIED EMPLOYEES (HC)

as of 30 April 2017 by function

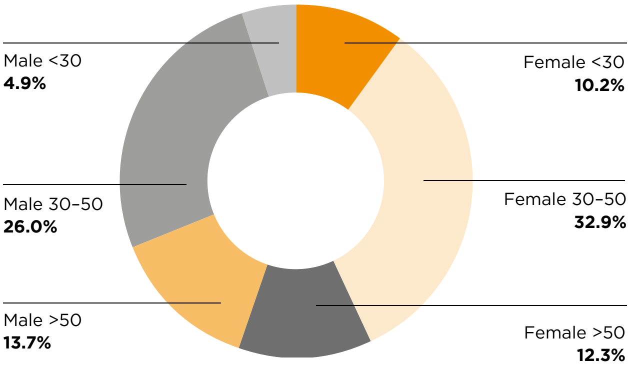


The average age of the BUWOG Group's employees equals roughly 42 years. The workforce comprises an attractive mix of experienced employees (31% with over 10 years of service with the company) and new employees.

AGE STRUCTURE OF EMPLOYEES

by age and gender

G4-LA12



In accordance with the Parental Allowance and Parental Leave Act (Bundeselterngeld- und Elternzeitgesetz), employees in Germany are entitled to up to three years leave. Labour law in Austria entitles employees to parental leave up to a child's second birthday. A total of 18 employees were on parental leave in Austria during the reporting year (2015/16: 16), including three (2015/16: three) men. Ten employees returned from parental leave in 2016/17 (2015/16: six), and all were employed by the BUWOG Group at the end of the financial year. G4-LA3

KEY DATA ON EMPLOYEES

	30 April 2017	30 April 2016
Employees	781	753
Full-time equivalent	738	717
thereof salaried employees	96%	94%
thereof wage employees	4%	6%
Average age in years	42	42
On leave	18	16
New hiring	153	146
thereof Germany	43%	34%
thereof Austria	57%	66%
thereof women	53%	55%
thereof men	47%	45%
Resignations	121	102
thereof Germany	43%	59%
thereof Austria	57%	41%
thereof women	52%	59%
thereof men	48%	41%
Employee turnover	13%	14%

G4-LA1

OTHER SOCIAL ACTIVITIES

Social commitment. The BUWOG Group supported mothers and children in crisis situations with a donation in 2016/17. In place of Christmas gifts for business partners in 2015, the BUWOG Group donated EUR 20,000 to the Caritas "MUKI-mobil" project. This project helps homeless mothers and their children to find a new home and provides extensive assistance and advice in difficult life situations. BUWOG's Christmas dotation in 2016 supported the construction of a house for needy families in Srebrenica, Bosnia-Herzegovina. The construction of this house was part of a mentoring and generation project ("Intarconnect"), under which young Austrians travelled to Bosnia to realise a social project together.

Support for the arts and culture. The BUWOG Group is a proud supporter of the Vienna State Opera, Theater an der Wien (incl. the young ensemble in the Kammeroper) and the Salzburg Festival. In 2016/17 BUWOG was the main sponsor of the "Beton" exhibit in the Kunsthalle Vienna, where 30 international artists dealt with the building material concrete. As a long-standing partner of the Architekturzentrum Vienna (Az W), the BUWOG Group supports a dialogue on architecture as well as exhibits, events and publications by Az W (in 2016/17, e.g. "Architektur in Österreich im 20. und 21. Jahrhundert"). Art at the building site is also an important factor in the long history of the BUWOG Group, where it is viewed as an integral part of the company's housing culture.

Exhibition "Beton" in the Kunsthalle Vienna

INNOVATIONS FOR THE ENVIRONMENT AND SOCIETY

The BUWOG Group participates in research and pilot projects to develop innovations that promise added value for the environment and society. This increases internal know-how and experience and helps the BUWOG Group to prepare for future opportunities and risks. The related projects cover, among others, materials, renaturation, energy supplies, water areas and green areas as well as generation-compatible housing. The issues are addressed individually in various projects, in line with the specifics of the location and features of the property and its environment.

"Communication contributes significantly to the success of sustainable activities."

Ingrid Fitzek-Unterberger,
Head of Marketing & Communication

"In the 2016/17 financial year we stepped up our sustainability activities even more. With partners from a variety of areas such as the TU Berlin we are pursuing research projects in which, for example, a water concept for our project "52 Grad Nord" has been developed. Not only does it provide functional advantages such as a water playground; the water flows and cleansing processes also operate on a purely biological basis and supply also occurs largely by draining rainwater from the surrounding open areas and buildings. Together with my team, I am proud to have played a role in the success of these projects, as we were able to visibly create additional value for the environment and society".

SUSTAINABLE CONSTRUCTION MATERIALS

The use of building materials sourced from ecologically and socially compatible production is an important sustainability issue for the BUWOG Group. In addition to the Group-wide management approach (see page 177), innovative building materials are also used in pilot projects.

The "52 Grad Nord" new construction project in Berlin-Grünau includes a variety of sustainability elements. A number of research and pilot measures for subsequent scaled application were tested in theory and practice during the planning and development phase, which provided detailed information on the potential and limits of sustainable innovations in residential construction. On this large area in Berlin, the BUWOG Group is currently transforming a former industrial location into a sustainable showpiece property. The site was used by the chemical industry before the second World War and up to only a few years ago, and the legacies in the ground water and soil included high-grade pollution. The city of Berlin felt compelled to develop a comprehensive restoration concept. The resulting general framework, which was expanded to include numerous additional sustainability elements, is now being realised as the "52 Grad Nord", an ambitious model for future restoration and development areas.

Pilot project: thermal insulation with bricks and mineral wool. In its "52 Grad Nord" project in Berlin, the BUWOG Group constructed a building without conventional thermal insulation. It was built with an innovative building material made by Wienerberger, a listed Austrian company. These bricks include resource-conserving, crude-oil free insulating materials made of mineral wool, which eliminate the need for additional resources, added costs and time-consuming measures for the installation of exterior insulation. A longer service life and improved recycling capability are also expected. The extensive cooperation with Wienerberger continued throughout the planning process up to construction supervision and demonstrates the potential created by cooperative supplier relationships. The experience with this building material was so successful that the BUWOG Group is planning to use it in future projects.

Wienerberger brick type
S10-42,5-MW

Pilot project: wood-hybrid construction. The use of wood for parts of the facade on the "Torhäuser" properties in "52 Grad Nord" will be followed by further wood construction in this project. Another residential ensemble comprising four multi-family houses at this site is currently under construction based on a wood-hybrid method. That means the facade and roof are made of pre-fabricated wooden panel elements, while the load-bearing components like the storey ceilings, stairwells and apartment partition walls are made of concrete. The selection of the materials used, above all insulation, wood and paint, was based on sustainability criteria and certificates.

Pilot project: large-scale recycling of dismantled building materials. In 2017 the BUWOG Group took part in Austria's first large-scale pilot project to remove and recycle entire building components. The dismantling of the former "Coca Cola property" in Vienna's 10th district prevented roughly 450 tonnes of waste, part of which was recycled (e.g. into roof boards). The work was carried out in cooperation with social-economic companies and recycling firms (e.g. WUK, Caritas, Wiener Volkshochschulen, RepaNet, österreichisches Ökologie-Institut), primarily by persons disadvantaged on the labour market. The BUWOG Group incurred no additional costs for this project.

SUSTAINABLE ENERGY SUPPLIES FOR BUILDINGS & QUARTERS

As presented in the management approach to sustainable energy supplies and consumption by building and residents on page 173, the BUWOG Group is aware of its responsibility in this area. The following innovative energy concepts, among others, are used in the Group's projects at the building and quarter level.

Pilot project: cogeneration plant in the quarter. A central sustainability aspect in the "52 Grad Nord" new construction project in Berlin-Grünau is the independent supply of heat for the quarter. This heating has a primary energy factor of zero and is sourced chiefly from non-fossil bio-methane gas through a cogeneration plant built especially for this purpose – which also stands out with its green facade. The energy control centre is owned by the BUWOG Group and operated by a contract partner. The first buildings are already receiving heat and warm water supplies. In addition to the 900 residential units, the existing reserve capacity could also supply neighbouring buildings in the future.

Co-generation plant at the “52 Grad Nord” project in Berlin

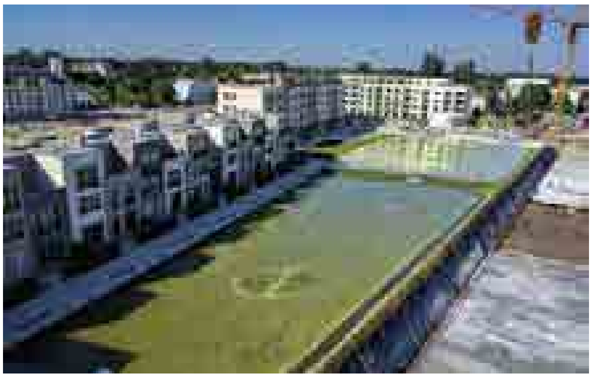
A similar supply concept was also realised on the grounds of the “Uferkrone” new construction project in Berlin-Köpenick. Energy supplies with conventional natural gas would have possible with the current infrastructure, but sustainability aspects led the BUWOG Group to decide in favour of a natural gas-driven cogeneration plant which will be built at this location. Different energy sources were evaluated and tested for both of these projects. Trials to use the neighbouring river water and energy generation via heat pumps were rejected during the approval process to give priority to environmental protection.

Research project: integrated renewable energy production & green roofs. Roof areas are becoming increasingly popular spaces. They can be used for sustainable energy supplies, as recreation areas for residents and as natural habitats for animals and plants. In order to assess the possibilities and limits for the use of urban roof areas, the BUWOG Group took part in a research project organised by the Austrian Research Promotion Agency, together with tatwort, BOKU and others to develop a multi-functional roof garden. This photovoltaic roof garden produces renewable energy via a pergola construction, in which translucent photovoltaic equipment is integrated. The greening of the pergola also creates added benefits like CO_2 storage, fine dust filtering, shade and cooling as well as intelligent rain water management.

Research project: smart district with innovative quarter solution. The city of Hamburg has big plans. it wants to become one of the European beacon cities for “smart” urban development in the areas of energy, mobility and communications. Plans call for this goal to be reached with the help of the EU “mySMARTLife” project, which covers cross-border activities by numerous partners from research and municipal administration as well as the business sector to create a more sustainable and intelligent urban infrastructure. New city quarters are planned for the “Stadtquartier an den Stuhlrohrhallen” in the Bergedorf district, which will be used to develop and test innovative solutions for the Hamburg metropolitan region. The BUWOG Group maintains regular contact with the “mySMARTLife” managers, contributes its many years of experience to the project planning and benefits from the interactive exchange of knowledge on “smart” future topics.

WATER AREAS WITH ADDED VALUE

In addition to the extensive ground water and soil restoration on the site of the “52 Grad Nord” new construction project in Berlin, the BUWOG Group has created a roughly 6,000 sqm water area at this former industrial location which is embedded harmoniously in the neighbouring landscape on the Dahme River. This water area not only has a positive influence on the microclimate in the residential area of the “52 Grad Nord”, e.g. through its buffer and storage effects in the event of heavy rains and flooding, but also offers numerous functional benefits like a water playground for residents. The water flows and cleaning processes are purely biological and based on biotopes and substrate filters. The water supply is generally replenished through rainwater from the surrounding free areas and buildings. The overall water concept as well as the ongoing monitoring and follow-up support will be provided by TU Berlin (scientific aspects) and financed by the BUWOG Group.



Water basin at the “52 Grad Nord” project in Berlin

The “Uferkrone” new construction project in Berlin-Köpenick is a further example of activities by the BUWOG Group to create added ecological value in neighbouring water areas and to increase the value of these areas for residents. This site on the Spree River was previously used for commercial purposes, and the nearby banks were filled primarily by run-down fortifications. The restoration measures implemented by the BUWOG Group have now made the naturally designed shoreline with its sloping, green space accessible for tenants as well as the residents of Berlin. Added ecological value is also created by green roofs and garages at both properties.

THE GREENING OF THE CITY

Visualisation of roof gardens for the project at Karl-Nieschlag-Gasse, Vienna

The design of ecological open spaces is an important focal point for all BUWOG properties. Many of these properties include extensive green areas which serve as a natural habitat for plants and animals as well as recreational areas for residents. The greening takes place not only at the ground floor level, but increasingly also on roofs and facades. In addition to the optical effects, these areas also have practical functions: for example, they delay the run-off of rainwater into the, in part, congested urban sewage system and make an important contribution to the microclimate, above all by preventing heat island effects in densely built-up areas. Two-thirds of the new construction projects planned for 2017/18 will include extensive roof greening. In addition, the BUWOG Group is testing other sustainable utilisation alternatives for roofs in various pilot and research projects.

Research project & cooperative planning: Biotope City. A cooperative planning process on the former "Coca Cola grounds" on Vienna's Triester Strasse will create a classic example for inner city greening as part of the "Biotope City" joint project. In addition to the previously mentioned project for the large-scale recycling of building materials at this site, the entire planning process for the "Biotope City" will be scientifically supported. The goal of this research project is to simulate micro-climatic effects and then implement extensive greening measures across the entire construction site. Decisive for the success of the project is the creation and use of cross connections between the involved planning teams. The resulting GREENpass® tool will help to scale the positive effects developed by the project. The open space design in the "Biotope City" will include, among others, urban gardening beds on the ground floors, green roofs and facades and efficient water supplies for the vegetation.

"Biotop City" – BUWOG section "Amelin" at Triester Strasse, Vienna

DEMOGRAPHIC CHANGE

Demographic change and the growing number of older residents have defined a number of major issues for sustainable construction and housing in the future. It will be necessary to incorporate the special needs of these residents for accessible housing, possible care and further support services in the direct residential environments, challenges which the BUWOG Group is already addressing.

Research project: Age- and generation-compatible renovation. The BUWOG Group is currently supporting a research project carried out by the Climate and Energy Fund together with Caritas Vienna, the Austrian Institute for Sustainable Development and the Austrian Energy Agency. Its goal is to develop age-appropriate and multi-dimensional modernisation concepts together with older residents, which include construction planning and technology-related facets as well as social and quarter-based measures.

SUSTAINABILITY MANAGEMENT & REPORTING

This report is directed to all stakeholders and other persons who are interested in the ecological, social and economic performance of the BUWOG Group. The management of and reporting on sustainability issues in the BUWOG Group is based on recognised international guidelines which provide focal points for content and processes and allow for comparability.

REPORTING FRAMEWORK & PUBLICATION SCHEDULE

G4-30 G4-32

The BUWOG Group's sustainability report for 2016/17 is presented as part of this year's annual report and is again based on the Global Reporting Initiative (GRI). The goal of this reporting is to create transparency and comparability of the company's sustainability activities with other market participants. This report was prepared in accordance with the current GRI Version G4 and in agreement with the GRI Option "Core". Elements of the GRI G4 Sector Disclosure for the Construction and Real Estate Sector were also integrated. With a view to next year's GRI amendments, components of the new GRI standards were also applied. This report is based, in particular, on the following GRI standards: GRI Standard 101: Foundation 2016, GRI Standard 103: Management Approach 2016, GRI Standard 301: Materials 2016, GRI Standard 302: Energy 2016, GRI Standard 401: Employment 2016.

G4-28 G4-29

Reporting is focused, above all, on the companies included in the BUWOG Group's scope of consolidation, whereby the data in this report is based on the activities of the BUWOG Group in Germany and Austria during the 2016/17 financial year (reporting period: 1 May 2016 to 30 April 2017). The last sustainability report was published as part of the BUWOG Group 2015/16 annual report on 31 August 2016 and also reflects the GRI G4 level. The GRI-Content Index, which is included at the end of the report (page 315), provides an overview of the GRI elements (including page numbers) addressed in the annual report.

ORGANISATIONAL ANCHORING & CONTACT PARTNER

G4-36

The BUWOG Group has strengthened and expanded its efforts in support of sustainability since the previous year. In this connection, sustainability reporting and sustainability management were organisationally bundled in the Corporate Reporting & Financial Analytics Department and equipped with additional resources to support cooperation across technical functions and departments. Several specialist departments also assumed operational responsibility for BUWOG's key sustainability issues through the integration in their daily activities.

G4-31

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RISK AND OPPORTUNITY REPORTING

G4-14

As a real estate owner and developer, the BUWOG Group is exposed to a variety of risks which, at the same time, can also represent opportunities. A strong and effective risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes. Risk management therefore not only covers risk control, but also the systematic handling of the related opportunities.

The Group-wide risk management system is designed to support rational decisions in dealing with risks and opportunities. The BUWOG Group views risk as the probability that the occurrence of a particular event will negatively influence the attainment of goals. Risk management is also responsible for the identification of opportunities. The BUWOG Group views an opportunity as the possibility of that an event will occur and positively influence the attainment of goals – i.e. it can lead to the preservation or creation of value. The assessment of risks and opportunities includes the probability of occurrence and the potential damage. "Risk management" and "risk" are only used in the following sections to improve readability. Both form an integral part of management activities in the BUWOG Group.

Risk management takes place at all levels in the BUWOG Group and is the responsibility of the Executive Board. It represents a systematic, value-oriented and profit-oriented approach for the analysis and handling of risks. Risk management in the BUWOG Group is based on the COSO framework and is classified as follows: risk identification, risk analysis, risk assessment, risk management, risk monitoring, risk information and communication and internal environment. These activities take place in both a pre-defined process and an ad-hoc process. BUWOG has also further optimised the internal control system (ICS) to support the early identification and monitoring of risk. Internal auditors evaluate the functioning and efficiency of the ICS. The integral parts of the Group-wide risk management system include the related organisational guideline, which integrates the various subject areas of risk management, the ICS and process management in a systemic, analysable manner.

The risk appetite of a company indicates its willingness to accept a certain degree of risk, with regard to both quantity and quality. Security considerations for shareholders and customers take priority for the BUWOG Group, which leads to a principal risk aversion as the basis for risk management.

Risk management in the BUWOG Group is directed to supporting the following organisational goals:

- The BUWOG Group's comprehensive, integrated risk management system is designed to reduce legal, business, operating and financial risks to an acceptable level.
  Goal: Business and legal security
- Risk management is intended to support result-oriented, efficient operations and thereby provide security for people, employees and assets.
  Goal: Business and asset security
- The Executive Board and managers must be provided with up-to-date risk information to support their management and strategy decisions and the definition of strategic measures.
  Goal: Planning, management and strategic autonomy
- Employees must develop an increased awareness of risk, and the costs of risk must be minimised.
  Goal: Risk awareness and cost limitation (for risks)
- All necessary hedging/protection measures must be evaluated when risks are accepted.
  Risks must be controllable, monitored and managed.
  Goal: Risk protection and controlling
- The image and reputation of the BUWOG Group must be protected and strengthened.
  Goal: Protection and strengthening of image and reputation

The most important risk factors can be summarised under financial risks and market/real estate-specific risks, above all risks related to individual projects and properties. The major financial risks are caused by changes on the capital, credit and interest rate markets and by changes in the credit standing or liquidity of the BUWOG Group and its customers, investors, banks and business partners. Detailed information on the financial risk factors is provided in the consolidated financial statements under note *7.2 Financial risk management*. Market- and property-specific risks arise from micro- and macroeconomic events and developments at the individual property level and include market price risk, the competitive situation, transaction risk and project development risk.

G4-45

RESPONSIBILITY

The Executive Board is responsible for defining the risk policy and risk strategy and creating an awareness of risk. The risk strategy is reviewed by the Executive Board at least once each year and updated whenever necessary. The risk manager is responsible for the development and detailed design of the risk management system, for monitoring and reporting on the risk strategy defined by the Executive Board and for establishing the procedures used to quantify risk, determine the appropriateness of risk and create the general standards for risk management. He or she consolidates the risk management content of the operating units and coordinates the measures required for risk management, limitation and monitoring. A risk report with information on the status and development of risks and the related actions is presented to the Executive Board at its meetings.

PROCEDURES

Risks are classified on the basis of their organisational relationships – through risk categories – and their material scope of influence – through various types of risk. The risk categories form the upper level of this classification, while the types of risk represent subordinate elements assigned to these categories.

The risk management process begins with the identification of risks (risk identification). In the next step, the risks are analysed (risk analysis) and then assessed with regard to the estimated probability of occurrence and estimated potential damage (risk assessment). Measures are then defined for the management or control of these risks (risk control) and for subsequent monitoring (risk monitoring).

Risk identification and analysis can be quantitative, semi-quantitative or qualitative, depending on the circumstances. A qualitative analysis is often carried out first to determine the general scope of risk and to identify the most important risks. The scheduled programme covers the Group-wide functioning of risk management. It involves the periodic, systematic identification of risks and provides a uniform basis for risk
G4-47 reporting to management. The ad-hoc reporting process in risk management accompanies and completes the scheduled programme. It covers the “gaps” in the quarterly risk assessment.

Recurring Funds From Operations (RFFO) is an important property-specific indicator, which is ideally suited for inclusion in the assessment of risks and the possible results. The calculation of the effects in Euros is therefore based on budgeted Recurring FFO (additional information on this indicator can be found under *Strategy, Success Factors, Outlook*).

Parallel to the above-mentioned activities, risks are continuously monitored and communicated. Communications and the information exchange with internal and external stakeholders take place, as required, during all phases of the risk management process.

G4-45

REPORTING

An overview of the risks to which the BUWOG Group is exposed, together with the related measures, is prepared in the form of a risk map and submitted to the Executive Board each quarter. BUWOG’s risk landscape is updated regularly by the risk manager based on information supplied by the operating units. The existing risks and related measures are revised together with the responsible risk owners and new risks are added to the reporting scheme as required. In addition to the operating and strategic risks to which BUWOG
G4-46 is exposed as a group, a separate risk matrix is prepared for each new construction project and updated on a quarterly basis. Reports on material risks with an immediate need for action are evaluated by the risk
G4-49 manager and communicated to the Executive Board. In accordance with legal regulations, the Executive Board is responsible for risk reporting to the Supervisory Board.

G4-2

MARKET RISK AND PROPERTY-SPECIFIC RISKS

The business activities of the BUWOG Group cover property development and the management of standing investments as well as the sale of individual apartments, properties and portfolios. Supply and demand on the real estate market are influenced by a variety of factors which are subject, in part, to significant fluctuation. Examples of these factors are economic, legal and taxation frameworks, demographic developments, the availability of financing, raw material and energy prices as well as the interest of investors and the perceived attractiveness of real estate in comparison with other investment forms.

In addition to the typical risks facing property owners – which BUWOG minimises through insurance coverage for the individual properties – the company is also exposed to property-specific risks. These risks are related primarily to the location of the properties, their architecture and the structural condition of the buildings, but also to the direct competitive environment and local socio-economic factors. The BUWOG Group minimises these risks, among others, through the use of controlling instruments to support Asset Management in the regular appraisal of the properties and the quality of their locations as well as the attractiveness of the individual markets based on key indicators. The results of property management are also regularly discussed and evaluated at meetings between Asset Management, standing investment controlling, department management and the Executive Board. All market changes are included in the analysis of the property portfolio and have a significant influence on investments, sales and project planning – and therefore also on the medium-term company planning process. Detailed budgets at the individual property level, medium-term forecasts and regular variance analyses provide support for management in the monitoring of business results. Properties whose location, quality and/or competitive position do not meet the portfolio requirements are designated for sale.

The BUWOG Group is exposed to market risk, in particular from changes in the supply and demand for rental properties. These fluctuations have a direct impact on both rental income and vacancy rates and are ultimately reflected in property prices. BUWOG works to optimise its real estate investments based on the following strategy: the residential offering in the standing investment portfolio is diversified according to regional and product-specific criteria; new construction projects follow a differentiated product line approach; and the active management of properties incorporates the Group's long-standing, extensive knowledge of the regional markets. Market risk is also reduced by matching rents to the respective properties and locations within legal limits.

In order to comprehensively identify and assess risks before the acquisition of new properties, the BUWOG Group relies on multi-stage due diligence examinations which also include independent experts.

Acquisition/project development risk. Acquisition and development activities are connected, above all, with risks relating to legal, social, technical, economic and tax issues. In order to identify and assess these risks before the acquisition of properties, the BUWOG Group uses multi-dimensional due diligence audits for all potential transactions. These audits are graduated by risk relevance and intensity and include the participation of independent experts. The BUWOG Group does not purchase properties that fail to meet its high quality standards. However, there is still a residual risk that important information with a possible negative impact on the economic assumptions (e.g. incomplete information in the due diligence reports, changes in the legal situation) only becomes available after the completion of acquisition activities or market conditions may change in an unforeseen direction.

One focal point of BUWOG's business activities is the development of real estate projects in Berlin, Hamburg and Vienna, whereby plans call for the expansion of these activities in the future. Development activities are, naturally, exposed to significant risks. Delays in receiving the necessary permits, the actions of citizens' initiatives or construction problems can lead to schedule overruns. In addition, sale and rental risks as well as construction cost overruns can lead to a reduction in the project return.

The BUWOG Group minimises these risks by regularly monitoring costs and schedules through variance analyses. A risk analysis system has been implemented for the project development business to identify risks and counter their potential effects on a timely basis. Additional information is provided in the consolidated financial statements under note *7.2.2 Default/credit risk*.

Property valuation risk. The BUWOG Group uses the fair value model for property valuation, as is customary in the real estate sector. Properties are carried at the value that would be received in an exchange between knowledgeable, willing and independent business partners. BUWOG's properties are valued at least semi-annually by external appraisers. The values determined by these experts are heavily dependent on the applied calculation method and the underlying assumptions. Important parameters for the calculation of a property's fair value include the interest rate and rental level. Consequently, any change in the underlying assumptions can lead to material fluctuations in the value of a property. For example: a change in the assumed occupancy rate, market price, interest level or future investment costs for a property will have a direct effect on the resulting profitability and fair value. Even minor changes in the underlying assumptions, e.g. for economic or property-specific considerations, can have a material impact on the net profit of the BUWOG Group.

G4-2

POLITICAL, TAX AND LEGAL RISKS

Legal risks. As a property developer and owner, the BUWOG Group is also exposed to a variety of legal risks. They include, among others, risks related to the purchase or sale of properties and risks, the construction of buildings and legal disputes with tenants or other contract partners.

Tenancy and housing regulations, building codes and civil, tax and environmental laws are particularly important for BUWOG's business operations. The Group therefore follows regulatory changes and supreme court rulings with particular interest to allow for timely response to any binding changes in general legal conditions.

The outcome of pending actions under civil and administrative law or out-of-court settlements with tenants, contractors and development partners cannot be predicted with certainty. There is a risk that judicial or administrative decisions or settlements may lead to costs that could have an unexpected influence on the results of the BUWOG Group.

The risks associated with the properties and undeveloped land owned by the Group are minimised by building insurance and/or property liability insurance.

Tax risks. Tax audits for previous years are still in progress or have not yet started for a number of BUWOG Group companies. These audits may result in additional tax payments. The limits on the deductibility of interest expense for the determination of income taxes could also lead to additional tax payments for BUWOG's German companies in the future.

Changes in shareholder and/or organisational structures could result in a property transfer tax liability or the inability to utilise loss carryforwards. The recognition of deferred taxes on loss carryforwards could be limited or eliminated by fundamental changes in tax regulations, which would lead to expenses at an amount equal to the impairment losses on the related deferred tax assets.

Political and regulatory risks. The BUWOG Group is exposed to general risks arising from changes in legal regulations (including tenancy law, construction law, environmental law, tax law and administrative law). As BUWOG's operations are limited to Austria and Germany, and these types of changes do not normally occur unexpectedly or over the short term, there is usually sufficient time to react.

OTHER RISKS

Concentration risk. Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. BUWOG consciously reduces these risks through the regional diversification of the portfolio and a business model focused on three business areas: Asset Management, Property Development and Property Sales.

Integration risk. The risks associated with the acquisition of property portfolios and their integration into the BUWOG Group are identified during the due diligence process and reflected in the purchase price negotiations. These risks are mainly financial and legal or relate to the integration into the BUWOG Group and the financial performance of the portfolios. The financial performance of the portfolios can be influenced by market and property-specific factors. It is also conceivable that potential problems may not be identified during the due diligence process and are therefore not reflected in the purchase price, or assumptions made during the due diligence process are overly optimistic and result in the payment of an excessive purchase price. The integration of existing organisational structures is associated with a variety of risks: earnings could fail to meet budgeted expectations; synergies may not materialise as planned; the increased integration workload could lead to unscheduled costs; or the integration could take longer and be more expensive than originally planned. The BUWOG Group addresses these risks by involving both internal and external experts from all relevant disciplines in the due diligence process and by preparing detailed business plans based on their findings. To further reduce this risk, the BUWOG Group engages experienced integration managers who prepare detailed integration plans and coordinate and implement the related processes.

Organisational risk. The BUWOG Group has issued guidelines and implemented processes to avoid the risks associated with acquisitions, project development, property management and investments. These guidelines and processes regulate the general conditions and approval levels for individual measures (acquisitions, development, management and ongoing investments) and minimise or eliminate the major strategic and property-specific risks. Approval levels are defined in a comprehensive Group guideline, which regulates the authorisation limits for individual employees up to the members of the Executive Board. In certain cases, the approval of the Supervisory Board is also required.

IT risk. In order to handle IT risks, all employees are required to complete basic IT training and IT security training. An special section has also been installed in the Intranet to provide information on current security issues related to IT systems (e.g. selection of the right passwords, protection of customer data etc.). The BUWOG Group has appointed a data protection officer and an IT security contact partner. Internal Audit also provides information for employees via the Intranet and other internal communication channels to create a greater awareness of potential dangers (e.g.: "fake president frauds") in the Internet and explains possible defence and reaction measures. The Internal Audit Department also carries out regular reviews to evaluate the security level of the IT infrastructure and to identify and eliminate security weaknesses at an early stage. There were no complaints over violations of customers' privacy in Germany or Austria or violations of data protection laws in 2016/17.

INTERNAL CONTROL SYSTEM

G4-14

The Internal Control System (ICS) of the BUWOG Group comprises a wide range of coordinated methods and measures that are designed to meet the following goals: to protect corporate assets, to ensure the accuracy and reliability of data for accounting and financial reporting, to improve the efficiency of business processes (including controls) and to ensure compliance with internal and external guidelines and directives. It also supports compliance with the corporate policies defined by the Executive Board. The ICS provides the Executive Board with a uniform reporting system and Group-wide guidelines as well as a comprehensive tool for analysing and managing uncertainties and risks.

G4-45

The Process Management Department continued the design of the ICS and related procedures in the BUWOG Group during 2016/17 in order to meet the current and increasing demands at the internal and external level and to ensure the functional capability of the ICS. These activities included the optimisation of BUWOG's policies, process management and ICS approach as well as documentation for the depiction of processes, risks and controls. The new process documentation permits, among others, a stronger emphasis on opportunities and risks in the sense of a process-oriented ICS and provides starting points for a continuous improvement process.

The further development of the ICS is based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and also includes the "Three Lines of Defence Model", a framework for effective control and monitoring systems. BUWOG will also continue to further expand the ICS during the 2017/18 financial year.

FOUNDATION OF THE ICS

The BUWOG Group's process landscape forms the starting point for the evaluation of the ICS at the process level. This landscape consists of individual business processes in which the logical order of various work steps and activities in upstream and downstream areas are described. Process steps and decisions involving risk are equipped with controls. Process management and ICS software are used to integrate the necessary controls into this process landscape.

CONTROL ENVIRONMENT

In the BUWOG Group, the control environment comprises the general ICS framework for the design and implementation of internal control activities. The most important components are statutory regulations, standards, guidelines and principles issued by the BUWOG Group (among others for the separation of functions, the dual control principle, transparency, documentation requirements and the authorisation guideline) as well as clear management and organisational structures and the communication of basic values by management. The ICS in accounting and financial reporting guarantees accuracy, security and efficiency and also ensures the correct, complete and timely preparation of all necessary information. The key features of the ICS in BUWOG's accounting process are the appropriate separation of functions, the application of the dual control principle in all order and invoice approval procedures, compliance with internal guidelines, the review of accounting data by the Group Controlling Department for correctness, plausibility and completeness, the integration of preventive and detective monitoring in processes as well as the automation of key controls through specific system settings in the financial accounting software.

INFORMATION & COMMUNICATION

The establishment and integration of the ICS in the BUWOG Group and the preparation and implementation of new and existing guidelines, processes and control measures are supported by regular information events, training and feedback rounds. An important role is also played by BUWOG's intranet as an information, communications and application platform. Opportunities for the improvement and optimisation of the ICS are reported to the responsible process manager and to the BUWOG Executive and Supervisory Boards.

MONITORING BY INTERNAL AUDIT

G4-46

The BUWOG Group's Internal Audit Department monitored compliance with and the effectiveness of the ICS in 2016/17. In accordance with C-Rule 18 of the Austrian Corporate Governance Code, Internal Audit was established as a separate staff department of the Executive Board of BUWOG AG and reports directly to the CEO. It supports the Executive and Supervisory Boards in fulfilling their control and monitoring responsibilities and is also responsible for related audit activities throughout the Group. All companies, business areas and processes in the BUWOG Group are subject, without limitation, to review by the Internal Audit Department. The related rights and obligations and the provisions governing audit activities are defined in a Group-wide organisational guideline (Rules of Procedure for Internal Audit). The Internal Audit Department carried out independent and objective reviews based on a risk-oriented annual audit plan approved by the Executive Board and Supervisory Board of BUWOG AG in 2016/17. These reviews focused primarily on the correctness of business processes, the effectiveness of the ICS and opportunities to improve processes and efficiency. The results of the audits were reported to the Executive Board on a regular basis and to the Audit Committee of the Supervisory Board twice during the reporting year. The recommendations and measures defined by these reports were followed by monitoring to ensure the implementation of agreed improvements. A focus on the optimisation of business processes and internal consulting make the Internal Audit Department a future-oriented management tool, which plays an important role in the attainment of corporate goals and an increase in the value of the company.

In addition to its audit and consulting functions, Internal Audit is responsible for identifying opportunities for improvement, recommending changes (innovation and initiative function) and supporting the implementation of suggestions for improvement (audit-related consulting). The increasing use of data analysis illustrates the modern approach taken by Internal Audit. This approach creates the foundation for the more effective support of risk management and the ICS and the better identification of opportunities to improve organisational efficiency and effectiveness and, in this way, supports the creation of added value for the BUWOG Group.

An external quality assessment of the Internal Audit Department was carried out in 2016/17. The external auditors confirmed that BUWOG AG has an appropriate and effective internal audit function whose actions comply with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

G4-57
G4-58

INTERNAL WHISTLE-BLOWER SYSTEM

The BUWOG Group is committed to sustainable corporate management. Against this backdrop and to obtain information and evidence of irregularities or potential actions that could cause intentional damage to the BUWOG Group or third parties, an internal whistle-blower system was installed in 2016/17. A company agreement was concluded to regulate the use of the internal whistle-blower system in line with data protection regulations. In accordance with the Austrian Data Protection Act 2000, BUWOG's internal whistle-blower system was registered with the Austrian Data Protection Authority at the beginning of the 2016/17 financial year.

Content of the internal whistle-blower system in the BUWOG Group. The internal whistle-blower system is available to all employees of the BUWOG Group. Employees are instructed to report – under their own name or anonymously – violations of legal regulations or binding corporate directives concerning proper accounting, bookkeeping, internal accounting controls, financial audits, corruption, bribery, fraud and financial crime, money laundering or insider trading, regardless of whether these actions were taken by employees of the BUWOG Group or by a business partner.

Reporting offices ("whistle-blower system"). The reporting offices include management, the Internal Audit Department and the compliance officer of the BUWOG Group. These persons can also be contacted to provide information on compliance guidelines and to answer questions and/or to report indications of weaknesses in procedures and risk areas or opportunities for improvement. If BUWOG employees are uncertain as to whether they want report an incident or how they should deal with specific circumstances, they can contact the above reporting offices or the responsible member of the Works Council. The reporting offices will investigate all reports, whereby maximum confidentiality and fairness for the whistle-blower is guaranteed. The same applies, where appropriate, to any employees involved in an allegation. No sanctions are taken on the basis of a report over compliance concerns or compliance violations. This also applies when reports prove to be unjustified or unsubstantiated after closer examination, unless a false report was filed intentionally.

"The BUWOG Group relies on good corporate governance. Important elements of this are a forward-thinking Internal Audit department and integrated process management."

Kevin Töpfer,
Head of Internal Audit & Process and Project Management

"I'm pleased that in the 2016/17 reporting year we took advantage of the chance to organise company processes more efficiently and to improve operational processes. We made systematic progress in developing the organisation further, particularly in establishing interdepartmental transparency ("end-to-end process management"). Ongoing analysis and optimisation of our processes and systems will also be our focus in the future, and orienting our activities around the company's strategy and risks remains an important objective in which continued investment pays off. With our risk-oriented and holistic approach, our aim is to help the company reach its targets and ensure that the BUWOG Group is perfectly prepared for its responsibilities in the future."

INFORMATION ON CAPITAL

The share capital of BUWOG AG totalled EUR 99,773,479.00 as of 30 April 2017 (30 April 2016: EUR 99,773,479). It is divided into 99,773,479 zero par value bearer shares (30 April 2016: 99,773,479 shares) with voting rights, each of which represents a proportional share of EUR 1.00 in share capital. All of these shares are zero par value bearer shares which entitle the holders to participate in the annual general meeting and to exercise voting rights and other shareholder rights in accordance with applicable legal regulations. Each bearer share is entitled to one vote,

All of the company's shares (ISIN AT00BUWOG001) are admitted for trading on the regulated market of the Frankfurt Stock Exchange and for official trading on the Vienna Stock Exchange. BUWOG shares are also listed in the main market (Rynek podstawowy) of the Warsaw Stock Exchange (regulated markets as defined by Section 1 (2) of the Austrian Stock Exchange Act, Börsegesetz).

CONVERTIBLE BONDS

Authorisation to issue new convertible bonds. The annual general meeting of BUWOG AG on 14 October 2014 authorised the Executive Board to issue convertible bonds with a total nominal amount of up to EUR 390,000,000. These bonds may carry exchange and/or subscription rights for up to 19,922,696 bearer shares in the company; they may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approved a conditional capital increase of EUR 19,922,696 in accordance with Section 159 of the Austrian Stock Corporation Act to service the exchange or subscription rights of the holders of convertible bonds issued on the basis of this authorisation.

CONVERTIBLE BOND 2016–2021

In accordance with an authorisation of the annual general meeting on 14 October 2014, BUWOG AG issued an unsubordinated, unsecured convertible bond in September 2016. This bond does not carry interest and has a term ending on 9 September 2021. The nominal value of the convertible bond 2016 – 2021 totals EUR 300 million, with the individual certificates equalling EUR 100,000. Based on the current conversion price of EUR 31.22 (adjusted following the capital increase in June 2017 after the end of the reporting year), the convertible bond 2016 – 2021 entitles the bondholders to conversion into 9,609,224 BUWOG shares. The conversion price will only be adjusted to reflect dividend payments when the dividend exceeds EUR 0.69 per BUWOG share. BUWOG is entitled to redeem the convertible bond at maturity in cash, in shares or in a combination of cash and shares. The issue terms also entitle BUWOG to call the convertible bond beginning on 30 September 2019 if the price of the BUWOG share equals 130% of the conversion price during a specified time period.

TREASURY SHARES

Authorisation of the Executive Board to purchase treasury shares. The annual general meeting of BUWOG AG on 8 June 2015 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase treasury shares in accordance with Section 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of the company's share capital, also with repeated exercise of the 10% limit. The shares may be repurchased over stock exchange or off-market, whereby the proportional subscription rights of shareholders can be excluded. This authorisation is valid for a period of 30 months beginning on the date of the resolution.

Authorisation of the Executive Board to sell treasury shares. The annual general meeting of BUWOG AG on 8 June 2015 also authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in a manner other than over the stock exchange or through a public offering in accordance with Section 65 (1b) of the Austrian Stock Corporation Act. These shares may be sold or used for any legal purpose, whereby the proportional subscription rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date of the resolution.

As of 30 April 2017, neither BUWOG AG nor any of the companies under its control held treasury shares.

OWNERSHIP STRUCTURE

According to a voting rights' announcement dated 3 February 2017, IMMOFINANZ AG, together with its subsidiaries, held 4,675,415 BUWOG shares on that date which represented an investment of approximately 4.69% in the share capital of BUWOG AG. Information provided to BUWOG indicates that these BUWOG shares are held to service the conversion rights of convertible bonds issued by IMMOFINANZ AG which are due to mature in 2017 and 2018.

FMR LLC issued a voting rights announcement on 24 November 2016 to report that it, together with companies under its control, held a relevant investment of 5,915,455 BUWOG shares on that date. These shares represent 5.93% of the total voting shares of BUWOG AG.

BlackRock, Inc. issued a voting rights announcement on 25 April 2017 to report that it, together with companies under its control, held a relevant investment of 5,063,650 BUWOG shares on that date. These shares represent approx. 5.08% of the total voting shares of BUWOG AG. After the end of the reporting year, BlackRock, Inc. issued several announcements to report that its investment had reached, exceeded or fallen below the reportable thresholds of 4% and 5%. In accordance with voting rights announcements dated 9 June 2017, BlackRock, Inc., together with companies under its control, holds a relevant investment of 6,087,974 BUWOG shares which represents roughly 5.42% of voting rights.

JPMorgan Chase & Co. issued a voting rights announcement on 8 September 2015 to report that it, together with companies under its control, held 4,890,368 BUWOG shares, representing 4.91% of the total voting shares of BUWOG AG.

DISCLOSURES PURSUANT TO SECTION 243A OF THE AUSTRIAN COMMERCIAL CODE

The Executive Board is unaware of any agreements between shareholders pursuant to Section 243a (1) no. 2 of the Austrian Commercial Code that limit voting rights or the transfer of shares.

There are no shares with special control rights as defined in Section 243a (1) no. 4 of the Austrian Commercial Code.

BUWOG AG does not have a share participation programme for employees. Therefore, no information is provided on the control of voting rights pursuant to Section 243a (1) no. 5 of the Austrian Commercial Code.

There are no requirements that are not derived directly from legal regulations regarding the appointment and dismissal of members of the Executive Board and Supervisory Board or concerning the amendment of the company's articles of association pursuant to Section 243a (1) no. 6 of the Austrian Commercial Code.

AUTHORISED CAPITAL

The annual general meeting on 7 March 2014 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to Section 169 of the Austrian Stock Corporation Act, to increase the company's share capital by up to EUR 21,582,922.00 through the issue of up to 21,582,922 new shares in exchange for cash or contributions in kind, with the exclusion of subscription rights. This authorisation is valid until 25 March 2019. Share capital may be increased on the basis of this authorisation under the following conditions: (i) if the capital increase takes place in exchange for cash contributions and the number of shares issued do not exceed 10% of the company's share capital; (ii) for contributions in kind; (iii) to service a greenshoe option; or (iv) for the settlement of peak amounts.

In June 2017, after the end of the reporting year, the company's share capital was increased by EUR 12,471,685.00 through the issue of 12,471,685 shares based on the authorisation of the annual general meeting on 7 March 2014 (see section 7.6 on *Subsequent events*).

The company still has authorised capital of EUR 9,111,237.00 for the issue of up to 9,111,237 new shares.

CHANGE OF CONTROL PROVISIONS

Some of the existing financing agreements require joint consent to be reached on the continuation of the credit arrangement in the event of a change of control.

The issue terms for the convertible bond 2016 – 2021 include a change of control clause. This provision entitles each bondholder to put all or some of the bond certificates that are not converted or redeemed at the nominal amount on the change of control date. Details on the relevant conditions are included in the issue terms for the convertible bond 2016 – 2021.

The employment contracts with the members of the Executive Board contain change of control clauses that could lead to the termination of a contract. The company and the members of the Executive Board have concluded compensation agreements that will take effect in the event of a public takeover bid. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or two years at most.

There are no such agreements for the members of the Supervisory Board or for employees.

The company has not entered into any other material agreements which would take effect, change or be terminated in the event of a change of control.

LONG-TERM INCENTIVE PROGRAMME (STOCK OPTIONS FOR MEMBERS OF THE EXECUTIVE BOARD)

Long-Term Incentive Programme 2014 (LTIP 2014). The annual general meeting of BUWOG AG on 14 October 2014 approved a conditional capital increase (Section 159 (2) no. 3 of the Austrian Stock Corporation Act) for the granting of stock options to the members of the Executive Board of BUWOG AG, Daniel Riedl and (former member) Ronald Roos, as part of the 2014 long-term incentive programme (2014 LTIP).

These two Executive Board members were granted a total of 720,000 options under the 2014 LTIP, which entitle them to purchase BUWOG shares at an exercise price of EUR 13.00 per share. This exercise price equals the price of the BUWOG share on the Frankfurt Stock Exchange at the time of the initial listing on 28 April 2014. The stock options comprise basic options and three tranches of bonus options. The vesting period for the bonus options is dependent on the attainment of performance targets for the particular financial year based on the relevant stock price in relation to the EPRA NAV per share and rewards the work of the Executive Board to reduce the implied discount to the book value at the time of the IPO. It ensures that the 2014 LTIP creates a balance between the interests of shareholders and the Executive Board members.

The LTIP 2014 requires a personal investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of three financial years beginning in 2014/15. The company is entitled to use conditional capital (Section 159 (2) no. 3 of the Austrian Stock Corporation Act), authorised capital (Section 169 of the Austrian Stock Corporation Act) or treasury shares to supply the BUWOG shares to be transferred on the exercise of the options.

The options can, in principle, only be exercised after a vesting period of four financial years, i.e. for the first time in the fifth financial year after the start of the programme (2018/19). These rights may be exercised earlier in certain cases related to the premature termination of an Executive Board member's contract. This is possible, among others, for basic options and bonus options whose performance targets have been met when the Executive Board contract is terminated due to a change of control (also see the above comments on change of control, see above). Ronald Roos chose to exercise this right on the premature termination of his Executive Board contract and exercised all eligible options for the purchase, in total, of 160,000 BUWOG shares. The remaining 80,000 options have expired. The required BUWOG shares were issued from conditional capital in accordance with Section 159 (2) no. 3 of the Austrian Stock Corporation Act.

An additional retention period is not foreseen for the BUWOG shares purchased through the exercise of options (C-Rule 28 of the Austrian Corporate Governance Code). The targets for the bonus option tranches have been met. Executive Board member Daniel Riedl is therefore entitled to exercise options for the purchase of 480,000 BUWOG shares during the period from 1 May 2018 to 30 April 2019 (both dates inclusive).

The estimated value of the remaining exercisable options from the LTIP 2014 totalled EUR 5,632,800 as of 30 April 2017.

Long-Term Incentive Programme 2017 (LTIP 2017). In March 2017 the Supervisory Board approved a long-term incentive programme (LTIP 2017) with synthetic options (i.e. primarily cash settlement) for the members of the Executive Board, Daniel Riedl, Andreas Segal and Herwig Teufelsdorfer.

The LTIP 2017 involves the granting of options to the Executive Board members on the basis of defined allocation and exercise conditions. The number of options to be granted for a specific financial year is dependent on (i) the reference value of a stock option (average price of the BUWOG share); (ii) the remuneration of the Executive Board member; and (iii) the degree of target attainment. Variable remuneration under the LTIP 2017 is dependent on the fulfilment of pre-defined, long-term performance goals and equals up to 40% of the Executive Board member's total remuneration (base salary, short-term variable salary component and long-term variable salary component). The LTIP 2017 calls for an own investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of two financial years beginning in 2017/18 and must be held during the entire term of the LTIP 2017. The exercised options will be settled in the form of a cash payment, whereby the company is also entitled to deliver shares). Each option tranche can only be exercised after a waiting period of three financial years (with different exercise terms under certain circumstances on the termination of employment or the Executive Board contract).

The Executive Board members who did not participate in the LTIP 2014 (see above) were granted options that can be exercised in 2018/19: Andreas Segal received 8,754 options and Herwig Teufelsdorfer 15,632 options.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

Amendments to the articles of association and the (premature) dismissal of Supervisory Board members must be approved by the majorities defined by law in accordance with Section 21 of the Articles of Association.

In accordance with the Articles of Association of BUWOG AG, the person chairing the respective meeting casts the deciding vote in the event of a tie in voting on the Supervisory Board. The same applies to the election of members to and the dismissal of members from the Executive Board.

OUTLOOK

CURRENT SITUATION

The BUWOG Group can look back on an extremely successful year in 2016/17. The original guidance for Recurring FFO of at least EUR 108 million was raised by EUR 5.0 million, or 4.6%, in April 2017 to at least EUR 113 million. This increased guidance was subsequently topped with Recurring FFO of approx. EUR 117.2 million at the end of the reporting year on 30 April 2017.

In the Property Development business area, Recurring FFO rose to EUR 14.4 million and exceeded the forecast of at least EUR 13 million. Group net profit increased significantly to a record EUR 366.7 million based on BUWOG's sound operating growth as well as the strong value appreciation in the portfolio as determined by the external appraiser CBRE during the property valuation.

The 2016/17 financial year was influenced, above all from an operational standpoint, by the increased focus on the Property Development business area. These efforts were reflected not only in the number of completed units and business area results, but also in the expansion of the project pipeline through the purchase of additional sites to create the foundation for continued high profitability over the coming years. The realisation of "build to hold" projects will further improve the quality of BUWOG's portfolio with new buildings at socio-demographically attractive locations in Berlin, Hamburg and Vienna. As in the previous year, plans call for shareholders to benefit from this successful development. The Executive Board will therefore make a recommendation to the annual general meeting in October 2017, calling for the payment of a dividend EUR 0.69 per share for the 2016/17 financial year. This distribution generally approximates the targeted distribution ratio of 65% of Recurring FFO.

In the Asset Management business area, the steady pursuit of an active asset management strategy supported an increase of 5.3% in net cold rent of the balance sheet date. Rents rose by 3.2% on a like-for-like basis in Germany and by 6.3% in the more regulated Austrian market. The increase in Austria is attributable, above all, to a special effect related to the maintenance and improvement contributions, which resulted from the amendment to the Austrian Non-Profit Housing Act in July 2016 and led to a significant increase in rents. The BUWOG Group increased its investments in the portfolio properties by a substantial 23% to EUR 18.9 per sqm in 2016/17 to improve quality and create the foundation for future growth in rental income. The fair value of the standing investments, as determined by the external appraiser CBRE, was influenced by the continuing yield compression, especially in Germany, and increased by 6.1% to EUR 3.9 billion as of 30 April 2017.

The Property Sales business area continued its successful Unit Sales programme with the sale of 614 standing investment units in 2016/17. The high margin on fair value of 57% realised on these sales remained nearly constant in year-on-year comparison. With the portfolio sale of over 1,100 units in Tyrol, BUWOG continued the strategic concentration of the Austrian portfolio and generated high liquidity for further growth investments.

Activities in the area of Property Development remained dynamic throughout the reporting year and already reflect the increased focus on this business. The number of completed units rose by 44% to 606, and the earnings contribution increased by a sound 32%. The development pipeline was expanded substantially by 25% to 10,149 units with a total investment volume of EUR 2.9 billion as of 30 April 2017. Of this total, 3,693 units with a total investment volume of EUR 845 million are under construction for the BUWOG portfolio. The number of units under construction also increased by a substantial 52% to 1,472 units.

The average interest rate on financial liabilities was reduced by a further 19% to 1.78% in 2016/17, and the loan-to-value ratio improved to only 44.1%. The LTV is now clearly below the target of 50%. The main factors for this positive development were the successful placement of a convertible bond at an interest rate of 0.00% and the refinancing/restructuring of a large loan portfolio in Germany. The recently arranged refinancing will reduce financial results by EUR 4 million per year in the future.

OUTLOOK ON 2017/18

In both Germany and Austria, the core markets of the BUWOG Group, public and private consumption will make an important contribution to the 1.1% economic growth forecasted for the 2017 and 2018 calendar years. These two economies should therefore prove to be unusually robust and outpace the EU average in spite of numerous negative factors that include slower growth in China, the uncertain consequences of the "Brexit" decision in the UK, the continuation of sanctions against Russia, the unstable security situation and the unresolved refugee crisis as well as industrial scandals like the German automobile manufacturers' "Diesel Gate". German companies, in particular, are continuing to benefit on the global market from the extremely low interest rate environment and low raw material costs following the sharp drop in oil prices.

The property markets in Germany and Austria are characterised by steady high demand and high price levels with a resulting yield compression. The long-term trend in both countries points towards increasing urbanisation and a focus on individual metropolitan regions with strong economies and social structures. In particular, the core markets defined by BUWOG – Berlin, Hamburg and Vienna – and their catchment areas are recording above-average growth in the number of households as well as an undersupply of new housing. This is driving rents and the prices for building sites and housing, which will benefit BUWOG in all three business areas.

On the financial markets, there are no indications of a trend reversal in the ECB's current low interest policy and an increase in interest rates cannot be expected in view of the ongoing economic weakness in Southern Europe. There are increasing signs, however, that the ECB could reduce the volume of its bond purchase programme during BUWOG's 2017/18 financial year. The US Federal Reserve appears to have reached a turning point in its interest rate policy, and it can be assumed that the European markets will not disengage from this development over the long-term. The BUWOG Group has a sound financing position with an above-average remaining term of 12 years for its financial liabilities and an average fixed interest rate period of roughly 10 years.

The Executive Board plans to utilise the low interest environment in 2017/18 to further strengthen the balance sheet structure. Previous efforts are illustrated by the successful reduction of the LTV to 44.1% at the end of 2016/17, and a sustainable upper limit of 45% has been set by the Executive Board for this indicator. Another focal point involves the improvement of the portfolio quality through geographic concentration on the strongest socio-demographic locations in the target regions of Germany and through the new strategy to build for the company's own portfolio at locations in Berlin and Hamburg. This is reflected in an increase in the pipeline of "build to hold" projects to 3,693 units at the end of the 2016/17 financial year. The funds raised through the cash capital increase with subscription rights after the end of the reporting year will be used, in part, to expand the "build to hold" pipeline to roughly 5,500 units in Berlin, Hamburg and Vienna. Activities will also include the improvement of internal efficiency, which will be supported by the new SAP system installed throughout the Group at the end of 2016/17. Another focal point will be the improvement of organisational processes, whereby the introduction of a central technical procurement function should help to further optimise the company's cost basis.

In Asset Management and Unit Sales, the Executive Board is expecting Recurring FFO of at least EUR 102 million in 2017/18 based on like-for-like growth of 1.5% to 2.0% in rents and constant high-margin Unit Sales with a volume of roughly 600 standing investment units. The Executive Board is also expecting a contribution of at least EUR 23 million to Recurring FFO from the Property Development business area in 2017/18 based on the expected completion of 694 units for sale. The funds released by Block Sales in strategically unimportant regions in Austria will be reinvested in the BUWOG Group's attractive core markets in Germany. The Executive Board expects Recurring FFO of at least EUR 125 million for the 2017/18 financial year.

SUBSEQUENT EVENTS

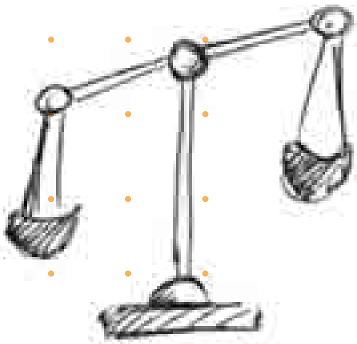
Information on relevant events occurring after the balance sheet date on 30 April 2017 is provided in the consolidated financial statements under note *7.6. Subsequent events.*

Vienna, 23 August 2017

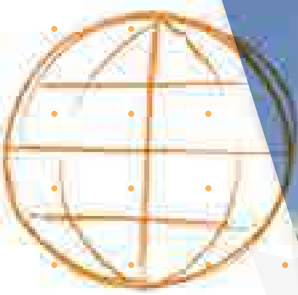
The Executive Board of BUWOG AG

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

CONSOLIDATED FINANCIAL STATEMENT BUWOG GROUP



"THE ONE", HEIDESTRASSE, BERLIN



"SOUTHGATE", SAGEDERGASSE, VIENNA

"SEESEE TOWER", SEESTADT ASPERN, VIENNA

MAIENBASS, BAD BRAMSTEDT

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CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	2016/17	2015/16[1]
Residential rental income		200,065.6	187,385.5
Other rental income		14,355.3	11,988.2
Rental income	**5.1.1**	**214,420.9**	**199,373.7**
Operating costs charged to tenants and third party property management revenues		112,042.0	107,873.8
Other revenues		238.7	93.8
Revenues	**5.1.2**	**326,701.6**	**307,341.3**
Expenses directly related to investment property	5.1.3	–57,741.1	–52,194.7
Operating expenses and expenses from third party property management	5.1.4	–112,087.5	–106,146.1
Results of Asset Management	**5.1**	**156,873.0**	**149,000.5**
Sale of properties		228,353.8	129,782.9
Carrying amount of sold properties		–228,353.8	–129,782.9
Other expenses from property sales		–3,055.3	–4,156.0
Fair value adjustments of properties sold	5.7	45,592.2	42,346.5
Fair value adjustments of properties held for sale	5.7	1,801.2	0.0
Results of Property Sales	**5.2**	**44,338.1**	**38,190.5**
Sale of real estate inventories		174,691.8	162,034.2
Cost of real estate inventories sold		–136,083.2	–124,000.8
Other expenses from sale of real estate inventories		–6,798.3	–7,693.5
Other real estate development expenses		–9,096.8	–9,503.8
Fair value adjustments of properties under construction	5.7	5,565.9	–8.0
Results of properties sold and held for sale		0.0	614.5
Results of Property Development	**5.3**	**28,279.4**	**21,442.6**
Other operating income	5.4	3,522.7	7,515.7
Other not directly attributable expenses	5.5	–40,645.2	–32,953.4
Results of operations		**192,368.0**	**183,195.9**
Fair value adjustments of investment properties	5.7	335,147.2	177,900.1
Maintenance and improvement contributions received	5.8	24.9	–11,964.4
Other valuation results		**335,172.1**	**165,935.7**
Operating profit (EBIT)		**527,540.1**	**349,131.6**
Financing costs		–52,272.6	–51,053.5
Financing income		1,003.9	1,447.8
Other financial results		–18,015.5	8,637.5
Financial results	**5.9**	**–69,284.2**	**–40,968.2**
Earnings before tax (EBT)		**458,255.9**	**308,163.4**
Income tax expenses	5.10	–29,248.8	–18,036.9
Deferred tax income/expenses	5.10	–62,315.5	–50,189.0
Net profit		**366,691.6**	**239,937.5**
Thereof attributable to:			
Owners of the parent company		**357,815.9**	**236,258.1**
Non-controlling interests		**8,875.7**	**3,679.4**
Basic earnings per share in EUR	**5.11**	**3.59**	**2.37**
Diluted earnings per share in EUR	**5.11**	**3.44**	**2.37**

1) The comparable prior year figures were adjusted (see note 1.3).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	2016/17	2015/16
Net profit	**366,691.6**	**239,937.5**
Items which will not be reclassified to the income statement in the future		
Remeasurement of defined benefit obligations	–337.4	301.3
Income taxes attributable to items which will not be subsequently reclassified to the income statement	52.4	–15.3
Total items which will not be reclassified to income statement in the future	**–285.0**	**286.0**
Total comprehensive income	**366,406.6**	**240,223.5**
Thereof attributable to:		
Owners of the parent company	**357,530.9**	**236,544.1**
Non-controlling interests	**8,875.7**	**3,679.4**

CONSOLIDATED BALANCE SHEET

in TEUR	Notes	30 April 2017	30 April 2016
Investment property	6.1	4,203,921.9	3,885,043.7
Investment property under construction	6.2	56,300.0	32,964.8
Other tangible assets	6.3	14,948.0	6,693.6
Intangible assets	6.4	14,607.2	9,445.7
Trade and other receivables	6.5	1,686.6	30,442.8
Other financial assets	6.6	14,222.5	18,377.9
Deferred tax assets	6.7	173.3	5,386.8
Non-current assets		**4,305,859.5**	**3,988,355.3**
Trade and other receivables	6.5	126,047.2	151,458.4
Income tax receivables	6.8	3,941.8	3,258.1
Other financial assets	6.6	1,265.3	1,225.4
Non-current assets held for sale	6.9	15,661.1	0.0
Real estate inventories	6.10	355,531.4	217,253.7
Cash and cash equivalents	6.11	211,397.2	82,540.1
Current assets		**713,844.0**	**455,735.7**
ASSETS		**5,019,703.5**	**4,444,091.0**
Share capital		99,773.5	99,773.5
Capital reserves		1,299,687.1	1,299,643.1
Accumulated other equity		–1,295.8	–1,010.8
Retained earnings		576,449.4	287,477.2
		1,974,614.2	1,685,883.0
Non-controlling interests		21,195.3	14,075.8
Equity	**6.12**	**1,995,809.5**	**1,699,958.8**
Liabilities from convertible bonds	6.14	287,987.5	0.0
Financial liabilities	6.15	1,844,645.6	1,947,004.0
Trade payables and other liabilities	6.16	120,550.7	122,708.2
Tax liabilities	6.18	0.0	81.1
Provisions	6.17	6,543.3	6,375.7
Deferred tax liabilities	6.7	264,856.0	207,806.2
Non-current liabilities		**2,524,583.1**	**2,283,975.2**
Financial liabilities	6.15	118,826.6	105,657.8
Trade payables and other liabilities	6.16	343,417.0	300,211.3
Tax liabilities	6.18	28,843.3	47,476.8
Provisions	6.17	8,077.0	6,811.1
Financial liabilities held for sale	6.9	147.0	0.0
Current liabilities		**499,310.9**	**460,157.0**
EQUITY AND LIABILITIES		**5,019,703.5**	**4,444,091.0**

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	2016/17	2015/16
Earnings before tax (EBT)	458,255.9	308,163.4
Fair value adjustments/depreciation/gain from a bargain purchase	–382,239.4	–227,792.9
Gains/losses from disposal of non-current assets	13.8	131.5
Gain/loss on the fair value measurement of financial instruments	9,152.3	–12,014.7
Income taxes received/paid	–48,647.0	14,635.6
Net financing costs	51,268.7	49,605.7
Dividend income	–374.9	–375.5
Other non-cash income/expense	3,663.0	16,120.0
Gross cash flow	**91,092.4**	**148,473.1**
Changes in:		
Trade and other receivables	13,943.1	–7,947.8
Real estate inventories	–19,117.1	–8,945.8
Trade payables	5,282.2	–4,070.9
Provisions	1,096.1	–3,072.2
Prepayments received on the sale of apartments	2,714.4	20,698.6
Miscellaneous other liabilities	14,174.6	12,860.7
Cash flow from operating activities	**109,185.7**	**157,995.7**
Acquisition of/Investments in investment property incl. prepayments	–249,508.5	–161,026.2
Acquisition of/Investments in property under construction	–34,499.4	–16,483.1
Acquisition of other tangible assets	–8,234.9	–373.4
Acquisition of intangible assets	–6,491.9	–2,516.9
Acquisition of other financial assets	–6.6	0.0
Disposal of non-current assets	236,217.3	111,652.9
Cash inflows from other financial assets	4,185.9	4,558.2
Interest received	451.6	872.0
Dividend income	374.9	375.5
Cash flow from investing activities	**–57,511.6**	**–62,941.0**
Cash inflows from long-term financing	237,990.5	108,251.0
Cash inflows from capital increases	0.0	2,080.0
Cash flows arising from changes of the ownership interests in subsidiary	–1,689.8	0.0
Cash inflows/outflows from short-term financing	–295,970.2	6,910.3
Cash outflows for long-term financing	–43,203.3	–163,364.3
Cash outflows for derivative financial instruments	–15,628.0	–14,528.0
Interest paid and cash outflows for other financing expenses	–32,233.2	–32,283.5
Payments of dividends to non-controlling interests	–211.9	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 for transaction costs for convertible bonds	–3,027.5	0.0
Cash flow from financing activities	**77,182.9**	**–161,667.8**
Change in cash and cash equivalents	**128,857.1**	**–66,613.1**
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	211,397.2	82,540.1
Change in cash and cash equivalents	**128,857.1**	**–66,613.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Share capital	Capital reserves
Balance on 30 April 2016	**99,773.5**	**1,299,643.1**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	189.5
Structural changes	0.0	–145.5
Transactions with owners	**0.0**	**44.0**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 30 April 2017	**99,773.5**	**1,299,687.1**

in TEUR	Share capital	Capital reserves
Balance on 30 April 2015	**99,613.5**	**1,297,169.4**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	553.7
Capital increase	160.0	1,920.0
Increase in scope of consolidation	0.0	0.0
Transactions with owners	**160.0**	**2,473.7**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 30 April 2016	**99,773.5**	**1,299,643.1**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–1,010.8	**287,477.2**	**1,685,883.0**	**14,075.8**	**1,699,958.8**
0.0	–68,843.7	–68,843.7	–211.9	**–69,055.6**
0.0	0.0	189.5	0.0	**189.5**
0.0	0.0	–145.5	–1,544.3	**–1,689.8**
0.0	**–68,843.7**	**–68,799.7**	**–1,756.2**	**–70,555.9**
0.0	357,815.9	357,815.9	8,875.7	**366,691.6**
–285.0	0.0	–285.0	0.0	**–285.0**
–285.0	**357,815.9**	**357,530.9**	**8,875.7**	**366,406.6**
–1,295.8	**576,449.4**	**1,974,614.2**	**21,195.3**	**1,995,809.5**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–1,296.8	**119,952.4**	**1,515,438.5**	**8,861.7**	**1,524,300.2**
0.0	–68,733.3	–68,733.3	0.0	**–68,733.3**
0.0	0.0	553.7	0.0	**553.7**
0.0	0.0	2,080.0	0.0	**2,080.0**
0.0	0.0	0.0	1,534.7	**1,534.7**
0.0	**–68,733.3**	**–66,099.6**	**1,534.7**	**–64,564.9**
0.0	236,258.1	236,258.1	3,679.4	**239,937.5**
286.0	0.0	286.0	0.0	**286.0**
286.0	**236,258.1**	**236,544.1**	**3,679.4**	**240,223.5**
–1,010.8	**287,477.2**	**1,685,883.0**	**14,075.8**	**1,699,958.8**

1. GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 GENERAL PRINCIPLES

BUWOG AG is a listed 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, whose business activities cover the following areas:
- Asset Management (portfolio management and administration)
- Property Sales (the sale of individual apartments and individual properties as well as portfolios) and
- Property Development (the planning and construction of buildings with a focus on Berlin, Hamburg and Vienna).

The consolidated financial statements are presented in thousands of Euros (TEUR, rounded). The consolidated financial statements of the BUWOG Group comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes. The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentages.

1.2 CONFORMITY WITH IFRS

1.2.1 Statement of compliance with IFRS
The consolidated financial statements of the BUWOG Group as of 30 April 2017 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of § 245a of the Austrian Commercial Code.

IFRS include the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and IFRS Interpretations Committee (IFRIC).

1.2.2 Initial application of standards and interpretations
The following new or revised standards and interpretations required mandatory application in 2016/17:

INITIALLY APPLIED STANDARDS AND INTERPRETATIONS

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
Changes to standards and interpretations			
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

IAS 1 *Disclosure Initiative*
This revision is intended to provide more precise information on the use of judgment in presenting disclosures and thereby improve the transparency and comparability of financial statements. The changes apply to financial years beginning on or after 1 January 2016. The application of these changes had no impact on the consolidated financial statements of the BUWOG Group.

IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
This amendment to IFRS 11 requires the acquirer of an interest in a joint arrangement which represents a business to apply IFRS 3 *Business Combinations* and other IFRS, unless they contradict the guidelines of IFRS 11. Since the BUWOG Group currently holds no interests in joint operations, the changes in this standard had no effect on the consolidated financial statements. The BUWOG Group will evaluate and monitor these changes in detail as part of future acquisitions.

IAS 16, 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
The amendments to IAS 16 and IAS 38 supplement the guidelines on the applicability of certain depreciation/amortisation methods to tangible and intangible assets. According to these amendments, revenue-based write-downs are not permitted. The accounting policies applied by the BUWOG Group do not include the recognition of revenue-based write-downs, and these changes therefore had no effect on the consolidated financial statements.

IAS 16, 41 *Agriculture: Bearer Plants*
The changes to IAS 16 and 41 reassign fruit-bearing plants that are only used for the production of agricultural products to the scope of application of IAS 16; consequently, these plants can be accounted for as tangible assets. This standard is not applicable to the BUWOG Group, and the changes to IAS 16 and IAS 41 therefore had no effect on the consolidated financial statements.

IAS 27 *Equity Method in Separate Financial Statements*
The change again permits the use of the equity method as an accounting option for shares in subsidiaries, joint ventures and associates in the separate financial statements of an investor. This standard is not applicable to the consolidated financial statements of the BUWOG Group.

Annual Improvements to IFRSs 2012–2014 Cycle
Amendments were made to four standards as part of the annual improvements to IFRSs. The wording of individual IFRSs was adapted in order to clarify existing rules. Other changes involve the disclosures required by IFRS 5, IFRS 7, IAS 19 and IAS 34.

IFRS 10, IFRS 12, IAS 28 *Investment Entities: Application of Consolidation Exemption*
These changes involve issues related to the application of the consolidation exemption for investment entities. The BUWOG AG is not classified as an investment entity, and these changes therefore had no effect on the consolidated financial statements.

1.2.3 Standards and interpretations adopted by the EU, but not yet applied

The following new or revised standards and interpretations had been adopted by the EU as of the balance sheet date, but did not require mandatory application in the financial year ending on 30. April 2017 and were not applied prematurely by the BUWOG Group:

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

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
New standards and interpretations			
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

IFRS 15 *Revenue from Contracts with Customers/Clarifications to IFRS 15 Revenue from Contracts with Customers*

The IASB published IFRS 15 Revenue from Contracts with Customers in May 2014, This new standard requires the recognition of revenues and the transfer of the agreed goods or services to the customer at the amount of the return consideration the company expects to receive for these goods or services. In the future, revenues will be recognised at a certain point in time or over time (comparable to the logic underlying IAS 11 Construction Contracts) when the customer receives control over the goods or services. IFRS 15 is based on the concept that a contractual asset or contractual liability arises when one of the contract parties fulfils its obligations under the contract and also includes guidelines for reporting. The BUWOG Group will continue to apply rules defined by IAS 17 Leases to the rental of standing investments in the future.

The sale of properties by the Property Sales business area and the sale of real estate inventories by the Property Development business area are recognised when the material risks and rewards are transferred in accordance with the currently applicable IFRSs and IFRIC interpretations (see note 2.4.1 *Revenue recognition*). The new standard will replace the previous standards IAS 18 Revenue and IAS 11 Construction Contracts as well as the related interpretations. The BUWOG Group expects no effects from the application of IFRS 15 to the recognition of revenue from properties sold by the Property Sales business area, but the recognition of revenue from the sale of real estate inventories will be affected.

Contracts for the sale of real estate inventories that were concluded “off plan” or during the construction stage were previously recognised under IAS 18 when the criteria defined by IFRIC 15 were met and the related revenues were recognised when the apartment was transferred. IFRS 15 requires the recognition of revenue when the customer takes control over the product or service. The period-based recognition of revenue is allowed under IFRS 15.35c, among others, when a company produces an asset that has no alternative use and also has an enforceable right to payment for the performance completed to date. The notarial certification of purchase contracts concluded with customers confirms the specification of a distinct real estate inventory (housing unit/parking space) and the BUWOG Group is not permitted to transfer a different unit than the one listed in the purchase contract without breaching the existing contract. That represents a contractual limitation on use for the BUWOG Group. The notarised purchase contract also represents a legal entitlement to payment for previous performance. The BUWOG Group will therefore recognise period-based revenue on the sale of real estate inventories when purchase contracts are signed in the future. This will result in the proportional, period-based recognition of revenue and cost of goods sold as well as the recognition of contractual assets and liabilities over the term of the construction project and the stage of completion. The new rules defined by IFRS 15 also call for the recognition as an asset of the incremental costs incurred to obtain a contract with a customer and the amortisation of these costs on a systematic basis consistent with the transfer of the related goods or services to the customer.

The BUWOG Group plans to apply the new standard in the financial year beginning on 1 May 2018 and will present the comparable period in agreement with IFRS 15 and IAS 8.

The initial application of IFRS 15 as of 30 April 2017 and the related period-based recognition of revenue would have involved 365 units (apartments and parking spaces) with a contractual selling price of approx. EUR 84.3 million. Organisational steps are currently in progress to allow for the application of the percentage of completion method to the individually sold units and parking spaces based on a cost-to-cost approach. In total, the application of IFRS 15 will lead to the advance recognition of revenue for the BUWOG Group. It will also result in changes on the balance sheet (separate positions for contractual assets and contractual liabilities) and additional quantitative and qualitative disclosures in the notes. The BUWOG Group is still evaluating the full impact of the application of IFRS 15 on the consolidated financial statements, and a reliable estimate of the resulting financial effect will only be possible when this analysis is completed.

IFRS 9 *Financial Instruments*

IFRS 9 will replace the rules governing the recognition and measurement of financial instruments under IAS 39. Financial assets will only be classified in two groups in the future: at amortised cost and at fair value. The financial assets carried at amortised cost represent financial assets that carry a claim solely to interest and principal payments at predetermined times and are held as part of a business model whose objective is to hold assets. All other financial assets must be recognised at fair value. Under certain circumstances, financial assets which would generally be recognised at amortised cost can be designated for fair value accounting (fair value option). Changes in the value of financial assets carried at fair value must be recognised to profit or loss. An option for certain equity instruments permits the recognition of changes in value under other comprehensive income, but dividend entitlements from these assets must be recognised in profit or loss. The new standard also introduces a three-step model of anticipated losses for assets. The BUWOG Group does not expect any material quantitative effect on the consolidated financial statements due to the predominately short-term nature of its receivables and previous accounting policies.

The requirements for financial liabilities were essentially transferred from IAS 39. The main difference involves the recognition of changes in the value of financial liabilities carried at fair value. These changes will be split in the future: the component attributable to the company's own credit risk must be recognised in other comprehensive income, while the remaining part of the change in value is recognised in profit or loss. The BUWOG Group is currently evaluating the quantitative effects of these new requirements. However, the effects on the financial instruments carried at fair value are difficult to estimate when fair value is dependent on market developments.

IFRS 9.7.2.9 letter b and IFRS 9.7.2.10 letter c. also include an option for the transition from IAS 39 to IFRS 9, which permits the recognition at amortised cost of financial assets and financial liabilities carried at fair value under the fair value option. A retrospective change in classification involves the initial (historical) recognition of financial assets and financial liabilities based on the fair value applicable at that time. Any difference between the fair value and the amount to be paid or received on maturity is recorded under equity. Subsequent measurement includes the amortisation of this difference through profit or loss based on the effective interest rate method over the term of the financial asset or financial liability.

A decision has not yet been taken on the possible use of this option.

If the BUWOG Group elects to utilise the option, the change in the classification of financial liabilities would result in a one-off increase of approx. EUR 98.0 million in equity before tax or approx. EUR 74.0 million after tax, which would be reduced by the proportional amortisation of the difference up to 30 April 2017. Due to the large number (roughly 2,000) and diversity of the subsidised loans and the necessary reprogramming of the valuation tool, BUWOG is currently unable to state the precise effect resulting from the application of the effective interest rate method as of 30 April 2017. The exercise of this option would also reduce the volatility of the income statement. It should be noted that this estimate is based on an analysis of the financial assets and financial liabilities held by the BUWOG Group as of 30 April 2017 and on the facts and circumstances existing at that time, which may change before the initial application date.

The application of IFRS 9 also involves additional disclosure requirements. The new rules are related, above all, to impairment and the separate recognition of the company's own credit risk for the financial liabilities carried at fair value.

IFRS 9 requires mandatory application for financial years beginning on or after 1 January 2018, whereby premature application is permitted. With the exception of hedge accounting, the standard must be applied retroactively. The BUWOG Group plans to apply this new standard as of the mandatory application date.

1.2.4 Standards and interpretations announced, but not yet adopted by the EU

The following changes or revisions to standards and interpretations had been announced as of 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
New standards and interpretations			
IFRS 14	Regulatory Deferral Accounts	30 January 2014	1 May 2016
IFRS 16	Leases	13 January 2016	1 May 2019
Changes to standards and interpretations			
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	11 September 2014	1)
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 Share-based Payment Transactions	20 June 2016	1 May 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12 September 2016	1 May 2018
Various standards	Annual Improvements to IFRSs 2014–2016 Cycle	8 December 2016	1 May 2017/ 1 May 2018
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

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

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 allows first-time adopters of IFRS operating in a price-regulated environment – with limited restrictions – to continue to recognise amounts related to rate regulation using the accounting principles previously applied in their financial statements. This standard is not applicable to the BUWOG Group and will therefore not lead to any changes in the consolidated financial statements.

IFRS 16 *Leases*

The new IFRS 16 *Leases* regulates the recognition, measurement and disclosure requirements for leases and replaces IAS 17 *Leases* and the related interpretations.

This standard provides lessees with a single accounting model. It requires the lessee to report all assets and liabilities arising from a lease arrangement on the balance sheet unless the term equals 12 months or less or the leased item is a low-value asset. An option is provided for each of these two latter cases.

Lessors continue to differentiate between finance leases and operating leases. Consequently, the accounting model defined by IFRS 16 does not differ significantly from IAS 17 *Leases*.

The BUWOG Group plans to apply IFRS 16 on a modified retroactive basis for the financial year beginning on 1 May 2018.

The BUWOG Group is a lessee in the sense of IFRS 16, above all in connection with building rights, leased office facilities, automobile leasing and IT outsourcing. In these cases, the capitalisation of right of use assets will be required in the future. The initial application of IFRS 16 as of 30 April 2017 would have resulted in the capitalisation of right of use assets amounting to approx. EUR 70.0 million based on the information currently available.

The application of IFRS 16 will not result in any major accounting changes for the BUWOG Group as a lessor.

IFRS 10, IAS 28 *Sale or Contribution of Assets between an Investor and an Associate or Joint Venture*
The changes to IFRS 10 and IAS 28 clarify that the determination of the gain or loss resulting from transactions with an associate or joint venture depend on whether the sold or contributed assets represent a business. The BUWOG Group currently holds no investments in associates or joint ventures. The BUWOG Group will evaluate and monitor these changes in detail as part of future acquisitions.

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

IAS 7 *Disclosure Initiative*
This revision to IAS 7 expands the required disclosures on the change in financial liabilities. Therefore, it will lead to additional disclosures in the consolidated financial statements of the BUWOG Group.

IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
The following clarifications and changes were made to the classification and measurement of transactions with share-based payments (changes to IFRS 2):

Accounting treatment of cash-settled share-based payment transactions which include a performance condition
IFRS 2 previously included no guidelines for the effects of the exercise conditions on the fair value of cash-settled share-based payments. The IASB has now added appropriate guidelines to this standard and introduced accounting rules for cash-settled payments which are based on the same approach as the accounting treatment of equity-settled payments.

Classification of share-based payments fulfilled with tax withholdings
An exception added by the IASB to IFRS 2 requires the classification of a share-based payment under which the company settles the related arrangement with tax withholdings as an equity instrument when the share-based payment would have been classified as equity-settled if it did not include the withholding feature.

Accounting treatment of modifications to share-based payment transactions from cash-settled to equity-settled
Situations in which amendments to the conditions cause a cash-settled payment transaction to become an equity-settled payment transaction were previously not handled separately in IFRS 2. The IASB has now added the following clarifications:

- In the event of such changes, the liability originally recognised for the cash-settled payment must be derecognised and the equity-settled payment subsequently recognised at the fair value of the performance provided up to the modification date.
- Any differences between the carrying amount of the obligation on the modification date and the amount recognised in equity on this date must be recognised immediately to profit or loss

The BUWOG Group will apply this standard when it takes effect in the EU. No material effects to the current obligations from share-based payments are expected.

IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
The IASB issued changes to IFRS 4 on 12 September 2016 that introduce two options for companies which issue insurance contracts within the scope of application of IFRS 4.

Since the BUWOG Group does not issue insurance contracts, this change is not applicable and will therefore have no effect on the consolidated financial statements of the BUWOG Group.

Annual Improvements to IFRSs 2014–2016 Cycle
The annual improvements to IFRSs 2014–2016 Cycle issued by the IASB on 8 December 2016 include changes to the following standards:

IFRS 1 Initial Application of International Financial Reporting Standards: Deletion of the short-term exceptions because they have served their intended purpose.

IFRS 12 Disclosure of Interests in Other Entities: Clarification of the standard's scope through specification that the included disclosure requirements, with certain exceptions, are applicable to a company's interests in entities classified as held for sale, as held for distribution or as discontinued operations under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

IAS 28 Investments in Associates and Joint Ventures: Clarification of the option to initially recognise at fair value through profit or loss an investment in an associate or a joint venture held by a venture capital organisation or other qualifying entity on a case-by-case basis.

The annual improvements to IFRSs are not expected to have any effect on the consolidated financial statements of the BUWOG Group.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
IFRIC 22 clarifies the accounting treatment of transactions that include the receipt or payment of consideration in a foreign currency. This interpretation will have no effect on BUWOG's consolidated financial statements because the Group is currently active only in Germany and Austria and no major transactions are settled in a foreign currency.

IAS 40 *Transfers of Investment Property*
The changes in the transfer of investment property are as follows:

Paragraph 57 was amended to specify that a company can only transfer a property to or from investment property when there is a change in use. A change in use occurs when a property meets or ceases to meet the definition of investment property. A change in management's intentions for the property's use does not represent evidence of a change in use. The list of examples provided in paragraph 57(a) – (d) was termed non-exhaustive in contrast to the previous comprehensive list.

The BUWOG Group is currently evaluating the effects of this standard on its accounting and valuation methods and on the consolidated financial statements.

1.3 CHANGE IN COMPARATIVE INFORMATION

Upon the availability of better information which allowed for more accurate classification of modernisation expenses and 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. Under the new capitalisation guideline, a differentiation is made between reactive maintenance, measures to make properties habitable and major refurbishments and modernisation. 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 restated accordingly.

In addition, changes in internal reporting led to adjustments between two components of the results 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 sold.

CONSOLIDATED INCOME STATEMENT

in TEUR	2015/16 Reported	Adjustments	2015/16 Adjusted
Results of Property Development			
Other expenses from sale of real estate inventories	–9,898.6	2,205.1	–7,693.5
Other real estate development expenses	–7,298.7	–2,205.1	–9,503.8
Results of Asset Management			
Expenses directly related to investment property	–65,103.6	12,908.9	–52,194.7
Other valuation results			
Fair value adjustments of investment properties	190,809.0	–12,908.9	177,900.1

This led to the following changes in segment reporting:

SEGMENT REPORTING

in TEUR	2015/16 Reported	Adjustments	2015/16 Adjusted
Segment Germany			
Expenses directly related to investment property	–36,913.3	1,802.4	–35,110.9
Fair value adjustments of investment properties	141,573.4	–1,802.4	139,771.0
Segment Austria			
Other expenses from sale of real estate inventories	–4,763.6	2,205.1	–2,558.5
Other real estate development expenses	–5,003.4	–2,205.1	–7,208.5
Expenses directly related to investment property	–28,190.3	11,106.5	–17,083.8
Fair value adjustments of investment properties	49,235.6	–11,106.5	38,129.1

1.4 CHANGE IN LEGAL REGULATIONS

The Austrian Parliament passed an amendment to the Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*) at the end of 2015, which was published on 28 December 2015. The basic maintenance and improvement contribution (*Erhaltungs- und Verbesserungsbeitrag*) of EUR 0.43 per sqm (*EVB I*), which is collected from tenants as a component of their rent, will also be refundable in the future. This reflects the treatment previously applied to the supplementary maintenance and improvement contribution (*EVB II*). The basic contribution must be refunded to tenants to the extent it is not used within 20 years (previously 10 years) for maintenance measures. Whether the basic maintenance and improvement contributions (*EVB I*) collected but not used up to 30 June 2016 will be considered repayable as of 1 July 2016 is currently the subject of discussion by legal experts. BUWOG recorded the previously unrecognised maintenance and improvement contributions (TEUR 11,964.4) as a liability as of 30 April 2016 in view of the enacted law. Changes of TEUR 24.9 in this liability were recognised during 2016/17 for the period up to 1 July 2016. The corresponding expense/income is reported as a separate position under other valuation results on the income statement (see note 5.8 *Maintenance and improvement contributions received*).

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared on a historical cost basis, with the exception of the following: certain properties, financial instruments and employee benefits. These latter items are recorded at fair value as of the balance sheet date. Detailed information is provided under the respective accounting policies.

Historical cost is generally based on the fair value of the consideration paid for the asset on the acquisition date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. This definition applies regardless of whether the price was directly observable or estimated using a valuation method.

Fair value is not always available as a market price and must frequently be determined on the basis of various valuation parameters. Fair value is categorised into different hierarchy levels, depending on the availability of observable parameters and the importance of these parameters in determining fair value in its entirety:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

In the BUWOG Group, reclassifications between the various levels in the IFRS 13 fair value hierarchy are made at the end of the financial year in which the change occurred.

2.2 CONSOLIDATION METHODS

2.2.1 Consolidation principles

The financial statements of all domestic and foreign companies included in the consolidated financial statements were converted to IFRS and, in the case of business combinations, revalued (see note 2.2.3 *Business combinations (initial consolidations)*). The recognition and measurement principles applied by all companies included in the consolidated financial statements were standardised and adjusted to conform to the options elected by the BUWOG Group. The financial statements of the companies included through full consolidation were prepared as of the same balance sheet date as the consolidated financial statements.

All receivables and liabilities, revenues, other income and expenses from the provision of goods and services between group companies were eliminated. Interim profits that arise primarily from the transfer of stakes in other companies and properties between group companies were also eliminated.

2.2.2 Fully consolidated companies

A subsidiary is an entity that is controlled by a parent company. Subsidiaries are included in the consolidated financial statements of the BUWOG Group through full consolidation. The control concept standardised in IFRS 10 forms the basis for deciding when a company must be classified as a subsidiary.

Under IFRS 10, a parent company is considered to exercise control when it has power over a subsidiary. The parent company must also be exposed to variable returns from its involvement with the subsidiary and must have the ability to affect these returns through its power. Even if the parent company holds less than the majority of voting rights, other facts and circumstances (including contractual agreements that give the parent company power over the subsidiary) can lead to control over the subsidiary. A subsidiary is included in the consolidated financial statements on the date control is obtained and deconsolidated when control ends.

2.2.3 Business combinations (initial consolidations)

In accordance with IFRS 3, acquisitions of property companies (share deals) or assets, including investment properties and debt (asset deals) by the BUWOG Group are accounted for as business combinations by applying the acquisition method if they meet the definition of a business. In all other cases, the acquisition costs incl. transaction costs are allocated to the acquired assets and assumed liabilities in proportion to their fair values at the acquisition date. Deferred taxes are not recognised in such cases (initial recognition exemption). Transactions that are not classified as business combinations do not result in the recognition of goodwill.

Acquired property companies or acquired assets and assumed liabilities can represent businesses from the view point of the BUWOG Group. Assessing whether investment properties constitute a business as defined in IFRS 3 involves discretionary judgment and regularly requires a detailed analysis of the acquired operations and structures, particularly with regard to property management.

In a business combination, the BUWOG Group obtains control over one (or more) business(es) as part of an asset deal or share deal. The acquisition method is used to account for these transactions. The consideration transferred in the form of the acquisition cost is compared with the proportionate fair value of the identifiable net assets acquired in order to identify any difference. A positive difference is treated as goodwill. A negative difference initially leads to a reassessment by the acquirer of the carrying amounts of the acquired items and the subsequent recognition of any remaining negative difference in profit or loss. In this process, non-controlling interests are valued at the proportional share of revalued net assets. The use of the acquisition method to account for the purchase of property companies can lead to goodwill because of the obligation to record deferred tax liabilities on the difference between the fair value and the tax base of the investment property acquired. This goodwill normally results as a technical figure (additional details on the impairment testing of goodwill are provided in note 2.4.8 *Impairment*).

2.2.4 Structural changes

The BUWOG Group defines a structural change as a change in ownership interests between shareholder groups, i.e. between the BUWOG Group (the shareholders) and non-controlling shareholders, without the attainment or loss of control. Increases or decreases in ownership interests that maintain control over a subsidiary are accounted for as equity transactions between shareholders. The carrying amounts of assets and liabilities, including initially recognised goodwill, remain unchanged; the structural changes have no effect on the income statement or on the statement of comprehensive income. Differences between the proportional carrying amount of the respective equity, which corresponds to the transfer of interests in the subsidiary that results in a structural change, and the fair value of the consideration received are recognised directly in equity.

2.2.5 Deconsolidations

When a subsidiary is sold or the BUWOG Group otherwise loses control, it is no longer be included in the consolidated financial statements. The income and expenses of the deconsolidated subsidiary are included in the consolidated financial statements of the BUWOG Group up to the date on which control is lost.

The deconsolidation involves the offset of the disposed assets and transferred liabilities against the fair value of the consideration received. The subsequent gain or loss on deconsolidation is reported under the respective segment results (Asset Management, Property Sales or Property Development).

Any retained interest in the former subsidiary is measured at the applicable fair value on the date when control is lost.

2.3 CURRENCY TRANSLATION

2.3.1 Functional currency

The Group reporting currency is the Euro. As the BUWOG Group operates exclusively in the Euro zone, the functional currency of all its subsidiaries is also the Euro.

2.3.2 Foreign currency transactions

The individual Group companies record foreign currency transactions at the average exchange rate in effect on the date of the event. Foreign currency monetary assets and liabilities are translated at the average exchange rate in effect on the balance sheet date. Any resulting foreign exchange gains and losses are recognised in profit or loss for the financial year.

2.4 SPECIFIC ACCOUNTING POLICIES

2.4.1 Revenue recognition

Results of Asset Management

Asset Management covers the BUWOG Group's traditional rental business. The main source of revenue is rental income from the BUWOG Group's portfolio of residential properties in Germany and Austria.

Revenues from Asset Management consist of rental income for residential property and other rental income, operating costs passed on to tenants and revenues from property management for third parties as well as other revenues. Rental income arises from the rents agreed in the underlying rental agreements for residential properties and from other sources resulting from the rental of office space, retail space and parking spaces. Operating costs passed on to tenants include costs for the property management staff and for purchased services directly attributable to tenants such as waste disposal, electricity, insurance, taxes, fees and other expenses for common areas as well as equipment and facilities such as elevators and gardens. The revenues from property management for third parties represent revenues from the management of properties not owned by the BUWOG Group. The BUWOG Group is accountable to tenants for the selection of suppliers and acts as the contractor in this respect. Therefore, the revenues and expenses from operating costs are reported as gross amounts.

Revenues from property rentals are recognised during the period defined by the underlying rental agreement.

In Austria, financing contributions are collected from the tenants in some subsidised apartments; these contributions, less a usage-related deduction, are returned at the end of the lease. One percent of the financing contributions received is recognised in profit or loss annually as rental income.

The Austrian Non-Profit Housing Act (*Section 14d Wohnungsgemeinnützigkeitsgesetz*) also allows for the collection of a maintenance and improvement contribution (*Erhaltungs- und Verbesserungsbeitrag, EVB*) to finance the cost of maintenance work and useful improvements. This contribution is dependent on the age of the building and must be used for maintenance and improvement measures within 20 years of collection or refunded to the tenants. The EVB is reported under other financial liabilities. When the maintenance and improvements are performed, the respective financial liability is reduced accordingly and the involved amounts are reported as rental income. Information on the ongoing discussion over the repayment obligation for collected, but unused EVB contributions is presented in note 1.4 *Change in legal regulations*.

Results of Property Sales
Property Sales involve the sale of individual apartments (Unit Sales) as well as the sale of complete individual properties and property portfolios (Block Sales) to private and institutional investors. Revenues from Property Sales represent the fair value of the properties at the time of the sale transaction and are contrasted by an equal reduction of the carrying amount on disposal.

Revenues from the sale of individual apartments, individual properties and portfolios are recognised when the amount can be reliably estimated; when it is sufficiently probable that the sale will result in an economic benefit for the company; and when the related costs can be reliably estimated. The date of the transfer of economic ownership represents the date of recognition. The transfer of economic ownership is defined as the transfer of the significant risks and opportunities and the transfer of control. Other expenses allocated to the results of Property Sales are recognised as incurred and include all personnel and operating expenses directly related to the sale process for a property or property company.

The results of Property Sales also include adjustments to the fair value of property sold in the financial year and investment property held for sale.

Results of Property Development
The results of Property Development include the revenues from the sale of real estate inventories and the related production costs, with the transfer of economic ownership representing the date of recognition. The transfer of economic ownership is defined as the transfer of the significant risks and opportunities and the transfer of control. Contracts for the sale of real estate inventories that are concluded “off plan” or during the construction stage fall under the scope of application of IAS 18 if the criteria listed in IFRIC 15 are met. An agreement for the construction of property is only viewed as a construction contract that falls under the scope of application of IAS 11 when the buyer is able to define the main planning elements before the start of construction and/or to define changes in the main structural elements after construction has started (independent of whether the buyer decides to exercise this right). IAS 11 is applied if the buyer has this right. IAS 18 is applied to all of the BUWOG Group’s development projects at the present time. Information on the period-based realisation of revenue in accordance with IFRS 15 is provided in note 1.2.3 *Standards and interpretations adopted by the EU, but not yet applied.*

Other expenses allocated to the results of Property Development are recognised as incurred and include all personnel and operating expenses directly related to the development of a property. Income from the sale of real estate inventories is reported under the results of Property Development, whereby revenue is recognised when the significant opportunities and risks of ownership are transferred. In the event of a sale, the related production costs are recorded as a disposal under the production cost of sold real estate inventories.

The results of Property Development also include adjustments to the fair value of investment property under construction and impairment losses recognised to real estate inventories during the financial year. Furthermore this position also includes the proceeds from the sale of undeveloped land that was originally purchased for development.

2.4.2 Investment property and property under construction
Investment property and investment property under construction include land, buildings or parts of buildings that are held to generate rental income or to realise a long-term increase in value, and are not used in production or for other administrative purposes or sold as part of the company’s ordinary business activities. Land purchased as a site for the construction of investment property is classified as investment property on the date of acquisition.

In accordance with IAS 40, investment property is measured at cost at the time of recognition; subsequent valuation is based on the fair value model.

Acquisition costs include the initial costs incurred for the purchase as well as the costs arising at a later date for the expansion, partial replacement and/or conservation of a property. The costs for everyday repairs are not capitalised. Subsequent ancillary acquisition costs are a) measures that represent identifiable, rent-supporting maintenance which lead to an increase in the rent when the property is re-let and are not classified as routine maintenance; or b) measures that involve modernisation or planned maintenance which increase the economic benefits of the property for BUWOG.

2.4.3 Leasing
In accordance with IAS 17, the classification of a leased asset is based on the extent to which the risks and rewards incidental to the ownership of the leased asset lie with the lessor or lessee.

Under an operating lease, the economic ownership of the lease asset remains with the lessor. The lessee recognises the lease payments as expenses on a straight-line basis over the term of the lease.

The BUWOG Group serves as the lessee and lessor under operating leases.

The recently issued IFRS 16 Leases (application as of 1 May 2018) will replace the previous standard IAS 17 Leases. Additional information on IFRS 16 is provided under note 1.2.4 *Standards and interpretations announced, but not yet adopted by the EU*.

2.4.4 Government grants
Government grants represent assistance, subsidies or public grants provided to a company through the transfer of resources in return for past or future compliance with certain conditions related to the company's operating activities.

The BUWOG Group occasionally receives financial support for its development projects from public authorities in the form of low-interest loans, direct subsidies for bank loans or construction cost subsidies. These low-interest loans and subsidies represent government grants for specific properties and are generally connected with obligations to meet certain requirements (e.g. rent control based on the Austrian Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*) or the Austrian Housing Construction Subsidy Act (*Wohnbauförderungsgesetz*), see note 6.1.4 *Leasing*).

Government grants are recognised when it is sufficiently certain that the requirements can be met and the grants will actually be received.

The cash flows used to calculate the fair value of a property only reflect the lower actual rental income. Therefore, the fair value of the property is considered impaired in relation to the rental income achievable on the market. In order to avoid any inconsistency between the recognition and valuation of an investment property and the related financial liability, the management of BUWOG Group took the discretionary decision to classify below-market rate loans at fair value through profit and loss (fair value option) on initial recognition in accordance with IAS 39.9b (i). This eliminates any inconsistency arising from the interest rate benefit on the government grant and the below-market interest rate on the loan (IAS 20.10A). The application of the fair value option is evaluated on the receipt of each government grant and decided individually in each case. The results from the subsequent valuation of financial liabilities are reported under other financial results.

Current interest subsidies from public sources are recognised to profit or loss in the financial year in which interest from the subsidised financing is incurred. Construction cost subsidies are recognised to profit or loss when all related conditions are met.

2.4.5 Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of assets whose acquisition or development requires a significant amount of time are generally capitalised as part of the cost. These borrowing costs are reduced by any income from the temporary investment of funds that were borrowed specifically for the acquisition of the qualified asset. The borrowing costs attributable to real estate inventories under development are capitalised as incurred.

IAS 23 does not require the application of this accounting rule if the acquired or developed assets are measured at fair value. As the BUWOG Group applies the fair value model to the subsequent measurement of investment property, the borrowing costs on construction are not capitalised for properties recognised in accordance with IAS 40.

2.4.6 Other tangible assets

In accordance with IAS 16, tangible assets not covered by IAS 40 are carried at cost less accumulated depreciation and recognised impairment losses. Acquisition or production cost includes all expenses incurred to bring the asset to the location and condition necessary for it to be capable of operating in the intended manner. Depreciation is calculated on a straight-line basis beginning in the month of acquisition.

Ordinary straight-line depreciation on depreciable tangible assets is based on the following useful lives:

USEFUL LIVES OTHER TANGIBLE ASSETS

	Useful life in years
Administrative buildings (own use)	50
Other tangible assets	4–10

The useful lives of the various assets and the depreciation method are reviewed regularly in agreement with IAS 16 to ensure they reflect the expected development of the economic value in use of the tangible asset.

2.4.7 Other intangible assets

Intangible assets are carried at cost less amortisation in accordance with IAS 38. With the exception of goodwill, all intangible assets held by the BUWOG Group have a finite useful life and are amortised on a straight-line basis over their useful lives (pro rata temporis). Goodwill is not reduced through scheduled amortisation.

Ordinary straight-line amortisation is based on the following useful lives:

USEFUL LIVES OTHER INTANGIBLE ASSETS

	Useful life in years
Other intangible assets	3–5

In addition, other intangible assets are tested in accordance with IAS 36 when there is an indication of impairment.

The BUWOG Group has no internally generated intangible assets or capitalised trademarks.

2.4.8 Impairment

Tangible and intangible assets are tested for impairment as required by IAS 36 when there is any indication that they may be impaired. Independent of this practice, goodwill and intangible assets with an indefinite useful life must be tested annually for signs of impairment. The impairment test is performed at the cash-generating unit level if cash inflows cannot be directly allocated to a specific asset and individual valuation is therefore not possible. Cash-generating units represent the smallest group of assets to which independent cash inflows can be allocated. A cash-generating unit may not be larger than an operating segment defined in accordance with IFRS 8. IAS 36 defines the recoverable amount as the relevant benchmark for impairment testing. The recoverable amount equals the higher of fair value less costs to sell and the value in use.

Fair value less costs to sell represents the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction at normal market conditions between knowledgeable and willing parties, less the costs to sell; the costs to sell are incremental costs directly attributable to the sale of an asset or cash-generating unit.

The value in use represents the present value of the estimated future cash flows that are expected to arise from the continuing use of an asset or cash-generating unit. Cash flows relevant to the valuation must be based on reasonable and justifiable assumptions. As a rule, the value in use is determined by using a net present value method; the discounted cash flow (DCF) method is used here.

If the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, the difference is recognised as an impairment loss. An impairment loss calculated in accordance with the above principles must then be allocated to the assets in the cash-generating unit as follows: first, the carrying amount of the goodwill in the cash-generating unit is written down; any remaining difference is allocated to the other assets in the cash-generating unit in proportion to their carrying amount. An impairment loss is not allocated to an individual asset if a separate fair value less costs to sell would fall below a separately determined value in use or zero.

If there is an indication that the reasons for impairment no longer exist or have decreased, the impairment loss is reversed to the carrying amount that would have been determined (net of amortisation or depreciation) if the impairment loss had not been recognised in prior years. An impairment loss recognised to goodwill may not be reversed.

When companies are acquired as part of a share deal, the accounting rules defined by IFRS 3 Business Combinations are applied (see note 2.2.3 *Business combinations (initial consolidations)*). The use, if necessary, of the acquisition method leads to goodwill as a technical figure because of the obligation to record deferred tax liabilities on the difference between the fair value and the tax base of the investment property acquired. This goodwill must be tested annually for indications of impairment. The cash-generating units primarily represent individual properties, property portfolios or groups of cash-generating units that benefit from synergies resulting from the combination (for further information on impairment testing, see note 6.4.1 *Goodwill*).

2.4.9 Trade and other receivables

Receivables and other financial assets are generally classified as loans and receivables (L&R) in accordance with IAS 39 and carried at amortised cost. Recognisable individual risks are reflected in corresponding valuation adjustments.

Information on the distinction between financial and non-financial assets is provided under the definition of financial instruments in note 7.1 *Information on financial instruments*.

2.4.10 Other financial assets

The other non-current financial assets consist primarily of originated loans.

Originated loans are generally classified as loans and receivables (L&R) in accordance with IAS 39 and carried at amortised cost. An exception to this practice is formed by assumed liabilities related to low-interest government loans, which were transferred to the buyers in connection with property sales and now represent receivables for BUWOG. Management has taken the decision to classify these receivables at fair value through profit or loss (fair value option).

Other financial assets are derecognised when the right to receive payments from the financial asset expires or is transferred and the Group has principally transferred all benefits related to ownership. Gains and losses on financial assets classified at fair value through profit or loss are recognised as incurred and reported on the income statement under other financial results.

2.4.11 Income taxes

Income taxes comprise both current and deferred taxes. Current and deferred taxes are recognised to the income statement, unless they are related to items that are recognised either in other comprehensive income or directly in equity. In these cases the current or deferred taxes are also recognised in other comprehensive income or directly in equity. If current or deferred taxes result from the initial recognition of a business combination, the tax effects on the accounting for the business combination are included.

Current tax expense is based on taxable income for the year. Taxable income differs from net income as reported on the consolidated statement of comprehensive income due to income and expenses that are only taxable or tax deductible in later years or are never taxable or tax deductible. The reconciliation of income taxes to the theoretical tax expense is presented in note 5.10 *Income taxes*.

Deferred taxes are recognised for existing differences between the carrying amounts of assets and liabilities in the IFRS consolidated financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are only recognised when it is probable that positive taxable income will be available to utilise the deductible temporary differences. Deferred tax assets and deferred tax liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor net income.

Deferred tax liabilities are recognised on taxable temporary differences arising from investments in subsidiaries unless the BUWOG Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of the deferred tax assets is reviewed each year at the balance sheet date and reduced if it is no longer probable that sufficient taxable income will be available to utilise the claim in full or in part.

Deferred taxes are measured using the tax rates that are expected to apply to temporary differences when they are reversed and at the tax rates that were enacted or substantively enacted at the balance sheet date.

The measurement of deferred taxes reflects the tax consequences arising from the BUWOG Group's expectations for the recognition of the carrying amounts of assets or the settlement of liabilities at the reporting date.

Deferred tax assets and deferred tax liabilities are offset when taxes are levied by the same authority and a legal claim exists to offset current tax assets against current tax liabilities.

2.4.12 Non-current assets and liabilities held for sale

IFRS 5 requires the classification of non-current assets and disposal groups containing assets and liabilities as held for sale if they can be sold in their present condition and their sale is highly probable within 12 months due to an intention to sell. If the relevant criteria are no longer met, the assets or disposal groups are reclassified to the original balance sheet positions.

Non-current assets held for sale and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell. Exceptions to this IFRS 5 measurement rule are investment properties which are measured in accordance with the fair value model as well as financial assets and deferred taxes. These non-current assets are only subject to the provisions for separate disclosure under IFRS 5.

2.4.13 Real estate inventories

Real estate inventories represent assets that are held for sale during the ordinary course of business, or are in the process of production for such sale, or take the form of materials or supplies to be consumed in the production process or in the rendering of services.

The business activities of the BUWOG Group as a real estate company comprise the acquisition and rental as well as the best possible commercial utilisation of assets to optimise asset management. The properties held for sale by the BUWOG Group do not fall within the scope of application of IAS 40 Investment Property, and are therefore accounted for as real estate inventories in accordance with IAS 2.

Real estate inventories are capitalised at acquisition or production cost, including borrowing costs, (see note 2.4.5 *Borrowing costs*) and measured at the lower of carrying amount and net realisable value (in part determined through an expert opinion) as of the balance sheet date. The acquisition or production cost of real estate inventories includes all purchase and processing costs as well as other expenses incurred to bring the asset to the current location and condition. Net realisable value is determined as the estimated selling price less any outstanding production costs and costs to sell.

2.4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, funds in transit and deposits with financial institutions with a term of up to three months. These items are carried at the value applicable on the relevant balance sheet date. In addition, other financial receivables include bank deposits with limitations over their disposal (blocked cash deposits). The cash and cash equivalents relevant for the consolidated cash flow statement consist solely of liquid funds (cash on hand, funds in transit and deposits with financial institutions that have a term of up to three months).

2.4.15 Share-based remuneration agreements

The fair value of arrangements to be settled with equity instruments is recognised as an expense on the granting date, with a corresponding increase in equity, over the period in which the unrestricted entitlement to the stock options is earned. The amount recognised as an expense is adjusted to reflect the number of stock options for which the vesting conditions and market-independent performance conditions are expected to be fulfilled. Therefore, recognised expense is based on the number of stock options for which the vesting conditions and market-independent performance conditions are met at the end of the entitlement period. The expenses for share-based remuneration agreements are recognised as part of personnel expenses with an offsetting entry under capital reserves.

Cash-settled share-based arrangements are initially recognised at their fair value on the commitment date. Subsequent measurement reflects the applicable fair value as of each balance sheet date, which also includes the proportional share of services provided during the term of the arrangement. In this case, the expenses for share-based payment arrangements are recorded under personnel expenses with an offsetting entry under liabilities.

2.4.16 Liabilities from convertible bonds

In accordance with IAS 32.11 in connection with IAS 32.22 and IAS 39.11, the convertible bonds issued by BUWOG AG comprise a debt component and embedded derivatives that must be separated.

Embedded derivatives that were combined with a non-derivative financial instrument to create a hybrid financial instrument must generally be accounted for and measured separately from the host contract under the following circumstances: when their economic characteristics and risks are not closely connected with the host contract; when the combined derivative financial instruments would independently meet the definition of a derivative; and when the entire instrument is not carried at fair value through profit or loss. These criteria are met by the call option for premature redemption by BUWOG based on the development of the share price and the conversion right for the bondholders. The call option and the conversion right are therefore recorded separately from the convertible bond liability and reported under trade payables and other liabilities (see note 6.16 *Trade payables and other liabilities*).

The other rights and options included in the issue terms do not meet the criteria defined by IAS 39.11 or do not result in material separate amounts and were not recorded separately.

The initial recognition of the debt component reflects the fair value of a similar liability without an option for conversion into equity. Directly attributable transaction costs were allocated to the debt component. The liabilities from convertible bonds will be subsequently measured at amortised cost based on the effective interest rate method and assigned to the category financial liabilities measured at amortised cost (FLAC) in accordance with IAS 39.

The fair value of the derivatives which must be separated represents the residual amount between the fair value of the convertible bonds and the fair value of the debt component. The separated embedded derivatives are classified as held for trading (HFT) and measured at fair value through profit or loss as of each balance sheet date.

2.4.17 Financial liabilities, trade payables and other liabilities

Financial liabilities are initially recognised at their fair value less directly attributable transaction costs. Fair value generally corresponds to the amount of funds received. Any difference (premium, discount or other difference) between the amount received and the repayment amount is allocated over the term of the financing according to the effective interest rate method and recorded under financial results.

Financial liabilities are generally classified as financial liabilities measured at amortised cost (FLAC) in accordance with IAS 39 and are measured using the effective interest rate method. With regard to low-interest government loans and financial liabilities to banks with annuity subsidies that are related to subsidies for properties, management has taken the decision to classify these items at fair value through profit and loss (fair value option) (additional details on the fair value option are provided in note 2.4.4 *Government grants*).

Non-financial liabilities are carried at amortised cost.

Financial liabilities, trade payables and other liabilities are derecognised when the payment obligations expire or are transferred and the BUWOG Group has transferred all material risks and opportunities connected with the liability.

Financial assets and liabilities are only offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the financial instruments on a net basis or to settle the relevant financial liability simultaneously with the recognition of the involved financial asset.

Interest rate swaps are accounted for as independent financial instruments and are only used to reduce the risks arising from changes in interest rates. Interest rate swap transactions are only concluded with financial institutions that can demonstrate a sound credit rating. Interest rate swaps are classified as held for trading (HFT) and measured at fair value through profit or loss at the balance sheet date. The BUWOG Group does not apply the IAS 39 rules for hedge accounting at the present time.

Information on the accounting and valuation methods applied to the embedded derivatives from the convertible bonds is presented in note 2.4.16 *Liabilities from convertible bonds*.

Gains and losses from the measurement of liabilities carried at fair value through profit or loss and as held for trading are reported on the consolidated income statement under other financial results.

Information on the conditions and fair value of derivatives is provided in note 7.2.5 *Interest rate and market price risk*. Information on the conditions and market value of financial liabilities is provided in notes 6.15 *Financial liabilities* and 7.2.5 *Interest rate and market price risk*. Information on the valuation procedures and input factors used to determine the fair value of financial instruments is provided in note 7.1.3 *Hierarchy of fair values of financial instruments*.

2.4.18 Provisions
In accordance with IAS 37.14, an obligation arising from a past event whose timing or amount is uncertain is recorded as a provision when it becomes probable that an outflow of resources will be required to settle this obligation and when the amount can be reliably estimated.

The provision is based on the best estimate at the time the consolidated financial statements are prepared. The best estimate of the amount required to meet the present obligation is the amount the company would rationally pay to settle the obligation at the balance sheet date or to transfer the obligation to a third party at that time.

The risks and uncertainties that inevitably surround many events and circumstances must be taken into account in determining the best estimate. Experts are therefore called on in certain cases to assist with the valuation. Other key input factors include past experience and probabilities for the outcome of legal disputes. The expected cash flows must be discounted to their present value if the time value of money is material. The interest expense arising from the compounding of the provision is recorded under financial results.

In cases where some or all of the expenditure required to settle an obligation is expected to be reimbursed by another party, the reimbursement may only be recognised when it is virtually certain that it will be received when the obligation is settled. The reimbursement must be treated as a separate asset, and the recognised amount may not exceed the amount of the provision.

The carrying amount of provisions must be reviewed and adjusted at each balance sheet date. If an outflow of resources is no longer probable, the provision must be derecognised through profit or loss.

2.4.19 Employee benefits
Provisions for severance payments are calculated with the projected unit credit method, whereby an actuarial valuation is carried out at each balance sheet date. The actuarial gains and losses – also referred to as remeasurements – are recognised in other comprehensive income. Remeasurements recognised in other comprehensive income represent part of equity and are not subsequently reclassified to the income statement. The service cost and net interest expense are reported on the income statement under personnel expenses.

Contributions to defined contribution pension plans are recognised as personnel expenses when they become due and payable (see note 5.6 *Personnel expenses*). The BUWOG Group has no payment obligations above and beyond these contributions.

2.5 JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in accordance with IFRS requires the use of judgments and assumptions for future developments by the management of BUWOG AG. These judgments and assumptions can have a significant influence on the recognition and value of assets and liabilities, the disclosure of other obligations as of the balance sheet date and the reporting of income and expenses for the financial year.

- Accounting for business combinations using the acquisition method standardised in IFRS 3 is dependent on whether a business is acquired. Assessing whether acquired investment properties constitute a business as defined in IFRS 3 is discretionary and regularly requires a detailed analysis of the acquired operations and structures, particularly with regard to property management. The application of the acquisition method involves the recognition of the transaction costs as expenses, the full recognition of the tax liabilities on temporary differences between the fair value of the acquired property asset and its tax base, and the annual impairment testing of the resulting goodwill. The acquisition method is not applied if the acquisition does not represent a business. In this case, the acquisition costs, including transaction costs, are allocated to the assets acquired and liabilities assumed in accordance with their fair values; tax liabilities are not recognised ("initial recognition exemption") and there is no goodwill.

– In some cases, the BUWOG Group receives low-cost loans to finance development projects. These low-cost loans represent public subsidies for the respective property and are generally connected with the obligation to meet certain subsidy conditions (e.g. rent control). Since the fair value of these properties is based only on the cash flows from this lower rental income, the properties have a lower fair value than if market-based rents were charged. In order to avoid an inconsistency between the initial recognition and the carrying amount of the properties and the related financial liability, BUWOG management has – in accordance with IAS 39.9b (i) – taken the discretionary decision to initially recognise below-interest loans at fair value through profit or loss (fair value option) and thereby avoid any inconsistency that would otherwise arise from the interest benefit created by the below-market interest rate on the loan (IAS 20.10A).

The following assumptions carry a significant risk that may lead to a material adjustment in the value of assets and liabilities during the next financial year:

– The fair value of the BUWOG Group's investment property, investment property under construction and investment property held for sale and the net realisable value of real estate inventories are determined on the basis of appraisals prepared by independent property experts. Most of these appraisals include the use of discounted cash flow (DCF) models, specifically through discounting the expected future cash flows from the respective properties. The preparation of these appraisals involves the use of assumptions, e.g. for the applied discount rate, expected occupancy, outstanding construction costs and/or future development of rental prices. One characteristic of discounted cash flow models is their sensitivity to the underlying assumptions and parameters. For example, a reduction in the applied discount rate without any changes to the other assumptions or parameters will lead to an increase in the value of the respective property. In contrast, a reduction in the expected occupancy rate or the expected rental prices without any changes to the other assumptions or parameters will lead to a decline in the value of the respective property. The assumptions and parameters relevant to the valuation are determined through a careful process as of each balance sheet date based on the best possible estimates of the current market environment by management and the appraisers. These estimates are updated as of every balance sheet date, which could lead to substantial fluctuations in the fair value of the properties (see notes 6.1 *Investment property* and 6.2 *Investment property under construction*).

- The net realisable value of real estate inventories is calculated in part on the basis of the expected sale proceeds minus the estimated costs for completion and sale. These calculations are updated at every balance sheet date, which could lead to substantial fluctuations in the net realisable value of the properties (see note 6.10 *Real estate inventories*).

- The impairment testing of intangible assets, goodwill and tangible assets is based on forward-looking assumptions. The determination of the recoverable amount or value in use of an asset for an impairment test involves the use of numerous assumptions, e.g. concerning future surplus cash flows and the discount rate. These surplus cash flows reflect the latest estimates available at the time the financial statements are prepared (see notes 6.3 *Other tangible assets* and 6.4 *Intangible assets*).

- Alternative financial valuation methods are used in the valuation of financial instruments for which there is no active market. The valuation parameters used to establish fair value are based in part on forward-looking assumptions (see note 7.1.3 *Hierarchy of fair values of financial instruments*).

- The valuation of existing severance payment obligations includes the use of assumptions for the interest rate, retirement age, life expectancy, employee turnover and future salary and wage increases (see note 2.4.19 *Employee benefits*).

- The determination of the fair value of stock options granted within the framework of share-based remuneration agreements is based on observable market parameters that include the risk-free interest rate, share price and implicit volatility (see note 6.13 *Share-based remuneration agreements*).

- The recognition of deferred tax assets, in general, and of tax assets on tax loss carryforwards, in particular, is based on the expectations of the BUWOG Group's management concerning the availability of sufficient future taxable income. The accounting decision on the recognition or impairment of deferred taxes is based on assumptions concerning the timing of the reversal of deferred tax liabilities and on the latest tax planning data in a five-year planning period (see note 6.7 *Deferred tax assets and deferred tax liabilities*).

- The valuation of provisions is based on best estimates, which are in part made by external experts. The valuation of provisions is based, in particular, on past experience, the probable outcome of legal disputes and tax litigation, future cost trends, interest rate assumptions, etc. (see note 6.17 *Provisions*).

- The contingent liabilities arising from sureties, guarantees and other liabilities, which are not recognised in the BUWOG Group's balance sheet, are regularly assessed with regard to their probability of occurrence. If an outflow of resources embodying economic benefits is neither sufficiently probable to require a provision, nor improbable, the relevant obligations are recorded as contingent liabilities. These liabilities represent best estimates by management (see note 7.5.1 *Contingent liabilities and guarantees*).

- The fair value measurement of financial liabilities related to put options held by non-controlling interests is based on the best estimate by management.

The estimates and the underlying assumptions and parameters are reviewed regularly. Actual values may vary from these estimates when the development of the general parameters differs from expectations on the balance sheet date. Changes are made when more accurate information is available, and the presentation of the assumptions and parameters relevant to the valuation are adjusted accordingly.

3. SCOPE OF CONSOLIDATION

The consolidated financial statements include BUWOG AG as well as 32 domestic and 89 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or is capable of exercising legal or constructive control.

3.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The scope of consolidation changed as follows during the 2016/17 financial year:

DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

Scope of consolidation	Full consolidation
Balance on 30 April 2016	**122**
Initially included	8
Mergers	–8
Balance on 30 April 2017	**122**

An overview of the BUWOG Group companies is presented at the end of the notes.

3.2 INITIAL CONSOLIDATIONS

The following subsidiaries were initially included in the BUWOG Group's scope of consolidation in 2016/17:

INITIAL CONSOLIDATIONS

Segment	Country	Headquarters	Company	Interest in capital	Consolidation date
Founding/acquisition of companies without businesses					
Austria	AT	Vienna	BUWOG – Döblerhofstraße GmbH	99.98%	31 May 2016
Austria	AT	Vienna	BUWOG – Himbergerstraße GmbH	99.98%	31 July 2016
Germany	DE	Berlin	BUWOG – Berlin Wohnen GmbH	100.00%	31 August 2016
Austria	AT	Vienna	BUWOG – Rathausstraße GmbH	100.00%	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
Austria	AT	Vienna	BUWOG – Breitenfurterstraße Eins, GmbH & Co. KG	99.98%	30 April 2017
Austria	AT	Vienna	BUWOG – Breitenfurterstraße Drei, GmbH & Co. KG	99.98%	30 April 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.

In the fourth quarter of 2016/17 the assets of AEDIFICIO Liegenschaftsverm.- und BetGes m.b.H. & Co. Kaiserstraße 57-59 KG were transferred to REVIVA Immobilien GmbH following the general partner's withdrawal from the company. The remaining companies, which are listed in the following table, were merged with Rosasgasse 17 Projektentwicklungs GmbH during the fourth quarter of 2016/17. Prior to this merger and following a capital contribution by the limited partner, the assets of G2 Beta Errichtungs- und VerwaltungsGmbH & Co. KG were transferred to the general partner G2 Beta Errichtungs- und Verwertungs GmbH.

STRUCTURAL CHANGES

Segment	Country	Headquarters	Company	Interest in capital before	Interest in capital after
Change in the interest in subsidiaries					
Germany	LU	Luxembourg	Indian Ridge Investments S.A.	94.84%	100.00%
Mergers and transfers					
Austria	AT	Vienna	BUWOG – Universumstraße GmbH	99.98%	–
Austria	AT	Vienna	BUWOG – Gombrichgasse GmbH	99.98%	–
Austria	AT	Vienna	Zieglergasse 69 Immobilienprojekt GmbH	99.98%	–
Austria	AT	Vienna	G2 Beta Errichtungs- und Verwertungs GmbH	99.98%	–
Austria	AT	Vienna	G2 Beta Errichtungs- und VerwertungsGmbH & Co. KG	99.98%	–
Austria	AT	Vienna	Baslergasse 65 Errichtungsges.m.b.H.	99.98%	–
Austria	AT	Vienna	BUWOG – Missindorfstraße 5 GmbH	99.98%	–
Austria	AT	Vienna	AEDIFICIO Liegenschaftsverm.- und BetGes m.b.H. & Co. Kaiserstraße 57-59 KG	99.98%	–

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.

An acquisition vehicle company was acquired in March 2017 and renamed as the planning consortium "Das-Neue-Gartenfeld" Verwaltungs GmbH. This company is designated for sale in the near term and, in the future, will serve as the general partner of the planning consortium "Das-Neue-Gartenfeld" GmbH & Co. KG which is currently in founding to coordinate planning activities for the project "Das neue Gartenfeld" in Berlin-Spandau. The general partner corporation and the limited partnership currently in founding have not carried out any material business activities to date.

These 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
Germany	DE	Berlin	Planungsgemeinschaft "Das-Neue-Gartenfeld" Verwaltungs GmbH

4. SEGMENT REPORTING

4.1 INTERNAL REPORTING

The chief operating decision-maker of the BUWOG Group is the Executive Board of BUWOG AG as a collegial body. Internal reporting to the Executive Board is based on the classification of data into two designated core markets, Germany and Austria, which are defined according to regional characteristics. Segment results are presented to the Executive Board without further aggregation for internal reporting purposes (management approach).

The management of operating results by the BUWOG Group is based on rental income and the results of Asset Management, Property Sales and Property Development.

Segment assets consist primarily of investment property, investment property under construction, other tangible assets, non-current assets held for sale and real estate inventories, which are classified into current and non-current components in accordance with the balance sheet allocation. Investments in non-current segment assets include additions to investment property, investment property under construction and other tangible assets. Segment liabilities are not allocated.

The development of financial results and taxable results in the Group is monitored and managed centrally; there is no internal reporting at the operating segment level. The accounting policies applied by the reportable segments correspond to the accounting policies described in the sections under note 2 *Accounting policies*.

4.2 RECONCILIATION OF SEGMENTS TO GROUP DATA

There are no material transactions between the segments, and the elimination of intersegment amounts is therefore not presented separately. Centrally provided services are allocated to the individual segments based on the actual costs. Service companies that only work for a specific segment are allocated to that segment. The column "transition to the consolidated financial statements" includes the holding companies and non-operating companies that cannot be allocated to a specific segment as well as the elimination of immaterial intersegment transactions.

4.3 INFORMATION ON KEY CUSTOMERS

The BUWOG Group had no individual customers who were responsible for 10.00% or more of Group revenues in the reporting year or the previous year.

4.4 SEGMENT REPORT

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

The following table presents the segment assets as of 30 April 2017 and 30 April 2016 classified by regional criteria.

SEGMENTS

in TEUR	Germany 2016/17	Germany 2015/16[1]	Austria 2016/17	Austria 2015/16[1]
Residential rental income	107,820.1	104,138.7	92,245.5	83,246.8
Other rental income	8,140.9	5,814.3	6,214.4	6,173.9
Rental income	**115,961.0**	**109,953.0**	**98,459.9**	**89,420.7**
Operating costs charged to tenants and third party property management revenues	62,539.2	59,612.9	49,502.8	48,260.9
Other revenues	182.0	25.8	56.7	68.0
Revenues	**178,682.2**	**169,591.7**	**148,019.4**	**137,749.6**
Expenses directly related to investment property	–36,099.8	–35,110.9	–21,641.3	–17,083.8
Operating expenses and expenses from third party property management	–61,100.1	–56,651.4	–50,987.4	–49,494.7
Results of Asset Management	**81,482.3**	**77,829.4**	**75,390.7**	**71,171.1**
Sale of properties	1,682.3	1,908.5	226,671.5	127,874.4
Carrying amount of sold properties	–1,682.3	–1,908.5	–226,671.5	–127,874.4
Other expenses from property sales	–68.4	–94.8	–2,986.9	–4,061.2
Fair value adjustments of properties sold	420.1	430.6	45,172.1	41,915.9
Fair value adjustments of properties held for sale	0.0	0.0	1,801.2	0.0
Results of Property Sales	**351.7**	**335.8**	**43,986.4**	**37,854.7**
Sale of real estate inventories	78,346.9	88,581.4	96,344.9	73,452.8
Cost of real estate inventories sold	–65,222.8	–69,768.8	–70,860.4	–54,232.0
Other expenses from sale of real estate inventories	–3,978.9	–5,135.0	–2,819.4	–2,558.5
Other real estate development expenses	–3,245.7	–2,295.3	–5,851.1	–7,208.5
Fair value adjustments of properties under construction	3,237.3	0.0	2,328.6	–8.0
Results of properties sold and held for sale	0.0	0.0	0.0	614.5
Results of Property Development	**9,136.8**	**11,382.3**	**19,142.6**	**10,060.3**
Other operating income	2,049.7	3,170.4	1,353.5	1,125.0
Other not directly attributable expenses	–9,345.7	–10,372.8	–6,193.2	–5,747.6
Results of operations	**83,674.8**	**82,345.1**	**133,680.0**	**114,463.5**
Fair value adjustments of investment properties	320,304.7	139,771.0	14,842.5	38,129.1
Maintenance and improvement contributions received	0.0	0.0	24.9	–11,964.4
Other valuation results	**320,304.7**	**139,771.0**	**14,867.4**	**26,164.7**
Operating profit (EBIT)	**403,979.5**	**222,116.1**	**148,547.4**	**140,628.2**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Deferred tax income/expenses				
Net profit				
Investments in non-current segment assets	**266,862.6**	**125,192.1**	**51,537.5**	**73,881.1**
	30 April 2017	30 April 2016	30 April 2017	30 April 2016
Investment property	2,243,940.7	1,752,577.0	1,959,981.2	2,132,466.7
Investment property under construction	21,920.0	0.0	34,380.0	32,964.8
Other tangible assets	721.8	729.4	5,119.1	5,924.5
Non-current segment assets	**2,266,582.5**	**1,753,306.4**	**1,999,480.3**	**2,171,356.0**
Non-current assets held for sale	0.0	0.0	15,661.1	0.0
Real estate inventories	155,380.7	89,770.5	200,150.7	127,483.2
Current segment assets	**155,380.7**	**89,770.5**	**215,811.8**	**127,483.2**
Segment assets	**2,421,963.2**	**1,843,076.9**	**2,215,292.1**	**2,298,839.2**

1) The comparable prior year figures were adjusted (see note 1.3).

Total reportable segments		Holding company/Transition to consolidated financial statements		BUWOG Group	
2016/17	2015/16	2016/17	2015/16	2016/17	2015/16[1)]
200,065.6	187,385.5	0.0	0.0	200,065.6	187,385.5
14,355.3	11,988.2	0.0	0.0	14,355.3	11,988.2
214,420.9	**199,373.7**	**0.0**	**0.0**	**214,420.9**	**199,373.7**
112,042.0	107,873.8	0.0	0.0	112,042.0	107,873.8
238.7	93.8	0.0	0.0	238.7	93.8
326,701.6	**307,341.3**	**0.0**	**0.0**	**326,701.6**	**307,341.3**
–57,741.1	–52,194.7	0.0	0.0	–57,741.1	–52,194.7
–112,087.5	–106,146.1	0.0	0.0	–112,087.5	–106,146.1
156,873.0	**149,000.5**	**0.0**	**0.0**	**156,873.0**	**149,000.5**
228,353.8	129,782.9	0.0	0.0	228,353.8	129,782.9
–228,353.8	–129,782.9	0.0	0.0	–228,353.8	–129,782.9
–3,055.3	–4,156.0	0.0	0.0	–3,055.3	–4,156.0
45,592.2	42,346.5	0.0	0.0	45,592.2	42,346.5
1,801.2	0.0	0.0	0.0	1,801.2	0.0
44,338.1	**38,190.5**	**0.0**	**0.0**	**44,338.1**	**38,190.5**
174,691.8	162,034.2	0.0	0.0	174,691.8	162,034.2
–136,083.2	–124,000.8	0.0	0.0	–136,083.2	–124,000.8
–6,798.3	–7,693.5	0.0	0.0	–6,798.3	–7,693.5
–9,096.8	–9,503.8	0.0	0.0	–9,096.8	–9,503.8
5,565.9	–8.0	0.0	0.0	5,565.9	–8.0
0.0	614.5	0.0	0.0	0.0	614.5
28,279.4	**21,442.6**	**0.0**	**0.0**	**28,279.4**	**21,442.6**
3,403.2	4,295.4	119.5	3,220.3	3,522.7	7,515.7
–15,538.9	–16,120.4	–25,106.3	–16,833.0	–40,645.2	–32,953.4
217,354.8	**196,808.6**	**–24,986.8**	**–13,612.7**	**192,368.0**	**183,195.9**
335,147.2	177,900.1	0.0	0.0	335,147.2	177,900.1
24.9	–11,964.4	0.0	0.0	24.9	–11,964.4
335,172.1	**165,935.7**	**0.0**	**0.0**	**335,172.1**	**165,935.7**
552,526.9	**362,744.3**	**–24,986.8**	**–13,612.7**	**527,540.1**	**349,131.6**
				–69,284.2	**–40,968.2**
				458,255.9	**308,163.4**
				–29,248.8	–18,036.9
				–62,315.5	–50,189.0
				366,691.6	**239,937.5**
318,400.1	**199,073.2**	**9,051.9**	**47.3**	**327,452.0**	**199,120.5**
30 April 2017	30 April 2016	30 April 2017	30 April 2016	30 April 2017	30 April 2016
4,203,921.9	3,885,043.7	0.0	0.0	4,203,921.9	3,885,043.7
56,300.0	32,964.8	0.0	0.0	56,300.0	32,964.8
5,840.9	6,653.9	9,107.1	39.7	14,948.0	6,693.6
4,266,062.8	**3,924,662.4**	**9,107.1**	**39.7**	**4,275,169.9**	**3,924,702.1**
15,661.1	0.0	0.0	0.0	15,661.1	0.0
355,531.4	217,253.7	0.0	0.0	355,531.4	217,253.7
371,192.5	**217,253.7**	**0.0**	**0.0**	**371,192.5**	**217,253.7**
4,637,255.3	**4,141,916.1**	**9,107.1**	**39.7**	**4,646,362.4**	**4,141,955.8**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 RESULTS OF ASSET MANAGEMENT

5.1.1 Rental income

The rental income from the investment properties represents the rents defined for the reporting year by the respective agreements. Other rental income includes the revenues from offices, commercial areas, retail space and parking.

Rental prices are determined in accordance with the applicable legal framework. The determination of the market rent for new rentals is based on published rental statistics, the offering of comparable properties and current rentals.

Most of the Group's real estate portfolio in Austria is subject to cost-covering rental restrictions under Austrian law. In particular, a majority of the portfolio is subject to the Austrian Non-profit Housing Act (Wohnungsgemeinnützigkeitsgesetz, WGG) because BUWOG – Bauen und Wohnen Gesellschaft mbH and BUWOG – Süd GmbH (formerly: ESG Wohnungsgesellschaft mbH Villach) were non-profit organisations up to April 2001. The cost-covering principle defined by this law states that the monthly rent may not be higher or lower than the total of production cost, the related financing, ongoing facility management costs and various other components.

Legal regulations previously permitted the use of the Burgenland benchmark less 30% in place of a cost-covering rent to determine the new price when apartments were re-let. This benchmark last equalled EUR 3.50 per sqm and included both of the maintenance and improvement contributions. The amendment to the Austrian Non-Profit Housing Act replaced the previous benchmark price with a new indexed value of EUR 1.75 per sqm as of 1 July 2016. In contrast to the previous legal regulation, an indexed maintenance and improvement contribution may be also collected in line with the age of the building, but up to a maximum of EUR 2.00 per sqm. Administrative expenses, a default component on rents and imputed interest on the equity invested by the company to finance the land can also be charged in addition to regular operating costs. Rental revenues in Austria will not increase substantially over the coming years because of the restrictions defined by the Austrian Non-Profit Housing Act.

The regulations governing rent increases for freely financed residential construction in Germany were previously limited to existing rental agreements. Under Section 558 (1) to (3) of the German Civil Law Code (Bürgerliches Gesetzbuch), the increase in rents up to the customary local level is capped at a maximum of 20% over a three-year period (and to a maximum of 15% in a number of states). Another relevant regulation is Section 559 (1) to (3) of the German Civil Law Code, which deals with rental increases after modernisation and defines the allowed increase per year as 11% of the funds spent on the apartment.

As of 1 June 2015 the German states were authorised to slow rent increases through the introduction of new legal regulations. Berlin, Hamburg, North Rhine-Westphalia, Baden-Württemberg, Brandenburg, Bremen, Hesse, Rhineland-Palatinate, Schleswig-Holstein, Thuringia and Bavaria (each at the city, district or community level) have already introduced such laws and further states will follow. In areas with an overextended housing market, the rental price increases on re-letting are limited to a maximum of 10% over the local level for a five-year period. New apartments completed after 1 October 2014 are exempt from this regulation, but the provisions of Section 559 (1) to (3) of the German Civil Law Code still apply.

The definition of "extensive renovation" is still the focus of legal uncertainty. According to the German Federal Ministry of Justice and Consumer Protection, renovation is considered extensive when "the investments reach roughly one-third of the cost for a comparable new apartment" (approx. EUR 700–800/sqm). Many market participants and courts also doubt that the use of local rental statistics as the basis for determining local rent levels will stand up to scientific evaluation. Indications are that a second set of laws can be expected.

The BUWOG Group's investment properties in Germany are subject to further restrictions under rental laws, among others from the Schleswig-Holstein Housing Allowance Act (Schleswig-Holsteinischer Wohnraumförderungsgesetz). The cost-covering rents in effect when this legal amendment was enacted on 1 July 2009 have formed the so-called basis rent since that time. In accordance with Section 16 of this Housing Allowance Act (which provides options for rental price increases pursuant to Section 558 of the German Civil Law Code), increases of up to 9% in base rents within a three-year period (different caps) have been possible since 1 July 2014. The expiration of the rent controls connected with this subsidy, at the earliest on 31 December 2018, will permit rental price increase of up to 20% based on applicable legal regulations. The 9% cap does not apply to modernisations, which are subject to the legally defined price increases. The above-mentioned limitations also apply to re-letting during the rent control period. After the end of this period, re-letting can reflect market levels. Publicly subsidised rental apartments are also subject to tenant control regulations, which restrict rentals to a certain group of entitled persons.

The rental agreements concluded by the BUWOG Group for residential properties can generally be cancelled by the tenants on three months' notice at the end of each month. Based on the contracts in effect as of 30 April 2017, EUR 51.5 million of net cold rent was earned during the first three months of the 2017/18 financial year (2016/17: EUR 51.5 million).

Expenses totalling TEUR 122.0 were incurred in 2016/17 for properties that did not generate any revenue in that financial year (2015/16: TEUR 78.0).

Rental income for 2016/17 includes TEUR 6,386.8 (2015/16: TEUR 0.0) of income from the release of the maintenance and improvement contributions as a result of Block Sales.

5.1.2 Revenues

Revenues are presented by country in the segment report, which represents an integral part of these consolidated financial statements (see note 4. *Segment reporting*).

Revenues (from asset management) consist of rental income from residential properties, other rental income (see note 5.1.1 *Rental income*), operating costs charged to tenants, revenue from the management of third party properties and other revenues.

The operating costs charged to tenants reflect expenses incurred by the BUWOG Group for properties rented to third parties. These costs comprise personnel expenses for property management, purchased services such as waste disposal, electricity, insurance, taxes and duties as well as the costs for common areas and equipment or facilities like elevators and gardens.

Operating costs charged to tenants and revenue from the management of third party properties of TEUR 112,042.0 (2015/16: TEUR 107,873.8) correspond to operating expenses and third party management costs of TEUR 112,087.5 (2015/16: TEUR 106,146.1) (also see note 5.1.4 *Operating expenses and expenses from third party property management*). Revenues from the management of third party properties totalled TEUR 16,129.5 in 2016/17 (2015/16: TEUR 15,160.2).

5.1.3 Expenses directly related to investment property

The expenses directly related to investment property are classified as follows:

EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

in TEUR	2016/17	2015/16[1)]
Maintenance	–27,074.0	–23,948.1
Expenses from asset management	–9,665.4	–9,166.3
Owners expenses	–8,388.2	–10,357.1
Vacancies	–3,172.0	–3,984.7
Write-off of receivables from asset management	–2,299.8	–1,951.5
Other expenses	–7,141.7	–2,787.0
Total	**–57,741.1**	**–52,194.7**

1) The comparable prior year figures were adjusted (see note 1.3).

Maintenance covers expenses related to the repair and upkeep of investment properties, which do not lead to an increase in fair value.

Expenses from asset management include personnel and operating costs related to the rental and management of properties.

Owners expenses include the costs of electricity and property management attributable to the investment properties as well as other costs that cannot be passed on to tenants.

Vacancies represent operating costs for non-occupied properties that must be carried by the BUWOG Group as the owner.

The write-off of receivables from asset management includes the increase in valuation allowances for overdue rents and the expenses for derecognised rents receivable.

Other expenses consist primarily of advertising, lease and building right fees, commissions for new rentals and costs arising from rental disputes. In 2016/17 this position also included provisions of TEUR 3,510.0 (2015/16: TEUR 0.0) for damages and legal disputes that are atypical and/or related to other periods.

5.1.4 Operating expenses and expenses from third party property management

Operating costs totalled TEUR 112,087.5 (2015/16: TEUR 106,146.1) for the reporting year and include TEUR 23,155.0 (2015/16: TEUR 23,187.7) of personnel and other expenses from BUWOG's property management activities in Austria and the management of third party properties in Austria and Germany. Other expenses consist of direct operating costs such as office space, telephone and similar items. The operating costs also include direct operating expenses that are passed on to tenants.

The operating costs are related to the operating costs charged to tenants (see note 5.1.2 *Revenues*).

5.2 RESULTS OF PROPERTY SALES

The results of property sales total TEUR 44,338.1 (2015/16: TEUR 38,190.5) and comprise TEUR 37,087.4 (2015/16: TEUR 34,560.6) from Unit Sales and TEUR 5,449.5 (2015/16: TEUR 3,629.9) from Block Sales and TEUR 1,801.2 (2015/16: TEUR 0.0) from the fair value adjustment of investment properties held for sale.

The position "sale of properties" represents the proceeds from Unit Sales (sale of individual apartments) and Block Sales (sale of individual properties or portfolios). It corresponds to the fair value of the properties sold on the transaction date. Consequently, this position is contrasted by equal carrying amount disposals.

The gain or loss on the sale of investment properties is reported under "fair value adjustments of properties sold". The fair value adjustments of properties held for sale also include the fair value adjustments of non-current assets held for sale.

Other expenses from property sales include the personnel and other expenses directly related to the sale of individual apartments and block sales, e.g. staff salaries and brokers' fees.

5.3 RESULTS OF PROPERTY DEVELOPMENT

The results of property development include the proceeds from the sale of real estate inventories less related property development costs. This position also includes the proceeds from the sale of undeveloped land that was originally purchased for development.

Other expenses from the sale of real estate inventories cover the personnel and operating costs directly related to the sale of these inventories.

Other real estate development expenses of TEUR 9,096.8 (2015/16: TEUR 9,503.8) include TEUR 4,400.9 (2015/16: TEUR 5,563.0) of personnel expenses for project development and realisation as well as expenses related to project development that cannot be capitalised because they are not attributable to a specific project or involve costs incurred before the start of a project. Other real estate development expenses also include expenses of TEUR 714.9 (2015/16: TEUR 2,205.1) for the management of inventories (also see note 6.10 *Real estate inventories*) and expenses for the additions to provisions for damages and warranty costs.

5.4 OTHER OPERATING INCOME

Other operating income covers income that cannot be allocated to one of the three business areas (Asset Management, Property Sales and Property Development) and includes the following:

OTHER OPERATING INCOME

in TEUR	2016/17	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	527.9	300.3
Guarantee commission	0.0	3,098.7
Miscellaneous	2,297.4	2,104.2
Total	**3,522.7**	**7,515.7**

The guarantee commission was received from a member company of the IMMOFINANZ Group (see note 7.1.4 *Collateral*).

5.5 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

This position covers expenses that cannot be directly allocated to one of the three business areas (Asset Management, Property Sales and Property Development) and includes the following:

OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

in TEUR	2016/17	2015/16
Personnel expenses	–15,794.1	–14,395.7
Legal, auditing and consulting fees	–9,404.6	–4,991.0
IT and communications	–3,695.6	–3,883.3
Advertising and Marketing	–2,007.6	–2,931.2
Amortisation and depreciation	–2,396.9	–1,782.2
Cost of valuation reports	–663.8	–444.6
Guarantee commission related to acquisition of land	0.0	–431.9
Miscellaneous	–6,682.6	–4,093.5
Total	**–40,645.2**	**–32,953.4**

Personnel expenses consist primarily of wages, salaries, expenses for statutory social security contributions and other employee-related costs. They are allocated to the individual business areas (Asset Management, Property Sales and Property Development) where possible. The personnel expenses which cannot be directly allocated are included under other not directly attributable expenses.

Legal, audit and consulting fees are related primarily to auditing and tax advising as well as acquisition consulting, other legal and consulting work and expenses for special projects.

The expenses for advertising and marketing result from general public relations.

Amortisation and depreciation include the scheduled amortisation of other intangible assets and the scheduled depreciation of tangible assets.

The miscellaneous expenses reported in the above table consist primarily of travel expenses, rental and leasing payments, motor vehicle costs, operating costs for properties used by the BUWOG Group, various taxes and duties and the remuneration for the Supervisory Board (also see note 7.7.3 *Information on corporate bodies and remuneration*).

The other not directly attributable expenses of TEUR 40,645.2 (2015/16: TEUR 32,953.4) include operating costs of TEUR 7,100.7 (2015/16: TEUR 1,688.7) and personnel expenses of TEUR 2,428.3 (2015/16: TEUR 0.0) for reorganisation projects.

5.6 PERSONNEL EXPENSES

Personnel expenses for the employees of the BUWOG Group comprise the following:

PERSONNEL EXPENSES

in TEUR	2016/17	2015/16
Wages	–862.2	–902.0
Salaries	–39,969.5	–37,670.7
Expenses for legally required social security and other employee-related expenses	–9,702.2	–9,915.4
Expenses for defined contribution plans		
Contributions to pension funds	–539.8	–470.9
Contributions to employee severance compensation funds	–277.6	–250.4
Expenses for defined benefit plans		
Pensions	–93.2	–80.2
Severance compensation	–94.8	–102.5
Expenses for share-based payments		
Remuneration with settlement through equity instruments	–189.5	–553.7
Remuneration with cash settlement	–1,785.0	0.0
Other personnel expenses	–1,619.5	–1,832.7
Total	**–55,133.3**	**–51,778.5**
Thereof in Results of Asset Management	–29,845.4	–28,483.4
Thereof in Results of Property Sales	–1,555.1	–1,422.6
Thereof in Results of Property Development[1)]	–7,938.7	–7,476.8
Thereof in Other not directly attributable expenses	–15,794.1	–14,395.7

1) Personnel expenses included in Results of Property Development before capitalisation

The expenses for defined contribution plans in Austria consist primarily of contributions to employee severance compensation funds. These contributions are related to employment relationships that began after 31 December 2002. For these employees, contributions equalling 1.53% of the respective salary or wage are made to a severance compensation fund. The BUWOG Group also makes contributions to pension funds in Austria and Germany based on contractual agreements.

The remuneration with settlement through equity instruments represents the long-term incentive programme 2014 (also see note 6.13.1 Remuneration with settlement through equity instruments). The remuneration with cash settlement represents the long-term incentive programme 2017 (also see note 6.13.2 *Remuneration with cash settlement*).

The following table shows the average number of employees (full-time equivalent, FTE) in the companies included in the consolidated financial statements for 2016/17 and 2015/16:

NUMBER OF EMPLOYEES

	2016/17	2015/16
Wage employees	37	45
Salaried employees	681	657
Total	**718**	**702**

5.7 FAIR VALUE ADJUSTMENTS OF PROPERTIES

Changes in the fair value of investment properties and properties under construction as well as properties sold and non-current assets held for sale are recognised to profit or loss and reported on the income statement under fair value adjustments of investment properties, fair value adjustments of properties under construction, fair value adjustments of properties sold and held for sale (valuation results).

The gains and losses from fair value adjustments recognised in 2016/17 and 2015/16 are as follows:

FAIR VALUE ADJUSTMENTS OF PROPERTIES

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	2016/17	2015/16[1)]	2016/17	2015/16	2016/17	2015/16
Revaluation gains	379,396.6	239,893.3	5,595.8	255.4	47,393.4	42,480.9
Impairment losses	-44,249.4	-61,993.2	-29.9	-263.4	0.0	-134.4
Total	**335,147.2**	**177,900.1**	**5,565.9**	**-8.0**	**47,393.4**	**42,346.5**

1) The comparable prior year figures were adjusted (see note 1.3).

The gains from fair value adjustments recognised in 2016/17 and 2015/16 are classified by country as follows:

GAINS FROM FAIR VALUE ADJUSTMENTS OF PROPERTIES

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	2016/17	2015/16[1)]	2016/17	2015/16	2016/17	2015/16
Germany	325,426.7	142,449.8	3,267.2	0.0	420.1	430.6
Austria	53,969.9	97,443.5	2,328.6	255.4	46,973.3	42,050.3
Total	**379,396.6**	**239,893.3**	**5,595.8**	**255.4**	**47,393.4**	**42,480.9**

1) The comparable prior year figures were adjusted (see note 1.3).

The losses from fair value adjustments recognised in 2016/17 and 2015/16 are classified by country as follows:

LOSSES FROM FAIR VALUE ADJUSTMENTS OF PROPERTIES

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Germany	-5,122.0	-2,678.8	-29.9	0.0	0.0	0.0
Austria	-39,127.4	-59,314.4	0.0	-263.4	0.0	-134.4
Total	**-44,249.4**	**-61,993.2**	**-29.9**	**-263.4**	**0.0**	**-134.4**

5.8 MAINTENANCE AND IMPROVEMENT CONTRIBUTIONS RECEIVED

The maintenance and improvement contributions collected from tenants are reported as liabilities under this position. Additional details are provided in note 1.4 *Change in legal regulations*.

5.9 FINANCIAL RESULTS

Financial results are classified as follows:

FINANCIAL RESULTS

in TEUR	2016/17	2015/16
Cash financing costs	–47,861.1	–48,598.7
Current interest accruals	146.5	–374.4
Gain/loss on financial liabilities carried at amortised cost	–2,841.8	–2,068.2
Convertible bonds – increase in interest according to the effective interest rate method	–1,716.2	0.0
Other non-cash financing costs	0.0	–12.2
Financing costs	**–52,272.6**	**–51,053.5**
Cash financing income	451.6	872.0
Current interest accruals	0.2	–0.7
Gain/loss on other financial assets carried at amortised cost	552.1	576.5
Financing income	**1,003.9**	**1,447.8**
Valuation of derivative financial instruments:	1,776.3	2,619.1
Interest rate swaps	10,307.8	2,619.1
Embedded derivatives in the convertible bonds	–8,531.5	0.0
Valuation of financial instruments at fair value through profit or loss (Fair Value Option)	–10,928.7	9,395.5
Dividend income	374.9	375.5
Other	–9,238.0	–3,752.6
Other financial results	**–18,015.5**	**8,637.5**
Total	**–69,284.2**	**–40,968.2**

Cash financing costs of TEUR 47,861.1 (2015/16: TEUR 48,598.7) consist of the following: TEUR 30,948.5 (2015/16: TEUR 32,283.5) of interest paid, TEUR 15,628.0 (2015/16: TEUR 14,528.0) of cash outflows for derivative financial instruments and TEUR 1,284.7 (2015/16: TEUR 1,787.2) of cash outflows for other financing expenses.

Cash financing income of TEUR 451.6 (2015/16: TEUR 872.0) comprises only interest received on financial assets.

The interest expense on financial instruments that are not carried at fair value totalled TEUR 24,235.1 (2015/16: TEUR 22,339.6). The interest income on financial instruments that are not carried at fair value amounted to TEUR 897.3 (2015/16: TEUR 1,308.9).

In 2016/17 financing costs were reduced by borrowing costs of TEUR 1,080.4 (2015/16: TEUR 501.4) which were capitalised for real estate inventories under development. The weighted average cost of these borrowings equalled 0.65% (2015/16: 1.20%).

The valuation of derivative financial instruments includes income of TEUR 11,552.6 (2015/16: TEUR 11,929.9) from the valuation of derivatives.

The non-cash results from the measurement of derivatives included under other financial results and the non-cash valuation results from financial instruments carried at fair value through profit or loss (fair value option) are attributable to the different development of the underlying interest rate curve in 2016/17 and the comparable prior year period.

Ancillary financing costs incurred amounted to TEUR 7.474,7 in 2016/17 and were distributed over the respective terms according to the effective interest rate method. Of this total, TEUR 3,329.1 is related to the refinancing agreement with Berlin Hyp and Helaba (see note 6.15 *Financial liabilities*), TEUR 3,037.5 to the convertible bonds (see note 6.14 *Liabilities from convertible bonds*) and TEUR 1,108.1 to current borrowings.

5.10 INCOME TAXES

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

INCOME TAXES

in TEUR	2016/17	2015/16
Income tax expenses	–29,248.8	–18,036.9
Deferred tax income/expenses	–62,315.5	–50,189.0
Total	**–91,564.3**	**–68,225.9**

The following table reconciles calculated income tax expense with the actual income tax expense reported on the income statement:

TAX RECONCILIATION

in TEUR	2016/17	%	2015/16	%
Earnings before tax	**458,255.9**		**308,163.4**	
Income tax expense at 25% tax rate	**–114,564.0**	**25.0%**	**–77,040.9**	**25.0%**
Effect of different tax rates	36,245.6	–7.9%	17,317.4	–5.6%
Loss carryforwards and deferred taxes not recognised	–4,779.9	1.0%	–4,773.1	1.5%
Non-deductible income and expenses	–1,940.5	0.4%	–1,748.8	0.6%
Effects related to other periods	–4,287.2	0.9%	–1,218.6	0.4%
Other non-temporary differences	–2,238.3	0.6%	–761.9	0.2%
Effective tax rate	**–91,564.3**	**20.0%**	**–68,225.9**	**22.1%**

The deferred taxes not recognised in 2016/17 and 2015/16 represent deferred tax assets on loss carryforwards and other temporary differences whose use is not sufficiently probable.

The impact of the different tax rates on the effective tax rate for the Group results from the difference between the Austrian corporate tax rate of 25% and the respective local tax rates.

The dividends distributed by the BUWOG Group to its shareholders have no income tax consequences.

5.11 EARNINGS PER SHARE

In accordance with IAS 33, earnings per share are calculated by dividing net profit for the period by the weighted average number of shares outstanding in the respective financial year.

EARNINGS PER SHARE

	2016/17	2015/16
Weighted average number of shares (basic)	99,773,479	99,650,556
Diluting effect stock options	215,205	198,597
Diluting effect convertible bonds	6,125,120	0
Weighted average number of shares (diluted)	106,113,804	99,849,153
Net profit excl. non-controlling interests in EUR (basic)	357,815,900	236,258,100
Diluting effect convertible bonds	7,685,775	0
Net profit excl. non-controlling interests in EUR (diluted)	365,501,675	236,258,100
Basic earnings per share in EUR	**3.59**	**2.37**
Diluted earnings per share in EUR	**3.44**	**2.37**

Basic earnings per share are calculated by dividing the share of profit attributable to the owners of the parent company by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by adjusting the number of shares to reflect all rights that are exchangeable for shares. Stock options were included by adding the theoretical number of free shares which would be issued based on the market price (average share price for the year) and assumed exercise as of the balance sheet date. This benefit was added to the number of shares outstanding. Group net profit was adjusted for expenses related to the convertible bonds.

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 INVESTMENT PROPERTY

6.1.1 Development of investment property

Detailed information on the development of the fair value of investment property is presented in the following section.

INVESTMENT PROPERTY BY SEGMENT

in TEUR	Germany	Austria	Total
Balance on 1 May 2015	**1,492,243.6**	**2,128,519.0**	**3,620,762.6**
Additions[1]	124,945.4	54,129.8	179,075.2
Disposals	–1,148.9	–122,784.4	–123,933.3
Fair value adjustments[1]	140,201.6	80,045.0	220,246.6
Reclassification	–3,664.7	–7,442.7	–11,107.4
Balance on 30 April 2016	**1,752,577.0**	**2,132,466.7**	**3,885,043.7**
Balance on 1 May 2016	**1,752,577.0**	**2,132,466.7**	**3,885,043.7**
Additions	257,408.3	29,733.1	287,141.4
Disposals	–1,682.3	–226,671.5	–228,353.8
Fair value adjustments	320,724.8	61,815.8	382,540.6
Reclassification	–85,087.1	–21,701.8	–106,788.9
Reclassification IFRS 5	0.0	–15,661.1	–15,661.1
Balance on 30 April 2017	**2,243,940.7**	**1,959,981.2**	**4,203,921.9**

1) The comparable prior year figures were adjusted (see note 1.3).

The additions to investment property in 2016/17 and 2015/16 can be classified as follows:

ADDITIONS INVESTMENT PROPERTY BY SEGMENT

in TEUR	Germany	Austria	Total
Additions 2016/2017			
Modernisation (CAPEX)	21,542.2	17,709.3	39,251.5
Other additions	235,866.1	12,023.8	247,889.9
Total	**257,408.3**	**29,733.1**	**287,141.4**
Additions 2015/2016			
Modernisation (CAPEX)	11,892.0	19,176.7	31,068.7
Other additions	113,053.4	34,953.1	148,006.5
Total	**124,945.4**	**54,129.8**	**179,075.2**

The other additions in 2016/17 and 2015/16 consist primarily of property assets that do not represent a business in the sense of IFRS 3.

The disposals in 2016/17 resulted chiefly from the sale of individual properties and property portfolios (Block Sales) covering 1,117 units and 86,380 sqm (only in Austria) and the sale of individual apartments (Unit Sales) covering 614 units (Austria: 583 units; Germany: 31 units) and 46,400 sqm (Austria: 44,556 sqm; Germany: 1,844 sqm). The transfers consist primarily of reclassifications to real estate inventories and reclassifications to and from properties under construction.

The carrying amount of investment properties pledged as collateral for long-term financing amounted to TEUR 3,803,598.1 (30 April 2016: TEUR 3,582,923.0). The remaining balance of the corresponding secured liabilities totalled TEUR 1,768,471.7 (30 April 2016: TEUR 1,882,130.9).

6.1.2 Valuation methods and input factors

The valuation of investment property according to the fair value model requires regular revaluations. In the BUWOG Group, the investment properties are appraised by independent experts in accordance with the recommendations of the European Public Real Estate Association (EPRA's Best Practices Policy Recommendations).

CBRE was commissioned by the BUWOG Group to prepare the property appraisals for the IFRS consolidated financial statements as of 30 April 2017.

The external appraiser values the properties based on market knowledge and on-site inspections as well as information provided by the BUWOG Group that includes inventory data, rent lists, rental agreements, land register extracts and investment budgets. The data are reviewed by the appraiser and checked for plausibility through comparisons with market information. The appraiser also makes estimates, among others, for the occupancy rates, future rental income, future investments and expected returns.

In accordance with IAS 40, the fair value of the BUWOG Group's investment property is reassessed quarterly. The determination of fair value at the half-year and the end of the financial year is based on external appraisals. The investment property in Germany was appraised by CBRE quarterly in 2016/17 due to the dynamics on the German market.

CBRE performed its appraisals in accordance with the valuation requirements of the Royal Institute of Chartered Surveyors (RICS Valuation – Professional Standards, 9th edition – Red Book).

The discounted cash flow method (DCF method) is used to value the standing investments. This method is based on a dynamic investment calculation which explicitly includes valuation assumptions and ensures the transparent calculation of fair value.

A standardised DCF method is applied to the standing investments in Germany. This DCF method includes the future cash inflows and outflows for the respective properties over a detailed analysis period of 10 years as well as a terminal value that corresponds to the rental income capitalised at a growth-based rate in year 11.

CBRE uses a DCF model to value the Austrian standing investments, which was developed to reflect the special features of the Austrian Non-Profit Housing Act (in particular, cost-covering rent and re-letting fees) and the sale of individual apartments. In order to fully include additional specific requirements (such as long-term subsidy periods, interest rate hikes or long-term realisable revenues from individual apartments) in the Austrian standing investments, detailed cash flows for a period of 80 years were used for the current appraisal report. The cash flows calculated over the analysis period are discounted annually in arrears at the discount rate applicable to the valuation date. The selected discount rate reflects the market situation or the expected return of a potential investor and the uncertainty of the forecasted future cash flows. If the sale of apartments in a property is the most attractive option from an economic standpoint, an individually estimated rate of sale is used for the valuation. The realisable revenue is determined using the sales comparison approach and is included for the respective periods in the DCF model.

The valuation of properties with building rights (standing investments on third-party sites) is also based on the DCF model. The existence of building rights is taken into account by adding an appropriate premium to the discount rate and, if necessary, adjusting the analysis period.

In appraising undeveloped sites or sites that can be developed beyond their existing status, the value of the site is based primarily on the value of the optimal building that could be constructed and for which a construction permit would be granted. The value of the site in these cases is calculated with the sales comparison approach or, if a specific construction plan exists, with the residual value method. Under the residual value method, the first part of the calculation involves estimating the probable sale proceeds (development value) of the completed project based on a DCF calculation. The second step includes the deduction of all costs connected with the preparation or completion of the project from this development value. Possible costs include, for example, demolition costs, all construction costs, ancillary building costs, fees, financing costs, sales and marketing costs as well as a contingency position for unforeseen expenses. The developer's profit is estimated as a percentage of the development value or total development cost and also deducted. Financing costs incurred during construction are often estimated by calculating the interest on the total construction costs over one-half of the construction period. A clear development plan is a fundamental prerequisite for determining the project costs. When the sales comparison approach is used, the square meter prices are derived from market transactions.

All investment properties are allocated to Level 3 of the fair value hierarchy since the input factors used for their valuation are not directly or indirectly observable on the market.

The following table shows the weighted averages for the valuation input factors which are not observable in the market. The data in the table refer to the standing investments.

INPUT PARAMETERS STANDING INVESTMENTS

Input parameters 2016/17	Unit	Berlin	Germany other	Vienna	Austria other
Current rent	EUR p.a.	24,790,731	91,236,898	35,954,468	52,295,672
Market rent[1]	EUR p.a.	27,474,301	104,804,141	47,883,442	65,678,240
Proportion of portfolio publicity subsidised, by rentable space[2]		1.90%	34.58%	72.16%	96.55%
Current rent	EUR/sqm	6.23	5.60	5.22	3.78
Market rent	EUR/sqm	6.90	6.43	6.95	4.75
Market rent increase	p.a.	1.47%	0.98%	–	–
Current vacancy rate residential space[3]		1.45%	2.56%	3.77%	4.99%
Structural vacancy rate[4]		0.47%	1.33%	–	–
Maintenance costs	EUR/sqm p.a.	9.73	9.27	16.31	18.27
Re-letting costs[5]	EUR/sqm	79.56	51.58	–	–
Administrative costs	EUR/unit	205.44	252.85	–	–
Discount rate		4.78%	5.59%	5.13%	5.90%
Capitalisation rate		3.31%	4.59%	–	–
Proportion of individual apartments held for sale, by area		–	–	92.52%	34.32%
Sale price potential[6]	EUR/sqm	–	–	2,170	1,426

Input parameters 2015/16	Unit	Berlin	Germany other	Vienna	Austria other
Current rent	EUR p.a.	24,048,553	87,858,690	36,378,740	57,402,372
Market rent[1]	EUR p.a.	27,239,393	102,300,366	51,665,738	74,319,090
Proportion of portfolio publicity subsidised, by rentable space[2]		1.90%	34.67%	74.30%	73.69%
Current rent	EUR/sqm	6.04	5.41	5.21	3.78
Market rent	EUR/sqm	6.84	6.29	7.40	4.89
Market rent increase	p.a.	1.31%	0.94%	–	–
Current vacancy rate residential space[3]		1.48%	2.69%	3.19%	5.42%
Structural vacancy rate[4]		0.96%	1.61%	–	–
Maintenance costs	EUR/sqm p.a.	10.48	9.94	18.37	18.83
Re-letting costs[5]	EUR/sqm	105.76	69.73	–	–
Administrative costs	EUR/unit	202.66	252.91	–	–
Discount rate		5.53%	5.88%	5.09%	5.80%
Capitalisation rate		4.39%	5.00%	–	–
Proportion of individual apartments held for sale, by area		–	–	84.09%	38.87%
Sales price potential[6]	EUR/sqm	–	–	2,113	1,469

1) In the valuation model, the market rent in Austria represents the cap for the actual rent in regulated contracts when debt annuities are adjusted above the market level (so-called annuity hikes). The market rent is also relevant for the valuation of unregulated rental contracts in Austria.
2) Including commercial areas; excluding garages and parking spaces
3) The vacancy rate in Vienna is based primarily on apartments in the Unit Sales portfolio, which are offered for sale in vacant condition.
4) The DCF model for the Austrian portfolio does not include a structural vacancy rate. The actual vacancy rate is reduced over 2, 3 or 10 years, depending on the type of vacancy.
5) The DCF model for the Austrian portfolio includes EUR 25/sqm to EUR 500/sqm for the conversion of cost-covering rent to an appropriate rental rate and EUR 35/sqm for the re-letting of space at reasonable rents and free rates.
6) This approach is only used for apartments in the Unit Sales portfolio.

An increase in rents per square meter would lead to an increase in fair value, whereas a reduction would lead to a decrease in fair value.

A decline in the (structural) vacancy rate, discount rate, capitalisation rate, maintenance costs per square meter, re-letting costs per square meter and administrative costs per unit would result in an increase in fair value. Conversely, an increase in these input parameters would lead to a decrease in fair value.

The following table shows the input factors for undeveloped sites and vacant buildings, which were valued using the sales comparison approach.

INPUT PARAMETERS UNDEVELOPED LAND

Input parameters 2016/17		Size of land in sqm	Value of land/sqm in EUR
Germany	Total	261,546	942.71
	Min.	81	3.88
	Max.	59,730	2,552.57
Austria	Total	198,788	156.11
	Min.	350	11.81
	Max.	37,916	351.91
Total	Total	460,334	635.96
	Min.	81	3.88
	Max.	59,730	2,552.57

Input parameters 2015/16		Size of land in sqm	Value of land/sqm in EUR
Germany	Total	158,072	641.18
	Min.	81	3.88
	Max.	59,730	3,599.51
Austria	Total	205,744	327.66
	Min.	350	11.81
	Max.	28,236	8,066.24
Total	Total	363,816	463.88
	Min.	81	3.88
	Max.	59,730	8,066.24

Values based on the size and corresponding sqm value of the site.

An increase in the price per square meter would lead to an increase in fair value, whereas a decrease would lead to a decrease in fair value.

6.1.3 Sensitivity analysis of investment property

The BUWOG Group uses the fair value model defined in IAS 40, as is customary in the real estate sector, and recognises and measures it properties at fair value. The properties owned by BUWOG Group are valued at least semi-annually by external appraisers. The values determined by these appraisals are heavily dependent on the calculation method and the underlying assumptions. A change in these underlying assumptions can therefore lead to material fluctuations in value. For example, the earnings and fair value of a property can be directly influenced by changes in the assumed value of the location and quality of the building, the realisable rental income or the proceeds from privatisation sales. It is therefore important to note that the derived fair values are directly related to the underlying assumptions and the selected calculation model. Even minor changes to the economic or property-specific assumptions used for these valuations can have a significant influence on the earnings reported by the BUWOG Group.

The following table reconciles the balance sheet values with the values included in the sensitivity analyses.

BASIS FOR SENSITIVITY ANALYSIS OF INVESTMENT PROPERTY

	30 April 2017			30 April 2016		
in TEUR	Total	Austria	Germany	Total	Austria	Germany
Investment property	**4,203,921.9**	**2,243,940.7**	**1,959,981.2**	**3,885,043.7**	**1,752,577.0**	**2,132,466.7**
Less undeveloped land (pipeline projects)	–277,595.7	–246,562.4	–31,033.3	–168,766.4	–101,352.4	–67,414.0
Plus fair value of non-current assets held for sale	15,661.1	0.0	15,661.1	0.0	0.0	0.0
Other	–6,416.1	–2.7	–6,413.4	0.0	0.0	0.0
Basis for sensitivity analysis	**3,935,571.2**	**1,997,375.6**	**1,938,195.6**	**3,716,277.3**	**1,651,224.6**	**2,065,052.7**

A change in the input parameters for the undeveloped land (see note 6.1.2 *Valuation methods and input factors*) would lead to a corresponding change in the carrying value.

The following table shows the per cent change in the value of investment property based on the values included in the sensitivity analysis as a result of changes in the parameters.

SENSITIVITY ANALYSIS: GERMANY

in TEUR

Sensitivity analysis 2016/17 – Parameters	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate/exit cap rate	1,997,375.6	+25	–5.8%	1,882,370.1
		–25	6.5%	2,127,849.4
Inflation	1,997,375.6	+25	–0.5%	1,987,019.6
		–25	0.4%	2,005,041.7
Market rent	1,997,375.6	+10%	10.1%	2,198,585.4
		–10%	–10.8%	1,780,791.6
Market rent increase	1,997,375.6	+25	6.6%	2,128,962.2
		–25	–5.9%	1,880,319.1

Sensitivity analysis 2015/16 – Parameters	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate/exit cap rate	1,651,224.6	+25	–5.0%	1,568,578.1
		–25	5.6%	1,743,323.2
Inflation	1,651,224.6	+25	–0.6%	1,641,998.5
		–25	0.6%	1,660,419.8
Market rent	1,651,224.6	+10%	9.7%	1,811,416.6
		–10%	–10.5%	1,477,344.6
Market rent increase	1,651,224.6	+25	12.3%	1,853,793.1
		–25	–5.1%	1,566,295.1

SENSITIVITY ANALYSIS: AUSTRIA

in TEUR

Sensitivity analysis 2016/17 – Parameters	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate	1,938,195.6	+25	–3.0%	1,879,368.3
		–25	3.2%	2,000,403.9
Sale price potential	1,938,195.6	+10%	5.6%	2,046,232.6
		–10%	–5.4%	1,833,642.6

Sensitivity analysis 2015/16 – Parameters	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate	2,065,052.7	+25	–3.1%	2,001,092.8
		–25	3.3%	2,133,200.3
Sale price potential	2,065,052.7	+10%	2.4%	2,114,734.1
		–10%	–7.6%	1,907,203.1

Explanations of the parameters used:

Discount rate/exit cap rate: The DCF model for the Austrian portfolio does not include an exit cap rate, only the discount rate is changed. In the DCF model for the German portfolio, equal adjustments are made to the discount rate and the exit cap rate.

Sale price potential: There is no sales strategy for Unit Sales or Block Sales in BUWOG's German portfolio. Therefore, the sale price potential is not simulated.

Inflation: The inflation rate in the Austrian portfolio was not simulated. Over 80% of the rental income generated by BUWOG's Austrian properties reflects subsidised prices (cost-covering rent and re-letting fees). Maintenance costs (maintenance and improvement contribution) represent the major component of the rent and a transitory item for the publicly subsidised properties in this country.

Market rents: Over 80% of the rental income in BUWOG's Austrian portfolio is publicly subsidised (cost-covering rent and re-letting fees), and the rental level for new leases is not freely negotiable. Market rents were therefore not simulated for the Austrian portfolio. In the German portfolio, all rents – residential, commercial and parking – are simulated.

Increase in market rent: Over 80% of the rental income in BUWOG's Austrian portfolio is publicly subsidised (cost-covering rent and re-letting fees). Market rent increases were therefore not simulated for this portfolio. In CBRE's DCF model for the German portfolio, the market rents for residential space are increased not by inflation but by a special market rent factor. This is set annually for all 402 urban areas and districts at between 0% and 2% using socio-demographic, economic and property market indicators, and a standardised adjustment is made for the individual micro-regions and property qualities.

Maintenance costs: Over 80% of the rental income generated by BUWOG's Austrian properties reflects subsidised prices (cost-covering rent and re-letting fees). Maintenance costs (maintenance and improvement contribution) represent the major component of the rent and a transitory item for the publicly subsidised properties in this country. The simulation of maintenance costs in the DCF model for the German portfolio is generally less sensitive. Therefore, maintenance costs were not simulated.

6.1.4 Leasing

The investment properties owned by the BUWOG Group consist primarily of apartments that are rented to third parties. The BUWOG Group also rents a limited amount of space for offices, retail facilities and parking.

Since the property portfolio consists primarily of residential buildings in Germany and Austria, the lease agreements area relatively standardised. Some of the rental leases include purchase options which are based on national residential subsidy laws. Extension and price adjustment clauses are negotiated individually with each lessee.

All leases in which the BUWOG Group serves as the lessor are classified as operating leases, and all rented properties are therefore carried on BUWOG's balance sheet. Additional details on the design of leases in the BUWOG Group is provided in note 5.1.1 *Rental income*.

6.2 INVESTMENT PROPERTY UNDER CONSTRUCTION

The development of the fair value of investment property under construction is shown in the following table:

INVESTMENT PROPERTY UNDER CONSTRUCTION

in TEUR	Germany	Austria	Total
Balance on 1 May 2015	**0.0**	**14,578.0**	**14,578.0**
Additions	0.0	19,612.8	19,612.8
Fair value adjustments	0.0	–8.0	–8.0
Reclassification	0.0	–1,218.0	–1,218.0
Balance on 30 April 2016	**0.0**	**32,964.8**	**32,964.8**
Balance on 1 May 2016	**0.0**	**32,964.8**	**32,964.8**
Additions	9,206.9	21,800.3	31,007.2
Fair value adjustments	3,237.3	2,328.6	5,565.9
Reclassification	9,475.8	–22,713.7	–13,237.9
Balance on 30 April 2017	**21,920.0**	**34,380.0**	**56,300.0**

The additions reported under this position represent capitalised construction costs. As of 30 April 2017, investment property under construction with a carrying amount of TEUR 30,130.0 (30 April 2016: TEUR 29,496.0) served as collateral for liabilities.

Investment property under construction is valued according to the residual value method. The first step in this method involves estimating the probable sale proceeds (development value) of the finished project based on a DCF calculation. In a second step, all costs related to the construction or remaining completion of the project are deducted from the development value. Additional details on the residual value method are provided in note 6.1.2 *Valuation methods and input factors*.

6.3 OTHER TANGIBLE ASSETS

The following table shows the development of other tangible assets:

OTHER TANGIBLE ASSETS

in TEUR	Tangible assets under construction	Office buildings used by the BUWOG Group	Furniture, fixtures and office equipment	Total
Cost as of 1 May 2016	**0.0**	**12,170.5**	**7,349.1**	**19,519.6**
Additions	8,649.6	0.0	653.8	9,303.4
Disposals	0.0	0.0	–154.3	–154.3
Reclassification	0.0	13.5	9.0	22.5
Cost as of 30 April 2017	**8,649.6**	**12,184.0**	**7,857.6**	**28,691.2**
Accumulated depreciation as of 1 May 2016	**0.0**	**–6,732.9**	**–6,093.1**	**–12,826.0**
Disposals	0.0	0.0	126.2	126.2
Reclassification	0.0	0.0	–13.1	–13.1
Depreciation for the year	0.0	–537.9	–492.4	–1,030.3
Accumulated depreciation as of 30 April 2017	**0.0**	**–7,270.8**	**–6,472.4**	**–13,743.2**
Carrying amount as of 30 April 2017	**8,649.6**	**4,913.2**	**1,385.2**	**14,948.0**

OTHER TANGIBLE ASSETS – PREVIOUS YEAR

in TEUR	Tangible assets under construction	Office buildings used by the BUWOG Group	Furniture, fixtures and office equipment	Total
Cost as of 1 May 2015	**0.0**	**12,170.5**	**7,115.3**	**19,285.8**
Additions	0.0	0.0	432.5	432.5
Disposals	0.0	0.0	–207.0	–207.0
Reclassification	0.0	0.0	8.3	8.3
Cost as of 30 April 2016	**0.0**	**12,170.5**	**7,349.1**	**19,519.6**
Accumulated depreciation as of 1 May 2015	**0.0**	**–6,195.0**	**–5,689.4**	**–11,884.4**
Disposals	0.0	0.0	61.7	61.7
Reclassification	0.0	0.0	–8.3	–8.3
Depreciation for the year	0.0	–537.9	–457.1	–995.0
Accumulated depreciation as of 30 April 2016	**0.0**	**–6,732.9**	**–6,093.1**	**–12,826.0**
Carrying amount as of 30 April 2016	**0.0**	**5,437.6**	**1,256.0**	**6,693.6**

Other tangible assets consist chiefly of tangible assets under construction as well as the office buildings, furniture, fixtures and office equipment used by the BUWOG Group. The tangible assets under construction represent the new administrative building in 1010 Vienna, Rathausstrasse 1. Depreciation is reported on the income statement under other not directly attributable expenses (see note 5.5 *Other not directly attributable expenses*). No impairment losses or revaluations were recognised to other tangible assets in 2016/17 and 2015/16. As of 30 April 2017 a property used by the BUWOG Group with a carrying amount of TEUR 3,119.5 (30 April 2016: TEUR 3,574.4) was assigned as collateral for liabilities.

6.4 INTANGIBLE ASSETS

Intangible assets comprise the following:

INTANGIBLE ASSETS

in TEUR	30 April 2017	30 April 2016
Goodwill	5,644.5	5,644.5
Other intangible assets	8,962.7	3,801.2
Total	**14,607.2**	**9,445.7**

6.4.1 Goodwill

Information on the accounting policies applied to goodwill is provided in note 2.2.3 *Business combinations (initial consolidations)* and note 2.4.8 *Impairment*.

The development of goodwill is as follows:

GOODWILL

in TEUR	Goodwill
Balance on 1 May 2015	**5,644.5**
Balance on 30 April 2016	**5,644.5**
Balance on 1 May 2016	**5,644.5**
Balance on 30 April 2017	**5,644.5**

Impairment testing involves determining the recoverable value of the cash-generating unit through the value in use. The calculation of the value in use is based on cash flow forecasts that are approved by the Executive Board and, at the time of the impairment test, reflect the current medium-term planning for a five-year period. Cash flows after this period are extrapolated based on a growth rate. The major assumptions used by management to calculate the value in use of the cash-generating unit are projected revenues, the EBIT margin and discount rates. The calculation includes an appropriate EBIT margin that is based on regional performance.

The impairment test carried out as of 30 April 2017 did not identify any indications of impairment.

6.4.2 Other intangible assets

The development of other intangible assets (excluding goodwill) is shown in the following table:

OTHER INTANGIBLE ASSETS

in TEUR	Other intangible assets
Cost as of 1 May 2016	**12,161.1**
Additions	6,564.1
Disposals	–64.4
Cost as of 30 April 2017	**18,660.8**
Accumulated amortisation as of 1 May 2016	**–8,359.9**
Disposals	28.4
Amortisation for the year	–1,366.6
Accumulated amortisation as of 30 April 2017	**–9,698.1**
Carrying amount as of 30 April 2017	**8,962.7**

OTHER INTANGIBLE ASSETS – PREVIOUS YEAR

in TEUR	Other intangible assets
Cost as of 1 May 2015	**8,939.8**
Additions	3,221.3
Cost as of 30 April 2016	**12,161.1**
Accumulated amortisation as of 1 May 2015	**–7,572.7**
Amortisation for the year	–787.2
Accumulated amortisation as of 30 April 2016	**–8,359.9**
Carrying amount as of 30 April 2016	**3,801.2**

Other intangible assets consist entirely of assets acquired from third parties. Neither impairment losses nor the reversal of impairment losses were recognised to these other intangible assets in 2016/17 and 2015/16.

The additions are related, in particular, to expenses which can be capitalised in connection with the implementation of SAP in the BUWOG Group.

In 2016/17 and 2015/16 none of the other intangible assets was pledged as collateral for liabilities. The BUWOG Group has unlimited ownership rights to all these assets.

6.5 TRADE AND OTHER RECEIVABLES

The following tables show the remaining terms of trade accounts receivables, other financial and non-financial receivables:

TRADE AND OTHER RECEIVABLES

in TEUR	30 April 2017	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade accounts receivable			
Rents receivable	3,240.0	3,240.0	0.0
Miscellaneous	2,701.3	2,701.3	0.0
Total trade accounts receivable	**5,941.3**	**5,941.3**	**0.0**
Other financial receivables			
Restricted funds	39,435.1	39,435.1	0.0
Outstanding purchase price receivables – sale of properties	59,165.7	58,241.0	924.7
Miscellaneous	4,863.0	4,461.2	401.8
Total other financial receivables	**103,463.8**	**102,137.3**	**1,326.5**
Other non-financial receivables			
Tax authorities	10,886.3	10,886.3	0.0
Prepayments made for land purchases	360.1	0.0	360.1
Accrued property taxes	3,995.9	3,995.9	0.0
Miscellaneous	3,086.4	3,086.4	0.0
Total other non-financial receivables	**18,328.7**	**17,968.6**	**360.1**
Total	**127,733.8**	**126,047.2**	**1,686.6**

TRADE AND OTHER RECEIVABLES – PREVIOUS YEAR

in TEUR	30 April 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade accounts receivable			
Rents receivable	4,454.5	4,454.5	0.0
Miscellaneous	2,849.6	2,849.6	0.0
Total trade accounts receivable	**7,304.1**	**7,304.1**	**0.0**
Other financial receivables			
Restricted funds	36,236.5	36,236.5	0.0
Outstanding purchase price receivables – sale of properties	98,538.0	98,538.0	0.0
Miscellaneous	2,967.1	1,709.2	1,257.9
Total other financial receivables	**137,741.6**	**136,483.7**	**1,257.9**
Other non-financial receivables			
Tax authorities	3,493.4	3,493.4	0.0
Prepayments made for land purchases	29,184.9	0.0	29,184.9
Accrued property taxes	3,709.9	3,709.9	0.0
Miscellaneous	467.3	467.3	0.0
Total other non-financial receivables	**36,855.5**	**7,670.6**	**29,184.9**
Total	**181,901.2**	**151,458.4**	**30,442.8**

The restricted funds included in other financial receivables represent bank deposits with limitations on disposal.

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

The outstanding purchase price receivables from the sale of properties generally reflect the lengthy time required for the registration of real estate sales in the land register.

IFRS 7.37 requires an analysis of the contractual maturity of financial instruments that are past due but not impaired as of the reporting date as well as an analysis of the individual financial instruments that are considered to be impaired as of the reporting date. This analysis is shown below:

ANALYSIS OF AGE STRUCTURE

in TEUR	Carrying amount 30 April 2017	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	Impairment loss/ value allowance
Trade accounts receivable	5,941.3	1,179.9	1,452.1	9,106.9	–5,797.6
Other financial receivables	103,463.8	103,463.8	0.0	0.0	0.0
Other non-financial receivables	18,328.7	18,328.7	0.0	0.0	0.0
Total	**127,733.8**	**122,972.4**	**1,452.1**	**9,106.9**	**–5,797.6**

FINANCIAL INSTRUMENTS PAST DUE BUT NOT IMPAIRED

in TEUR	Carrying amount 30 April 2017	Overdue up to 3 months1)	Overdue between 3 and 6 months	Overdue between 6 and 12 months	Overdue more than 12 months
Trade accounts receivable	1,452.1	1,167.0	4.7	280.4	0.0
Total	**1,452.1**	**1,167.0**	**4.7**	**280.4**	**0.0**

1) The column "overdue up to 3 months" also includes receivables that are due immediately.

ANALYSIS OF AGE STRUCTURE – PREVIOUS YEAR

in TEUR	Carrying amount 30 April 2016	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	Impairment loss/ value allowance
Trade accounts receivable	7,304.1	3,486.0	1,583.5	8,313.7	–6,079.1
Other financial receivables	137,741.6	137,741.6	0.0	0.0	0.0
Other non-financial receivables	36,855.5	36,855.5	0.0	0.0	0.0
Total	**181,901.2**	**178,083.1**	**1,583.5**	**8,313.7**	**–6,079.1**

FINANCIAL INSTRUMENTS PAST DUE BUT NOT IMPAIRED – PREVIOUS YEAR

in TEUR	Carrying amount 30 April 2016	Overdue up to 3 months1)	Overdue between 3 and 6 months	Overdue between 6 and 12 months	Overdue more than 12 months
Trade accounts receivable	1,583.5	1,583.5	0.0	0.0	0.0
Total	**1,583.5**	**1,583.5**	**0.0**	**0.0**	**0.0**

1) The column "overdue up to 3 months" also includes receivables that are due immediately.

The risk associated with accounts receivable due from tenants/customers is low because the respective credit standings are monitored on a regular basis. Furthermore, tenants are generally required to provide a deposit of one to five months' rent or an appropriate bank guarantee, or have made financing contributions. A valuation adjustment is recognised for receivables that carry a risk of default. Therefore, all doubtful and non-collectable receivables were adjusted as of the balance sheet date. These valuation adjustments are included in the Results of Asset Management.

With respect to the trade accounts receivable that were neither impaired nor overdue as of the balance sheet date, there are no indications that the debtors will be unable to meet their payment obligations.

Individual valuation adjustments were recognised to the rents receivable included under trade accounts receivable in 2016/17. Therefore, the balance sheet only includes these receivables at the expected collection amount. The valuation adjustments recognised through profit or loss amounted to TEUR 281.5 for the reporting year (2015/16: TEUR 1,308.1).

The valuation allowances consist solely of individual allowances.

The following table shows the change in valuation allowances recognised through profit or loss, classified by category of receivable:

DEVELOPMENT OF VALUATION ALLOWANCES

in TEUR	2016/17	2015/16
Trade accounts receivable	281.5	1,308.1
Total	**281.5**	**1,308.1**

6.6 OTHER FINANCIAL ASSETS

The components of other financial assets are shown below:

OTHER FINANCIAL ASSETS

in TEUR	30 April 2017	30 April 2016
Securities and interests	190.3	2.1
Originated loans	15,297.5	19,601.2
Total	**15,487.8**	**19,603.3**
Thereof current	1,265.3	1,225.4
Thereof non-current	14,222.5	18,377.9

The originated loans consist primarily of loans to buyers of apartments, whereby 86% (30 April 2016: 86%) of these loans are secured by mortgages. The respective interest rates range from 0% to 6% (30 April 2016: 0% to 6%).

6.7 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as of 30 April 2017 and 30 April 2016 result from the following temporary differences between the carrying amount in the IFRS consolidated financial statements and the respective tax base.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	30 April 2017		30 April 2016	
in TEUR	Assets	Liabilities	Assets	Liabilities
Investment property	242.8	339,027.2	388.8	281,741.8
Other financial assets and miscellaneous assets	29,795.8	481.4	32,900.4	1,510.8
Total	**30,038.6**	**339,508.6**	**33,289.2**	**283,252.6**
Other liabilities and provisions	15,878.9	864.5	17,372.2	841.9
Financial liabilities	19,022.8	2,644.9	21,562.1	3,278.0
Total	**34,901.7**	**3,509.4**	**38,934.3**	**4,119.9**
Tax loss carryforwards	13,395.0	0.0	12,729.6	0.0
Deferred tax assets and deferred tax liabilities	**78,335.3**	**343,018.0**	**84,953.1**	**287,372.5**
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	–78,162.0	–78,162.0	–79,566.3	–79,566.3
Net deferred tax assets and deferred tax liabilities	**173.3**	**264,856.0**	**5,386.8**	**207,806.2**

Deferred tax assets are recognised for tax loss carryforwards and temporary differences when it is probable that sufficient taxable income will be available to utilise these tax loss carryforwards in the foreseeable future (within five years). Deferred tax assets are also recorded in cases where an equal amount of deferred tax liabilities had been recognised and these obligations relate to the same tax subject and taxation authority, and the deferred tax assets and deferred tax liabilities are assumed to reverse at the same.

The recognition of deferred tax assets by group companies that recorded losses for the reporting period is dependent on future taxable profits which are higher than the earnings effects from the reversal of existing taxable temporary differences. These deferred tax assets amount to TEUR 131.9 (30 April 2016: TEUR 5,127.0).

The tax effects related to actuarial gains and losses from defined benefit plans for employee severance compensation benefits were included under other comprehensive income at the amount of TEUR 52.4 (30 April 2016: TEUR –15.3).

Deferred tax assets were not recognised for corporate tax loss carryforwards of TEUR 134,811.9 (30 April 2016: TEUR 122,956.9) or for trade tax loss carryforwards of TEUR 129,202.0 (30 April 2016: TEUR 102,475.5). These tax loss carryforwards have an indefinite term.

Temporary differences of TEUR 5,239.9 (30 April 2016: TEUR 1,823.3) were not recognised as deferred tax assets or deferred tax liabilities.

The calculation of deferred taxes for Austrian companies is based on a tax rate of 25.00%. The applicable local tax rate is used for foreign companies. The tax rates used to value deferred taxes in the individual countries are as follows:

TAX RATES

	Applicable tax rate 2016/17	Applicable tax rate 2015/16
Germany[1)]	15.825%–32.275%	15.825%–32.275%
Austria	25.000%	25.000%

1) The tax rate in Germany can vary and is dependent on the company's headquarters and liability under trade tax.

Information on group taxation in Austria

Through a group and tax assessment agreement, BUWOG - Süd GmbH (formerly: ESG Wohnungsgesellschaft mbH Villach) (head of the group) and 17 additional Austrian companies (group members) included in the consolidated financial statements joined together into a corporate group pursuant to Section 9 of the Austrian Corporate Tax Act (*Körperschaftsteuergesetz*). The group was effectively established during the 2013/14 financial year. At the end of the 2016/17 financial year, the tax group consisted of the head company and 17 (30 April 2016: 18) other companies.

A corporate group pursuant to Section 9 of the Austrian Corporate Tax Act was established as of 1 May 2014 between BUWOG AG (head of the group) and Parthica Immobilien GmbH, GENA SECHS Immobilienholding GmbH, GENA ZWEI Immobilienholding GmbH, BUWOG – Bauen und Wohnen Gesellschaft mbH and Quinta Immobilienanlagen GmbH (group members).

The group and tax assessment agreement regulates tax settlements between the head company and the members of the tax group. If earnings are positive, the member company must pay a positive tax charge equal to 25.00% of taxable profit to the head of the group. If a group member records a tax loss in a financial year, this loss is registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. There is no need for a tax charge to the extent that tax losses are offset. If losses are on record when the group is terminated or a group member withdraws, the head of the tax group must make a settlement payment to the group member equal to the present value of the (theoretical) future tax relief.

6.8 TAX REFUND CLAIMS

Tax refund claims equalled TEUR 3,941.8 as of 30 April 2017 (30 April 2016: TEUR 3,258.1) and relate mainly to refund claims for corporate income tax.

6.9 NON-CURRENT ASSETS AND NON-CURRENT LIABILITIES HELD FOR SALE

The classification of investment property as held for sale assumes a high probability of sale within 12 months of the balance sheet date. In other words, the Executive Board or Supervisory Board has approved the sale and the contract has already been signed or is expected to be signed soon after the balance sheet date.

The plans to sell the Tyrolean portfolio were finalised at the end of the second quarter of 2016/17, and the framework agreement for the sale was signed on 7 December 2016. Two properties in this portfolio had not been transferred to the buyers as of 30 April 2017 and are therefore still reported under non-current assets held for sale. In addition, the sale of a portfolio in Carinthia and Styria was approved as of 30 April 2017 based on a purchase offer dated 14 March 2017.

Non-current assets classified as held for sale amounted to TEUR 15,661.1 as of 30 April 2017 (30 April 2016: TEUR 0.0). The liabilities classified as held for sale totalled TEUR 147.0 as of 30 April 2017 (30 April 2016: TEUR 0.0).

6.10 REAL ESTATE INVENTORIES

Real estate inventories had a carrying amount of TEUR 355,531.4 as of 30 April 2017 (30 April 2016: TEUR 217,253.7).

VALUATION OF REAL ESTATE INVENTORIES

in TEUR	Germany	Austria	Total
2016/2017			
Write-downs	0.0	–708.0	–708.0
Reversals of write-downs	0.0	48.8	48.8
Expenses for discontinued projects	0.0	–55.7	–55.7
Total	**0.0**	**–714.9**	**–714.9**
2015/2016			
Write-downs	0.0	–175.3	–175.3
Reversals of write-downs	0.0	202.3	202.3
Expenses for discontinued projects	0.0	–2,232.1	–2,232.1
Total	**0.0**	**–2,205.1**	**–2,205.1**

Write-downs were recorded to the production cost of real estate inventories with a carrying amount of TEUR 26,892.9 (30 April 2016: TEUR 46,778.5). The reversals of write-downs of TEUR 48.8 in 2016/17 (2015/16: TEUR 202.3) generally involved projects in progress whose value had increased due to the receipt of the construction permit and the progress of work. Real estate inventories include a carrying amount of TEUR 204,988.8 (30 April 2016: TEUR 120,647.3) which will presumably be realised after 12 months. As of 30 April 2017 real estate inventories with a carrying amount of TEUR 189,998.2 (30 April 2016: TEUR 142,252.3) were pledged as collateral for liabilities.

6.11 CASH AND CASH EQUIVALENTS

The balance sheet as of 30 April 2017 shows cash and cash equivalents of TEUR 211,397.2 (30 April 2016: TEUR 82,540.1), which include TEUR 25,085.8 (30 April 2016: TEUR 4,991.2) that are designated for construction financing. In addition, other financial receivables include bank deposits whose use is restricted (see note 6.5 *Trade and other receivables*).

6.12 EQUITY

The development of equity in BUWOG AG during the 2016/17 and 2015/16 financial years is shown on the consolidated statement of changes in equity, which represents an integral part of the consolidated financial statements as of 30 April 2017.

The share capital of BUWOG AG totalled EUR 99,773,479.00 as of 30 April 2017 (30 April 2016: EUR 99,773,479.00) and is divided into 99,773,479 (30 April 2016: 99,773,479) zero par value shares. All shares are fully paid. The appropriated capital reserves of BUWOG AG totalled EUR 873,923,312.44 as of 30 April 2017 (30 April 2016: EUR 873,923,312.44) and may only be used to cover a balance sheet loss. Ronald Roos, a former member of the Executive Board, exercised 160,000 stock options during the 2015/16 financial year. This led to an increase of EUR 160,000.00 in share capital and EUR 1,920,000.00 in appropriated capital reserves.

The annual general meeting on 7 March 2014 authorised the Executive Board, subject to the approval of the Supervisory Board, to increase the company's share capital by up to EUR 21,582,922.00 through the issue of up to 21,582,922 new shares in exchange for contributions in cash or in kind. This authorisation is valid up to 25 March 2019. It also permits the exclusion of subscription rights when the capital increase is carried out in exchange for cash contributions and the newly issued shares do not exceed 10% of the company's share capital or when the capital increase is carried out in exchange for contributions in kind for servicing a greenshoe option or for the settlement of peak amounts.

In June 2017 after the end of the reporting period, the company's share capital was increased by EUR 12,471,685.00 (issued of 12,471,685 shares) based on the authorisation of the annual general meeting on 7 March 2014 (see note 7.6 *Subsequent events*).

BUWOG AG still has (unused) authorised capital of EUR 9,111,237.00 for the issue of up to 9,111,237 new shares.

All BUWOG AG shareholders have one vote per share at the company's annual general meetings.

In order to service the share-based remuneration, the annual general meeting on 14 October 2014 approved a conditional increase of up to EUR 720,000.00 in the company's share capital pursuant to Section 159 (2) no. 3 of the Austrian Stock Corporation Act (*Aktiengesetz*) through the issue of up to 720,000 new bearer shares.

For information on capital management, see note 7.3 *Capital management*.

The Executive Board will propose a dividend distribution of EUR 0.69 per share for the 2016/17 financial year to the annual general meeting on 17 October 2017. A dividend of EUR 0.69 per share was paid for the 2015/16 financial year.

Non-controlling interests increased by TEUR 1,534.7 through the acquisition of a 94,8% stake in Indian Ridge Investment S.A.. The purchase of the shares in Indian Ridge Investment S.A. does not represent a business combination, but principally involves a single identifiable asset (land in Berlin, Schöneweide, Treptow-Köpenick district). In 2016/17 BUWOG also acquired the remaining shares in Indian Ridge Investment S.A., which reduced non-controlling interests by TEUR 1,544.3.

6.13 SHARE-BASED REMUNERATION AGREEMENTS

6.13.1 Remuneration through settlement with equity instruments

The annual general meeting of BUWOG AG on 14 October 2014 approved a variable remuneration scheme in the form of stock options for members of the Executive Board. The approval of this remuneration scheme, which is designated as the Long-Term Incentive Programme 2014, allows the Supervisory Board to grant option rights to the members of the Executive Board. The option rights were granted on 16 December 2014 through a written agreement between the Supervisory Board and the members of the Executive Board Daniel Riedl and Ronald Roos. The key parameters of the Long-Term Incentive Programme 2014 are presented in the following table:

LONG-TERM INCENTIVE PROGRAMME 2014

	Basis options	Bonus options Tranche I	Bonus options Tranche II	Bonus options Tranche III
Number of granted options				
Daniel Riedl	75,000	100,000	130,000	175,000
Ronald Roos (Member of Executive Board up to 9 December 2015)	50,000	50,000	60,000	–[1]
Exercise conditions – bonus options				
Duration of target achievement	The share price equals or exceeds the target price on at least five trading days in the respective period.			
Period		FY 2014/15	FY 2015/16	FY 2016/17
Share price target[2]		85% of the EPRA NAV as of 30 April 2014	92,5% of the EPRA NAV as of 30 April 2015	100% of the EPRA NAV as of 30 April 2016
Exercise period	The Executive Board members may only exercise these options between 1 May 2018 and 30 April 2019 and only if their Executive Board position or contract remains intact. Different exercise conditions apply for certain circumstances connected with the termination of the Executive Board position or contract.			
Other conditions	In addition, the bonus options in Tranches II and III can only be exercised when EPRA NAV for the period is higher than EPRA NAV as of 30 April 2014. Another requirement for the exercise of the bonus options is that the share price target was reached during the Executive Board member's term of office.			
Exercise conditions – basis options				
	The basis options are not tied to any further exercise conditions and are therefore considered earned on the granting date (16 December 2014).			
Own investment				
	A further requirement of the option scheme is an own investment in shares of BUWOG AG equal to 50% of the Executive Board member's gross annual salary for the 2014/15 financial year. This own investment can be built up over a period of three years and must be held until the options are exercised.			
Exchange ratio/exercise price				
	Each option entitles the holder to purchase one BUWOG share for an exercise price of EUR 13.00 per share.			

1) Tranche III of the bonus options granted to Ronald Roos are no longer exercisable because he resigned from the company on 9 December 2015.
2) The calculation of EPRA NAV is based on the same method used for the IFRS consolidated financial statements of BUWOG AG as of 30 April 2014.

The number of issued stock options developed as follows in 2016/17 and in 2015/16:

DEVELOPMENT OF ISSUED STOCK OPTIONS

	Daniel Riedl		Ronald Roos (Member of Executive Board up to 9 December 2015)	
	Number of stock options	Exercise price in EUR	Number of stock options	Exercise price in EUR
Balance on 1 May 2015	**480,000**		**240,000**	
Exercise	0	0.0	–160,000	13.0
Forfeiture	0	0.0	–80,000	13.0
Balance on 30 April 2016	**480,000**		**0**	
Balance on 1 May 2016	**480,000**		**0**	
Issue	0	0.0	0	0.0
Exercise	0	0.0	0	0.0
Forfeiture	0	0.0	0	0.0
Balance on 30 April 2017	**480,000**		**0**	

The stock options outstanding as of 30 April 2017 have an exercise price of EUR 13.00 (30 April 2016: EUR 13.00) per share and a weighted average remaining term of 2.0 years (30 April 2016: 3.0 years).

The stock options exercised in 2015/16 led to the issue of 160,000 shares at a price of EUR 13.00 per share. The weighted average share price on the exercise date equalled EUR 18,51. No stock options were exercised in 2016/17.

A Monte Carlo simulation is used to calculate the fair value of the issued stock options. The following parameters, which are observable on the market, were used to calculate this fair value:

STOCK OPTION PARAMETERS

Risk free interest rate p.a.	0.329%
Stock price at 16 December 2014	15.382
Implicit volatility p.a. at 16 December 2014	15.223%

The fair value of the stock options issued but not yet exercised totalled EUR 1,413,614.30 on the granting date and EUR 5,632,800.00 on 30 April 2017 (30 April 2016: EUR 2,647,800.00).

6.13.2 Remuneration with cash settlement

The members of the Executive Board, Daniel Riedl, Andreas Segal and Herwig Teufelsdorfer, were granted stock options within the context of the Long-Term Incentive Programme 2017 through a circular resolution by the Personnel and Nominating Committee of the Supervisory Board of BUWOG AG on 7/8 March 2017. The stock options will be settled primarily through cash payments and will equal up to 40% of the respective Executive Board member's total remuneration. The options were formally granted with a written agreement between the Supervisory Board and the three Executive Board members on 10 March 2017.

LONG-TERM INCENTIVE PROGRAMME 2017

		Basis options	Bonus options Tranche I	Bonus options Tranche II	Bonus options Tranche III
Number of granted options					
Daniel Riedl[1]		0	For all Executive Board members, the allocation of the bonus options depends on the fulfilment of performance targets and on the target attainment. Options will only be allocated when the target attainment equals at least 80%; moreover, the target attainment is limited to 120%.		
Andreas Segal		8,754			
Herwig Teufelsdorfer		15,632			
Exercise conditions – bonus options					
Performance targets	The following performance targets were defined for the option tranches in the 2016/17, 2017/18 and 2018/19 financial years based on the EPRA NAV per BUWOG share at the end of the respective financial year:				
Period			FY 2016/17	FY 2017/18	FY 2018/19
EPRA NAV target per share			EUR 20.52 as of 30 April 2017	EUR 21.57 as of 30 April 2018	EUR 23.07 as of 30 April 2019
Target attainment / Allocation of options	The following formula is used to calculate the target attainment for the allocation of options in a specific financial year (“TA”): TA= (Actual amount/Basis amount) x 100 The actual amount represents the difference between the EPRA NAV per BUWOG share for the financial year applicable to the option tranche and the EPRA NAV per BUWOG share at the end of the preceding financial year. The so-called basis amount equals the difference between the EPRA NAV per BUWOG share defined by the performance target for the respective financial year and the EPRA NAV per BUWOG share at the end of the preceding financial year. No options will be granted if the target attainment is less than 80%. The upper level for the target attainment equals 120%, i.e. no additional options will be granted if the target attainment exceeds 120%. The following formula is used to calculate the number of allocated options (“O”): O = (S/R) x TA The salary component relevant for the options (“S”) equals the annual gross base salary plus the annual short-term variable remuneration as defined in the respective member’s Executive Board contract as of the first month in the financial year, weighted at 66.67%. The reference price (“R”) equals the volume-weighted average price of the BUWOG share on the Vienna Stock Exchange during the period from January to March of the respective financial year, but at least EUR 10,00.				
Exercise period	The exercise of the allocated options is contingent upon a waiting period of three years beginning on the granting date and is followed by an exercise period of three financial years.				
Other conditions	BUWOG can choose between the following alternatives for the settlement of exercised options: a) It can settle the exercised options through cash payment and transfer the appropriate amount to the Executive Board member. b) It can utilise its substitution right and deliver BUWOG shares instead of a cash payment. The amount of the cash settlement equals the volume-weighted average price of the BUWOG share on the Vienna Stock Exchange during the three months following the exercise date multiplied by the number of exercised options.				
Exercise conditions – basis options					
	The allocation of basis options is not subject to any conditions. The options can be exercised during the exercise period which begins in the 2018/19 financial year.				
Own investment					
	A further condition for the exercise of the options is an investment in BUWOG shares equal to 50% of the annual gross base salary of the Executive Board member for the 2016/17 financial year. This own investment is to be compiled over two financial years beginning with 2017/18 and must be held until the options are exercised.				

1) Daniel Riedl only receives bonus options for the 2017/18 and 2018/19 financial years.

The fair value of the options allocated within the framework of the Long-Term Incentive Programme 2017 totalled EUR 3.777.718,25 as of 30 April 2017.

The total cost of the share-based remuneration agreements in 2016/17 is reported in note 5.6 *Personnel expenses*.

6.14 LIABILITIES FROM CONVERTIBLE BONDS

BUWOG AG issued non-subordinated, unsecured five-year convertible bonds on 6 September 2016 (ISIN: AT0000A1NQH2). 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 no par value bearer shares, which represent approx. 9.58% of BUWOG's current outstanding share capital. The book building process set the initial conversion premium at 35% over the reference price of EUR 23.2592; no interest will be paid. The initial conversion price therefore equals EUR 31.40. The convertible bonds have a term of five years and will be redeemed at 100% of the nominal value. Unless the bonds are prematurely converted, repaid, or repurchased and withdrawn, the convertible bond certificates will be redeemed on 9 September 2021. The bond terms include a cash settlement option in favour of BUWOG AG.

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 which must be separated. The derivatives embedded in the convertible bonds are reported under other financial liabilities (see note 6.16 *Trade payables and other liabilities*). The effective interest rate on the convertible bond equals 0.94%.

CONVERTIBLE BONDS

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

6.15 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as the balance sheet date:

FINANCIAL LIABILITIES

in TEUR	30 April 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Amounts due to financial institutions	1,523,493.3	86,291.7	268,237.2	1,168,964.4
thereof secured by collateral	1,442,150.7	75,213.1	250,603.9	1,116,333.7
thereof not secured by collateral	81,342.6	11,078.6	17,633.3	52,630.7
Amounts due to local authorities	439,884.8	32,440.8	103,303.8	304,140.2
Other financial liabilities	94.1	94.1	0.0	0.0
Total	**1,963,472.2**	**118,826.6**	**371,541.0**	**1,473,104.6**

FINANCIAL LIABILITIES – PREVIOUS YEAR

in TEUR	30 April 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Amounts due to financial institutions	1,581,672.7	83,869.2	322,110.4	1,175,693.1
thereof secured by collateral	1,502,009.2	79,988.8	301,483.2	1,120,537.2
thereof not secured by collateral	79,663.5	3,880.4	20,627.2	55,155.9
Amounts due to local authorities	470,891.8	21,691.3	90,737.6	358,462.9
Other financial liabilities	97.3	97.3	0.0	0.0
Total	**2,052,661.8**	**105,657.8**	**412,848.0**	**1,534,156.0**

On 27 October 2016 the 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 179,947.5 were repaid as of 30 April 2017 in connection with this refinancing. Additional loans with a carrying amount of TEUR 14,483.5 will also be replaced within one year. These loans are reported as current financial liabilities.

Loans to be repaid by BUWOG from the purchase prices for the portfolio in Carinthia and Styria (also see note 6.9 *Non-current assets and non-current liabilities held for sale*) are also reported as current financial liabilities as of 30 April 2017. The reclassification from non-current to current financial liabilities involves secured liabilities of TEUR 958,3 due to financial institutions, unsecured liabilities of TEUR 403.9 due to financial institutions and liabilities of TEUR 1,610.1 due to local authorities.

Of the total amount due to financial institutions and local authorities, EUR 54.0 million are due during the first quarter of 2017/18 (due in the first quarter of 2016/17: EUR 46.7 million).

The major conditions of the financial liabilities as of 30 April 2017 and 30 April 2016 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	1.94%	348,589.2	
	EUR	floating	1.04%	1,200,549.1	
Total amounts due to financial institutions				**1,549,138.3**	**1,523,493.3**
Amounts due to local authorities	**EUR**	**fixed**	**1.60%**	**443,857.1**	**439,884.8**
Other					**94.1**
Total					**1,963,472.2**

CONDITIONS OF FINANCIAL LIABILITIES – PREVIOUS YEAR

	Currency	Interest rate fixed/floating	Average interest rate	Nominal value of remaining liability in TEUR	Balance in TEUR
	EUR	fixed	2.27%	337,921.8	
	EUR	floating	1.31%	1,262,599.0	
Total amounts due to financial institutions				**1,600,520.8**	**1,581,672.7**
Amounts due to local authorities	**EUR**	**fixed**	**1.49%**	**491,668.5**	**470,891.8**
Other					**97.3**
Total					**2,052,661.8**

The fair value of the financial liabilities shown in the above table totals TEUR 1,989,287.4 (30 April 2016: TEUR 2,081,482.9). The present value calculation was based on the following discount rates, which reflect market interest rates as of 30 April 2017 and 30 April 2016.

DISCOUNT RATES

in %	30 April 2017
Up to 31 October 2018	0.210%
Up to 31 October 2019	0.310%
Up to 31 October 2021	0.710%
Up to 31 October 2023	1.160%
Up to 31 October 2025	1.710%
Up to 31 October 2028	2.170%
Up to 31 October 2034	2.550%
As of 1 November 2034	2.720%

DISCOUNT RATES – PREVIOUS YEAR

in %	30 April 2016
Up to 31 October 2017	0.200%
Up to 31 October 2018	0.350%
Up to 31 October 2020	0.730%
Up to 31 October 2022	1.130%
Up to 31 October 2024	1.800%
Up to 31 October 2027	2.380%
Up to 31 October 2033	2.750%
As of 1 November 2033	2.900%

The BUWOG Group did not violate any financial covenants connected with bank financing during the 2016/17 or 2015/16 financial years.

6.16 TRADE PAYABLES AND OTHER LIABILITIES

The following table shows the composition and classification of trade payables and other financial and non-financial liabilities by remaining term as the balance sheet date:

TRADE PAYABLES AND OTHER LIABILITIES

in TEUR	30 April 2017	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade payables	**27,116.2**	**27,020.1**	**96.1**
Other financial liabilities			
Fair value of derivative financial instruments (liabilities):	76,826.9	19,222.7	57,604.2
Interest rate swaps	57,604.2	0.0	57,604.2
Embedded derivatives in the convertible bonds	19,222.7	19,222.7	0.0
Property management	14,476.7	14,476.7	0.0
Deposits and guarantees received	29,630.8	29,630.8	0.0
Maintenance and improvement amounts received	39,581.2	3,718.7	35,862.5
Outstanding purchase prices (share deals)	3,390.7	3,390.7	0.0
Outstanding purchase prices (acquisition of properties)	34,280.2	34,280.2	0.0
Liabilities from financial contributions	104,445.9	104,445.9	0.0
Miscellaneous	85,511.8	58,523.9	26,987.9
Total other financial liabilities	**388,144.2**	**267,689.6**	**120,454.6**
Other non-financial liabilities			
Tax and other public authorities	10,648.0	10,648.0	0.0
Prepayments received on apartment sales	37,919.5	37,919.5	0.0
Prepayments received for rents and operating costs	62.6	62.6	0.0
Miscellaneous	77.2	77.2	0.0
Total other non-financial liabilities	**48,707.3**	**48,707.3**	**0.0**
Total	**463,967.7**	**343,417.0**	**120,550.7**

TRADE PAYABLES AND OTHER LIABILITIES – PREVIOUS YEAR

in TEUR	30 April 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade payables	**20,103.5**	**20,103.5**	**0.0**
Other financial liabilities			
Fair value of derivative financial instruments (liabilities):	67,912.1	0.0	67,912.1
Interest rate swaps	67,912.1	0.0	67,912.1
Embedded derivatives in the convertible bonds	0.0	0.0	0.0
Property management	13,965.6	13,965.6	0.0
Deposits and guarantees received	28,808.1	28,808.1	0.0
Maintenance and improvement amounts received	43,588.0	8,559.6	35,028.4
Outstanding purchase prices (share deals)	3,220.6	3,220.6	0.0
Outstanding purchase prices (acquisition of properties)	32,025.6	32,025.6	0.0
Liabilities from financial contributions	104,007.0	104,007.0	0.0
Miscellaneous	65,755.8	45,988.1	19,767.7
Total other financial liabilities	**359,282.8**	**236,574.6**	**122,708.2**
Other non-financial liabilities			
Tax and other public authorities	8,323.9	8,323.9	0.0
Prepayments received on apartment sales	35,205.1	35,205.1	0.0
Miscellaneous	4.2	4.2	0.0
Total other non-financial liabilities	**43,533.2**	**43,533.2**	**0.0**
Total	**422,919.5**	**300,211.3**	**122,708.2**

Maintenance and improvement amounts received from the tenants are recognised to profit or loss when the related work is performed.

In Austria, financial contributions are collected from the tenants in subsidised apartments; these contributions, less a usage-related deduction, are returned at the end of the lease. The refunded amount is then collected from the new tenants when the apartments are re-let. The leases for these apartments are generally open-ended, but can be cancelled by the tenant at any time. The liabilities arising from the financial contributions are therefore recognised at their nominal value and reported as current liabilities.

Miscellaneous other financial liabilities consist primarily of accrued liabilities (in particular accruals for services and maintenance) as well as liabilities arising from existing cancellation rights held by non-controlling interests.

6.17 PROVISIONS

6.17.1 Classification of balance sheet amounts

The amounts reported under provisions on the balance sheet comprise the following:

BALANCE SHEET AMOUNTS

in TEUR	30 April 2017	30 April 2016
Employee benefits	6,543.3	6,375.7
Provisions for pensions	4,215.4	4,205.2
Provisions for severance payments	2,277.4	2,121.8
Provisions for long-service bonuses	50.5	48.7
Other provisions	8,077.0	6,811.1
Total	**14,620.3**	**13,186.8**
Thereof current	8,077.0	6,811.1
Thereof non-current	6,543.3	6,375.7

6.17.2 Obligations to employees

In the BUWOG Group, defined benefit pension and severance compensation plans represent the major obligations to employees.

Three companies in Germany have made pension commitments as part of individual employment contracts. These defined benefit obligations are reflected in the creation of provisions. The present value of the defined benefit obligation (DBO) is calculated on the basis of expected future trends in salaries and pensions because the entitlement earned up to retirement is dependent on these factors. If the benefit claims are covered by assets, the fair value of the plan assets is offset against the DBO. The following actuarial assumptions form the basis for the major parameters:

PROVISIONS FOR PENSIONS – PARAMETERS

	30 April 2017	30 April 2016
Discount rate	1.64%	1.90%
Salary increases	2.00%	2.00%
Pension increases	1.75%	1.75%
Remaining life expectancy according to mortality tables	Klaus Heubeck 2005-G	Klaus Heubeck 2005-G

The net obligations from the defined benefit pension plans developed as follows:

PROVISIONS FOR PENSIONS

	2016/17			2015/16		
in TEUR	Present value of the obligations (DBO)	Fair value of the plan assets	Net obligation	Present value of the obligations (DBO)	Fair value of the plan assets	Net obligation
Balance on 1 May	**4,500.8**	**–295.6**	**4,205.2**	**4,960.9**	**–276.0**	**4,684.9**
Current service cost	16.1	0.0	16.1	21.3	0.0	21.3
Interest cost/-income	82.8	–5.7	77.1	62.7	–3.8	58.9
Total expenses for pensions	**98.9**	**–5.7**	**93.2**	**84.0**	**–3.8**	**80.2**
Remeasurements	208.7	–4.4	204.3	–275.4	–3.2	–278.6
Contributions of the employer	0.0	–11.9	–11.9	0.0	–12.6	–12.6
Payments	–277.3	1.9	–275.4	–268.7	0.0	–268.7
Total other	**–68.6**	**–14.4**	**–83.0**	**–544.1**	**–15.8**	**–559.9**
Balance on 30 April	**4,531.1**	**–315.7**	**4,215.4**	**4,500.8**	**–295.6**	**4,205.2**
Thereof current			0.0			0.0
Thereof non-current			4,215.4			4,205.2

The pension expenses shown in the above table are reported on the income statement under personnel expenses. The actuarial opinions were prepared by Mercer Deutschland GmbH. The plan assets are held by UFBA Unterstützungskasse für betriebliche Altersversorgung e.V., which makes the pension payments.

Severance compensation provisions are also recognised for employees in Austria. In accordance with Austrian labour laws, staff members whose employment relationship started before 1 January 2003 are entitled to receive severance compensation on termination or retirement. The amount of this payment is dependent on the length of service and remuneration at the end of employment. The provisions for these termination benefits expose the BUWOG Group to risks that can influence the amount of these provisions in the future. However, these risks are not considered to be material because of the scope of the provisions for termination benefits. The provisions for severance compensation are not covered by plan assets; the related obligations will be financed from future cash flows. The calculation of the severance compensation provisions is based on assumptions and estimates made as of the balance sheet date. The following actuarial assumptions form the basis for the major parameters:

PROVISIONS FOR SEVERANCE COMPENSATION – PARAMETERS

	30 April 2017	30 April 2016
Discount rate	0.50%	0.90%
Salary increases	2.00%	2.00%
Turnover (salaried employees)	7.90%	7.90%
Turnover (wage employees)	15.70%	15.70%
Remaining life expectancy according to mortality tables	Pagler & Pagler AVÖ 2008-P	Pagler & Pagler AVÖ 2008-P

The present value of the obligations arising from the defined benefit severance compensation plans developed as follows:

PROVISIONS FOR SEVERANCE COMPENSATION

in TEUR	2016/17 Present value of the obligations (DBO)	2015/16 Present value of the obligations (DBO)
Balance on 1 May	**2,121.8**	**2,127.3**
Current service cost	75.9	75.0
Interest cost	18.9	27.5
Total expenses for severance payments	**94.8**	**102.5**
Remeasurement of the obligation	133.1	–22.7
Payments	–72.3	–85.3
Total other	**60.8**	**–108.0**
Balance on 30 April	**2,277.4**	**2,121.8**
Thereof current	0.0	0.0
Thereof non-current	2,277.4	2,121.8

The severance compensation expenses shown in the above table are reported on the income statement under personnel expenses. The actuarial opinions were prepared by AKTUAR Versicherungsmathematik GmbH.

The remeasurement recorded under other comprehensive income in accordance with IAS 19R comprise the following:

REMEASUREMENTS

in TEUR	2016/17	2015/16
Pensions		
Remeasurements of the obligation		
from changes to demographic assumptions	0.0	0.0
from changes to financial assumptions	124.7	–340.4
Experience adjustments	84.0	65.0
Remeasurements of the plan assets		
Return on plan assets excluding interest income	–4.4	–3.2
Total remeasurements pensions	**204.3**	**–278.6**
Severance payments		
Remeasurements of the obligation		
from changes to demographic assumptions	0.0	–6.3
from changes to financial assumptions	53.4	50.7
Experience adjustments	79.7	–67.1
Total remeasurements severance payments	**133.1**	**–22.7**
Total remeasurements	**337.4**	**–301.3**

For information on the tax effects related to the remeasurement of the pension and severance compensation provisions, see note 6.7 *Deferred tax assets and deferred tax liabilities.*

The amount of the provisions for pensions and severance compensation is significantly influenced by the selection of the actuarial parameters. The following section presents sensitivity analyses that show the effects resulting from changes in a single parameter, whereby all other parameters are held constant. However, a complete lack of correlation between these parameters is unlikely. The projected unit credit method as defined in IAS 19 is used to calculate both the original obligation and the changed obligation. A change of +/–0.5% points in the indicated parameter changes the obligation as follows:

SENSITIVITY ANALYSIS

in TEUR	Change in parameter	Present value of obligation (DBO) 30 April 2017 – Increase in parameter	Present value of obligation (DBO) 30 April 2017 – Decrease in parameter	Present value of obligation (DBO) 30 April 2016 – Increase in parameter	Present value of obligation (DBO) 30 April 2016 – Decrease in parameter
Pensions					
Discount rate	+/–0.5%	4,275.6	4,814.8	4,248.2	4,781.3
Salary increase	+/–0.5%	4,534.6	4,527.6	4,504.4	4,497.4
Pension increase	+/–0.5%	4,779.4	4,302.2	4,749.4	4,271.8
Severance payments					
Discount rate	+/–0.5%	2,211.1	2,347.7	2,058.9	2,188.5
Salary increase	+/–0.5%	2,340.6	2,217.1	2,182.2	2,064.2

The average remaining term of the defined benefit pension and severance compensation obligations as of the respective balance sheet dates is as follows:

AVERAGE REMAINING TERM

in Years	30 April 2017	30 April 2016
Pensions		
Germany	11.9	11.8
Severance payments		
Austria	6.0	6.2

The following table shows the due dates of the expected benefit payments:

PAYMENT ANALYSIS

in TEUR	30 April 2017 – Pensions	30 April 2017 – Severance payments	30 April 2016 – Pensions	30 April 2016 – Severance payments
Year 1	281.7	238.4	285.3	241.8
Year 2 through 5	1,093.9	1,080.1	1,088.2	1,005.8
Starting in year 6	1,170.8	1,281.1	1,188.0	1,303.2

6.17.3 Other provisions

The other provisions developed as follows:

OTHER PROVISIONS

in TEUR	Other provisions
Balance on 1 May 2015	**9,694.6**
Additions	1,806.9
Release	–386.0
Use	–4,308.1
Reclassification	3.7
Balance on 30 April 2016	**6,811.1**
Balance on 1 May 2016	**6,811.1**
Additions	3,910.0
Release	–1,223.1
Use	–1,421.0
Reclassification	0.0
Balance on 30 April 2017	**8,077.0**

Other provisions consist chiefly of provisions for legal disputes, legally required maintenance and miscellaneous provisions. All of these other provisions are classified as current, which indicates that they are expected to result in cash outflows during the next financial year.

6.18 TAX LIABILITIES

Tax liabilities totalled TEUR 28,843.3 as of 30 April 2017 (30. April 2016: TEUR 47,557.9) and relate primarily to corporate income tax obligations.

7. OTHER INFORMATION

7.1 INFORMATION ON FINANCIAL INSTRUMENTS

Financial instruments is a collective term used to represent financial assets and financial liabilities. A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. One or more companies may serve as the contract partner. This definition covers securities, receivables, liabilities, equity instruments and derivatives, regardless of whether the obligation is conditional or unconditional.

7.1.1 Classes and categories of financial instruments

IFRS 7.6 requires the breakdown of financial instruments by classes as well as the reconciliation of these classes with the line items shown on the balance sheet. Since the reporting company is entitled to define these classes, they generally differ from the categories defined by IAS 39 for the measurement of financial instruments.

Accordingly, similar financial instruments are grouped together in a single class. The classes are also defined to facilitate reconciliation with the line items shown on the balance sheet. These factors led to the definition of the following classes in these consolidated financial statements: trade accounts receivable, other receivables, securities and other investments, originated loans and cash and cash equivalents (asset classes) as well as liabilities from convertible bonds, liabilities with financial institutions, other financial liabilities, trade payables, derivative financial liabilities, miscellaneous other liabilities and financial liabilities held for sale (liability classes).

In addition to the assignment of financial instruments to classes, IFRS 7 requires disclosure of the carrying amount of the financial assets and financial liabilities in accordance with the categories defined by IAS 39. The following table shows the carrying amount and fair value of each class of financial assets and liabilities as well as each IAS 39 category and reconciles these amounts to the appropriate balance sheet line items. Since the balance sheet positions “trade and other receivables” and “trade payables and other liabilities” can contain both financial instruments and non-financial assets/liabilities (e.g. tax receivables), the column “Non-FI” allows for a full reconciliation with the balance sheet line items.

CLASSIFICATION OF FINANCIAL INSTRUMENTS BY IAS 39 CATEGORIES

in TEUR

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

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

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

CLASSIFICATION OF FINANCIAL INSTRUMENTS BY IAS 39 CATEGORIES – PREVIOUS YEAR

in TEUR

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

	FL@FV/P&L					
	Fair value option	HFT	FLAC	Non-FI		
LIABILITIES	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 2016	Fair value on 30 April 2016
Financial liabilities	**717,131.0**	**0.0**	**1,335,530.8**	**0.0**	**2,052,661.8**	**2,081,482.9**
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
Trade payables and other liabilities	**0.0**	**67,912.1**	**311,474.2**	**43,533.2**	**422,919.5**	**422,919.5**
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	291,370.7	43,533.2	334,903.9	334,903.9
Financial liabilities held for sale	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL LIABILITIES	**717,131.0**	**67,912.1**	**1,647,005.0**	**43,533.2**	**2,475,581.3**	**2,504,402.4**

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

The fair values shown in the above tables are determined by applying recognised financial valuation methods (see note 7.1.3 *Hierarchy of fair values of financial instruments*).

Trade accounts receivable are generally considered to be current or are recorded net of any necessary valuation allowances and, for this reason, fair value reflects the carrying amount. The same applies to cash and cash equivalents.

The fair value of other receivables also approximates the carrying value, since any necessary impairment losses have already been deducted.

The carrying amount of the originated loans included in other financial assets corresponds, with the exception of accepted liabilities, to the amortised cost. The fair value of the accepted liabilities represents the present value.

The liabilities from convertible bonds are carried at amortised cost. The fair value of the convertible bonds as of 30 April 2017 represents the present value of the future repayments.

The amounts due to financial institutions generally reflect amortised cost. Liabilities of TEUR 20,374.4 (30 April 2016: TEUR 37,281.9) due to financial institutions were deducted from cash and cash equivalents based on a settlement agreement. Liabilities to banks with annuity subsidies are measured at fair value through profit or loss (see note 2.4.17 *Financial liabilities, trade payables and other liabilities*).

Other financial liabilities consist primarily of amounts due to local authorities. These items are measured at fair value through profit or loss (see note 2.4.4 *Government grants*) or, in the case of market-based interest rates, at amortised cost.

The fair value of miscellaneous other liabilities and trade payables basically corresponds to the carrying amount. The carrying amount of the liabilities held for sale generally reflects the fair value.

The fair values of all assets and liabilities not carried at fair value on the balance sheet represent level 3 on the fair value hierarchy. Information on the valuation methods and input factors is provided in note 7.1.3 *Hierarchy of fair values of financial instruments*.

The recognition and measurement principles are described in note 2. *Accounting policies*.

7.1.2 Net gains and losses

IFRS 7.20 (a) requires the disclosure of net gains and losses for each category of financial instrument defined in IAS 39.9. This information is provided in the following table:

NET GAINS AND LOSSES

2016/17

in TEUR		Measurement at fair value	Impairment loss/value allowance	Income from disposals/ repurchase	Other gains/ losses	Net gain/loss
AFS	**Fair value not recognised in profit or loss**	**0.0**	**0.0**	**–2.5**	**0.0**	**–2.5**
	Thereof recognised to the income statement	0.0	0.0	–2.5	0.0	–2.5
	Thereof recognised directly in equity	0.0	0.0	0.0	0.0	0.0
FA@FV/P&L	**Fair value through profit or loss**	**199.1**	**0.0**	**–87.9**	**0.0**	**111.2**
	Thereof fair value option	199.1	0.0	–87.9	0.0	111.2
	Thereof HFT	0.0	0.0	0.0	0.0	0.0
L&R	**Amortised cost**	**0.0**	**–72.8**	**–2,810.7**	**552.1**	**–2,218.8**
FL@FV/P&L	**Fair value through profit or loss**	**–9,351.4**	**0.0**	**–824.1**	**0.0**	**–10,175.5**
	Thereof fair value option	–11,127.7	0.0	–824.1	0.0	–11,951.8
	Thereof HFT	1,776.3	0.0	0.0	0.0	1,776.3
FLAC	**Amortised cost**	**0.0**	**0.0**	**244.0**	**–209.6**	**34.4**

NET GAINS AND LOSSES – PREVIOUS YEAR

2015/16

in TEUR		Measurement at fair value	Impairment loss/value allowance	Income from disposals/ repurchase	Other gains/ losses	Net gain/loss
AFS	**Fair value not recognised in profit or loss**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	Thereof recognised to the income statement	0.0	0.0	0.0	0.0	0.0
	Thereof recognised directly in equity	0.0	0.0	0.0	0.0	0.0
FA@FV/P&L	**Fair value through profit or loss**	**343.6**	**0.0**	**–6.2**	**0.0**	**337.4**
	Thereof fair value option	343.6	0.0	–6.2	0.0	337.4
	Thereof HFT	0.0	0.0	0.0	0.0	0.0
L&R	**Amortised cost**	**0.0**	**–1,944.2**	**–185.2**	**576.5**	**–1,552.9**
FL@FV/P&L	**Fair value through profit or loss**	**11,671.0**	**0.0**	**–735.0**	**0.0**	**10,936.0**
	Thereof fair value option	9,051.9	0.0	–735.0	0.0	8,316.9
	Thereof HFT	2,619.1	0.0	0.0	0.0	2,619.1
FLAC	**Amortised cost**	**0.0**	**0.0**	**538.5**	**–277.4**	**261.1**

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

7.1.3 Hierarchy of fair values of financial instruments

The following section includes an analysis of the financial instruments carried at fair value.

HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

in TEUR

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

HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE – PREVIOUS YEAR

in TEUR

30 April 2016	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities and other investments	0.0	0.0	2.1	2.1
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	11,465.2	0.0	11,465.2
Financial liabilities at fair value through profit or loss				
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
Held for trading				
Derivatives	0.0	67,912.1	0.0	67,912.1

The following table provides a reconciliation of the financial instruments measured in accordance with level 3 from the beginning to the ending amounts as of 30 April 2017:

RECONCILIATION OF FINANCIAL INSTRUMENTS

in TEUR	Securities and other investments	Originated loans	Financial liabilities	Financial liabilities held for sale
Balance on 1 May 2015	**1.5**	**9,565.9**	**–776,985.7**	**–169.9**
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
Balance on 30 April 2016	**2.1**	**0.0**	**0.0**	**0.0**
Balance on 1 May 2016	**2.1**	**0.0**	**0.0**	**0.0**
Recognised in profit or loss	0.0	0.0	0.0	0.0
Additions/Disposals	188.2	0.0	0.0	0.0
Transfer to Level 2	0.0	0.0	0.0	0.0
Balance on 30 April 2017	**190.3**	**0.0**	**0.0**	**0.0**

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

VALUATION METHODS AND INPUT FACTORS

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 30 April 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 determine the CDS spreads are observable on the market, the financial liabilities carried at fair value represent 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. Information on the applied discount rates is provided in note 6.15 *Financial liabilities*.

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 valued on the basis of available market quotations for the convertible bonds. The fair value of the derivatives represents the difference between the quoted price for the convertible bond and the calculated fair value of the underlying item (i.e. the bond). The fair value of the underlying item equals the present value of the repayments. The fair value of the derivatives calculated on this basis is also verified with an option 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.

7.1.4 Collateral

The individual companies normally provide collateral for loans related to financing, and every company or property is responsible for the related debt service. As security for the loan, the lending bank receives a package of collateral that can be used to satisfy the receivable in the event the loan is called. This package can include the following types of collateral:

– Mortgage on the land or the land and building
– Pledge of shares in the respective company
– Pledge of receivables from rental agreements
– Pledge of receivables from the sale of apartments
– Pledge of bank accounts

The conditions, type and scope of collateral is defined on an individual basis (for each company and property) and is dependent on the financing volume and the amount and term of the loan. Additional information on collateral is provided in note 7.2.3. *Capital market and financing risk*.

The BUWOG GmbH shares were pledged to the Republic of Austria in connection with the repayment of federal loans granted during the course of the acquisition in 2004; the use of the pledge is not expected.

The BUWOG Group had issued bank guarantees of EUR 38.1 million as of 30 April 2017 (30 April 2016: EUR 36.7 million) as security for prepayments by apartment buyers, for guarantee obligations and for the acquisition of property.

7.2 FINANCIAL RISK MANAGEMENT

7.2.1 General information

IFRS 7.31 requires the disclosure of information that enables the users of financial statements to evaluate the nature and extent of risks arising from financial instruments to which the company is exposed as of the balance sheet date.

As a real estate owner and developer, the BUWOG Group is exposed to a variety of risks which, at the same time, can also represent opportunities. A strong and effective risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes. Risk management therefore not only covers risk control, but also the systematic handling of the related opportunities.

Risk management takes place at all levels in the BUWOG Group and is the responsibility of the Executive Board. The BUWOG Group has also further optimised the ICS to support the early identification and monitoring of risk (see the management report for a description of the ICS). Internal auditors evaluate the functioning and efficiency of the ICS.

The Group-wide risk management system is designed to support rational decisions in dealing with risks and opportunities. The BUWOG Group views risk as the probability that the occurrence of a particular event will negatively influence the attainment of goals. Risk management is also responsible for the identification of opportunities. The BUWOG Group views an opportunity as the possibility of that an event will occur and positively influence the attainment of goals – i.e. it can lead to the preservation or creation of value. The assessment of risks and opportunities includes the probability of occurrence and the potential damage. "Risk management" and "risk" are only used in the following sections to improve readability. Both form an integral part of management activities in the BUWOG Group.

Risk management in the BUWOG Group represents a systematic, value-oriented and profit-oriented approach for the analysis and handling of risks. Risk management in the BUWOG Group is based on the COSO framework and is classified as follows: risk identification, risk analysis, risk assessment, risk management, risk monitoring, risk information and communication and internal environment. These activities take place in both a pre-defined process and an ad-hoc process.

The most significant risk factors are financial risks and market/property-specific risks. Further details on market- and property-specific risks can be found in the management report. The major financial risk factors result from changes in the interest landscape and in the credit standing and solvency of customers and business partners.

7.2.2 Default/credit risk

In accordance with IFRS 7.36, a company must disclose the following information for each class of financial instruments: the maximum exposure to credit risk as of the balance sheet date, excluding any credit enhancements; a description of the collateral received and any credit enhancements; and information on the carrying amount of the financial assets whose contract terms were amended and which would have been classified as past due or impaired under the previous contract terms. In accordance with IFRS 7.B9, the impairments losses recognised in accordance with IAS 39 must be deducted from the gross carrying amount of the financial assets. The remaining amount represents the maximum credit risk. Collateral and other credit enhancements are not included in this calculation, but only disclosed separately (IFRS 7.36[b]). Default/credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the BUWOG Group incurs financial damages as a result. This risk is minimised by the regular monitoring of overdue balances, the settlement of purchase price payments through trustees and, in some cases, through the provision of (mortgage) collateral in favour of the company. Default risks are reflected in appropriate valuation adjustments.

The risk of default on rents receivable is low because tenants are generally required to provide security deposits (for residential properties: cash deposits). The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have good credit ratings. Despite the high quality of its financing partners, the BUWOG Group intends to increase its monitoring of their credit standing in the future. This approach reflects the significant volumes of funds invested with banks due to the Group's business model as well as the regulatory changes planned for the banking sector in the EU.

7.2.3 Capital market and financing risk

The ability to obtain refinancing on the capital markets is an important strategic factor for the BUWOG Group. Significant fluctuations on these markets can limit the availability of equity and/or debt. In order to minimise the refinancing risk, the BUWOG Group works to maintain a balance between equity and debt and distributes bank financing over various terms, thus ensuring a balanced maturity profile.

In order to receive or continue the use of funds, the BUWOG Group must meet certain obligations (covenants) defined by lending agreements. The BUWOG Group continuously monitors compliance with these covenants and remains in close contact with the lending institutions. If these obligations are not met, the lender may cancel the loan agreement under certain circumstances. The BUWOG Group is currently not aware of and does not expect a breach of any major covenants that could negatively influence its business activities.

As of 30 April 2017, the BUWOG Group had unused working capital credit lines of TEUR 25,000.0 (30 April 2016: TEUR 28,000.0). Additional unused credit lines of TEUR 185,662.6 (30 April 2016: TEUR 127,718.3) from construction financing are also available and are released in accordance with the progress of construction.

In order to eliminate the risks arising from non-compliance with capital market regulations, the BUWOG Group issued a compliance policy following its public listing in 2013/14. This policy is designed to ensure the fulfilment of all capital market obligations and, above all, prevent the misuse or distribution of insider information.

Measures implemented for this purpose included the establishment of a compliance organisation and the definition of authorisations and responsibilities for the compliance officer. Permanent and, where necessary, temporary areas of confidentiality were established and blackout periods and/or trading bans were specified and notified to people working in these areas.

7.2.4 Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term (five-year) plan, an annual budget with monthly segmentation and monthly revolving liquidity reports that include variance analyses. Day-to-day cash management combined with regular extensive reporting to the BUWOG Group's management ensures that operating obligations are met, funds are optimally invested and the necessary flexibility is maintained for short-term acquisition opportunities.

The BUWOG Group also uses long-term financing which takes the financial capability of the properties (interest coverage ratio and/or debt service coverage ratio) and their fair values (loan-to-value ratio) into account (see note 7.3 *Capital management*). To avoid cost overruns and the resulting excess outflow of liquidity, the BUWOG Group routinely monitors budgets and the progress of construction on all development projects and maintenance work.

With regard to the term structure of liabilities, see note 6.15 *Financial liabilities* and 6.16 *Trade payables and other liabilities*.

The imminent outflow of funds from legal risks is continuously monitored by the legal department in consultation with the operating units and the Corporate Finance & Investor Relations Department.

The following table shows a term analysis of non-derivative and derivative financial liabilities based on contractually defined nominal (not discounted) cash outflows.

CASH OUTFLOWS

in TEUR	Carrying amount on 30 April 2017	Outflows of funds under 1 year	Outflows of funds between 1 and 5 years	Outflows of funds over 5 years
Convertible bonds 2016–2021	**287,987.5**	**0.0**	**300,000.0**	**0.0**
Amounts due to financial institutions	1,523,493.3	127,363.1	356,587.2	1,334,670.4
thereof secured by collateral	1,442,150.7	113,848.2	330,606.3	1,261,902.6
thereof not secured by collateral	81,342.6	13,514.9	25,980.9	72,767.8
Amounts due to local authorities	439,884.8	33,329.5	109,361.4	433,541.4
Miscellaneous	338,527.6	275,581.1	23,723.9	39,222.6
Total non-derivative financial liabilities	**2,301,905.7**	**436,273.7**	**489,672.5**	**1,807,434.4**
Derivative financial instruments (liabilities)	76,826.9	15,361.0	38,015.5	11,286.8
Total derivative financial liabilities	**76,826.9**	**15,361.0**	**38,015.5**	**11,286.8**
Financial liabilities held for sale	**147.0**	**147.0**	**0.0**	**0.0**
Total	**2,666,867.1**	**451,781.7**	**827,688.0**	**1,818,721.2**

CASH OUTFLOWS – PREVIOUS YEAR

	Carrying amount on 30 April 2016	Outflows of funds under 1 year	Outflows of funds between 1 and 5 years	Outflows of funds over 5 years
Amounts due to financial institutions	1,581,672.7	123,946.3	433,049.1	1,441,017.1
thereof secured by collateral	1,502,009.2	119,020.6	404,148.6	1,374,895.8
thereof not secured by collateral	79,663.5	4,925.7	28,900.5	66,121.3
Amounts due to local authorities	470,891.8	22,290.8	96,337.2	521,892.9
Miscellaneous	311,571.5	256,775.4	27,907.0	26,889.1
Total non-derivative financial liabilities	**2,364,136.0**	**403,012.5**	**557,293.3**	**1,989,799.1**
Derivative financial instruments (liabilities)	67,912.1	15,309.3	48,182.1	16,278.8
Total derivative financial liabilities	**67,912.1**	**15,309.3**	**48,182.1**	**16,278.8**
Financial liabilities held for sale	**0.0**	**0.0**	**0.0**	**0.0**
Total	**2,432,048.1**	**418,321.8**	**605,475.4**	**2,006,077.9**

Other financial liabilities include financing contributions of TEUR 104,445.9 (30 April 2016 TEUR 104,007.0). These contributions are refunded to the tenant at the end of the lease and collected from the next tenant when the apartment is re-let.

The generation of liquidity from the operating business represents a central element of the BUWOG Group's strategy. Processes to evaluate opportunities for optimisation or a further reduction in operating costs are continuously developed and improved. Internal procurement guidelines for the operating businesses, above all in the area of property services, and construction and facility management, form an important part of these cost reduction and optimisation measures.

7.2.5 Interest rate and market price risk

The BUWOG Group is exposed to the **risk of interest rate changes** in German-speaking regions. Interest rates increases can have a negative impact on Group earnings by raising the cost of existing floating rate loans. A change in interest rates has a direct influence on the BUWOG Group's financial results through its impact on floating rate loans. The BUWOG Group uses fixed interest rate financing contracts and derivative financial instruments (swaps) to limit the risk associated with rising interest rates – which would lead to higher interest expenses and adversely impact financial results. Based on the floating rate financing that is not hedged with derivative financial instruments, an increase/decrease of one percentage point in the interest rate as of the balance sheet date would have led to an increase/decrease of EUR 3.0 million/EUR –1.3 million (2015/16: EUR 2.9 million/EUR –1.1 million) in interest expense. The derivative financial instruments are recognised at fair value as standalone (rather than hedging) transactions, and any changes in the fair value therefore have a direct impact on financial results. Fair value hedge accounting and cash flow hedge accounting as described in IAS 39.71ff are not applied since the requirements are not met. In addition, the cost-covering rent stipulated for the predominant, but decreasing, part of the residential portfolio reduces interest rate risk because these interest changes can be offset through the rent defined by the Austrian Non-Profit Housing Act.

Derivative financial instruments are recognised and measured at fair value. Derivative financial instruments with a negative fair value are recorded in the consolidated balance sheet under other financial liabilities (see note 6.16 *Trade payables and other liabilities*). Changes in the fair values of derivatives, which are used exclusively for financing purposes, are recognised through profit or loss and included in financial results.

The classification of financial liabilities by type of interest rate is shown in the following table:

FIXED/FLOATING INTEREST RATE

in TEUR	30 April 2017	30 April 2016
Fixed interest financial liabilities	788,171.6	817,247.4
Variable interest financial liabilities	1,175,300.6	1,235,414.4
Total interest-bearing financial liabilities	**1,963,472.2**	**2,052,661.8**

The following table shows the market values and conditions of all derivative financial instruments that were purchased and still held at the balance sheet date to hedge interest rate risk:

DERIVATIVES/INTEREST RATE SWAPS

	Variable element	Fair value as of 30 April 2017 in EUR	Reference value as of 30 April 2017 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%–3%					
Interest rate swap (Helaba)	3-M-Euribor	–106,227	4,062,439	0.63	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	–83,867	858,262	0.69	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	–5,045,242	187,129,238	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–5,011,174	183,925,061	0.72	30 April 2024
Interest rate swap (UniCredit Bank Austria)	3-M-Euribor	–3,281,214	102,165,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,684,838	129,937,500	0.99	2 January 2025
Interest rate swap (UniCredit Bank)	3-M-Euribor	–661,892	16,237,200	1.03	30 April 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,625,628	29,771,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–218,304	3,632,500	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,209,139	20,117,000	1.39	31 December 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,443,278	12,953,150	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–2,910,003	20,000,000	2.50	31 December 2036
Interest rate swap (UniCredit Bank Austria)	6-M-Euribor	–4,021,956	26,072,576	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,896,718	21,727,146	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,566,574	26,072,576	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,547,626	10,500,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,256,155	14,513,000	2.99	30 September 2039
Number of derivatives: 17		**–39,569,835**	**809,674,048**		
Interest rate of 3%–4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,574,132	7,574,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,046,518	23,291,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–7,096,358	44,384,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,903,013	24,411,000	3.11	30 September 2031
Number of derivatives: 4		**–16,620,021**	**99,660,000**		
Interest rate above 4.5%					
Interest rate swap (Commerzbank)	3-M-Euribor	–1,414,380	24,640,000	4.58	29 June 2018
Number of derivatives: 1		**–1,414,380**	**24,640,000**		
Total derivatives: 22		**–57,604,236**	**933,974,048**	**1.42**	

DERIVATIVES/INTEREST RATE SWAPS – PREVIOUS YEAR

	Variable element	Fair value as of 30 April 2016 in EUR	Reference value as of 30 April 2016 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%–3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	–6,440,057	193,757,340	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–6,299,086	187,205,160	0.72	30 April 2024
Interest rate swap (UniCredit Bank Austria)	3-M-Euribor	–4,059,060	103,425,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,698,361	131,962,500	0.99	2 January 2025
Interest rate swap (UniCredit Bank)	3-M-Euribor	–867,304	16,600,000	1.03	30 April 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–2,015,319	30,443,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–276,675	3,718,500	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,532,393	20,593,000	1.39	31 December 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,728,009	13,265,400	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,375,973	21,000,000	2.50	31 December 2036
Interest rate swap (UniCredit Bank Austria)	6-M-Euribor	–4,604,689	26,971,188	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,148,167	22,475,990	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,876,309	26,971,188	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,821,993	11,250,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,677,916	14,902,000	2.99	30 September 2039
Number of derivatives: 15		**–46,421,311**	**824,540,666**		
Interest rate of 3%–4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,792,025	7,777,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,696,460	24,210,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–7,985,933	46,136,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,392,284	25,375,000	3.11	30 September 2031
Number of derivatives: 4		**–18,866,702**	**103,498,000**		
Interest rate above 4.5%					
Interest rate swap (Commerzbank)	3-M-Euribor	–2,624,088	25,060,000	4.58	29 June 2018
Number of derivatives: 1		**–2,624,088**	**25,060,000**		
Total derivatives: 20		**–67,912,101**	**953,098,666**	**1.43**	

The reference value forms the basis value for derivatives outstanding as of the balance sheet date. The fair value represents the amount the respective company would receive or be required to pay if the transaction were settled as of the balance sheet date.

A change in the market interest rate influences the valuation of interest rate derivatives and financial liabilities that are associated with property subsidies and recognised at fair value. Net present value methods based on the DCF model, which are also used to value interest rate derivatives and financial liabilities, determine fair value by discounting future cash flows with current discount curves. These discount curves consist of a reference interest rate curve and a BUWOG-specific interest premium (credit spread) (see note 7.1.3 *Hierarchy of fair values of financial instruments*). Increasing (decreasing) interest rates result in a higher (lower) discount factor and a reduction (increase) in the negative fair value of the derivatives or financial liabilities. Sensitivity analyses are used to illustrate the risk associated with interest rate fluctuations. They show the effects of changes in the market interest rates on fair values, interest payments, interest income and interest expenses.

The following sensitivity analysis shows the impact of a change in the interest level on the market values of interest derivatives (interest swaps). A change of 10, 25 or 50 basis points in the interest rate is assumed.

INTEREST RATE RISK FOR DERIVATIVES/INTEREST RATE SWAPS

in TEUR

Sensitivity analysis 2016/17	Negative fair value 30 April 2017	Interest rate scenarios +/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–57,604.2	+2,798.5	+12,463.5	+28,795.1
Change in negative fair value on decrease in interest rate	–57,604.2	–9,862.1	–19,250.5	–34,873.5

Sensitivity analysis 2015/16	Negative fair value 30 April 2016	+/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–67,912.1	+3,269.5	+13,905.4	+31,833.3
Change in negative fair value on decrease in interest rate	–67,912.1	–10,622.4	–20,935.5	–38,161.4

The following table shows the sensitivity of the fair value of the derivatives embedded in the convertible bonds to changes in the interest level. A change of 10, 25 or 50 basis points in the interest rate is assumed.

INTEREST RATE RISK FOR DERIVATIVES EMBEDDED IN THE CONVERTIBLE BONDS

in TEUR

	Negative fair value 30 April 2017	Interest rate scenarios +/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–19,222.7	–138.8	–492.2	–868.5
Change in negative fair value on decrease in interest rate	–19,222.7	+129.8	+379.2	+947.6

An additional sensitivity analysis shows the effect of a change in the interest rate on the fair values of the financial liabilities carried at fair value through profit or loss. A change of 50 or 100 basis points in the interest rate is assumed.

INTEREST RATE RISK FOR FINANCIAL LIABILITIES

in TEUR

Sensitivity analysis 2016/17	Fair value 30 April 2017	Interest rate scenarios +/–50 BP	+/–100 BP
Change in fair value on change in interest rate	–492,947.9	+/-23,317.3	+/-45,026.4

Sensitivity analysis 2015/16	Fair value 30 April 2016	+/–50 BP	+/–100 BP
Change in fair value on change in interest rate	–717,130.9	+/–37,523.7	+/–70,812.5

Details on the conditions of financial liabilities are provided in note 6.15 *Financial liabilities*.

In addition to financial liabilities, securities and other receivables – above all financing receivables (loans granted to third parties) – can be sensitive to interest rate changes. The existing financing receivables generally carry fixed interest rates and are therefore exposed to no risk or only limited risk.

The fair value of the derivatives embedded in the convertible bonds is also subject to a **market price risk**. An increase/decrease of 10 percentage points in the share price would have increased/decreased the negative fair value of the derivatives embedded in the convertible bonds by EUR 7.6 million/EUR -5.8 million.

7.3 CAPITAL MANAGEMENT

The goal of BUWOG's Executive Board is to protect the Group's liquidity over the short-, medium- and long-term. Hedging instruments such as swaps are used to manage liquidity, above all when interest rates are low. The financial targets also include a maximum loan-to-value ratio (LTV) of 45%.

DEBT-EQUITY-RATIO

in TEUR	30 April 2017	30 April 2016
Debt	3,023,894.0	2,744,132.2
Equity	1,995,809.5	1,699,958.8
Debt-equity-ratio	**151.5%**	**161.4%**

The following table shows the calculation of the loan-to-value ratio:

LOAN-TO-VALUE

in TEUR	30 April 2017	30 April 2016
Liabilities from convertible bonds	287,987.5	0.0
Long-term financial liabilities	1,844,645.6	1,947,004.0
Short-term financial liabilities	118,826.6	105,657.8
Liabilities held for sale	147.0	0.0
Less cash and cash equivalents	–211,397.2	–82,540.1
Total net financial liabilities	**2,040,209.5**	**1,970,121.7**
Investment property	4,203,921.9	3,885,043.7
Investment property under construction	56,300.0	32,964.8
Non-current assets held for sale	15,661.1	0.0
Real estate inventories	355,531.4	217,253.7
Total investment properties	**4,631,414.4**	**4,135,262.2**
LTV	**44.1%**	**47.6%**

The BUWOG Group is not subject to any minimum capital requirements defined by external sources. There were no changes in the Group's capital management approach during the reporting year.

7.4 LEGAL, TAX, POLITICAL AND REGULATORY RISKS

7.4.1 Legal risks

As a real estate investor and developer, the BUWOG Group is exposed to a variety of legal risks. These risks include, among others, risks related to the acquisition or sale of properties and legal disputes with tenants or other contract partners.

Rental and housing laws as well as construction, civil, tax and environmental laws are particularly important for the BUWOG Group's business activities. The BUWOG Group therefore monitors changes in laws and supreme court decisions very closely to allow for timely reaction to binding changes in legal framework conditions.

The results of pending civil and administrative proceedings and/or out-of-court settlement discussions with tenants, contractors and development partners cannot be predicted with certainty. There is a risk that decisions by the courts or public authorities or settlement agreements could lead to expenses that could have an unplanned effect on the earnings of the BUWOG Group. The BUWOG Group minimises the risks for buildings and undeveloped land under its ownership through building insurance, resp. property liability insurance.

7.4.2 Tax risks

Tax audits for previous years are still in progress or have not yet started for a number of BUWOG Group companies. These audits may result in additional tax payments.

The limits on the deductibility of interest expense for the determination of income taxes could also lead to additional tax payments for the German Group companies in the future.

Changes in shareholder and/or organisational structures could result in a property transfer tax liability or the inability to utilise loss carryforwards. The recognition of deferred taxes on loss carryforwards could be limited or eliminated by fundamental changes in tax regulations, which would lead to expenses at an amount equal to the impairment losses on the related deferred tax assets.

Risks that could lead to an outflow of resources are accounted for in accordance with IAS 37 Provisions or IAS 12 Income Taxes. In order to minimise tax risks, the BUWOG Group relies on its tax departments in Germany and Austria and on the services of well-known external consultants.

7.4.3 Political and regulatory risks

The BUWOG Group is exposed to general risks arising from changes in its operating environment as the result of laws or other regulations (among others, rental, construction, environmental and tax laws). Since the business activities of the BUWOG Group are limited to Austria and Germany and these types of changes generally do not take place over the short-term or without notice, there is normally sufficient time for appropriate reaction.

7.5 FINANCIAL OBLIGATIONS

7.5.1 Contingent liabilities and guarantees

Contingent liabilities represent possible or existing obligations arising from past events, in cases where it is not probable that an outflow of resources will be required to settle the obligation. In accordance with IFRS 3, contingent liabilities are only recorded on the balance sheet if they are assumed in connection with the acquisition of a company and their fair value on the acquisition date can be measured with sufficient reliability. Contingent liabilities and guarantees are subsequently measured through profit or loss at the higher of the expected value determined in accordance with IAS 37 (see note 2.4.18 *Provisions*) and the initially recognised amount less accumulated amortisation in accordance with IAS 18. For practical reasons the information concerning the uncertainty of the amount and the maturity breakdown according to IAS 37.86(b) was omitted (also see note 7.1.4 *Collateral*).

7.5.2 Outstanding construction costs

The following table shows the outstanding construction costs by segment for all real estate projects where the start of construction has already been scheduled. The expert opinions for these projects were prepared using the residual value method. The outstanding construction costs were taken from the expert opinions and therefore reflect the appraiser's estimate of the expected costs required to complete the respective project. The appraisals for the real estate projects without a scheduled starting date were based only on the land and reflect the use of the comparative method. No outstanding construction costs were included for these projects.

OUTSTANDING CONSTRUCTION COSTS

	2016/17		2015/16	
in TEUR	Real estate inventories	Investment property under construction	Real estate inventories	Investment property under construction
Germany	144,943.1	11,859.0	32,144.0	0.0
Austria	79,891.2	17,041.3	71,557.0	20,477.0
Total	**224,834.3**	**28,900.3**	**103,701.0**	**20,477.0**

The following table shows the current obligations arising from outstanding construction costs for investment property under construction and real estate inventories for 2016/17 and 2015/16:

OUTSTANDING CONSTRUCTION COSTS – DETAILS

Outstanding construction costs 2016/17	Number of properties	Carrying amount in TEUR	Carrying amount in %	Outstanding construction costs in TEUR	Planned rentable/ sellable space in sqm	Expected fair value after completion in TEUR
Germany	8	83,417.6	49.1%	156,802.1	54,459	210,447.4
Austria	9	86,626.5	50.9%	96,932.5	68,161	226,010.2
Total	**17**	**170,044.1**	**100.0%**	**253,734.6**	**122,620**	**436,457.6**

Outstanding construction costs 2015/16	Number of properties	Carrying amount in TEUR	Carrying amount in %	Outstanding construction costs in TEUR	Planned rentable/ sellable space in sqm	Expected fair value after completion in TEUR
Germany	4	60,005.3	45.6%	32,144.0	43,689	149,880.0
Austria	8	71,555.8	54.4%	92,034.0	52,807	204,078.0
Total	**12**	**131,561.1**	**100.0%**	**124,178.0**	**96,496**	**353,958.0**

7.5.3 Other financial obligations

The future minimum lease payments arising from operating rental and leasing agreements are as follows:

FUTURE MINIMUM PAYMENTS

in TEUR	30 April 2017	30 April 2016
Less than 1 year	5,829.6	4,365.7
Less than 5 years	26,618.2	17,500.5
Over 5 years	83,353.8	58,183.0

Expenses of TEUR 3,897.1 (2015/16: TEUR 4,058.2) were recognised to the income statement during the reporting year. Most of the rental and lease agreements are related to administrative buildings, construction rights and motor vehicle leasing.

Contractual obligations for the acquisition of investment properties totalled TEUR 4,722.0 as of 30 April 2017. As of 30 April 2016 obligations for the acquisition of investment properties amounted to TEUR 62,000.0.

In addition, the BUWOG Group had obligations of TEUR 8,320.1 (30 April 2016: TEUR 5,839.1) for maintenance in the investment properties.

7.6 SUBSEQUENT EVENTS

7.6.1 Capital increase

Based on a decision by the Executive Board on 15 May 2017 and 2 June 2017 and the approval of the Supervisory Board on 15 May 2017 and 2 June 2017, share capital was increased from EUR 99,773,479 by EUR 12,471,685 based on an authorisation of the annual general meeting on 7 March 2014 (authorised capital). This capital increase was recorded in the company register on 3 June 2017, and share capital now totals EUR 112,245,164. The balance sheet as of 30 April 2017 shows the share capital prior to this increase, i.e. EUR 99,773,479. Following the capital increase, share capital is divided into 112,245,164 no par value shares. The issue price equalled EUR 24.50 per share.

7.6.2 Extension of Executive Board appointment

After the end of the 2016/17 financial year, the Personnel and Nominating Committee of the Supervisory Board of BUWOG AG extended the appointment of Herwig Teufelsdorfer as a member of the Executive Board to 30 June 2022.

7.7 RELATIONS WITH RELATED PARTIES

Related parties as defined in IAS 24 are understood to mean all companies included in the consolidated financial statements. In addition to persons who have a significant influence over the BUWOG Group, related parties also include the members of the Executive Board and Supervisory Board of BUWOG AG and their close family members.

All transactions carried out with related parties during the reporting year reflected arm's length conditions.

7.7.1 Transactions with related parties

Vitus Eckert, Chairman of the Supervisory Board, is a shareholder in Eckert Fries Prokopp Rechtsanwälte GmbH, a law firm located in Baden bei Wien. This law firm charged fees of EUR 9,663.95 (2015/16: EUR 34,129.55) for legal advising provided to the BUWOG Group companies in 2016/17. The terms of these fees, above all the hourly rates, reflect standard market conditions.

The BUWOG Group provides management services for Serone International Ltd. The chairman of the Supervisory Board, Vitus Eckert, serves on a corporate body of Serone International Ltd. The terms for these services reflect standard market conditions.

In 2016/17 a member of the Supervisory Board rented a BUWOG apartment and one member of the Executive Board submitted a purchase offer for a BUWOG condominium. All of the related terms reflect standard market conditions.

7.7.2 Relations with IMMOFINANZ AG

In connection with the establishment of the legal independence of BUWOG AG through the spin-off from IMMOFINANZ AG in April 2014, IMMOFINANZ AG and BUWOG AG concluded a de-domination agreement. This de-domination agreement subjected IMMOFINANZ AG to certain restrictions on the exercise of the voting rights from its shareholding in BUWOG AG to ensure that IMMOFINANZ AG could no longer exercise control over the business and financial decisions of the BUWOG Group. The sale of BUWOG shares by IMMOFINANZ AG in several tranches continually reduced this investment from 49% at the time of the spin-off in 2014 to roughly 5% of the voting rights of BUWOG AG. In view of this reduced investment, control as defined in the de-domination agreement could no longer be assumed and the underlying intent of the de-domination agreement had ceased to exist. IMMOFINANZ AG and BUWOG AG therefore terminated the de-domination agreement, effective immediately, by mutual agreement in October 2016. The termination of the de-domination agreement establishes a balance between shareholders‘ voting rights and their investments in BUWOG AG for all voting procedures and creates greater transparency in the perception of the company among investors.

Oliver Schumy (CEO of the IMMOFINANZ Group) resigned as the vice-chairman of the Supervisory Board of BUWOG AG in 2016/17.

A BUWOG subsidiary purchased a 7.3% investment in each of two IMMOFINANZ Group companies from IMMOWEST Beteiligungs GmbH at a market-based price. The companies are located in Germany.

Up to December 2015 there were still a number of guarantees issued on behalf of IMMOFINANZ Group. The related guarantee commissions received in 2016/17 totalled TEUR 0.0 (2015/16: TEUR 3,098.7).

A number of reciprocal delivery and service relationships remained in effect between the BUWOG Group and IMMOFINANZ AG through 31 December 2015. These relationships generally involve payroll accounting and financial management. Service agreements were concluded to precisely define the scope of services to be performed by the BUWOG Group and by IMMOFINANZ AG and define standard market prices for these services.

Information on receivables involving IMMOFINANZ Group companies is provided in notes 6.5 *Trade and other receivables*.

Transactions between fully consolidated subsidiaries are eliminated during the consolidation and are not explained in detail.

7.7.3 Information on corporate bodies and remuneration

Executive Board
- Daniel Riedl – CEO
- Andreas Segal – Deputy CEO, CFO
- Herwig Teufelsdorfer – COO

Supervisory Board
- Vitus Eckert – Chairman
- Oliver Schumy – Vice-Chairman (up to 6 March 2017)
- Klaus Hübner – Vice-Chairman (since 7 March 2017)
- Volker Riebel – Member
- Jutta Dönges – Member
- Stavros Efremidis – Member
- Elisabeth Manninger – Member (up to 31 October 2016)
- Markus Sperber – Member
- Raphael Lygnos – Member
- Carina Eibl – Member (since 20 December 2016)

The members of the Executive Board and Supervisory Board held a total of 98,713 BUWOG shares as of 30 April 2017 (30 April 2016: 96,559 shares).

Remuneration for the Executive Board of BUWOG AG
The total Executive Board remuneration for the 2016/17 and 2015/16 financial years is as follows:

EXECUTIVE BOARD REMUNERATION

	Daniel Riedl				Andreas Segal			
in TEUR	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16
Fixed remuneration	720.0	720.0	720.0	720.0	450.0	450.0	450.0	150.0
Remuneration in kind	11.5	11.5	11.5	9.6	32.3	32.3	32.3	7.2
Pension fund contributions	72.0	72.0	72.0	72.0	45.0	45.0	45.0	12.9
Total fixed remuneration	**803.5**	**803.5**	**803.5**	**801.6**	**527.3**	**527.3**	**527.3**	**170.1**
Short-term incentive	300.0	0.0	300.0	270.2	250.0	0.0	250.0	83.3
Total variable remuneration	**300.0**	**0.0**	**300.0**	**270.2**	**250.0**	**0.0**	**250.0**	**83.3**
Termination payments	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total remuneration	**1,103.5**	**803.5**	**1,103.5**	**1,071.8**	**777.3**	**527.3**	**777.3**	**253.4**

	Herwig Teufelsdorfer				Ronald Roos[1)]			
in TEUR	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16
Fixed remuneration	250.0	250.0	250.0	208.3	0.0	0.0	0.0	178.6
Remuneration in kind	11.5	11.5	11.5	8.2	0.0	0.0	0.0	19.3
Pension fund contributions	25.0	25.0	25.0	19.6	0.0	0.0	0.0	0.0
Total fixed remuneration	**286.5**	**286.5**	**286.5**	**236.1**	**0.0**	**0.0**	**0.0**	**197.9**
Short-term incentive	250.0	0.0	250.0	208.3	0.0	0.0	0.0	166.7
Total variable remuneration	**250.0**	**0.0**	**250.0**	**208.3**	**0.0**	**0.0**	**0.0**	**166.7**
Termination payments	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**673.5**
Total remuneration	**536.5**	**286.5**	**536.5**	**444.4**	**0.0**	**0.0**	**0.0**	**1,038.1**

1) Member of the Executive Board up to 9 December 2015

Long-Term Incentive Programme for the Executive Board of BUWOG AG
The expenses for the Long-Term Incentive Programme for the Executive Board members totalled TEUR 1,974.5 in 2016/17 (2015/16: TEUR 553.7) and included TEUR 278.5 (2015/16: TEUR 460.9) for Daniel Riedl, TEUR 858.8 (2015/16: TEUR 0.0) for Andreas Segal, TEUR 837.2 (2015/16: TEUR 0.0) for Herwig Teufelsdorfer and TEUR 0.0 (2015/16: TEUR 92.8) for the stock options for Ronald Roos (member of the Executive Board up to 9 December 2015). Additional details on this programme are provided in note 6.13 *Share-based remuneration agreements*.

Remuneration for the Supervisory Board of BUWOG AG
A provision of TEUR 292.5 was recognised for remuneration related to the 2016/17 financial year. The annual general meeting on 17 October 2017 will be asked to approve this remuneration. The members of the Supervisory Board received remuneration of TEUR 225.0 for the 2015/16 financial year.

7.8 AUDITOR'S FEES

The fees charged by Deloitte Austria during the 2016/17 financial year comprise TEUR 269.0 (2015/16: TEUR 262.0) for the audit of the separate and consolidated financial statements, TEUR 279.1 (2015/16: TEUR 146.8) for other assurance services, TEUR 442.7 (2015/16: TEUR 0.0) for services in connection with the capital increase carried out by BUWOG AG in June 2017 and TEUR 1,245.2 (2015/16: TEUR 913.5) for other services.

8. GROUP COMPANIES OF BUWOG AG

The following list of Group companies was prepared pursuant to Section 245a (1) Austrian Commercial Code in conjunction with Section 265 (2) of the Austrian Commercial Code and includes the fully consolidated subsidiaries of BUWOG AG as well as the subsidiaries which are not included in the consolidated financial statements.

GROUP COMPANIES OF BUWOG AG

Company	Country	Headquarters	Interest in capital 30 April 2017	Interest in capital 30 April 2016	Type of consolidation
BUWOG AG	AT	Vienna	–	–	F
Parthica Immobilien GmbH	AT	Vienna	100.00%	100.00%	F
Gena Zwei Immobilienholding GmbH	AT	Vienna	100.00%	100.00%	F
Gena Sechs Immobilienholding GmbH	AT	Vienna	100.00%	100.00%	F
Baslergasse 65 Errichtungsges.m.b.H.	AT	Vienna	–	99.98%	F
BUWOG – Seefeld GmbH & Co. KG	DE	Berlin	90.00%	90.00%	F
BUWOG – Seefeld Verwaltungs GmbH	DE	Berlin	90.00%	90.00%	F
BUWOG – Berlin GmbH	AT	Vienna	100.00%	100.00%	F
BUWOG – Breitenfurter Straße 239 GmbH	AT	Vienna	99.98%	99.98%	F
BUWOG – Brunnenstraße GmbH & Co. KG	DE	Berlin	90.00%	90.00%	F
BUWOG – Brunnenstraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%	F
BUWOG – Chausseestraße 88 GmbH & Co. KG	DE	Berlin	90.00%	90.00%	F
BUWOG – Chausseestraße 88 Verwaltungs GmbH	DE	Berlin	90.00%	90.00%	F
BUWOG – Deutschland GmbH	AT	Vienna	100.00%	100.00%	F
BUWOG – Gerhard – Bronner Straße GmbH	AT	Vienna	99.98%	99.98%	F
BUWOG – Gervinusstraße Development GmbH	DE	Berlin	90.00%	90.00%	F
Neptun Beteiligungsgesellschaft 4 GmbH (formerly: BUWOG – Gervinusstraße Verwaltungs GmbH)	DE	Berlin	90.00%	90.00%	F
BUWOG – Gombrichgasse GmbH	AT	Vienna	–	99.98%	F
BUWOG – Humboldt Palais GmbH & Co. KG	DE	Berlin	90.00%	90.00%	F
BUWOG – Lindenstraße Development GmbH	DE	Berlin	90.00%	90.00%	F
Neptun Beteiligungsgesellschaft 1 GmbH (formerly: BUWOG – Lindenstraße Verwaltungs GmbH)	DE	Berlin	90.00%	90.00%	F
BUWOG – Bauträger GmbH	DE	Berlin	90.00%	90.00%	F
BUWOG – Palais/Scharnhorststraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%	F
BUWOG – Penzinger Straße 76 GmbH	AT	Vienna	99.98%	99.98%	F
BUWOG – Projektholding GmbH	AT	Vienna	99.98%	99.98%	F
BUWOG – PSD Holding GmbH	AT	Vienna	99.98%	99.98%	F
BUWOG – Regattastraße Development GmbH	DE	Berlin	90.00%	90.00%	F
Neptun Beteiligungsgesellschaft 2 GmbH (formerly: BUWOG – Regattastraße Verwaltungs GmbH)	DE	Berlin	90.00%	90.00%	F
BUWOG – Scharnhorststraße 26-27 Development GmbH	DE	Berlin	90.00%	90.00%	F
Neptun Beteiligungsgesellschaft 3 GmbH (formerly: BUWOG – Scharnhorststraße 26-27 Verwaltungs GmbH)	DE	Berlin	90.00%	90.00%	F
BUWOG – Scharnhorststraße 4 Townhouse GmbH & Co. KG	DE	Berlin	90.00%	90.00%	F
BUWOG – Scharnhorststraße 4 Verwaltungs GmbH	DE	Berlin	90.00%	90.00%	F
BUWOG – Scharnhorststraße 4 Wohnbauten GmbH & Co. KG	DE	Berlin	90.00%	90.00%	F
BUWOG – Universumstraße GmbH	AT	Vienna	–	99.98%	F
BUWOG – Bauen und Wohnen Gesellschaft mbH	AT	Vienna	100.00%	100.00%	F
BUWOG – Immobilien Beteiligungs GmbH & Co. KG	AT	Vienna	94.00%	94.00%	F
BUWOG – High-Deck Verwaltungs GmbH	DE	Berlin	90.06%	90.06%	F
BUWOG – High-Deck Residential GmbH & Co. KG	DE	Berlin	94.65%	94.65%	F
BUWOG – Süd GmbH (formerly: ESG Wohnungsgesellschaft mbH Villach)	AT	Villach	99.98%	99.98%	F
BUWOG – Holding Niederlande B.V.	NL	Amsterdam	94.90%	94.90%	F
G2 Beta Errichtungs- und Verwertungs GmbH	AT	Vienna	–	99.98%	F
G2 Beta Errichtungs- und VerwertungsGmbH & Co. KG	AT	Vienna	–	99.98%	F
BUWOG – Gewerbeimmobilien Zwei GmbH (formerly: Heller Beteiligungsverwaltung GmbH)	AT	Vienna	99.98%	99.98%	F
Heller Fabrik Liegenschaftsverwertungs GmbH	AT	Vienna	99.98%	99.98%	F
Heller Geriatrie GmbH	AT	Vienna	99.98%	99.98%	F
BUWOG – Demophon Immobilienvermietungs GmbH	AT	Vienna	99.98%	99.98%	F
Buwog Lux I S.à.r.l.	LU	Esch-sur-Alzette	94.00%	94.00%	F

Company	Country	Headquarters	Interest in capital 30 April 2017	Interest in capital 30 April 2016	Type of consolidation
BUWOG – Spandau 1 GmbH & Co. KG	DE	Berlin	94.00%	94.00%	F
BUWOG – Spandau 2 GmbH & Co. KG	DE	Berlin	94.00%	94.00%	F
BUWOG – Spandau 3 GmbH & Co. KG	DE	Berlin	94.00%	94.00%	F
BUWOG – Spandau Primus GmbH	DE	Berlin	94.00%	94.00%	F
REVIVA Immobilien GmbH	AT	Vienna	99.98%	99.98%	F
Rosasgasse 17 Projektentwicklungs GmbH	AT	Vienna	99.98%	99.98%	F
Tempelhofer Feld GmbH für Grundstücksverwertung	DE	Berlin	94.54%	94.54%	F
Zieglergasse 69 Immobilienprojekt GmbH	AT	Vienna	–	99.98%	F
P & U Büro- und Wohnparkerrichtungsges.m.b.H.	AT	Vienna	99.98%	99.98%	F
AEDIFICIO Liegenschaftsverm.- und BetGes m.b.H. & Co. Kaiserstraße 57-59 KG	AT	Vienna	–	99.98%	F
Quinta Immobilienanlagen GmbH	AT	Vienna	100.00%	100.00%	F
BUWOG – Missindorfstraße 5 GmbH	AT	Vienna	–	99.98%	F
BUWOG – Syke GmbH	DE	Berlin	94.90%	94.90%	F
BUWOG – Lüneburg GmbH	DE	Berlin	94.90%	94.90%	F
BUWOG – Gewerbeimmobilien Eins GmbH (formerly: BUWOG – Betriebs GmbH)	AT	Vienna	99.98%	100.00%	F
BUWOG – Kassel I GmbH & Co. KG	DE	Berlin	94.90%	94.90%	F
BUWOG – Kassel II GmbH & Co. KG	DE	Berlin	94.90%	94.90%	F
BUWOG – Kassel Verwaltungs GmbH	DE	Berlin	100.00%	100.00%	F
BUWOG – Management GmbH	DE	Berlin	100.00%	100.00%	F
BUWOG – Kiel I GmbH & Co. KG	DE	Berlin	94.90%	94.90%	F
BUWOG – Berlin I GmbH & Co. KG	DE	Berlin	94.90%	94.90%	F
BUWOG – Berlin Kreuzberg I GmbH & Co. KG	DE	Berlin	94.90%	94.90%	F
BUWOG – Brandenburg I GmbH & Co. KG	DE	Berlin	94.90%	94.90%	F
BUWOG – Westendpark Development GmbH	DE	Berlin	90.00%	90.00%	F
BUWOG – Norddeutschland GmbH	AT	Vienna	100.00%	100.00%	F
BUWOG – NDL I GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL II GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL III GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL IV GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL V GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL VI GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL VII GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL VIII GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL IX GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL X GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL XI GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL XII GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – NDL XIII GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – Immobilien Management GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – Hausmeister GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – Berlin II GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Braunschweig I GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Hamburg Umland I GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Hamburg Umland II GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Herzogtum Lauenburg GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Kiel II GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Kiel III GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Kiel IV GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Kiel V GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Lübeck Hanse I GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Lübeck Hanse II GmbH	DE	Kiel	94.90%	94.90%	F
BUWOG – Lübeck Hanse III GmbH	DE	Hamburg	94.90%	94.90%	F
BUWOG – Lübeck Hanse IV GmbH	DE	Kiel	94.90%	94.90%	F
PRE Andromeda Real Estate GmbH i.L.	DE	Kiel	94.90%	94.90%	F
PRE Aries Real Estate GmbH i.L.	DE	Kiel	94.90%	94.90%	F
PRE Aquarius Real Estate GmbH i.L.	DE	Kiel	100.00%	100.00%	F
BUWOG – Braunschweig II GmbH	DE	Hamburg	100.00%	100.00%	F
BUWOG – Heidestraße Development GmbH	DE	Berlin	100.00%	100.00%	F
BUWOG – Goethestraße GmbH	DE	Berlin	100.00%	100.00%	F
Blitz B14-347 GmbH	DE	Berlin	90.00%	90.00%	F
Blitz B14-348 GmbH	DE	Berlin	90.00%	90.00%	F

Company	Country	Headquarters	Interest in capital 30 April 2017	Interest in capital 30 April 2016	Type of consolidation
BUWOG – Schulzestraße Development GmbH	DE	Berlin	100.00%	100.00%	F
BUWOG – Lückstraße Development GmbH	DE	Berlin	100.00%	100.00%	F
aptus Heidestraße GmbH	DE	Berlin	100.00%	100.00%	F
Indian Ridge Investments S.A.	LU	Luxembourg	100.00%	94.84%	F
BUWOG – Harzer Straße Develpment GmbH	DE	Berlin	100.00%	100.00%	F
BUWOG – Mariendorfer Weg Development GmbH	DE	Berlin	100.00%	100.00%	F
BUWOG – Weidenbaumsweg Development GmbH	DE	Berlin	100.00%	100.00%	F
BUWOG Seeparkquartier Holding GmbH (formerly: aspern Seestadt U-Bahnquartier Baufeld 1 Holding GmbH)	AT	Vienna	99.98%	99.98%	F
BUWOG Seeparkquartier GmbH (formerly: aspern Seestadt U-Bahnquartier Baufeld 1 Entwicklungs-GmbH)	AT	Vienna	99.98%	99.98%	F
BUWOG – Pfeiffergasse 3-5 GmbH	AT	Vienna	99.98%	99.98%	F
BUWOG – Deutschland II GmbH	AT	Vienna	100.00%	100.00%	F
BUWOG – Flensburg Umland GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – Hamburg-Süd GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – Kiel Meimersdorf GmbH	DE	Kiel	100.00%	100.00%	F
BUWOG – Döblerhofstraße GmbH	AT	Vienna	99.98%	–	F
BUWOG – Himbergerstraße GmbH	AT	Vienna	99.98%	–	F
BUWOG – Berlin Wohnen GmbH	AT	Vienna	100.00%	–	F
BUWOG – Rathausstraße GmbH	AT	Vienna	100.00%	–	F
BUWOG – Gartenfeld Development GmbH	AT	Vienna	100.00%	–	F
BUWOG – Gartenfeld Wohnen GmbH	AT	Vienna	100.00%	–	F
BUWOG – Breitenfurterstraße Eins, GmbH & Co. KG	AT	Vienna	99.98%	–	F
BUWOG – Breitenfurterstraße Drei, GmbH & Co. KG	AT	Vienna	99.98%	–	F
Marina Spreestraße GbR	DE	Berlin	–	–	N
Marina Lindenstraße GbR	DE	Berlin	–	–	N
Planungsgemeinschaft "Das-Neue-Gartenfeld" Verwaltungs GmbH	DE	Berlin	–	–	N

F = Full Consolidation
N = Not included in the scope of consolidation

The consolidated financial statements were completed and signed by the Executive Board of BUWOG AG on 23 August 2017 and approved for subsequent distribution to the Supervisory Board. The Supervisory Board is responsible for examining the consolidated financial statements, informing the Executive Board as to whether there are any grounds for material objections and reporting its findings to the annual general meeting.

Vienna, 23 August 2017

The Executive Board of BUWOG AG

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

AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of BUWOG AG, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 April 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at 30 April 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

BASIS FOR OPINION

We conducted our audit in accordance with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revaluation of investment property
Audit matters and related information
(See sections 2.4.2, 5.7 and 6.1 of the notes to the consolidated financial statements)

The group has to perform an annual revaluation of investment property using the fair value method. The fair value adjustments of investment property in the financial year amounted to EUR 335.1 million with a carrying amount of the property assets of EUR 4,203.9 million.

In order to determine the market value of each property as of the balance sheet date, management uses independent appraisers for nearly all properties. The input parameters for these discounted cash flow valuations include information supplied by the Company as of the balance sheet date as well as numerous assumptions by independent appraisers, above all concerning expected retail prices, vacancies, future new rentals and the resulting realizable rents, and discount rates based on the yields for comparable properties, all of which are intended to best depict the future earnings potential of the respective property. These estimates have a material influence on property valuation and lead to an increase in valuation uncertainty.

Therefore, we have defined the revaluation of investment property as a key audit matter.

Audit procedures
Our audit procedures to evaluate the appropriateness of the revaluation of investment property included, above all, the following activities that also involved internal property valuation experts:

- An evaluation of the professional suitability and objectivity of the appraisers appointed by the Executive Board

- A critical assessment of the key assumptions and methods in the expert opinions (sampling) through comparison with current publicly available data and market developments

- Random testing of the completeness, topicality and accuracy of the documents provided to the appraisers by the Company

- Determination of audit procedures for the identification of post balance sheet circumstances, which could have a material impact on the revaluation as at the balance sheet date

Financial liabilities classified at fair value through profit and loss
Audit matters and related information
(See section 7.1 of the notes to the consolidated financial statements)

Out of a total of EUR 1,963.5 million of financial liabilities, EUR 492.9 million are measured at fair value. These liabilities relate to low-interest government loans as well as financial liabilities to banks with annuity subsidies that are related to subsidies for properties, for which management has taken the decision to classify these items at fair value through profit and loss (fair value option).

The fair value is determined by discounting the future cash flows based on net present value methods. Key input factors for the valuation include interest rate curves observable in the market, probabilities of default, default rates, as well as the exposure at the time of default.

In respect of the facts that the classification of liabilities at fair value through profit and loss is a discretionary management decision, that the valuation model contains significant assumptions and estimates in the form of input parameters observable in the market, and that the results have a significant impact on the consolidated financial statements, we have defined the issue as a key audit matter.

Audit procedures
Our audit procedures to evaluate the appropriateness of the valuation of financial liabilities included, above all, the following activities that also involved internal valuation experts:

- Analysis of the company's documentation on the exercise of the fair value option

- A critical assessment of the valuation method and the key assumptions (sampling) through comparison with current publicly available data and verification of the mathematical correctness of the calculation

- Random testing of the completeness, topicality and accuracy of the information included in the calculation

Convertible bond
Audit matters and related information
(See section 6.14 of the notes to the consolidated financial statements)

On 6 September 2016, BUWOG AG issued non-subordinated, unsecured convertible bonds with a term ending in 2021 and a total nominal value of EUR 300 million. Unless the convertible bonds are converted, repaid or purchased and cancelled before that date, they will be redeemed at their nominal value of EUR 300 million on 9 September 2021. The convertible bonds consist of a debt component and embedded derivatives that must be separated. The initial recognition as well as the subsequent measurement of the separated embedded derivatives are based on key assumptions and estimates in the form of input parameters observable in the market, which have a significant impact on the consolidated financial statements. Therefore, we have defined the issue as a key audit matter.

Audit procedures
Our audit procedures to evaluate the appropriateness of the valuation of the separated embedded derivatives included, above all, the following activities that also involved internal valuation experts:

- Analysis of the company's documentation on the identification and separation of the embedded derivatives

- A critical assessment of the valuation method and the key assumptions through comparison with current publicly available data and verification of the mathematical correctness of the calculation

- Random testing of the completeness, topicality and accuracy of the information included in the calculation

OTHER INFORMATION

Management is responsible for the other information. The other information contain all information in the Annual Report and the Annual Financial Report apart from the consolidated financial statements, the management report and our auditor's report thereon. The Annual Report and the Annual Financial Report are expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the management has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that give a true and fair view.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE CONSOLIDATED MANAGEMENT REPORT

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

OPINION

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB, and is consistent with the consolidated financial statements.

STATEMENT

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

ENGAGEMENT PARTNER

The engagement partner responsible for the audit is Nikolaus Schaffer.

Vienna, 23 August 2017

Deloitte Audit Wirtschaftsprüfungs GmbH

Nikolaus Schaffer (Austrian) Certified Public Accountant	pp Michael Horntrich (Austrian) Certified Public Accountant

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB).
The translation is presented for the convenience of the reader only.
The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that the consolidated financial statements of BUWOG provide a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the BUWOG group management report provides a true and fair view of the development and performance of the business and position of the group, together with a description of the principal risks and uncertainties faced by the group.

Vienna, 23 August 2017

The Executive Board of BUWOG AG

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

SEPARATE FINANCIAL STATEMENTS 2016/17 BUWOG AG

BALANCE SHEET AS OF 30 APRIL 2017

ASSETS	30 April 2017 in EUR	30 April 2016 in TEUR
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Software and licenses	6,845,213.38	1,064
II. Property, plant and equipment		
1. Other equipment, furniture, fixtures and office equipment	457,516.88	40
III. Financial assets		
1. Investments in subsidiaries	1,357,607,125.48	1,357,607
	1,364,909,855.74	**1,358,711**
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	7,856.90	0
thereof with a remaining term of more than one year: EUR 0.00; prior year: 0		
2. Receivables due from subsidiaries	176,877,422.77	29,041
thereof with a remaining term of more than one year: EUR 117,435,962.50; prior year: 0		
3. Other receivables and assets	3,352,097.48	162
thereof with a remaining term of more than one year: EUR 0.00; prior year: 0		
	180,237,377.15	**29,203**
II. Deposits with financial institutions	**103,048,563.10**	**903**
	283,285,940.25	**30,106**
C. PREPAID EXPENSES AND DEFERRED CHARGES	**10,375,939.56**	**191**
D. DEFERRED TAX ASSETS	**244,847.47**	**0**
	1,658,816,583.02	**1,389,008**

EQUITY AND LIABILITIES	30 April 2017 in EUR	30 April 2016 in TEUR
A. EQUITY		
I. Share capital	99,773,479.00	99,773
II. Capital reserves		
1. Appropriated	873,923,312.44	873,923
2. Unappropriated	88,626,233.23	166,076
	962,549,545.67	**1,040,000**
III. Revenue reserves		
1. Other reserves (voluntary)	157,204,646.36	112,570
IV. Option reserve	1,923,280.23	1,734
V. Profit/(loss) account	89,919,888.26	81,314
thereof profit carried forward: EUR 12,469,888.26; prior year: profit carried forward: TEUR 11,314		
	1,311,370,839.52	**1,335,390**
B. PROVISIONS		
1. Provisions for termination benefits	1,934,064.44	1,665
2. Provisions for taxes	17,661,970.20	21,817
3. Other provisions	10,617,522.22	6,596
	30,213,556.86	**30,078**
C. LIABILITIES		
1. Bonds	300,000,000.00	0
thereof convertible: EUR 300,000,000.00; prior year: 0		
thereof with a remaining term of up to one year: EUR 0.00; prior year: 0		
thereof with a remaining term of more than one year: EUR 300,000,000.00; prior year: 0		
2. Trade liabilities	1,381,243.65	584
thereof with a remaining term of up to one year: EUR 1,381,243.65; prior year: TEUR 584		
thereof with a remaining term of more than one year: EUR 0.00; prior year: 0		
3. Liabilities with subsidiaries	3,195,420.52	21,834
thereof with a remaining term of up to one year: EUR 3,195,420.52; prior year: TEUR 21,834		
thereof with a remaining term of more than one year: EUR 0.00; prior year: 0		
4. Other liabilities	12,655,522.47	1,121
thereof from taxes: 0; prior year: 387		
thereof from social security: EUR 605,808.04; prior year: TEUR 467		
thereof with a remaining term of up to one year: EUR 1,964,272.82; prior year: TEUR 1,121		
thereof with a remaining term of more than one year: EUR 10,691,249.65; prior year: 0		
	317,232,186.64	**23,539**
thereof with a remaining term of up to one year: EUR 6,540,936.99; prior year: TEUR 23,539		
thereof with a remaining term of more than one year: EUR 310,691,249.65; prior year: TEUR 0		
	1,658,816,583.02	**1,389,008**
Other contractual liabilities	610,095,743.00	61,596

INCOME STATEMENT FOR THE 2016/17 FINANCIAL YEAR

	2016/17 in EUR	2015/16 in TEUR
1. Revenues	9.270.564,10	2.803
2. Other operating income		
a) Income from the reversal of provisions	182,857.62	138
b) Miscellaneous	13,959,406.33	10,233
	14,142,263.95	**10,371**
3. Personnel expenses		
a) Salaries	-22,523,865.31	-12,616
b) Other employee benefits	-6,545,628.43	-5,400
thereof expenses for termination payments and contributions to employee pension funds: EUR -741,491.83; prior year: TEUR -1.068		
Costs for legally required social security and payroll-related duties and mandatory contributions: EUR -5,804,136.60; prior year: TEUR -4,332		
	-29,069,493.74	**-18,016**
4. Depreciation/amortisation of		
a) Property, plant and equipment and intangible assets	-654,157.79	-172
thereof impairment losses: EUR 0.00; prior year: 0		
	-654,157.79	**-172**
5. Other operating expenses		
a) Non-income-based taxes	0.00	-57
b) Miscellaneous	-20,295,890.52	-10,373
	-20,295,890.52	**-10,430**
6. Subtotal of no. 1.–4. (operating profit)	**-26,606,714.00**	**-15,444**
7. Income from investments in other companies	69,000,000.00	0
thereof from subsidiaries: EUR 69,000,000.00; prior year: 0		
8. Other interest and similar income	375,847.74	0
thereof from subsidiaries: EUR 365,138.26; prior year: 0		
9. Other interest and similar expenses	-4,551,475.57	-734
thereof to subsidiaries: EUR -156,128.08; prior year: TEUR -725		
10. Subtotal of no. 6.–8. (financial results)	**64,824,372.17**	**-734**
11. Profit/(loss) before tax	**38,217,658.17**	**-16,178**
12. Income tax expense and tax charges	6,416,975.56	2,858
thereof deferred taxes: EUR 244,847.47; prior year: 0		
13. Profit/(loss) for the year	**44,634,633.73**	**-13,320**
14. Release of capital reserves	77,450,000.00	70,000
15. Release of/addition to revenue reserves	-44,634,633.73	13,320
16. Profit for the year	**77,450,000.00**	**70,000**
17. Profit/(loss) carried forward	12,469,888.26	11,314
18. Profit/(loss) account	**89,919,888.26**	**81,314**

NOTES

1. GENERAL PRINCIPLES

The separate financial statements of BUWOG AG as of 30 April 2017 were prepared in accordance with the provisions of the Austrian Commercial Code (*Unternehmensgesetzbuch*) in the current version. The principles of correct accounting were observed as was the general objective to present a true and fair view of the company's assets, financial and earnings position.

The principle of completeness was observed in preparing the separate financial statements.

All assets and liabilities were valued individually.

The principle of conservatism was observed, in particular, by only recording gains actually realised as of the balance sheet date. The separate financial statements include all identifiable risks and impending losses that occurred in the reporting year or a previous financial year.

In accordance with Section 223 (2) of the Austrian Commercial Code, the comparable prior year data are presented in EUR 1,000.

The company elected to utilise the option provided by Section 223 (4) of the Austrian Commercial Code, which permits the inclusion of additional positions when their content is not covered by a required position.

The income statement was prepared in accordance with the nature of expense method under which "total costs" are shown.

Valuation was based on the going concern principle.

The reporting year and prior year data are not directly comparable due to restructuring measures which continued during 2015/16, in particular the transfer of 230 employees in accordance with Austrian labour law (*Section 3 Arbeitsvertragsrechts-Anpassungsgesetz*).

2. ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets are only recorded on the balance sheet if they were purchased for consideration. These assets are valued at cost less scheduled amortisation and any necessary impairment losses. Impairment losses are recognised in cases where the impairment is considered lasting and reduce the carrying amount of the asset to the lower fair value as of the balance sheet date.

Scheduled amortisation is calculated on a straight-line basis beginning with the month of acquisition, respectively terminated in the month of disposal.

Property, plant and equipment are carried at acquisition cost, less scheduled straight-line depreciation and any necessary impairment losses. Depreciation is calculated beginning with the month of acquisition, respectively terminated in the month of disposal. Impairment losses are recognised in cases where the impairment is considered lasting and reduce the carrying amount of the asset to the lower fair value as of the balance sheet date.

Scheduled depreciation and amortisation for the respective non-current assets are based on the following useful lives:

	Useful life in years
Intangible assets: software and licenses	2–3
Property, plant and equipment: other equipment, furniture, fixtures and office equipment	2–5

Financial assets are carried at cost, whereby lower values are used in cases where the impairment is considered lasting and material. An impairment loss is determined by comparing the carrying value of the involved asset with the equity interest in the subsidiary, plus any undisclosed reserves.

Receivables and other assets are carried at their nominal amounts. Individual value adjustments are recognised to account for identifiable default risks.

The **provisions for termination benefits** are calculated in accordance with actuarial principles and the application of the projected unit credit method defined in IAS 19. These calculations are based on the earliest possible retirement age under current legal regulations, a discount rate of 0.5%, planned salary increases of 2.0% and turnover of 7.9%. In addition, the calculation also includes the biometric parameters defined by AVÖ 2008-P in the version for mixed salary-wage workforces.

The **other provisions** are created in accordance with the principle of prudent business judgment and at an amount equal to the expected use.

Liabilities are carried at their repayment amount in keeping with the principle of conservatism.

The previously applied valuation methods were retained, with the exception of the changes resulting from the **initial application of the amendments to Austrian accounting law** (*Rechnungslegungsänderungsgesetz 2014*). These changes involve deferred taxes as well as reclassifications from other operating income to revenues based on the new definition of terms provided in Section 189a no. 5 of the Austrian Commercial Code.

Deferred taxes were recognised in accordance with the new rules as of 1 May 2016. The difference in deferred tax assets calculated as of 1 May 2016 will be distributed equally over five years in accordance with Section 906 (34) of the Austrian Commercial Code. The calculation of deferred taxes was based on a tax rate of 25%.

3. NOTES TO THE BALANCE SHEET

ASSETS

Non-current assets

The development of non-current assets is shown on the attached schedule (Attachment 1).

No impairment losses were recognised during the reporting year or the previous year.

Financial assets
The following table shows the investments in **subsidiaries and associated companies**:

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES
in EUR

Company	Carrying amount	Share owned	Equity as of the balance sheet date	Profit/loss for the year
Parthica Immobilien GmbH, Vienna	80,248,500.00	100%	80,210,089.60	-6,223.99
GENA SECHS Immobilienholding GmbH, Vienna	1,277,358,625.48	100%	957,460,668.70	62,446,704.94

BUWOG AG indirectly holds all shares in BUWOG – Bauen und Wohnen GmbH through its two subsidiaries: 94.9% through GENA SECHS Immobilienholding GmbH and the remaining 5.1% through Parthica Immobilien GmbH.

Current assets

Receivables and other assets
The classification of receivables by remaining term is shown on a separate schedule (Attachment 2).

Receivables due from subsidiaries comprise the following:

	30 April 2017 EUR	30 April 2016 TEUR
Tax charge as per Section 9 of the Austrian Corporate Income Tax Act	18,002,822.44	17.013
Trade receivables	5,.695,827.11	8.944
VAT tax group	1,947,474.62	1.299
Other receivables	151,231,298.60	1.785
Total	**176,877,422.77**	**29.041**

The other receivables include EUR 140,034,795.00 of intragroup financing for BUWOG – Bauen und Wohnen Gesellschaft mbH, Vienna.

Information on the tax charge as per Section 9 of the Austrian Corporate Income Tax Act is provided under point 4. Other disclosures.

Trade receivables consist primarily of charges for administrative services and personnel expenses.

The main component of **other receivables and assets** is a receivable due from the taxation authorities (EUR 3,346,812.93).

EQUITY AND LIABILITIES

Equity

The share capital of BUWOG AG totalled EUR 99,773,479.00 as of 30 April 2017 (30 April 2016: EUR 99,773,479.00). It is divided into 99,773,479.00 zero par value bearer shares (30 April 2016: 99,773,479.00 shares) with voting rights, each of which represents a proportional share of EUR 1.00 in share capital. The company's shares (ISIN AT00BUWOG001) are admitted for trading on the regulated market of the Frankfurt Stock Exchange and for official trading on the Vienna Stock Exchange. BUWOG shares are also listed in the main market (Rynek podstawowy) of the Warsaw Stock Exchange (regulated markets within the meaning of Section 1 (2) of the Austrian Stock Exchange Act, *Börsegesetz*).

The appropriated capital reserves of EUR 873,923,312.44 (2015/16: TEUR 873,923) may only be released to cover a balance sheet loss that would otherwise be reportable.

The unappropriated capital reserves were reduced through a release of EUR 77,450,000.00 in 2016/17 (2015/16: TEUR 70,000) and totalled EUR 88,626,233.23 as of 30 April 2017 (2015/16: TEUR 166,076). The capital reserves resulted from a number of restructuring steps between BUWOG AG and several member companies of the IMMOFINANZ Group in 2013/14.

The annual general meeting on 7 March 2014 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to Section 169 of the Austrian Stock Corporation Act, to increase the company's share capital by up to EUR 21,582,922.00 through the issue of up to 21,582,922 new shares in exchange for cash or contributions in kind, also with the exclusion of subscription rights. This authorisation is valid until 25 March 2019. Share capital may be increased on the basis of this authorisation under the following conditions: (i) if the capital increase takes place in exchange for cash contributions and the number of shares issued do not exceed 10% of the company's share capital; (ii) for contributions in kind; (iii) to service a greenshoe option; or (iv) for the settlement of peak amounts. In June 2017, after the end of the reporting period, the company's share capital was increased by EUR 12,471,685.00 (issue of 12,471,685 shares) based on this authorisation by the annual general meeting on 7 March 2014.

The company still has authorised capital of EUR 9,111,237.00 available for the issue of up to 9,111,237 new shares.

The annual general meeting on 14 October 2014 authorised the Executive Board to issue convertible bonds up to a total amount of EUR 390,000,000.00 within a period of five years. In order to service the exchange and/or subscription rights of the convertible bondholders, the annual general meeting approved a conditional increase in share capital pursuant to Section 159 (2) no. 1 of the Austrian Stock Corporation Act (*Aktiengesetz*). This conditional increase covers up to EUR 19,922,696.00 through the issue of up to 19,922,696 new bearer shares. In September 2016 BUWOG AG utilised this authorisation to issue an unsubordinated, unsecured convertible bond with a zero coupon and a term ending on 9 September 2021.

LONG-TERM INCENTIVE PROGRAMME FOR THE EXECUTIVE BOARD OF BUWOG AG

Long-Term Incentive Programme 2014 (LTIP 2014)
The annual general meeting on 14 October 2014 approved a conditional capital increase to grant stock options to Daniel Riedl and former Executive Board member Ronald Roos within the framework of the Long-Term Incentive Programme 2014 (LTIP 2014).

The Executive Board members Daniel Riedl and Roland Roos were granted a total of 720,000 options to purchase BUWOG shares at an exercise price of EUR 13.00 each. This exercise price equals the initial listing price for BUWOG shares on the Frankfurt Stock Exchange on 28 April 2014. The granted stock options are, in each case, divided into basic options and three tranches of bonus options. The vesting period depends on the attainment of performance targets for the respective financial year based on the applicable stock exchange price in relation to the EPRA NAV per share and rewards the efforts of the Executive Board to reduce the implied discount to book value at the time of the IPO. It ensures that the LTIP 2014 creates a balance between the interests of shareholders and the Executive Board members. The LTIP 2014 requires a personal investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of three financial years beginning in 2014/15. The company is entitled to use conditional capital, authorised capital or treasury shares to supply the BUWOG shares to be transferred on the exercise of the options.

The options can, in principle, only be exercised after a waiting period of four financial years, i.e. for the first time in the fifth financial year after the start of the programme (i.e. 2018/19). These rights may be exercised earlier in certain cases related to the premature termination of an Executive Board member's contract. This is possible, among others, for basic options and bonus options whose performance targets have been met when the Executive Board contract is terminated due to a change of control. Ronald Roos utilised this right on the premature termination of his Executive Board contract and exercised all eligible options for the purchase, in total, of 160,000 BUWOG shares after his resignation. Option rights for the purchase of 480,000 BUWOG shares within the context of the LTIP 2014 can still be exercised by Daniel Riedl.

An additional retention period is not foreseen for the BUWOG shares purchased through the exercise of options (C-Rule 28 of the Austrian Corporate Governance Code). The stock options can be exercised from 1 May 2018 to 30 April 2019 (inclusive).

The allocation of the exercisable options and the performance targets are shown in the following overview:

LTIP 2014 – OPTIONS AND PERFORMANCE TARGETS

Type	Basic options	Bonus options Tranche 1	Bonus options Tranche 2	Bonus options Tranche 3	Total
Period	Start	1st year FY 2014/15	2nd year FY 2015/16	3rd year FY 2016/17	–
NAV target [1]		85.0%	92.5%	100.0%	–
Daniel Joachim Riedl (CEO)	75,000	100,000	130,000	175,000	480,000
% rate	16%	21%	27%	36%	100%
Target share price	achieved	achieved	achieved	achieved	–

1) Share price over the NAV on five trading days as of the balance sheet date

The estimated value of the options granted within the context of the LTIP 2014 and still eligible for exercise totalled EUR 5,632,800.00 as of 30 April 2017.

Long-Term Incentive Programm 2017 (LTIP 2017)
In March 2017 the Supervisory Board approved a long-term incentive programme (LTIP 2017) for Daniel Riedl, Andreas Segal and Herwig Teufelsdorfer. The LTIP 2017 comprises variable remuneration with cash settlement options equalling up to 40% of total remuneration.

The LTIP 2017 involves the granting of options to the Executive Board members on the basis of defined allocation and exercise conditions. The number of options to be granted for a specific financial year is dependent on (i) the reference value of a stock option (average price of the BUWOG share) for the respective financial year in which the allocation takes place; (ii) the remuneration of the Executive Board member; and (iii) the degree of target attainment. Variable remuneration under the LTIP 2017 is dependent on the fulfilment of pre-defined, long-term performance goals and equals up to 40% of the Executive Board member's total remuneration (base salary, short-term variable salary component and long-term variable salary component). The LTIP 2017 calls for an own investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of two financial years beginning in 2017/18 and must be held during the entire term of the LTIP 2017. Each option tranche can only be exercised after a waiting period of three financial years (with different exercise terms under certain circumstances upon the termination of employment or the Executive Board contract).

The exercise of the options involves a cash payment based on an average stock market price for the company's shares. BUWOG may also utilise a substitution right, if approved by the annual general meeting, and deliver BUWOG shares in place of the cash settlement. In view of C-Rule 28 of the Austrian Corporate Governance Code, which requires the approval of the annual general meeting for stock option programmes and stock transfer programmes for Executive Board members, it should be noted that the utilisation of the substitution right – i.e. the delivery of shares instead of a cash settlement – must first be approved by the annual general meeting.

The two Executive Board members who did not participate in the LTIP 2014 (see above) were granted options which can be exercised in 2018/19: Mr. Segal received 8,754 options and Mr. Teufelsdorfer 15,632 options.

The granting of the basis options is not tied to any conditions. The options were therefore immediately recognised as personnel expenses during the vesting period and are reported on the balance sheet under other provisions. Separate recognition periods were applied to the options, which range from the granting date to the expected vesting of the respective tranche.

PROVISIONS

The composition and development of other provisions is shown on a separate schedule in Attachment 4.

LIABILITIES

The classification of liabilities by remaining term is shown in Attachment 3.

BUWOG AG issued a non-subordinated, unsecured five-year convertible bond on 6 September 2016 (ISIN: AT0000A1NQH2). The bond has 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. It is initially convertible into 9,554,140 zero par value bearer shares, which represent approx. 9.58% of BUWOG's current outstanding share capital. The book building process set the initial conversion premium at 35% over the reference price of EUR 23.2592; no interest will be paid. The initial conversion price therefore equals EUR 31.40. The convertible bond has a term of five years and will be redeemed at 100% of the nominal value. Unless the bond is prematurely converted, repaid, or repurchased and withdrawn, the convertible bond certificates will be redeemed on 9 September 2021. The bond terms include a cash settlement option in favour of BUWOG AG.

The convertible bond 2016 – 2021 consists of a debt component and embedded derivatives which must be separated. The embedded derivatives amount to EUR 10,691,249.65 (2015/16: TEUR 0) and are reported under other liabilities. Option contracts generally require the recognition of a provision for impending losses when the fair value of the item held by the writer of the options exceeds the base price on the balance sheet date; this was not the case as of 30 April 2017. In addition, a provision is not required because of the cash settlement option when sufficient treasury shares are available to service the options or when there is an intention to issue new shares. If neither is applicable, the provision equals the difference between the conversion price and the current share price. The effective interest rate on the convertible bond equals 0.73%.

Liabilities with subsidiaries comprise the following:

	30 April 2017 EUR	30 April 2016 TEUR
Other liabilities	0.00	19,798
Trade liabilities	470,834.39	1,192
VAT tax group	2,724,586.13	844
Total	**3,195,420.52**	**21,834**

OTHER CONTRACTUAL LIABILITIES

BUWOG AG issued a comfort letter to Oberbank AG for a loan contracted by BUWOG – Bauen und Wohnen GmbH. The amount outstanding under this facility as of 30 April 2017 equalled EUR 60,095,743.00 (2015/16: TEUR 61,596). In addition, BUWOG AG issued a comfort letter in during the reporting year for a EUR 550,000,000.00 loan granted to BUWOG Norddeutschland GmbH

4. NOTES TO THE INCOME STATEMENT

REVENUES

Certain intercompany deliveries are reported under revenues for the first time during the reporting year in accordance with Section 189a no. 5 of the Austrian Commercial Code because they are classified as services under recent amendments to Austrian accounting law (*Rechnungslegungs-Änderungsgesetzes 2014*). These services amount to EUR 9,270,564.10 (2015/16: TEUR 2,803) and consist primarily of the provision of personnel to Austrian subsidiaries.

OTHER OPERATING INCOME

Miscellaneous other operating income of EUR 13,959,406.33 (2015/16: TEUR 10,233) consists primarily of invoices for services performed by BUWOG AG for subsidiaries.

SALARIES

The development of a centralised holding company structure was completed as of 1 January 2016 through the transfer of a further 230 employees (2015/16: 89 employees) from the following operating areas of the subsidiary BUWOG – Bauen und Wohnen GmbH: facility management, property accounting, asset management, sales, construction engineering and unit sales. This led to an increase in salaries from TEUR 12,062 in 2015/16 to EUR 22,523,865.31.

EXPENSES FOR TERMINATION BENEFITS AND CONTRIBUTIONS TO EMPLOYEE PENSION FUNDS

These expenses involve additions of EUR 194,590.99 (2015/16: TEUR 779) to the provision for termination benefits, contributions of EUR 277,612.87 (2015/16: TEUR 154) to employee pension funds and employer contributions of EUR 269,287.97 (2015/16: TEUR 0) to employee pension funds.

MISCELLANEOUS OTHER OPERATING EXPENSES

Miscellaneous other operating expenses of EUR 20,295,890.52 (2015/16: TEUR 10,371) consist primarily of expenses charged by BUWOG – Bauen und Wohnen GmbH, above all, for services in the areas of IT, legal advising, marketing, financial management and general management totalling EUR 1,694,817.69 (2015/16: TEUR 1,054) as well as legal, auditing and consulting fees of EUR 7,875,657.60 (2015/16: TEUR 2,674). The increase in legal, auditing and consulting fees resulted primarily from the new SAP ERP system which was implemented during the reporting year. Miscellaneous other operating expenses also include office, advertising and representation expenses of EUR 5,930,606.36 (2015/16: TEUR 3,794).

INTEREST AND SIMILAR EXPENSES

The main components of interest and similar expenses are EUR 3,037,500.68 of ancillary loan costs and EUR 1,342,721.29 for the degressive amortisation of the discount from the issue of a EUR 300,000,000 convertible bond

INCOME TAX EXPENSE AND TAX CHARGES

In 2016/17 the members of the tax group transferred positive tax income of EUR 117,236,887.04 (2015/16: TEUR 70,095) to the head of the group, BUWOG AG. This transfer resulted in positive tax charges of EUR 29,309,221.76 (2015/16: TEUR 17,524). The head of the tax group recorded negative taxable income.

Corporate tax expense for the tax group amounted to EUR 23,133,593.67 in 2016/17 (2015/16: TEUR 14,154) after the allocation of the taxable income recorded by the individual group members.

5. OTHER DISCLOSURES

Information on size pursuant to Section 221 of the Austrian Commercial Code
The company is classified as a large corporation based on the criteria defined in Section 221 (4a) of the Austrian Commercial Code.

Information on group relationships
The company is a parent company as defined in Section 244 of the Austrian Commercial Code and is therefore required to prepare consolidated financial statements. BUWOG AG prepares consolidated financial statements in agreement with International Financial Reporting Standards (IFRSs), as adopted by the EU, and in accordance with the additional requirements of Section 245a of the Austrian Commercial Code. The consolidated financial statements are filed with the company register of the Vienna Commercial Court.

Related party transactions pursuant to Section 237 no. 8b of the Austrian Commercial Code
In order to guarantee the autonomy and independence of BUWOG AG and the entire BUWOG Group over the long-term, IMMOFINANZ AG and BUWOG AG concluded a de-domination agreement in connection with the spin-off in April 2014. This agreement imposes contractual restrictions on the voting rights attributable to the BUWOG shares held by the IMMOFINANZ Group.

The sale of BUWOG shares by IMMOFINANZ AG in several tranches continually reduced this investment from 49% at the time of the spin-off in 2014 to roughly 5% of the voting rights of BUWOG AG. In view of this reduced investment, control as defined in the de-domination agreement could no longer be assumed and the underlying intent of this agreement had ceased to exist. IMMOFINANZ AG and BUWOG AG therefore terminated the de-domination agreement, effective immediately, by mutual agreement in October 2016. The termination of the de-domination agreement establishes a balance between shareholders‘ voting rights and their investments in BUWOG AG for all voting procedures and creates greater transparency in the perception of the company among investors.

There are material business relationships with BUWOG – Bauen und Wohnen GmbH, in particular for the provision of administrative services and the granting of loans. BUWOG AG also maintains business relationships with other Group companies, which involve the provision of administrative services based on its role as a holding company and the related invoicing of these services to subsidiaries.

All transactions with related companies and persons took place at arm’s length.

NUMBER OF EMPLOYEES

	Balance on 30 April 2017	Balance on 30 April 2016	Average for 2016/17	Average for 2015/16
Salaried employees	328	321	304	170

The average number of employees increased significantly year-on-year in 2016/17 due to the reorganisation of the BUWOG Group during 2015/16 (87 persons were transferred as of 1 March 2015 and the second group of 228 persons on 1 January 2016) and the fact that most of these employees were transferred during the third quarter.

CORPORATE BODIES

The following persons were members of the corporate bodies of BUWOG AG in 2016/17:

Executive Board
- Daniel Riedl – Chairman
- Andreas Segal – Deputy Chairman
- Herwig Teufelsdorfer

Supervisory Board
- Vitus Eckert – Chairman
- Oliver Schumy – Vice-Chairman (up to 6 March 2017)
- Klaus Hübner – Vice-Chairman (as of 7 March 2017)
- Volker Riebel – Member
- Jutta Dönges – Member
- Stavros Efremidis – Member
- Elisabeth Manninger – Member (up to 31 October 2016)
- Markus Sperber – Member
- Raphael Lygnos – Member
- Carina Eibl – Member (since 20 December 2016)

The members of the Executive and Supervisory Boards held a total of 98,713 BUWOG shares as of 30 April 2017 (30 April 2016: 96,559 shares).

Remuneration of the Executive Board of BUWOG AG
The total remuneration of the Executive Board is as follows:

REMUNERATION OF THE EXECUTIVE BOARD

	Daniel Riedl				Andreas Segal			
in TEUR	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16	2016/17	2016/17 (Min.)	2016/17 (Max.)	2015/16
Fixed remuneration	720.0	720.0	720.0	720.0	450.0	450.0	450.0	150.0
Remuneration in kind	11.5	11.5	11.5	9.6	32.3	32.3	32.3	7.2
Pension fund contributions	72.0	72.0	72.0	72.0	45.0	45.0	45.0	12.9
Total fixed remuneration	**803.5**	**803.5**	**803.5**	**801.6**	**527.3**	**527.3**	**527.3**	**170.1**
Short-term incentive	300.0	0.0	300.0	270.2	250.0	0.0	250.0	83.3
Total variable remuneration	**300.0**	**0.0**	**300.0**	**270.2**	**250.0**	**0.0**	**250.0**	**83.3**
Termination benefits	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total remuneration	**1,103.5**	**803.5**	**1.103.5**	**1.071.8**	**777.3**	**527.3**	**777.3**	**253.4**

	Herwig Teufelsdorfer				Ronald Roos[1)]			
in TEUR	2016/17	2016/17 (Min,)	2016/17 (Max,)	2015/16	2016/17	2016/17 (Min,)	2016/17 (Max,)	2015/16
Fixed remuneration	250.0	250.0	250.0	208.3	0.0	0.0	0.0	178.6
Remuneration in kind	11.5	11.5	11.5	8.2	0.0	0.0	0.0	19.3
Pension fund contributions	25.0	25.0	25.0	19.6	0.0	0.0	0.0	0.0
Total fixed remuneration	**286.5**	**286.5**	**286.5**	**236.1**	**0.0**	**0.0**	**0.0**	**197.9**
Short-term incentive	250.0	0.0	250.0	208.3	0.0	0.0	0.0	166.7
Total variable remuneration	**250.0**	**0.0**	**250.0**	**208.3**	**0.0**	**0.0**	**0.0**	**166.7**
Termination benefits	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**673.5**
Total remuneration	**536.5**	**286.5**	**536.5**	**444.4**	**0.0**	**0.0**	**0.0**	**1,038.1**

1) Member of the Executive Board up to 9 December 2015

LONG-TERM INCENTIVE PROGRAMME FOR THE EXECUTIVE BOARD OF BUWOG AG

The expenses for the Long-Term Incentive Programme for the Executive Board members totalled EUR 1,974,393.51 in 2016/17 (2015/16: TEUR 534) and included EUR 278,383.20 (2015/16: TEUR 461) for the stock options for Daniel Riedl, TEUR 858,783.25 (2015/16: TEUR 0) for Andreas Segal and TEUR 837,227.06 (2015/16: TEUR 0) for Herwig Teufelsdorfer Additional details on this programme are provided in the relevant section of the notes to these separate financial statements.

REMUNERATION FOR THE SUPERVISORY BOARD OF BUWOG AG

The members of the Supervisory Board received remuneration of EUR 225,000.00 for the 2015/16 financial year. A provision of EUR 292,500.00 was recognised for remuneration related to the 2016/17 financial year. The annual general meeting on 17 October 2017 will be asked to approve this remuneration.

AUDITOR'S FEES

In accordance with the exemption provided by Section 237 no. 14 last sentence of the Austrian Commercial Code, information on the auditor's fees is not provided. This information is included in the consolidated financial statements of BUWOG AG.

INFORMATION ON GROUP TAXATION (SECTION 9 OF THE AUSTRIAN CORPORATE INCOME TAX ACT)

BUWOG AG has served as the head of a corporate tax group as defined in Section 9 (1) of the Austrian Corporate Income Tax Act since the 2014/15 financial year.

The group contract includes a tax settlement agreement, which provides for tax equalisation between the group members (Parthica Immobilien GmbH, GENA ZWEI Immobilienholding GmbH, GENA SECHS Immobilienholding GmbH, BUWOG - Bauen und Wohnen GmbH, Quintia Immobilienanlagen GmbH) and the head of the group. This equalisation is based on the stand-alone method. If earnings are positive, the member company must pay a positive tax charge equal to the corporate tax liability to the head of the group. Pre-group losses are offset up to the amount of the member's profit in accordance with Section 9 (6) no. 4 of the Austrian Corporate Income Tax Act. Any losses recorded by a group member are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years; in these cases, a tax charge is not paid to the head of the group.

BUWOG Rathausstraße GmbH joined this tax group in 2016/17.

SUBSEQUENT EVENTS

Capital increase
Based on a decision by the Executive Board on 15 May 2017 and 2 June 2017 and the approval of the Supervisory Board on 15 May 2017 and 2 June 2017, share capital was increased from EUR 99,773,479 by EUR 12,471,685 based on an authorisation of the annual general meeting on 7 March 2014 (authorised capital). This capital increase was recorded in the company register on 3 June 2017, and share capital now totals EUR 112,245,164. The balance sheet as of 30 April 2017 shows the share capital prior to this increase, i.e. EUR 99,773,479. Following the capital increase, share capital is divided into 112,245,164 zero par value shares. The issue price equalled EUR 24.50 per share.

Extension of Executive Board appointment
After the end of the 2016/17 financial year, the Personnel and Nominating Committee of the Supervisory Board of BUWOG AG approved an extension of Herwig Teufelsdorfer's appointment to the Executive Board to 30 June 2022.

Vienna, 23 August 2017

The Executive Board

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

ATTACHMENT 1)
DEVELOPMENT OF NON-CURRENT ASSETS FOR THE FINANCIAL YEAR FROM 1 MAY 2016 TO 30 APRIL 2017

Non-current assets in EUR	Balance on 30 April 2016	Acquisition and production costs Additions	Disposals	Transfers
I. Intangible assets				
1. Software and licenses	987,543.35	205,477.46	0.00	0.00
2. Prepayments made	284,911.32	6,057,114.78	7,500.00	0.00
	1,272,454.67	**6,262,592.24**	**7,500.00**	**0.00**
II. Property, plant and equipment				
1. Other equipment, furniture, fixtures and office equipment	43,798.64	558,182.03	0.00	0.00
2. Low-value assets	0.00	40,363.30	40,363.30	0.00
	43,798.64	**598,545.33**	**40,363.30**	**0.00**
III. Financial assets				
1. Investments in subsidiaries	1,357,607,125.48	0.00	0.00	0.00
	1,357,607,125.48	**0.00**	**0.00**	**0.00**
	1,358,923,378.79	**6,861,137.57**	**47,863.30**	**0.00**

ATTACHMENT 2)
RECEIVABLES AS OF 30 APRIL 2017

Receivables in EUR	Total as per balance sheet	Thereof remaining term < 1 year
1. Trade receivables		
Reporting year ending on 30 April 2017	**7,856.90**	**0.00**
Prior year ending on 30 April 2016	0.00	0.00
2. Receivables due from subsidiaries		
Reporting year ending on 30 April 2017	**176,877,422.77**	**117,435,962.50**
Prior year ending on 30 April 2016	29,041,173.90	0.00
3. Other receivables and assets		
Reporting year ending on 30 April 2017	**3,352,097.48**	**0.00**
Prior year ending on 30 April 2016	161,862.89	0.00
Total		
Reporting year ending on 30 April 2017	**180,237,377.15**	**117,435,962.50**
Prior year ending on 30 April 2016	29.203.036.79	0

ATTACHMENT 3)
LIABILITIES AS OF 30 APRIL 2017

Liabilities in EUR	Total	Thereof remaining term up to 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
1. Bonds				
Reporting year ending on 30 April 2017	**300,000,000.00**	**0.00**	**300,000,000.00**	**0.00**
Prior year ending on 30 April 2016	0.00	0.00	0.00	0.00
2. Trade liabilities				
Reporting year ending on 30 April 2017	**1,381,243.65**	**1,381,243.65**	**0.00**	**0.00**
Prior year ending on 30 April 2016	583,779.09	583,779.09	0.00	0.00
3. Liabilities with subsidiaries				
Reporting year ending on 30 April 2017	**3,195,420.52**	**3,195,420.52**	**0.00**	**0.00**
Prior year ending on 30 April 2016	21,834,046.86	21,834,046.86	0.00	0.00
4. Other liabilities				
Reporting year ending on 30 April 2017	**12,655,522.47**	**1,964,272.82**	**10,691,249.65**	**0.00**
Prior year ending on 30 April 2016	1,121,449.99	1,121,449.99	0.00	0.00
Total				
Reporting year ending on 30 April 2017	**317,232,186.64**	**6,540,936.99**	**310,691,249.65**	**0.00**
Prior year ending on 30 April 2016	23,539,275.94	23,539,275.94	0.00	0.00

Balance on 30 April 2017	Accumulated depr./amort.	Carrying amounts Balance on 30 April 2017	Balance on 30 April 2016	Depr./amort. in 2016/17 FY
1,193,020.81	682,333.53	510,687.28	778,608.32	-473,398.50
6,334,526.10	0.00	6,334,526.10	284,911.32	0.00
7,527,546.91	**682,333.53**	**6,845,213.38**	**1,063,519.64**	**-473,398.50**
601,980.67	144,463.79	457,516.88	39,730.84	-140,395.99
0.00	0.00	0.00	0.00	-40,363.30
601,980.67	**144,463.79**	**457,516.88**	**39,730.84**	**-180,759.29**
1,357,607,125.48	0.00	1,357,607,125.48	1,357,607,125.48	0.00
1,357,607,125.48	**0.00**	**1,357,607,125.48**	1,357,607,125.48	0.00
1,365,736,653.06	**826,797.32**	**1,364,909,855.74**	**1,358,710,375.96**	**-654,157.79**

ATTACHMENT 4)
COMPOSITION AND DEVELOPMENT OF PROVISIONS

in EUR	Balance on 30 April 2016	Use	Release	Addition	Transfer	Balance on 30 April 2017
Provisions for termination benefits	**1,665,144.05**	**0.00**	**0.00**	**268,920.39**		**1,934,064.44**
Provisions for taxes	**21,817,121.25**	**-4,155,151.05**	**0.00**	**0.00**	**0.00**	**17,661,970.20**
Other provisions						
for outstanding invoices	1,473,516.82	-1,403,446.83	-70,070.00	3,006,529.12	0.00	3,006,529.11
for unused vacation	1,863,696.92	-1,863,696.92	0.00	2,151,474.27	0.00	2,151,474.27
for bonuses	1,320,353.94	-1,210,566.32	-109,787.62	1,363,624.74	0.00	1,363,624.74
for 13/14-th month salary payments	1,365,554.80	-1,365,554.80	0.00	1,107,780.78	0.00	1,107,780.78
for auditing costs	295,000.00	-285,000.00	0.00	451,300.00	0.00	461,300.00
for overtime	225,148.63	-225,148.62	0.00	142,636.44	0.00	142,636.45
for tax advising	52,332.48	-49,332.48	-3,000.00	100,887.08	0.00	100,887.08
for legal costs	0.00	0.00	0.00	498,331.35	0.00	498,331.35
for share-based remuneration	0.00	0.00	0.00	1,784,958.44	0.00	1,784,958.44
	6,595,603.59	**-6,402,745.97**	**-182,857.62**	**10,607,522.22**	**0.00**	**10,617,522.22**
	30,077,868.89	**-10,557,897.02**	**-182,857.62**	**10,876,442.61**	**0.00**	**30,213,556.86**

MANAGEMENT REPORT OF BUWOG AG

for the financial year ending on 30 April 2017

1) BUWOG AG AS THE PARENT COMPANY OF THE BUWOG GROUP

BUWOG AG has been the parent company of the newly established BUWOG Group since the spin-off of the BUWOG business from IMMOFINANZ Group at the end of April 2014 and the subsequent stock exchange listing.

The development of a centralised holding company structure was completed during the reporting year through the transfer of a further 230 employees from the following operating areas of the subsidiary BUWOG – Bauen und Wohnen GmbH as of 1 January 2016: facility management, property accounting, asset management, sales, construction engineering and unit sales.

These measures had various effects on the earnings position of BUWOG AG and therefore limit a direct comparison of the reporting year and prior year data.

ASSET, FINANCIAL AND EARNINGS POSITION OF BUWOG AG

The following section presents key data on the asset, financial and earnings position of BUWOG AG and on the audited separate financial statements as of 30 April 2017, which were prepared in accordance with the Austrian Commercial Code.

Asset position
The assets held by BUWOG AG consist primarily of investments in subsidiaries. BUWOG AG indirectly holds all shares in BUWOG – Bauen und Wohnen GmbH („BUWOG GmbH“) through two investments and thereby also indirectly holds the shares attributable to the Group in all BUWOG operating companies.

The year-on-year changes in the asset position resulted chiefly from the following factors:

Receivables due from subsidiaries include claims of TEUR 140,034 from intragroup financing provided to BUWOG – Bauen und Wohnen Gesellschaft mbH, Vienna.

The changes in **equity** resulted from the dividend of TEUR 69,000 and the profit of TEUR 44,635 recorded for the reporting year (2015/16: loss of TEUR -13,320). Information on the option reserve of TEUR 1,923 (2015/16: TEUR 1,734) included under equity is provided under the commentary on the Long-Term Incentive Programme in the notes to the separate financial statements.

BUWOG AG had an **equity ratio** of 79.1% as of 30 April 2017. The Executive Board will propose a dividend of EUR 0.69 per share (for a total distribution of EUR 77,449,163.16) from the profit/(loss) account of TEUR 89,920 reported as of 30 April 2017 (2015/16: TEUR 81,314).

Earnings position
Intercompany deliveries of TEUR 9,271 (2015/16: TEUR 2,803) which are classified as services are reported under revenues for the first time in the reporting year in accordance with the amendments to Austrian accounting law (Rechnungslegungs-Änderungsgesetzes 2014). These services consist primarily of the provision of personnel.

Miscellaneous other operating income of TEUR 13,959 (2015/16: TEUR 10,233) consists chiefly of expenses carried by BUWOG AG, which are charged out to subsidiaries of the BUWOG Group at standard market prices.

The increase in **personnel expense**s from TEUR 12,062 to TEUR 22,524 resulted from the above-mentioned transfer of 230 employees as of 1 January 2016. In addition to the fixed and variable remuneration of the Executive Board, this position also includes the expenses for the Executive Board's stock option programme (also see the notes to the separate financial statements).

Other operating expenses include, above all, services charged out to subsidiaries for IT, marketing, human resources, financial management, legal advising, accounting, consolidation and general management.

Interest and similar expenses consist primarily of ancillary loan costs and the degressive amortisation of the discount from the issue of a TEUR 300,000 convertible bond.

Information on income taxes and the corporate tax group established in accordance with Section 9 (1) of the Austrian Corporate Income Tax Act is provided in the notes to the separate financial statements.

FINANCIAL POSITION AND OUTLOOK

Given the company's function as a holding company, the future development of the asset, financial and earnings position of BUWOG AG and any future dividend payments approved by the annual general meeting are dependent to a significant degree on the further successful development of the BUWOG Group and, in particular, on distributions / earnings contributions (subject to local Austrian and German accounting requirements and the Group's internal refinancing). The company currently has sufficient available capital reserves to pursue a successful dividend policy in the interests of shareholders.

2) BUWOG GROUP – ECONOMIC DEVELOPMENT, INTERNAL CONTROL SYSTEM, FINANCIAL AND RISK MANAGEMENT

INTRODUCTION

The BUWOG Group was established in its current structure at the end of April 2014. In connection with the spin-off from the IMMOFINANZ Group, the BUWOG Group was reorganised – with BUWOG AG serving as the parent company of the BUWOG Group.

The subsidiaries were first included in the consolidated financial statements of the BUWOG Group as of 30 April 2015 when the spin-off took effect at the end of April 2014.

A detailed analysis of the asset, financial and earnings position – based on the audited financial data in the IFRS consolidated financial statements and the group management report of BUWOG AG for the financial year ending on 30 April 2017 – is presented in the following sections.

In particular, these sections provide extensive information concerning developments on the real estate markets in Germany and Austria that are relevant for the BUWOG Group, on the development of the BUWOG Group's property portfolio and on the development of financial markets. Also included is a risk report, a description of the internal control system that was implemented by the company's Executive Board and rolled out throughout the Group and an outlook for the 2017/18 financial year.

GENERAL ECONOMIC ENVIRONMENT

MODERATE GROWTH FOR THE GLOBAL ECONOMY

The global economy remained on a moderate growth course in 2016 and, according to an estimate by the World Bank, will still face fundamental challenges in 2017. The main influencing factors during the reporting year included the stagnation of worldwide trade, weaker capital investment, political uncertainty and the ongoing negative economic effects of refugee flows and the “Brexit”. Private domestic demand continues to serve as the most important growth driver. Supported by the gradual rise in raw material prices, the emerging and developing countries can look forward to a much more optimistic future (2017: +4.2%). Forecasts by the World Bank indicate that the worldwide growth of 2.4% in 2016 should be followed by an increase of 2.7% in 2017 and 2.9% in 2018. The USA is expected to see moderate recovery with a GDP increase of 2.1% in 2017 and 2.2% in 2018 (2016: +1.6%). The effects on the global economy of the “Brexit” and the election of Donald Trump as US president are still uncertain. The European Central Bank (ECB) has raised its growth forecasts for the Eurozone to +1.8% in 2017 and 2018, but is also projecting an increase in inflation to 1.3% in 2017 and 1.6% in 2018.

ECONOMIC INDICATORS AT A GLANCE

	GDP growth 2016 in %	Forecasted growth rate 2017 in %	Forecasted growth rate 2018 in %	Unemployment rate April 2017 in %	Annual inflation rate April 2017 in %	Gross national debt to GDP 2016 in %	Change in gross national debt from previous year in PP
EU-28	1.9	1.9	1.9	7.8	1.9	83.5	–1.4
Eurozone (19 member countries)	1.8	1.7	1.8	9.3	1.7	89.2	-1.1
Germany	1.9	1.6	1.9	3.9	2.0	68.3	–2.9
Austria	1.5	1.7	1.7	5.5	2.3	84.6	-0.9

Source: European Commission, Eurostat

STEADY GROWTH IN EUROPE

The economic recovery finally reached the remaining EU member states in its fifth year and should proceed at a steady pace over the next two years. Calculations by the European Commission in spring 2017 show continued growth for the 28 EU member states at an average rate of 1.9% in 2016. The forecasts for 2017 and 2018 point to steady GDP development of 1.9% annually, but with individual differences. The decline in unemployment throughout the EU-28 is expected to continue with a reduction from 8.5% in 2016 to an estimated 8.0% in 2017 and 7.7% in 2018. Inflation remained at a low level in both the Eurozone (0.2%) and the 28 EU (0.3%) during 2016 due to the decline in oil prices. However, the upward trend in oil and energy prices has led the European Commission to project an increase in inflation for the EU-28 to 1.8% in 2017 and 1.7% in 2018.

Growth in the Eurozone slowed slightly to 1.8% in 2016 (2015: 2.0%), but was generally more stable than in recent years. For 2017 and 2018 the European Commission is expecting a GDP increase of 1.7% and 1.8%, respectively. A favourable economic climate, rising domestic demand, structural reforms and public sector measures should support the continued improvement of the labour market. The labour market reforms and fiscal policies implemented by a number of member states will play an important role in job creation, and the unemployment rate in the Eurozone is expected to decline to 9.4% in 2017 and 8.9% in 2018 (2016: 10.0%). The inflation rate in the Eurozone is projected to equal 1.6% in 2017 and 1.3% in 2018 according to the European Commission.

STABLE GROWTH IN GERMANY

The stable growth that took hold in Germany at year-end 2016 will continue into 2017 supported, in particular, by strong private household consumption, favourable financing conditions, a stable employment market, construction investments and other public spending measures. In its 2017 spring forecast, the European Commission is projecting real GDP growth of 1.6% in 2017 and 1.9% in 2018 (2016: 1.9%). The domestic economy was sound at year-end 2016 with unemployment constant at only 4.1% and low inflation of 0.4%. The unemployment rate had fallen to 3.9% as of 30 April 2017, but the Commission is expecting 4.0% in 2017 and 3.9% in 2018. The inflation rate is forecasted to quadruple to 1.7% in 2017 before falling to 1.4% in 2018.

The investment sentiment among German companies should also play an important role in economic growth over the coming years. Gross investments have risen steadily since 2010, with a year-on-year increase to 22.0% of GDP in 2016. Of special note is the price-adjusted rise of 3.1% in construction investments, which is the result of strong development in the residential sector. Key impulses were also provided by research and development investments, which have more than doubled since 2014, and are based to 20% on investments in software and databases.

ROBUST GROWTH IN AUSTRIA

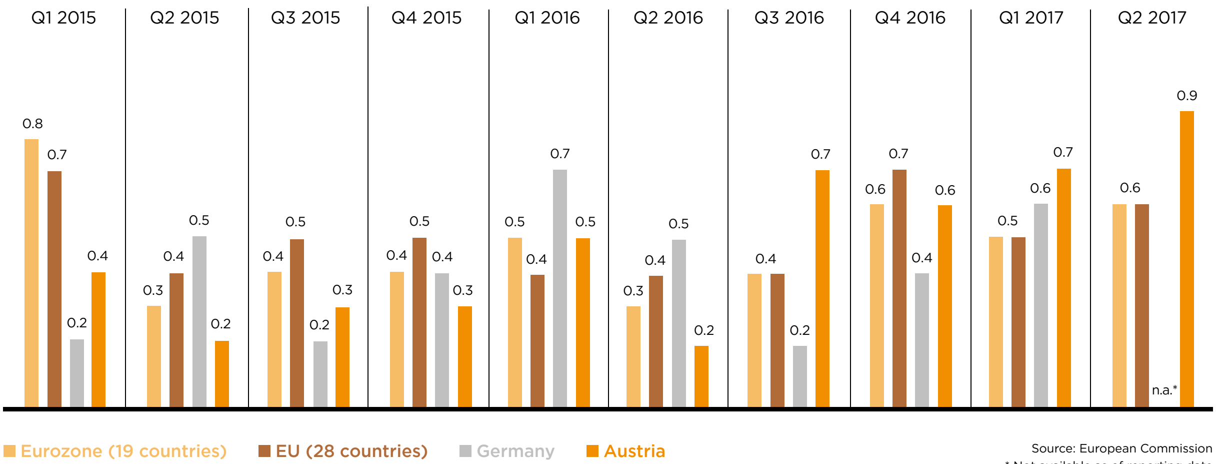
The Austrian economy is expected to follow the 1.5% increase in 2016 with solid annual growth of 1.7% in both 2017 and 2018 based on stronger global momentum and improved framework conditions. The positive development of the Austrian economy in 2016 was supported, above all, by public and private sector spending. Investment activity (+2.6% in 2016), rising public and private consumption, not least due to the additional expenditures for refugees, and the 2015/16 wage tax reform will be the main drivers for the projected acceleration of growth over the coming years.

Both the export and import sectors recorded an increase in 2016, but made only a minor contribution to growth. The unemployment rate calculated in accordance with international standards fell slightly from 6.0% at the end of April 2016 to 5.5% one year later. According to the European Commission, unemployment should stabilise at 5.9% in 2017 and 2018. The annual inflation rate, based on the consumer price index, is projected to nearly double to 1.8% in 2017 (2016: 1.0%) as a result of the increase in oil prices, before declining to 1.6% in 2018.

The investment sentiment in the Austrian economy improved year-on-year, with gross investment rising to 22.9% of GDP in 2016.

DEVELOPMENT OF REAL GDP

in comparison to the previous quarter, in %



Source: European Commission
* Not available as of reporting date

DEVELOPMENT OF THE PROPERTY MARKETS

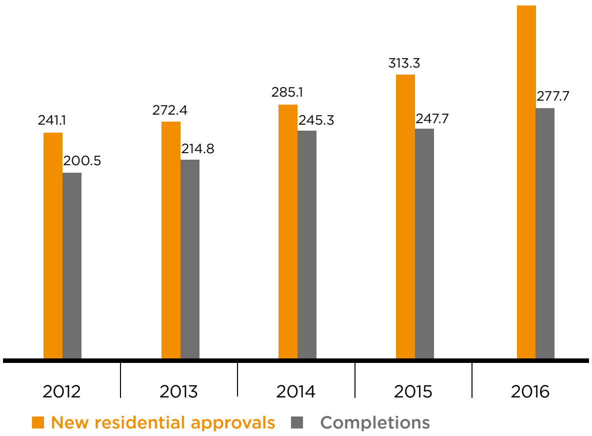
The BUWOG Group's strategic business model is focused on Asset Management (management of investment properties), Property Development (new construction projects) and Unit Sales (sale of individual apartments). These residential property markets in the BUWOG's two segments – Austria and Germany – are described more closely in the following section, whereby the main emphasis is on the core regions that are particularly important for the portfolio.

RESIDENTIAL MARKET – GERMANY

The interest of national and international investors in residential properties on the German market remained high during 2016/17. A CBRE market study of the residential property investment market in Germany indicated that residential portfolio transactions (> 50 units) again reached a high level in 2017, but failed to match the 2016 record primarily due to a supply shortage. Transactions in residential portfolios on the German market were 42% lower year-on-year at approx. EUR 13.7 billion in the 2016 calendar year (2015: EUR 23.5 billion), but the absolution transaction volume exceeded the past five-year average. Berlin was again a key focal point for national and international investors. For 2017, CBRE is expecting a similarly high transaction volume in the double-digit billion range. The factors underlying this momentum and the strong demand for real estate investments remain unchanged: they include the current interest rate policies of the European Central Bank (ECB), which is continuing to supply the financial markets with sufficient liquidity at historically low rates, as well as the search by investors for attractive, stable investment opportunities with sound yields. The current strong demand and short supply are driving not only the purchase prices for average units, but also the average purchase price per square metre. The increase in real estate purchase prices was substantially higher than the development of rental prices, which resulted in a yield compression combined with a sharp rise in purchase price multipliers and a decline in the purchase yields for residential portfolios. In particular, the low level of new construction and rising migration to the top German cities has led to a continuation of the recent rental and purchase price trends at a high level. The market environment has also led to growing interest by national and international institutional investors in completed as well as planned development projects. A total of EUR 3.5 billion was invested in development projects in Germany during 2016 (2015: EUR 2.3 billion), including 34% or EUR 1.2 billion (2015: EUR 0.6 billion) in the growth and investment location Berlin. This demand pressure on market prices is also expected to continue during the coming year.

Germany is experiencing significant population growth as a result of migration. According to the Federal Statistical Office, the population totalled 82.8 million at year-end 2016 (2015: 82.2 million). The number of households has risen to roughly 41.0 million (2015: 40.8 million), which represents an average household size of two persons. The country had roughly 16.8 million single person households in 2016 (41%). Nearly 55% of all German households live in rented apartments, and the share of households in rented apartments is particularly high in the singles/single parent plus children segment at over 70%.

NEW RESIDENTIAL APPROVALS AND COMPLETED APARTMENTS
in Germany, in 1,000



Source: Statistisches Bundesamt, Germany

Estimates by the Council of Real Estate Experts (Rat der Immobilienweisen) in their 2017 spring report show an increase of 2.6% in rents across Germany during 2016 (2015: 3.4%). Average rents equal roughly EUR 7.20 per sqm, which represents an increase of EUR 1.10 per sqm or 18% over the 2010 level. The top seven cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart) have witnessed a further significant and strong upward trend in rental prices, which is the result of high immigration and internal migration as well as expectations of a further sharp rise in new contract rental prices, above all in Berlin, Hamburg and Munich. This development has been accompanied by a sharp drop in vacancies and rising demand for newly constructed buildings. Forecasts also point to a long-term increase in the prices for rental apartments and condominiums in Berlin and Munich.

The above report also shows a further significant year-on-year increase in real estate prices during 2016 (+8.4%) that exceeded the increase of 2.6% in average rents. Nationwide purchase prices rose by 48% over the 2010 level in 2016, an increase which is explained by low interest rates or a catch-up effect and, according to the experts, not by a real estate bubble.

The Federal Statistical Office reported a 20% year-on-year increase in the number of building permits to roughly 375,000 in 2016 (313,000), which represents a total floor area of approx. 32.0 million sqm. Completions in 2016 covered 277,700 apartments (2015: 247,700) with approx. 25 million sqm of total floor area. In its May 2015 housing market forecast, the Federal Institute for Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau-, Stadt- und Raumforschung) estimates new construction requirements for the entire country at an average of 230,000 apartments annually up to 2030. Additional new construction of approx. 272,000 apartments per year up to 2020 is, however, seen as necessary to meet the current very strong demand, above all in the top cities.

According to information published by Jones Lang LaSalle (JLL) in January 2017, strong migration has created a tense situation on the rental markets in Germany's most attractive cities and led to new record rental price increases in 2016. Rental prices in Berlin and Hamburg, where migration is particularly strong, recorded the highest increases despite the introduction of a rental price cap on 1 June 2015. The volume of construction required to ease the demand pressure on the housing market is unable to develop the necessary momentum due to the insufficient re-zoning of construction sites and lengthy planning, approval and completion periods. Additional details on the rental price cap are provided under *Asset Management – the investment portfolio's rent models*.

Berlin. With approx. 3,671,000 residents over 892 km², Berlin is the largest city in Germany as well as the seat of the federal government and the country's capital. The Berlin-Brandenburg Statistical Office places the growth in the city's population at nearly 60,000 in 2016, which represents the largest component of the country's migration surplus. The number of private households totalled nearly 2.0 million, including 1.1 million single person households and 0.6 million two person households. The average household has 1.8 persons. The latest demographic forecast for Berlin by the Berlin-Brandenburg Statistical Office projects a further, but slower increase in the population to approx. 3.9 million by 2030. Berlin is one of Europe's most important centres for politics, media, culture and science. With nearly 31 million overnight stays and 12.5 million visitors in 2016, tourism is a major factor and growth driver for the local economy. In addition to the high, attractive quality of life, Berlin's economic indicators – like the employment rate and income level – have improved substantially and explain the strong influx into the city.

A 2017 housing market report on Berlin by CBRE and BerlinHyp (Wohnmarkt Berlin 2017) indicates that the median level for quoted rents rose by 5.6% to roughly EUR 9.00 per sqm in 2016 in spite of the rental price cap and official rent tables. However, rental prices in Berlin differ substantially by geographical area from an average of EUR 5.84 to EUR 14.46 per sqm: in centrally located, popular areas and the upper market segment, the median quoted rents in Berlin-Mitte range up to EUR 17.50 per sqm and in Friedrichshain-Kreuzberg and Charlottenburg-Wilmersdorf up to EUR 15.55 per sqm. In contrast, quoted rents in the outlying districts of Marzahn-Hellersdorf or Spandau are much lower at an average of EUR 5.20, resp. EUR 5.40 per sqm in the lower segment. New forms of housing have developed, for example there is a particularly strong demand for furnished apartments at inner city locations with good infrastructure. This is a direct consequence of the increasing flexibility, mobility and internationalisation in the working world. The rental prices for smaller apartments are considerably higher in this market segment and reflect the additional services offered.

In order to satisfy the strong demand, numerous new construction projects, including larger and more diverse developments, are currently in realisation by public housing companies, private development firms and housing cooperatives. These properties are designed for all groups from low-income renters to exclusive international buyers. Construction costs for new projects as well as maintenance and cosmetic repairs to existing buildings have also risen sharply due to the general upward trend in prices and the full order books of the involved companies.

A total of 13,659 apartments in 3,570 projects – including 5,783 units as condominiums – were completed during 2016 (+27.4% versus 2015). The completions were concentrated in Treptow-Köpenick, Berlin-Mitte and Pankow. The Berlin building supervisory authorities issued building permits for 25,063 apartments in 2016, for an increase of 12.1% over the previous year. The majority of 21,119 apartments represent new construction, while 3,944 apartments were created through construction in existing buildings (e.g. lofts). Most of the approved apartments are located in the Pankow, Berlin-Mitte and Lichtenberg districts. Building rights approvals are generally delayed by a lack of personnel resources in the city's planning agencies and the strict regulations defined by the Berlin model for cooperative site development. These regulations establish numerous requirements for investors which include the assumption of costs for site development, the creation of places in day care facilities and elementary schools as well as restrictions on rental prices and occupancy (approx. 25% of apartments). Further details are provided in the section on *Property Development*.

An even stronger upward trend has been noted in the prices for newly built condominiums: peak purchase prices have topped EUR 15,000 per sqm in Berlin-Mitte and range up to EUR 12,750 per sqm in Charlottenburg-Wilmersdorf and up to EUR 5,050 per sqm in the southeastern Treptow-Köpenick.

Hamburg and Schleswig-Holstein region. The Hanseatic city Hamburg is the second largest city in Germany with a population of 1,787,000 as of 31 December 2015 and official forecasts (Demografie-Konzept 2030) for further steady growth to roughly 1,854,000 in 2030. The increase in the population and number of households reflects the city's high quality of life, which has led to a steadily expanding demand overhang on the housing market and rising rental prices in recent years.

The strong demand on the Hamburg housing market has led to a continuous increase in new development projects over recent years. The BUWOG Group entered this development market in April 2016 with the purchase of a 42,700 sqm site in Hamburg-Bergedorf to continue the expansion of its Property Development business area at a third location in line with the expected dynamic market trends and very robust socio-demographic framework. According to the Hamburg – Schleswig-Holstein Statistical Office, 7,722 new apartments were completed and building permits were issued for 10,736 new apartments in Hamburg during 2016.

The current very strong demand for housing in Hamburg has led to a situation where, according to JLL, quoted rents rose substantially to an average of EUR 11.50 per sqm in 2016 (2015: EUR 10.80 per sqm). The purchase prices for condominiums have also increased significantly to an average of EUR 4,020 per sqm (2015: EUR 3,790 per sqm).

The demand for apartments remains focused on the central and inner city areas in popular residential districts. However, there is a growing interest in development areas with larger units at less central locations – and this trend is also driving rental and purchase prices. At the present time there are no signs of a trend reversal in the strong demand for housing in Hamburg.

Hamburg surrounding area. The tense situation on the housing market in Hamburg has also spread to the surrounding areas. The result has been further steady population growth and an increase in the number of households plus a rising demand for apartments and higher rental prices – and a trend that is expected to continue. The most important urban centres include Ahrensburg as well as the cities of Reinbek, Glinde, Norderstedt, Henstedt-Ulzburg and Kaltenkirchen, where the BUWOG Group holds standing investments. Average rents range from EUR 8.50 to 9.00 per sqm. In the Segeberg district, the average apartment rent equals EUR 8.96 per sqm, although higher rents can be realised depending on the proximity to Hamburg.

Kiel. This capital city and largest metropolitan area in the state of Schleswig-Holstein had a population of approx. 247,000 at the end of 2016. Kiel is a traditional commercial hub with a focus on engineering and shipping as well as an prominent university city with roughly 34,000 students. According to official forecasts (Statistik der Landeshauptstadt Kiel) the population is projected to rise to approx. 268,300 by 2030. The demand for housing will continue to increase, also due to the steady growth in the number of households. This trend, in turn, will lead to an increase in rental prices because of the limited supply and the low level of vacancies and new completions.

According to CBRE, the average quoted monthly rent equalled EUR 7.03 per sqm in 2015 based on an average apartment size of 57 sqm. The prices for condominiums have risen steadily for five years and reached a new record of nearly EUR 3,000 per sqm in 2015. Used condominiums are less expensive at EUR 2,500 per sqm.

Lübeck. As the second largest city in Schleswig-Holstein, Lübeck is located in the direct catchment area of the Hamburg metropolitan region. The population has risen consistently in recent years and totalled 220,211 at the end of 2016. Lübeck has a number of attractive residential locations due to the expansive stretches of water and historic centre city. The economy is broadly diversified across sectors ranging from the food industry to trade, services and logistics. This solid economic foundation combined with four universities and the largest Baltic Sea port make Lübeck an interesting and stable growth location.

CBRE placed the average quoted rent at EUR 6.94 per sqm in 2015 based on an average apartment size of 59 sqm. The vacancy rate has been lower than 2.0% for some time. The purchase prices for condominiums have also increased in recent years. The average square metre price for new condominiums equalled roughly EUR 3,000 for newly built condominiums and EUR 1,800 for resales.

The Hamburg and Schleswig-Holstein region continues to represent an important portfolio focal point for the BUWOG Group. This strategic focus is based on the potential for growth due to its attractiveness as a regional residential market with robust economic indicators and expected positive socio-demographic development.

Brunswick-Hannover region. The largest cities in this region are Hannover with approx. 532,000 residents and Brunswick with approx. 252,000 residents. Hannover, the capital city of Lower Saxony, is a very attractive and stable economic centre and the headquarters for numerous DAX- and MDAX-listed companies like Volkswagen, Continental, Talanx and TUI. It is also an important university city and the location of Hannover Medical School.

Quoted rents in Hannover averaged EUR 7.50 per sqm in 2015 based on an average apartment size of 65 sqm.

Brunswick is the economic and cultural centre of the south-eastern region of Lower Saxony. It is an administrative and service hub and a traditional university and research town which benefits, not least, from close proximity to the Volkswagen Group in Wolfsburg.

Quoted rents rose by 16% from a low basis during the period from 2012 to 2015 and averaged EUR 7.16 per sqm in 2015 based on an average apartment size of 65 sqm. The purchase prices for condominiums followed this development with a lag, but have risen to EUR 3,200 per sqm for new units and to EUR 2,200 per sqm for resales. The vacancy rate was recently reported at 2.0% based on a total market of over 137,000 residential units.

Brunswick-Hannover represents a strategic growth region for the purchase of new standing investment portfolios by the BUWOG Group because of its highly attractive economic and socio-demographic indicators and optimistic forecasts.

RESIDENTIAL MARKET – AUSTRIA

Estimates by CBRE point to strong growth in the transaction volume on the Austrian real estate market to roughly EUR 3.5 billion in 2017, above all due to the sale of the Vienna DC Towers: That would represent a level only slightly below the record EUR 3.8 billion recorded in 2015 and a significant increase over the moderate EUR 2.8 billion generated in 2016. Investors' interest was directed primarily to the office asset class in 2016, followed by hotel properties, while transactions in the residential sector played only a minor role. Market transactions were characterised by substantially higher prices and a resulting decline in yields to a maximum of 4.0%.

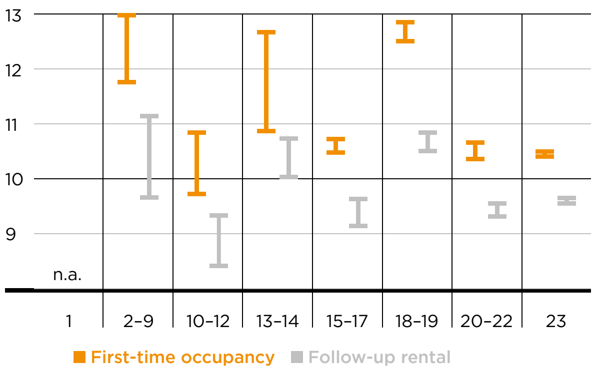
The residential market is characterised by steady population growth, a continuous reduction in the average household size and ongoing urbanisation. Statistik Austria points to an increase of 9.5% in the population rose to 8,739,806 in 2016. The number of private households totalled 3.86 million, including 1.43 million single person households. The strongest growth was recorded in Vienna with a plus of 1.5% (27,356 residents).

According to Statistik Austria, the average ownership rate on the Austrian housing market was comparatively low in international comparison at 57% in 2016. There is a substantial difference between regions: in rural areas (e.g. Burgenland) ownership ranges up to 80%, while in urban regions, especially Vienna, 79% of the population lives in rented housing. The high share of rentals in the metropolitan areas is explained, above all, by the high proportion of subsidised and social housing with low net cold rent, which is a result of the government's "affordable housing" policy. Roughly 60% of all households in rented properties live in subsidised council housing or cooperative apartments that are subject to the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz). The average rent (net cold rent plus operating costs) equals EUR 7.55 per sqm (2015: EUR 7.10 per sqm) or roughly EUR 500 per month. The increase in rental prices, especially in urban regions, is a direct result of the strong demand for housing that has resulted from migration, combined with an insufficient level of completions (approx. 50,000 apartments per year in the entire country). This additional demand is developing primarily in the lower and middle price segments because the population growth is supported primarily by immigrants with low incomes and limited wealth. The extensive supply of subsidised, non-profit and municipally owned apartments in Vienna is also not large enough to satisfy the rising demand for affordable housing.

The amendment to the Austrian Non-Profit Housing Act passed by Austrian Parliament and enacted on 1 January and 1 July 2016 clarified several factors which are relevant for the rental market in this country – rental prices, the maintenance and improvement contribution and maintenance works. The most important effects of this amendment on the BUWOG Group are provided under *Asset Management* and on the BUWOG homepage under www.buwog.com.

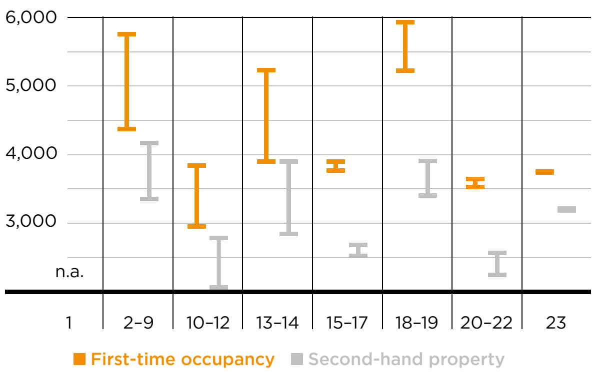
Vienna. The population in Vienna rose to approx. 1.87 million at the beginning of 2017, supported by immigration and an increase in the birth rate. Based on the number of residents, Vienna is now the sixth largest city in the EU and the second largest city in the German-speaking countries after Berlin. This population growth is creating new social and economic momentum. Vienna was recently rated the most liveable city in the world by the international "Quality of Living" study, the most thriving city in the world by the UN Habitat and one of the most innovative cities in the world by the "Innovation Cities Global Index". Robust economic development combined with a liveable environment lead to forecasts for continued growth in the city's population

RENTAL PRICE LEVEL VIENNA
by district in EUR per sqm



Source: Erster Wiener Wohnungsmarktbericht 2017 by BUWOG Group/EHL

PURCHASE PRICE LEVEL VIENNA
by district in EUR per sqm



Source: Erster Wiener Wohnungsmarktbericht 2017 by BUWOG Group/EHL to two million by 2023. Statistics show roughly 902,000 private households at the end of 2016, with nearly 406,000 single person households and 496,000 multi-person households. Roughly 730,000 persons live in rented premises and 160,000 in owned properties. According to a joint study on the Vienna housing market by the BUWOG Group and EHL (Erster Wiener Wohnungsmarktbericht 2017), Vienna should have more than one million private households in 2030. The residential market in Vienna covers an area of approx. 415 km^2 and is characterised by high building density in the inner city districts with few unbuilt areas for new construction projects. The steady population growth and resulting strong demand for housing led to a further increase in rental prices during the reporting year – also due to the still low level of new completions (2015: approx. 7,300).

There are still significant price differences in the condominium segment of the Vienna residential market which – similar to the rental segment – are dependent on the location of the property. The charts on the left show the price levels for rental and condominium apartments, aggregated by district and classified by rental units and condominiums.

GENERAL REFERENCES AND SOURCES

The data on Austria was obtained from Statistik Austria and a study published by the BUWOG Group in cooperation with EHL (Erste Wiener Wohnungsmarktberichts 2017). Information from the Federal Statistical Office and comparable state agencies was used to obtain consistent and comparable data on Germany. Property-specific data was taken from the CBRE market reports, unless indicated otherwise.

DEVELOPMENT ON THE FINANCIAL MARKETS

INTEREST RATES AND REFINANCING

Review of the financial markets in 2016/17

- "Brexit" referendum
- Europe challenged by continuing migration
- Presidential elections in the USA

The central banks have overshadowed the financial markets for a number of years. Their monetary policies – which, in some cases have included unconventional measures – have come to dictate the actions of the capital market players, while their decisions and, above all, their non-decisions have dominated market activities to a great extent.

Developments on the international stock, currency and financial markets in 2016/17 were influenced, above all, by the results of the "Brexit" referendum, which led to a brief decline in share prices during the reporting year, and by the continuing negative effects of refugee flows on the political sector.

In the United States, the reporting year was influenced by the presidential election and the related uncertainties over the effects of capital market measures planned by the new president. An additional factor was the initial increase in interest rates by the US Federal Reserve from a range between 0.25% and 0.50% to 0.75% and 1.00%. This increase continued in June 2017 with an adjustment to a range of 1.00% to 1.25%.

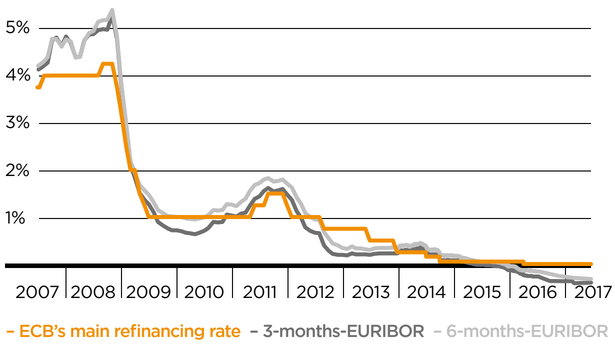
DEVELOPMENT OF KEY INTEREST RATES

The ECB's key interest rate remained unchanged at 0.00% during the reporting year. The three-month EURIBOR fell to a low of –0.332% on 10 April 2017 and the six-month EURIBOR declined to –0.251% on 19 April 2017. Both rates also continued at a low level after the end of the reporting year on 30 April 2017.

Long-term swap rates fell sharply at the beginning of 2016/17, but generally recovered by the end of the reporting year. The development of swap rates is particularly important for the BUWOG Group in the fair value measurement of financial liabilities and derivatives (non-cash effect) and for the hedging of interest rate risks (cash effect). Details of the effects on the BUWOG Group's financial results are provided in this management report under the sections on *Financing* and the *Asset, financial and earnings position*.

ECB MAIN REFINANCING RATE VS. EURIBOR

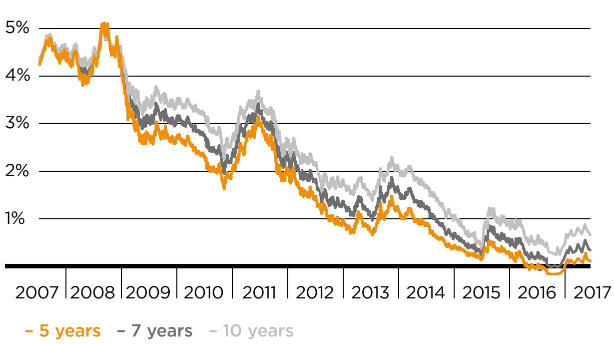
1 May 2007 to 30 April 2017



Source: Bloomberg

EUR SWAP RATES

1 May 2007 to 30 April 2017



Source: Bloomberg

THE ECB'S MONETARY MEASURES

The quantitative easing (QE) programme launched by the ECB at the beginning of 2015 to stimulate the economy and raise inflation to the Maastricht target of "close to but below" 2% was expanded by a further EUR +540 billion (December 2016: EUR +240 billion) to approx. EUR 2.28 trillion and extended to December 2017. In April 2017 the ECB cut the monthly bond purchase volume from the previous level of EUR 80 billion to EUR 60 billion. The expansion of the ECB's bond purchase programme to include corporate bonds provided added support for these instruments. Credit spreads in the real estate sector are currently at a very low level. A decision on the volume of future bond purchases is expected in autumn 2017.

DEVELOPMENT OF FINANCING PARAMETERS

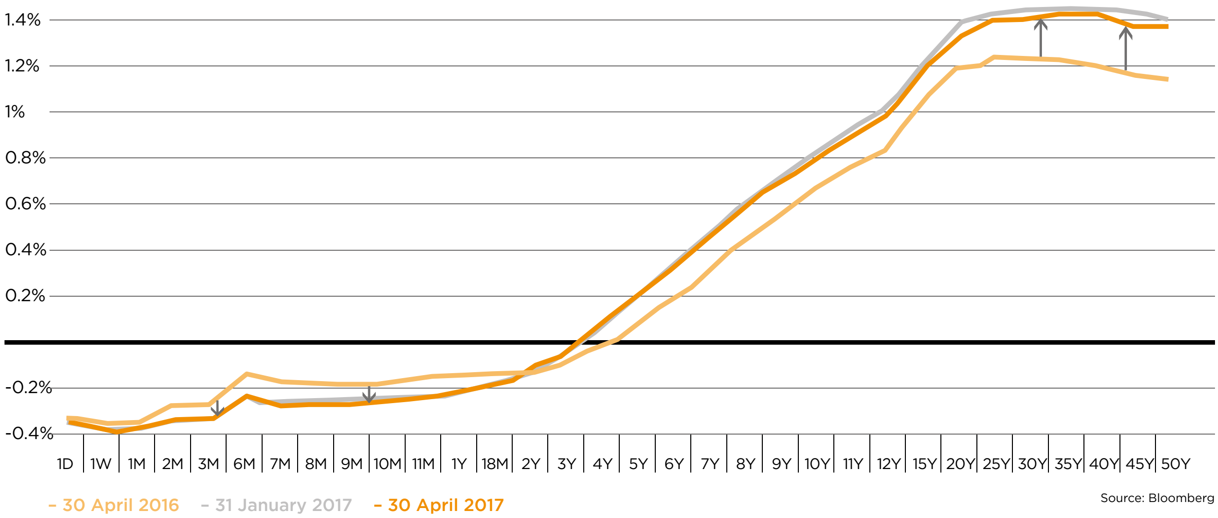
The BUWOG Group sees financing for the real estate industry in Germany and Austria as generally secure at the present time due to the strong demand for capital investments by the banking sector and the current low interest rate environment. The increased capital adequacy requirements for banks defined by Basel II and Basel III are reflected in lower loan-to-value ratios and, consequently, to higher capital requirements for real estate investments. Sufficient financing is generally available for development projects, although lending conditions have tightened significantly in recent years through bank covenants and reporting standards. The main determining factors for the lending process are location and cost security through the appointment of a general contractor with fixed price and completion guarantees as well as verifiable pre-letting. In summary, sufficient financing is available – but under stricter lending conditions.

DEVELOPMENT OF THE EUR SWAP CURVE

The significance of the EUR swap curve for the BUWOG Group is reflected in cash interest expenses and, above all, in non-cash financial results. A substantial shift in this curve was visible during the reporting year, with an increase over the level on 30 April 2016 that had only a limited effect on short-term rates. In view of BUWOG's defensive risk profile with a long-term, balanced financing structure and an average term of 12 years for financial liabilities, the increase in the EUR swap curve had a positive effect on non-cash financial results in 2016/17. Additional details are provided in the section *Asset, financial and earnings position* on page 156.

DEVELOPMENT EUR SWAP CURVE

Comparison 30 April 2016 to 31 January 2017 and 30 April 2017



Source: Bloomberg

PORTFOLIO REPORT

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

The following information is based on the values as of 30 April 2017, the balance sheet date for the 2016/17 financial year. The comparative figures in parentheses refer to the values as of 30 April 2016, unless otherwise indicated. Information on the carrying amounts is provided in the consolidated financial statements under note *2 Accounting Policies.*

THE BUWOG GROUP'S PROPERTY PORTFOLIO

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

The fair value of the BUWOG Group's portfolio totalled EUR 4,646.4 million as of 30 April 2017 (EUR 4,142.0 million). Standing investments and non-current assets held for sale represent the major component at EUR 3,942.1 million (EUR 3,716.3 million) or 84.8% (89.7%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 355.5 million (EUR 217.3 million) or 7.6% (5.2%) of the carrying amount of the Group's portfolio. The pipeline projects have a combined fair value of EUR 277.5 million (EUR 168.7 million) or 6.0% (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 56.3 million (EUR 33.0 million) or 1.2% (0.8%). The other tangible assets, which include properties used directly by the BUWOG Group, total EUR 14.9 million (EUR 6.7 million) or 0.3% (0.2%).

The property portfolio of the BUWOG Group is classified under non-current and current assets on the balance sheet. The following charts reconcile the balance sheet values as of 30 April 2017 with the presentation in this portfolio report:

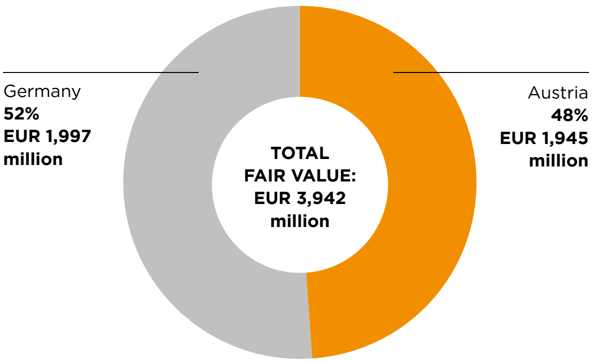
PROPERTY PORTFOLIO
as of 30 April 2017 in EUR million

Non-current assets	**4,275.2**	Investment properties	4,203.9	**Standing investments**	**3,926.5**
				Pipeline projects	277.5
		Other tangible assets	14.9	Properties used by the BUWOG Group[1]	14.9
		Investment properties under construction	56.3	Construction for the BUWOG portfolio	56.3
Current assets	**371.2**	Non-current assets held for sale	15.7	**Standing investments**	**15.7**
				Pipeline projects	0.0
		Real estate inventories	355.5	Development projects	355.5
Total portfolio BUWOG Group	**4,646.4**		**4,646.4**		**4,646.4**

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

The following chart shows the regional distribution of the standing investment portfolio:

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE
as of 30 April 2017



PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2017	Units	Standing investments in EUR million	Pipeline projects in EUR million	Properties used by the BUWOG Group in EUR million[1]	Construction for BUWOG portfolio in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Germany	27,151	1,997.4	246.6	0.7	21.9	155.4	2,422.0	52.1%
Austria	22,446	1,944.8	30.9	14.2	34.4	200.2	2,224.4	47.9%
BUWOG Group	**49,597**	**3,942.1**	**277.5**	**14.9**	**56.3**	**355.5**	**4,646.4**	**100.0%**

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

INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating steady rental income. The property portfolio in Germany and Austria included 49,597 standing investment units (51,058), which had a fair value of EUR 3,942.1 million as of 30 April 2017 (EUR 3,716.3 million) and represented 85% of the total property portfolio (incl. development projects). The standing investment portfolio is carried at fair value in accordance with IAS 40.

In 2016/17 a portfolio with 100 units in Germany was acquired for EUR 7.8 million and successfully integrated. The completion of two development projects in Vienna (“Am Otterweg” with 88 units and “Southgate” with 78 units) added a total of 166 units to BUWOG’s standing investment portfolio. Contracts were signed during the reporting year for the purchase of a portfolio with 23 standing investment units in Hannover for approximately EUR 3.6 million and for the purchase of a property in Berlin with 14 standing investment units for approximately EUR 3.0 million. The closings are expected to take place during the first, respectively second quarter of 2017/18. The BUWOG Group also signed a contract for a property in Berlin with 95 units, which will be built for turnkey delivery and is scheduled for completion and transfer in March 2019.

PORTFOLIO TRANSACTIONS IN FY 2016/17

	Acquired on
100 units in Hannover	1 April 2017

The core regions of Berlin, Hamburg, Schleswig-Holstein and Brunswick/Hannover form the regional focus of investments to continue the sustainable expansion of the portfolio in Germany. The BUWOG Group's most important investment criteria are the appreciation potential of the respective property in these attractive socio-demographic and economically stable growth regions, a minimum gross rental yield of roughly 4.0% to 6.0% depending on the location, a positive contribution to the sustainable increase in Net Operating Income (NOI) and Recurring FFO, and the suitability for possible privatisation.

Vienna and Berlin together with 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 30 April 2017.

The annualised contractual net in-place rent for the portfolio properties, including parking spaces, totalled EUR 205.1 million as of 30 April 2017 (EUR 201.2 million). That represents an average net in-place rent of EUR 5.18 per sqm (EUR 4.92 per sqm) and a gross rental yield (annualised net in-place rent in relation to fair value) of 5.2% (5.4%). The vacancy rate is based on the total floor space and equalled 3.4% as of 30 April 2017 (3.4%). The average size of the units in BUWOG's standing investment portfolio is roughly 69 sqm.

On a like-for-like basis – i.e. after the elimination of the effects from changes in the portfolio (excluding portfolio transactions) and the inclusion of changes in vacancies – the increase in rents totalled 4.5% (1.6%). The like-for-like rental growth equalled 3.2% (2.7%) in the German portfolio and 6.3% (0.3%) in the Austrian portfolio. The improvement in the Austrian portfolio is attributable to a non-recurring special effect from the adjustment of a rent component, the maintenance and improvement contribution (Erhaltungs- und Verbesserungsbeitrag), based on an amendment to the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz). Additional details are provided on page 63.

A further year-on-year increase was recorded in the fair value of the BUWOG Group's standing investment portfolio during 2016/17, which resulted in fair value adjustments of EUR 331.8 million that were recognised in profit or loss. An overview of the fair value adjustments and additional information on the regional distribution are provided on page 149.

The BUWOG Group implemented the results of the best practice analysis of its capitalisation policies beginning with the first quarter 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 for 2015/16. Additional details are provided in the consolidated financial statements under note 1.3 *Change in comparative information* (see page 226). The new capitalisation guideline leads to higher capitalisation rates than the previously applied policy based on a constant mix of measures.

BUWOG invested EUR 66.3 million in its Austrian and German properties during 2016/17 (EUR 54.8 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. That corresponds to EUR 18.9 per sqm (EUR 15.4 per sqm). Investments in regular maintenance totalled EUR 27.0 million (EUR 23.7 million) or EUR 7.7 per sqm (EUR 6.7 per sqm), and capitalised investment costs amounted to EUR 39.3 million (EUR 31.1 million) or EUR 11.2 per sqm (EUR 8.7 per sqm). The capitalisation ratio for investment costs equalled 59.2% (56.7%) of total investments. As part of its active Asset Management approach, the BUWOG Group continues to focus on sustainable, yield-oriented property management and optimisation to realise opportunities to increase value, improve the properties and boost rental income.

PORTFOLIO OVERVIEW STANDING INVESTMENTS BY LOCATION

as of 30 April 2017	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	11,540	904,810	61	5.76	1,618	1,788	3.8%	2.7%
Vienna	6,549	573,107	36	5.44	1,042	1,819	3.5%	3.6%
Berlin	4,991	331,703	25	6.30	576	1,735	4.3%	1.2%
State capitals and major cities[5]	19,093	1,226,550	75	5.24	1,253	1,022	6.0%	2.2%
Suburban regions[6]	7,655	532,577	31	5.00	528	992	5.8%	3.5%
Rural areas	11,309	754,848	38	4.47	543	719	7.0%	6.2%
Total BUWOG Group	**49,597**	**3,418,784**	**205**	**5.18**	**3,942**	**1,153**	**5.2%**	**3.4%**
thereof Germany	27,151	1,690,258	116	5.85	1,997	1,182	5.8%	1.9%
thereof Austria	22,446	1,728,526	89	4.50	1,945	1,125	4.6%	4.9%

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 as of 30 April 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

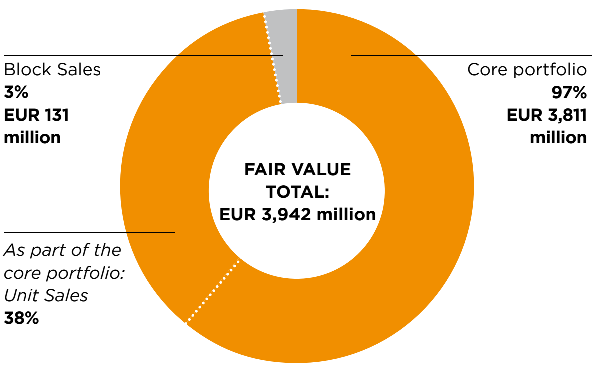
The BUWOG Group's standing investments are assigned to one of three clusters for portfolio management: (a) the core portfolio, (b) the Unit Sales portfolio (current and planned property sales) and (c) the Block Sales portfolio (individual properties and portfolios) where the sale of properties over the medium-term is part of an opportunistic approach to optimise and concentrate the portfolio. In accordance with the strategic portfolio cluster, the core holdings represent 97% of BUWOG's portfolio. The cluster allocation is shown in the following table.

PORTFOLIO SPLIT BY STRATEGY CLUSTER

as of 30 April 2017		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,239	11,615	2,743	49,597
Total floor area	in sqm	2,289,780	926,670	202,334	3,418,784
Monthly net in-place rent[1]	in EUR per sqm	5.39	4.90	3.83	5.18
Fair value[2]	in EUR million	2,379	1,432	131	3,942
Fair value[2]	in EUR per sqm	1,039	1,546	646	1,153
Gross rental yield[3]	in %	6.1%	3.6%	6.3%	5.2%
Vacancy rate per cluster	by sqm	2.4%	4.2%	11.0%	3.4%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 30 April 2017
3) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 30 April 2017



SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)

A total of 1,731 units were sold during 2016/17 (1,119): 1,700 units from the Austrian portfolio (1,102) and 31 units (17) from the German portfolio. These sales generated Net Operating Income (NOI) of EUR 44.3 million (EUR 38.2 million).

Unit Sales are the main driver for sustainable revenues and contributions to Recurring FFO in the BUWOG Group'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 614 standing investment units were sold during 2016/17 (635), including 583 units from the Austrian portfolio and 31 units from the German portfolio. These sales contributed EUR 37.1 million (EUR 34.6 million) to Recurring FFO and had a margin on fair value of 57% (57%).

BUWOG's activities to further adjust and concentrate the portfolio were reflected in the signing of a contract for the Block Sale of 1,152 units in Tyrol on 7 December 2016. Block Sales covered 1,117 standing investment units in 2016/17 (484 standing investment units), whereby 1,116 units are part of the Tyrolean portfolio. The remaining 36 units from the Tyrolean sale will be transferred to the buyer during the first quarter of 2017/18. The earnings contribution from Block Sales is not part of Recurring FFO and is only included in Total FFO. It amounted to EUR 5.4 million (EUR 3.6 million) with a margin on fair value of 5% (14%).

INVESTMENT PROPERTY – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The balance sheet position investment property covers standing investments and 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 decision parameters include the availability of building permits, the progress of construction, the legal situation, the amount of equity previously invested by the BUWOG Group, the availability of bank financing, the level of pre-letting or sales, the expected margin, the margins achievable on alternative projects, project-specific factors and, not least, the macroeconomic environment.

The pipeline projects recognised on BUWOG's balance sheet had a carrying amount of EUR 277.5 million as of 30 April 2017 (EUR 168.7 million).

PIPELINE PROJECTS FAIR VALUE

as of 30 April 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	238.2	0.0	0.0	8.4	246.6	88.9%
Austria	25.4	3.6	0.0	1.9	30.9	11.1%
Total	**263.6**	**3.6**	**0.0**	**10.3**	**277.5**	**100.0%**

OTHER TANGIBLE ASSETS

The other tangible assets had a combined carrying amount of EUR 14.9 million as of 30 April 2017 (EUR 6.7 million). These assets consist primarily of office properties occupied by the BUWOG Group in Vienna (Hietzinger Kai 131) and Villach (Tiroler Strasse 17). Also included here are tangible assets currently under construction for BUWOG's future customer and administrative centre in Vienna at an amount of EUR 8.6 million. These assets represent the shares in a project company which were acquired by BUWOG during December 2016 and the related construction rights for the property at Rathausstrasse 1 in Vienna's first district. The building has roughly 12,000 sqm of gross floor space at one of the best locations in Vienna close to the city hall and parliament.

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 56.3 million as of 30 April 2017 (EUR 33.0 million). Two new projects in Vienna were under construction at the end of the reporting year: "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 market rent apartments. The "Am Otterweg" and "Southgate" projects with a total of 166 subsidised units in Vienna were completed and transferred to the standing investment portfolio during the reporting year as part of the Vienna Housing Initiative.

NON-CURRENT ASSETS HELD FOR SALE (ASSET MANAGEMENT/ PROPERTY DEVELOPMENT BUSINESS AREAS)

The properties classified as non-current assets held for sale and accounted for in accordance with IFRS 5 were covered by specific plans as of 30 April 2017 which make their sale likely in the near future. These properties had a combined carrying amount of EUR 15.7 million as of 30 April 2017 (EUR 0.0 million) and are included in the portfolio report under the standing investment cluster. The individual assets involve two properties from the sale of the Tyrolean portfolio which had not been transferred by 30 April 2017 and the sale of a portfolio with 200 units in Styria and Carinthia which was signed on 11 May 2017. The units will be transferred to the buyers during the first quarter of 2017/18.

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

The development of subsidised or privately financed condominiums and investment apartments (investors) for local customers and institutional investors and foundations is an important part of BUWOG's business activities. The markets in Vienna, Berlin and Hamburg with their strong demand for condominiums represent the main regional focus of these new development projects. The principle selection criteria for development projects are the location, the size of the project, its marketability and the expected profitability.

Development projects completed or currently under construction are reported on the balance sheet as real estate inventories (current assets) and accounted for at depreciated cost or the lower net realisable value in accordance with IAS 2. The fair value of the real estate inventories totalled EUR 355.5 million as of 30 April 2017 (EUR 217.3 million).

PROPERTY VALUATION

The consolidated financial statements of the BUWOG Group as of 30 April 2017 were prepared in accordance with International Financial Reporting Standards (IFRS), which include the application of the fair value method. The determination of fair value requires the regular appraisal of the investment properties by independent experts. The valuation of the property portfolio reflects the Best Practice Recommendations of the European Public Real Estate Association (EPRA) for the application of the fair value method as defined in IFRS. The BUWOG Group views the calculation and transparent presentation of fair value as an important internal controlling instrument, which also allows for a realistic external assessment of its property assets.

The standing investments, new construction projects and undeveloped land held by the BUWOG Group are valued by the independent external appraisers at CBRE Germany/Austria as of the reporting dates on 30 April and 31 October.

CBRE uses a discounted cash flow (DCF) model to value the Austrian real estate holdings. This model was adapted to reflect the special features of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz), in particular, cost-covering rent and re-letting fees, and the Unit Sales from these holdings. The parameters for Austria include long-term subsidy periods, interest rate hikes and the long-term revenues realisable from Unit Sales in the form of detailed cash flows over a period of 80 years. If the sale of individual apartments is the most economically feasible option, the property is valued according to the estimated sale potential of the individual units. The recoverable revenue on the sale is determined by applying the sales comparison approach and included in the DCF model on an accrual basis.

A standard discounted cash flow (DCF) method is applied to the German standing investments. The residual value method is used for property under construction (project development) and the comparative value method for undeveloped property (for future development projects) in Germany and Austria.

Additional information on the valuation process and methods is provided in the consolidated financial statements under note 6.1.2 *Valuation methods and input factors*.

CBRE valued the entire property portfolio of the BUWOG Group as of 30 April 2017. The fair values of these properties and land have a direct influence on the Net Asset Value (NAV) and therefore represent an important factor for evaluating the financial position of the BUWOG Group.

DEVELOPMENT OF PROPERTY VALUES IN 2016/17

The external appraisal by CBRE indicated showed a substantial year-on-year increase in the fair value of BUWOG's properties as of 30 April 2017. Fair value adjustments (IFRS) totalled EUR 335,1 million as of 30 April 2017, whereby EUR 317.3 million resulted from the valuation of the German portfolio and EUR 14.5 million from the valuation of the Austrian portfolio. The fair value adjustments to the pipeline projects amounted to EUR 3.3 million.

The fair value of the standing investments recognised at fair value in accordance with IAS 40 (excluding properties held for sale; standing investments in accordance with IFRS 5) totalled EUR 3,926.5 million as of 30 April 2017, while the pipeline projects had a combined fair value of EUR 277.5 million. For the BUWOG Group, that represents a total carrying amount of EUR 4,203.9 million. The fair value of the properties held for sale (standing investments as defined by IFRS 5) equalled EUR 15.7 million and resulted in a total fair value of EUR 3,942.1 million for the standing investments as of 30 April 2017.

The above-average increase of EUR 317.3 million in the fair value in the German properties resulted primarily (roughly 90%) from an increase in market rents and a high yield compression – with an above-average increase in the purchase prices for rental properties and property portfolios in relation to the growth in rents – which reflects the continuing strong demand by domestic and foreign investors. This sharp rise in the purchase prices for properties, above all in Berlin, is also visible in the rapidly growing medium-sized cities in northern Germany, e.g. Kiel, Lübeck and Brunswick. These so-called B- and C-locations are attracting opportunistic investors as well as an increasing number of long-term oriented real estate investors from the peer group which, in turn, is intensifying competition. There are no signs of a decline in the strong demand for residential properties and a related decrease in the rising yield compression over the short-term. Fair value adjustments were not only favourably influenced by these market factors, but also by an increase in the share of new rentals to roughly 5% – especially in BUWOG's core regions. The highest fair value increase in the German standing investment portfolio was recorded in the Berlin region at EUR 150.8 million and resulted chiefly from the ongoing strong yield compression. Substantial increases in the state capitals/ major cities were noted in Lübeck (EUR 52.5 million), Kiel (EUR 41.8 million) and the suburban regions near Hamburg (EUR 22.5 million).

In the BUWOG Group's Austrian portfolio, the fair value adjustments of EUR 14.5 million resulted from the positive development of ownership prices on the real estate market. The fair value adjustments in this portfolio were concentrated on Unit Sales properties in Vienna at EUR 20.2 million. The following table summarises the fair value adjustments by regional cluster.

REVALUATION RESULT BY REGIONAL CLUSTER

as of 30 April 2017	Fair value adjustments in EUR million	Fair value in EUR million	Fair value in EUR per sqm	Monthly net in-place rent[1] in EUR per sqm	Multiplier net in-place rent
Federal capitals	171.0	1,618	1,788	5.76	26.6
Vienna	20.2	1,042	1,819	5.44	28.9
Berlin	150.8	576	1,735	6.30	23.2
State capitals and major cities[2]	126.7	1,253	1,022	5.24	16.6
Suburban regions[3]	23.5	528	992	5.00	17.1
Rural areas	10.7	543	719	4.47	14.3
Total BUWOG Group	**331.8**	**3,942**	**1,153**	**5.18**	**19.2**
thereof Germany	317.3	1,997	1,182	5.85	17.2
thereof Austria	14.5	1,945	1,125	4.50	21.9

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 as of 30 April 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

EFFECTS OF THE AMENDMENT TO RENTAL LAW IN GERMANY ON FAIR VALUES

Rental prices on the housing market in Germany have risen significantly over the past five years, chiefly owing to higher demand. The growing pressure on politicians to intervene in tight housing markets resulted in a legal cap on rent increases which took effect on 1 June 2015. This regulation is intended to contain the substantial demand-driven increase in rental prices on tight housing markets. New rentals in areas with this cap are subject to the following restrictions:

- Landlords may only increase the rent by a maximum of 10% above the normal rent for the area when leases are renewed.
- Apartments rented prior to the introduction of the cap at a price exceeding the normal in-place rent for the area plus 10% are classified as protected and may be rented in the future at the previous in-place rent. However, any rent increases implemented in the year before the end of the former contract may not be included.
- New apartments rented for the first time after 1 October 2014 are not subject to the cap.
- Apartments rented for the first time after comprehensive modernisation are not subject to the cap.

The rental price cap has the following effect on the BUWOG Group's properties in Germany: the rents on newly concluded contracts are capped at a maximum of 10% over the normal rent in Berlin (since June 2015) and in Hamburg (since July 2015). If the former tenant‘s rent was higher, the cap can be raised to this agreed amount. The rental price cap has also been in effect at a number of locations in Schleswig-Holstein and Kassel since November 2015. It was enacted in Lower Saxony as of 1 December 2016 and will therefore cover BUWOG's properties in Brunswick, Lüneburg and Buchholz in der Nordheide as well as the portfolio purchased in Hannover during 2016/17. Current estimates indicate that roughly 33% (2015/16: 32%) of BUWOG's standing investments and approx. 18% (2015/16: 17%) of the total portfolio are subject to the rental price cap.

Research by CBRE indicates that neither a simple nor a qualified rental price index is available for most of the cities. Consequently, there is no clear basis for determining the comparable local rent as the basis for new contracts. Defining the comparable rent based on similar apartments is difficult without an expert opinion. Introducing a cap on rental prices without amending the related index system has only made it more difficult to establish rental prices. Conflicting court decisions on the application of the rental price index as the basis for comparable local rents has since led to further uncertainty on the rental market.

The rental price cap has an influence on the potential for increasing the prices for new rentals when the realisable market rent for a particular apartment was not reached before the cap was implemented. However, this potential can only be determined on a case-by-case basis when the tenants change and is dependent on the location and property. The rental price cap does not significantly impair BUWOG's ability to determine the rental prices for its standing investments, and the related effects are included in full in the Group's multi-year planning.

In order to further utilise the available opportunities, BUWOG's investments in existing apartments are focused on units where there is still a substantial difference between the rental price cap and the market rent.

In addition to the rental price cap, the Ministry of Justice has redefined the capping limit ordinance (Kappungsgrenzenverordnung) as an additional instrument to limit rental price increases. It limits the increases to a maximum of 15% of the former rent during a period of three years in tight housing markets. This regulation has an influence on BUWOG's locations in Berlin, Hamburg and Kassel.

Further details on the rental price cap and capping limit ordinance are provided under *Asset Management – BUWOG's rent models* in the 2015/16 annual report beginning on page 63.

EFFECTS OF INDEX ADJUSTMENTS

A number of new rent tables, which are generally updated every two years, were published at BUWOG locations during and after the 2016/17 financial year. These tables provide information on comparable local rents for privately financed apartments based on the location, furnishings and year of construction. New rent tables were published, among others in Brunswick and Lübeck, during 2016/17. In Brunswick, the rent table shows an average increase of 1% from 2014 to 2016, while the comparable level for Lübeck is a substantially higher 4.6%. The Berlin rent table was published in May 2017 and shows an average increase of 9.2% in the net in-place rent compared with 2015. The Kiel rent table, which was published in June 2017, also includes an increase in average rents. For the BUWOG Group, this strong market-driven development in the various regional tables represents a significant potential for an increase in rents in the standing investments and on re-letting.

Effects on fair value. The transaction market remains robust despite the growing regulation of the residential rental sector. Completions are unable to keep pace with the rising number of households in the attractive regional housing markets with comparatively high upward trends in rents and purchase prices. This has depressed vacancy rates to historic lows.

The steady high demand by institutional investors for multi-family houses in the large metropolitan areas and the strong rise in purchase prices for core properties have also been accompanied by an increase of one to three years' net in-place rent (multipliers) in the purchase price parameters for non-core properties in top locations. Institutional investors are also increasingly turning to the rapidly growing medium-sized cities in northern and eastern Germany (e.g. Brunswick, Leipzig and Magdeburg). These so-called B- and C-locations are not only attracting a larger number of opportunistic investors, but also potential long-term owners – a development that is also fuelling competition in these areas.

The consequences for the valuation of BUWOG's properties in Germany include an increase in the purchase price parameters (yield compression), which more than offsets the negative effects of the rental price cap at a number of locations, as well as fair value adjustments in Germany that reached EUR 317.3 million in 2016/17 (EUR 141.6 million).

EFFECTS OF THE AMENDMENT TO THE AUSTRIAN NON-PROFIT HOUSING ACT ON FAIR VALUES

The amendment to the Austrian Non-Profit Housing Act which took effect on 1 July 2016 includes, among others, the restructuring of the maintenance and improvement contribution (Erhaltungs- und Verbesserungsbeitrag, EVB) as a major adjustment. The basic contribution of EUR 0.43 per sqm (EVN I) collected from tenants as part of the rent is now also subject to repayment. Maintenance and improvement contributions collected but not used by 30 June 2016 fall under the repayment obligation as of 1 July 2016. These funds must be refunded to tenants if they are not used for maintenance within 20 years (previously 10 years). The extension of the period after which the collected maintenance and improvement contribution must be repaid allows the BUWOG Group to make more targeted investments in the building substance.

Legal regulations previously permitted the use of the Burgenland benchmark less 30% (BRW -30) in place of a cost-covering rent to determine the new price when apartments were re-let. This benchmark last equalled EUR 3.50 per sqm and included both of the maintenance and improvement contributions (EVB I and II). The amendment to the Austrian Non-Profit Housing Act replaced the previous benchmark price with a new indexed value of EUR 1.75 per sqm as of 1 July 2016. In contrast to the previous legal regulation, an indexed maintenance and improvement contribution may be also collected in line with the age of the building, but up to a maximum of EUR 2.00 per sqm.

Including the indexed maintenance and improvement contribution, a total of EUR 3.75 per sqm can be collected from tenants in buildings 30 years or older. That represents a potential increase of EUR 0.25 per sqm compared with the previous regulation, if permitted by market conditions at the respective location.

Effects on fair value. The valuation of the BUWOG Group's Austrian properties therefore includes the negative effects of the amendment to the Austrian Non-Profit Housing Act as well as very positive effects from the further improvement in their sale potential due to the rising prices for condominiums and the related effects on the fair value of the Unit Sales portfolio. The fair value adjustments to the Austrian property portfolio totalled EUR 14.5 million in 2016/17 (EUR 49.2 million).

FINANCING

The BUWOG Group successfully arranged (re)financing for its standing investments and extended working capital lines with a total volume of EUR 581.5 million in 2016/17. Financing was also arranged for "build to hold" projects with a total volume of EUR 13.2 million[1)] and an average interest rate of 1.20% and for "build to sell" projects with a total volume of EUR 165.9 million[2)] and an average interest rate of 1.19%.

In total, the BUWOG Group successfully continued its financing at sustainably favourable conditions and thereby further improved the Recurring FFO available for dividends and investors.

FINANCING INDICATORS

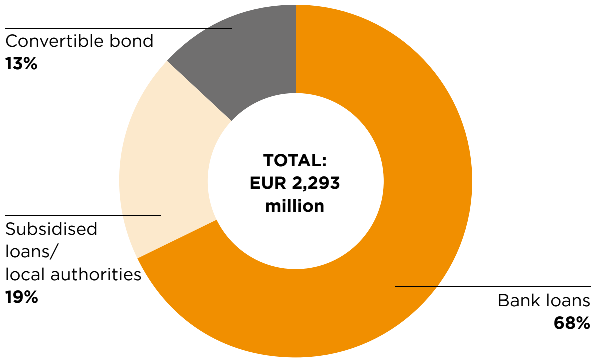
	Outstanding liability in EUR million	Share of outstanding liability	Ø Interest rate	Ø Term in years
Bank liabilities	**1,549**	**68%**	**2.18%**	**11.2**
thereof Germany	806	35%	2.08%	6.7
thereof Austria	743	32%	2.29%	16.0
Local authorities	**444**	**19%**	**1.60%**	**18.9**
thereof Germany	12	1%	0.28%	1.3
thereof Austria	432	19%	1.64%	19.4
Convertible bond	**300**	**13%**	**0.00%**	**4.4**
Total	**2,293**	**100%**	**1.78%**	**11.8**

Data may include rounding differences.

The financial liabilities held by the BUWOG Group include liabilities to credit institutions, liabilities to local authorities and development banks and liabilities from the issued convertible bonds. The outstanding volume of these financial liabilities, which are denominated in Euros, totalled approximately EUR 2,293 million as of 30 April 2017. The net financial liabilities of EUR 2,040 million in relation to the carrying amount of the total portfolio (EUR 4,631 million) represent the loan-to-value. This indicator was successfully reduced from 47.6% as of 30 April 2016 to 44.1% (IFRS) at the end of the reporting year. Additional details on the calculation of the LTV are provided under *Loan to value* in the section on the *Asset, financial and earnings position*.

STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES

as of 30 April 2017



1) As of 30 April 2017, EUR 10.9 million had not been transferred because the disbursement requirements must still be met.
2) As of 30 April 2017, EUR 112.4 million had not been transferred because the disbursement requirements must still be met.

REFINANCING AND RESTRUCTURING OF THE LOAN PORTFOLIO

The BUWOG Group successfully completed the refinancing and restructuring of a major loan portfolio at the end of the second quarter of the reporting year. This financing arrangement covered a volume of EUR 550 million and was concluded with Berlin Hyp as the consortium leader and Helaba. The closing took place at the end of the third quarter of 2016/17.

In addition to restructuring EUR 381.4 million of bank liabilities from the loan portfolio, EUR 195.3 million of subsidised loans in Germany (loans from financial institutions and local authorities) were or will be refinanced through a fixed interest loan (EUR 168.6 million) and equity (approx. EUR 30.0 million) by the end of the 2017 calendar year. Loans totalling EUR 550 million were refinanced and restructured with an average term of eight years. The weighted average nominal interest rate, including the related derivatives, is substantially lower than the previous interest rate and reduces financial results by EUR 4 million per year. The bullet repayment of the loan will also result in a cash flow advantage of roughly EUR 13 million.

The above measures led to an improvement in the weighted average nominal interest rate from 2.19% as of 30 April 2016 to 1.78% compared with the previous financing of these financial liabilities, including the convertible bond.

CONVERTIBLE BOND

In the second quarter of 2016/17, the BUWOG Group issued an unsecured convertible bond with a volume of EUR 300 million through a bookbuilding procedure. The convertible bond has an interest rate of 0.00% and a term of five years.

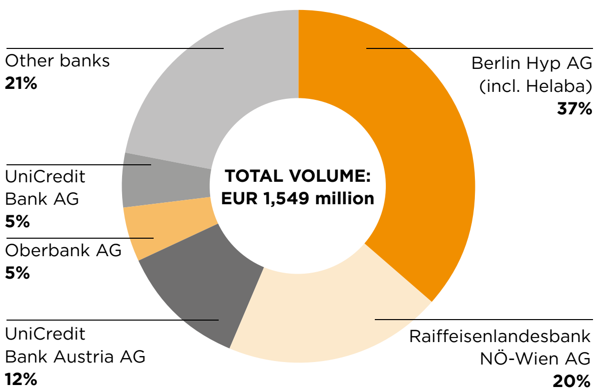
The initial conversion price of EUR 31.40 declined to EUR 31.22 after the end of the reporting year following a cash capital increase with subscription rights from authorised capital with a volume of approximately EUR 306 million in exchange for the issue of roughly EUR 12.5 million new shares. The conversion price will be adjusted to reflect future dividend payments only when the dividend exceeds the previous level of EUR 0.69 per share.

The placement of the convertible bond resulted in an interest advantage of roughly 0.28% for the Group's financial liabilities.

FINANCING PARTNERS AND REPAYMENT STRUCTURE

BUWOG benefits from long-standing business relations with more than 40 financial institutions in Austria and Germany. Its most important contract partners are Berlin Hyp, Raiffeisenlandesbank Niederösterreich-Wien AG, UniCredit Bank Austria AG, Oberbank AG and UniCredit Bank AG. The diversification of financing among various lenders allows the Group to avoid dependency and creates broad access to a wide range of funding sources.

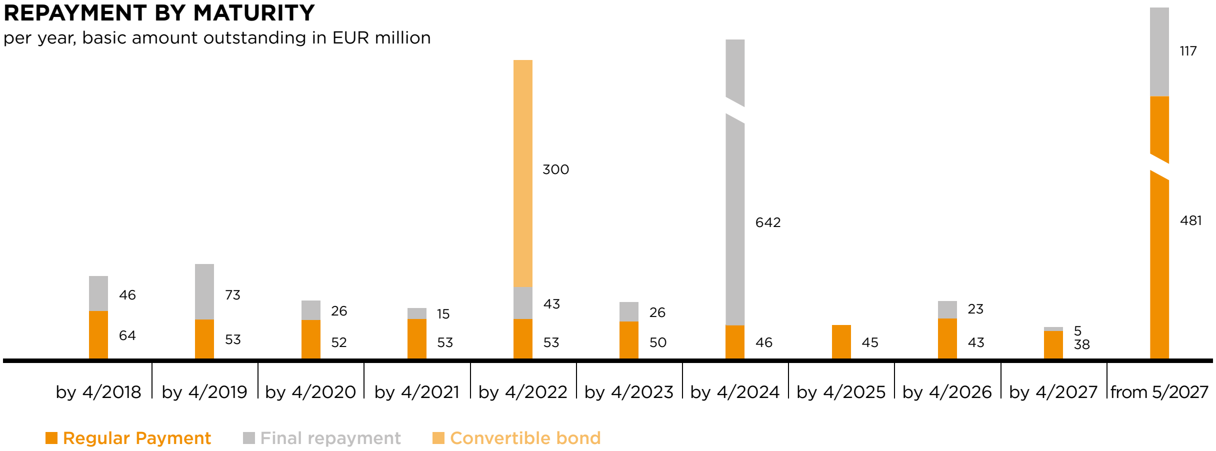
KEY FINANCING PARTNERS (BANKS)
as of 30 April 2017



In keeping with the long-term nature of its core business, the BUWOG Group works to develop and maintain a long-term, balanced financing structure to protect its defensive risk profile. Most of the financing contracts are based on long-term agreements. The refinancing of the loan portfolio with an average term of eight years reduced the average remaining term is 11.8 years and the average fixed interest period 9.7 years.

The repayment structure by maturity is shown below:

REPAYMENT BY MATURITY
per year, basic amount outstanding in EUR million

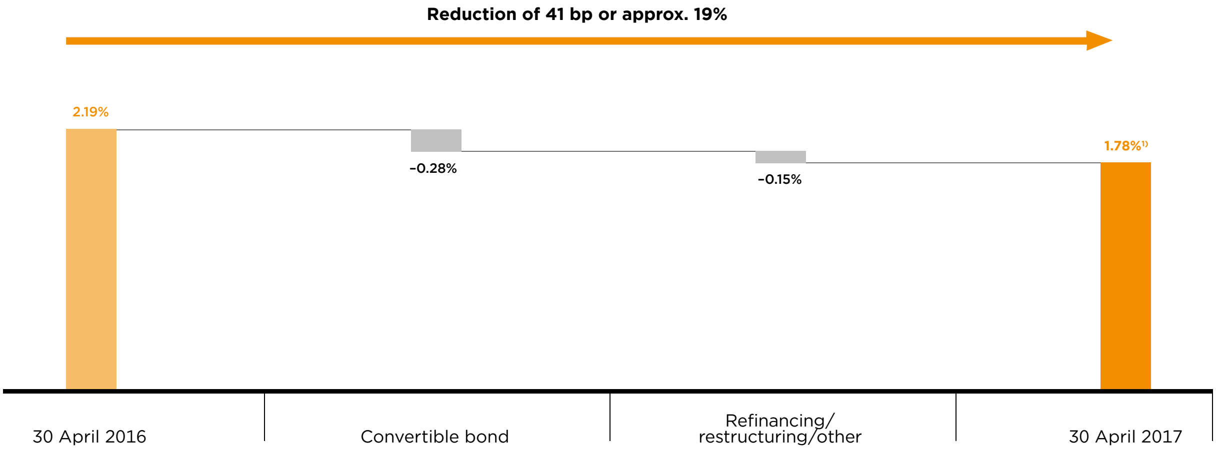


INTEREST RATE STRUCTURE

In accordance with the long-term nature of BUWOG's financing structure, 88% of the financing contracts are hedged against interest rate risk through fixed interest rate agreements and/or interest rate swaps.

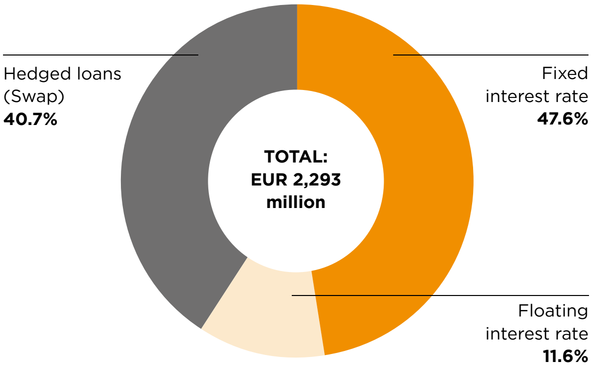
The weighted average nominal interest rate was reduced by 19%, or 41 basis points, from 2.19% to 1.78% during the reporting year. Key factors for this reduction were the issue of the convertible bond and the refinancing/restructuring of the loan portfolio.

DEVELOPMENT OF AVERAGE INTEREST RATES FOR FINANCIAL LIABILITIES



The values shown in the above graph are not scaled mathematically.
1) Average interest rate increased by two basis points based on annuity hikes in Carinthia and floor agreements on financing hedged with swaps

INTEREST RATE STRUCTURE
as of 30 April 2017



HOUSING SUBSIDIES

A special component of financing for the BUWOG Group is formed by the subsidised loans provided by financial institutions and local authorities in Austria. These loans currently represent roughly 25% of the outstanding balance of financial liabilities. In Austria, a large part of the Group's construction projects were financed by the public sector within the framework of housing subsidies. The housing subsidies granted to the BUWOG Group can be classified, in particular, according to the following criteria:
- Provincial subsidies for construction and renovation
- Types of subsidies: annuity subsidies, construction cost subsidies or direct loans

These subsidies are defined by the housing construction laws in the individual Austrian provinces. Despite the wide variety of detailed legal regulations, these housing subsidy laws have several fundamental principles in common:
- Rental prices, especially in Austria, are capped during and after the term of the subsidy.
- Certain restrictions are imposed as protection for the funds flowing into housing construction subsidies, e.g. temporary limits on sale.
- Sanctions, in particular premature repayment, take effect if the intent of the subsidy is violated.

All of the subsidised loans obtained by the BUWOG Group fall under the above criteria and have an average interest rate of 1.49% as of 30 April 2017. Most of the subsidised loans carry fixed interest rates and include annuity hikes or graduated interest agreements, which are known when the related contract is concluded and can generally be passed on through an increase in rents. Annuity hikes took effect in Carinthia during the last quarter of 2016/17 (Housing Subsidy Act 1991) and led to an increase in interest expense due to local Austrian authorities.

DERIVATIVES

BUWOG uses derivative financial instruments to hedge the risk of interest rate changes. Derivatives are only used to hedge interest rates, and the key parameters such as the term and repayment structures are adjusted to reflect the respective underlying transaction.

The BUWOG Group held derivatives with a notional amount of EUR 934 million as of 30 April 2017. Of the total financial liabilities, 88% are hedged against interest rate risk through swaps or fixed interest agreements. Floor agreements for underlying hedged transactions with a volume of EUR 478 million have led to an increase in interest expense due to the current negative reference rates. Further details on derivatives can be found in the consolidated financial statements under note *7.2.5 Interest rate risk*.

ASSET, FINANCIAL AND EARNINGS POSITION

The following information on the asset, financial and earnings position is based on the 2016/17 financial year (reporting year) and the 2015/16 financial year (preceding period) and can include rounding differences. 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 Asset Management business area recorded a further sound improvement in all profitability indicators during the reporting year based on its clearly defined portfolio and asset strategy. Annualised net cold rent rose by 1.9% from EUR 201.2 million to EUR 205.1 million despite the sale of the Tyrolean portfolio. The active implementation of targeted asset management and investment measures led to an increase of 5.3% in the NOI for this business area to EUR 156.9 million.

The Property Sales business area is characterised by high-margin Unit Sales and Block Sales to investors as a means of optimising the portfolio. A total of 1,731 standing investment units were sold during 2016/17 (1,119): 614 (635) units through Unit Sales at a stable margin of 57% and 1,117 units (484 units) through Block Sales. Block Sales were influenced by the sale of a portfolio in Tyrol with 1,116 units. The NOI in this business area rose by 16.1% to EUR 44.3 million.

The NOI in the Property Development business area improved by 31.9% to EUR 28.3 million (EUR 21.4 million). This positive development was also reflected in the number of completed units in Vienna and Berlin, which rose by 44% to a total of 606. The development pipeline increased by 25% to 10,149 planned units and an investment volume of approx. EUR 2.9 billion (EUR 2.5 billion).

EARNINGS POSITION

CONDENSED INCOME STATEMENT

in EUR million	2016/17	2015/16[1]	Change
NOI Asset Management	156.9	149.0	5.3%
NOI Property Sales[2]	44.3	38.2	16.1%
NOI Property Development[3]	28.3	21.4	31.9%
Other operating income	3.5	7.5	-53.1%
Expenses not directly attributable	-40.6	-33.0	-23.3%
Results of operations	**192.4**	**183.2**	**5.0%**
Other valuation results	335.2	165.9	>100%
Operating profit (EBIT)	**527.5**	**349.1**	**51.1%**
Financial results	-69.3	-41.0	-69.1%
Earnings before tax (EBT)	**458.3**	**308.2**	**48.7%**
Net profit	**366.7**	**239.9**	**52.8%**
Net profit per share[4] in EUR	**3.59**	**2.37**	**51.3%**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Including of adaption IFRS 5 EUR 1.8 million
3) Including adjustment to fair value of investment properties under construction of EUR 5.6 million
4) Base 99,773,479 shares (weighted average) previous year: 99,650,556 shares

Asset Management. The income recorded by the Asset Management business area consists of net cold rent of EUR 200.1 million (EUR 187.4 million) from residential properties plus other rental income of EUR 14.4 million (EUR 12.0 million) which results primarily from the rental of office, retail and parking space. These two items comprise the indicator "net in-place rent" and represent the contribution by Asset Management to the BUWOG Group's total revenue. The revenues from Asset Management also include operating costs passed on to tenants and third-party management revenues of EUR 112.0 million (EUR 107.9 million) as well as other revenues of EUR 0.2 million (EUR 0.1 million). These revenues are contrasted by operating expenses and expenses from third-party management amounting to EUR 112.1 million (EUR 106.1 million) and expenses directly related to investment properties totalling EUR 57.7 million (EUR 52.2 million), which include maintenance costs of EUR 27.1 million (EUR 23.9 million) for BUWOG's own portfolio.

The NOI generated by Asset Management rose by 5.3% year-on-year to EUR 156.9 million in 2016/17 (EUR 149.0 million). This improvement was supported, above all, by an increase in the NOI generated by Asset Management in Germany from EUR 77.9 million to EUR 81.5 million, which was based on higher prices for new rentals and rental increases in Berlin and other major cities. The NOI from Asset Management in Austria increased substantially to EUR 75.4 million (EUR 71.2 million) and was supported, in particular, by a special effect resulting from the amendment to the Austrian Non-Profit Housing Act and the related increase in net in-place rent.

OVERVIEW OF ASSET MANAGEMENT

in EUR million	2016/17	2015/16[1]	Change
Residential rental income	200.1	187.4	6.8%
Other rental income	14.4	12.0	19.7%
Rental revenues	**214.4**	**199.4**	**7.5%**
Operating costs charged to tenants and third party property management revenues	112.0	107.9	3.9%
Other revenues	0.2	0.1	>100%
Revenues	**326.7**	**307.3**	**6.3%**
NOI Asset Management	**156.9**	**149.0**	**5.3%**
NOI margin Asset Management	**73.1%**	**74.7%**	**-1.6 PP**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).

The following table shows the classification between maintenance costs and modernisation expenditures (CAPEX). Maintenance costs represent an expense item on the income statement, while modernisation expenditures (CAPEX) increase the carrying amount of the standing investments. BUWOG's goal to improve the quality of the portfolio and create the potential for future rental increases was reflected in an increase of 23% in CAPEX for the standing investments to EUR 18.9 per sqm.

MAINTENANCE AND INVESTMENT IN INVESTMENT PROPERTIES

	2016/17	2015/16[1]	Change
Maintenance and investment in EUR million[2]	66.3	54.8	21.0%
Maintenance in EUR million[2]	27.0	23.7	13.8%
Modernisation (CAPEX) in EUR million	39.3	31.1	26.3%
Modernisation (CAPEX) in %	59.2%	56.7%	2.5 PP
Average total floor area in 1,000 sqm[3]	3,500	3,551	–1.4%
Maintenance and investment in EUR per sqm	**18.9**	**15.4**	**22.6%**
Maintenance in EUR per sqm	7.7	6.7	15.2%
Investment (CAPEX) in EUR per sqm	11.2	8.7	28.2%

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Maintenance costs of own real estate portfolio (excl. EUR 0.1 million in costs for project companies (EUR 0.3 million))
3) Average weighted floor area taking into account increases and reductions from purchases and sales

Property Sales. NOI in the Property Sales business area rose by 16.1% to EUR 44.3 million in 2016/17 (EUR 38.2 million). The number of units sold increased from 1,119 in the previous year to 1,731, including 1,116 standing investments from the sale of the Tyrolean portfolio. The margins on Unit Sales remained at a high 57%. The position "Adaption IFRS 5" includes fair value adjustments of EUR 1.8 million to non-current assets held for sale. This period-based valuation effect was reflected in the calculation of NOI, EBITDA and Total FFO.

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

OVERVIEW PROPERTY SALES

	2016/17	2015/16	Change
Sales of units in numbers	**1,731**	**1,119**	**54.7%**
thereof Unit Sales	614	635	–3.3%
thereof Block Sales	1,117	484	>100%
Revenues Property Sales in EUR million	**228.4**	**129.8**	**76.0%**
thereof Unit Sales in EUR million	104.9	99.2	5.8%
thereof Block Sales in EUR million	123.4	30.6	>100%
NOI Property Sales in EUR million	**44.3**	**38.2**	**16.1%**
Adaption IFRS 5 current year	–1.8	0.0	n.a.
NOI Property Sales in EUR million adjusted	**42.5**	**38.2**	**11.4%**
thereof Unit Sales in EUR million	37.1	34.6	7.3%
thereof Block Sales in EUR million	5.4	3.6	50.1%
Margin on fair value	**23%**	**44%**	**–20.4 PP**
thereof Unit Sales	57%	57%	0.1 PP
thereof Block Sales	5%	14%	–9.0 PP

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

Property Development. The Property Development business area, which is classified in "build to sell" and "build to hold", was very successful during 2016/17. Revenues from property sales rose by 7.8% year-on-year to EUR 174.7 million. The NOI generated in Austria, adjusted for the fair value of properties currently under construction, increased by 67.0% to EUR 16.8 million. This sound improvement was influenced by a higher number of full or partial completions ("Pfarrwiesengasse", "Southgate", "Am Otterweg" and "Samhaberplatz" projects) and by the sale of the "Kranebitter Allee" site. The adjusted NOI in Germany equalled EUR 5.9 million, whereby the previous year was influenced by the sale of two sites for a total of EUR 6.8 million.

The significant 31.9% increase in NOI in the financial year and constant NOI margin of 13% confirmed the BUWOG Group's strategically successful direction in this business area.

OVERVIEW PROPERTY DEVELOPMENT

	2016/17	2015/16	Change
Sold units	**410**	**417**	**-1.7%**
thereof Germany	189	177	6.8%
thereof Austria	221	240	-7.9%
Revenues Property Development in EUR million	**174.7**	**162.0**	**7.8%**
thereof Germany in EUR million	78.3	88.6	-11.6%
thereof Austria in EUR million	96.3	73.5	31.2%
NOI Property Development in EUR million	**28.3**	**21.4**	**31.9%**
Adjustment to fair value of investment properties under construction	-5.6	0.0	>-100%
NOI Property Development adjusted in EUR million	**22.7**	**21.5**	**5.9%**
thereof Germany in EUR million	5.9	11.4	-48.2%
thereof Austria in EUR million	16.8	10.1	67.0%
NOI margin Property Development adjusted	**13.0%**	**13.2%**	**-0.2 PP**
thereof Germany	7.5%	12.8%	-5.3 PP
thereof Austria	17.5%	13.7%	3.7 PP

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

Expenses not directly attributable. Expenses not directly attributable to the three business areas amounted to EUR 40.6 million (EUR 33.0 million). They consist primarily of personnel expenses totalling EUR 15.8 million (EUR 14.4 million), legal, auditing and consulting fees of EUR 9.4 million (EUR 4.9 million) and IT and communication costs of EUR 3.7 million (EUR 3.9 million). The expenses for advertising and marketing declined to EUR 2.0 million in 2016/17 (EUR 2.9 million). The substantial increase in consulting fees was related to a non-recurring effect from the Group-wide introduction of SAP ERP. Another factor was the increase in the average number of employees to 756 (719).

Other revaluation results. Other revaluation results totalled EUR 335.1 million (EUR 165.9 million) and consisted primarily of fair value adjustments to investment properties. The significant increase of 102% in other revaluation results reflects the substantial fair value adjustments to the standing investment portfolio in Germany, which was based primarily on the continuing rise in the yield compression in that country. In the previous year, other revaluation results included a negative effect of EUR 12.0 million from the inclusion of the maintenance and improvement contribution. Additional details are provided in the consolidated financial statements under notes 5.7 *Fair value adjustments* and 5.8 *Recognition of maintenance and improvement contributions*.

Financial results. Financial results of EUR –69.3 million (EUR –41.0 million) include cash financing costs of EUR –47.9 million (EUR –48.6 million) as well as non-cash results from the fair value measurement through profit or loss of derivatives at EUR +1.8 million (EUR +2.6 million) and financial liabilities at EUR –10.9 million (EUR +9.4 million). The non-cash results from the fair value measurement of financial liabilities were based on the difference between the development of the underlying discount curve in 2016/17 and 2015/16. Non-cash valuation effects have no impact on Recurring FFO. Information on the development of interest rates is provided in the management report under *General economic environment* and *Development of the financial markets.*

EBITDA. Results of operations rose by 5.0% to EUR 192.4 million, supported by the above-mentioned effects and the positive development of the three business areas. EBITDA equalled EUR 188.1 million (EUR 187.2 million) after the inclusion of non-cash effects related to previous financial years and the valuation of properties under construction and properties held for sale.

EBITDA

in EUR million	2016/17	2015/16[1]	Change
Results of operations	**192.4**	**183.2**	**5.0%**
Impairment losses/revaluations	3.1	4.0	–22.0%
Adjustment to fair value of investment properties under construction	–5.6	0.0	>–100%
Adaption IFRS 5 current year	–1.8	0.0	>–100%
EBITDA[2]	**188.1**	**187.2**	**0.5%**
EBITDA Asset Management	**127.6**	**128.6**	**–0.8%**
EBITDA Property Sales[2]	**41.7**	**37.7**	**10.7%**
thereof Unit Sales	36.3	34.1	6.7%
thereof Block Sales	5.3	3.6	48.5%
EBITDA Property Development[2]	**18.9**	**20.9**	**–9.7%**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Results of operations adjusted to account for valuation effects from period-based shifts (IFRS 5)

Recurring 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). Recurring FFO reflects the sustainable, experience-based business model of the BUWOG Group, which consists of Asset Management, Property Development and Property Sales (excluding the results of Block Sales). Net profit for the year is the starting point for the calculation shown in the following table.

Recurring FFO, which also serves as the benchmark for the dividend, rose by 4.4% year-on-year to EUR 117.2 million in 2016/17 (EUR 112.2 million) and exceeded the revised guidance of EUR 113 million. The 26.3% increase in CAPEX investments in the standing investments and the resulting higher capitalisation rate led to a decline of 4.0% in AFFO to EUR 77.9 million.

FFO

in EUR million	2016/17	2015/16[1]	Change
Net profit	366.7	239.9	52.8%
Results of Property Sales	-44.3	-38.2	-16.1%
Other financial results	20.9	-7.1	>100%
Fair value adjustments of investment properties[2]	-340.7	-177.9	-91.5%
Impairment losses/revaluations	3.1	1.8	74.1%
Deferred taxes	62.3	50.2	24.2%
Other	12.2	9.0	34.7%
FFO	**80.1**	**77.7**	**3.1%**
Unit Sales result	37.1	34.6	7.3%
Recurring FFO	**117.2**	**112.2**	**4.4%**
Block Sales result[3]	5.4	3.6	50.1%
Total FFO	**122.6**	**115.9**	**5.8%**
Recurring FFO per share in EUR basic[4]	1.17	1.13	4.3%
Total FFO per share in EUR basic[4]	1.23	1.16	5.7%
Recurring FFO	**117.2**	**112.2**	**4.4%**
CAPEX	-39.3	-31.1	-26.3%
AFFO	**77.9**	**81.2**	**-4.0%**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Includes EUR 335.2 million (EUR 177.9 million) of fair value adjustments of investment properties and EUR 5.6 million for the valuation of properties under construction
3) Excl. valuation effect from assets held for sale of EUR 1.8 million (EUR 0.0 million)
4) Basis for earnings data: 99,773,479 shares (99,650,556) weighted average

Other financial results amounted to EUR 20.9 million (EUR -7.1 million) and include the following adjustments: other financial results of EUR -18.0 million (EUR +8.6 million), results of EUR -2.8 million (EUR -2.1 million) from the valuation of financial liabilities at amortised cost, results of EUR +0.6 million (EUR +0.6 million) from other financial assets valued at amortised cost, cash transaction costs of EUR +1.1 million (EUR 0.0 million) from current borrowings and increased interest of EUR -1.7 million (EUR 0.0 million) based on the effective interest method for the convertible bond issued during the reporting year.

Impairment losses/revaluations include EUR 2.4 million (EUR 1.8 million) of depreciation, amortisation and impairment losses to tangible and intangible assets as well as expenses of EUR 0.7 million (EUR 0.0 million) from the valuation of real estate inventories.

The position “other” includes personnel expenses of EUR 2.4 million (EUR 0.0 million) and operating expenses of EUR 7.1 million (EUR 1.7 million) for non-recurring reorganisation costs and special projects. Also included here are expenses of EUR 0.2 million (EUR 0.6 million) for share-based remuneration agreements with equity settlement, income of EUR 0.5 million from insurance compensation, income of EUR 0.5 million (EUR 0.0 million) from the reimbursement of expenses from previous financial years and additions of EUR 3.5 million (EUR 0.0 million) to provisions for unusual and/or aperiodic damages and legal proceedings. In the previous year this position included income of EUR 2.0 million from the refund of property transfer tax, expenses of EUR 12.0 million from the recognition under liabilities of maintenance and improvement contributions (see note 5.8 *Maintenance and improvement contributions received* in the consolidated financial statements) and guarantee provisions of EUR 3.1 million.

ASSET POSITION

CONDENSED BALANCE SHEET

in EUR million	30 April 2017	30 April 2016	Change
Investment property	4,203.9	3,885.0	8.2%
Investment property under construction	56.3	33.0	70.8%
Other tangible assets	14.9	6.7	>100%
Intangible assets	14.6	9.4	54.6%
Trade and other receivables	127.7	181.9	-29.8%
Other financial assets	15.5	19.6	-21.0%
Deferred tax assets	0.2	5.4	-96.8%
Non-current assets held for sale	15.7	0.0	n.a.
Income tax receivables	3.9	3.3	21.0%
Real estate inventories	355.5	217.3	63.6%
Cash and cash equivalents	211.4	82.5	>100%
Assets	**5,019.7**	**4,444.1**	**13.0%**
Equity	1,995.8	1,700.0	17.4%
Liabilities from convertible bonds	288.0	0.0	n.a.
Financial liabilities	1,963.5	2,052.7	-4.3%
Trade payables and other liabilities	464.0	422.9	9.7%
Income tax liabilities	28.8	47.6	-39.4%
Provisions	14.6	13.2	10.9%
Deferred tax liabilities	264.9	207.8	27.5%
Financial liabilities held for sale	0.1	0.0	n.a.
Equity and liabilities	**5,019.7**	**4,444.1**	**13.0%**

Information on investment property, investment property under construction, real estate inventories and non-current assets held for sale is provided in the portfolio report and in the consolidated financial statements. A detailed analysis of the development of the BUWOG Group's equity can be found under Development of Group Equity in the consolidated financial statements. The year-on-year increase in other tangible assets is attributable to BUWOG's new administrative building at 1010 Vienna, Rathausstrasse 1. The year-on-year increase in intangible assets resulted primarily from the Group-wide installation and subsequent capitalisation of software (primarily SAP).

EPRA Net Asset Value (EPRA NAV) is calculated in accordance with the Best Practice Policy Recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV concept is used to present the fair value of net assets on a long-term basis and to give investors an impression of a company's sustainable asset position. The EPRA NAV improved substantially by 18.5% to EUR 23.90 per share in 2016/17. Further details are provided in the section *Overview of EPRA performance indicators* in the Group management report.

EPRA NAV

in EUR million	30 April 2017	30 April 2016	Change
Equity before non-controlling interests	1,974.6	1,685.9	17.1%
Goodwill	–5.6	–5.6	0.0%
Inventories (carrying amount)[1]	–355.5	–217.3	–63.6%
Inventories (fair value)	427.7	250.5	70.7%
Properties owned by BUWOG (carrying amount)	–13.6	–5.4	>100%
Properties owned by BUWOG (fair value)	19.1	10.3	85.2%
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	66.1	67.9	–2.6%
Deferred tax assets on investment properties	–0.2	–0.4	37.6%
Deferred tax liabilities on investment properties (adjusted)[2]	305.6	249.9	22.3%
Deferred taxes on property inventories	–20.0	–9.3	>100%
Deferred taxes on derivative financial instruments	–13.4	–13.3	–0.6%
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Total floor area	3,418,784	3,532,273	–3.2%
EPRA NAV in EUR per sqm	**697.6**	**569.9**	**22.4%**
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**23.90**	**20.18**	**18.5%**

1) The fair value adjustments of inventories are valuated by CBRE as of 31 of October and 30 of April.
2) Adjustment for deferred tax liabilities arising in connection with potential property sales of EUR 33.4 million (EUR 31.8 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 44.1% as of 30 April 2017. This decline was based on the increase in property assets following the appraisal as of 30 April 2017 and the strong development of the Property Development business area.

LOAN-TO-VALUE RATIO

in EUR million	30 April 2017	30 April 2016	Change
Non-current financial liabilities	1,844.6	1,947.0	–5.3%
Current financial liabilities	118.8	105.7	12.5%
Financial liabilities held for sale	0.1	0.0	n.a.
Liabilities from convertible bonds	288.0	0.0	n.a.
Financial liabilities	**2,251.6**	**2,052.7**	**9.7%**
Cash and cash equivalents	–211.4	–82.5	>–100%
Net financial liabilities	**2,040.2**	**1,970.1**	**3.6%**
Investment properties	4,203.9	3,885.0	8.2%
Investment properties under construction	56.3	33.0	70.8%
Non-current assets held for sale	15.7	0.0	n.a.
Inventories	355.5	217.3	63.6%
Carrying amount overall portfolio	**4,631.4**	**4,135.3**	**12.0%**
Loan-to-value ratio	**44.1%**	**47.6%**	**–3.6 PP**

FINANCIAL POSITION

CONDENSED CASH FLOW STATEMENT

in EUR million	2016/17	2015/16	Change
Gross cash flow	91,1	148,5	–38.7%
Cash flow from operating activities	109.2	158.0	–30.9%
Cash flow from investing activities	–57.5	–62.9	8.6%
Cash flow from financing activities	77.2	–161.7	>100%
Cash flow	**128.9**	**–66.6**	**>100%**

Gross cash flow – adjusted for non-cash items such as the fair value adjustment of investment properties, the valuation of financial instruments at fair value, depreciation, amortisation and other positions – totalled EUR 91.1 million (EUR 148.5 million). The year-on-year decline of EUR 57.4 million resulted from higher income tax payments. The net cash inflow from net working capital positions amounted to EUR 18.1 million (EUR 9.5 million). Cash flow from operating activities, which is determined primarily by the Asset Management and Property Development business areas, declined by EUR 48.8 million, or 30.9%, from EUR 158.0 million to EUR 109.2 million.

Payments of EUR 298.7 million (EUR 180.4 million) made for the purchase of investment properties, properties under construction and other non-current assets were contrasted by payments of EUR 236.2 million (EUR 111.7 million) received from the sale of non-current assets. The increase in cash outflows was related primarily to land purchased for the expansion of the development pipeline. Major cash inflows from the Property Sales business area resulted from Unit Sales and from the sale of the Tyrolean portfolio. Cash flow from investing activities totalled EUR –57.5 million and declined slightly in comparison with the previous year (EUR –62.9 million).

Cash flow from financing activities was positive in contrast to the previous year at EUR 77.2 million in 2016/17 (EUR –161.7 million). This development reflected the issue of a convertible bond which resulted in net cash inflows of EUR 297.0 million. The cash inflows were contrasted by cash outflows from the net decline of EUR 101.2 million (EUR 48.3 million) in other current and non-current financing, the dividend payment of EUR 69.0 million (EUR 68.7 million) and interest paid of EUR 47.9 million (EUR 46.8 million).

OVERVIEW OF EPRA PERFORMANCE INDICATORS

In order to ensure transparency and comparability with other listed companies, the BUWOG Group includes separate information on indicators calculated in accordance with Best Practice Recommendations of the European Public Real Estate Association (EPRA). These indicators can differ from the values based on IFRS.

OVERVIEW OF EPRA PERFORMANCE INDICATORS

in EUR million	2016/2017	2015/16
EPRA NAV basic (balance sheet date)	2,384.8	2,013.2
EPRA NAV per share in EUR basic (balance sheet date)	23.90	20.18
EPRA NNNAV	2,306.2	1,929.8
EPRA NNNAV je Aktie	23.11	19.34
EPRA earnings	48.9	58.4
EPRA net initial yield	4.4%	4.6%
EPRA vacancy rate	3.0%	3.1%
EPRA cost ratio (including direct vacancy costs)	42.5%	39.3%
EPRA cost ratio (excluding direct vacancy costs)	41.0%	37.3%

EPRA NET ASSET VALUE (EPRA NAV)/NNNAV

The EPRA NAV concept is used to present the fair value of net assets on a long-term basis and, in this way, to give investors an impression of a company's sustainable asset position. The calculation of EPRA NAV includes the undisclosed reserves in real estate inventories and property used by the company as well as the fair values of derivative financial instruments. The former are not included in the values reported on the balance sheet due to IFRS accounting regulations. The latter regularly serve as a hedge for long-term financing and are held to maturity, and the hypothetical losses recognised as of the balance sheet date are therefore not realised. The deferred taxes on these items are included.

In accordance with the EPRA concept, deferred taxes on investment properties are included because of the intention to hold these assets. BUWOG's business model also covers the regular sale of individual apartments and properties, and the addition of deferred taxes is therefore adjusted to reflect potential property sales within a certain period of time. Goodwill is also deducted.

EPRA Triple NAV is derived from EPRA NAV by deducting the fair value of derivative financial instruments, financial liabilities and deferred taxes. The resulting EPRA NNNAV represents the fair value of a property company.

The EPRA NAV rose by a substantial 18.5% year-on-year to EUR 2.4 billion, respectively to EUR 23.90 per share. This increase was based primarily on positive development of the business areas and positive fair value adjustments.

EPRA NAV AND EPRA NNNAV

in EUR million	30 April 2017	30 April 2016	Change
Equity before non-controlling interests	1,974.6	1,685.9	17.1%
Goodwill	-5.6	-5.6	0.0%
Inventories (carrying amount)[1]	-355.5	-217.3	-63.6%
Inventories (fair value)	427.7	250.5	70.7%
Properties owned by BUWOG (carrying amount)	-13.6	-5.4	>100%
Properties owned by BUWOG (fair value)	19.1	10.3	85.2%
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	66.1	67.9	-2.6%
Deferred tax assets on investment properties	-0.2	-0.4	37.6%
Deferred tax liabilities on investment properties (adjusted)[2]	305.6	249.9	22.3%
Deferred taxes on property inventories	-20.0	-9.3	>100%
Deferred taxes on derivative financial instruments	-13.4	-13.3	-0.6%
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Total floor area	3,418,784	3,532,273	-3.2%
EPRA NAV in EUR per sqm	**697.6**	**569.9**	**22.4%**
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**23.90**	**20.18**	**18.5%**
EPRA NNNAV			
EPRA NAV basic (balance sheet date)	**2,384.8**	**2,013.2**	**18.5%**
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	-66.1	-67.9	2.6%
Fair Value of debt	-25.8	-28.8	10.4%
deferred tax on derivative financial instruments	13.4	13.3	0.6%
EPRA NNNAV	**2,306.2**	**1,929.8**	**19.5%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
EPRA NNNAV je Aktie	**23.11**	**19.34**	**19.5%**

1) The fair value adjustments of inventories are valuated by CBRE as of 31 of October and 30 of April.
2) Adjustment for deferred tax liabilities arising in connection with potential property sales of EUR 33.4 million (EUR 31.8 million)

EPRA EARNINGS PER SHARE (EPRA EPS)

EPRA earnings per share, which represent a benchmark for the results of operations, are based on the net profit recorded by the BUWOG Group. Net profit is then adjusted for valuation effects, the results of Property Sales and Property Development after the deduction of the proportional share of expenses not directly attributable and the related effects on deferred taxes. EPRA EPS declined from EUR 0.59 in the previous year to EUR 0.49 in 2016/17 due to a reduction of EUR 4.0 million in other operating income and an increase of EUR 7.7 million in other expenses not directly attributable.

in EUR million	2016/17	2015/16[1]	Change
Net profit (attributable to owners of the parent company)	357.8	236.3	51.5%
Fair value adjustments of investment properties and properties under construction[2]	-340.7	-165.9	-105.4%
Results of Property Sales	-43.3	-37.4	-15.7%
Results of Property Development	-17.4	-17.6	1.4%
Taxes on Property sales and Property Development	16.1	14.7	9.3%
Valuation of financial instruments	9.2	-12.0	>100%
Deferred taxes in relation to EPRA adjustments	52.5	33.6	56.4%
Share of non-controlling interests in relation to EPRA adjustments	14.8	6.9	>100%
EPRA-Earnings	**48.9**	**58.4**	**-16.2%**
Weighted average number of shares (basic)	99,773,479	99,650,556	0.1%
Basic EPRA-Earnings per share in EUR	**0.49**	**0.59**	**-16.4%**
Weighted average number of shares (diluted)	106,113,804	99,849,153	6.3%
Diluted EPRA-Earnings per share in EUR	**0.46**	**0.58**	**-21.2%**

1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) 2015/16 incl. maintenance and improvement contributions received

EPRA NET INITIAL YIELD (EPRA NIY)

The EPRA net initial yield equals the annualised net in-place rent as of the reporting date, adjusted for non-recoverable property expenses, divided by the fair value of the standing investment portfolio, including assets held for sale and estimated ancillary purchase costs as of the reporting date. This indicator describes the net initial yield that a third party would realise on a purchase from the portfolio, taking into account any ancillary acquisition costs and non-recoverable property expenses from the portfolio. The BUWOG Group's net initial yield for 2016/17 equalled 4.4%.

		BUWOG Group as of 30 April 2017	Austria as of 30 April 2017	Germany as of 30 April 2017
Fair value standing investments[1]	in EUR million	3,926	1,929	1,997
Non-current assets held for sale	in EUR million	16	16	0
Fair value standing investments (net)	**in EUR million**	**3,942**	**1,945**	**1,997**
Acquisition costs[2]	in EUR million	314	138	176
Fair value standing investments (gross)	**in EUR million**	**4,256**	**2,083**	**2,174**
Annualised net in-place rent[3]	in EUR million	205	89	116
not recoverable costs[4]	in EUR million	18	7	11
Annualised net in-place rent (net)	**in EUR million**	**187**	**82**	**105**
net initial yield	**%**	**4.4%**	**3.9%**	**4.8%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2017
2) Expected acquisition costs on fair value standing investments for real transfer tax, brokerage fee and notary according to CBRE valuation report
3) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
4) Based on expenses directly related to investment property (see table 5.1.3. to the Consolidated financial statements) adjusted by expenses for maintenance and asset management, write-offs of receivables as well as marketing expenses and distribution allowances

EPRA VACANCY RATE

The EPRA vacancy rate shows the relationship between the market rental value of vacant space and the estimated market rental value of the entire portfolio as of the balance sheet date. The EPRA vacancy rate for the BUWOG Group equalled 3.0% as of 30 April 2017.

as of 30 April 2017	Number of units	Market rent in EUR million[1]	Market rent vacant units in EUR million[1]	EPRA vacancy rate
Total BUWOG Group	**49,597**	**246.6**	**7.5**	**3.0%**
thereof Austria	22,446	114.3	5.1	4.4%
thereof Germany	27,151	132.3	2.4	1.8%

1) Based on market rent (excluding utilities) per month as of the balance sheet date annualised

EPRA COST RATIO

The EPRA cost ratio is an indicator of the cost efficiency of property management. It is calculated as the ratio of operating and administrative expenses to gross rental income. Increasing rental income and declining property expenses and general costs lead to an improvement in the EPRA cost ratio. In order to provide a more transparent presentation of the EPRA cost ratio, an adjustment was made for maintenance costs because they are dependent on the maintenance strategy and capitalisation rules. The EPRA cost ratio rose by 3.2 percentage points to 42.5% in 2016/17 due to an increase in the expenses related to investment property.

EPRA COST RATIO

in EUR million	2016/17	2015/16[1]	Change
Expenses directly related to investment property	57.7	52.2	10.6%
Share of expenses not directly attributable Asset Management	34.3	28.4	20.8%
Net service charge costs/fees	0.0	-1.7	>100%
Management fees less actual/estimated profit component	0.0	0.0	n.a.
Other revenues	-0.2	-0.1	-154.5%
Share of joint venture expenses	0.0	0.0	n.a.
Depreciation of investment property	0.0	0.0	n.a.
Land lease fees	-1.1	-0.7	-74.2%
Service charges recovered through rents (but not separately invoiced)	0.0	0.0	n.a.
EPRA Costs (including direct vacancy costs)	**90.7**	**78.1**	**16.1%**
Direct vacancy costs	-3.2	-4.0	20.4%
EPRA Costs (excluding direct vacancy costs)	**87.5**	**74.1**	**18.1%**
Gross rental Income per IFRS	214.4	199.4	7.5%
Ground rent costs	-1.1	-0.7	-74.2%
Gross rental Income	**213.3**	**198.7**	**7.3%**
EPRA Cost ratio (including direct vacancy costs)	**42.5%**	**39.3%**	**3.2 PP**
EPRA Cost ratio (excluding direct vacancy costs)	**41.0%**	**37.3%**	**3.7 PP**
Adjustment maintenance[1]	27.0	23.7	13.8%
EPRA Costs adjusted by maintenance (including direct vacancy costs)	**63.7**	**54.4**	**17.1%**
EPRA Costs adjusted by maintenance (excluding direct vacancy costs)	**60.5**	**50.4**	**20.1%**
EPRA Cost ratio adjusted by maintenance (including direct vacancy costs)	**29.9%**	**27.4%**	**2.5 PP**
EPRA Cost ratio adjusted by maintenance (excluding direct vacancy costs)	**28.4%**	**25.4%**	**3.0 PP**

1) The comparable prior year figures were adjusted (see section 1.3 to the Consolidated financial statements).
2) Maintenance costs of own real estate portfolio (incl. EUR 0.1 million in costs for project companies)

SUSTAINABLE MANAGEMENT

The core business of the BUWOG Group covers the construction, rental, management and sale of apartments. These activities touch fundamental human needs and therefore have a significant impact on the environment and society. BUWOG is well aware of the related profound responsibility and not only views residential properties as an economic asset, but also places a special focus on ecological and social factors. This fundamental belief is based on a deep-seated commitment as well as respect for mankind and the environment. It influences the corporate culture and its implementation in all areas of business.

The following sustainability report is directed to all stakeholders and other persons who have an interest in the ecological, social and economic performance of the BUWOG Group. The sustainability report for the BUWOG Group in 2016/17 is integrated in the various chapters of the annual report and is based on the Global Reporting Initiative (GRI). The goal of this reporting is to create transparency and allow for a comparison of BUWOG's sustainability activities with other market participants.

The BUWOG Group continued the comprehensive development of its sustainability strategy during the 2016/17 financial year. The following sections provide a transparent overview, among others, of the external stakeholder dialogue implemented in the past year, the key sustainability issues and related management approaches identified for the company and other important sustainability activities.

MATERIALITY ANALYSIS & STAKEHOLDER DIALOGUE

Sustainable development is a complex process that is influenced by a multitude of issues in the areas of economy, the environment and society. The potential impact of entrepreneurial actions on these areas of life is determined by the specific core business, the branch and the operating environment.

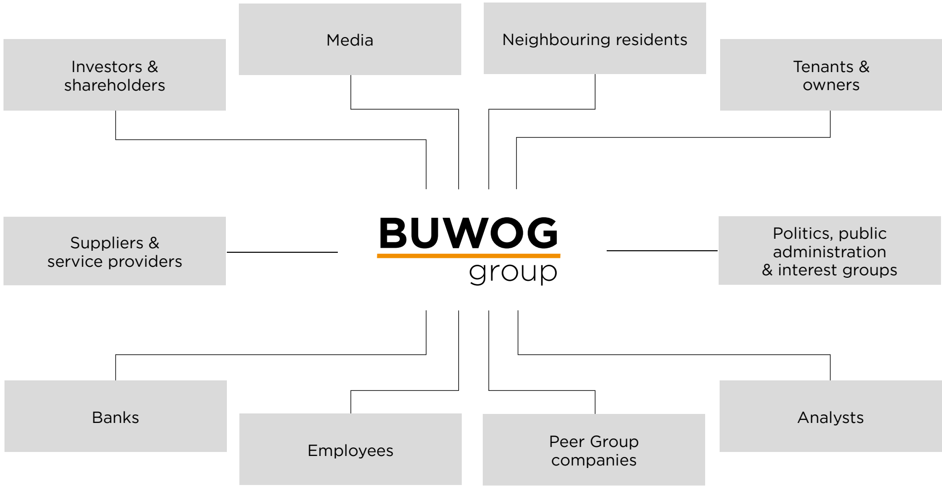
Knowledge of the relevant stakeholder groups and their interests, their systematic inclusion to identify the most important sustainability issues along the value chain, the management of these key issues by the company and transparent external communications form the cornerstones for responsibility, reliability, trust and risk management in the BUWOG Group.

In order to improve the targeted management of the major sustainability issues, the BUWOG Group carried out an extensive materiality analysis in 2017. This process, as well as the related reporting, is based on the GRI principles. The viewpoints of BUWOG's internal and external stakeholder groups, among other factors, were systematically surveyed for the first time. They provided a sound foundation for the design of BUWOG's sustainability strategy and operating management approaches.

PROCESS DESCRIPTION AND STRATEGIC INTEGRATION

The most important issues for the BUWOG Group were identified and ranked in a multi-stage process as part of a materiality analysis, which included interactive expert groups comprising management, department heads and the sustainability team. Their goal was to jointly identify and classify general and specific sustainability issues (based on the general and branch-specific GRI issues) and stakeholder groups along BUWOG's value chain in Germany and Austria. These expert groups identified 34 preliminary sustainability issues and the following internal and external stakeholders: investors, shareholders, analysts, banks, employees, suppliers, service providers, tenants, owners, neighbouring residents, peer group companies, the media, politics, public administration and interest groups.

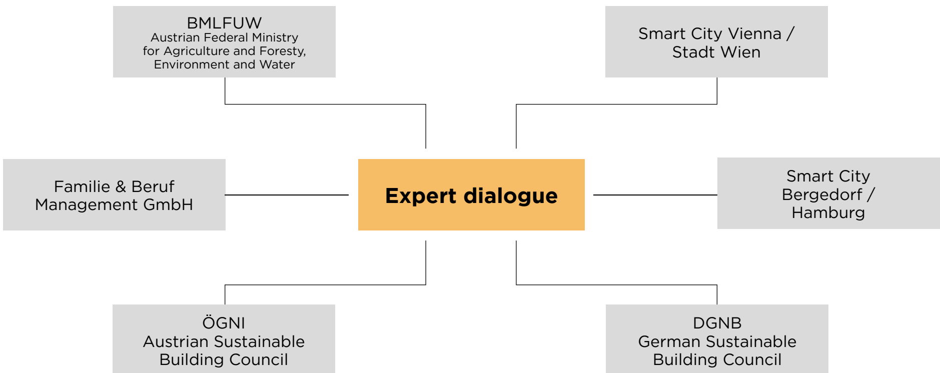
THE BUWOG GROUP'S STAKEHOLDERS



Feedback was then collected from internal and external BUWOG stakeholders and external experts to develop an objective estimate of the importance of the identified preliminary sustainability issues. This extensive survey covered two main areas:

- The viewpoints of key internal and external stakeholders (investors, shareholders, analysts, banks, employees, suppliers, service providers, tenants, owners, politics, public administration and interest groups) were collected through an online survey. The central question to the stakeholders was: How important for you is BUWOG's commitment to the respective sustainability issue?
- Various experts from Germany and Austria were interviewed with regard to their knowledge and experience with sustainability issues in the construction and real estate branches. These discussions focused on an assessment of the effects of BUWOG's activities on the environment and society. The central question was: Which of the sustainability issues identified for the BUWOG Group can be expected to have the greatest impact on the environment and society?

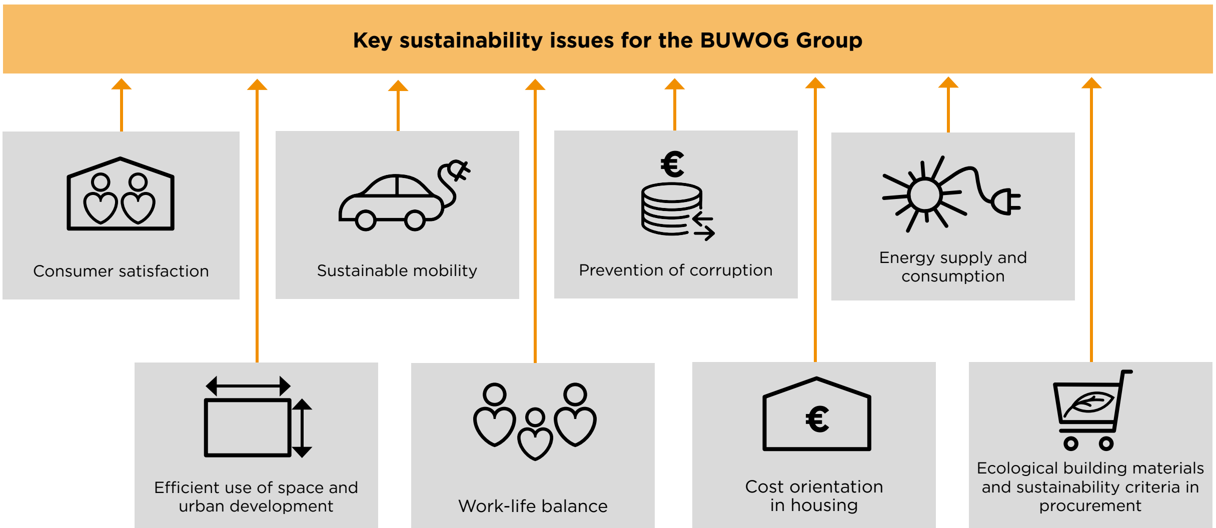
EXPERT DIALOGUE



Numerous construction and real estate companies in the German-speaking countries are networked in the branch-specific sustainability platforms DGNB (in Germany) and ÖGNI (in Austria). Integrated, future-oriented urban development concepts are frequently summarised under the term "smart city", and BUWOG's survey therefore included smart city representatives in Bergedorf/Hamburg and Vienna. In Austria, the Ministry for Agriculture and Forestry, Environment and Water deals with various environmental issues at the federal level and works together with the business sector. Beruf & Familie Management GmbH is responsible for the "*berufundfamilie"* audit (see page 181 for details).

The results of the two survey areas with stakeholders and experts were then objectified and transparently aggregated in a materiality matrix. The y-axis shows the ranking of the surveyed issues from the viewpoint of stakeholders, while the x-axis shows the experts' ranking of the resulting effects (see the graph on page 173). A classification close to zero on both axes represents low materiality.

The survey results formed the basis for further reflection and the aggregation of content on sustainability issues by internal expert groups comprising BUWOG management, the responsible department heads and the sustainability team. Among others, these groups analysed the relevance for BUWOG's core business, the related ecological, social and economic effects as well as current performance and BUWOG's opportunities in these areas. The following eight points represent the key sustainability issues for the BUWOG Group. Corporate management approaches were developed for these issue areas and coordinated with BUWOG's Executive Board.

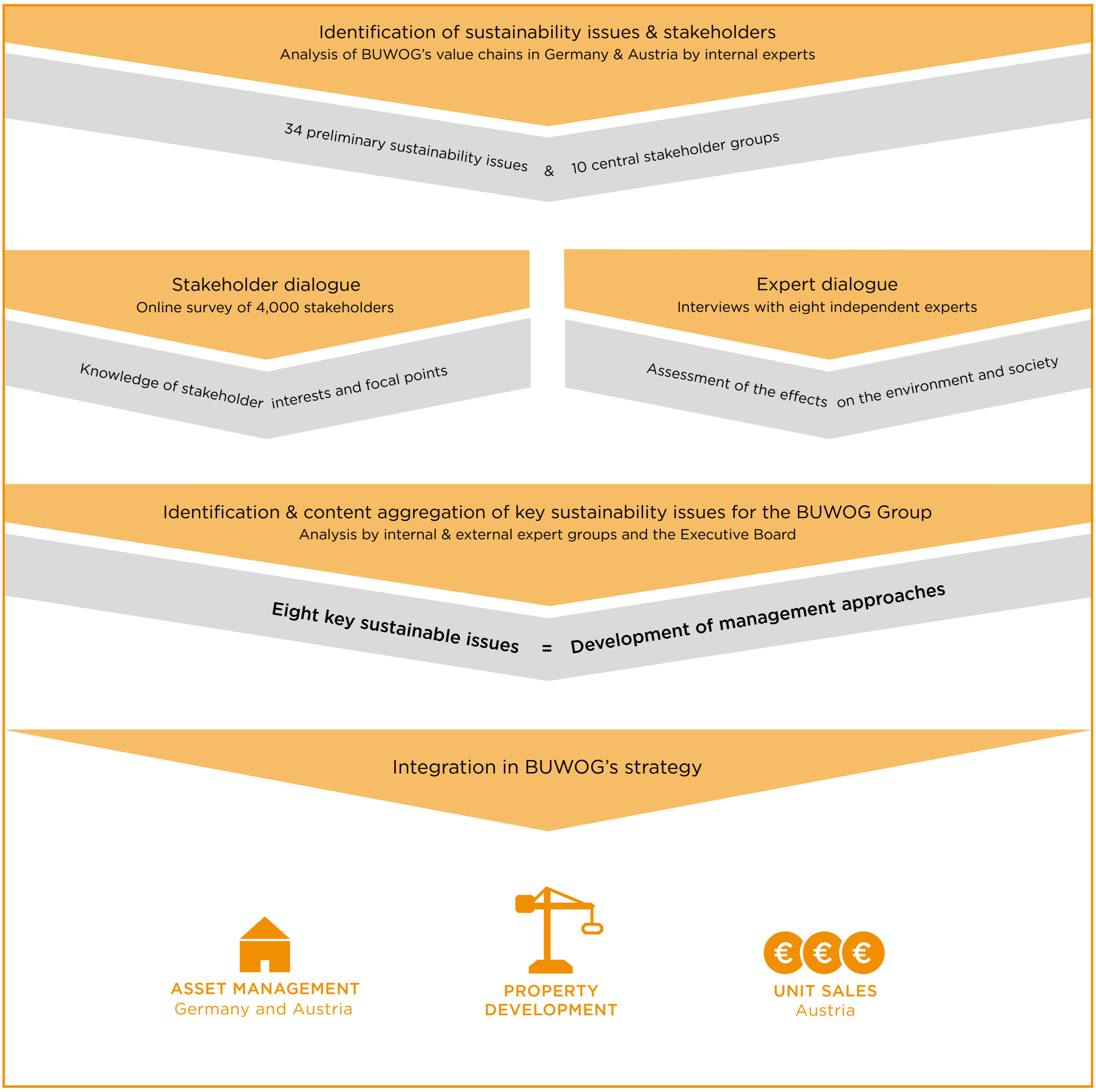


The BUWOG Group has already defined ambitious management elements for many of these issues. The goal for the next three financial years is to establish and harmonise standard processes for sustainability management throughout the Group in line with the corporate strategy and, in this way, create a well-founded database for the operational implementation of all management approaches.

In addition to the stakeholder dialogue, the BUWOG Group remains in continuous direct and indirect contact with its stakeholders to provide them with information on the latest developments and support the exchange of ideas. The concrete communication channels and content are adapted as required and regularly adjusted to meet the needs and interests of the respective stakeholder groups. Conventional communication paths like public relations, conferences, trade fairs, websites, employee events, customer service centres and blogs are complemented by special interactive formats that include the capital markets day, property tours, professional associations, neighbourhood and tenant meetings and "open apartment days". Through cooperative research and development projects, the BUWOG Group tests innovative solutions for the environment and society (see page 190 for details). BUWOG is also a member of the following branch and interest-based associations and networks: EPRA, Friends of the Berlin School of Economics and Law in Berlin, Society of Property Researchers Germany, Verein zur Förderung der Qualität in der Immobilienwirtschaft, GRI Global Club Real Estate Association, IVD, Austrian Society for Process Management, Real Estate Brand Club, respACT – Austrian Business Council for Sustainable Development.

The following graph illustrates the materiality analysis process and the strategic integration of the key sustainability issues in BUWOG's strategy.

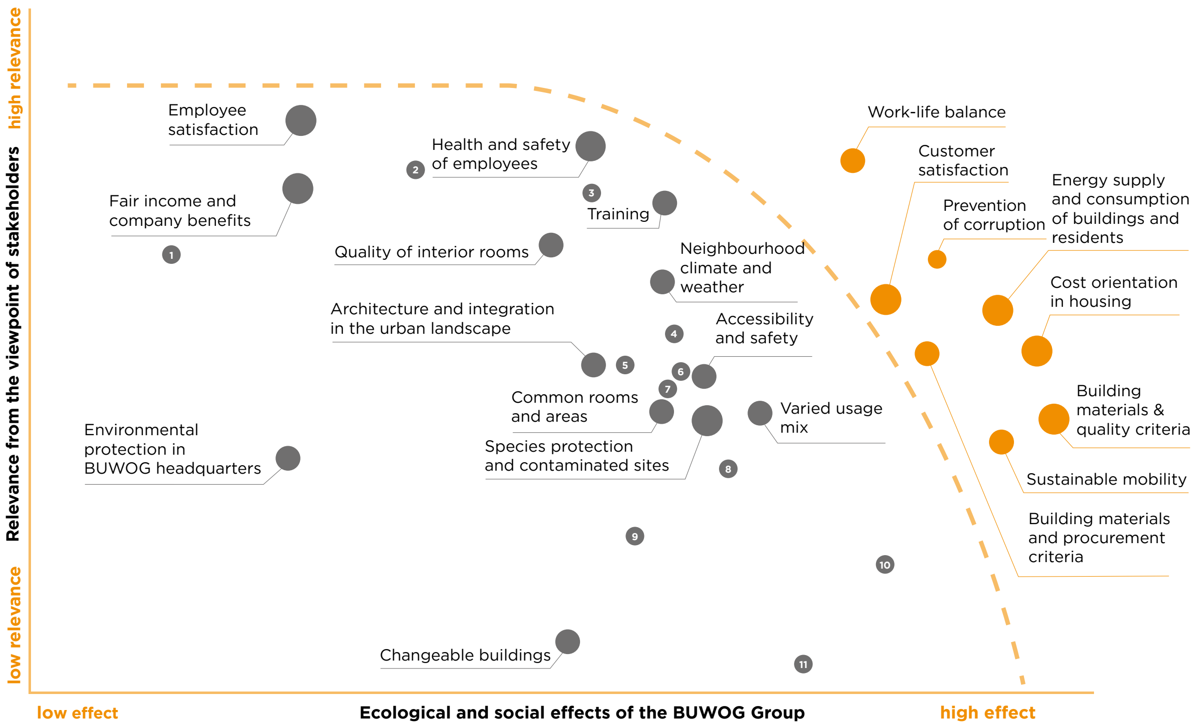
MATERIALITY ANALYSIS PROCESS & INTEGRATION IN BUWOG'S STRATEGY



MANAGEMENT APPROACHES FOR THE KEY SUSTAINABILITY ISSUES

The BUWOG Group's materiality matrix is presented in the following illustration, with the key sustainability issues shown above the line in orange. Structured GRI-based management approaches were developed for these issues to ensure efficient and effective management and are explained in detail on the following pages.

THE BUWOG GROUP'S MATERIALITY MATRIX



1 Equal opportunity and diversity management
2 Compliance with labour regulations and company agreements
3 Data protection and security
4 Waste separation by residents
5 Dialogue politics/neighbouring residents – satisfactory environment
6 Environmental protection and construction site safety
8 Ecologically compatible cleaning and maintenance
9 Social diversity and conflict avoidance
10 Building certification
11 Room for participation

The size of the circles demonstrates the estimated economic impact on the BUWOG Group (the bigger the circle, the greater the economic impact)

SUSTAINABLE ENERGY SUPPLY AND CONSUMPTION BY BUILDINGS AND RESIDENTS

Energy supply, consumption and energetic building technology are key issues for the construction and real estate branches. Energy supplies in the form of electricity and heat form the basis for comfortable living. At the same time, energy carriers and consumption in housing have a significant impact on climate change. The BUWOG Group is well aware of its energetic influence on the environment and society – prudence and fore-sight therefore represent important factors for its actions related to the ecological and economic demands for energy supply and consumption as well as the creation and maintenance of value in the portfolio buildings.

The contribution by the BUWOG Group. The BUWOG Group's direct influence lies in the energetic design of new buildings, modernisation measures in the standing investments and the energetic performance of the company's offices and motor vehicle fleet. In addition, the selection of the energy carrier can also have a positive influence on the energy balance of a property.

The central responsibility of the BUWOG Group is to create the background for low energy consumption in its buildings. This involves the energy-efficient design of new properties as well as the gradual energetic modernisation of suitable standing investments.

Goals, measures and monitoring. The BUWOG Group launched an extensive modernisation programme in 2016/17 which is focused on the standing investments in Germany (CAPEX programme). In Austria, the maintenance and contributions collected in accordance with the Austrian Non-Profit Housing Act were used for modernisation to safeguard the good technical and energetic condition of the buildings and apartments. These activities have already led to a substantial improvement in energy efficiency for roughly 2,500 units in Germany and Austria, and energy-efficiency measures are planned for a further 1,800 standing investment units in Germany during 2017/18. The modernisation measures include, for example, the replacement of windows, the installation of thermal insulation systems on facades and energetic improvements to roofs and cellars. These projects not only increase the value of the properties, they also reduce energy consumption and CO_2 emissions.

The common areas (garages, stairwells etc.) in all properties under the majority ownership of the BUWOG Group and all of the company's offices are supplied with certified green energy. Pilot projects and research assignments are in progress at selected new construction projects to test renewable energy supplies and other energy-based innovations – they have a high potential for wide-ranging use if the applications are successful and the future prospects are promising (see *Innovations for the environment and society* beginning on page 191).

However, energy efficiency is not only dependent on the building. The efficient use of energy by residents is also decisive and can make an important contribution to climate protection. The behaviour of the individual residents is a factor that can only be influenced to a limited extent by the BUWOG Group. Control measures in this area are concentrated on targeted and clear communications, e.g. notices in the property, information on the website and the BUWOG blog as well as tenant manuals, and will be expanded in the future. Their objective is to create an increased awareness among BUWOG's tenants for the importance of energy conservation.

Energy as a central sustainability issue has a long tradition in the BUWOG Group. In Austria, the company has been a long-standing partner of the ambitious "klimaaktiv pakt2020" established by the Ministry for Agriculture and Forestry, Environment and Water. BUWOG's energy management system is certified under ISO 50001, which requires substantiated anchoring in processes as well as a formally defined energy policy (see page 184 for details).

The Group-wide restructuring and standardisation of sustainability management processes will include a broad-based status quo survey on the sustainable energy supply and consumption of the portfolio buildings in 2017/18. The results of this survey will form the basis for the development of further goals and measures in the following areas throughout the BUWOG Group:

- Integration of energy reduction and energy efficiency standards throughout the entire new construction process: analysis and definition of targets and measures for the due diligence reviews connected with the purchase of land, planning and implementation in project design, construction preparations and project realisation
- Energetic renovation, adjustments and upgrading of the standing investments: definition of schedules, targets and measures for energy efficiency and improvement with renewable energy carriers for renovation projects
- Increase in information and awareness-raising communications for current and future tenants to improve energy conservation: among others, through the proactive communication of changes in ancillary and operating cost charges

The evaluation will be based, among others, on the following indicators:
- Absolute energy consumption for common-area electricity and heat, based on energy certification and consumption data, in kWh and CO_2e emissions*
- Energy intensity: annual energy consumption for common area electricity and heat per sqm of usable space in kWh and CO_2e emissions
- Measures to reduce energy consumption, energy efficiency measures and inclusion of residents
- Savings effects resulting from energetic modernisation measures in kWh and CO_2e, based on energy certification

COST ORIENTATION IN HOUSING

The current tense supply and demand situation on the rental markets in major cities and the fluctuations in energy and operating costs represent important socio-economic factors and increase the need for cost orientation by tenants. The BUWOG Group cannot deal with these aspects alone, but can work within the available range of possibilities to optimise costs for tenants wherever possible.

The contribution by the BUWOG Group. Through new construction, structural extensions and loft conversion, the BUWOG Group creates additional living space in Berlin, Hamburg and Vienna – three cities which are particularly affected by current demographic trends. This helps to address the housing shortage. BUWOG's diverse property portfolio serves a very broad customer base and is focused, in particular, on middle-income persons and families.

BUWOG's portfolio combines regulated housing with unregulated rental apartments. The rents for 82% of the standing investment portfolio range up to EUR 6 per sqm, based on a general apartment size of 61 sqm to 80 sqm (see page 53 for details on the structure of the standing investment portfolio). Most of the rented standing investment units owned by the BUWOG Group in Austria are covered by regulated leases which are based on the provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz) and are therefore subject to cost coverage and re-letting fees. This legal regulation, with its framework for the development of rental prices, places a priority on the creation of affordable housing. Rental increases are only implemented by the BUWOG Group within the scope of the Austrian Non-Profit Housing Act. In Germany, roughly one-third of the rented standing investment units owned by the BUWOG Group are regulated properties. These apartments represent social housing that is subject to strict rent control. The BUWOG Group complies with all rules for the allocation of these apartments and only lets them to tenants who meet the related requirements. The rental prices in the unregulated standing investments in Germany are subject to laws and regulations as well as a rental price cap. In these properties, rental increases are also only implemented by the BUWOG Group within the legally defined framework.

Additional charges such as utilities represent an essential component of many tenants' household budgets. The BUWOG Group regularly evaluates the operating and administrative costs for each property to identify opportunities for optimisation.

Goals, measures and monitoring. In order to reduce costs for tenants, BUWOG's Technical Procurement Department works to realise economies of scale and synergy effects with activities like multi-year planning and the bundling of orders. These activities can involve a wide range of procurement processes for services such as snow removal or garden maintenance as well as contracts with energy providers. Since the energy efficiency investments listed on page 174 have an effect on the total amount of cost covering rents, they are only made when they contribute to an improvement in economic efficiency. The focus for these projects is on cost effectiveness and compliance with legal regulations. The BUWOG Group works together with local politics and tenant associations to develop suitable solutions for tenants.

A Group-wide survey of the status quo is scheduled for 2017/18 and 2018/19. The annual customer survey will also include questions for tenants on operating costs and the related services. The BUWOG Group will monitor the development of operating costs, among others, based on the following indicator:
– Intensity of operating costs: average annual operating costs per sqm of floor space

CUSTOMER SATISFACTION

Customer satisfaction is not only important from an economic viewpoint – it plays an important role in holding turnover and vacancies at a low level. High vacancies that are not caused by weak demand can, in turn, increase the upward price spiral in areas with a housing shortage. In addition, resources are not used efficiently or sustainably when vacancy rates are high.

The contribution by the BUWOG Group. Customer satisfaction shows that the BUWOG Group can effectively address economic, social and ecological issues with its integrated goals. The central slogan of the BUWOG Group is "Happy Living". The wide variety of measures implemented to meet this goal are designed to support, and where possible improve, the high level of customer satisfaction. Roughly 300 employees are directly involved in the day-to-day support of BUWOG's customers, whereby the key elements of their work

* Carbon dioxide equivalent (CO_2e) is a standardised unit for assessing the relative contribution of various gases to the greenhouse effect. Emissions that are harmful to the climate not only appear in the form of the most well-known representative, carbon dioxide (CO_2). Other gases such as methane (CH_4) and dinitrogen monoxide (N_2O) are converted into CO_2 equivalents with the help of a conversion factor, thereby facilitating comparability with respect to environmental damage.

are availability and reaction time, commitment, speedy handling and, of course, friendliness. These guiding principles are reflected in various qualitative and quantitative customer service measures. BUWOG's direct possibilities to influence customer satisfaction and vacancies are, however, influenced by larger regional factors, personal developments on the part of tenants and external services.

Goals, measures and monitoring. BUWOG's primary goal is to satisfy and retain existing and potential future tenants. In addition to extensive personal services, the Group's tenants will soon benefit from the expansion of digital communications. A specially designed BUWOG tenant app was introduced for customers in the German properties during December 2016. This modern and efficient communication offering will also be available in Austria at the end of 2017. The diverse functions in the tenant app support the central services provided by the BUWOG Group and allow tenants to quickly and easily report damages via a photo upload, to arrange appointments for repairs and to evaluate the involved service providers. An integrated function for the comparison of energy providers, including green electricity suppliers, supports the conscious selection of utility companies. Further technology-based improvements in customer service will be made on a regular basis, whereby the goal is to improve process efficiency and the related fast reaction time from the viewpoint of customers.

Regular training for the service staff is important for strengthening customer ties. 70 employees received training on the mechanisms of a customer-oriented service culture and related communications in 2016/17, and an additional 80 will attend these courses in 2017/18.

The BUWOG Group also reacts to developments in tenants' personal situation which result, for example, from family or job changes and is generally open to requests by long-term tenants for relocation within the same property. A written guideline defines the requirements and framework for BUWOG's internal relocations.

Tenants' concerns are not always directly related to BUWOG services, but the company nevertheless takes them seriously and supports their handling through its internal services. For example: professional services (e.g. plumbers, carpenters) are generally billed directly by the service provider and not through the BUWOG Group. Proactive communication by BUWOG Group, above all in these types of cases, will be further expanded over the medium-term.

A survey coordinated by the Quality Assurance & Complaint Management Department is carried out each year to measure customer satisfaction. The results are reported to the Executive Board and the involved departments and can be found in this sustainability programme on page 182. The following key indicators will be published in future annual reports.

– Overall satisfaction
– Satisfaction with property management
– Satisfaction with handling
– Satisfaction with availability
– Average length of lease per tenant

ECOLOGICAL BUILDING MATERIALS & SUSTAINABILITY CRITERIA IN PROCUREMENT

Sustainability criteria in procurement play an important role with regard to the environmental compatibility of the resources used and the production process and conditions. The life cycle of a building begins with the raw materials and their sourcing. It is followed by in part multi-stage processing and/or refining steps before these materials are used in construction and – after completion – the decade-long usage phase by residents begins. The end of the life cycle, i.e. when the building is demolished, marks the start of the dismantling, recycling and disposal processes. Consequently, the effects of the construction and real estate branches on the environment and society during this life cycle range from the use of renewable and finite resources to working conditions, transport routes and healthy living space to landfilling and the recycling of the used materials. Specific statements and assessments of these effects can only be made on an individual project basis. The BUWOG Group plans to implement a structured process to identify and evaluate these individual project effects over the coming years.

The contribution by the BUWOG Group. As the leading German-Austrian full-service provider in the residential property sector, the BUWOG Group is well aware of its ecological and social responsibility along the entire value chain. Supplier relationships based on sustainability and economic efficiency are therefore a central goal. This includes the acceptance of responsibility as well as the reduction of any sustainability-based risks in BUWOG's supply chain. An important task in this context involves the identification and best possible reduction of potential sustainability risks in the supply chain and is reflected in the careful selection and evaluation of current and potential suppliers and service providers by the Technical Procurement Department. Activities in this area also include the development of long-standing relationships with suppliers which are based on mutual trust and include compliance with legal and contractual requirements. In this way, sustainability and efficiency improvements help to identify and utilise positive multiplier effects along the value chain. This process requires, above all, a transparent overview of the individual supplier's ecological performance and labour policies.

In Germany, the BUWOG Group works primarily together with its direct upstream construction companies. General contractors are responsible for detailed coordination and construction services in Austria, which are then delegated in full or in part to subcontractors. Cooperation with dismantling and disposal companies takes place primarily in connection with the purchase of land with buildings that do not fit with BUWOG's portfolio for various reasons and must therefore make way for new construction projects.

Goals, measures and monitoring. The medium-term goal is to anchor the use of ecological building materials in new construction, renovation and structural extensions and include social and ecological sustainability aspects in the supply chain and contract management. The BUWOG Group is convinced that sustainability and cost efficiency need not be mutually exclusive. efficient procurement processes and cooperative supplier relationships can lead to cost-neutral procurement for the company as well as its tenants (also see *Cost orientation in housing* on page 175). In order to realise this potential, the multi-stage optimisation of procurement processes in the BUWOG Group is planned. The standard product groups and volumes used by the Group will be identified through a survey in 2017/18 and rated for their ecological, social and economic impact by external experts. This evaluation process, which is scheduled for completion in 2018/19 and 2019/20, will form the basis for the implementation of corporate procurement guidelines. The focus will be placed on central procurement groups which have high financial and physical volumes as well as a substantial impact on the environment and society. Legal and voluntary standards will be defined for these product groups and regulated throughout the Group wherever possible. The sustainability performance of suppliers and service providers can also be supported by certificates and other documentation. These processes will be managed centrally by the Technical Procurement Department. The resulting procurement guidelines will complement the existing planning guidelines and performance profiles for general contractors, architects, building technicians etc. and represent an integral part of tenders and procurement processes. Apart from the physical materials used for the construction and operation of residential buildings, numerous people are also involved – the construction firms which work on new projects, renovation and maintenance are just as relevant as the service providers for property management, e.g. snow removal and garden maintenance.

The implementation of BUWOG's sustainability criteria by suppliers and service providers will take place through a contractual-legal framework, personal discussions and targeted on-site reviews. Monitoring will be based, among others, on the following indicators:

- Material consumption by weight or volume – classified by non-renewable materials and renewable materials for selected procurement groups.

EFFICIENT USE OF SPACE & URBAN DEVELOPMENT

The residential markets in Berlin, Hamburg and Vienna have been characterised for years by continuous population growth and a related increase in the demand for housing. The resulting expansion of built-up areas is steadily reducing the natural urban recreation areas. In addition, these sealed areas no longer contribute to regulating the microclimate or the production of food. As seen from the viewpoint of sustainability, there is not only a need for additional housing but also for more green areas in cities.

The contribution by the BUWOG Group. The BUWOG Group addresses this supposed goal conflict in line with the principle of so-called "fully loaded space", under which space- and resource-efficient construction creates high-quality space for people and nature at the same time. The alternative would be a further reduction in the average apartment size to accommodate the growing urbanisation, which would shift housing to increasingly smaller units and spread the overdevelopment into the urban surroundings. This trend is already visible in the suburbs of Berlin, Hamburg and Vienna. Increasing demands for individual living space and traffic areas as well as lower floor areas have been reflected in the comparatively higher per capita sealing of space. Structural extensions in cities are substantially more resource- and space-efficient because the construction of multi-storey buildings is possible and the space-saving infrastructure, such as road and sewage networks, is already available.

Goals, measures and monitoring. The BUWOG Group is working to develop a practical definition of "fully loaded space", i.e. space-efficient construction which reflects high-quality demands for the long-term satisfaction of human and ecological needs, for integration in its management approach in 2017/18. The related activities include a dialogue and comparisons with companies that implement model examples. In addition, the BUWOG Group maintains regular contacts with local authorities to establish a common understanding. This analysis and dialogue phase will be followed by the definition of Group-wide standards for the creation of "fully loaded space" and for the integration of other regional sustainability factors in urban areas. Included here, for example, are new construction and the realisation of structural extension opportunities in Berlin, Hamburg and Vienna. The specific implementation measures and ongoing monitoring are expected to begin in 2018/19.

Most of BUWOG's construction already takes place on "compensation space", i.e. areas with structures built prior to their purchase by the BUWOG Group which can longer be used for their original purpose due to the urban structural shift ("brownfields"). Projects at these locations often include the decontamination of the ground water and soil on former commercial sites by the BUWOG Group and the transformation of these areas into attractive living areas that increase the value of the space. High-quality, spatially efficient development plans are prepared for each project in accordance with legal requirements, urban development plans, zoning plans and other regional factors and in dialogue with local authorities and governments. Wide-ranging issues like floor height, green areas, activation of roof areas, tree preservation, rainwater retention, parking spaces etc. are integrated in the project development.

SUSTAINABLE MOBILITY

Mobility with regard to climate change covers a large number of current and future challenges, above all in urban areas. These challenges include, for example, the local air pollution caused by the carbon dioxide (CO_2) and nitrogen dioxide (NOx) emissions from motor vehicle traffic as well as energy consumption. Future-oriented intelligent mobility and traffic concepts represent the solutions for these problems. They involve, among others, the greater use of public transportation and car sharing offers as well as the increasing electrification of mobility in urban areas. In connection with the sustainable use of the limited space in urban areas (also see the *Efficient use of space & urban development* on page 178) it is important to understand that the areas required for mobility are generally not available for housing or nature and recreational areas.

The contribution by the BUWOG Group. As one of the largest residential project developers in Berlin, Hamburg and Vienna and a leading property manager in the German-speaking countries, the subject of sustainable mobility has been a focus of BUWOG's work for many years. Integrated mobility concepts are becoming increasingly important, especially in project development.

E-mobility, in particular, represents an important future-oriented subject for the BUWOG Group. The design and planning of new properties – at least three years before completion – must also include the future requirements for parking spaces and e-charging stations as well as empty ducts for subsequent upgrading. The analysis of these future requirements, the regulatory framework and intelligent mobility solutions is an important factor for the BUWOG Group to avoid added costs in the future.

Mobility issues are addressed by the regional governments, for example in urban development contracts or by the so-called "parking space regulation" in Vienna. This latter order requires the creation of at least one parking space at the building site for each 100 sqm of living space. The cities of Berlin and Hamburg eliminated the regulations for the mandatory creation of parking spaces by residential construction companies in 2014, respectively 2013. The mobility decisions of individual residents also make an important contribution to environmentally compatible urban development.

Goals, measures and monitoring. An overriding goal is to define and anchor sustainable mobility concepts in the planning guidelines for project development, including individual opportunities for design by residents and the inclusion of local infrastructure requirements.

In addition to e-mobility, medium-term plans call for the integration of all-weather bicycle parking areas with workshops in the properties as well as cooperation with mobility service providers (e-vehicle and car sharing firms). Mobility advising and additional information on sustainable mobility will be included in advertising for the units and their transfer to tenants or owners. BUWOG's goal is to create a standardised mobility offering for new construction and standing investments which, where possible, covers several properties and is based on cooperation with mobility service providers. The BUWOG Group plans to include centrally managed, standardised and regular reviews of the mobility offering in the standing investment portfolio to identify opportunities for optimisation and practical measures for maintenance and upgrading. A survey of the Group-wide status quo will be carried out in 2017/18 and will be followed by the standardisation of detailed planning for appropriate goals and measures.

Another important goal for the BUWOG Group in the area of mobility is to make a positive contribution to the development of sustainable mobility with modern and efficient vehicle fleet management. BUWOG's employees have electrically powered pool vehicles and bicycles at their disposal for business-related travel. Internal mobility in the BUWOG Group is related to business travel that is generally connected with the management of BUWOG's properties and meetings with colleagues at various locations. The recently updated company vehicle guideline regulates, among others, the procurement criteria for pool and company cars. In accordance with this guideline, only electrically powered cars or petrol-driven cars have been purchased since May 2017 and diesel-powered vehicles will be gradually eliminated. The pool vehicles, which are available to all employees, will be gradually replaced with hybrid vehicles. Planned purchases will increase the share of pool vehicles with electrical or hybrid drives to 55% in 2017 and to 70% in 2018. By 2019 most of the pool vehicles will have been replaced at the end of their leases, and vehicles with alternative drives will represent nearly 100% of the pool. As a means of reducing business travel and the related CO_2e emissions, meetings in this German-Austrian company increasingly take place via video and telephone conferences. Employees are also encouraged to use bicycles for their trips to and from work and for business travel. A suggestion by the Works Council in Austria led to the installation of rental bicycles and helmets at a number of BUWOG locations (in Hamburg, Brunswick, Lübeck, Frankfurt, Kiel, Kassel, Vienna, Villach, Graz and Salzburg). An electric bicycle was also added to the cycle pool in 2017. The BUWOG Group is a member of the campaign "Vienna cycles to work", a programme started by a bicycle interest group.

The BUWOG Group's sustainability performance in the area of mobility will be measured on the basis of the following indicators:
– Share of new construction projects with central e-charging stations for passenger cars
– Number of central e-charging stations for passenger cars per 100 residential units under development
– Number of new construction projects with sustainable mobility offerings like car/bike sharing
– CO_2e emissions per km by the BUWOG vehicle fleet

PREVENTION OF CORRUPTION

Bribery and corruption make investments more difficult throughout the world and distort international competition. The redirection of funds as a result of corrupt practices also endangers society's economic, social and ecological well-being. Companies play an important role in combatting these practices because corruption is harmful not only to democratic institutions, but also to good corporate governance.

The contribution by the BUWOG Group. The fundamental importance of honesty, integrity and transparency in both the public and the private sector is firmly anchored in the BUWOG Group. It forms the basis for the creation of measures to prevent corruption and improve transparency in order to strengthen the awareness of corruption. The implementation of effective corporate governance practices therefore represents a key sustainability issue to develop and preserve a responsible corporate culture, an aspect which is also important to the stakeholders of the BUWOG Group.

Measures, goals and monitoring. As a listed company, the BUWOG Group complies with the rules defined by the Austria Corporate Governance Code (January 2015). The code is a voluntary framework for good corporate management and control, which is designed to ensure the responsible, sustainable and long-term creation of value. These goals are intended to serve the interests of all stakeholders whose well-being is connected with the success of the company and to ensure a high degree of transparency.

The Corporate Governance Code is based on the requirements of Austrian stock corporation, stock exchange and capital market laws as well as the EU recommendations for the duties of supervisory board members and the remuneration of directors. The underlying principles comply with the OECD guidelines for corporate governance, which are also designed to support a positive contribution by the global economy to economic, social and ecological progress. The OECD principles create a greater awareness among companies and the general public for the fight against corruption.

The measures implemented by the BUWOG Group to prevent corruption include the establishment of a Group-wide anti-corruption and compliance guideline as well as an e-learning tool for employee training. The content of the online tool is based on the principles of the UN Global Compact, the largest global initiative for corporate responsibility and sustainability, and requires completion by all employees.

The BUWOG Group has appointed a compliance officer and deputy who report directly to the Executive Board and have a wide range of duties which cover, among others, the constant observance of the compliance guideline. The compliance officers report regularly, at least four times each year, to the Executive Board and at least once each year to the Supervisory Board on the observance of the compliance guideline and measures to prevent corruption in the company. Additional details can be found in the *Consolidated Corporate Governance Report* beginning on page 110.

WORK-LIFE BALANCE

The working world is in a continuous state of flux as a result of accelerating momentum and increasing demands on flexibility. That creates a growing number of challenges for establishing a balance between employees' jobs, families and private lives.

The contribution by the BUWOG Group. Effective and targeted personnel development measures have been implemented in the BUWOG Group to support employees in these areas. The company also participates in the "*berufundfamilie*" audit carried out by the Austrian Federal Ministry of Families and Youth. It represents a voluntary state seal of approval that recognises improvements in family awareness and is awarded in connection with a structured review process. The audit is also intended to strengthen employer attractiveness, employee ties, motivation and identification and thereby reduce turnover and absence times. The three-year improvement process started in 2017 and involves workshops as well an extensive employee survey. The results also include the following BUWOG definition of family, which covers the greatest possible number of employees: "Family in the BUWOG Group covers the people who currently live, or previously lived, together in a common household, regardless of their sexual orientation or specific constellation. Consequently, family not only refers to the direct core family (mother-father-child) but also includes, for example, patchwork families, life partnerships and homosexual couples."

Goals, measures and monitoring. Specific goals and measures cover, among others, the following areas: The gradual expansion of individual part-time working agreements, e.g. also for nursing cases, a meeting policy coordinated with part-time employees, continued contacts with employees on parental leave and the creation of a parent-child office at BUWOG's headquarters Berlin and Vienna for parents who must bring their children to work for a short period due to a gap in childcare. Additional goals in the area of human resources management & organisation are explained in the sustainability programme on page 183.

The "berufundfamilie" audit has started in Austria and is being organised in Germany in accordance with local legal regulations. Two employees (VZÄ) in the Human Resources & Organisation Department are responsible for the audit. The employee representatives in Germany and Austria serve as additional contact partners. The BUWOG Group has also been a member of the "*Unternehmen für Familien*" network created by the Austrian Federal Ministry of Families and Youth since 2015 to further strengthen the exchange of information and support for the work-life balance.

The effectiveness of the management approach in this area is measured through regular focus groups and an employee survey that is carried out every two to three years. HR controlling also conducts annual reviews, among others based on the following GRI indicators. Audit reports and information in the annual report illustrate the year-to-year development of parental leave in the BUWOG Group.

- Number of employees eligible for various forms of parental leave during the reporting period, classified by gender
- Number of employees on parental leave, classified by gender
- Number of employees returning from parental leave during the reporting period, classified by gender
- Number of employees still employed 12 months after returning from parental leave, classified by gender
- Return and retention rate for employees previously on parental leave, classified by gender

SUSTAINABILITY PROGRAMME

MEASURES 2016/17	STATUS 2016/17	MEASURES 2017/18
Professionalise and anchor sustainability management		
Professionalisation of sustainability management and strategy		
Organisation of materiality analysis (analysis of value chains, extensive stakeholder dialogue, expert interviews etc.)	✔	
(Further)Development of management approaches & sustainability strategy and establishment in 2016/17 annual report	✔	
Further development of sustainability reporting		
Preparations for change in legal regulations for non-financial reporting (Sustainability and Diversity Improvement Act, CSR Implementation Act)	▶	Implementation of amended rules for non-financial reporting
Preparations for conversion of sustainability reporting from GRI G4 to GRI Standards	▶	Conversion of sustainability reporting to GRI Standards
Process optimisation and data management		
Integration of sustainability issues in customer and employee surveys	▶	Optimisation and expansion of internal reporting and monitoring system and data management for sustainability performance (above all for key sustainability issues)
Start of Group-wide standardisation of sustainability-related processes and data	▶	

MEASURES 2016/17	STATUS 2016/17	MEASURES 2017/18
Effectively address key sustainability issues		
Sustainable energy supplies and consumption by buildings and residents		
Energetic renovation of standing investments (2,500 units)	↻	Energetic renovation of standing investment units (planned 1,800 units)
Integration of energy efficiency measures in new construction process	✔	Group-wide status quo survey of energy supply and consumption plus optimisation potential
		Expansion of communication measures on the subject of energy for current and future tenants
Cost orientation in housing		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Group-wide status quo survey to identify opportunities for the optimisation of operating costs in order to provide relief for tenants
		Expansion of customer survey to include operating costs
Customer satisfaction		
Further development of service centre structure and ongoing improvement of digitalisation	↻	Strengthening of customer ties and improvement of digitalisation through Group-wide introduction of BUWOG tenant app
Expansion of communication measures for major refurbishment projects	▶	Continuation of staff training on customer satisfaction
Goal: Attainment of high customer satisfaction in central areas - Overall satisfaction: 94.5% - Satisfaction with property management: 85.5% - Satisfaction with handling: 80.5% - Satisfaction with availability: 86%*	✔	Goal: Hold results of customer survey constant at high level (min. 80%)
		Goal: Hold average lease term constant at good level (min. 10 years; approx. 12.5 years as of 30 April 2017)
Ecological building materials & sustainability criteria in procurement		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Identification of product groups and volumes for the Group and start of assessment for ecological, social and economic impact
Efficient use of space & urban development		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Internal specification and definition of "fully charged space" (i.e. space efficiency combined with quality demands)

* Reporting period: May 2015 to April 2016, response rate 42%, data based on answers with "satisfied/yes" and "neutral".

Sustainable mobility		
The materiality analysis included the identification of this aspect as a key sustainability issue for the BUWOG Group and the development of a management approach		Group-wide status quo survey, definition of goals and measures
		Implementation of sustainable mobility concepts in new construction process
		Group-wide reduction of CO_2e emissions by BUWOG motor vehicle pool through increase in share of hybrid vehicles
Prevention of corruption		
Ongoing implementation of the anti-corruption guideline and e-learning tool for employee training	▶	Ongoing training for employees on the subject of corruption
Continuous monitoring of the anti-corruption guideline by the compliance officer and deputy and reporting to the Executive and Supervisory Boards	▶	Continuous monitoring of anti-corruption performance and reporting to the Executive and Supervisory Boards
Work-life balance		
Start of “berufundfamilie” audit in Austria	✔	Gradual increase in family-friendly working times and locations (home office, individual part-time agreements, one-month parental leave for new fathers, technical outfitting of meeting rooms, vacation day care offering)
Appointment of family officer	✔	Maintain contact with employees on leave and facilitate their return to work (special distribution lists, breakfast meetings, invitations to company events, men/women on leave as vacation replacements, buddy programme and training
		Further development of management culture (family awareness in corporate values, family friendly management as part of managerial training, support for active fatherhood)
		Expansion of internal and external communication (managers as contact persons, guidelines on the subjects of pregnancy, intranet columns, press releases, employer branding, etc.).
		Start of “berufundfamilie” audit in Germany

Further goals and measures for human resources management & organisation		
Targeted personnel development measures (Group-wide training plan based on results of employee appraisals and individual training measures to reach personal goals)	↻	Targeted personnel development measures (focal points for 2017: self-management for all employees, role understanding for managers, presentations and moderation skills, project management)
Optimisation of HR-IT (standardised database for Germany and Austria)	▶	Optimisation of HR-IT (new DPW modules: mobile travelling, education, job descriptions, replacement of MDM programme)
Cascading corporate strategy (four-part event to provide information on and further process strategic corporate goals incl. group event for all employees)	✔	Optimisation of job descriptions (continuous process optimisation, focus on the identification of inter-departmental aspects)
		Employer branding (stronger positioning of the employer brand through new internet presence incl. videos, pictures, social media)
		Cascading corporate strategy (three-part event to provide information on and further process strategic corporate goals)

✔ Completed ▶ Ongoing ↻ Recurring

ADDITIONAL SUSTAINABILITY ACTIVITIES

SUSTAINABILITY RATING

Ecological and social criteria have become an increasingly important factor for the stock markets. In this respect, the key words for investors and companies are reliability, transparency and risk prevention. Reporting combined with sustainability indices and ratings form the basis for evaluating listed companies' sustainability performance.

VÖNIX sustainability index. BUWOG AG has been included in the VBV Austrian sustainability index (VÖNIX) since June 2014. This capitalisation-weighted price index contains Austrian listed companies which are leaders for their social and ecological performance. The composition of the VÖNIX is determined each year based on a sustainability analysis of the participating companies. This year's cycle covered an analysis of roughly 60 companies, whereby one-third successfully completed the process. The VÖNIX 2017/18 comprises 20 companies – BUWOG AG is weighted at 10.25%, which makes it the most important company after the banking sector.

OTHER ECOLOGICAL ACTIVITIES

The significance of the ecological aspect of sustainability for the construction and real estate branches is demonstrated by the strong focus on this area. The BUWOG Group is convinced that activities and investments in the environment are not only extremely important for the ecosystem and, in turn, also for society, but also create economic benefits – for customers and for the BUWOG Group.

"klimaaktiv pakt2020" and "ISO 50001" in Austria. In addition to the environmental activities in the areas of energy, mobility, space and building materials which were discussed in connection with the key sustainability issues, the BUWOG Group engages in other ecological activities. The company is a member of the "klimaaktiv pakt2020" initiated by the Austrian Federal Ministry for Agriculture and Forestry, Environment and Water and has an energy management system that is certified in accordance with ISO 50001.

BUWOG, as one of 12 major Austrian companies and the only construction and real estate company in the "klimaaktiv pakt2020", has made a voluntary (but binding) commitment to meet the Austrian climate goals by 2020 (basis 2005). In close cooperation with the Austrian Federal Ministry for Agriculture and Forestry, Environment and Water, the BUWOG Group, as a founding member and long-standing project partner (since 2007) is one of the ambitious pioneers for climate-compatible business operations in Austria and clearly exceeds legal requirements and specifications. The following table shows the specific goals for renewable energy, energy efficiency, CO_2e emissions and mobility as well as the status of implementation:

THE BUWOG GROUP'S GOALS FOR THE KLIMAAKTIV PAKT2020 IN AUSTRIA

	Goals 2020	Goals 2015*	Status 2015*
Energy efficiency (kWh/sqm)	107.7	113.4	112.2
Share of renewable energy carriers – total (%)	34	32.1	38.5
Share of renewable energy carriers – traffic (%)	10	8.4	6.9
CO_2e emissions (t)	43.8	44.4	36.1

* For feasibility reasons, data collection for the klimaaktiv Pakt2020 was based on the invoice period used by the energy supply companies and not on the financial year. Consequently, energy data for the reporting year was not available when this annual report was prepared and the klimaaktiv data is based on the 2015 invoice period.

In 2013/14 the BUWOG Group implemented an energy management system in Austria which is certified in accordance with ISO 50001. The central issues include, among others, the improvement of energy efficiency and the reduction of energy costs, energy consumption and CO_2e emissions. This energy management system provides a sound foundation for the attainment of the goals defined by the "klimaaktiv pakt2020". It is therefore based not only on energetic data management and the implementation of individual technical measures, but also includes strategic and organisational management approaches and internal and external audits. The analysis and planning of these measures is based on the extensive energy data compiled regularly by the BUWOG Group,

Protection and support of biodiversity. The preservation of habitats and biodiversity is an important aspect for the planning and operation of BUWOG's new construction projects. The goal is to prevent any negative impact on nature conservation areas or endangered species – at best, new urban areas are created for animals and plants.

For example: the BUWOG Group has created urban breeding areas and habitats for small animals at its new construction project in Vienna's Triester Strasse. Stone materials and scrap wood are collected at the site and converted into hiding spaces and nesting aids with hollow spaces for lizards and other smaller animals. The creation of habitats for pollinating insects – in particular wild bees – with the help of special wood blocks was also an objective for the properties in the Meischelgasse and Vorgartenstrasse in Vienna.

WORKING SUCCESSFULLY AND HAPPILY TOGETHER

The BUWOG Group views the qualifications, motivation and participation of its employees as an essential success factor. Responsibility for employees and society is a crucial element of future-oriented management.

BASIC PRINCIPLES AND KEY SKILLS

In addition to company agreements and mission statements, the BUWOG Group – through a cooperation between the Executive Board and managers and with the support of the Human Resources Management & Organisation Department – defined the following strategic skills which reflect the corporate culture: entrepreneurship, foresight, cost consciousness, feedback, continuous development, solution orientation, customer orientation, cooperation, creative power and commitment. In the sense of transparent communication, these skills are published under: www.buwog.com/en/career.

As a company that operates solely in Germany and Austria, the activities of the BUWOG Group are subject to German and Austrian laws – including all constitutionally guaranteed basic rights. The BUWOG Group places high value on human rights, and compliance with human rights and their integration in daily activities is therefore a matter of course. That takes place, among others, in the following areas where the BUWOG Group is active above and beyond legal obligations.

TRAINING

The BUWOG team is characterised by a high level of personal responsibility, motivation, flexibility and professionalism. Appraisal interviews are carried out each year to support the improvement of employees' skills and their personal development. These discussions include the joint definition of goals as well as training requests and general opportunities for advancement within the BUWOG Group. The offering of individual training measures – in the form of individual modules or group courses – covers technical subjects like non-profit housing and rental laws as well as personal development seminars in line with the Process Communication Model®.

In order to give employees greater orientation in change processes like the SAP conversion, activities in 2016/17 focused on management development. This included the preparation of course books and reference manuals for managers on the subject of management in the BUWOG Group. The two volumes present general management theories and models as well as BUWOG-specific processes and labour law issues. Fifteen individual workshops were held for individual departments with the support of external moderators during the reporting year to create a deeper understanding of the respective responsibilities and to integrate new managers and employees. The efforts undertaken in earlier years to prepare selected BUWOG employees for management positions paid off in 2016/17: nearly all new team and department heads were recruited internally.

The BUWOG Group invested EUR 1,700 and 4.6 training days per employee in 2016/17 (2015/16: EUR 1,200 and 2.5 training days per employee). The additional costs resulted primarily from the SAP introduction.

INTEGRATION OF NEW EMPLOYEES

Regular "welcome days" are organised to give new colleagues an overview of the BUWOG Group. These events also provide an opportunity to meet managers from different areas and departments, who introduce their various activities and engage in an initial dialogue with the employees. The integration of new staff was improved by the introduction of a "buddy system" in 2016/17, which involves the assignment of a so-called "buddy" to each new employee. The "buddies" are experienced employees from different departments who can facilitate integration into the BUWOG Group and create a good foundation for inter-departmental networking.

EQUAL OPPORTUNITY

Ensuring equal opportunity between women and men is an important priority for the BUWOG Group. The share of women in the total workforce equalled 55% as of 30 April 2017 (2015/16: 55%). In addition, 24% (2015/16: 32%) of the management positions are held by women. The measures introduced to support women are listed on page 126.

The BUWOG Group does not differentiate between full-time or part-time employees. All employees are entitled to the same benefits, which include training allowances, health examinations, allowances for computer glasses and massages during working hours (the BUWOG Group contributes a quarter hour of working time).

The Executive Board of the BUWOG Group consists of three men between the ages of 30 and 50. Additional details on the structure of the workforce are provided on page 190.

WORK-LIFE-BALANCE, HEALTH AND OCCUPATIONAL SAFETY

Strict adherence to the principle of equal opportunity, flexible working hours and teleworking options represent the key elements of the work-life balance for employees in the BUWOG Group. The company also offers attractive benefits and a pension fund scheme as well as retirement and other employee benefits. Additional details are provided under the Management approach: Work-life balance on page 181.

Employees' health is another focal point of management's activities. Workplace health promotion includes a company doctor, industrial psychologist and safety officer as well as a biannual health day with information from specialists on subjects like exercise and ergonomics, nutrition and psychology. The BUWOG Group also gives employees opportunities for a medical check-up or biofeedback training. Workshops on stress, conflict management, communications, teambuilding and relaxation are developed and offered together with industrial psychologists.

BUWOG's safety committee in Austria comprised 11 company employees and three external experts (an occupational physician and psychologist plus a safety officer) in 2016/17. The committee's responsibilities are regulated by the Austrian Employee Protection Act and include, among others, the provision of information on the status of employee protection in the BUWOG offices and, in particular, on the development of the accident rate and occupational illnesses. In Austria, the BUWOG Group had 30 safety officers, fire prevention officers, first aid and evacuation helpers at its largest location in Vienna during the reporting year. The high priority given to occupational and general safety is also reflected in close cooperation with an external consulting firm (B.A.D.), which accompanies and monitors all necessary safety and protection measures at BUWOG's locations in Germany.

EMPLOYEE REPRESENTATIVES

The BUWOG Group has a Works Council in both Germany and Austria, which communicates on an equal basis with the Executive Board and department heads, negotiates company agreements and represents the interests of employees. Regular meetings at 14-day intervals provide an opportunity for the discussion of relevant issues. Both countries have legal regulations that define the timing of and information to be provided to the Works Council (in Germany: the Works Council Constitution Act; Betriebsverfassungsgesetz). In Austria, the Works Council must be informed of any plans for restructuring measures in advance and on a timely basis (Section 109 of the Austrian Labour Constitutional Act; Arbeitsverfassungsgesetz). In cases where employment is terminated by the employer, the Works Council must be informed seven days in advance to allow for the preparation of an opinion (objection) within the seven-day period defined by law (Section 105 of the Austrian Labour Constitutional Act, resp. Section 99 (3) of the Works Council Constitution Act). The Works Councils in Germany and Austria organise annual employee meetings and information events and present information and news in the intranet and an own newsletter (BetriebsTAT).

REMUNERATION AND COMPANY AGREEMENTS

The minimum wage in Germany has equalled EUR 8.84 per hour since the beginning of 2017. Austria does not have a minimum wage at the present time, and important rules are therefore defined in various branch-specific collective agreements. These collective agreements are developed in annual negotiations between employers and employees ("social partnership"). The salaries of nearly all employees working for the BUWOG Group in Austria exceed the amounts defined by the collective agreements (property manager) and reflect the market level in the construction and real estate branches. The collective agreement regulates, among others, the continuation of salary or wage payments in the event of incapacitation and special payments such as vacation and Christmas bonuses. The company agreement regulates issues like the 38-hour week, flexible working times, teleworking and contributions to the voluntary pension fund.

External and internal benchmarks were used for the income budgeting process and the existing bonus system was simplified. All of the guidelines and company agreements in Germany were updated and adapted to meet contemporary requirements.

INTERNAL COMMUNICATIONS & TEAM BUILDING

Communications between management and employees are supported by regular department and business area meetings as well as general information events like the "BUWOG Orangerie" and "BUWOG Café". This framework is used by the Executive Board and managing directors as well as the Human Resources Management & Organisation Department and other specialist areas to provide regular information on important company decisions, personnel issues, new guidelines, current projects, occupational safety, sustainability and other current topics. Current information is also sent to employees via email and published in the BUWOG intranet.

Team spirit in the BUWOG Group is supported by activities that include a business run, dragon boat race and property tours to the standing investments and new construction projects. The BUWOG Family Day, which was held in Berlin, Vienna and Villach during 2016/17, also makes an important contribution to the comfort factor. Families learn about the employees' work and meet their colleagues and thereby gain a better understanding for day-to-day work in the BUWOG Group.

The third general event for all BUWOG employees was held in Vienna during 2016/17. The goal of this two-day get-together was to personally meet colleagues from other BUWOG locations, promote internal networking and exchange know-how. Employees were given an opportunity to experience the Executive Board in lectures and personal discussions and to learn about the BUWOG Group's strategy. An extensive information offering was created to present, for example, the current status of individual property developments and major corporate projects like the Group-wide SAP implementation. These activities were accompanied by an interesting supporting programme that included excursions and sport elements. Combined with a common celebration, these events, among others, reward employees for their performance.

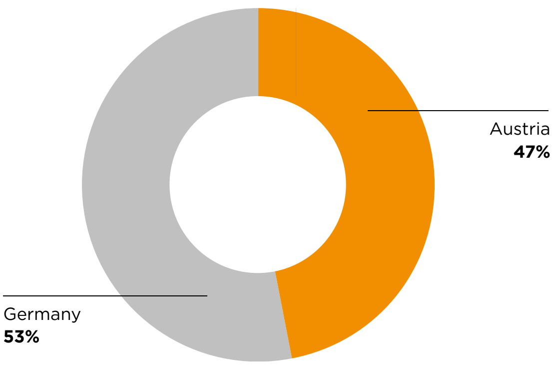
Further goals und measures planned by the Human Resources Management & Organisation Department for the future are described in the sustainability programme on page 183.

FACTS & FIGURES

A total of 781 employees, or 738 full-time equivalents, worked in the fully consolidated companies of the BUWOG Group as of 30 April 2017, including 705 salaried employees and 33 wage employees. The following graphs show the classification of salaried employees by region and operating function. Asset Management, Property Sales and Property Development are responsible for roughly 75% of the full-time equivalents (salaried employees).

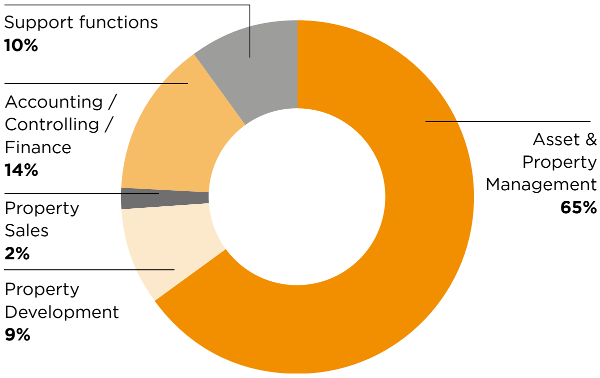
SALARIED EMPLOYEES (FTE)

as of 30 April 2017 by region



WAGE AND SALARIED EMPLOYEES (HC)

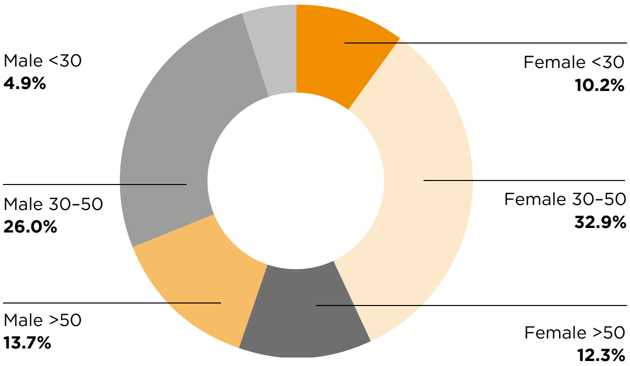
as of 30 April 2017 by function



The average age of the BUWOG Group's employees equals roughly 42 years. The workforce comprises an attractive mix of experienced employees (31% with over 10 years of service with the company) and new employees.

AGE STRUCTURE OF EMPLOYEES

by age and gender



In accordance with the Parental Allowance and Parental Leave Act (Bundeselterngeld- und Elternzeitgesetz), employees in Germany are entitled to up to three years leave. Labour law in Austria entitles employees to parental leave up to a child's second birthday. A total of 18 employees were on parental leave in Austria during the reporting year (2015/16: 16), including three (2015/16: three) men. Ten employees returned from parental leave in 2016/17 (2015/16: six), and all were employed by the BUWOG Group at the end of the financial year.

KEY DATA ON EMPLOYEES

	30 April 2017	30 April 2016
Employees	781	753
Full-time equivalent	738	717
thereof salaried employees	96%	94%
thereof wage employees	4%	6%
Average age in years	42	42
On leave	18	16
New hiring	153	146
thereof Germany	43%	34%
thereof Austria	57%	66%
thereof women	53%	55%
thereof men	47%	45%
Resignations	121	102
thereof Germany	43%	59%
thereof Austria	57%	41%
thereof women	52%	59%
thereof men	48%	41%
Employee turnover	13%	14%

OTHER SOCIAL ACTIVITIES

Social commitment. The BUWOG Group supported mothers and children in crisis situations with a donation in 2016/17. In place of Christmas gifts for business partners in 2015, the BUWOG Group donated EUR 20,000 to the Caritas "MUKI-mobil" project. This project helps homeless mothers and their children to find a new home and provides extensive assistance and advice in difficult life situations. BUWOG's Christmas dotation in 2016 supported the construction of a house for needy families in Srebrenica, Bosnia-Herzegovina. The construction of this house was part of a mentoring and generation project ("Intarconnect"), under which young Austrians travelled to Bosnia to realise a social project together.

Support for the arts and culture. The BUWOG Group is a proud supporter of the Vienna State Opera, Theater an der Wien (incl. the young ensemble in the Kammeroper) and the Salzburg Festival. In 2016/17 BUWOG was the main sponsor of the "Beton" exhibit in the Kunsthalle Vienna, where 30 international artists dealt with the building material concrete. As a long-standing partner of the Architekturzentrum Vienna (Az W), the BUWOG Group supports a dialogue on architecture as well as exhibits, events and publications by Az W (in 2016/17, e.g. "Architektur in Österreich im 20. und 21. Jahrhundert"). Art at the building site is also an important factor in the long history of the BUWOG Group, where it is viewed as an integral part of the company's housing culture.

INNOVATIONS FOR THE ENVIRONMENT AND SOCIETY

The BUWOG Group participates in research and pilot projects to develop innovations that promise added value for the environment and society. This increases internal know-how and experience and helps the BUWOG Group to prepare for future opportunities and risks. The related projects cover, among others, materials, renaturation, energy supplies, water areas and green areas as well as generation-compatible housing. The issues are addressed individually in various projects, in line with the specifics of the location and features of the property and its environment.

SUSTAINABLE CONSTRUCTION MATERIALS

The use of building materials sourced from ecologically and socially compatible production is an important sustainability issue for the BUWOG Group. In addition to the Group-wide management approach (see page 177), innovative building materials are also used in pilot projects.

The "52 Grad Nord" new construction project in Berlin-Grünau includes a variety of sustainability elements. A number of research and pilot measures for subsequent scaled application were tested in theory and practice during the planning and development phase, which provided detailed information on the potential and limits of sustainable innovations in residential construction. On this large area in Berlin, the BUWOG Group is currently transforming a former industrial location into a sustainable showpiece property. The site was used by the chemical industry before the second World War and up to only a few years ago, and the legacies in the ground water and soil included high-grade pollution. The city of Berlin felt compelled to develop a comprehensive restoration concept. The resulting general framework, which was expanded to include numerous additional sustainability elements, is now being realised as the "52 Grad Nord", an ambitious model for future restoration and development areas.

Pilot project: thermal insulation with bricks and mineral wool. In its "52 Grad Nord" project in Berlin, the BUWOG Group constructed a building without conventional thermal insulation. It was built with an innovative building material made by Wienerberger, a listed Austrian company. These bricks include resource-conserving, crude-oil free insulating materials made of mineral wool, which eliminate the need for additional resources, added costs and time-consuming measures for the installation of exterior insulation. A longer service life and improved recycling capability are also expected. The extensive cooperation with Wienerberger continued throughout the planning process up to construction supervision and demonstrates the potential created by cooperative supplier relationships. The experience with this building material was so successful that the BUWOG Group is planning to use it in future projects.

Pilot project: wood-hybrid construction. The use of wood for parts of the facade on the "Torhäuser" properties in "52 Grad Nord" will be followed by further wood construction in this project. Another residential ensemble comprising four multi-family houses at this site is currently under construction based on a wood-hybrid method. That means the facade and roof are made of pre-fabricated wooden panel elements, while the load-bearing components like the storey ceilings, stairwells and apartment partition walls are made of concrete. The selection of the materials used, above all insulation, wood and paint, was based on sustainability criteria and certificates.

Pilot project: large-scale recycling of dismantled building materials. In 2017 the BUWOG Group took part in Austria's first large-scale pilot project to remove and recycle entire building components. The dismantling of the former "Coca Cola property" in Vienna's 10th district prevented roughly 450 tonnes of waste, part of which was recycled (e.g. into roof boards). The work was carried out in cooperation with social-economic companies and recycling firms (e.g. WUK, Caritas, Wiener Volkshochschulen, RepaNet, österreichisches Ökologie-Institut), primarily by persons disadvantaged on the labour market. The BUWOG Group incurred no additional costs for this project.

SUSTAINABLE ENERGY SUPPLIES FOR BUILDINGS & QUARTERS

As presented in the management approach to sustainable energy supplies and consumption by building and residents on page 173, the BUWOG Group is aware of its responsibility in this area. The following innovative energy concepts, among others, are used in the Group's projects at the building and quarter level.

Pilot project: cogeneration plant in the quarter. A central sustainability aspect in the "52 Grad Nord" new construction project in Berlin-Grünau is the independent supply of heat for the quarter. This heating has a primary energy factor of zero and is sourced chiefly from non-fossil bio-methane gas through a cogeneration plant built especially for this purpose – which also stands out with its green facade. The energy control centre is owned by the BUWOG Group and operated by a contract partner. The first buildings are already receiving heat and warm water supplies. In addition to the 900 residential units, the existing reserve capacity could also supply neighbouring buildings in the future.
A similar supply concept was also realised on the grounds of the "Uferkrone" new construction project in Berlin-Köpenick. Energy supplies with conventional natural gas would have possible with the current infrastructure, but sustainability aspects led the BUWOG Group to decide in favour of a natural gas-driven cogeneration plant which will be built at this location. Different energy sources were evaluated and tested for both of these projects. Trials to use the neighbouring river water and energy generation via heat pumps were rejected during the approval process to give priority to environmental protection.

Research project: integrated renewable energy production & green roofs. Roof areas are becoming increasingly popular spaces. They can be used for sustainable energy supplies, as recreation areas for residents and as natural habitats for animals and plants. In order to assess the possibilities and limits for the use of urban roof areas, the BUWOG Group took part in a research project organised by the Austrian Research Promotion Agency, together with tatwort, BOKU and others to develop a multi-functional roof garden. This photovoltaic roof garden produces renewable energy via a pergola construction, in which translucent photovoltaic equipment is integrated. The greening of the pergola also creates added benefits like CO_2 storage, fine dust filtering, shade and cooling as well as intelligent rain water management.

Research project: smart district with innovative quarter solution. The city of Hamburg has big plans. it wants to become one of the European beacon cities for "smart" urban development in the areas of energy, mobility and communications. Plans call for this goal to be reached with the help of the EU "mySMARTLife" project, which covers cross-border activities by numerous partners from research and municipal administration as well as the business sector to create a more sustainable and intelligent urban infrastructure. New city quarters are planned for the "Stadtquartier an den Stuhlrohrhallen" in the Bergedorf district, which will be used to develop and test innovative solutions for the Hamburg metropolitan region. The BUWOG Group maintains regular contact with the "mySMARTLife" managers, contributes its many years of experience to the project planning and benefits from the interactive exchange of knowledge on "smart" future topics.

WATER AREAS WITH ADDED VALUE

In addition to the extensive ground water and soil restoration on the site of the “52 Grad Nord” new construction project in Berlin, the BUWOG Group has created a roughly 6,000 sqm water area at this former industrial location which is embedded harmoniously in the neighbouring landscape on the Dahme River. This water area not only has a positive influence on the microclimate in the residential area of the “52 Grad Nord”, e.g. through its buffer and storage effects in the event of heavy rains and flooding, but also offers numerous functional benefits like a water playground for residents. The water flows and cleaning processes are purely biological and based on biotopes and substrate filters. The water supply is generally replenished through rainwater from the surrounding free areas and buildings. The overall water concept as well as the ongoing monitoring and follow-up support will be provided by TU Berlin (scientific aspects) and financed by the BUWOG Group.

The “Uferkrone” new construction project in Berlin-Köpenick is a further example of activities by the BUWOG Group to create added ecological value in neighbouring water areas and to increase the value of these areas for residents. This site on the Spree River was previously used for commercial purposes, and the nearby banks were filled primarily by run-down fortifications. The restoration measures implemented by the BUWOG Group have now made the naturally designed shoreline with its sloping, green space accessible for tenants as well as the residents of Berlin. Added ecological value is also created by green roofs and garages at both properties.

THE GREENING OF THE CITY

The design of ecological open spaces is an important focal point for all BUWOG properties. Many of these properties include extensive green areas which serve as a natural habitat for plants and animals as well as recreational areas for residents. The greening takes place not only at the ground floor level, but increasingly also on roofs and facades. In addition to the optical effects, these areas also have practical functions: for example, they delay the run-off of rainwater into the, in part, congested urban sewage system and make an important contribution to the microclimate, above all by preventing heat island effects in densely built-up areas. Two-thirds of the new construction projects planned for 2017/18 will include extensive roof greening. In addition, the BUWOG Group is testing other sustainable utilisation alternatives for roofs in various pilot and research projects.

Research project & cooperative planning: Biotope City. A cooperative planning process on the former “Coca Cola grounds” on Vienna’s Triester Strasse will create a classic example for inner city greening as part of the “Biotope City” joint project. In addition to the previously mentioned project for the large-scale recycling of building materials at this site, the entire planning process for the “Biotope City” will be scientifically supported. The goal of this research project is to simulate microclimatic effects and then implement extensive greening measures across the entire construction site. Decisive for the success of the project is the creation and use of cross connections between the involved planning teams. The resulting GREENpass® tool will help to scale the positive effects developed by the project. The open space design in the “Biotope City” will include, among others, urban gardening beds on the ground floors, green roofs and facades and efficient water supplies for the vegetation.

DEMOGRAPHIC CHANGE

Demographic change and the growing number of older residents have defined a number of major issues for sustainable construction and housing in the future. It will be necessary to incorporate the special needs of these residents for accessible housing, possible care and further support services in the direct residential environments, challenges which the BUWOG Group is already addressing.

Research project: Age- and generation-compatible renovation. The BUWOG Group is currently supporting a research project carried out by the Climate and Energy Fund together with Caritas Vienna, the Austrian Institute for Sustainable Development and the Austrian Energy Agency. Its goal is to develop age-appropriate and multi-dimensional modernisation concepts together with older residents, which include construction planning and technology-related facets as well as social and quarter-based measures.

SUSTAINABILITY MANAGEMENT & REPORTING

This report is directed to all stakeholders and other persons who are interested in the ecological, social and economic performance of the BUWOG Group. The management of and reporting on sustainability issues in the BUWOG Group is based on recognised international guidelines which provide focal points for content and processes and allow for comparability.

REPORTING FRAMEWORK & PUBLICATION SCHEDULE

The BUWOG Group's sustainability report for 2016/17 is presented as part of this year's annual report and is again based on the Global Reporting Initiative (GRI). The goal of this reporting is to create transparency and comparability of the company's sustainability activities with other market participants. This report was prepared in accordance with the current GRI Version G4 and in agreement with the GRI Option "Core". Elements of the GRI G4 Sector Disclosure for the Construction and Real Estate Sector were also integrated. With a view to next year's GRI amendments, components of the new GRI standards were also applied. This report is based, in particular, on the following GRI standards: GRI Standard 101: Foundation 2016, GRI Standard 103: Management Approach 2016, GRI Standard 301: Materials 2016, GRI Standard 302: Energy 2016, GRI Standard 401: Employment 2016.

Reporting is focused, above all, on the companies included in the BUWOG Group's scope of consolidation, whereby the data in this report is based on the activities of the BUWOG Group in Germany and Austria during the 2016/17 financial year (reporting period: 1 May 2016 to 30 April 2017). The last sustainability report was published as part of the BUWOG Group 2015/16 annual report on 31 August 2016 and also reflects the GRI G4 level. The GRI-Content Index, which is included at the end of the report (page 315), provides an overview of the GRI elements (including page numbers) addressed in the annual report.

ORGANISATIONAL ANCHORING & CONTACT PARTNER

The BUWOG Group has strengthened and expanded its efforts in support of sustainability since the previous year. In this connection, sustainability reporting and sustainability management were organisationally bundled in the Corporate Reporting & Financial Analytics Department and equipped with additional resources to support cooperation across technical functions and departments. Several specialist departments also assumed operational responsibility for BUWOG's key sustainability issues through the integration in their daily activities.

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RISK AND OPPORTUNITY REPORTING

As a real estate owner and developer, the BUWOG Group is exposed to a variety of risks which, at the same time, can also represent opportunities. A strong and effective risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes. Risk management therefore not only covers risk control, but also the systematic handling of the related opportunities.

The Group-wide risk management system is designed to support rational decisions in dealing with risks and opportunities. The BUWOG Group views risk as the probability that the occurrence of a particular event will negatively influence the attainment of goals. Risk management is also responsible for the identification of opportunities. The BUWOG Group views an opportunity as the possibility of that an event will occur and positively influence the attainment of goals – i.e. it can lead to the preservation or creation of value. The assessment of risks and opportunities includes the probability of occurrence and the potential damage. "Risk management" and "risk" are only used in the following sections to improve readability. Both form an integral part of management activities in the BUWOG Group.

Risk management takes place at all levels in the BUWOG Group and is the responsibility of the Executive Board. It represents a systematic, value-oriented and profit-oriented approach for the analysis and handling of risks. Risk management in the BUWOG Group is based on the COSO framework and is classified as follows: risk identification, risk analysis, risk assessment, risk management, risk monitoring, risk information and communication and internal environment. These activities take place in both a pre-defined process and an ad-hoc process. BUWOG has also further optimised the internal control system (ICS) to support the early identification and monitoring of risk. Internal auditors evaluate the functioning and efficiency of the ICS. The integral parts of the Group-wide risk management system include the related organisational guideline, which integrates the various subject areas of risk management, the ICS and process management in a systemic, analysable manner.

The risk appetite of a company indicates its willingness to accept a certain degree of risk, with regard to both quantity and quality. Security considerations for shareholders and customers take priority for the BUWOG Group, which leads to a principal risk aversion as the basis for risk management.

Risk management in the BUWOG Group is directed to supporting the following organisational goals:
- The BUWOG Group's comprehensive, integrated risk management system is designed to reduce legal, business, operating and financial risks to an acceptable level.
  Goal: Business and legal security
- Risk management is intended to support result-oriented, efficient operations and thereby provide security for people, employees and assets.
  Goal: Business and asset security
- The Executive Board and managers must be provided with up-to-date risk information to support their management and strategy decisions and the definition of strategic measures.
  Goal: Planning, management and strategic autonomy
- Employees must develop an increased awareness of risk, and the costs of risk must be minimised.
  Goal: Risk awareness and cost limitation (for risks)
- All necessary hedging/protection measures must be evaluated when risks are accepted.
  Risks must be controllable, monitored and managed.
  Goal: Risk protection and controlling
- The image and reputation of the BUWOG Group must be protected and strengthened.
  Goal: Protection and strengthening of image and reputation

The most important risk factors can be summarised under financial risks and market/real estate-specific risks, above all risks related to individual projects and properties. The major financial risks are caused by changes on the capital, credit and interest rate markets and by changes in the credit standing or liquidity of the BUWOG Group and its customers, investors, banks and business partners. Detailed information on the financial risk factors is provided in the consolidated financial statements under note *7.2 Financial risk management*. Market- and property-specific risks arise from micro- and macroeconomic events and developments at the individual property level and include market price risk, the competitive situation, transaction risk and project development risk.

FINANCIAL RISK MANAGEMENT

General information
IFRS 7.31 requires the disclosure of information that enables the users of financial statements to evaluate the nature and extent of risks arising from financial instruments to which the company is exposed as of the balance sheet date.

As a real estate owner and developer, the BUWOG Group is exposed to a variety of risks which, at the same time, can also represent opportunities. A strong and effective risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes. Risk management therefore not only covers risk control, but also the systematic handling of the related opportunities.

Risk management takes place at all levels in the BUWOG Group and is the responsibility of the Executive Board. The BUWOG Group has also further optimised the ICS to support the early identification and monitoring of risk (see the management report for a description of the ICS). Internal auditors evaluate the functioning and efficiency of the ICS.

The Group-wide risk management system is designed to support rational decisions in dealing with risks and opportunities. The BUWOG Group views risk as the probability that the occurrence of a particular event will negatively influence the attainment of goals. Risk management is also responsible for the identification of opportunities. The BUWOG Group views an opportunity as the possibility of that an event will occur and positively influence the attainment of goals – i.e. it can lead to the preservation or creation of value. The assessment of risks and opportunities includes the probability of occurrence and the potential damage. “Risk management“ and “risk” are only used in the following sections to improve readability. Both form an integral part of management activities in the BUWOG Group.

Risk management in the BUWOG Group represents a systematic, value-oriented and profit-oriented approach for the analysis and handling of risks. Risk management in the BUWOG Group is based on the COSO framework and is classified as follows: risk identification, risk analysis, risk assessment, risk management, risk monitoring, risk information and communication and internal environment. These activities take place in both a pre-defined process and an ad-hoc process.

The most significant risk factors are financial risks and market/property-specific risks. Further details on market- and property-specific risks can be found in the management report. The major financial risk factors result from changes in the interest landscape and in the credit standing and solvency of customers and business partners.

Default/credit risk
In accordance with IFRS 7.36, a company must disclose the following information for each class of financial instruments: the maximum exposure to credit risk as of the balance sheet date, excluding any credit enhancements; a description of the collateral received and any credit enhancements; and information on the carrying amount of the financial assets whose contract terms were amended and which would have been classified as past due or impaired under the previous contract terms. In accordance with IFRS 7.B9, the impairments losses recognised in accordance with IAS 39 must be deducted from the gross carrying amount of the financial assets. The remaining amount represents the maximum credit risk. Collateral and other credit enhancements are not included in this calculation, but only disclosed separately (IFRS 7.36[b]). Default/credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the BUWOG Group incurs financial damages as a result. This risk is minimised by the regular monitoring of overdue balances, the settlement of purchase price payments through trustees and, in some cases, through the provision of (mortgage) collateral in favour of the company. Default risks are reflected in appropriate valuation adjustments.

The risk of default on rents receivable is low because tenants are generally required to provide security deposits (for residential properties: cash deposits). The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have good credit ratings. Despite the high quality of its financing partners, the BUWOG Group intends to increase its monitoring of their credit standing in the future. This approach reflects the significant volumes of funds invested with banks due to the Group’s business model as well as the regulatory changes planned for the banking sector in the EU.

Capital market and financing risk
The ability to obtain refinancing on the capital markets is an important strategic factor for the BUWOG Group. Significant fluctuations on these markets can limit the availability of equity and/or debt. In order to minimise the refinancing risk, the BUWOG Group works to maintain a balance between equity and debt and distributes bank financing over various terms, thus ensuring a balanced maturity profile.

In order to receive or continue the use of funds, the BUWOG Group must meet certain obligations (covenants) defined by lending agreements. The BUWOG Group continuously monitors compliance with these covenants and remains in close contact with the lending institutions. If these obligations are not met, the lender may cancel the loan agreement under certain circumstances. The BUWOG Group is currently not aware of and does not expect a breach of any major covenants that could negatively influence its business activities.

As of 30 April 2017, the BUWOG Group had unused working capital credit lines of TEUR 25,000.0 (30 April 2016: TEUR 28,000.0). Additional unused credit lines of TEUR 185,662.6 (30 April 2016: TEUR 127,718.3) from construction financing are also available and are released in accordance with the progress of construction.

In order to eliminate the risks arising from non-compliance with capital market regulations, the BUWOG Group issued a compliance policy following its public listing in 2013/14. This policy is designed to ensure the fulfilment of all capital market obligations and, above all, prevent the misuse or distribution of insider information.

Measures implemented for this purpose included the establishment of a compliance organisation and the definition of authorisations and responsibilities for the compliance officer. Permanent and, where necessary, temporary areas of confidentiality were established and blackout periods and/or trading bans were specified and notified to people working in these areas.

Liquidity risk
Liquidity risks are minimised by the preparation of a medium-term (five-year) plan, an annual budget with monthly segmentation and monthly revolving liquidity reports that include variance analyses. Day-to-day cash management combined with regular extensive reporting to the BUWOG Group's management ensures that operating obligations are met, funds are optimally invested and the necessary flexibility is maintained for short-term acquisition opportunities.

The BUWOG Group also uses long-term financing which takes the financial capability of the properties (interest coverage ratio and/or debt service coverage ratio) and their fair values (loan-to-value ratio) into account (see note 7.3 *Capital management*). To avoid cost overruns and the resulting excess outflow of liquidity, the BUWOG Group routinely monitors budgets and the progress of construction on all development projects and maintenance work.

With regard to the term structure of liabilities, see note 6.15 *Financial liabilities* and 6.16 *Trade payables and other liabilities.*

The imminent outflow of funds from legal risks is continuously monitored by the legal department in consultation with the operating units and the Corporate Finance & Investor Relations Department.

The following table shows a term analysis of non-derivative and derivative financial liabilities based on contractually defined nominal (not discounted) cash outflows.

CASH OUTFLOWS

in TEUR	Carrying amount on 30 April 2017	Outflows of funds under 1 year	Outflows of funds between 1 and 5 years	Outflows of funds over 5 years
Convertible bonds 2016–2021	**287,987.5**	**0.0**	**300,000.0**	**0.0**
Amounts due to financial institutions	1,523,493.3	127,363.1	356,587.2	1,334,670.4
thereof secured by collateral	1,442,150.7	113,848.2	330,606.3	1,261,902.6
thereof not secured by collateral	81,342.6	13,514.9	25,980.9	72,767.8
Amounts due to local authorities	439,884.8	33,329.5	109,361.4	433,541.4
Miscellaneous	338,527.6	275,581.1	23,723.9	39,222.6
Total non-derivative financial liabilities	**2,301,905.7**	**436,273.7**	**489,672.5**	**1,807,434.4**
Derivative financial instruments (liabilities)	76,826.9	15,361.0	38,015.5	11,286.8
Total derivative financial liabilities	**76,826.9**	**15,361.0**	**38,015.5**	**11,286.8**
Financial liabilities held for sale	**147.0**	**147.0**	**0.0**	**0.0**
Total	**2,666,867.1**	**451,781.7**	**827,688.0**	**1,818,721.2**

CASH OUTFLOWS – PREVIOUS YEAR

	Carrying amount on 30 April 2016	Outflows of funds under 1 year	Outflows of funds between 1 and 5 years	Outflows of funds over 5 years
Amounts due to financial institutions	1,581,672.7	123,946.3	433,049.1	1,441,017.1
thereof secured by collateral	1,502,009.2	119,020.6	404,148.6	1,374,895.8
thereof not secured by collateral	79,663.5	4,925.7	28,900.5	66,121.3
Amounts due to local authorities	470,891.8	22,290.8	96,337.2	521,892.9
Miscellaneous	311,571.5	256,775.4	27,907.0	26,889.1
Total non-derivative financial liabilities	**2,364,136.0**	**403,012.5**	**557,293.3**	**1,989,799.1**
Derivative financial instruments (liabilities)	67,912.1	15,309.3	48,182.1	16,278.8
Total derivative financial liabilities	**67,912.1**	**15,309.3**	**48,182.1**	**16,278.8**
Financial liabilities held for sale	**0.0**	**0.0**	**0.0**	**0.0**
Total	**2,432,048.1**	**418,321.8**	**605,475.4**	**2,006,077.9**

Other financial liabilities include financing contributions of TEUR 104,445.9 (30 April 2016 TEUR 104,007.0). These contributions are refunded to the tenant at the end of the lease and collected from the next tenant when the apartment is re-let.

The generation of liquidity from the operating business represents a central element of the BUWOG Group's strategy. Processes to evaluate opportunities for optimisation or a further reduction in operating costs are continuously developed and improved. Internal procurement guidelines for the operating businesses, above all in the area of property services, and construction and facility management, form an important part of these cost reduction and optimisation measures.

Interest rate and market price risk

The BUWOG Group is exposed to the **risk of interest rate changes** in German-speaking regions. Interest rates increases can have a negative impact on Group earnings by raising the cost of existing floating rate loans. A change in interest rates has a direct influence on the BUWOG Group's financial results through its impact on floating rate loans. The BUWOG Group uses fixed interest rate financing contracts and derivative financial instruments (swaps) to limit the risk associated with rising interest rates – which would lead to higher interest expenses and adversely impact financial results. Based on the floating rate financing that is not hedged with derivative financial instruments, an increase/decrease of one percentage point in the interest rate as of the balance sheet date would have led to an increase/decrease of EUR 3.0 million/EUR –1.3 million (2015/16: EUR 2.9 million/EUR –1.1 million) in interest expense. The derivative financial instruments are recognised at fair value as standalone (rather than hedging) transactions, and any changes in the fair value therefore have a direct impact on financial results. Fair value hedge accounting and cash flow hedge accounting as described in IAS 39.71ff are not applied since the requirements are not met. In addition, the cost-covering rent stipulated for the predominant, but decreasing, part of the residential portfolio reduces interest rate risk because these interest changes can be offset through the rent defined by the Austrian Non-Profit Housing Act.

Derivative financial instruments are recognised and measured at fair value. Derivative financial instruments with a negative fair value are recorded in the consolidated balance sheet under other financial liabilities (see note 6.16 *Trade payables and other liabilities*). Changes in the fair values of derivatives, which are used exclusively for financing purposes, are recognised through profit or loss and included in financial results.

The classification of financial liabilities by type of interest rate is shown in the following table:

FIXED/FLOATING INTEREST RATE

in TEUR	30 April 2017	30 April 2016
Fixed interest financial liabilities	788,171.6	817,247.4
Variable interest financial liabilities	1,175,300.6	1,235,414.4
Total interest-bearing financial liabilities	**1,963,472.2**	**2,052,661.8**

The following table shows the market values and conditions of all derivative financial instruments that were purchased and still held at the balance sheet date to hedge interest rate risk:

DERIVATIVES/INTEREST RATE SWAPS

	Variable element	Fair value as of 30 April 2017 in EUR	Reference value as of 30 April 2017 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%–3%					
Interest rate swap (Helaba)	3-M-Euribor	–106,227	4,062,439	0.63	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	–83,867	858,262	0.69	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	–5,045,242	187,129,238	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–5,011,174	183,925,061	0.72	30 April 2024
Interest rate swap (UniCredit Bank Austria)	3-M-Euribor	–3,281,214	102,165,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,684,838	129,937,500	0.99	2 January 2025
Interest rate swap (UniCredit Bank)	3-M-Euribor	–661,892	16,237,200	1.03	30 April 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,625,628	29,771,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–218,304	3,632,500	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,209,139	20,117,000	1.39	31 December 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,443,278	12,953,150	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–2,910,003	20,000,000	2.50	31 December 2036
Interest rate swap (UniCredit Bank Austria)	6-M-Euribor	–4,021,956	26,072,576	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,896,718	21,727,146	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,566,574	26,072,576	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,547,626	10,500,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,256,155	14,513,000	2.99	30 September 2039
Number of derivatives: 17		**–39,569,835**	**809,674,048**		
Interest rate of 3%–4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,574,132	7,574,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,046,518	23,291,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–7,096,358	44,384,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,903,013	24,411,000	3.11	30 September 2031
Number of derivatives: 4		**–16,620,021**	**99,660,000**		
Interest rate above 4.5%					
Interest rate swap (Commerzbank)	3-M-Euribor	–1,414,380	24,640,000	4.58	29 June 2018
Number of derivatives: 1		**–1,414,380**	**24,640,000**		
Total derivatives: 22		**–57,604,236**	**933,974,048**	**1.42**	

DERIVATIVES/INTEREST RATE SWAPS – PREVIOUS YEAR

	Variable element	Fair value as of 30 April 2016 in EUR	Reference value as of 30 April 2016 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%–3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	–6,440,057	193,757,340	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–6,299,086	187,205,160	0.72	30 April 2024
Interest rate swap (UniCredit Bank Austria)	3-M-Euribor	–4,059,060	103,425,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,698,361	131,962,500	0.99	2 January 2025
Interest rate swap (UniCredit Bank)	3-M-Euribor	–867,304	16,600,000	1.03	30 April 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–2,015,319	30,443,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–276,675	3,718,500	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,532,393	20,593,000	1.39	31 December 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,728,009	13,265,400	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,375,973	21,000,000	2.50	31 December 2036
Interest rate swap (UniCredit Bank Austria)	6-M-Euribor	–4,604,689	26,971,188	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,148,167	22,475,990	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,876,309	26,971,188	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,821,993	11,250,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,677,916	14,902,000	2.99	30 September 2039
Number of derivatives: 15		**–46,421,311**	**824,540,666**		
Interest rate of 3%–4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,792,025	7,777,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,696,460	24,210,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–7,985,933	46,136,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,392,284	25,375,000	3.11	30 September 2031
Number of derivatives: 4		**–18,866,702**	**103,498,000**		
Interest rate above 4.5%					
Interest rate swap (Commerzbank)	3-M-Euribor	–2,624,088	25,060,000	4.58	29 June 2018
Number of derivatives: 1		**–2,624,088**	**25,060,000**		
Total derivatives: 20		**–67,912,101**	**953,098,666**	**1.43**	

The reference value forms the basis value for derivatives outstanding as of the balance sheet date. The fair value represents the amount the respective company would receive or be required to pay if the transaction were settled as of the balance sheet date.

A change in the market interest rate influences the valuation of interest rate derivatives and financial liabilities that are associated with property subsidies and recognised at fair value. Net present value methods based on the DCF model, which are also used to value interest rate derivatives and financial liabilities, determine fair value by discounting future cash flows with current discount curves. These discount curves consist of a reference interest rate curve and a BUWOG-specific interest premium (credit spread) (see note 7.1.3 *Hierarchy of fair values of financial instruments*). Increasing (decreasing) interest rates result in a higher (lower) discount factor and a reduction (increase) in the negative fair value of the derivatives or financial liabilities. Sensitivity analyses are used to illustrate the risk associated with interest rate fluctuations. They show the effects of changes in the market interest rates on fair values, interest payments, interest income and interest expenses.

The following sensitivity analysis shows the impact of a change in the interest level on the market values of interest derivatives (interest swaps). A change of 10, 25 or 50 basis points in the interest rate is assumed.

INTEREST RATE RISK FOR DERIVATIVES/INTEREST RATE SWAPS

in TEUR

Sensitivity analysis 2016/17	Negative fair value 30 April 2017	Interest rate scenarios +/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–57,604.2	+2,798.5	+12,463.5	+28,795.1
Change in negative fair value on decrease in interest rate	–57,604.2	–9,862.1	–19,250.5	–34,873.5

Sensitivity analysis 2015/16	Negative fair value 30 April 2016	+/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–67,912.1	+3,269.5	+13,905.4	+31,833.3
Change in negative fair value on decrease in interest rate	–67,912.1	–10,622.4	–20,935.5	–38,161.4

The following table shows the sensitivity of the fair value of the derivatives embedded in the convertible bonds to changes in the interest level. A change of 10, 25 or 50 basis points in the interest rate is assumed.

INTEREST RATE RISK FOR DERIVATIVES EMBEDDED IN THE CONVERTIBLE BONDS

in TEUR

	Negative fair value 30 April 2017	Interest rate scenarios +/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–19,222.7	–138.8	–492.2	–868.5
Change in negative fair value on decrease in interest rate	–19,222.7	+129.8	+379.2	+947.6

An additional sensitivity analysis shows the effect of a change in the interest rate on the fair values of the financial liabilities carried at fair value through profit or loss. A change of 50 or 100 basis points in the interest rate is assumed.

INTEREST RATE RISK FOR FINANCIAL LIABILITIES

in TEUR

Sensitivity analysis 2016/17	Fair value 30 April 2017	Interest rate scenarios +/–50 BP	+/–100 BP
Change in fair value on change in interest rate	–492,947.9	+/-23,317.3	+/-45,026.4

Sensitivity analysis 2015/16	Fair value 30 April 2016	+/–50 BP	+/–100 BP
Change in fair value on change in interest rate	–717,130.9	+/–37,523.7	+/–70,812.5

Details on the conditions of financial liabilities are provided in note 6.15 *Financial liabilities*.

In addition to financial liabilities, securities and other receivables – above all financing receivables (loans granted to third parties) – can be sensitive to interest rate changes. The existing financing receivables generally carry fixed interest rates and are therefore exposed to no risk or only limited risk.

The fair value of the derivatives embedded in the convertible bonds is also subject to a **market price risk**. An increase/decrease of 10 percentage points in the share price would have increased/decreased the negative fair value of the derivatives embedded in the convertible bonds by EUR 7.6 million/EUR -5.8 million.

7.3 CAPITAL MANAGEMENT

The goal of BUWOG's Executive Board is to protect the Group's liquidity over the short-, medium- and long-term. Hedging instruments such as swaps are used to manage liquidity, above all when interest rates are low. The financial targets also include a maximum loan-to-value ratio (LTV) of 45%.

DEBT-EQUITY-RATIO

in TEUR	30 April 2017	30 April 2016
Debt	3,023,894.0	2,744,132.2
Equity	1,995,809.5	1,699,958.8
Debt-equity-ratio	**151.5%**	**161.4%**

The following table shows the calculation of the loan-to-value ratio:

LOAN-TO-VALUE

in TEUR	30 April 2017	30 April 2016
Liabilities from convertible bonds	287,987.5	0.0
Long-term financial liabilities	1,844,645.6	1,947,004.0
Short-term financial liabilities	118,826.6	105,657.8
Liabilities held for sale	147.0	0.0
Less cash and cash equivalents	-211,397.2	-82,540.1
Total net financial liabilities	**2,040,209.5**	**1,970,121.7**
Investment property	4,203,921.9	3,885,043.7
Investment property under construction	56,300.0	32,964.8
Non-current assets held for sale	15,661.1	0.0
Real estate inventories	355,531.4	217,253.7
Total investment properties	**4,631,414.4**	**4,135,262.2**
LTV	**44.1%**	**47.6%**

The BUWOG Group is not subject to any minimum capital requirements defined by external sources. There were no changes in the Group's capital management approach during the reporting year.

RESPONSIBILITY

The Executive Board is responsible for defining the risk policy and risk strategy and creating an awareness of risk. The risk strategy is reviewed by the Executive Board at least once each year and updated whenever necessary. The risk manager is responsible for the development and detailed design of the risk management system, for monitoring and reporting on the risk strategy defined by the Executive Board and for establishing the procedures used to quantify risk, determine the appropriateness of risk and create the general standards for risk management. He or she consolidates the risk management content of the operating units and coordinates the measures required for risk management, limitation and monitoring. A risk report with information on the status and development of risks and the related actions is presented to the Executive Board at its meetings.

PROCEDURES

Risks are classified on the basis of their organisational relationships – through risk categories – and their material scope of influence – through various types of risk. The risk categories form the upper level of this classification, while the types of risk represent subordinate elements assigned to these categories.

The risk management process begins with the identification of risks (risk identification). In the next step, the risks are analysed (risk analysis) and then assessed with regard to the estimated probability of occurrence and estimated potential damage (risk assessment). Measures are then defined for the management or control of these risks (risk control) and for subsequent monitoring (risk monitoring).

Risk identification and analysis can be quantitative, semi-quantitative or qualitative, depending on the circumstances. A qualitative analysis is often carried out first to determine the general scope of risk and to identify the most important risks. The scheduled programme covers the Group-wide functioning of risk management. It involves the periodic, systematic identification of risks and provides a uniform basis for risk reporting to management. The ad-hoc reporting process in risk management accompanies and completes the scheduled programme. It covers the “gaps” in the quarterly risk assessment.

Recurring Funds From Operations (RFFO) is an important property-specific indicator, which is ideally suited for inclusion in the assessment of risks and the possible results. The calculation of the effects in Euros is therefore based on budgeted Recurring FFO (additional information on this indicator can be found under *Strategy, Success Factors, Outlook*).

Parallel to the above-mentioned activities, risks are continuously monitored and communicated. Communications and the information exchange with internal and external stakeholders take place, as required, during all phases of the risk management process.

REPORTING

An overview of the risks to which the BUWOG Group is exposed, together with the related measures, is prepared in the form of a risk map and submitted to the Executive Board each quarter. BUWOG’s risk landscape is updated regularly by the risk manager based on information supplied by the operating units. The existing risks and related measures are revised together with the responsible risk owners and new risks are added to the reporting scheme as required. In addition to the operating and strategic risks to which BUWOG is exposed as a group, a separate risk matrix is prepared for each new construction project and updated on a quarterly basis. Reports on material risks with an immediate need for action are evaluated by the risk manager and communicated to the Executive Board. In accordance with legal regulations, the Executive Board is responsible for risk reporting to the Supervisory Board.

MARKET RISK AND PROPERTY-SPECIFIC RISKS

The business activities of the BUWOG Group cover property development and the management of standing investments as well as the sale of individual apartments, properties and portfolios. Supply and demand on the real estate market are influenced by a variety of factors which are subject, in part, to significant fluctuation. Examples of these factors are economic, legal and taxation frameworks, demographic developments, the availability of financing, raw material and energy prices as well as the interest of investors and the perceived attractiveness of real estate in comparison with other investment forms.

In addition to the typical risks facing property owners – which BUWOG minimises through insurance coverage for the individual properties – the company is also exposed to property-specific risks. These risks are related primarily to the location of the properties, their architecture and the structural condition of the buildings, but also to the direct competitive environment and local socio-economic factors. The BUWOG Group minimises these risks, among others, through the use of controlling instruments to support Asset Management in the regular appraisal of the properties and the quality of their locations as well as the attractiveness of the individual markets based on key indicators. The results of property management are also regularly discussed and evaluated at meetings between Asset Management, standing investment controlling, department management and the Executive Board. All market changes are included in the analysis of the property portfolio and have a significant influence on investments, sales and project planning – and therefore also on the medium-term company planning process. Detailed budgets at the individual property level, medium-term forecasts and regular variance analyses provide support for management in the monitoring of business results. Properties whose location, quality and/or competitive position do not meet the portfolio requirements are designated for sale.

The BUWOG Group is exposed to market risk, in particular from changes in the supply and demand for rental properties. These fluctuations have a direct impact on both rental income and vacancy rates and are ultimately reflected in property prices. BUWOG works to optimise its real estate investments based on the following strategy: the residential offering in the standing investment portfolio is diversified according to regional and product-specific criteria; new construction projects follow a differentiated product line approach; and the active management of properties incorporates the Group's long-standing, extensive knowledge of the regional markets. Market risk is also reduced by matching rents to the respective properties and locations within legal limits.

In order to comprehensively identify and assess risks before the acquisition of new properties, the BUWOG Group relies on multi-stage due diligence examinations which also include independent experts.

Acquisition/project development risk. Acquisition and development activities are connected, above all, with risks relating to legal, social, technical, economic and tax issues. In order to identify and assess these risks before the acquisition of properties, the BUWOG Group uses multi-dimensional due diligence audits for all potential transactions. These audits are graduated by risk relevance and intensity and include the participation of independent experts. The BUWOG Group does not purchase properties that fail to meet its high quality standards. However, there is still a residual risk that important information with a possible negative impact on the economic assumptions (e.g. incomplete information in the due diligence reports, changes in the legal situation) only becomes available after the completion of acquisition activities or market conditions may change in an unforeseen direction.

One focal point of BUWOG's business activities is the development of real estate projects in Berlin, Hamburg and Vienna, whereby plans call for the expansion of these activities in the future. Development activities are, naturally, exposed to significant risks. Delays in receiving the necessary permits, the actions of citizens' initiatives or construction problems can lead to schedule overruns. In addition, sale and rental risks as well as construction cost overruns can lead to a reduction in the project return.

The BUWOG Group minimises these risks by regularly monitoring costs and schedules through variance analyses. A risk analysis system has been implemented for the project development business to identify risks and counter their potential effects on a timely basis. Additional information is provided in the consolidated financial statements under note *7.2.2 Default/credit risk*.

Property valuation risk. The BUWOG Group uses the fair value model for property valuation, as is customary in the real estate sector. Properties are carried at the value that would be received in an exchange between knowledgeable, willing and independent business partners. BUWOG's properties are valued at least semi-annually by external appraisers. The values determined by these experts are heavily dependent on the applied calculation method and the underlying assumptions. Important parameters for the calculation of a property's fair value include the interest rate and rental level. Consequently, any change in the underlying assumptions can lead to material fluctuations in the value of a property. For example: a change in the assumed occupancy rate, market price, interest level or future investment costs for a property will have a direct effect on the resulting profitability and fair value. Even minor changes in the underlying assumptions, e.g. for economic or property-specific considerations, can have a material impact on the net profit of the BUWOG Group.

POLITICAL, TAX AND LEGAL RISKS

Legal risks. As a property developer and owner, the BUWOG Group is also exposed to a variety of legal risks. They include, among others, risks related to the purchase or sale of properties and risks, the construction of buildings and legal disputes with tenants or other contract partners.

Tenancy and housing regulations, building codes and civil, tax and environmental laws are particularly important for BUWOG's business operations. The Group therefore follows regulatory changes and supreme court rulings with particular interest to allow for timely response to any binding changes in general legal conditions.

The outcome of pending actions under civil and administrative law or out-of-court settlements with tenants, contractors and development partners cannot be predicted with certainty. There is a risk that judicial or administrative decisions or settlements may lead to costs that could have an unexpected influence on the results of the BUWOG Group.

The risks associated with the properties and undeveloped land owned by the Group are minimised by building insurance and/or property liability insurance.

Tax risks. Tax audits for previous years are still in progress or have not yet started for a number of BUWOG Group companies. These audits may result in additional tax payments. The limits on the deductibility of interest expense for the determination of income taxes could also lead to additional tax payments for BUWOG's German companies in the future.

Changes in shareholder and/or organisational structures could result in a property transfer tax liability or the inability to utilise loss carryforwards. The recognition of deferred taxes on loss carryforwards could be limited or eliminated by fundamental changes in tax regulations, which would lead to expenses at an amount equal to the impairment losses on the related deferred tax assets.

Political and regulatory risks. The BUWOG Group is exposed to general risks arising from changes in legal regulations (including tenancy law, construction law, environmental law, tax law and administrative law). As BUWOG's operations are limited to Austria and Germany, and these types of changes do not normally occur unexpectedly or over the short term, there is usually sufficient time to react.

OTHER RISKS

Concentration risk. Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. BUWOG consciously reduces these risks through the regional diversification of the portfolio and a business model focused on three business areas: Asset Management, Property Development and Property Sales.

Integration risk. The risks associated with the acquisition of property portfolios and their integration into the BUWOG Group are identified during the due diligence process and reflected in the purchase price negotiations. These risks are mainly financial and legal or relate to the integration into the BUWOG Group and the financial performance of the portfolios. The financial performance of the portfolios can be influenced by market and property-specific factors. It is also conceivable that potential problems may not be identified during the due diligence process and are therefore not reflected in the purchase price, or assumptions made during the due diligence process are overly optimistic and result in the payment of an excessive purchase price. The integration of existing organisational structures is associated with a variety of risks: earnings could fail to meet budgeted expectations; synergies may not materialise as planned; the increased integration workload could lead to unscheduled costs; or the integration could take longer and be more expensive than originally planned. The BUWOG Group addresses these risks by involving both internal and external experts from all relevant disciplines in the due diligence process and by preparing detailed business plans based on their findings. To further reduce this risk, the BUWOG Group engages experienced integration managers who prepare detailed integration plans and coordinate and implement the related processes.

Organisational risk. The BUWOG Group has issued guidelines and implemented processes to avoid the risks associated with acquisitions, project development, property management and investments. These guidelines and processes regulate the general conditions and approval levels for individual measures (acquisitions, development, management and ongoing investments) and minimise or eliminate the major strategic and property-specific risks. Approval levels are defined in a comprehensive Group guideline, which regulates the authorisation limits for individual employees up to the members of the Executive Board. In certain cases, the approval of the Supervisory Board is also required.

IT risk. In order to handle IT risks, all employees are required to complete basic IT training and IT security training. An special section has also been installed in the Intranet to provide information on current security issues related to IT systems (e.g. selection of the right passwords, protection of customer data etc.). The BUWOG Group has appointed a data protection officer and an IT security contact partner. Internal Audit also provides information for employees via the Intranet and other internal communication channels to create a greater awareness of potential dangers (e.g.: “fake president frauds”) in the Internet and explains possible defence and reaction measures. The Internal Audit Department also carries out regular reviews to evaluate the security level of the IT infrastructure and to identify and eliminate security weaknesses at an early stage. There were no complaints over violations of customers’ privacy in Germany or Austria or violations of data protection laws in 2016/17.

INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) of the BUWOG Group comprises a wide range of coordinated methods and measures that are designed to meet the following goals: to protect corporate assets, to ensure the accuracy and reliability of data for accounting and financial reporting, to improve the efficiency of business processes (including controls) and to ensure compliance with internal and external guidelines and directives. It also supports compliance with the corporate policies defined by the Executive Board. The ICS provides the Executive Board with a uniform reporting system and Group-wide guidelines as well as a comprehensive tool for analysing and managing uncertainties and risks.

The Process Management Department continued the design of the ICS and related procedures in the BUWOG Group during 2016/17 in order to meet the current and increasing demands at the internal and external level and to ensure the functional capability of the ICS. These activities included the optimisation of BUWOG’s policies, process management and ICS approach as well as documentation for the depiction of processes, risks and controls. The new process documentation permits, among others, a stronger emphasis on opportunities and risks in the sense of a process-oriented ICS and provides starting points for a continuous improvement process.

The further development of the ICS is based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and also includes the “Three Lines of Defence Model”, a framework for effective control and monitoring systems. BUWOG will also continue to further expand the ICS during the 2017/18 financial year.

FOUNDATION OF THE ICS

The BUWOG Group's process landscape forms the starting point for the evaluation of the ICS at the process level. This landscape consists of individual business processes in which the logical order of various work steps and activities in upstream and downstream areas are described. Process steps and decisions involving risk are equipped with controls. Process management and ICS software are used to integrate the necessary controls into this process landscape.

CONTROL ENVIRONMENT

In the BUWOG Group, the control environment comprises the general ICS framework for the design and implementation of internal control activities. The most important components are statutory regulations, standards, guidelines and principles issued by the BUWOG Group (among others for the separation of functions, the dual control principle, transparency, documentation requirements and the authorisation guideline) as well as clear management and organisational structures and the communication of basic values by management. The ICS in accounting and financial reporting guarantees accuracy, security and efficiency and also ensures the correct, complete and timely preparation of all necessary information. The key features of the ICS in BUWOG's accounting process are the appropriate separation of functions, the application of the dual control principle in all order and invoice approval procedures, compliance with internal guidelines, the review of accounting data by the Group Controlling Department for correctness, plausibility and completeness, the integration of preventive and detective monitoring in processes as well as the automation of key controls through specific system settings in the financial accounting software.

INFORMATION & COMMUNICATION

The establishment and integration of the ICS in the BUWOG Group and the preparation and implementation of new and existing guidelines, processes and control measures are supported by regular information events, training and feedback rounds. An important role is also played by BUWOG's intranet as an information, communications and application platform. Opportunities for the improvement and optimisation of the ICS are reported to the responsible process manager and to the BUWOG Executive and Supervisory Boards.

MONITORING BY INTERNAL AUDIT

The BUWOG Group's Internal Audit Department monitored compliance with and the effectiveness of the ICS in 2016/17. In accordance with C-Rule 18 of the Austrian Corporate Governance Code, Internal Audit was established as a separate staff department of the Executive Board of BUWOG AG and reports directly to the CEO. It supports the Executive and Supervisory Boards in fulfilling their control and monitoring responsibilities and is also responsible for related audit activities throughout the Group. All companies, business areas and processes in the BUWOG Group are subject, without limitation, to review by the Internal Audit Department. The related rights and obligations and the provisions governing audit activities are defined in a Group-wide organisational guideline (Rules of Procedure for Internal Audit). The Internal Audit Department carried out independent and objective reviews based on a risk-oriented annual audit plan approved by the Executive Board and Supervisory Board of BUWOG AG in 2016/17. These reviews focused primarily on the correctness of business processes, the effectiveness of the ICS and opportunities to improve processes and efficiency. The results of the audits were reported to the Executive Board on a regular basis and to the Audit Committee of the Supervisory Board twice during the reporting year. The recommendations and measures defined by these reports were followed by monitoring to ensure the implementation of agreed improvements. A focus on the optimisation of business processes and internal consulting make the Internal Audit Department a future-oriented management tool, which plays an important role in the attainment of corporate goals and an increase in the value of the company.

In addition to its audit and consulting functions, Internal Audit is responsible for identifying opportunities for improvement, recommending changes (innovation and initiative function) and supporting the implementation of suggestions for improvement (audit-related consulting). The increasing use of data analysis illustrates the modern approach taken by Internal Audit. This approach creates the foundation for the more effective support of risk management and the ICS and the better identification of opportunities to improve organisational efficiency and effectiveness and, in this way, supports the creation of added value for the BUWOG Group.

An external quality assessment of the Internal Audit Department was carried out in 2016/17. The external auditors confirmed that BUWOG AG has an appropriate and effective internal audit function whose actions comply with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

INTERNAL WHISTLE-BLOWER SYSTEM

The BUWOG Group is committed to sustainable corporate management. Against this backdrop and to obtain information and evidence of irregularities or potential actions that could cause intentional damage to the BUWOG Group or third parties, an internal whistle-blower system was installed in 2016/17. A company agreement was concluded to regulate the use of the internal whistle-blower system in line with data protection regulations. In accordance with the Austrian Data Protection Act 2000, BUWOG‘s internal whistle-blower system was registered with the Austrian Data Protection Authority at the beginning of the 2016/17 financial year.

Content of the internal whistle-blower system in the BUWOG Group. The internal whistle-blower system is available to all employees of the BUWOG Group. Employees are instructed to report – under their own name or anonymously – violations of legal regulations or binding corporate directives concerning proper accounting, bookkeeping, internal accounting controls, financial audits, corruption, bribery, fraud and financial crime, money laundering or insider trading, regardless of whether these actions were taken by employees of the BUWOG Group or by a business partner.

Reporting offices ("whistle-blower system"). The reporting offices include management, the Internal Audit Department and the compliance officer of the BUWOG Group. These persons can also be contacted to provide information on compliance guidelines and to answer questions and/or to report indications of weaknesses in procedures and risk areas or opportunities for improvement. If BUWOG employees are uncertain as to whether they want report an incident or how they should deal with specific circumstances, they can contact the above reporting offices or the responsible member of the Works Council. The reporting offices will investigate all reports, whereby maximum confidentiality and fairness for the whistle-blower is guaranteed. The same applies, where appropriate, to any employees involved in an allegation. No sanctions are taken on the basis of a report over compliance concerns or compliance violations. This also applies when reports prove to be unjustified or unsubstantiated after closer examination, unless a false report was filed intentionally.

INFORMATION ON CAPITAL

The share capital of BUWOG AG totalled EUR 99,773,479.00 as of 30 April 2017 (30 April 2016: EUR 99,773,479). It is divided into 99,773,479 zero par value bearer shares (30 April 2016: 99,773,479 shares) with voting rights, each of which represents a proportional share of EUR 1.00 in share capital. All of these shares are zero par value bearer shares which entitle the holders to participate in the annual general meeting and to exercise voting rights and other shareholder rights in accordance with applicable legal regulations. Each bearer share is entitled to one vote,

All of the company's shares (ISIN AT00BUWOG001) are admitted for trading on the regulated market of the Frankfurt Stock Exchange and for official trading on the Vienna Stock Exchange. BUWOG shares are also listed in the main market (Rynek podstawowy) of the Warsaw Stock Exchange (regulated markets as defined by Section 1 (2) of the Austrian Stock Exchange Act, Börsegesetz).

CONVERTIBLE BONDS

Authorisation to issue new convertible bonds. The annual general meeting of BUWOG AG on 14 October 2014 authorised the Executive Board to issue convertible bonds with a total nominal amount of up to EUR 390,000,000. These bonds may carry exchange and/or subscription rights for up to 19,922,696 bearer shares in the company; they may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approved a conditional capital increase of EUR 19,922,696 in accordance with Section 159 of the Austrian Stock Corporation Act to service the exchange or subscription rights of the holders of convertible bonds issued on the basis of this authorisation.

CONVERTIBLE BOND 2016–2021

In accordance with an authorisation of the annual general meeting on 14 October 2014, BUWOG AG issued an unsubordinated, unsecured convertible bond in September 2016. This bond does not carry interest and has a term ending on 9 September 2021. The nominal value of the convertible bond 2016 – 2021 totals EUR 300 million, with the individual certificates equalling EUR 100,000. Based on the current conversion price of EUR 31.22 (adjusted following the capital increase in June 2017 after the end of the reporting year), the convertible bond 2016 – 2021 entitles the bondholders to conversion into 9,609,224 BUWOG shares. The conversion price will only be adjusted to reflect dividend payments when the dividend exceeds EUR 0.69 per BUWOG share. BUWOG is entitled to redeem the convertible bond at maturity in cash, in shares or in a combination of cash and shares. The issue terms also entitle BUWOG to call the convertible bond beginning on 30 September 2019 if the price of the BUWOG share equals 130% of the conversion price during a specified time period.

TREASURY SHARES

Authorisation of the Executive Board to purchase treasury shares. The annual general meeting of BUWOG AG on 8 June 2015 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase treasury shares in accordance with Section 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of the company's share capital, also with repeated exercise of the 10% limit. The shares may be repurchased over stock exchange or off-market, whereby the proportional subscription rights of shareholders can be excluded. This authorisation is valid for a period of 30 months beginning on the date of the resolution.

Authorisation of the Executive Board to sell treasury shares. The annual general meeting of BUWOG AG on 8 June 2015 also authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in a manner other than over the stock exchange or through a public offering in accordance with Section 65 (1b) of the Austrian Stock Corporation Act. These shares may be sold or used for any legal purpose, whereby the proportional subscription rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date of the resolution.

As of 30 April 2017, neither BUWOG AG nor any of the companies under its control held treasury shares.

OWNERSHIP STRUCTURE

According to a voting rights' announcement dated 3 February 2017, IMMOFINANZ AG, together with its subsidiaries, held 4,675,415 BUWOG shares on that date which represented an investment of approximately 4.69% in the share capital of BUWOG AG. Information provided to BUWOG indicates that these BUWOG shares are held to service the conversion rights of convertible bonds issued by IMMOFINANZ AG which are due to mature in 2017 and 2018.

FMR LLC issued a voting rights announcement on 24 November 2016 to report that it, together with companies under its control, held a relevant investment of 5,915,455 BUWOG shares on that date. These shares represent 5.93% of the total voting shares of BUWOG AG.

BlackRock, Inc. issued a voting rights announcement on 25 April 2017 to report that it, together with companies under its control, held a relevant investment of 5,063,650 BUWOG shares on that date. These shares represent approx. 5.08% of the total voting shares of BUWOG AG. After the end of the reporting year, BlackRock, Inc. issued several announcements to report that its investment had reached, exceeded or fallen below the reportable thresholds of 4% and 5%. In accordance with voting rights announcements dated 9 June 2017, BlackRock, Inc., together with companies under its control, holds a relevant investment of 6,087,974 BUWOG shares which represents roughly 5.42% of voting rights.

JPMorgan Chase & Co. issued a voting rights announcement on 8 September 2015 to report that it, together with companies under its control, held 4,890,368 BUWOG shares, representing 4.91% of the total voting shares of BUWOG AG.

DISCLOSURES PURSUANT TO SECTION 243A OF THE AUSTRIAN COMMERCIAL CODE

The Executive Board is unaware of any agreements between shareholders pursuant to Section 243a (1) no. 2 of the Austrian Commercial Code that limit voting rights or the transfer of shares.

There are no shares with special control rights as defined in Section 243a (1) no. 4 of the Austrian Commercial Code.

BUWOG AG does not have a share participation programme for employees. Therefore, no information is provided on the control of voting rights pursuant to Section 243a (1) no. 5 of the Austrian Commercial Code.

There are no requirements that are not derived directly from legal regulations regarding the appointment and dismissal of members of the Executive Board and Supervisory Board or concerning the amendment of the company's articles of association pursuant to Section 243a (1) no. 6 of the Austrian Commercial Code.

AUTHORISED CAPITAL

The annual general meeting on 7 March 2014 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to Section 169 of the Austrian Stock Corporation Act, to increase the company's share capital by up to EUR 21,582,922.00 through the issue of up to 21,582,922 new shares in exchange for cash or contributions in kind, with the exclusion of subscription rights. This authorisation is valid until 25 March 2019. Share capital may be increased on the basis of this authorisation under the following conditions: (i) if the capital increase takes place in exchange for cash contributions and the number of shares issued do not exceed 10% of the company's share capital; (ii) for contributions in kind; (iii) to service a greenshoe option; or (iv) for the settlement of peak amounts.

In June 2017, after the end of the reporting year, the company's share capital was increased by EUR 12,471,685.00 through the issue of 12,471,685 shares based on the authorisation of the annual general meeting on 7 March 2014 (see section 7.6 on *Subsequent events*).

The company still has authorised capital of EUR 9,111,237.00 for the issue of up to 9,111,237 new shares.

CHANGE OF CONTROL PROVISIONS

Some of the existing financing agreements require joint consent to be reached on the continuation of the credit arrangement in the event of a change of control.

The issue terms for the convertible bond 2016 – 2021 include a change of control clause. This provision entitles each bondholder to put all or some of the bond certificates that are not converted or redeemed at the nominal amount on the change of control date. Details on the relevant conditions are included in the issue terms for the convertible bond 2016 – 2021.

The employment contracts with the members of the Executive Board contain change of control clauses that could lead to the termination of a contract. The company and the members of the Executive Board have concluded compensation agreements that will take effect in the event of a public takeover bid. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or two years at most.

There are no such agreements for the members of the Supervisory Board or for employees.

The company has not entered into any other material agreements which would take effect, change or be terminated in the event of a change of control.

LONG-TERM INCENTIVE PROGRAMME (STOCK OPTIONS FOR MEMBERS OF THE EXECUTIVE BOARD)

Long-Term Incentive Programme 2014 (LTIP 2014). The annual general meeting of BUWOG AG on 14 October 2014 approved a conditional capital increase (Section 159 (2) no. 3 of the Austrian Stock Corporation Act) for the granting of stock options to the members of the Executive Board of BUWOG AG, Daniel Riedl and (former member) Ronald Roos, as part of the 2014 long-term incentive programme (2014 LTIP).

These two Executive Board members were granted a total of 720,000 options under the 2014 LTIP, which entitle them to purchase BUWOG shares at an exercise price of EUR 13.00 per share. This exercise price equals the price of the BUWOG share on the Frankfurt Stock Exchange at the time of the initial listing on 28 April 2014. The stock options comprise basic options and three tranches of bonus options. The vesting period for the bonus options is dependent on the attainment of performance targets for the particular financial year based on the relevant stock price in relation to the EPRA NAV per share and rewards the work of the Executive Board to reduce the implied discount to the book value at the time of the IPO. It ensures that the 2014 LTIP creates a balance between the interests of shareholders and the Executive Board members.

The LTIP 2014 requires a personal investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of three financial years beginning in 2014/15. The company is entitled to use conditional capital (Section 159 (2) no. 3 of the Austrian Stock Corporation Act), authorised capital (Section 169 of the Austrian Stock Corporation Act) or treasury shares to supply the BUWOG shares to be transferred on the exercise of the options.

The options can, in principle, only be exercised after a vesting period of four financial years, i.e. for the first time in the fifth financial year after the start of the programme (2018/19). These rights may be exercised earlier in certain cases related to the premature termination of an Executive Board member's contract. This is possible, among others, for basic options and bonus options whose performance targets have been met when the Executive Board contract is terminated due to a change of control (also see the above comments on change of control, see above). Ronald Roos chose to exercise this right on the premature termination of his Executive Board contract and exercised all eligible options for the purchase, in total, of 160,000 BUWOG shares. The remaining 80,000 options have expired. The required BUWOG shares were issued from conditional capital in accordance with Section 159 (2) no. 3 of the Austrian Stock Corporation Act.

An additional retention period is not foreseen for the BUWOG shares purchased through the exercise of options (C-Rule 28 of the Austrian Corporate Governance Code). The targets for the bonus option tranches have been met. Executive Board member Daniel Riedl is therefore entitled to exercise options for the purchase of 480,000 BUWOG shares during the period from 1 May 2018 to 30 April 2019 (both dates inclusive).

The estimated value of the remaining exercisable options from the LTIP 2014 totalled EUR 5,632,800 as of 30 April 2017.

Long-Term Incentive Programme 2017 (LTIP 2017). In March 2017 the Supervisory Board approved a long-term incentive programme (LTIP 2017) with synthetic options (i.e. primarily cash settlement) for the members of the Executive Board, Daniel Riedl, Andreas Segal and Herwig Teufelsdorfer.

The LTIP 2017 involves the granting of options to the Executive Board members on the basis of defined allocation and exercise conditions. The number of options to be granted for a specific financial year is dependent on (i) the reference value of a stock option (average price of the BUWOG share); (ii) the remuneration of the Executive Board member; and (iii) the degree of target attainment. Variable remuneration under the LTIP 2017 is dependent on the fulfilment of pre-defined, long-term performance goals and equals up to 40% of the Executive Board member's total remuneration (base salary, short-term variable salary component and long-term variable salary component). The LTIP 2017 calls for an own investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of two financial years beginning in 2017/18 and must be held during the entire term of the LTIP 2017. The exercised options will be settled in the form of a cash payment, whereby the company is also entitled to deliver shares). Each option tranche can only be exercised after a waiting period of three financial years (with different exercise terms under certain circumstances on the termination of employment or the Executive Board contract).

The Executive Board members who did not participate in the LTIP 2014 (see above) were granted options that can be exercised in 2018/19: Andreas Segal received 8,754 options and Herwig Teufelsdorfer 15,632 options.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

Amendments to the articles of association and the (premature) dismissal of Supervisory Board members must be approved by the majorities defined by law in accordance with Section 21 of the Articles of Association.

In accordance with the Articles of Association of BUWOG AG, the person chairing the respective meeting casts the deciding vote in the event of a tie in voting on the Supervisory Board. The same applies to the election of members to and the dismissal of members from the Executive Board.

OUTLOOK

CURRENT SITUATION

The BUWOG Group can look back on an extremely successful year in 2016/17. The original guidance for Recurring FFO of at least EUR 108 million was raised by EUR 5.0 million, or 4.6%, in April 2017 to at least EUR 113 million. This increased guidance was subsequently topped with Recurring FFO of approx. EUR 117.2 million at the end of the reporting year on 30 April 2017.

In the Property Development business area, Recurring FFO rose to EUR 14.4 million and exceeded the forecast of at least EUR 13 million. Group net profit increased significantly to a record EUR 366.7 million based on BUWOG's sound operating growth as well as the strong value appreciation in the portfolio as determined by the external appraiser CBRE during the property valuation.

The 2016/17 financial year was influenced, above all from an operational standpoint, by the increased focus on the Property Development business area. These efforts were reflected not only in the number of completed units and business area results, but also in the expansion of the project pipeline through the purchase of additional sites to create the foundation for continued high profitability over the coming years. The realisation of “build to hold” projects will further improve the quality of BUWOG's portfolio with new buildings at socio-demographically attractive locations in Berlin, Hamburg and Vienna. As in the previous year, plans call for shareholders to benefit from this successful development. The Executive Board will therefore make a recommendation to the annual general meeting in October 2017, calling for the payment of a dividend EUR 0.69 per share for the 2016/17 financial year. This distribution generally approximates the targeted distribution ratio of 65% of Recurring FFO.

In the Asset Management business area, the steady pursuit of an active asset management strategy supported an increase of 5.3% in net cold rent of the balance sheet date. Rents rose by 3.2% on a like-for-like basis in Germany and by 6.3% in the more regulated Austrian market. The increase in Austria is attributable, above all, to a special effect related to the maintenance and improvement contributions, which resulted from the amendment to the Austrian Non-Profit Housing Act in July 2016 and led to a significant increase in rents. The BUWOG Group increased its investments in the portfolio properties by a substantial 23% to EUR 18.9 per sqm in 2016/17 to improve quality and create the foundation for future growth in rental income. The fair value of the standing investments, as determined by the external appraiser CBRE, was influenced by the continuing yield compression, especially in Germany, and increased by 6.1% to EUR 3.9 billion as of 30 April 2017.

The Property Sales business area continued its successful Unit Sales programme with the sale of 614 standing investment units in 2016/17. The high margin on fair value of 57% realised on these sales remained nearly constant in year-on-year comparison. With the portfolio sale of over 1,100 units in Tyrol, BUWOG continued the strategic concentration of the Austrian portfolio and generated high liquidity for further growth investments.

Activities in the area of Property Development remained dynamic throughout the reporting year and already reflect the increased focus on this business. The number of completed units rose by 44% to 606, and the earnings contribution increased by a sound 32%. The development pipeline was expanded substantially by 25% to 10,149 units with a total investment volume of EUR 2.9 billion as of 30 April 2017. Of this total, 3,693 units with a total investment volume of EUR 845 million are under construction for the BUWOG portfolio. The number of units under construction also increased by a substantial 52% to 1,472 units.

The average interest rate on financial liabilities was reduced by a further 19% to 1.78% in 2016/17, and the loan-to-value ratio improved to only 44.1%. The LTV is now clearly below the target of 50%. The main factors for this positive development were the successful placement of a convertible bond at an interest rate of 0.00% and the refinancing/restructuring of a large loan portfolio in Germany. The recently arranged refinancing will reduce financial results by EUR 4 million per year in the future.

OUTLOOK ON 2017/18

In both Germany and Austria, the core markets of the BUWOG Group, public and private consumption will make an important contribution to the 1.1% economic growth forecasted for the 2017 and 2018 calendar years. These two economies should therefore prove to be unusually robust and outpace the EU average in spite of numerous negative factors that include slower growth in China, the uncertain consequences of the "Brexit" decision in the UK, the continuation of sanctions against Russia, the unstable security situation and the unresolved refugee crisis as well as industrial scandals like the German automobile manufacturers' "Diesel Gate". German companies, in particular, are continuing to benefit on the global market from the extremely low interest rate environment and low raw material costs following the sharp drop in oil prices.

The property markets in Germany and Austria are characterised by steady high demand and high price levels with a resulting yield compression. The long-term trend in both countries points towards increasing urbanisation and a focus on individual metropolitan regions with strong economies and social structures. In particular, the core markets defined by BUWOG – Berlin, Hamburg and Vienna – and their catchment areas are recording above-average growth in the number of households as well as an undersupply of new housing. This is driving rents and the prices for building sites and housing, which will benefit BUWOG in all three business areas.

On the financial markets, there are no indications of a trend reversal in the ECB's current low interest policy and an increase in interest rates cannot be expected in view of the ongoing economic weakness in Southern Europe. There are increasing signs, however, that the ECB could reduce the volume of its bond purchase programme during BUWOG's 2017/18 financial year. The US Federal Reserve appears to have reached a turning point in its interest rate policy, and it can be assumed that the European markets will not disengage from this development over the long-term. The BUWOG Group has a sound financing position with an above-average remaining term of 12 years for its financial liabilities and an average fixed interest rate period of roughly 10 years.

The Executive Board plans to utilise the low interest environment in 2017/18 to further strengthen the balance sheet structure. Previous efforts are illustrated by the successful reduction of the LTV to 44.1% at the end of 2016/17, and a sustainable upper limit of 45% has been set by the Executive Board for this indicator. Another focal point involves the improvement of the portfolio quality through geographic concentration on the strongest socio-demographic locations in the target regions of Germany and through the new strategy to build for the company's own portfolio at locations in Berlin and Hamburg. This is reflected in an increase in the pipeline of "build to hold" projects to 3,693 units at the end of the 2016/17 financial year. The funds raised through the cash capital increase with subscription rights after the end of the reporting year will be used, in part, to expand the "build to hold" pipeline to roughly 5,500 units in Berlin, Hamburg and Vienna. Activities will also include the improvement of internal efficiency, which will be supported by the new SAP system installed throughout the Group at the end of 2016/17. Another focal point will be the improvement of organisational processes, whereby the introduction of a central technical procurement function should help to further optimise the company's cost basis.

In Asset Management and Unit Sales, the Executive Board is expecting Recurring FFO of at least EUR 102 million in 2017/18 based on like-for-like growth of 1.5% to 2.0% in rents and constant high-margin Unit Sales with a volume of roughly 600 standing investment units. The Executive Board is also expecting a contribution of at least EUR 23 million to Recurring FFO from the Property Development business area in 2017/18 based on the expected completion of 694 units for sale. The funds released by Block Sales in strategically unimportant regions in Austria will be reinvested in the BUWOG Group's attractive core markets in Germany. The Executive Board expects Recurring FFO of at least EUR 125 million for the 2017/18 financial year.

SUBSEQUENT EVENTS

Information on relevant events occurring after the balance sheet date on 30 April 2017 is provided in the consolidated financial statements under note *7.6. Subsequent events.*

Vienna, 23 August 2017

The Executive Board of BUWOG AG

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

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of BUWOG AG, Vienna (the Company), which comprise the statement of financial position as at 30 April 2017, and the income statement for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at 30 April 2017, and its financial performance and its cash flows for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion
We conducted our audit in accordance with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INVESTMENTS IN SUBSIDIARIES

Audit matters and related information
(See section 3 of the notes to the financial statements)
The carrying amount of the investments in subsidiaries amounts to EUR 1,357.6 million. In case of prospective permanent impairment of value, financial assets have to be depreciated to the appropriate lower fair value at the balance sheet date. In the financial year no impairment loss was recognized.

The company structure of the group is complex. Consequently, and due to the intercompany relationships and linkages, valuation of the investments in subsidiaries is multi-layered. In addition to the basis data from the accounting system, the standardized valuation model includes profit-oriented market values of investment property as well as effects from deferred taxes and other aspects possibly relevant to the valuation.

Therefore, we have defined the impairment of investments in subsidiaries as a key audit matter.

Audit procedures
Our audit procedures to evaluate the appropriateness of the valuation of investments in subsidiaries included, above all, the following activities that also involved internal valuation experts:
- Analysis of the appropriateness of the calculation logic of the valuation model used by the client
- Testing of the completeness and accuracy of the basis data used in the calculation of impairment including market values of investment properties as well as deferred taxes
- Plausibility checks of significant changes in basis data by company compared with the previous year

Other Information
Management is responsible for the other information. The other information contain all information in the Annual Report and the Annual Financial Report apart from the financial statements, the management report and our auditor's report thereon. The Annual Report and the Annual Financial Report are expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The scope of the audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the management has conducted or will conduct the affairs of the Company.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that give a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE MANAGEMENT REPORT

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion
In our opinion, the management report is prepared in accordance with the applicable legal requirements and is consistent with the financial statements.

Statement
In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

ENGAGEMENT PARTNER

The engagement partner responsible for the audit is Mag. Nikolaus Schaffer.

Vienna, 23 August 2017

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Nikolaus Schaffer Certified Public Accountant	ppa. Mag. Michael Horntrich Certified Public Accountant

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB).
The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that these separate financial statements of BUWOG AG provide a true and fair view of the assets, liabilities, financial position and profit or loss of the company as required by the applicable accounting standards and that the BUWOG AG management report provides a true and fair view of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties faced by BUWOG AG.

Vienna, 23 August 2017

Der Vorstand der BUWOG AG

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

G4-32

GRI-G4 CONTENT INDEX

The BUWOG Group's Sustainability Report for 2016/17 is based on the guidelines of the Global Reporting Initiative (GRI, Version G4). It was prepared in agreement with the "core" option.

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	Omission	Description
Strategy and Analysis			
G4-1	p. 28		Statement from the most senior decision-maker
G4-2	p. 55, 197, 199		Key impacts, risk and opportunities relating to sustainability
Organisational Profile			
G4-3	BUWOG Group		Name of the organisation
G4-4	p. 32, 169		Primary brands, products and services
G4-5	Vienna		Location of the organisation's headquarters
G4-6	p. 32, 41		Relevant countries
G4-7	p. 40		Nature of ownership and legal form
G4-8	p. 32, 33, 44, 45		Markets served
G4-9	p. 40, 157, 158, 159, 189, 215, 216		Scale of the organisation
G4-10	p. 189		Employee information
G4-11	p. 188		Collective bargaining agreements
G4-12	p. 177		Suppliers
G4-13	p. 74, 106		Significant changes during the reporting period
G4-14	p. 169, 196, 200		Precautionary principle
G4-15	p. 169, 174, 180, 184		External charters, principles, initiatives
G4-16	p. 171		Memberships
Identified Material Aspects and Boundaries			
G4-17	p. 171, 241		List of the entities included in the organisation's consolidated financial statements
G4-18	p. 169, 172		Process for defining the report content
G4-19	p. 171		List of all material aspects
G4-20	p. 173, 178, 180, 181		Aspect boundary within the organisation
G4-21	p. 173, 175, 176, 177, 178, 180		Aspect boundary outside the organisation
G4-22	p. 74, 106		Restatements of information provided in previous reports, and the reasons for such restatements
G4-23	p. 169		Significant changes in the scope and aspect boundaries
Stakeholder Engagement			
G4-24	p. 170		Stakeholder groups
G4-25	p. 169		Basis for identification and selection of stakeholders
G4-26	p. 170, 171		Approach to stakeholder engagement including frequency
G4-27	p. 173		Key stakeholder topics and concerns

General Standard Disclosures	Page	Omissions	Description
Report Profile			
G4-28	p. 195		Reporting period
G4-29	p. 195		Date of most recent previous report
G4-30	p. 195		Reporting cycle
G4-31	p. 195		Contact for questions regarding the report
G4-32	p. 195, 313, 315		"In accordance" with the GRI and selected index
G4-33	p. 129		External assurance for the report
Governance			
G4-34	p. 41, 116, 122, 171 Governance in the BUWOG Group is based on the interaction between the Executive and Supervisory Boards.		Governance structure of the organisation
G4-35	p. 122, 171		Delegation of authority for economic, environmental and social topics from the highest governance body to senior executives and other employees
G4-36	p. 195		Responsibility for economic, environmental and social topics and reporting
G4-37	p. 171		Consultation between stakeholders and the highest governance body on economic, environmental and social topics.
G4-38	p. 41, 113, 116		Composition of the highest governance body and its committees
G4-39	p. 113, 116		Embedding of the highest governance body in management
G4-40	p. 113, 116		Nomination and selection processes for the highest governance body and its committees
G4-41	p. 115, 116		Processes to avoid conflicts of interest
G4-42	p. 171, 185		Role of the highest governance body in the development of goals, values and strategies
G4-43	p. 171		Responsibilities of the highest governance body and performance evaluation
G4-44	p. 124		Evaluation of the highest governance body's performance
G4-45	p. 171, 197, 200		Role of the highest governance body in risk management
G4-46	p. 197, 201		Role of the highest governance body in evaluating the effectiveness of risk management processes
G4-47	p. 197		Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities
G4-48	Supervisory Board		Role of the highest governance body in sustainability reporting
G4-49	p. 197		Role of the highest governance body in evaluating economic, ecological and social performance
G4-51	p. 122, 125		Remuneration and performance bonuses
G4-52	p. 122, 125		Determination of remuneration
G4-53	p. 125		Identification of stakeholders' views on remuneration
Ethics and Integrity			
G4-56	p. 29, 37, 185		The organisation's values, principles, standards and norms of behaviour
G4-57	p. 201		Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity
G4-58	p. 201		Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators[1]	Page	Omissions	Description
Category: Economic			
Material aspect: Economic Performance			
G4-EC1	p. 156, 165		Direct economic value generated and distributed
G4-EC4	p. 232		Financial assistance received from government
Material aspect: Market Presence			
G4-EC5	p. 40, 188		Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation
Category: Environmental			
Material aspect: Materials			
DMA	p. 177		Ecological building materials and sustainability criteria in procurement
DMA	p.178		Disclosures on the management approach to the "efficient use of space and urban development"
G4-EN1		This information is not available at the present time.[2]	Materials used by weight or volume
Material aspect: Energy			
DMA	p. 173		Disclosures on the management approach to "sustainable energy supplies and consumption by buildings and residents"
DMA	p. 178		Disclosures on the management approach to "sustainable mobility"
G4-EN3		This information is not available at the present time.[3]	Energy consumption within the organisation
G4-EN4		This information is not available at the present time.[3]	Energy consumption outside of the organisation
G4-EN5	p. 184		Energy intensity
G4-EN6		This information is not available at the present time.[3]	Reduction of energy consumption
G4-EN7		This information is not available at the present time.[3]	Reductions in energy requirements of products and services
Material aspect: Biodiversity			
G4-EN12	p. 185		Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
G4-EN13	p. 185		Habitats protected or restored
Compliance			
G4-EN29	No fines in the reporting period		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
Material aspect: Environmental Grievance Mechanism			
G4-EN34	No significant penalties or non-monetary fines during the reporting period		Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms

1) The inclusion of external stakeholders in the materiality analysis also involved the precise definition of and/or changes to the key sustainability issues. As a result, the following key aspects are no longer valid. Category Economic: economic performance, market presence. Category Environmental: biodiversity, emissions, compliance, environmental grievance mechanism. Category Society; Sub-category: labour practices and decent work: employment, labour-management relations, occupational health and safety, training and education. Sub-category human rights: investments, grievance mechanism regarding violations of human rights. Indicators were defined for six of the eight current management approaches. Plans call for the completion and communication of first results in the 2017/18 financial year

2) The steering committee for the sustainability strategy covers the entire BUWOG Group, and available data is therefore no longer reported in detail for Austria. A Group-wide survey of the product groups and volumes as well as the start of the assessment of ecological, social and economic effects is scheduled for 2017/18.

3) The steering committee for the sustainability strategy covers the entire BUWOG Group, and available data is therefore no longer reported in detail for Austria. A Group-wide survey of the current status of energy supplies and consumption as well as optimisation potentials is scheduled for 2017/18.

DMA and Indicators[1]	Page	Omissions	Description

Category: Society

Sub-Category: Labour Practices and Decent Work

Material aspect: Employment			
G4-LA1	p. 190		Total number and rates of new employee hires and employee turnover by age group, gender and region
G4-LA2	p. 187		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
G4-LA3	p. 190		Return to work and retention rates after parental leave, by gender
Material aspect: Labour-Management Relations			
G4-LA4	p. 187		Minimum notice periods regarding operational changes, including whether these are specified in collective agreements
Material aspect: Occupational Health and Safety			
G4-LA5	p. 187		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes
Material aspect: Training and Education			
G4-LA9	p. 186		Average hours of training per year per employee by gender, and by employee category
G4-LA10	p. 185		Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
G4-LA11	p. 185		Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
Material aspect: Diversity and Equal Opportunity			
DMA	p. 181		Disclosures on the management approach to the "work-life balance"
G4-LA12	p. 116, 187, 190		Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Sub-Category: Social

Anti-corruption			
DMA	p. 180		Disclosures on the management approach to the "prevention of corruption"
G4-SO3	No material corruption risks were identified during the reporting period.		Total number and percentage of operations assessed for risks related to corruption and the significant risks identified
G4-SO4	p. 180 The Executive Board, Supervisory Board and all employees received information on measures to prevent corruption during the reporting period. The Executive Board and all new employees received training on corruption risks.		Communication and training on anti-corruption policies and procedures
G4-SO5	No corruption incidents were registered during the reporting period.		Confirmed incidents of corruption and actions taken
Compliance			
G4-SO8	No significant fines or non-monetary penalties were imposed during the reporting period.		Monetary value of significant fines and total number of non-monetary penalties for non-compliance with legal regulations and directives

Sub-Category: Product Responsibility

Material aspect: Product and Service Labelling			
DMA	p. 176		Disclosures on the management approach to "customer satisfaction"
DMA	p. 175		Disclosures on the management approach to "cost orientation in housing"
G4-PR5	p. 176, 182		Results of surveys measuring customer satisfaction

GRI G4 SECTOR DISCLOSURES CONSTRUCTION AND REAL ESTATE

G4-CRE1	p. 175		Energy intensity

1) The inclusion of external stakeholders in the materiality analysis also involved the precise definition of and/or changes to the key sustainability issues. As a result, the following key aspects are no longer valid. Category Economic: economic performance, market presence. Category Environmental: biodiversity, emissions, compliance, environmental grievance mechanism. Category Society; Sub-category: labour practices and decent work: employment, labour-management relations, occupational health and safety, training and education. Sub-category human rights: investments, grievance mechanism regarding violations of human rights. Indicators were defined for six of the eight current management approaches. Plans call for the completion and communication of first results in the 2017/18 financial year

GLOSSARY

Acquisition cost method. A method to account for investment properties, based on the respective acquisition or production costs less accumulated depreciation (also see IAS 40 and fair value method)

Ad-hoc press release. A corporate press release that could significantly influence the share price. These types of announcements are published by stock corporations in the form of ad-hoc press releases as required by Article 17 of the Market Abuse Regulation and are designed to ensure that all market participants are provided with the same information.

Asset Management. The administration, rental and maintenance of standing investments; Asset Management is one of the BUWOG Group's business areas.

ATX (Austria Traded Index). Leading index of the Vienna Stock Exchange

Benchmark. A comparative analysis, e.g. of companies or investment property (standing investments)

Block Sales. The sale of entire properties or individual portfolios from BUWOG's portfolio; part of the Property Sales business area

BOKU (Universität für Bodenkultur in Wien). The University of Natural Resources and Life Sciences in Vienna

Book value. The value of an asset or liability on the balance sheet

Bp (basis point). A unit equal to one hundredth of a percentage point

Business segment. Part of a corporate group; BUWOG Group has two segments: Austria and Germany

CAPEX. Abbreviation for capital expenditure; value-increasing investments in properties

Cash flow. The inflows and outflows of liquid funds during a reporting period.

CO_2e emissions. Carbon dioxide equivalent (CO_2e) is a standardised unit for the measurement of the relative contribution of various gases to the greenhouse effect. Climate-damaging emissions not only occur in the form of carbon dioxide (CO_2), the best known component. Other gases like methane (CH_4) and nitrous oxide (N_2O) are included in the CO_2 equivalent through a conversion factor and, in this way, facilitate comparability with regard to their negative effects on the climate.

Compliance rules. Guidelines to ensure compliance with legal, regulatory and voluntary regulations.

Contingent liability. A obligation whose existence or amount is not yet known on the balance sheet date

Convertible bond (convertible debt security). A financial instrument that creates a financial liability for a company and guarantees the owner the right to exchange the bond for a fixed number of common shares in the company

Corporate governance. The general term for corporate management (e.g. management and control).

Coupon. Entitles the holder to receive dividends or interest

DAX (Deutscher Aktienindex). German stock index

De-domination agreement. With the spin-off of BUWOG AG from IMMOFINANZ AG, IMMOFINANZ surrendered the management of the business and concluded a de-domination agreement. This agreement restricts IMMOFINANZ's ability to exercise its voting rights from BUWOG shares and guarantees BUWOG's independence.

Deferred taxes. A balance sheet item to account for differences between the annual financial statements prepared according to IFRS and the financial statements prepared for tax purposes

Discount rate. The interest rate used to discount future cash flows (also see discounted cash flow method)

Discounted cash flow method (DCF). See explanatory note in the consolidated annual financial statements under *valuation methods*

Diversification. Distribution of real estate investments over various types of use and geographical regions to minimise risks

Dividend. A distribution by the company to its shareholders

Earnings per share. Net profit divided by the average number of shares outstanding

EBITDA. Earnings before interest, tax, depreciation and amortisation (on tangible and intangible assets)

EBIT. Earnings before interest and tax

EBT. Earnings before tax

ECB. European Central Bank

Enterprise value (EV). The value of a company

EPRA. European Public Real Estate Association

EPRA Best Practice Policy. Recommendations made by the EPRA to increase transparency; BUWOG fulfils these recommendations through EPRA performance reporting in the group management report.

EPRA/NAREIT. Developed European share index category

EPRA NAV. The Net Asset Value of the BUWOG Group calculated according to EPRA principles (see related comments) adjusted for non-controlling interests, derivatives and deferred taxes; see the section on *EPRA Performance* for details.

Equity. The amount of a company's assets remaining after the deduction of all liabilities

Euro Stoxx 50. Stock index of the 50 largest listed companies in Europe

EuroStat. Statistical agency of the European Union

Fair value. The amount for which an asset can be exchanged or a debt settled (fair value of a liability) between knowledgeable, willing parties and independent business partners

Fair value method. The IAS valuation approach for the accounting treatment of properties, which is based on the actual values realisable on the market.

FFO (Funds from Operations). An operating ratio which, particularly in the real estate sector, is an indicator of a company's profitability. Net profit or loss is adjusted, above all, to account for non-cash effects.

Free float. Shares owned by a large number of investors that are in circulation on the market

Full consolidation. A consolidation method under which the assets and liabilities of a subsidiary company are incorporated into the Group financial statements in their entirety

Gross margin. An indicator used by the Property Sales business area; the proceeds from the sale of a property less the carrying amount.

Gross rental yield. The ratio of the contractually agreed gross rent to the current market value of a property

IAS. International Accounting Standards

IAS 40. The International Accounting Standard that regulates the accounting and valuation of investment properties. It provides an option to apply the fair value method or the acquisition cost method (also see acquisition and fair value models)

IATX. Sectoral index for property values in the ATX

ICS. Internal control system

IFRIC (International Financial Reporting Interpretations Committee). Sub-group of the International Accounting Standards Committee Foundation (IASCF) that deals with the interpretation of IFRS and IAS accounting standards

IFRS (International Financial Reporting Standards). International accounting standards

International Organization for Standardization (ISO). This organisation develops worldwide standards in various area, among others for energy management systems.

Investment properties. See the notes to the consolidated financial statements under section 6.1

ISDA. Standard framework agreement of the International Swaps and Derivatives Association (ISDA) for international trade with over-the-counter derivatives

ISIN. International Security Identification Number

Like-for-like approach. The change in rental income adjusted for new acquisitions, sales and vacancies during the reference period

LTV (Loan-to-Value). The book value of financial obligations less liquid funds in relation to the book value of real estate assets

Margin on fair value. An indicator used by the Property Sales business area; it equals the gross margin generated by a property, after the deduction of related personnel and operating costs, in relation to its fair value.

NAV (Net Asset Value). For the calculation of Net Asset Value, see EPRA Indicators

NAV per share. NAV divided by the number of shares as of the reporting date

Net cold rent. Rental income excluding operating and other ancillary costs

Net Operating Income (NOI). The results of property management operations after the deduction of the related personnel and operating costs

ÖCGK (Österreichischer Corporate Governance Kodex). The Austrian Corporate Governance Code

ÖGNI (Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft). Austrian Sustainable Building Council

Operating costs. Costs that normally arise in connection with the use of a property (e.g. cleaning); these costs are charged to the tenants.

ÖVI (Österreichischer Verband der Immobilienwirtschaft). Austrian real estate association

Property Sales. Property Sales/trade covers the sale of properties and represent a business area of the BUWOG Group.

Property valuation. Property appraisal carried out by external experts. The BUWOG Group properties are appraised by CBRE, an external appraiser, as of 30 April and 31 October.

Recurring FFO. Sustainable Funds From Operations (see comments above) with contributions from the Asset Management, Unit Sales and Property Development business areas

RICS. Royal Institution of Chartered Surveyors

Scope of consolidation. Companies included in the consolidated financial statements

Spin-off. Separation of approx. 51% of the shares of BUWOG AG from the Group's former parent company, IMMOFINANZ AG

Standing investment units. Properties that are held to generate rental income

Stock units. Property assets that are held to generate rental revenue

UGB (Unternehmensgesetzbuch). The Austrian Commercial Code

Unit Sales. The sale of individual apartments to third parties or tenants; in the BUWOG Group, individual apartments vacated through tenant turnover are sold primarily to third parties for their own use or to tenants; Unit Sales are part of the Property Sales business area.

VOENIX. The sustainability index of the Austrian stock market which was established in 2005

Volume Weighted Average Price (VWAP). The amount paid per share for a negotiable instrument for a certain period. It is calculated based on the volume and prices of all transactions during the relevant period.

Voting right. The right to vote at the annual general meeting

Yield. The relationship between the return on an investment and the amount of the investment

Yield Compression. A situation where the increase in the market value of a property is accompanied by a decline in the yield.

ZIA (Zentraler Immobilien Ausschuss). A German real estate industry association that was founded in 2006

FINANCIAL CALENDAR

31 August 2017	Publication of the Annual Report for 2016/17
12–13 September 2017	Bank of America Merrill Lynch Global Real Estate Conference, NY
19 September 2016	Baader Investment Conference, Munich
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 Vienna
19 October 2017	Ex-dividend date
20 October 2017	Record date for dividend
23 October 2017	Dividend payment date
4–7 December 2017	Berenberg European Conference, Surrey (UK)
21 December 2017	Publication of the H1 Report for 2017/18
15 January 2018	German Corporate Conference Kepler Cheuvreux / UniCredit, Frankfurt
29 March 2018	Publication of the 9M Report for 2017/18

IMPRINT

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