Annual Financial Report 2014/15

BUWOG group

THE BUWOG HOUSE RULES.

1. **Our business model generates profits for our shareholders.**
2. **Three-pillar Business Model.** BUWOG's Asset Management, Property Sales and Property Development must cover the entire residential value chain to protect this unique selling point.
3. **Professional Asset Management.** Active asset management must ensure the continuous optimisation of income – now and in the future.
4. **Pure Residential Portfolio.** Investments must also concentrate on residential properties in the future to avoid diluting the BUWOG Group's risk profile.
5. **Clear Portfolio Strategy.** The funds generated by property sales in Austria must be reinvested, particularly, in profitable locations in Germany to further improve the portfolio's total return.
6. **Property Sales.** The sale of apartments through Unit and Block Sales must meet the goals set for further portfolio optimisation.
7. **Property Development.** The realisation of the project pipeline – which currently has a value of EUR 1.4 billion – must be continued and expanded to take advantage of the favourable market environment.
8. **Sustainable Corporate Governance.** The company's management must focus not only on the BUWOG Group's economic development but, increasingly, also on environmental and social aspects.
9. **Continued Growth.** The successful acquisitions in 2014/15 (DGAG, Apollo and Braunschweig portfolios) must be followed by the evaluation of further expansion opportunities.
10. **Attractive Investment.** Compliance with these rules must also ensure an attractive return for BUWOG's shareholders in the future.

Signed: The Executive Board

BUWOG GROUP KEY FIGURES

EARNINGS DATA

		2014/15	2013/14 pro forma[1]	Change
Net cold rent	in EUR million	187.7	116.5	61.1%
Results of Asset Management	in EUR million	128.3	75.9	69.0%
Results of Property Sales	in EUR million	42.1	34.0	23.7%
Results of Property Development	in EUR million	12.5	4.9	>100,0%
EBITDA adjusted[2]	in EUR million	158.6	108.2	46.6%
Revaluation results from Asset Management	in EUR million	105.7	42.7	>100,0%
Financial results[3]	in EUR million	–216.9	–9.2	>100,0%
EBT	in EUR million	51.6	131.5	–60.8%
Net profit	in EUR million	40.7	111.8	–63.6%
Earnings per share[4]	in EUR	0.40	1.12	–64.4%
FFO	in EUR million	56.8	40.7	39.5%
Recurring FFO	in EUR million	91.7	69.2	32.5%
Recurring FFO per share[4]	in EUR	0.92	0.69	32.5%
Total FFO	in EUR million	97.4	81.8	19.1%
AFFO	in EUR million	80.1	75.5	6.1%

ASSET AND FINANCIAL DATA

		30 April 2015	30 April 2014	Change
Balance sheet total	in EUR million	4,177.3	3,355.3	24.5%
Equity ratio	%	36.5%	46.3%	–9.7 PP
Net financial liabilities	in EUR million	1,956.6	1,010.4	93.6%
Loan-to-value (LTV)	%	51.0%	35.9%	15.1 PP
EPRA Net Asset Value	in EUR million	1,771.9	1,714.3	3.4%
Ø Interest rate on financial liabilities[3]	%	2.14%	2.45%	–0.31 PP
Ø Term of financial liabilities[3]	years	16.9	14.6	15.8%

		30 April 2015	30 April 2014	Change
Share price	in EUR	18.09	13.20	37.0%
Shares outstanding	Number of shares	99,613,479	99,613,479	–
Market capitalisation[4]	in EUR million	1,802.0	1,314.9	37.0%
Free float	%	51%	51%	–
EPRA Net Asset Value per share[4]	in EUR	17.79	17.21	3.4%
Enterprise value/EBITDA adjusted[1) 4)]	x	19.9	21.5	–7.5%

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

1) The earnings data from previous periods are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

2) Results of operations adjusted to account for valuation effects and deferred periods (IFRS 5) in the business areas of property sales (EUR –1.5 million) and property development (EUR –1.0 million) and Impairment losses/revaluations (EUR 2.6 million)

3) Financial results are influenced by negative non-cash results from the valuation of financial liabilities at fair value through profit or loss (EUR –105.6 million) and by derivatives (EUR –42.7 million)

4) Based on 99,613,479 shares

KEY PROPERTY PORTFOLIO DATA

ASSET MANAGEMENT (STANDING INVESTMENTS)		30 April 2015	30 April 2014	Change
Number of units	Quantity	51,671	33,475	54.4%
Austria	Quantity	25,101	26,250	–4.4%
Germany	Quantity	26,570	7,225	>100%
Total floor area	in sqm	3,581,028	2,491,290	43.7%
Austria	in sqm	1,926,636	2,012,137	–4.2%
Germany	in sqm	1,654,391	479,153	>100%
Residential floor area in %	%	96.8%	97.1%	–0.3 PP
Annualised net in-place rent[1)]	in EUR million	198	123	61.4%
Austria	in EUR million	92	93	–1.6%
Germany	in EUR million	106	30	>100%
Monthly net in-place rent[1)]	in EUR per sqm	4.81	4.31	11.7%
Austria	in EUR per sqm	4.20	4.06	3.3%
Germany	in EUR per sqm	5.51	5.34	3.1%
Development of net in-place rent – like-for-like[2)]	%	3.2%	1.8%	1.4 PP
Austria	%	2.9%	1.9%	1.0 PP
Germany	%	3.4%	1.6%	1.8 PP
Vacancy rate[3)]	%	4.2%	4.8%	–0.6 PP
Austria	%	5.5%	5.0%	0.5 PP
Germany	%	2.7%	3.6%	–0.9 PP
Fair Value[4)]	in EUR million	3,558	2,526	40.8%
Austria	in EUR million	2,093	2,127	–1.6%
Germany	in EUR million	1,465	399	>100%
Fair Value[4)]	in EUR per sqm	994	1,014	–2.0%
Austria	in EUR per sqm	1,086	1,057	2.8%
Germany	in EUR per sqm	886	834	6.2%
Net Rental Yield[5)]	%	5.6%	4.9%	0.7 PP
Austria	%	4.4%	4.4%	0.0 PP
Germany	%	7.3%	7.4%	–0.1 PP

		2014/15	2013/14	Change
Maintenance costs[6)]	in EUR per sqm	9.7	10.6	–8.7%
CAPEX	in EUR per sqm	5.0	2.6	94.1%

PROPERTY SALES		2014/15	2013/14	Change
Units sold	Quantity	1,221	2,292	–46.7%
thereof Unit Sales	Quantity	617	553	11.6%
thereof Block Sales	Quantity	604	1,739	–65.3%
Margin on fair value – Unit Sales	%	59%	54%	5.0 PP
Margin on fair value – Block Sales	%	26%	11%	15.0 PP

PROPERTY DEVELOPMENT		2014/15	2013/14	Change
Completed total floor area	in sqm	27,710	30,663	–9.6%
thereof sold to third parties	in sqm	21,975	30,663	–28.3%
thereof transferred to standing investments	in sqm	5,735	0	–

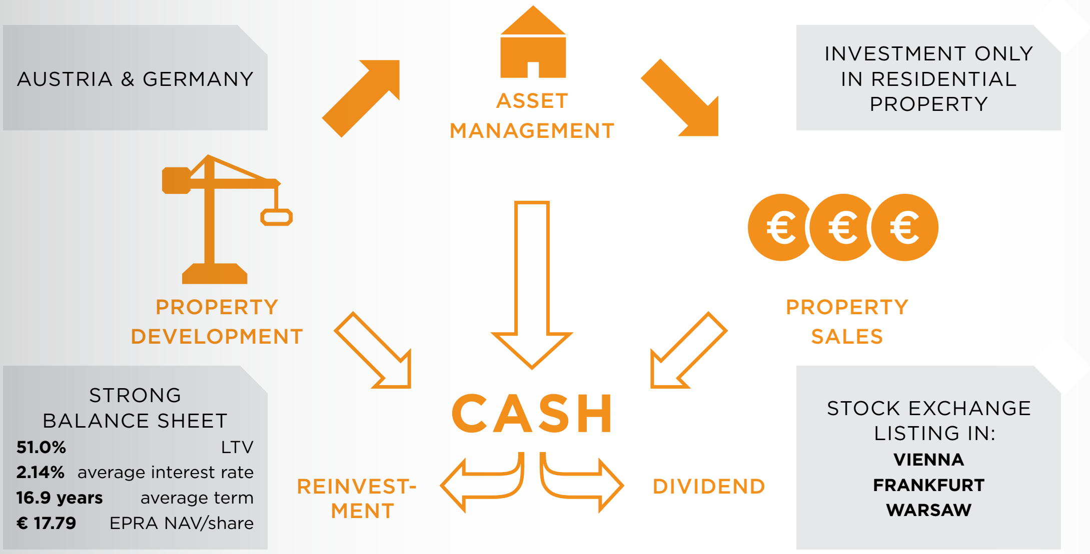
The use of automated calculation systems may give rise to rounding differences.
1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Comparison: 30 April 2015 vs. 30 April 2014 (incl. DGAG portfolio for 12 months) as well as 30 April 2014 vs. 30 April 2013 on a like-for-like basis (without changes of the portfolio and vacant units)
3) Based on sqm
4) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2015
5) 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
6) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

THE BUWOG GROUP

The BUWOG Group is the leading full service provider in the German-Austrian residential property sector and can look back on wide-ranging experience that covers nearly 65 years. Its high-quality portfolio consists of around 52,000 units of which half is located in Austria and half in Germany. The Property Sales and Property Management business areas complement Asset Management to cover the entire value chain in the residential sector.

BUWOG AG shares have been listed on the stock exchanges in Frankfurt, Vienna and Warsaw since the end of April 2014.

Business model of the **BUWOG** GROUP



HOTLINE:

Austria
+43 (0)1 878 28 1000

Germany
+49 (0)40 42 23 73 73

OUR
BUSINESS MODEL
IS YOUR PROFIT.

SONNENSIEDLUNG HEUSTADL, LOBAUGASSE, 1220 VIENNA (AUSTRIA)

THREE-PILLAR MODEL MAKES BUWOG UNIQUE.

The BUWOG Group covers the entire value chain in the residential sector – from Asset Management for standing investments and the development of residential properties (Property Development) to Unit and Block Sales (Property Sales). No other company offers this level of diversification – in activities or risk.

PROFESSIONAL ASSET MANAGEMENT.
As of 30 April 2015, the BUWOG portfolio included 51,671 units. Very successful professional asset managers with many years of experience are responsible for the active and value-creating management of these investments, as the below figures for the 2014/15 financial year show.
- Reduction in the vacancy rate by 0.6 percentage points to 4.2%.
- Improvement in net rental yield from 4.9% to 5.6%
- Like-for-like increase in net in-place rent of 3.2%

BROITZEMER STRASSE, 38118 BRAUNSCHWEIG (GERMANY)


CLEAN ACTIONS
REQUIRED!
INVESTMENTS ARE MADE EXCLUSIVELY
IN RESIDENTIAL PROPERTY

MÜHLGRUNDGASSE 3, 1220 VIENNA (AUSTRIA)

PURE RESIDENTIAL PORTFOLIO.
BUWOG focuses exclusively on apartments because the demand in the designated core regions is high, and that allows for the generation of stable earnings. This clear strategic focus reduces risk.


ENTRANCE
TO THE TOP MARKETS:
AUSTRIA AND GERMANY

ROSA-JOCHMANN-RING, 1110 VIENNA (AUSTRIA)

50% AUSTRIA, 50% GERMANY.

BUWOG's portfolio strategy concentrates on these two stable core markets with further growth potential. The portfolio covered 25,101 units in Austria and 26,570 units in Germany at the end of 2014/15. In order to expand the share of the portfolio in Germany, BUWOG is constantly evaluating opportunities with a focus on selected metropolitan regions. This will further strengthen the overall portfolio return. Based on fair value, more than 84% of the portfolio is located in urban regions.

PORTFOLIO OPTIMISATION THROUGH SALES.
Over the medium- to long-term, the Property Sales business area plans to sell roughly 13,200 units in the form of Unit Sales and nearly 3,400 units through Block Sales at attractive selling prices. In 2014/15, the margins on fair value equalled 59% for Unit Sales and 26% for Block Sales.

BERLINER RING, BAD OLDESLOE (GERMANY)

EUR 1.4 BILLION PROJECT PIPELINE.
BUWOG has developed and built apartments for around 65 years. In 2014/15 alone, Property Development completed more than 360 apartments. The focus of current developments is on Vienna and Berlin – two major cities with strong demand for housing and potential for value appreciation.

GOMBRICHGASSE / AM HAUPTBAHNHOF, 1100 VIENNA (AUSTRIA)

FLESCHGASSE, 1130 VIENNA (AUSTRIA)

SUSTAINABLE CORPORATE GOVERNANCE.
BUWOG's decisions are based on a broad perspective and responsibility, with a view toward economic factors as well as social and environmental aspects. That makes for a more liveable tomorrow for all our stakeholders. Our strategy is designed to create the best possible conditions for our customers' satisfaction and fair and cooperative relationships with our business partners. The BUWOG Group offers its employees an attractive working environment with exciting opportunities for development.


CHILDREN
WELCOME!
We think in terms
of generations all day,
every day.

WIENER STRASSE, 2320 SCHWECHAT (AUSTRIA)

CONTINUED GROWTH.
The BUWOG Group uses opportunities – actively, but very selectively – to acquire standing investments with a focus on Germany. These transactions are financed with the efficient use of borrowed funds and recurring FFO remaining after the dividend payment. The takeover of the DGAG and Apollo property portfolios more than doubled the number of units in the BUWOG portfolio to roughly 51,700.


ATTRACTIVE
INVESTMENT
IN CALM WATERS

THE BUWOG SHARE – AN ATTRACTIVE INVESTMENT.
In its first year on the stock market, the BUWOG share recorded an increase of 39%. A dividend of EUR 0.69 per share was paid for the 2013/14 financial year, and efforts will be made to maintain this level in the near future. In this way, BUWOG ensures an attractive total return for its investors – so they can rest easy.

HAGENSTRASSE, 23843 BAD OLDESLOE (GERMANY)

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HIGHLIGHTS BUWOG GROUP

- The acquisition of the DGAG and Apollo real estate portfolios with a total of approximately 19,200 units was successfully concluded in summer 2014.
- The integration of all units of the BUWOG Group in Germany into a single platform was successfully implemented with the purchase and integration of the residential management platform with around 300 employees.
- The BUWOG Group has now successfully established its own resources and structures within its organisation, making it fully independent of IMMOFINANZ AG.
- The first year on the stock exchanges was extremely successful. This can be seen in the admission of the BUWOG share in the ATX and in the designation of BUWOG as “Best Stock Exchange Newcomer 2014”, as well as in the Caesar Award won by CEO Daniel Riedl – the most important award in the Austrian real estate industry.

Schlehenweg, Glinde near Hamburg. Property from the DGAG portfolio

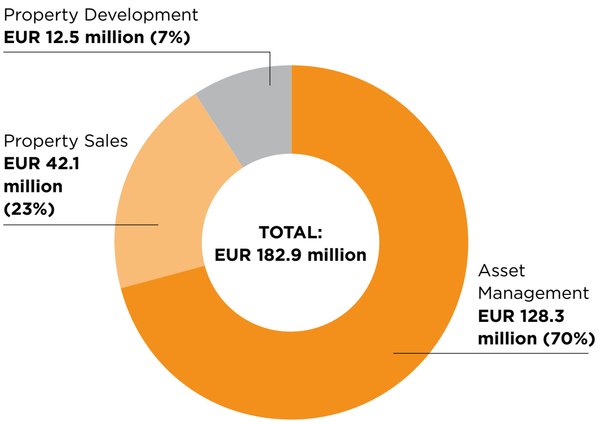
The BUWOG Group team

Real estate Caesar and number one award for BUWOG

SUCCESSFUL BUSINESS DEVELOPMENT

- Adjusted EBITDA of EUR 158.6 million
- Financial result of EUR –216.9 million, of which non-cash effects: EUR –164.0 million
- Net profit of EUR 40.7 million
- Recurring FFO of EUR 91.7 million
- Forecast recurring FFO for 2015/16 of around EUR 98 to 100 million
- Financial result impacted by negative non-cash effects from the flattening yield curve with simultaneous positive cash effects from the lowering of the average interest rate to 2.14%. Over the total period of the financial liabilities, the non-cash valuation effects had no effect on net earnings overall.

OPERATING RESULT[1] BY BUSINESS AREAS



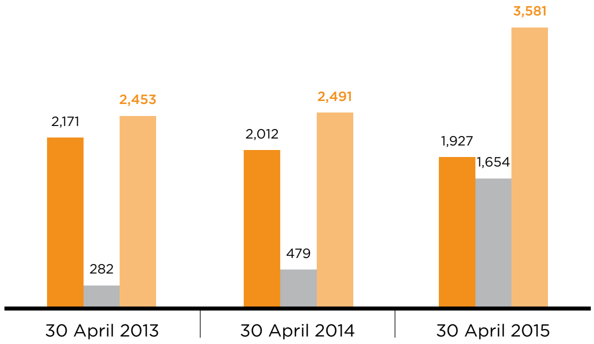
1) Operating result before the subtraction of costs not directly attributable to the business areas (EUR 32.2 million) and not including other operating income (EUR 7.8 million)

ASSET MANAGEMENT HIGHLIGHTS

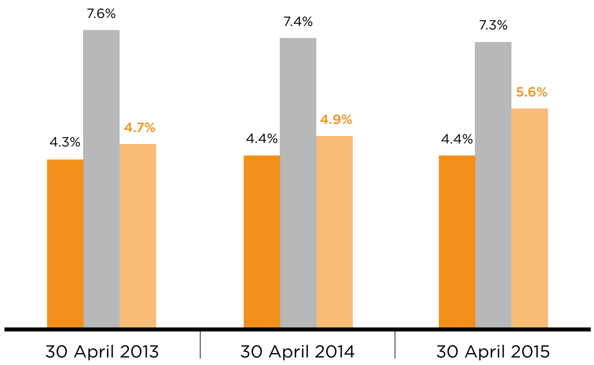
- Several real estate portfolio acquisitions successfully concluded in Germany (DGAG, Berlin/Brandenburg and Braunschweig); as at the reporting date, the investment portfolio consisted of 51,671 units with around 3.6 million sqm
- Increase in annualised net in-place rent by 61.4% to about EUR 198 million mainly the result of real estate portfolio acquisitions
- Increase of 3.2% in net in-place rents on a like-for-like basis due to active Asset Management
- Reduction in vacancy rate from 4.8% to 4.2%
- Increase in net rental yield from 4.9% to 5.6%
- Increase in fair value by 40.8% to EUR 3.6 billion

You can find more details on the Asset Management business area from page 48.

TOTAL FLOOR AREA
in 1,000 sqm



NET RENTAL YIELD



Vicelinstrasse,
Bad Oldesloe.
Property from the
DGAG portfolio

Oase 22, Vienna

Hans-Porner-Strasse,
Braunschweig

Peter-Tunner-Gasse,
Unit Sales in Graz

Wurzelgasse,
Property Sales in Klagenfurt

Josef-Knotzer-Strasse,
Portfolio sale in Burgenland

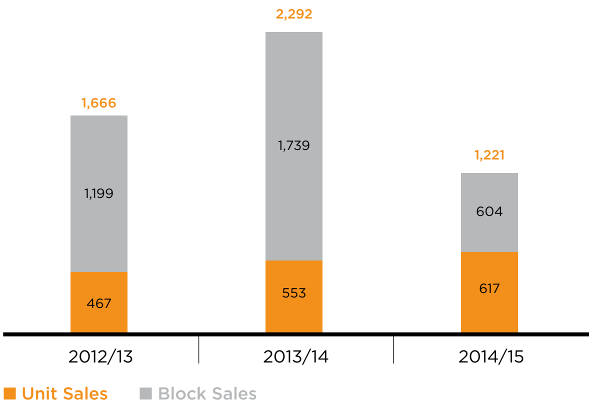
Alleitenweg,
Unit Sales in Linz

PROPERTY SALES HIGHLIGHTS

- Very successful Unit Sales of 617 units with a margin on fair value of around 59%
- Further portfolio optimisation and concentration through the Block Sales of 604 units with a margin on fair value of around 26%
- The cluster of Unit Sales and Block Sales includes a total of around 16,600 units with a total fair value of around EUR 1.6 billion

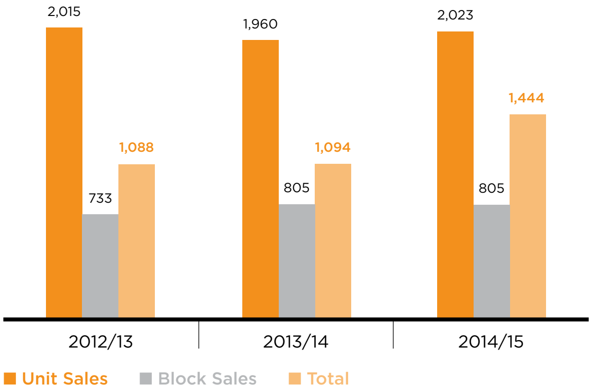
You can find more details on the Property Sales business area from page 68.

UNITS SOLD



AVERAGE PRICES REALISED

in EUR per sqm

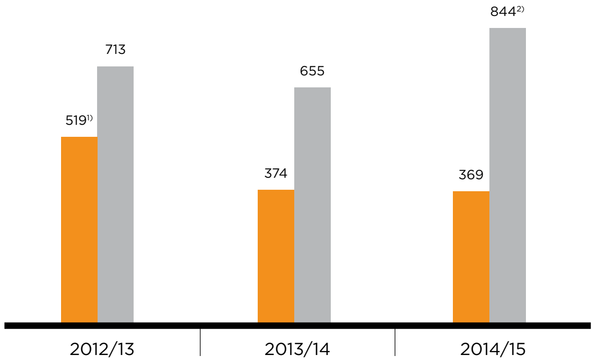


PROPERTY DEVELOPMENT HIGHLIGHTS

- Completion of 369 units in 2014/15
- Another 844 units with an investment volume of around EUR 253 million are currently under construction
- Property development in Berlin is being intensified; three new building projects with a total of 394 units are currently under construction
- The BUWOG Group's current development pipeline includes around 5,000 units with a total fair value of around EUR 1.4 billion in various stages of development

You can find more details on the Property Development business area from page 76.

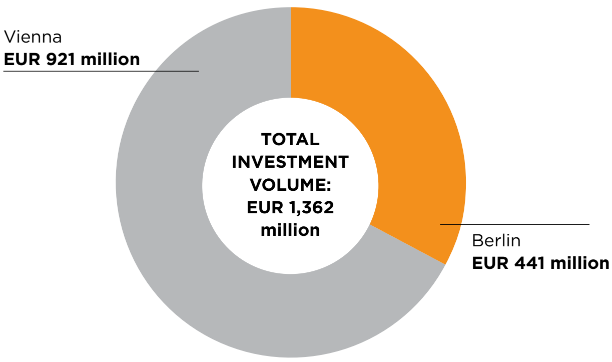
PROPERTY DEVELOPMENT



1) Excluding 222 units in the Hellerpark geriatrics centre, completed 2013
2) Current position as of 30 June 2015

DEVELOPMENT PROJECTS

in EUR million by location as of 30 June 2015



"Skytower", Vienna (under construction)

"Univers Living", Vienna (completed)

"52 Grad Nord", Berlin (before start of construction)

LASTING EUPHORIA

The members of the BUWOG Executive Board, Daniel Riedl, Ronald Roos and Herwig Teufelsdorfer, speak about the first year on the exchange, their strategy and the benefits for shareholders.

The initial public offering of the BUWOG AG came at the end of April 2014. In view of the volatile capital markets was this a risky venture?

RIEDL: An IPO is naturally always connected with risks. We prepared for the IPO very meticulously, analysing the risks and evaluating the capital markets closely. I remember 28 April 2014 very clearly, when my colleague Ronald Roos and I heard the opening bell ring from the floor of the Frankfurt Stock Exchange and I felt this enormous sense of euphoria. I still feel this euphoria today – although a lot of hard work is involved. After all, BUWOG was a complete unknown on the capital markets then. We were positioning ourselves starting at zero and had to explain our very unique business model. In particular, the fact that we not only rent, but also develop projects on our own and pursue a clear sales strategy is what makes the BUWOG Group so successful and unique among its German peers. I like this role very much – in part because the capital market also appreciates it, as the performance of the share price shows.

ROOS: But we had to do a lot of work persuading people. In countless roadshows, individual and group discussions, we had very active contact with institutional investors and analysts and explained our strategy and our business model. That wasn't always an easy task, given our unique approach to the business. For example, we were regularly asked why we weren't selling the Austrian portfolio, which at 4.4% has a considerably lower return than Germany's 7.3%, and investing more in Germany. But a simple comparison of the returns doesn't go far enough. In Austria we benefit not only from very stable rental income and very favourable financing costs, but also from continuous cash flows from the Property Sales business area. In this area, we currently generate an impressive premium of 55% on the carrying amount with Unit Sales. As my colleague has already said, the combination of these two sources of income with the successful development of our own projects is a key part of BUWOG's recipe for success.

RIEDL: I think our shareholders (and that includes the three of us, of course) have reason to be satisfied. The BUWOG share started the first day of trading at EUR 13.00, already at the upper end of the price range that we had determined and hoped for beforehand. As the financial year went on, the share price moved steadily upward. It never fell below the opening price during the reporting year and at the end of April 2015, the closing price was in excess of EUR 18.00, which represents an increase of 39% over the price at the IPO. If you add the dividend of EUR 0.69 per share, which was paid in October 2014, there was a 44% increase in value since the IPO. In my view, that's very substantial – even compared to other real estate shares.

ROOS: To be fair, though, it must be said that we also benefited from a positive capital market environment. Demand was very strong for the real estate sector, because of the current interest rate environment and numerous political uncertainties. This has also had an effect on the BUWOG share.

Ronald Roos, CFO
Daniel Riedl, CEO
Herwig Teufelsdorfer, COO
(from left to right)

Then in the spring of 2015, a general correction or normalisation set in, which also briefly had an impact on the price performance of the BUWOG share. However, the share price quickly recovered, and it closed above the EPRA NAV of EUR 17.79 on the reporting date, something no other real estate stock in Austria has managed.

"IN AUSTRIA WE BENEFIT NOT ONLY FROM VERY STABLE RENTAL INCOME BUT ALSO FROM CONTINUOUS CASH FLOWS FROM PROPERTY SALES."
Ronald Roos, CFO

How do you communicate with your private shareholders?

ROOS: With the spin-off from IMMOFINANZ AG, private shareholders now hold 22% of the company, a relatively high proportion. We consider this group of investors to be very important and we take ongoing communication with them seriously. Several months ago, we established a corporate blog, which we use to regularly communicate what we hope is interesting background information from the departments and information on our strategy. On the anniversary of the IPO on 28 April 2015, we put on a roadshow specially tailored for private investors in a development project in Vienna's Penzing district. An extremely large number of visitors attended the two evenings, and I also found the direct questions and discussions very interesting.

Enough talk about the share. How is the operating business?

RIEDL: The financial year 2014/15 was a good year, not to say very good year. We were able to integrate the real estate portfolio we acquired in Germany into our balance sheet quickly – by July 2014 – and thus lead BUWOG into new territory. The BUWOG portfolio included 51,671 units at the end of April 2015 – 18,196 units more than a year ago. And they are divided almost equally between Austria and Germany. This

means that we have fulfilled the strategic promise we made at our IPO to significantly increase the proportion of our properties in high-yield regions of Germany. This is also reflected in the development of our key performance indicators. At the reporting date, net in-place rent was at EUR 4.81 per sqm, an increase of 11.7% over the comparable figure of the previous year – a development that is not only due to the aforementioned portfolio transactions, but also to further improvements in the portfolio. On a comparable basis, net in-place rents in Austria grew by 2.9% and by 3.4% in Germany. Further evidence of our active Asset Management and the positive effects from the acquisition of the DGAG real estate portfolio can be seen in the reduction in the vacancy rate from 4.8% to 4.2%.

Mr Teufelsdorfer, as COO of the BUWOG AG, you have been responsible for the Asset Management and Property Sales business areas since 1 July 2015. What are the keys to success here?

TEUFELSDORFER: I was previously responsible for this area as a general manager and I think I can say that I know the BUWOG portfolio very well. But to your question: I have been successful in my job in Asset Management if rental revenues continuously

"ON A COMPARABLE BASIS, NET IN-PLACE RENTS GREW BY 2.9% IN AUSTRIA AND BY 3.4% IN GERMANY."
Daniel Riedl, CEO

increase, the vacancy rate is reduced and any outstanding debts are kept low and, ultimately, our tenants are satisfied. Achieving these goals consistently sounds easier than it often is. Around 57% of our total portfolio is subject to legal rental restrictions, rent increases are only possible here in accordance with clear guidelines. But with creativity, and thanks to our experienced employees, it is possible to achieve success. For example, in 2014/15 we were able to increase the earnings contribution by the Asset Management business area by an impressive 69.0% to EUR 128.3 million and improve the net rental yield from 4.9% to 5.6%. Increases like this can be achieved only if, in addition to funds for acquisitions, money is also spent on ongoing investments in the standing portfolio. The BUWOG Group takes this very seriously – an average of EUR 9.7 was invested per sqm for maintenance and another EUR 5.0 per sqm for substantial renovation work (CAPEX).

Do you see any differences between Germany and Austria in your work?

TEUFELSDORFER: Yes, there are some noticeable differences. The German housing market is significantly more active and dynamic. Germany has tenant turnover of 13% to 14%, compared to about 6% in Austria. There are advantages and disadvantages to this. We can raise existing apartments to a higher market level more quickly and thus increase the net in-place rent accordingly. The risk is that a new tenant cannot always be found immediately and the vacancy rate could rise. But we have this risk well under control, as our very low vacancy rate of only 2.7% in Germany at the end of April proves.

"I HAVE BEEN SUCCESSFUL IN MY JOB IF RENTAL REVENUES CONTINUOUSLY INCREASE, THE VACANCY RATE IS REDUCED AND ANY OUTSTANDING DEBTS ARE KEPT LOW."

Herwig Teufelsdorfer, COO

How did the Property Sales business area perform in the reporting year?

TEUFELSDORFER: It was also very successful. But let's back up a bit. About a year and a half ago, we carried out a very thorough analysis of the entire property portfolio and identified units that were suitable for individual or block sale. In total we are talking about around 16,600 units. The actual sale will take place gradually over the next few years, depending on the market situation, especially in the Block Sales area. In 2014/15, we sold 617 units with a margin on fair value of around 59%, generating a contribution to recurring FFO of EUR 34.9 million. Another 604 units were sold in block transactions with a margin of 26%. In my view, these successes demonstrate very clearly that the BUWOG Group is operating in very attractive markets.

What contribution does the third business area, Property Development, make to the profitability of the BUWOG Group?

ROOS: The sale or utilisation of development projects is inherently subject to fluctuations and also to very specific risks. At the same time, these factors are countered by attractive returns, which we

would not be able to achieve through pure rentals. The BUWOG Group has been operating the Property Development business area for around 65 years now and has developed over 30,000 apartments itself in that time. Virtually none of our competitors in our

"OUR CURRENT PIPELINE INCLUDES DEVELOPMENT PROJECTS OF AROUND EUR 1.4 BILLION WHICH WE INTEND TO BEGIN IN THE NEXT FEW YEARS IN BERLIN AND VIENNA."

Ronald Roos, CFO

preferred markets of Vienna and Berlin has this sort of experience and market knowledge. This is also reflected in the profitability of this area. We were able to improve the earnings contribution of Property Development to recurring FFO in the reporting year by more than 100% to EUR 12.5 million. Our current pipeline development projects include a calculated total investment volume of around EUR 1.4 billion, which we intend to begin in the next few years in Berlin and Vienna.

Where is project development easier, in Vienna or Berlin?

RIEDL: I wouldn't say that it's easier here or there. However, the acquisition of suitable land is simpler in Berlin due to the historic open spaces and the size of the city. But in Vienna the demand for new construction projects is significantly greater – simply because there is less supply. As a result, market prices have recently tightened considerably. In Berlin, this upward trend did not begin until two or three years ago. So each of the two markets has its merits – and it's true here, too, that the combination is what ensures the success of the BUWOG Group.

TEUFELSDORFER: Regarding project development, I would like to add that detailed knowledge of the markets and their players, strong risk awareness, solid financing and efficient sales channels are essential for the success of a development project. Delays of any kind are expensive, and market conditions can change rapidly. One has to be able to respond promptly to these changes – including in terms of the floorplans and amenities of the apartments.

What overall effect did these developments have on the annual results for 2014/15?

ROOS: In total, the BUWOG Group generated recurring FFO of EUR 91.7 million in the reporting year, which significantly exceeded our original expectations. Results of operation increased 63% over the previous year to EUR 158.5 million, and EBIT rose by 91% to EUR 268.5 million. Financial results of EUR -216.9 million were influenced by interest expense and, above all, by the negative non-cash effects from the measurement of derivatives at fair value through profit or loss (EUR 105.6 million) and by financial liabilities (EUR 42.7 million).

What is behind these effects?

ROOS: In order to avoid a mismatch between the balance sheet approach applied to investment properties and the corresponding financial liabilities, we use fair value measurement for our low-interest subsidised loans and bank liabilities with annuity subsidies that are related to property financing. This

results in a valuation effect, which did not lead to any cash outflow as of 30 April 2015. On the other hand, the low interest rates and favourable refinancing of the convertible bond had a positive effect on our liquidity. The average interest on financial liabilities was reduced from 2.45% to 2.14% in 2014/15. Taking all these effects into account, the BUWOG Group generated EBT of EUR 51.6 million and net profit of EUR 40.7 million for the reporting year.

"WE DON'T PARTICIPATE IN EVERY MARKET TREND, FOR US GROWTH IS NOT AN END IN ITSELF."

DANIEL RIEDL, CEO

RIEDL: As significant as I believe these growth rates to be, it must not be forgotten that the efforts of our entire team are behind this performance. With the acquisitions in Germany mentioned earlier, this team abruptly grew by more than 300 employees. This represented a meeting of different cultures, experiences and corporate values; something it can be difficult to assess in advance. So it makes me especially proud that the integration went so well, that almost no employees left the company and that, a year later, we're all pulling together – and in the same direction. I would like to express my heartfelt thanks to all employees for this. It's not every day one sees such a high level of commitment and the will to make an active contribution to change.

How did you motivate the employees to accomplish this?

RIEDL: From my perspective, it's vital that all employees – regardless of their position – know the strategy and objectives the company is pursuing. This is the only way that they can play an active part and make their contribution. In the spring of 2015, we invited all employees from all the BUWOG locations to a two-day company event in Hamburg. The first meeting of this kind took place in Austria last year. In both meetings, the focus was not just on getting to know each other, but also on exchanging views and looking for best-practices solutions, so that they can be shared across the Group. The spirit and passion shown by BUWOG employees at this event was very impressive. This is the sort of team you can build on!

ROOS: With the integration of these acquisitions, it was important to us from the beginning to unite the best solutions from both worlds, and ultimately to leverage synergies. For example, the customer management system that has proved its worth in Austria over the years was introduced in Germany. Conversely, the portfolio management system in Germany is now used in Austria, too. This saves

enormous costs and also allows the teams to work together and think across borders.

What does the future hold in terms of strategy?

RIEDL: The strategy of the BUWOG Group for the three divisions will not change significantly in the coming years if conditions remain the same. We are further optimising our portfolio in Austria by means of gradual sales and in Germany we are seeking to make further acquisitions. But we are not doing so at any price; very clearly defined parameters must be met. We don't participate in every market trend, for us growth is not an end in itself. With our three-pillar model we are very well positioned and are not dependent on "purchased" growth.

TEUFELSDORFER: From an operational perspective, the focus is on the continuous reduction in the vacancy rate with a simultaneous increase in rental income. Given the current development pipeline, we expect project development to make a higher contribution to earnings in the coming years than it has recently. And, of course, we must also continue to increase the value of the portfolio investments so as to achieve positive valuation effects. The sales margins achieved in the reporting year in Property Sales make a very clear statement about the importance of the BUWOG portfolio in the event of a sale. We must protect and expand this figure.

What is your focus in the coming years as CFO?

ROOS: Last year, we got the financing side on track, massively reduced the costs associated with financing and secured the financing structure at favourable terms for the very long term. Depending on interest rate developments, which are currently difficult to assess, we will continue working on these agendas and continuously improve operational

"WE ARE NOT AVERSE TO LARGER TRANSACTIONS, IF THEY ARE A GOOD FIT FOR US STRATEGICALLY AND THEY MAKE SENSE FOR US FINANCIALLY."
DANIEL RIEDL, CEO

efficiency. This includes tightening our processes and procedures and the ongoing optimisation of IT and organisational structures.

Several attempts at market consolidation have been seen recently. What do you think of this?

RIEDL: We primarily pursue our objective of growing organically and, to a manageable degree, through the acquisition of portfolios. We are not averse to larger transactions, if they are a good fit for us strategically and they make sense for us financially. In addition, with the resolution of the extraordinary general meeting in June 2015, we also ensured that a public takeover bid must be disclosed at just 20% of BUWOG shares in order to offer better protection for existing and future shareholders.

Can you give us a concrete outlook for the financial year 2015/16?

RIEDL: Sensible growth through acquisitions of existing properties in Germany. The focus here is on increasing the level of concentrations in locations where we already have a presence. In addition, we intend to make another significant contribution to results with our high-market sales of individual apartments in Austria; finally, we will be intensifying our project development activities in Vienna and Berlin. We intend to generate a recurring FFO of around EUR 98 to 100 million for our shareholders.

What dividend can BUWOG AG shareholders expect in the future?

ROOS: We are sticking to the distribution strategy used thus far. A dividend per share of EUR 0.69 was paid out for the financial year 2013/14. The recurring FFO for the financial year 2014/15 amounted to EUR 91.7 million or EUR 0.92 per share. Nevertheless, we will also propose to the annual general meeting for 2014/15 in October 2015 that the previous year's figure of EUR 0.69 be distributed. This represents a substantial yield of around 3.8% based on the share price at the reporting date. We would like to keep the dividend payment at EUR 0.69 per share as long as the recurring FFO allows this amount at a payout ratio of 60% to 65%. The expected increase in recurring FFO would naturally make a corresponding increase in the dividend possible.

RIEDL: We began with the promise to position the BUWOG Group as an attractive, sustainable investment. In the company's first year on the stock market, we were able to keep this promise. But we will not rest on our laurels. We have a great deal going on in all three business areas – you can be sure things will remain interesting.


VICELINSTRASSE / BAD OLDESLOE (GERMANY)

The BUWOG Group successfully completed its first year as a listed company. It also quickly put its growth strategy into practice and further refined its three-pillar business model.

PURPOSE OF THE COMPANY AND BUSINESS MODEL

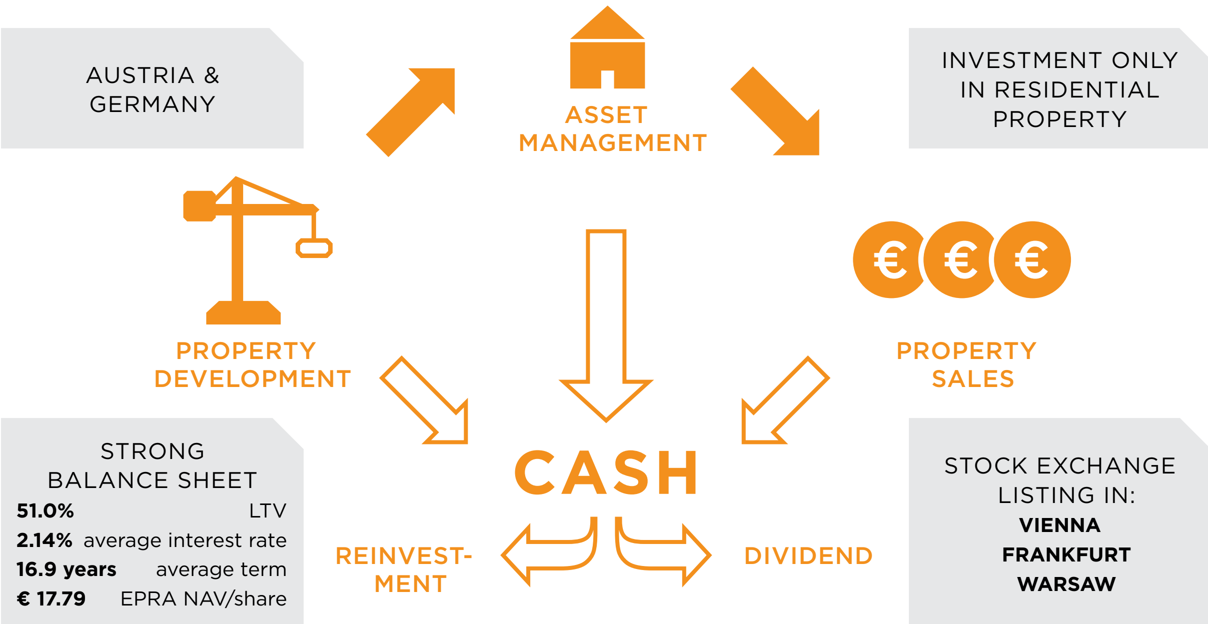
The BUWOG Group is the leading German-Austrian one-stop provider in residential real estate with around 65 years of experience in the sector. Its high-quality property portfolio includes around 52,000 units and is divided equally between Austria and Germany. As an integrated real estate company, the BUWOG Group covers the entire value chain in the housing sector. The BUWOG Group's core business is the professional development of new construction projects for exploitation or transfer to BUWOG's investment portfolio (Property Development) and the value-orientated sale of individual apartments, entire properties or portfolios (Property Sales) which, together with Asset Management, form a value cycle.

Compared to companies in its peer group, the BUWOG Group's fully integrated business model stands out due to the breadth and depth of its value chain and the optimal integration of its three business areas, consisting of:

- Professional management of properties (Asset Management)
- Margin-orientated apartment sales and cycle-optimised property and portfolio sales (Property Sales)
- Development of property for immediate sale and for transfer to BUWOG's own portfolio with a current focus on Vienna and Berlin (Property Development)

The BUWOG Group's active and decentralised asset management ensures sustainable increases in rental income in compliance with existing statutory rent restrictions (see page 61 and 64). A clear strategy for each property is used to exploit its potential fully, to optimise cost and revenue structures and thereby to ensure high levels of cash flow and the properties' overall value. Units are generally sold (Property Sales) when the present value of the discounted cash flow is lower than the selling price that can be achieved on the market. The liquid assets generated from the margin-orientated sale of apartments and from the cycle-optimised property and portfolio sales are partly used to make investments in the company's own portfolio, for new and existing development projects (Property Development) and for the purchase of portfolios in high-yield markets. Profitability is ensured along the entire value chain within a clearly defined, standardised and industrialised process. The aim of continually optimising the portfolio is to increase cash flow and

Business model of the **BUWOG** GROUP



consequently ensure further growth of the BUWOG Group by means of reinvestment, while also enabling an attractive dividend policy. The relevant base value for this is recurring funds from operations (recurring FFO).

Shares in BUWOG AG have been listed on the Frankfurt, Vienna and Warsaw stock exchanges since the end of April 2014. BUWOG shares started trading on the ATX, the leading index on the Vienna Stock Exchange, on 22 September 2014.

ASSET MANAGEMENT

The BUWOG Group's Asset Management business area is responsible for the ongoing optimised management of standing investments. Most of the income is generated from the letting of flats. The focus is also on increasing rental income and optimising maintenance costs. The BUWOG Group portfolio includes around 52,000 units in Austria and Germany (around half in each) as of the reporting date. The BUWOG Group is represented by local teams at its most important real estate locations in Germany and Austria (details beginning on page 49).

PROPERTY SALES

The Property Sales business model is divided into Unit Sales and Block Sales (property and portfolio sales) and aims to achieve ongoing yield-focused optimisation of the BUWOG Group's investment portfolio through high-margin Unit Sales to owner-occupiers as a result of turnover and through cycle-optimised Block Sales to investors. In the 2014/15 financial year, 617 units were sold as individual apartments (Unit Sales) and 604 units were sold as Block Sales at margins significantly higher than the carrying amount (details beginning on page 69).

PROPERTY DEVELOPMENT

In the Property Development business area, the BUWOG Group combines the project development of residential properties for its own portfolio and the project development of residential properties for sale upon completion. As a property developer, the BUWOG Group has completed around 30,000 apartments in Austria since its establishment. The Property Development business area currently focuses on the demographically and economically strong capital cities of Vienna and Berlin. The development pipeline as of the reporting date included around 5,000 units (including land reserves for around 550 units) with a total investment volume of around EUR 1.4 billion (details beginning on page 76).

COMPANY HISTORY

BUWOG's history as a listed company is still very recent at just over one year, yet its roots 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 after its founding, 24 employees worked for BUWOG and its property portfolio only included 210 units. The next few decades saw the expansion of the residential property portfolio through development of the properties in the portfolio and through acquisitions – the ten thousandth apartment was handed over to its tenants in 1970. In 2001, one of the most important milestones in BUWOG's history took place when its non-profit status was legally ended. Three years later, BUWOG was sold to IMMOFINANZ AG by the Republic of Austria in a privatisation process. In 2002, the Property Sales business area was established, focusing on Unit Sales. 2006 saw the takeover of shares in the railway settlement cooperative ESG in Carinthia, also originally a state not-for-profit company, with around 13,000 units. From 2008, the BUWOG Group's business model for Property Development was strengthened by the construction of privately financed owner-occupied and buy-to-let apartments. The first step in expanding into Germany was made in 2010 with the acquisition of around 2,300 units in Berlin. The company continued on its expansion path in 2012 with the purchase of the business operations (including projects under construction) of a leading Berlin property developer, thereby gaining entry to the German property development sector. In 2013 and 2014, there was a targeted

MILESTONES IN THE HISTORY OF BUWOG

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

1957
BUWOG merges with BEWOG

1970
Acquisition of ÖGSG

The 10,000th apartment is handed over

2001
Non-profit status abolished by law

2002
Start of Property Sales business area focusing on Unit Sales

2004
Privatisation – the Republic of Austria sells the company to IMMOFINANZ AG

2006
Acquisition of a stake in ESG – the integration of ESG marks the "birth" of BUWOG Group

2008
Expansion into Property Development – by focusing on privately financed owner-occupied housing, BUWOG has become one of the largest residential property developers in Vienna

expansion of the investment portfolio in Germany by around 3,000 units through smaller transactions. To achieve its strategic goal of enlarging and regionally diversifying its standing investments with a focus on the German market, while maintaining its presence in Austria, and ahead of the IPO, the BUWOG Group acquired an investment portfolio of 18,000 units in north-west Germany at the beginning of February 2014. Another portfolio with around 1,200 units was purchased in Berlin/Brandenburg. At the same time, 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.

On 28 April 2014, BUWOG started trading on the stock exchanges in Frankfurt and Vienna at a price of EUR 13.00. It was first listed in Warsaw one day later. With effect from 7 May 2014, the BUWOG share was listed in the FTSE EPRA/NAREIT Developed Europe Index, followed by a listing in the Austrian Traded Index (ATX) on 22 September 2014.

With the aim of further pursuing property development more intensively, especially in the core markets of Berlin and Vienna which are significant for the BUWOG Group, the Group secured land in a variety of attractive city districts throughout the 2014/15 financial year. The successful use and exploitation of this land will contribute to a dynamically growing share of BUWOG's total profits over the next few years.

2010

Expansion to Germany starts with the acquisition of around 2,300 apartments in Berlin

2012

Start of property development work in Berlin with the acquisition of a leading Berlin property developer

2013

Active implementation of the portfolio strategy by way of portfolio sales in Carinthia and Upper Austria and expansion of the German portfolio in Berlin and North-West Germany

2/2014

Acquisition of a portfolio of around 18,000 units in northern Germany and of the management platform (closing end of June 2014)

4/2014

Spin-off from IMMOFINANZ AG and IPO in Frankfurt and Vienna (28 April 2014), and Warsaw (29 April 2014)

5/2014

The BUWOG share is listed in the FTSE EPRA/NAREIT Developed Europe Index

6/2014

Integration of the management platform with its 300 or so employees starts with the aim of concentrating the German standing investment portfolio

9/2014

The BUWOG share is listed in the ATX

COMPANY STRUCTURE

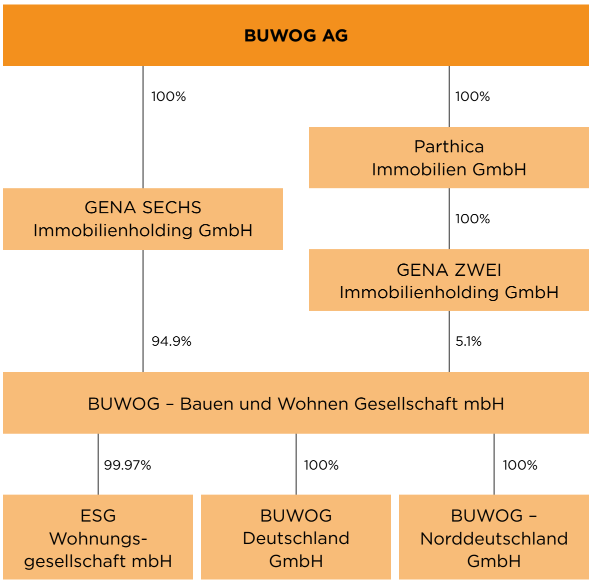
The legal structure of the BUWOG Group has not fundamentally changed since the conclusion of the portfolio purchase in north-west Germany and the integration of the management platform in summer 2014. BUWOG AG, listed on the Frankfurt, Vienna and Warsaw stock exchanges, is the Group's holding company with its head office in Vienna. The property portfolio is mainly 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 Asset Management, Property Development and Property Sales business areas. The BUWOG Group employed a total of 717 people (679 FTE) as of the reporting date on 30 April 2015.

Alongside Vienna, the BUWOG team is also deployed in Austrian states to provide on-the-ground support with its own sites in Villach, Salzburg, Innsbruck and Graz, particularly in the Asset Management and Property Sales business areas. The BUWOG Group's business activities in Germany are represented in several subsidiaries; important office locations are maintained in Kiel, Lübeck, Hamburg and Berlin. Management of German activities in the Asset Management business area is located in Kiel. Property Development in Germany is focused on Berlin and is also managed from there. Following the successful integration of the portfolio purchase in north-west Germany and of the management platform, BUWOG properties in Germany can now be managed more cost-effectively via a common platform.

The entrepreneurial and strategic independence of the BUWOG Group is guaranteed through a de-domination agreement concluded with IMMOFINANZ AG (details can be found in the corporate government report starting from page 103).

OVERVIEW OF THE LEGAL STRUCTURE OF BUWOG GROUP



For a detailed list of all participating interests see section 9 Group Companies of BUWOG AG in the notes to the consolidated financial statements.

FUNCTIONAL ORGANISATION OF THE BUWOG GROUP

From an operational perspective, the BUWOG Group is organised into the segments of Austria and Germany, which in turn are divided into the Asset Management, Property Sales and Property Development business areas. Alongside these operational units, the BUWOG Group has also set up central departments reporting directly to the Executive Board.

After the successful spin-off from the IMMOFINANZ Group in April 2014, BUWOG successfully established the necessary areas of responsibility in the form of central departments to take over activities previously performed by IMMOFINANZ as the parent company. The organisational structure was initially concluded with the appointment in July 2015 of Herwig Teufelsdorfer (COO) to the Executive Board of BUWOG AG and the regional division of management into the Asset Management and Property Sales business areas.

Management Board

Daniel Riedl, CEO / **Ronald Roos,** CFO / ***Herwig Teufelsdorfer,*** *COO* *(as of 1 July 2015)*

Asset Management		Property Sales		Property Development	
Austria	**Germany**	**Austria**	**Germany**	**Austria**	**Germany**
Herwig Teufelsdorfer until July 2015		Herwig Teufelsdorfer until July 2015		Andreas Holler	Alexander Happ
Ursula Menne as of July 2015	*Thorsten Gleitz as of July 2015*	*Ursula Menne as of July 2015*	*Thorsten Gleitz as of July 2015*		

Corporate Departments

- Corporate Development
- Investor Relations & Corporate Finance
- Human Resources & Organisation
- Procurement
- IT Services
- Real Estate Finance & Cash Management
- Internal Audit
- Marketing & Communication
- Financial Accounting & Taxes
- Legal
- Treasury

"THE BUWOG GROUP IS ALSO WELL-PREPARED TO CONTINUE ITS GROWTH COURSE FROM A LEGAL AND ORGANISATIONAL PERSPECTIVE."

Paul Kozubek, Head of Legal / Deputy Compliance Officer

In the first year after the IPO, we set important milestones in finalising the internal organisational and legal structures of the BUWOG Group. We also completed the integration of the DGAG property portfolio together with the management platform and the Apollo portfolio. In order to optimally meet the needs of the capital market players, we refined our corporate governance tools and gave employees additional training on compliance topics. The 2014/15 financial year was really a very exciting time. I'm proud of my team – they developed and implemented the best possible solutions with great skill and commitment. And these solutions ultimately created the organisational foundations for the further growth of the BUWOG Group.

CORPORATE STRATEGY

The primary strategic goal of the BUWOG Group is to continually increase the company's value. Indicators for this are recurring FFO (recurring funds from operations) and the EPRA net asset value (net asset value adjusted according to EPRA principles). Based on the view that long-term economic business success can only be guaranteed by giving due attention to ecological and social aspects, the BUWOG Group continually works on implementing strategic objectives to ensure this balance. The related activities pursued in this area are implemented as part of the corporate strategy. More details on this can be found in the chapter "Sustainable company management" on page 152.

Its three-pillar business model sets the BUWOG Group apart from most other market players within the peer group. With the Asset Management, Property Sales and Property Development business areas, a sustainably high level of added value is achieved across all market cycles. The combination of these three business areas will also ensure a high and, above all, sustainable level of recurring FFO in future.

Overview of strategic goals

ASSET MANAGEMENT	PROPERTY SALES	PROPERTY DEVELOPMENT
Strategy in Austria		
- Increase in the rent level and decrease in vacancy rate through active asset management - Transfer of apartments developed by Property Development to the investment portfolio - Cycle-optimised Block Sales, particularly in regions that are not strategically relevant **Geographic shift** **Capital recycling focus**	**Unit Sales** - Focus on high-margin Unit Sales mainly to owner-occupiers as a result of fluctuation - Around 550 Unit Sales planned per year **Block Sales** - Targeted cycle-optimised Block Sales mainly in rural areas – further portfolio consolidation as a result	- Focus on Vienna - Around 80% of projects developed for immediate sale to private and institutional investors - Around 20% of projects developed for own portfolio for ongoing renewal of the investment and Unit Sales portfolios - Continual renewal of the project pipeline through the purchase of new plots of land - Consolidation of the BUWOG Group's market position in the Vienna market
Strategy in Germany		
- Profitable portfolio growth and consolidation through acquisitions in selected regions and high-yield markets - Portfolio acquisitions are subject to clearly defined acquisition criteria, particularly in respect of quality and yield - Increase rental prices and reduce vacancy rate through active asset management - Optimise and consolidate the investment portfolio through Block Sales in regions that are not strategically important	**Unit Sales** - Currently not planned – achievable margins significantly below the Austrian level **Block Sales** - Targeted optimisation and consolidation of the portfolio through opportunistic Block Sales mainly in rural areas	- Current focus on Berlin - Development of projects for immediate sale to private and institutional investors as privately financed owner-occupied apartments and as part of a global exit - Increase the expansion of the development pipeline through the purchase of new plots of land - Continue to establish the BUWOG Group as one of the leading residential property developers in Berlin

BUWOG also pursues the aim of reducing its presence in Austrian cities that have lower yields due to general market conditions and legal rent requirements. At the same time, BUWOG also seeks to continue and – insofar as conditions allow – increase its current growth course through additional portfolio purchases in high-yield markets, especially in Germany, and through strengthening the high-margin Property Development business area.

The portfolio strategy is based firstly on a high-quality property portfolio with a high proportion of urban locations (around 84% of the property portfolio at fair value). Secondly, the BUWOG Group's integrated business model ensures a closed value cycle. The professional management of the property portfolio forms the solid basis for generating recurring FFO, which can be continually increased through active asset management in the form of rent increases and reductions in the vacancy rate and/or operating costs. Targeted investments to maintain or steadily increase the value of the investment portfolio round off this set of measures. In the Property Sales business area it is necessary to seize attractive market opportunities for the yield-oriented sale of units in the form of Unit Sales or Block Sales (property or portfolio sales) (details on page 71 and 73). In the Property Development business area significant revenue is generated through high-margin direct sales to owner-occupiers or investors, firstly for reinvestment in the portfolio and for distribution to shareholders through high-margin direct sales to owners or investors, and secondly to ensure the ongoing renewal of the investment portfolio through construction in the Vienna portfolio.

As the leading German-Austrian one-stop provider in the real estate sector and following the integration of the summer 2014 transactions along the entire real estate value chain, the BUWOG Group has a management team with entrepreneurial vision and in-depth market knowledge. This particularly applies to the high-yield Property Development business area. The land reserves already secured and the development projects already underway will enable the BUWOG Group to implement projects over the next few years with a calculated total investment volume of around EUR 1.4 billion. The BUWOG Group's active risk management has proven its worth, particularly in large projects within the Property Development business area. It is therefore a top priority for the BUWOG Group, as a listed company, to eliminate demand-related volatilities in this business area when purchasing land and in the subsequent planning process. For more information on Property Development, refer to the relevant chapter from page 77.

THE PROFITABLE GROWTH TRAJECTORY CONTINUES EVEN FASTER

Ahead of its IPO, the BUWOG Group worked intensively on the acquisition of two large portfolios. The consolidation recognised in profit or loss began during the reporting period in July 2014. Due to the successful acquisition totalling more than 19,000 units, the BUWOG investment portfolio increased to around 52,000 units which are divided equally between Germany and Austria.

The merger with the structures and operational units already established in Germany was very successfully completed in just a few months. This also created a sound basis for further acquisitions in Germany which are also based on standardised processes. Thus high levels of efficiency and risk optimisation can be guaranteed across the Group while also taking account of specific regional features.

To optimally utilise the financing interest rates which are currently very low, the convertible bond concluded to fund the stated acquisitions was replaced in January 2015 by traditional mortgage financing. As a result of this and other measures, the average interest rate of all financial liabilities was reduced to 2.14% from 2.45% in the previous year. The loan-to-value (mortgaging level of the property portfolio) was optimised to around 51.0% based on profitability aspects. It thus lies within the defined range of 50% to 55% and gives financial scope for further growth acquisitions. An essential aspect of the BUWOG strategy aims to invest the funds generated from cycle-optimised sales in Austria in selected German markets with higher yields (capital recycling).

OVERVIEW OF IMPORTANT CONTROL PARAMETERS

- Increasing recurring FFO per share
- Increasing EPRA NAV per share
- Loan-to-value (LTV) in the range of 50% to 55%

The key control parameter for the BUWOG Group is recurring FFO per share. Within the aimed-for profitable growth it is crucial that growth always benefits the company's shareholders. Accordingly, the aim is also for positive growth in the EPRA NAV on a per-share basis. It is also necessary to maintain a conservative financing structure with a low debt level of 50% – 55%. Compared to its peer group, the BUWOG Group has an extremely low average nominal interest rate of 2.14% with a long average term of financial liabilities of around 17 years. As a property portfolio manager with a long-term focus, the BUWOG Group does not make investments that are only profitable in the current historically low interest rate environment but rather pursues a consistent value-creating and profitable growth strategy in the interest of its shareholders. The company expects to substantially increase its recurring FFO over the coming years, particularly due to the implementation of development projects from the pipeline already acquired, with a total calculated investment volume of around EUR 1.4 billion.

ASSET MANAGEMENT – FURTHER OPTIMISING OF PROFITABILITY

The core tasks of the Asset Management business area are the management and ongoing optimisation of the investment portfolio. Based on the many years of experience in Austria, the BUWOG Group has built up and established parallel local knowledge in Germany with the acquisition in the first quarter of 2014/15 and the integration of existing structures in the past financial year. The key parameters for measuring success in Asset Management are net in-place rent, the vacancy rate, net rental yield and the fair value of the standing investments. These are calculated independently twice a year by external real estate experts from CBRE.

As part of its growth strategy, BUWOG continually evaluates opportunities to expand its property portfolio in selected cities and high-yield markets with a current focus on north-west Germany and Berlin. Purchases are therefore subject to clearly defined criteria, particularly with regard to quality and yields. The company acquired another portfolio with 116 units in Braunschweig in the fourth quarter of 2014/15 in addition to the portfolio transactions in north-west Germany and Berlin/Brandenburg (Apollo) concluded in the first quarter of 2014/15, thus achieving local consolidation of the portfolio. More information on the Asset Management business area can be found beginning on page 49.

Seerosenstrasse, Lübeck

Naabstrasse, Braunschweig

PROPERTY SALES – ENSURING HIGH SALES MARGINS

The overall objective of the Property Sales business area's business model is the ongoing implementation of the profit-oriented optimisation of the BUWOG Group's investment portfolio through high-margin Unit Sales (due to tenant turnover) especially to owner-occupiers, and cycle-optimised strategic Block Sales (property and portfolio sales) to investors. The BUWOG Group pursues a clearly defined strategy based on an in-depth analysis of the entire portfolio, of identifying units which are suitable for medium to long-term Sale, and assigning them to the Unit Sales portfolio cluster.

The Unit Sales cluster included 5,674 units in Vienna and a further 7,537 units in the rest of Austria as of 30 April 2015. The Block Sales cluster included 3,437 units mainly in the rural regions of Austria as of 30 April 2015. More information on the Property Sales business area can be found beginning on page 69.

Turbagasse, Pinkafeld

Auer-von-Welsbach-Strasse, Villach

PROPERTY DEVELOPMENT – INTENSIFYING DEVELOPMENT ACTIVITIES

In the Property Development business area the BUWOG Group combines the project development of residential properties for its own portfolio and the project development of residential properties for sale upon completion. As a property developer, the BUWOG Group has completed around 30,000 apartments in Austria since its establishment. The Property Development business area currently focuses on the demographically and economically strong capital cities of Vienna and Berlin. The project pipeline currently includes (as of 30 June 2015) a calculated total investment volume of around EUR 1.4 billion. Of this, around EUR 534 million (Vienna: EUR 332 million, Berlin: EUR 202 million) is in construction or prior to the start of construction with a planned start in the 2015/16 financial year.

In the current market environment, the BUWOG Group has significantly intensified its activities in the Property Development business area and thus enlarged its project pipeline through land purchases. As a result, the existing opportunity/risk ratio can be used optimally due to the company's strong competitive position and the high demand in the stated markets. Furthermore, the growth strategy pursued will be implemented in a more diverse manner and by making use of any market opportunities that may arise. More information on the Property Development business area can be found beginning on page 76.

"52 Grad Nord", Seefeld

DIVIDEND POLICY

With a transparent communications policy, an ambitious growth strategy and through building and maintaining the trust of players in the capital market, the company's management seeks to obtain a steady increase in the price of the BUWOG share in line with the company's success. The BUWOG share closed at EUR 18.09 as of the reporting date, 30 April 2015. At an EPRA NAV of EUR 17.79, a premium of 39% is calculated on the share at stock market launch, while a peer group comparison based on EPRA NAV and the usual multiples suggest further share price potential for the BUWOG share. In addition to reinvestments to increase the investment portfolio and to implement new housing construction, the Executive Board's mid-term policy is to distribute 60% to 65% of the annually generated recurring FFO to shareholders in BUWOG AG.

A dividend of EUR 0.69 per share was distributed for the 2013/14 financial year. Recurring FFO for the 2014/15 financial year was EUR 91.7 million or EUR 0.92 per share. The Executive Board will also propose to the 2014/15 Annual General Meeting in October 2015 that the previous year's figure of EUR 0.69 per share be distributed and will continue to propose this figure until recurring FFO allows for a distribution ratio of 60% to 65%. A corresponding increase in the dividend will be possible with the expected increase in recurring FFO.

TEAM SPIRIT AND SKILLS

As part of the reporting date considerations, the BUWOG team has grown from 430 to 717 employees, due to the acquisitions mentioned. To encourage the mutual exchange of experience and the establishment of a common company culture, a company-wide meeting took place in Hamburg in March 2015. Using modern employee development tools and ongoing training courses, employees' skills have been strengthened to meet future challenges. For further details in the area of Human Resources, refer to the chapter "Sustainable Company Management" within the Management Report.

To ensure efficient and effective company management, the existing group-wide IT systems are being harmonised and enhanced. This will enable prompt monitoring of all relevant performance indicators as well as modern, reliable risk management.

"THE BUWOG GROUP BELIEVES THE SKILLS AND MOTIVATION OF ITS EMPLOYEES TO BE AN ESSENTIAL FACTOR IN THE COMPANY'S SUCCESS AND THE COMPANY'S VALUES."

Xenia Kränkl-Weilguny, Head of Human Resources & Organisation

In the 2014/15 financial year the main focus of human resources was on integrating around 300 new employees in Germany and developing complete in-house structures as part of the management platform for the "new" BUWOG Group. A group-wide employee survey gave us valuable information on the needs of employees. A high point for the entire BUWOG team was the two-day employee event in Hamburg last financial year in which colleagues came together from all Austrian and German BUWOG locations to exchange information and experiences.

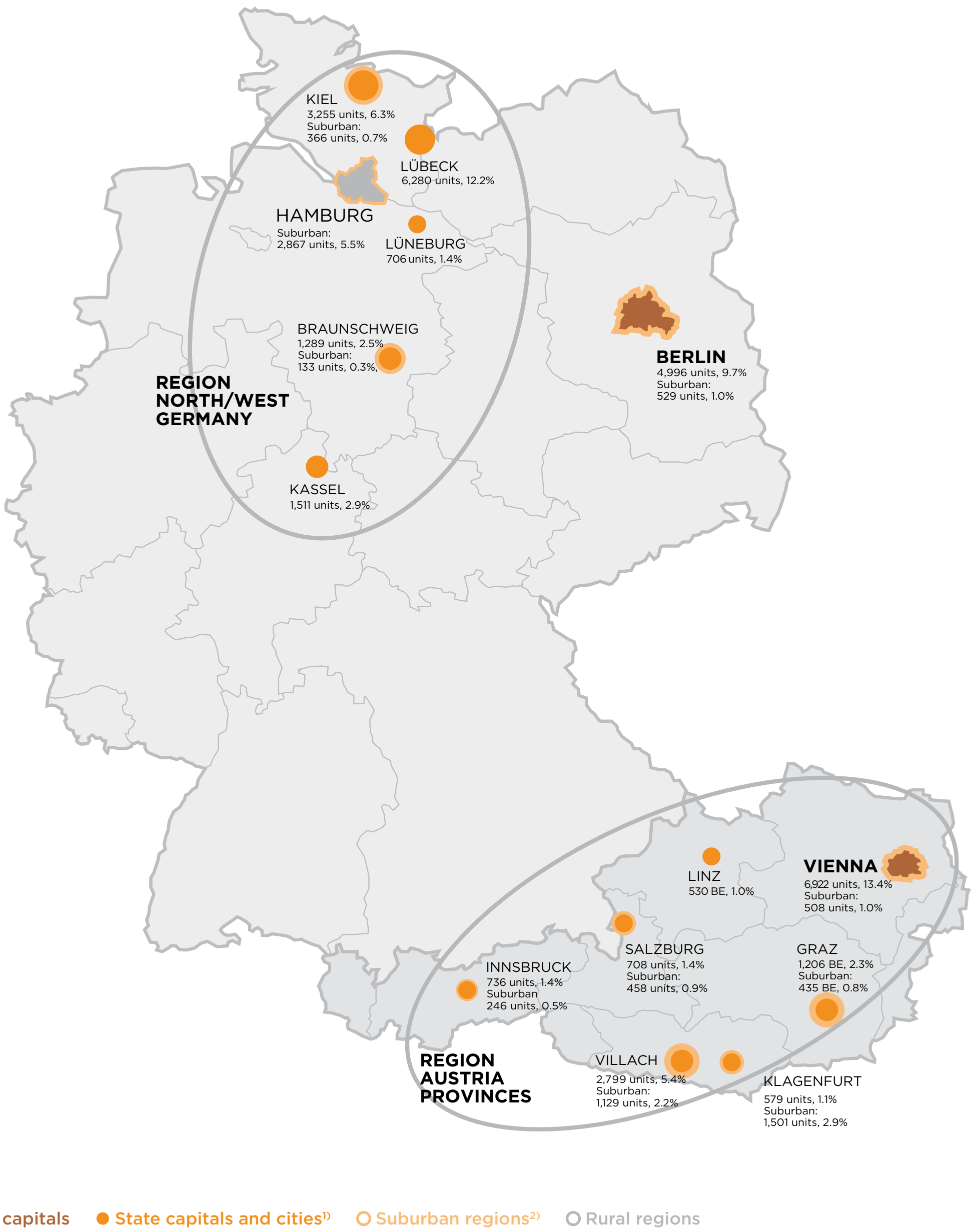
HANS-PORNER-STRASSE / BRAUNSCHWEIG (GERMANY)

As the largest business area of the BUWOG Group, Asset Management was responsible for results of operations totalling EUR 128.3 million in the 2014/15 financial year, an increase of 69.0% over the previous year. The business area is involved in the letting and ongoing management of standing investments, their optimisation and value appreciation through maintenance and investment measures and the coordination of all necessary internal and external services relating to the Group's role as owner.

AN ATTRACTIVE INVESTMENT PORTFOLIO

The BUWOG Group's investment portfolio comprises highly individualised apartments, both subsidised and privately financed, as well as terraced and semi-detached houses in Austria and Germany. As of the reporting date, 30 April 2015, a total of 51,671 units (previous year: 33,475 units) with a total floor area of around 3.6 million sqm (previous year: around 2.5 million sqm) were held, with a fair value of around EUR 3.6 billion (previous year: around EUR 2.5 billion). Compared to the previous year's reporting date, this equates to an increase in floor area of 43.7% and an increase in fair value of 40.8%. In the reporting year, disposals from Unit and Block Sales totalling around 1,220 units were more than offset by additions from portfolio purchases in Germany totalling around 19,400 units and a total floor area of around 1.2 million sqm. Acquisitions in the reporting year relate to the DGAG property portfolio (around 18,029 units), a portfolio in Berlin/Brandenburg (around 1,206 units) and a portfolio in Braunschweig (116 units).

THE BUWOG INVESTMENT PORTFOLIO BY REGION
Number of units per location and percentage of the total portfolio



1) More than 50,000 inhabitants and constituting a significant proportion of the portfolio
2) Direct catchment area up to approx. 15 km around the federal capitals, state capitals, cities and Hamburg

The BUWOG Group's investment portfolio is divided within the two countries into four geographical clusters: "federal capitals", "state capitals and cities", "suburban regions" and "rural regions". In terms of fair value, around 38% of the BUWOG Group's housing portfolio is located within the municipal areas of Vienna and Berlin. None of the Group's competitors has such a high concentration of properties in these two capital cities. Around 46% of the portfolio in terms of fair value – approx. EUR 1.6 billion – is located in state capitals and cities with more than 50,000 inhabitants, including suburban regions within a radius of 15 km from the city border. These include Braunschweig, Graz, Hamburg, Innsbruck, Kassel, Kiel, Klagenfurt, Linz, Lübeck, Lüneburg, Salzburg and Villach (in alphabetical order).

In terms of fair value, this means that a total of 84%, or around EUR 3.0 billion, of the BUWOG Group's property portfolio is located in three regional clusters in urban regions, which set themselves apart in their attractiveness in terms of development and the quality of the economy, infrastructure and demographics. In the current reporting year, the fair value of the 51,671 units is mainly concentrated in the two federal capitals (38%) as well as the state capitals and cities (31%). Compared to the previous year, the proportion of the property portfolio in state capitals and cities (e.g. Lübeck and Kiel) increased from 22% to 31% due to the acquisition of the DGAG property portfolio. As a result, the proportion of the property portfolio in the federal capitals fell from 50% of total fair value to 38%. Portfolio purchases by Asset Management predominantly

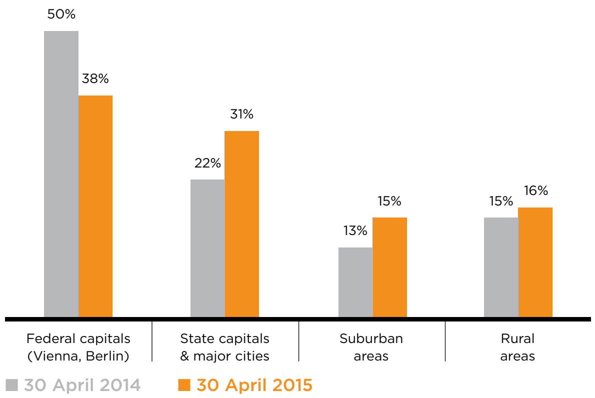
BUWOG PORTFOLIO BY GEOGRAPHIC CLUSTER

as of 30 April 2015	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly in-place rent[1] in EUR per sqm	Fair Value[2] in EUR million	Fair Value[2] in EUR per sqm	Net Rental Yield[3]	Vacancy rate[4]
Federal capitals	**11,918**	**938,451**	**60**	**5.48**	**1,355**	**1,443**	**4.4%**	**3.4%**
Vienna	6,922	606,442	36	5.19	1,013	1,670	3.6%	4.5%
Berlin	4,996	332,010	24	5.99	342	1,030	6.9%	1.4%
State capitals and major cities[5]	**19,599**	**1,268,631**	**71**	**4.76**	**1,096**	**864**	**6.4%**	**2.6%**
Lübeck	6,280	363,913	24	5.54	320	879	7.4%	2.2%
Kiel	3,255	195,657	13	5.65	181	925	7.2%	1.8%
Villach	2,799	200,213	8	3.52	121	606	6.8%	2.4%
Kassel	1,511	107,316	5	4.26	65	603	8.1%	4.0%
Braunschweig	1,289	77,508	5	5.47	70	897	7.2%	1.1%
Graz	1,206	90,790	4	3.86	95	1,049	4.3%	3.2%
Innsbruck	736	53,845	2	3.68	69	1,273	3.4%	2.8%
Salzburg	708	46,507	2	4.00	65	1,394	3.4%	1.3%
Lüneburg	706	51,067	3	5.45	40	781	7.7%	7.5%
Klagenfurt	579	43,107	2	3.64	27	619	6.7%	5.2%
Linz	530	38,709	2	3.96	45	1,154	4.0%	3.2%
Suburban regions[6]	**8,172**	**575,406**	**31**	**4.70**	**538**	**934**	**5.8%**	**4.7%**
Hamburg	2,867	176,540	11	5.44	181	1,026	6.3%	0.7%
Klagenfurt	1,501	108,568	5	3.80	86	793	5.3%	7.4%
Villach	1,129	88,006	4	3.80	64	723	5.6%	11.3%
Berlin	529	33,987	2	5.10	21	624	8.9%	9.0%
Vienna	508	42,025	2	4.29	55	1,297	3.8%	3.3%
Salzburg	458	35,764	2	5.31	51	1,421	4.4%	2.1%
Graz	435	32,749	2	4.54	28	848	6.3%	2.2%
Kiel	366	28,777	2	5.84	23	791	8.5%	4.1%
Innsbruck	246	21,088	1	3.81	25	1,167	3.9%	1.7%
Braunschweig	133	7,901	0	5.30	5	641	9.6%	3.1%
Rural areas	**11,982**	**798,539**	**37**	**4.18**	**569**	**713**	**6.5%**	**7.3%**
Rural areas Austria	7,344	518,824	20	3.53	352	678	5.7%	8.7%
Rural areas Germany	4,638	279,715	17	5.35	218	779	7.9%	4.7%
Total BUWOG Group	**51,671**	**3,581,028**	**198**	**4.81**	**3,558**	**994**	**5.6%**	**4.2%**
thereof Austria	25,101	1,926,636	92	4.20	2,093	1,086	4.4%	5.5%
thereof Germany	26,570	1,654,391	106	5.51	1,465	886	7.3%	2.7%

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 2015
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
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, as well as Hamburg

FAIR VALUE

by geographic cluster (total: about EUR 3.6 billion)



focused on locations in state capitals and cities. In contrast, acquisitions by Property Development were only made in the two capital cities of Vienna and Berlin.

In the reporting year, after the completed takeover of the German purchase portfolio (approx. 19,400 units), the German investment portfolio, totalling 26,570 units as of 30 April 2015, represent a slightly higher proportion of assets than the Austrian investment portfolio (25,101 units). This makes the BUWOG Group one of the largest housing landlords in Austria and, in terms of the number of units, one of the biggest players in the German housing market.

As of 30 April 2015, the Austrian investment portfolio comprised 25,101 units (previous year: 26,250 units), with a total floor area of around 1.9 million sqm (previous year: 2.0 million sqm) and a fair value of around EUR 2,093 million (previous year: EUR 2,127 million). This equates to a fair value of EUR 1,086 per sqm (previous year: EUR 1,057 per sqm). As of 30 April 2015, monthly net in-place rent was EUR 4.20 per sqm (previous year: EUR 4.06 per sqm), resulting in a net rental yield of 4.4% (previous year: 4.4%). The vacancy rate in Austria as of 30 April 2015 totalled 5.5% (previous year: 5.0%), 2.7% of which is attributed to units allocated to the Unit Sales cluster. A further 14 units (approx. 1,200 sqm) that are part of the completed Vienna Rosa-Jochmann-Ring new build project are included in this vacancy rate. These units were added to the portfolio in the second quarter of 2014/15 and are currently being let for the first time.

As of 30 April 2015, the investment portfolio in Germany comprised a total of 26,570 units (previous year: 7,225 units), with a total floor area of around 1.7 million sqm (previous year: 0.5 million sqm). In the 2014/15 reporting year, the property portfolio in Germany saw a high level of purchasing activity as a result of the three portfolio acquisitions. As of 30 April 2015, monthly net in-place rent amounted to an average of EUR 5.51 per sqm (previous year: EUR 5.34 per sqm), resulting in a net rental yield in relation to fair value of 7.3% (previous year: 7.4%). As of 30 April 2015, the fair value of the German investment portfolio totalled EUR 1.5 billion (previous year: EUR 0.4 billion), equating to an average fair value of EUR 886 per sqm (previous year: EUR 834 per sqm). As a result of active asset management, the addition of the DGAG portfolio, which has a low vacancy rate, and the positive market and demand trends, the German portfolio's vacancy rate stood at a mere 2.7% (previous year: 3.6%).

KEY FIGURES PROPERTY PORTFOLIO

		BUWOG Group as of 30 April 2014	BUWOG Group as of 30 April 2015	Austria as of 30 April 2015	Germany as of 30 April 2015
Number of units	Quantity	33,475	51,671	25,101	26,570
Total floor area	in sqm	2,491,290	3,581,028	1,926,636	1,654,391
Annualised in-place rent[1)]	in EUR million	123	198	92	106
Monthly in-place rent[1)]	in EUR per sqm	4.31	4.81	4.20	5.51
Fair Value[2)]	in EUR million	2,526	3,558	2,093	1,465
Fair Value[2)]	in EUR per sqm	1,014	994	1,086	886
Net Rental Yield[3)]	%	4.9%	5.6%	4.4%	7.3%
Vacancy rate	per sqm	4.8%	4.2%	5.5%	2.7%

1) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments acoording to CBRE valuation reports as of 30 April 2015 and as of 30 April 2014
3) Annualised total in-place rent (based on monthly in-place rent excluding utilities as of the reporting date) in relation to fair value

In the 2014/15 financial year, the BUWOG Group successfully concluded a number of portfolio purchases. Selected key figures relating to these portfolio transactions are presented below.

PURCHASE OF THE DGAG PROPERTY PORTFOLIO (APPROX. 18,000 UNITS)

The BUWOG Group formally concluded the purchase of the DGAG property portfolio on 27 June 2014, which had been signed off on 12 February 2014. This transaction took place through several share deals. The acquired portfolio comprises around 18,000 units, with a total floor area of around 1.1 million sqm. The properties are mainly in the German federal states of Schleswig-Holstein (approx. 990,000 sqm) and Lower Saxony (approx. 85,000 sqm) and are therefore in the BUWOG Group's preferred growth area in north-west Germany. The purchase price for the investment property amounted to around EUR 892 million (EUR 819 per sqm). The net rental yield at purchase was 7.6%, with a vacancy rate of around 2.5%. The BUWOG Group financed the transaction through a mortgage loan as part of a consortium led by BerlinHyp AG in the nominal amount of around EUR 399 million, subsidised loans in the nominal amount of around EUR 203 million and an additional capital market loan of around 7.5 million, as well as proceeds from the convertible bond issued in April 2014 at a nominal volume of EUR 260 million. The 2014 convertible bond was refinanced in January 2015 after it was called in using two mortgage loans. This was carried out while keeping the LTV within a target range of 50% to 55%, giving an interest advantage for the BUWOG Group of around 1.7 percentage points per year without presenting any dilution risks for shareholders.

Key data (as of 30 April 2015)

- 18,029 units
- Total floor area: 1,089,289 sqm
- Average net in-place rent per sqm: EUR 5.50
- Net rental yield: 7.3%
- Vacancy rate: 2.2%
- Main locations: Lübeck, Kiel, Greater Hamburg, Braunschweig
- Takeover: 27 June 2014 (recognised in profit/loss from 1 June 2014)
- Takeover of the management platform with around 300 employees at the main portfolio sites
- The management platform focuses on decentralised operational property management

The properties in the DGAG portfolio are concentrated in the German federal states of Schleswig Holstein (around 16,400 units with a total floor area of around 990,000 sqm) and Lower Saxony (around 1,400 units with a total floor area of around 85,000 sqm).

PURCHASE OF THE MANAGEMENT PLATFORM (INCLUDING AROUND 300 EMPLOYEES)

In addition to the purchase of the DGAG portfolio (see above), the BUWOG Group signed off on the purchase of a residential management platform with around 300 employees on 12 February 2014. This staff manages the DGAG portfolio (around 18,000 units) and around 26,800 third-party-owned units. The takeover took place on 4 July 2014 through a share deal. It ensured the smooth and successful transfer of the DGAG portfolio to the BUWOG Group and the acquisition of a highly-skilled and cohesive team of staff, which has already taken over the internal management and administration of approx. 8,500 units in Germany previously owned by the BUWOG Group. Synergy opportunities have been enhanced by bringing together internal and external structures under one unified internal structure and optimising processes as a result of a best-practice approach. This paves the way for further cost-effective growth in the preferred regions in Germany. Furthermore, agreements for the third-party management of around 26,800 residential units with a floor area of around 1.1 million sqm as of 30 April 2015 were taken over as part of the acquired management platform, particularly in the areas of asset management and property management.

"IN 2014/15, WE SIGNIFICANTLY IMPROVED OUR PROCESSES AND LAID KEY FOUNDATIONS FOR STRATEGIC CORPORATE MANAGEMENT."

Cornelia Kluger,
Head of Corporate Development

The newly created Corporate Development department brings together operational and central controlling, treasury, and process, project and risk management. The acquisition of the DGAG portfolio represented the BUWOG Group's main measure to boost growth in Germany. The integration of the approx. 18,000 units and the associated management platform, with its roughly 300 employees, was one of the biggest challenges in BUWOG's corporate history to date – a challenge which we also successfully mastered. In 2014/15, we significantly improved our processes and created key the basis for strategic corporate management. And this is one goal we will continue to pursue in the future.

PURCHASE OF THE APOLLO PROPERTY PORTFOLIO (1,206 UNITS)

The purchase of the portfolio in Berlin/Brandenburg was signed off on 13 November 2013 and the takeover concluded on 1 July 2014. Based on the purchase price of EUR 50 million, the average price per square metre was around EUR 629 and the net rental yield at purchase was around 8.7%. The portfolio comprises 1,206 units with a total floor area of 79,553 sqm, which are located in Berlin (677 units) and the surrounding area (529 units).

Key data (as of 30 April 2015)

- 1,206 units
- Total floor area: 79,553 sqm
- Average net in-place rent per sqm: EUR 5.11
- Net rental yield: 7.3%
- Vacancy rate: 5.2%
- Main locations: Berlin-Kaulsdorf and Strausberg
- Takeover: 1 July 2014

The portfolio is located in Berlin (677 units) and in three locations in Brandenburg (529 units) which are in the direct vicinity of Berlin.

PURCHASE OF A 116-UNIT PORTFOLIO IN BRAUNSCHWEIG

The purchase of the portfolio was signed off on 19 December 2014 and the takeover took place on 1 March 2015. The purchase price was around EUR 5.5 million, corresponding to an average price per square metre of around EUR 852. The net rental yield at purchase stood at around 7.8%. The portfolio comprises 116 units with a total floor area of 6,439 sqm.

Key data (as of 30 April 2015)

- 116 units
- Total floor area: 6,439 sqm
- Average net in-place rent per sqm: EUR 5.88
- Net rental yield: 7.5%
- Vacancy rate: 0.0%
- Takeover: 1 March 2015

The portfolio is located in the Weststadt and Bebelhof districts of Braunschweig and comprises four properties. Braunschweig has around 245,000 residents. The number of its households is increasing and general economic conditions are improving, making Braunschweig one of the most dynamic cities in Germany.

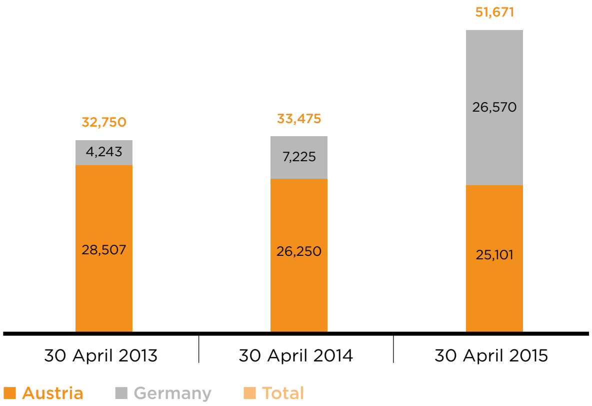
USING TARGETED MEASURES TO CREATE VALUE IN STANDING INVESTMENTS

The BUWOG Group aims to continuously optimise individual properties and the property portfolio to ensure the long-term generation and further improvement of cash flow and the improvement of the Group's earnings position. In recent years and in the reporting period, all key success indicators were significantly improved.

INCREASE IN FAIR VALUE TO AROUND EUR 3.6 BILLION

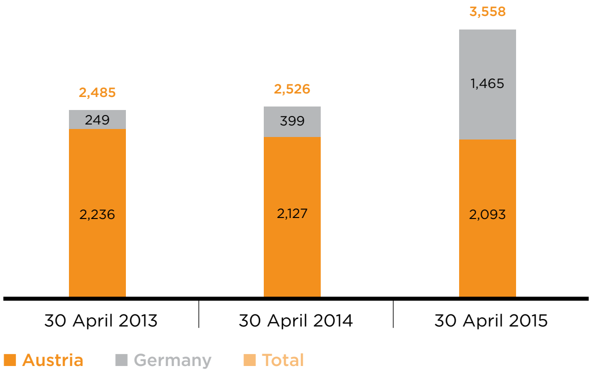
As of 30 April 2015, the fair value of the BUWOG Group's investment portfolio established by the independent external consultant CBRE was EUR 3,557.9 million (previous year: EUR 2,526.1 million). In the reporting period, value growth was significantly influenced by the purchase of around 19,400 units in Germany. The decrease in fair value per sqm to EUR 994 (previous year: EUR 1,014) was mainly due to the takeover of the DGAG property portfolio. The higher fair value in Austria, at EUR 1,086 per sqm (previous year: EUR 1,057 per sqm) is a result of the high proportion of current and potential Unit Sales with higher fair values due to the estimated potential sales prices. As of the reporting date, 30 April 2015, the fair value of the Unit Sales strategy cluster was around EUR 1.4 billion. Based on the sales margins achieved so far on fair value, it can be assumed that there is a significant margin effect due to Unit Sales in the BUWOG Group's property portfolio, which therefore contributes to recurring FFO.

STANDING INVESTMENT PORTFOLIO



FAIR VALUE STANDING INVESTMENT PORTFOLIO

in EUR million

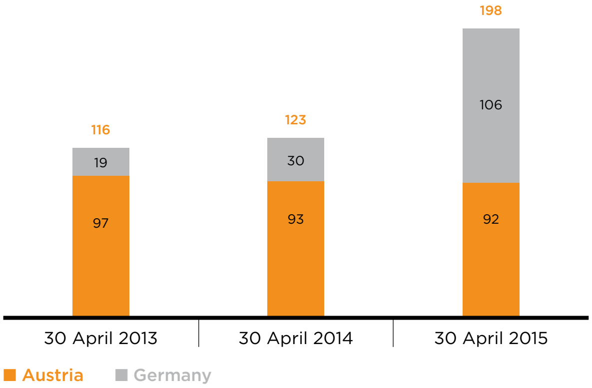


61.4% INCREASE IN ANNUALISED NET IN-PLACE RENT

Compared to the previous year, the annualised net in-place rent increased by 61.4% from EUR 122.7 million to EUR 198.2 million, primarily through the addition of property portfolio acquisitions to the German investment portfolio. As of the reporting date, the BUWOG Group's average rent per sqm was EUR 4.81 compared to EUR 4.31 for the same period in the previous year. This change was also due to the positive effects of the successful property portfolio purchases in Germany (around 19,400 units), which had higher average rents and lower vacancy rates, and from general rent increases in properties in Austria and Germany. As of the reporting date, the proportion of the German property portfolio contributing to annualised net in-place rent increased to around 54% (previous year: 24%).

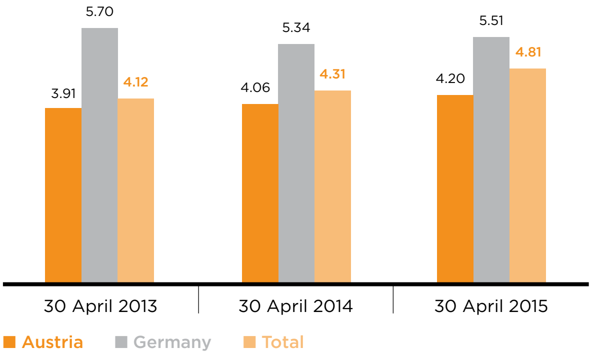
ANNUALISED NET IN-PLACE RENT

in EUR million



NET IN-PLACE RENT PER MONTH

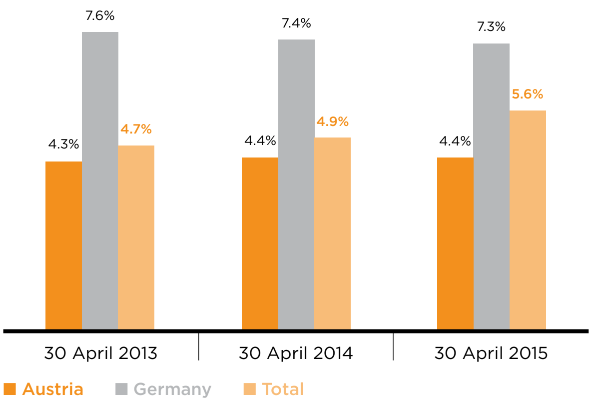
in EUR per sqm



INCREASE OF NET RENTAL YIELD FROM 4.9% TO 5.6%

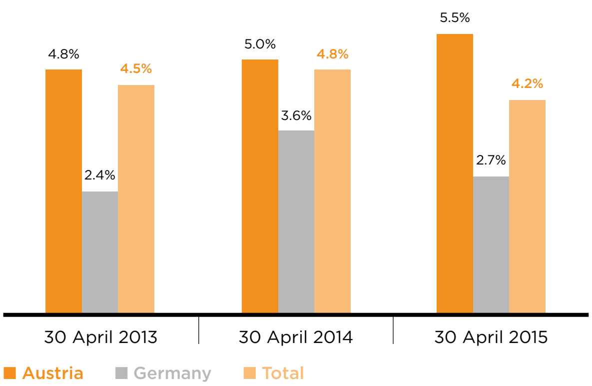
In the reporting year, the BUWOG Group's net rental yield increased from 4.9% to 5.6%. The takeover, particularly of the DGAG portfolio, had a net positive effect on the overall portfolio, due to the higher weighting of the German portfolio with its higher net rental yields (7.3%). Yields from the Austrian portfolio remained stable at 4.4%.

NET RENTAL YIELD



VACANCY RATE DECREASE FROM 4.8% TO 4.2% DUE TO ACQUISITIONS

VACANCY RATE

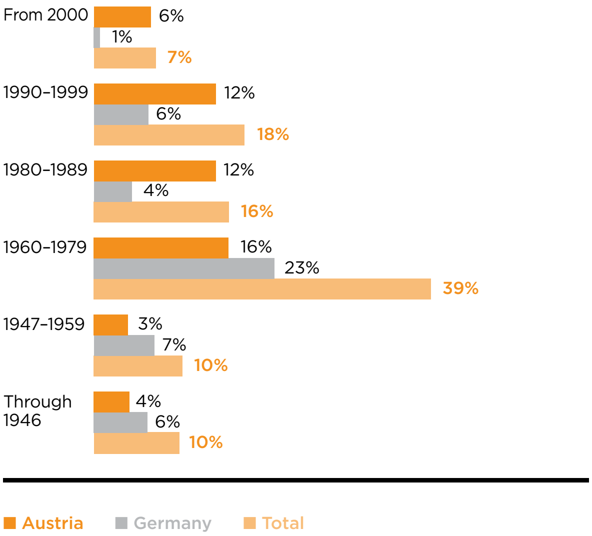


The vacancy rate (based on floor area) of the BUWOG standing investments fell from 4.8% to 4.2% in the reporting year, particularly due to the addition of the DGAG portfolio, with its low vacancy rate, to the overall BUWOG portfolio. In addition, following the renovation of housing in Kassel, Kiel, Lüneburg and Syke, portfolios there offer potential for future vacancy rate reductions. In the reporting year, the vacancy rate in Austria rose from 5.0% to 5.5% compared to the previous year. This vacancy rate rise is primarily attributable to the higher number of vacant apartments for Unit Sales. Through ongoing conversion of properties to condominiums, the pipeline for Unit Sales is being constantly expanded and carefully planned expiry dates in rental agreements in part led to an increase in vacant apartments. The operational vacancy rate fell slightly compared to the previous year. There was only a slight increase in the federal states of Carinthia and Styria, which have the highest operational vacancy rates in the Austrian portfolio. By restructuring the organisation of leases, the BUWOG Group has taken measures, particularly in these federal states, to reduce the vacancy rate in the face of a difficult regional market environment.

DESCRIPTION OF THE INVESTMENT PORTFOLIO

PORTFOLIO STRUCTURE BY DATE OF CONSTRUCTION

in %, total floor area: around 3.6 million sqm



The vast majority of the BUWOG Group's housing portfolio in Austria was developed internally. Breaking down the overall portfolio by the year of construction, the period from 1960 to 1999 represents the majority in terms of lettable floor area, at around 73%. Pre-war builds and post-war builds from 1947 to 1959 each account for around 10%. Builds from 2000 to today represent around 7% of the entire portfolio.

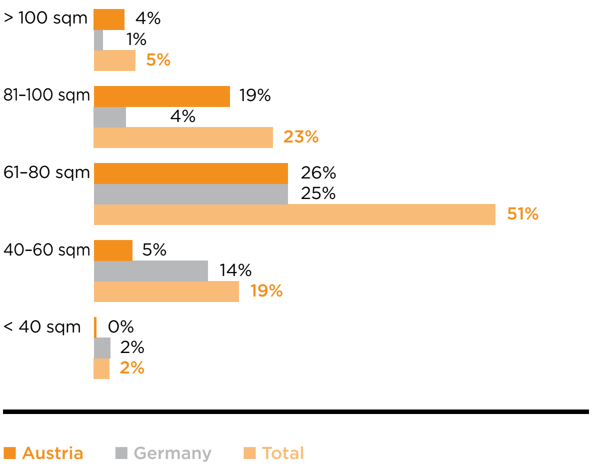
Around 86% of the BUWOG Group's portfolio in terms of lettable floor area consists of buildings with a maximum of five upper floors, of which approx. two-thirds have up to three upper floors. Only 14% of the portfolio has six or more upper floors. This positively affects the rentability of the apartments, and the life cycle costs of the properties and their technical facilities, for example, through lower maintenance and repair expenses.

The range of residential property sizes in the BUWOG Group's portfolio is also a significant factor in terms of their high rentability and low vacancy rate. Over half of the residential properties in the overall portfolio fall into the living area size category of between 61 and 80 sqm, which is highly in demand and usually corresponds to three rooms. Only just over 2% of residential properties in terms of lettable floor area are less than 40 sqm, whereas large (81 to 100 sqm) and very large (over 100 sqm) residential properties constitute approx. 23% and 5% respectively in terms of lettable floor area.

As of the reporting date, 30 April 2015, the entire portfolio had an average net in-place rent of EUR 4.81 per sqm per month (previous year: EUR 4.31 per sqm). Differences between the portfolio's geographical

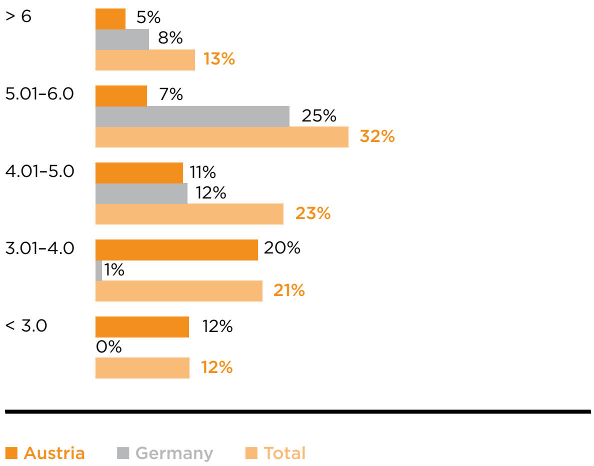
PORTFOLIO STRUCTURE BY APARTMENT SIZE

in %, total floor area: around 3.6 million sqm



NET IN-PLACE RENT PER MONTH

per sqm as of the balance sheet date (Ø total portfolio: EUR 4.81 per sqm)



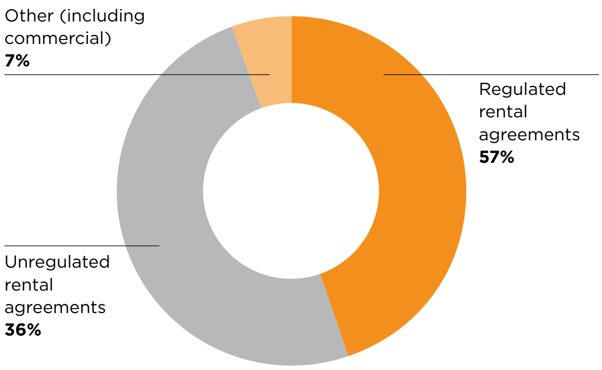
regions are considerable, at approx. EUR 1.95 per sqm. Due to the high proportion of subsidised rents and the specific structural differences of the regional markets, the average rent in Austria, at EUR 4.20 per sqm per month (previous year: EUR 4.06 per sqm per month), is considerably below the level of the units in the German portfolio, at EUR 5.51 per sqm per month (previous year: EUR 5.34 per sqm per month). The average rent level in the urban clusters is significantly higher than that of rural regions, with Vienna at an average of EUR 5.19 per sqm per month (previous year: EUR 5.05 per sqm per month) and Berlin at EUR 5.99 per sqm per month (previous year: EUR 5.67 per sqm per month), together with the regions of Braunschweig, Hamburg, Kiel, Lübeck, Lüneburg and Salzburg, constituting the top group (over EUR 5.46 per sqm per month (previous year: EUR 5.05 per sqm per month)). The structure of the average rent level, which is below that of the Group's competitors, is due in particular to the high proportion of publicly subsidised residential buildings in the BUWOG Group's portfolio, constituting around 65% based on total floor area, of around 3.6 million sqm. In the Austrian portfolio, all properties made ready for occupancy before 1 April 2001 are subject to the provisions of the Austrian Non-Profit Housing Act (*"Wohnungsgemeinnützigkeitsgesetz" – WGG*), which also precludes rent rises after subsidies have expired. Conversely, expiring subsidy periods in Germany increase the potential for realising portfolio rent increases in the medium to long term.

The BUWOG Group's various rent models for its property portfolio are discussed separately for Germany and Austria in the following section.

BUWOG'S RENT MODELS

The BUWOG Group's rental income is partly subject to legal requirements in Austria (e.g. the Austrian Non-Profit Housing Act) and Germany (Section 16 of the Schleswig-Holstein Housing Subsidy Act, *"Wohnraumförderungsgesetz Schleswig-Holstein"* – SHWoFG). The BUWOG Group therefore differentiates between non-regulated and regulated tenancies, and other types (including commercial sites). The tenancy classifications as of the reporting date, 30 April 2015 are illustrated in the diagram opposite.

PORTFOLIO STRUCTURE BY TYPE OF RENTAL AGREEMENT
Net in-place rent, as of 30 April 2015



STRUCTURE OF RENTAL AGREEMENTS

as of 30 April 2015	Occupied floor area in sqm	Annualised net in-place rent in EUR million	Proportion of annualised net in-place rent	Net in-place rent per sqm in EUR[3]
Unregulated rental agreements Austria (incl. Reasonable rents pursuant to WGG and MRG)[1]	130,120	8.6	4%	5.52
Regulated rental agreements Austria (incl. Other provisions under WGG)[2]	1,626,891	74.7	38%	3.83
Unregulated rental agreements Germany	966,940	63.3	32%	5.46
Regulated rental agreements Germany	594,052	37.4	19%	5.25
Other (incl. commercial)	112,395	14.1	7%	10.43
Total	**3,430,399**	**198.2**	**100%**	**4.81**

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 Burgenland guidelines -30%
3) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date

AUSTRIA

BUWOG – Bauen und Wohnen Gesellschaft mbH was converted into a commercial property developer on 1 April 2001 as part of preparatory measures for privatisation, which led to its status as a non-profit housing construction company being revoked. All housing it built or prepared for occupancy before that date is subject to the Austrian Non-Profit Housing Act (WGG). All housing built after 1 April 2001 is subject to the standard Austrian Tenancy Act (*"Mietrechtsgesetz"* – MRG). These laws also apply analogously to the former nonprofit company ESG Wohnungsgesellschaft mbH, based in Villach, Austria, which is part of the BUWOG Group.

In Austria, the rents applying to the vast majority of floor area in the BUWOG Group's entire portfolio are regulated under the Austrian Non-Profit Housing Act (WGG), which contains various rent models. The main features of the rent models applying to the BUWOG Group's Austrian property portfolio are described below.

Cost-covering rent (Section 14 Para. 1 of the WGG). Around 16,000 rented units representing around 1,250,000 sqm, an average net in-place rent of EUR 3.90 per sqm and around 64% of the annualised net in-place rent of the Austrian portfolio.

With cost-covering rent being the basic model of the WGG, the purchase of land and the construction of buildings is financed through rental income. Under Section 14 Para. 1 of the WGG, rent includes the following components:

- Annuities (principal and interest payments) on loans taken out. After repaying all borrowed funds, rent can only be charged based on the reference value.
- Interest on BUWOG's own funds (the amount of the interest charged in the rent for own funds depends on secondary market returns on Austrian government bonds. Interest is capped between 3.5% and 5% p.a.)
- Deduction for depreciation of own funds used to finance building costs
- Fees for construction rights, if the housing complex was built on the basis of a construction right
- Maintenance and improvement contribution (*"Erhaltungs- und Verbesserungsbeitrag" – EVB*) to ensure housing is maintained, improved and made inhabitable, which, depending on the age of the building, is calculated as a component of rent:
    1. Category 1 (buildings up to 10 years old): EVB I, set at EUR 0.43 per sqm
    2. Category 2 (buildings between 10 and 20 years old): EVB I and II, set at EUR 1.14 per sqm (EVB I: EUR 0.43 per sqm and EVB II: EUR 0.71 per sqm)
    3. Category 3 (buildings over 20 years old): EVB I and II: EUR 1.71 per sqm (EVB I: EUR 0.43 per sqm and EVB II: EUR 1.28 per sqm)

Rent components to be paid by tenants comprise EVB I, which does not have to be paid back to the tenant, and EVB II, which must be paid back to the tenant if the paid amount is not used for maintenance within 10 years.

- Default components for rent default (2% of the above-mentioned rent components of EVB I)
  In addition, a management fee, taxes and ongoing operational costs are charged to tenants as a rent component.

Rent based on reference values (Section 13 Para. 6 WGG). This is based on the reference value for Burgenland, less a deduction of 30% (hereinafter referred to as "BRV –30%"). Around 5,750 rented units representing around 380,000 sqm, an average net in-place rent of EUR 3.59 per sqm and around 18% of the annualised net in-place rent of the Austrian portfolio.

BRV -30% is applied to new lets that have been concluded since 1994, with a flat-rate rent currently at EUR 3.50 per sqm. This amount is increased annually (based on the Austrian Consumer Price Index). Provided that the cost-covering rent is less than BRV -30% and subsequently does not exceed BRV –30%, rates for new lets of such housing are set at BRV -30%. Interest on own funds for basic costs and a rent default component of 2% may also be charged. A management fee and ongoing operational costs are also charged to tenants as rent components. Changing the rent model from the basic cost-covering rent model to the BRV –30% model is only possible in the event of a change of tenant (turnover); existing rents cannot be changed.

Fair rent (Section 13 Para. 4 and 5 WGG in conjunction with the Austrian Repayment Incentivisation Act *("Rückzahlungsbegünstigungsgesetz" – RGB).* Around 600 rented units representing around 40,000 sqm, an average net in-place rent of EUR 6.38 per sqm and around 3% of the annualised net in-place rent of the Austrian portfolio.

In 1987, legislators granted a unique opportunity to reduce subsidies and instead charge rents that are customary for the location for future new lets. A management fee, taxes and ongoing operational costs are also charged to tenants as rent components. For some housing, rents have already been increased due to new lets. The vast majority of residential units are currently still let based on cost-covering rent. These residential units are still promising in terms of rent rises. Changing the rent model from the basic cost-covering rent model to the fair rent model is only possible in the event of a change of tenant (turnover); existing rents cannot be changed. For commercial units and other units in properties that are subject to the WGG, fair rent can be charged even if there is no incentivised repayment.

Unregulated rent under the Austrian Tenancy Act (MRG) (Section 16 in conjunction with Section 1 Para. 4 No. 1 MRG). Around 1,100 rented units representing around 90,000 sqm, an average net in-place rent of EUR 5.13 per sqm and around 6% of the annualised net in-place rent of the Austrian portfolio.

There are no rent restrictions on the construction of unsubsidised housing (privately financed housing). If the housing was constructed using subsidies, the rent must be set according to subsidy guidelines. After repaying subsidies, the appropriate, standard market rent can be charged for new lets.

Regulated tenancies in Austria represent a total let floor area of approx. 1.6 million sqm, which is 89.4% of the total let floor area of the Austrian portfolio, at 1.8 million sqm. The annualised net in-place rent from cost-covering rent tenancies and rent calculated according to the Burgenland reference value –30% totals around EUR 74.7 million, resulting in an average monthly rent of around EUR 3.83 per sqm.

Unregulated tenancies in Austria represent a let floor area of around 130,000 sqm, which is 7.1% of the let portfolio in Austria (1.8 million sqm). The average monthly rent for these tenancies is EUR 5.52 per sqm.

In the case of other tenancies, including commercial tenancies that are not subject to any rent restrictions, figures are shown together for both Austria and Germany. This floor area represents around 3% of the total let floor area of the entire BUWOG Group portfolio in Austria and Germany at an average monthly rent of EUR 10.43 per sqm.

GERMANY

In Germany, unregulated tenancies represent around 970,000 sqm of the BUWOG portfolio. This corresponds to around 60% of the total let floor area of the German portfolio (1.6 million sqm). The resulting annualised net in-place rent totals around EUR 63.3 million, at an average rent of EUR 5.46 per sqm.

Regulated tenancies in the German portfolio account for around 590,000 sqm of the total let floor area of the German portfolio. This corresponds to around 37% of the total let floor area of the German portfolio (1.6 million sqm). These properties represent an annualised net in-place rent totalling around EUR 37.4 million, at an annual rent of EUR 5.25 per sqm. Tenancy law restrictions in Germany primarily originate from the Schleswig-Holstein Housing Subsidy Act (*"Schleswig-Holsteinisches Wohnraumförderungsgesetz"* – SHWoFG). The expiry of subsidies and the associated lifting of rent price restrictions represent an opportunity for rent price increases.

As of 30 April 2015, the rents of 7,230 units, or 40.5% of the DGAG property portfolio, were set at fixed prices. 6,112 of these fall under the transitional provisions of the Schleswig-Holstein Housing Subsidy Act (Section 16 SHWoFG). Since the effective change in the law on 1 July 2009, the "cost rent" agreed at the time has been considered to be a "base rent". From 1 July 2014, under Section 16 of the Schleswig-Holstein Housing Subsidy Act (which now allows rent rises as per Section 558 of the German Civil Code), base rents can be raised by a maximum of 9% over a period of three years (different capping limit). With the rent control associated with subsidies no longer applicable, rent can be raised by a maximum of 20% based on current law, but not until 31 December 2018 at the earliest. The above-mentioned capping limit does not apply to modernisations, in which case the legal rent increase options apply.

In the 2014/15 financial year, net in-place rents for properties falling under the transitional provisions of the Schleswig-Holstein Housing Subsidy Act were increased by 4.4%, or around TEUR 84 per month.

While controlled rents are in force, even in the case of new lets, the above-mentioned rent controls must be taken into consideration. After controls no longer apply, new lets can take place at market rent levels, subject to compliance with the regulations arising from the cap on rent increases. Furthermore, an "occupancy restriction" applies to housing falling under the transitional provisions of the Schleswig-Holstein Housing Subsidy Act. This stipulates that the housing should only be let to a specific group of people entitled to occupy it.

For rented housing that had complied with an occupancy restriction of 35 years as of 1 July 2014, the legally limited occupancy restriction ended on 30 June 2014. This was the case for 2,469 units. This means that there are no further occupancy restrictions on these units as of this date. Otherwise, the occupancy restriction ends after a term of 35 years. If the 35 years are not completed until after 1 January 2019, the rent controls and occupancy restrictions will end at the same time. By 31 December 2019, a total of 53.3% of the above-mentioned 6,112 units in the DGAG portfolio will no longer be subject to occupancy restrictions or rent control. Only 12.5% of these units are subject to restrictions past 2030.

In Berlin, a total of just under 1,950 units were publicly subsidised out of around 5,000 units. This primarily concerns the High Deck development, for which new lets are subject to "cost rent" as a rent control, but are not subject to occupancy restrictions. Depending on the construction phase, public subsidies will end between 2025 and 2034.

Agreement on a cap on rent increases in Germany. After the German housing market turned in only a modest performance since the turn of the millennium, rental prices have increased significantly in many regions of Germany during the last five years due mainly to higher demand. Politicians felt compelled by this to intervene in the market. This cap on rent increases was decided upon at the end of September 2014 by the German Federal Cabinet, adopted by the Parliament on 5 March 2015 and entered into force on 1 June 2015. Its purpose is to slow the increase in rents in tight housing markets. The state governments will be authorised to declare areas with tight housing markets by means of a legal ordinance for a period not exceeding five years. For new lets in areas which adopt a cap on rent increases, the following must be noted:

- When leases are renewed, landlords may only increase the rent by a maximum of 10% above typical rent in the area.
- Housing that was let before the introduction of the cap on rent increases for more than the typical in-place rent for the area plus 10% constitute part of a protected portfolio and may be let at the old contractual net in-place rent in the case of new lets. However, rent increases that were agreed within the last year before the old tenancy ended are not taken into consideration when determining rents for the portfolio.
- Housing used and let for the first time after 1 October 2014 is not subject to this rent limitation.
- Housing let for the first time after undergoing comprehensive modernisation is not subject to a rent limitation.

The only affected properties in BUWOG's investment portfolio are those are located in Berlin, where the corresponding state regulation entered into force on 1 June 2015. Of approx. 5,000 units, around 60% fall under the scope of this regulation. The remaining units are not affected by this cap on rent increases due to existing public subsidies. Based on current knowledge, the probability of further introductions of a cap on rent increases in other locations within BUWOG's investment portfolio is considered to be low. A total of only approx. 6% of the BUWOG Group's entire portfolio is therefore affected by the cap on rent increases.

A further government instrument to curb rent increases is the German Capping Limit Ordinance (*"Kappungsgrenzenverordnung"*). Since the amendment to tenancy law on 1 May 2013, state governments are entitled, for a maximum period of five years, to determine municipalities in which there is a particular lack of sufficient housing let under fair conditions and for which, therefore, the capping limit for rent increases on portfolio properties is lowered from 20% (increases permitted in three years) to 15% (Section 558, Para. 3 Sentence 2 of the German Civil Code). The capping limit ordinances have already been adopted for the BUWOG portfolio locations of Berlin and Kassel. A relevant ordinance was also issued in Schleswig-Holstein; however, its effect is limited to the area surrounding Hamburg and a few Frisian islands. The main BUWOG portfolio locations of Kiel and Lübeck are therefore not affected.

On 1 July 2015, the "buyer principle" came into effect in Germany. This stipulates that residential estate agents are entitled to commission from tenants under Section 2 of the Housing Agency Act (*"Wohnungsvermittlungsgesetz"* – WoVermittG) only under certain limited conditions and with no distinction as to location. The hitherto widespread practice of passing all estate agent costs to the tenant is therefore no longer permissible since the buyer principle became law. The introduction of the buyer principle has no effect on the BUWOG Group's portfolio.

Based on the above-mentioned legal provisions relating to setting rent prices, particularly for Austria, rental income can only be increased to a limited extent where there is a change of tenant and through fixed annual adjustments. In light of this, it is particularly important to fully exploit the existing potential offered by properties through active asset management, to determine opportunities to increase value by exploiting unused floor area in existing developments as well as to carry out top-floor expansions and optimise cost structures.

VALUE DRIVERS AND SUCCESS FACTORS

The business performance of BUWOG's Asset Management business area is affected by various internal and external factors. In addition to efficient structures, where employees' expertise and experience truly come into their own, and strict cost management to ensure that residential property is managed profitably, legal and regulatory provisions on the setting of rents also influence business performance. The most important effects associated with this are outlined below. Further details can be found in the "Development of the property markets" and "Risk report" chapters of the Management Report.

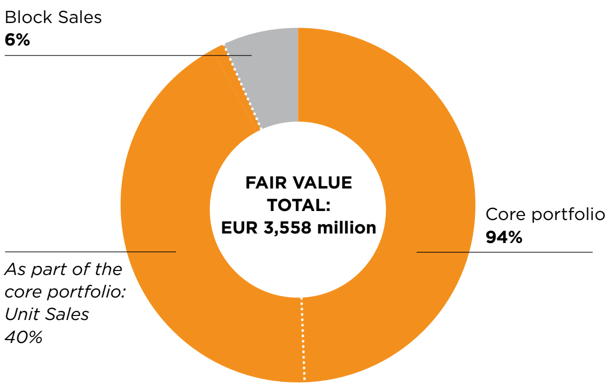
ESTABLISHED PROPERTY MARKETS WITH VALUE GROWTH POTENTIAL

The BUWOG Group's investment portfolio concentrates on metropolitan regions in Austria and Germany. Both property markets are highly developed and stable. In the reporting year, despite increasing market demand and high investor interest, the portfolio was significantly expanded through three successful property portfolio transactions. The main task of Asset Management is currently to actively foster rent and value creation opportunities in the long term and determine advantageous sales opportunities with regard to portfolio optimisation and consolidation, particularly in Austria.

A CLEAR PORTFOLIO STRATEGY AND PORTFOLIO SEGMENTATION

Strategic portfolio expansion into Germany forms the basis of the BUWOG Group's strategy as a leading one-stop provider in the residential property sector. A significant portion of the core portfolio, which represents around 94% of the entire portfolio's fair value, includes an attractive portfolio of apartments that are suitable for Unit Sales and which constitute around 40% of the entire portfolio's fair value.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 30 April 2015



PORTFOLIO SPLIT BY STRATEGIC CLUSTER

as of 30 April 2015		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,023	13,211	3,437	51,671
Total floor area	in sqm	2,288,776	1,037,153	255,099	3,581,028
Monthly net in-place rent[1)]	in EUR per sqm	5.10	4.35	4.10	4.81
Fair value[2)]	in EUR million	1,921	1,428	209	3,558
Fair value[2)]	in EUR per sqm	839	1,377	818	994
Net Rental Yield[3)]	%	7.0%	3.6%	5.6%	5.6%
Vacancy rate per cluster	by sqm	3.6%	5.0%	6.6%	4.2%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments acoording to CBRE valuation reports as of 30 April 2015.
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

EFFICIENT STRUCTURES, CLEAR AREAS OF RESPONSIBILITY

The BUWOG Group's Asset Management business area is divided into teams responsible for regions, which ensure the market-oriented management of standing investments. Experts from these teams are responsible for managing properties so as to create value in their role as representatives of the owner. Asset managers work extremely closely with both property managers and landlords, as well as with internal departments such as controlling, property accounting and legal, in addition to external service providers such as estate agents, lawyers and notaries. Their main duties consist of segmenting the portfolio, defining property strategies, determining and fostering opportunities for the portfolio, and thereby constantly optimising the cost and income structure and the property cash flow, thus securing the total value of the properties – for the benefit of the investment portfolio, the BUWOG Group's customers and investors.

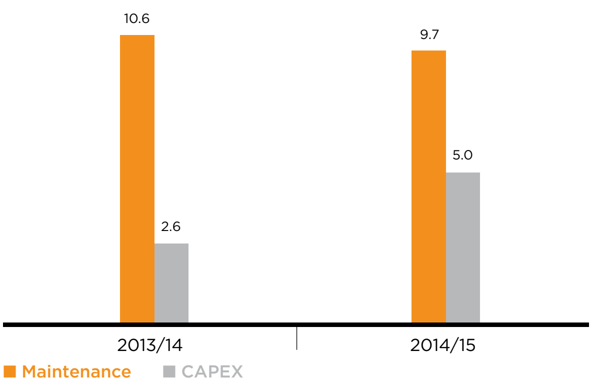
ONGOING OPTIMISATION OF RENT REVENUE

Asset Management's main tasks include the ongoing optimisation of rent revenues; however, rent restrictions mean that there is less room for manoeuvre, particularly in Austria. In the 2014/15 financial year, rent growth in the BUWOG Group's entire portfolio (including the DGAG property portfolio for 12 months) on a like-for-like basis, i.e. taking into consideration the elimination of effects from changes in the portfolio (excluding portfolio transactions) and excluding the effects of changes in vacancy rates, totalled around 3.2%. Growth in Germany stood at 3.4%, which was primarily the result of a high level of new rental agreements in all regions. In the Austrian portfolio, rent growth for the 2014/15 financial year stood at around 2.9%. The change in Austria was determined by the effects of adjusting maintenance and improvement contributions due to the exceeding of legal limits and adjusting the maximum rate from EUR 1.62 per sqm to EUR 1.71 per sqm. Average weighted rent growth (like-for-like CAGR) for the Austrian portfolio for the financial years 2011/12 to 2014/15 was 3.4% p.a.

BUWOG also plans, depending on market compatibility, to fully utilise opportunities to increase rent for the relevant sections of the portfolio.

MAINTENANCE AND CAPEX

as of 30 April 2015 and in EUR per sqm



STRICT COST MANAGEMENT

The BUWOG Group's Asset Management business area has achieved significant cost savings through efficient and forward-looking multi-year planning of necessary maintenance measures. This efficient use of funds is further strengthened by consolidating order quantities and by coordinating the awarding of service contracts through central procurement to ensure that necessary services are purchased cost-effectively.

Maintenance costs partially affect rents (cost-covering rent). Regular inspections of the standing investments by on-site building management teams prevent a build-up of necessary maintenance measures and mean that problems can be resolved promptly and more extensive measures can be consolidated, with corresponding cost advantages. In the 2014/15 financial year, the costs for ongoing maintenance and CAPEX totalled EUR 14.7 per sqm.

RANGE OF SERVICES OFFERED

The BUWOG Group also performs services for third parties in its various business areas. These services range from traditional building management (residential properties and third-party residential properties) to residential property letting.

Through its acquired management platform, the BUWOG Group also performs services for third parties in Germany in the various business areas of property management. As of 30 April 2015, around 26,800 residential and commercial units were under management for third parties. The range of services is offered in a modular form depending on customer requirements, ranging from integrated property management to residential property letting.

The integrated property management service has been established under the “PM PLUS” label; as of 30 April 2015, the BUWOG Group managed around 14,700 units throughout Germany in a comprehensive package, ranging from traditional management duties to managing infrastructure services. Customers are predominantly special property funds and institutional investors that value integrated property management operated from an ownership perspective. The fact that BUWOG is itself an investor and therefore understands the importance of targeted property management whose aim is to increase value, and the preparation of a comprehensive set of reports form a significant part of the foundation of this service.

The BUWOG Group’s own property maintenance company (BUWOG Hausmeistergesellschaft GmbH) offers a comprehensive range of services for third parties from traditional caretaker and small-scale maintenance services to grounds maintenance services. Concentrating on the northern part of Germany, BUWOG Hausmeistergesellschaft GmbH manages the infrastructure of over 5,200 units for both nationally active investors and regional residential property companies.

In addition to property management and property maintenance services for third parties, the BUWOG Group also manages communal property for around 140 condominium associations throughout Germany. BUWOG performs services for over 5,700 condominiums, ranging from those provided for under the German Condominium Act for condominium management boards and implementing resolutions of those boards to financial planning.

STRATEGY AND OUTLOOK

BUWOG's Asset Management business area will continue to pursue its strategy of holding and further developing a portfolio that presents a low risk due to its inclusion of properties in attractive locations in the capitals and state capitals of Germany and Austria with high occupancy rates. This strategy relies on a high level of cash flow generation, ensured by the following factors:

- Constantly increasing rental income through improving occupancy rates, the targeted modernisation of units and the active asset management of portfolios
- Continuing to make profitable acquisitions in the German core markets
- Further improving the cost-effectiveness of management and maintenance by optimising the organisational and operational structure of the BUWOG Group
- Continuously optimising the investment portfolio by making targeted Unit and Block Sales at high margins (see Property Sales from page 69)

Core investments in the overall portfolio as of 30 April 2015 represented around 94% of fair value. Of this, 40% of fair value was provided by Unit Sales and around 6% by Block Sales to be made in the medium term. The reduction of the overall portfolio in Austria has been offset by the addition of new development projects to the BUWOG portfolio (new builds with subsidised rent), thereby rejuvenating the Group's overall investments and ensuring the Group's continued success. The net rental yield will be further increased primarily through the acquisition of new properties in Germany. In the medium term, the Asset Management business area aims to generate around 70% of the BUWOG Group's results of operations (before indirectly attributable expenses and other operating income).

In Austria, further optimisation of the investment portfolio remains a strategic focus. The Group aims to continuously increase the average rent by concentrating on the property market in Vienna.

"THE PORTFOLIO IN GERMANY AND THE ENTIRE TEAM WERE SUCCESSFULLY INTEGRATED IN THE BUWOG GROUP DURING 2014/15."

Thorsten Gleitz, Head of Property Management in Germany

Our employees in letting and administration, property accounting and facility management as well as our property custodians deserve a great deal of respect for their work. We are really proud of the results. This team is perfectly positioned for future additions to the German portfolio and will continue to implement BUWOG's strategy for the Asset Management business area: to generate profitable growth in attractive German cities, continuously increase rental income and steadily reduce vacancy rates.

After the successful takeover of around 19,400 units in the 2014/15 financial year, the BUWOG Group continues to consider further acquisition and growth opportunities in selected regions of north-west Germany and Berlin with a high potential for value increases. Depending on market conditions, over the coming years, the Group plans to make annual acquisitions with a volume of between 2,000 and 4,000 units. Block sales are to be made as part of ongoing portfolio optimisation and consolidation. Through further integration of previously third-party-managed units into the management platform taken over as part of the DGAG acquisition, further value-enhancing synergies and cost savings have been achieved and portfolio management improved. The Berlin property market, which is currently undergoing particularly dynamic growth compared to other major European cities, remains a strategic focus for the BUWOG Group in Germany, in addition to the other German regional core markets, despite the current prevailing purchase price increases in Berlin significantly hampering the achievement of attractive long-term margins upon purchase.

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
AUSTRIA/ GERMANY

FUNCTIONAL FOCUS
ONE-STOP PROVIDER

Asset Management

- Continuously increasing rental income through active asset management and by increasing occupancy rates
- Further improving cost-effectiveness in terms of property management and maintenance
- Expanding the German property portfolio to increase returns, with a target of around 2,000 to 4,000 units per year
- Continuously optimising the investment portfolio by making targeted, cycle-optimised Block Sales
- Property development in the Vienna portfolio

BUWOG strategy

MINIMISE RISK
Stable rental income
Higher occupancy rates

HIGH UPSIDE POTENTIAL
Portfolio optimisation

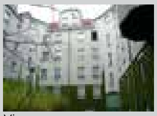
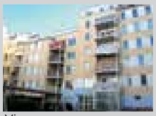
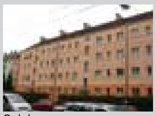
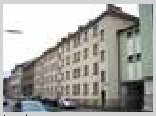
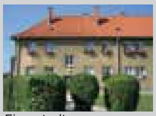
The Property Sales business model is based on two components: Unit Sales and Block Sales (property and portfolio sales). It is designed to continuously optimise the return on the BUWOG Group's investment portfolio through high-margin Unit Sales, primarily to owner-occupiers as a result of turnover, or through cycle-optimised Block Sales to investors

HIGH-MARGIN BUSINESS SEGMENT

The overall objective of the Property Sales business area's business model is the ongoing implementation of the profit-oriented optimisation of the existing BUWOG Group investment portfolio through high-margin Unit Sales to owner-occupiers, and strategic Block Sales to investors. Using the equity generated in the Property Sales business area in Austria, the BUWOG Group is able to fund particular investments in addition to paying an attractive dividend in the two business areas of Asset Management and Property Development, and thereby reinvesting the equity freed up from portfolio sales in order to create value. The main focal point of the Asset Management business area is therefore growth of the higher margin markets in Germany. In the Property Development business area the BUWOG Group is currently concentrating on development projects in the high-demand capitals of Berlin and Vienna.

The business model for Unit Sales is based on the fact that the value of the discounted cash flows from the leasing of subsidised apartments with rents below the market level of privately financed apartments is less than the value of the units, especially for tenants and owner-occupiers, and for investors with lower yield expectations. The BUWOG Group raises this yield potential by selling units which have been vacated due to tenant turnover primarily to owner-occupiers at attractive margins, within Unit Sales in central locations in Austria. The BUWOG Group pursues a clearly defined strategy, based on an in-depth analysis of all the entire portfolio, of identifying units which are suitable for medium to long-term Unit Sales, and assigning them to the Unit Sales strategy cluster (see page 71). As of 30 April 2015, the Unit Sales strategy cluster comprised 13,211 units (equivalent to 25.6% of the total BUWOG Group portfolio).

Within Block Sales (property and portfolio sales), properties and portfolios, primarily in rural areas, which the BUWOG Group can no longer strategically focus on, regardless of their vacancy rate, are divested through cycle-optimised sales to investors at an attractive purchase price in order to optimise the portfolio. The target group in this segment is especially investors with better local knowledge and lower yet stable yield expectations. As of 30 April 2015, the Block Sales strategy cluster comprised 3,437 units (equivalent to 6.7% of the total BUWOG Group portfolio).

Cluster	Unit Sales	Block Sales
Examples from the portfolio	 Vienna, Zeillergasse  Vienna, Apostelgasse  Salzburg, Rudolf-Biebl-Strasse	 Leoben, Max-Tendler-Strasse  Eisenstadt, Wormserstrasse  Klagenfurt, Wurzelgasse
Key facts	■ Sales in selected regions primarily to owner-occupiers as a result of turnover ■ Optimal mix of internal and external sales channels ■ Track record with high profitability –> Fair value margins >50% –> Long-term contribution to recurring FFO	■ Sale of portfolios or properties ■ Cycle-optimised Block Sales in rural locations for portfolio optimisation ■ Optimal mix of internal and external sales channels
Contribution to **recurring FFO**	✔ **Long-term profit contribution from Unit Sales**	✘ **Opportunistic Block Sales with appropriate margins**

UNIT SALES

Since 2002, high-margin Unit Sales have been the cornerstone of the Property Sales business area's overall objective – the ongoing implementation of the profit-oriented optimisation of the investment portfolio. In Unit Sales a total of 617 units (553 units) were sold in the reporting year, achieving a profit contribution to recurring FFO of EUR 34.9 million. This corresponds to an increase of around 23% over the previous year. The fair value margin of around 59% (previous year: around 54%) increased, as did the average sales price of EUR 2,023 per sqm, compared to EUR 1,960 per sqm in the previous year. BUWOG can therefore look back on a very successful business performance in Unit Sales, in which it took full advantage of the favourable market conditions.

In Austria, Unit Sales are generally carried out in three steps. In the first step, ongoing units which are suitable for medium to long-term sale through Unit Sales are identified based on an in-depth analysis of the whole portfolio and are allocated to the Unit Sales strategy cluster. The second step involves the creation of condominiums (Parifizierung). Once this is complete, the sale takes place as a result of tenant turnover, primarily to owner-occupiers. As of 30 April 2015, the Unit Sales cluster contained a total of 13,211 units, which comprised 5,674 units in Vienna, 2,837 units in Carinthia, and a further 4,700 units in the rest of Austria.

UNIT SALES CLUSTER

as of 30 April 2015	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Net Rental Yield[2]
Vienna	5,674	800	56%	1,691	3.3%
Carinthia	2,837	208	15%	966	4.5%
Rest of Austria	4,700	419	29%	1,205	3.8%
Total	**13,211**	**1,428**	**100%**	**1,377**	**3.6%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2015
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

Below are some examples of the transactions made during the 2014/15 financial year:

FORSTHAUSGASSE 15, 1200 VIENNA

9 units with 739 sqm at an average price of EUR 2,299 per sqm, remaining total floor area 8,841 sqm at an average monthly rent of EUR 2.95 per sqm

OSTMARKGASSE 33, 1210 VIENNA

11 units with 872 sqm at an average price of EUR 2,234 per sqm, remaining total floor area 5,416 sqm at an average monthly rent of EUR 2.95 per sqm

LEYSTRASSE 20A, 1200 VIENNA

11 units with 1,144 sqm at an average price of EUR 2,257 per sqm, remaining total floor area 6,183 sqm at an average monthly rent of EUR 2.97 per sqm

PETER-TUNNERGASSE 45, 8020 GRAZ

28 units with 2,369 sqm at an average price of EUR 1,646 per sqm, remaining total floor area 17,434 sqm at an average monthly rent of EUR 4.79 per sqm

RENNWEG 89, 1030 VIENNA

8 units with 664 sqm at an average price of EUR 3,399 per sqm, remaining total floor area 14,579 sqm at an average monthly rent of EUR 6.01 per sqm

AUER VON WELSBACHSTRASSE 8, 9500 VILLACH

2 units with 152 sqm at an average price of EUR 1,553 per sqm, remaining total floor area 958 sqm at an average monthly rent of EUR 3.60 per sqm

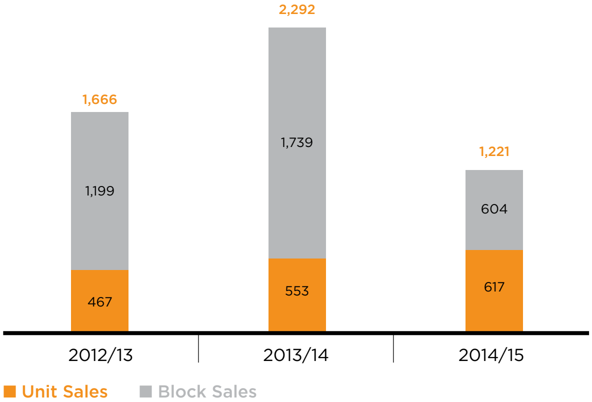
ALFONS-WALDE-WEG 3, 6372 OBERNDORF

6 units with 443 sqm at an average price of EUR 2,248 per sqm, remaining total floor area 538 sqm at an average monthly rent of EUR 6.74 per sqm

ALLEITENWEG 30, 4020 LINZ

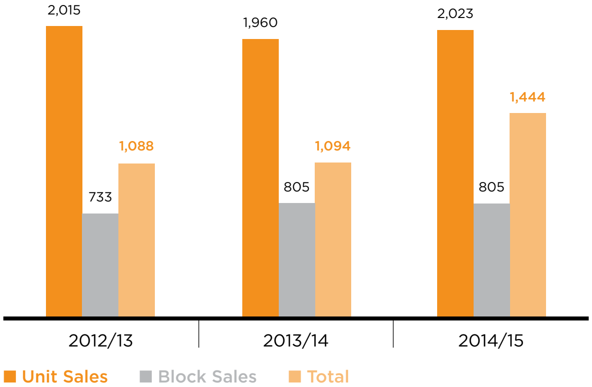
9 units with 723 sqm at an average price of EUR 1,374 per sqm, remaining total floor area 2,071 sqm at an average monthly rent of EUR 5.88 per sqm

UNITS SOLD

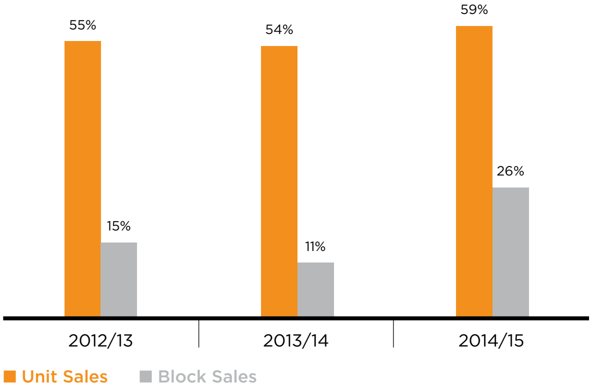


AVERAGE PRICES ACHIEVED

in EUR per sqm



MARGIN ON THE FAIR VALUE



BLOCK SALES

The property portfolio of the BUWOG Group currently focuses on urban areas of the capital cities of Vienna and Berlin, as well as other regional capitals and major cities in Austria and north-west Germany. In the 2014/15 financial year, as part of the implementation of the “capital recycling” strategy, targeted Block Sales were carried out in Austria to consolidate the portfolio, and the funds received were invested in selected German markets with higher yields. In the reporting year, a total of 30 properties with 604 units were sold in twelve property sales and twelve portfolio sales. A profit contribution to total FFO of EUR 7.2 million (EUR 5.5 million) and a fair value margin of around 26% (11%) were achieved. The increase in the margin compared to the previous year is due to the lower proportion of portfolio sales. The 2013/14 and 2012/13 financial years saw large portfolio sales in Carinthia and Upper Austria. The average price of Block Sales in the past financial year was EUR 805 per sqm, and was therefore at the previous year’s level.

Below are some examples of the transactions made during the 2014/15 financial year.

SÜDBAHNSTRASSE 1, 6020 INNSBRUCK

31 units with a total floor area of 2,980 sqm. Selling price: EUR 1.95 million (average selling price: EUR 654 per sqm). Sold in December 2014

WURZELGASSE 26-38, 9020 KLAGENFURT

124 units with a total floor area of 9,293 sqm. Selling price: EUR 9.0 million (average selling price: EUR 968 per sqm). Sold in December 2014

LOWER AUSTRIA PORTFOLIO

116 units with a total floor area of 7,762 sqm. Selling price: EUR 7.9 million (average selling price: EUR 1,018 per sqm). Sold in April 2015

BURGENLAND PORTFOLIO

198 units with a total floor area of 13,622 sqm. Selling price: EUR 9.0 million (average selling price: EUR 661 per sqm). Sold in January 2015

In the Block Sales strategy cluster, BUWOG bundles together properties and their units which are not suitable in terms of their long–term profitability for the core portfolio or for Unit Sales. As of 30 April 2015, the Block Sales cluster contained a total of 3,437 units, including 498 units in Vienna, 1,497 in Carinthia, 1,259 in the rest of Austria, and 183 in Germany. Medium-term sales to local private investors as part of optimising and consolidating the entire BUWOG Group portfolio are more effective for these properties than Unit Sales.

BLOCK SALES CLUSTER

as of 30 April 2015	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Net Rental Yield[2]
Vienna	498	72	34%	1,584	4.7%
Carinthia	1,497	80	38%	717	5.5%
Rest of Austria	1,259	46	22%	542	6.9%
Germany	183	11	5%	841	6.8%
Total	**3,437**	**209**	**100%**	**818**	**5.6%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2015
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
3) The classified Units in Germany are located in Berlin and Brandenburg.

VALUE DRIVERS AND SUCCESS FACTORS

The business performance of the Property Sales business area is subject to transaction-related fluctuations, which may be caused primarily by larger Block Sales. As a rule, standing investments are sold if no further increases in value or rents can be achieved through active asset management, and the achievable selling price is more than the present value of the future rental income. In addition to general market demand, which determines the selling price in relation to the offer, consumer behaviour is also affected by macroeconomic indicators such as the interest rate, and trends in real income or propensity to consume. Other important influencing and success factors are outlined below.

ACHIEVING ADDED VALUE THROUGH INVESTMENTS

Due to existing building regulations, in the case of particular properties it is possible to convert the loft before the planned sale, which allows additional space to be created without incurring land costs. As a rule, loft conversions are carried out as part of an extensive refurbishment or modernisation of existing standing investments. However, such investments are only made on the premise that a significantly higher yield will be generated in the course of the downstream sale. The BUWOG Group business model also includes the regular construction of subsidised rental properties in Austria for its own portfolio, which are transferred to Unit Sales after 10 years after having been turned into condominiums, and thus represent an attractive long-term income from future property sales.

CREATION OF CONDOMINIUMS (PARIFIZIERUNG)

It is only possible to sell individual apartments if they have been turned into condominiums (Parifizierung). However, entire complexes can be sold without Parifizierung having been carried out, as the terms of the Austrian Condominium Act (Wohnungseigentumgesetz) do not apply here. Through a clearly-defined condominium agreement, Parifizierung ensures that the purchase and the associated liabilities of the buyer can be legally, financially and administratively calculated. When turning a complex into condominiums, the pro rata usable value of the individual apartments in the entire property is determined through a usable value report prepared by an expert. This value also determines the voting rights of individual apartment owners on issues of management or renovation.

ACTIVE MARKETING

The units in the Unit Sales and Block Sales clusters are sold via the company's own sales team, as well as via selected external agents. In addition to Vienna, some of the sales staff are based in Carinthia and Styria, due to the structure of the portfolio.

Individual apartments are mainly offered in metropolitan areas or regions with a high recreational value, such as near the Carinthian Lakes. Whole properties or smaller portfolios are mainly marketed in places where interested investors are locally based, and Unit Sales can only be realised over a longer period.

STRATEGY AND OUTLOOK

The BUWOG Group will also continue its strategy of actively selling defined units in subsequent years. This strategy effects a yield-oriented transfer and optimisation of the investment portfolio. In total, 13,211 units, of which 7,954 have already been turned into condominiums and assigned to the Unit Sales cluster, and 3,437 units have been assigned to the Block Sales cluster. In Austria, the focus of the two clusters is primarily on Vienna (6,172 units) and Carinthia (4,334 units).

The fair values of the Unit Sales and Block Sales clusters amount to around EUR 1.6 billion, or EUR 1,267 per sqm. The fair values are determined twice a year by the independent evaluator CBRE. In addition to the discounted rental income for a specified period, this evaluation takes into account the potential sales prices of the individual apartments and the planned sales in accordance with the expected turnover in the corresponding properties.

BUWOG focus	Property Sales	**BUWOG** strategy
ASSET FOCUS **RESIDENTIAL**	■ High mid-term and long-term sales potential of around 13,200 units in Unit Sales, and around 3,400 units in Block Sales.	MINIMISING RISK Ongoing Unit Sales
REGIONAL FOCUS **AUSTRIA/ GERMANY**	■ Long-term income from Unit Sales, primarily to owner-occupiers as a result of turnover. –> High contribution to recurring FFO	HIGH UPSIDE POTENTIAL High margins through the sale of vacant units
FUNCTIONAL FOCUS **FULL-SERVICE PROVIDER**	■ Planned Unit Sales of 500 to 600 units per year	
	■ Strong track record with high margins in Unit Sales in Austria	
	■ Margins for Block Sales have been significantly higher than the market value in recent years	

In the next few years, ongoing annual sales of around 500 to 600 units from the Unit Sales cluster will be made. Due to the current market and demand situation, particularly high yield margins can be achieved if multi-storey apartment complexes are monetised as Unit Sales. As of the reporting date, 30 April 2015, the fair value of the Unit Sales strategy cluster was around EUR 1.4 billion. Based on the sales margins achieved so far on fair value, it can be assumed that there is a significant margin effect in the BUWOG Group's property portfolio from Unit Sales, and therefore a contribution to recurring FFO.

Under the still favourable market conditions there are also plans to sell around 500 apartments per year from the Block Sales cluster. These transactions are primarily aimed at the timely sale of properties outside the defined strategic focus markets in Vienna and the regional capitals of Austria.

"THE BUWOG GROUP ALSO BENEFITED FROM THE STEADY DEMAND FOR UNIT SALES AND BLOCK SALES IN THE 2014/15 FINANCIAL YEAR."

Ursula Menne, Division Manager, Real Estate Management Austria

We continued the successful trend of combining sustainable sales revenues with a high contribution to FFO and portfolio optimisation in Austria. The importance of this pillar for our business model will be reflected in the creation of a separate Unit Sales department in Austria during the coming year.
Our portfolio analysis covers the life cycle of each individual property and the development of specific recommendations. This will also allow us to generate margin-oriented proceeds with Unit and Block Sales in the future which, in turn, can be used for new construction projects, attractive additions to the portfolio and dividends.

"52 GRAD NORD"/BERLIN (GERMANY)

PROPERTY DEVELOPMENT

In the Property Development business area the BUWOG Group implements attractive development projects for its own portfolio and housing for sale upon completion, with a current focus on the demographically and economically strong capital cities of Vienna and Berlin. A total of 369 dwellings were completed in the 2014/15 financial year. The contribution to profit for the financial year made by Property Development was EUR 12.5 million (2013/14: EUR 4.9 million). The BUWOG Group's project pipeline as of the reporting date includes around 5,000 units with a total investment volume of around EUR 1.4 billion).

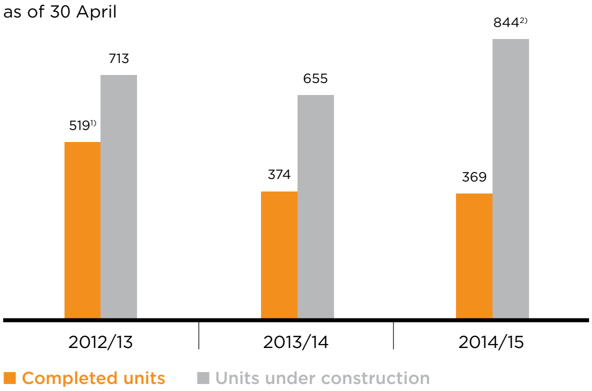
ADDED VALUE THROUGH PROJECT DEVELOPMENT

The BUWOG Group is one of the largest and leading project development companies in Austria with over 30,000 apartments which were constructed throughout the company's history. In the Berlin property development market, business operations in 2012 began with the acquisition of an experienced team of staff, as well as several projects in various development stages and land plots. The largest project, at around 100,000 sqm, is the water property on Regattastrasse (project "52 Grad Nord") in Berlin-Köpenick. The BUWOG Group is currently focusing Property Development on the two capital cities of Vienna and Berlin due to the strength of their demographic and economic parameters and to the many years' experience and excellent market knowledge there.

In the 2014/15 financial year, the Property Development business area generated results of operations (before expenses not directly attributable and other operating income) of EUR 12.5 million (previous year: EUR 4.9 million). This contribution to profit gives the BUWOG Group a unique selling point compared to other listed property companies, which mainly focus on letting and selling apartments but generally do not have incorporated property development as a long-term pillar of their business model. The BUWOG Group is able to use this continuous value chain to generate considerable long-term added value.

In the 2014/15 financial year a total of 369 units with 27,710 sqm total floor area was completed in seven projects in Vienna. On the reporting date of 30 June 2015, a total of ten projects with 844 units were under construction. These included seven projects with 450 units in Vienna and three projects in Berlin with 394 units (of which two are projects with several construction phases).

COMPLETED UNITS AND UNITS UNDER CONSTRUCTION
as of 30 April



1) Excluding 222 units in the Hellerpark geriatrics centre, completed 2013
2) Current position as of 30 June 2015

In Property Development, various development models are implemented depending on the respective market and demand situation (see information beginning on page 119 in the Management Report) which has to be analysed before developing and implementing projects. In the privately financed sector, development projects for private and institutional investors, owner-occupiers or for leasing were begun for the company's own portfolio. In the subsidised sector, exploitation is either through sale as subsidised condominiums or the apartments are let in line with the subsidy regulations. These subsidised rented flats are usually transferred to the BUWOG Group's own portfolio for at least ten years where they then either remain in the core portfolio or are sold by Property Sales with a focus on margins, depending on the strategy (see Property Sales business area beginning on page 69).

The product development matrix is divided into several categories and classifies the BUWOG Group's pipeline of development projects. As of 30 June 2015, the pipeline in Vienna included 3,663 units (including 553 units on land reserves), of which 1,053 units are planned to be subsidised apartments, while subsidised condominiums made up just under 150 units and the privately financed condominiums up the largest proportion with around 2,200 units. For national customers (investors), BUWOG also has plans to build around 72 buy-to-let apartments. The product development matrix also includes other development projects which are to be sold to institutional investors and foundations as a global exit (as of 30 June 2015: 192 units).

As of 30 June 2015, the project pipeline for Berlin included a total of 1,391 units constructed as privately financed condominiums and which are to be sold to individual customers via BUWOG's own sales department.

PRODUCT DEVELOPMENT MATRIX as of 30 June 2015

Vienna
(3,663 units)

Subsidised rental apartments
Standing investment portfolio
- Units: 1,053
- Total floor area: 79,009 sqm


"Am Otterweg", 89 subsidised units of 120 total units

Subsidised owner-occupied apartments
Regional customers
- Units: 147
- Total floor area: 11,246 sqm


Wiener Strasse, Schwechat 43 units of 44 total units, completed in 7/2015

Privately financed owner-occupied apartments
Regional customers
- Units: 2,199
- Total floor area: 173,534 sqm


Pfarrwiesengasse, 126 units

Investment apartments
National customers
- Units: 72
- Total floor area: 15,902 sqm


"Sky 6", Gombrichgasse, 41 pension units out of 44 total units

Global exit
Institutional investors and foundations
- Units: 192
- Total floor area: 23,278 sqm


"7Central" Lindengasse, 30 units, completed in 1/2015

Berlin
(1,391 units)

Owner-occupied apartments
Regional customers
- Units: 1,391
- Total floor area: 128,890 sqm


"Westendpark", 116 units

Global exit
Institutional investors and foundations
Pipeline currently does not contain any planned global exits


"Quartier am Pankepark", 52 units; completed in 5/2015

Total
5,054 units

The product development matrix includes around 550 units to be allocated to land reserves in Austria.

PROPERTY DEVELOPMENT – FROM THE IDEA TO THE APARTMENT

The success of the BUWOG Group in the Property Development business area is based primarily on the clearly defined selection criteria, in addition to the many decades of experience and comprehensive expertise of the relevant employees. The success of a profitable development project is already decided by the selection of suitable plots. It also depends heavily on the timely implementation of the project in line with market conditions and 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 the development's overall yield.

Overview of project development process

Of all of the listed market players in the housing industry the BUWOG Group has the greatest focus on the Property Development business area. The majority of necessary decisions along the entire value chain are made using standardised processes without ignoring the relevant market and project features. This thus ensures a high level of efficiency and a reduction in the relevant risks. This chart shows the most important processes and targets which are crucial to success when building a new residential property.

Ideal running time for a project: 12 months for preparation including sales launch and 18 months for execution

1. Project concept/analysis 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)

INTERDEPENDENCY OF PROJECT DEVELOPMENT

The location of the plot and the project concept are crucial and they determine the overall attractiveness and the achievable sales and rental income.
The BUWOG Group seeks to generate added 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 hand-over and guarantee

- Customer support for individual sales, hand-over and guarantee service provided by company's own buyer management
- Transfer to BUWOG investment portfolio (subsidised rent)


"7HIRTEN4LIVING", Vienna


"Nordbahnhof project", Vienna

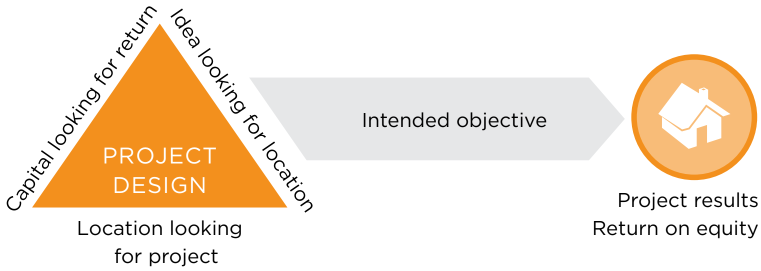

"Danubio", Vienna

IDENTIFYING AND SECURING MARKET OPPORTUNITIES

The BUWOG Group identifies and secures attractive development projects at an early stage on the basis of in-depth expertise in the core markets of Vienna and Berlin, and a close-knit network of partners along the entire value chain. As a result of the transaction security, not least due to the size of the company and its positive image, the constructive cooperation with the competent authorities and the expertise of the relevant employees, the BUWOG Group currently has ample attractive land reserves for future development projects. Potential project opportunities are analysed by internal procurement staff whose task is to actively evaluate land plots not yet on open sale in order to ensure a competitive edge and, potentially, a lower purchase price.

Success formula

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

"Uferkrone" – Lindenstrasse, Berlin

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

"52 Grad Nord" – Overall project, Berlin

4. Building preparation

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

5. Marketing

Key to success in project development

- Individual sale
- Global sales with rental
- Marketing and sales management

6. Project execution

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

“Sky 9” at the Central Train Station, Vienna

“Danubio”, Vienna

In the Viennese housing market, the BUWOG Group benefits in particular from its land reserves and from a well-prepared and structured project pipeline which has been built up over the last few years and is continuously expanded. Main focuses include large-scale projects with district developments which can be carried out by just a few project developers with the necessary financial capacity and experience. Though new development projects are only possible in isolated places due to the high urban density, thanks to its leading market position and interconnectedness, the BUWOG Group also identifies and uses these opportunities and is also focusing on new urban development projects such as Seestadt Aspern and the area surrounding the new Viennese central train station.

Local development opportunities or roof constructions are also continuously analysed by Asset Management for the BUWOG portfolio in Vienna, and developed and consistently implemented in cooperation with the Property Development business area. The properties built are sold individually to end customers as condominiums at attractive margins.

In Berlin, new large development projects in open spaces or demolition projects occur more frequently than in Vienna, even in central locations and districts due to historical reasons. Compared to Vienna, the Berlin housing market also benefits from the steady increase in the number of inhabitants by around 40,000 people each year and the trend towards single households (for details see Management Report on page 138). The BUWOG Group relies heavily on the capital’s history. The new building activities in Berlin have recently increased considerably and even municipal housing companies have once again moved into constructing new buildings after a gap of many years. The new housing on offer (approx. 10,000 residential units) is far from being able to meet the growing demand for sophisticated housing. As a consequence of the attractive housing market, land prices have already risen sharply which, together with the higher requirements for building quality, results in an overall considerable increase in the cost of living. The Berlin cooperative building plot model that was initiated to enable low-cost living even in new buildings is a regulating policy instrument that will consequently curb the number of new development projects. The BUWOG Group is well positioned in the Berlin market with a large development pipeline. With our attractive development projects in the mid-price segment, BUWOG is also well positioned to take advantage of the high and steadily growing demand in the future.

ACTIVE MARKETING MEASURES AT AN EARLY STAGE

Internal marketing experts, the BUWOG Group’s own sales team and selected leading external agents are responsible for the timely marketing of the apartments to be sold or let (subsidised rents) in Austria. The findings gained from this regarding current market demand provide valuable conclusions to be drawn for the focus and development of new building projects, particularly in light of the requirements of the various target groups. Due to the general increase in living costs, more emphasis has been placed on compact ground plans, for example, over the last few years. Options for flexible use with adjustable ground plans and the ability to adapt to changing requirements for different life stages are becoming more and more important.

Energy-efficient buildings with coordinated building technology, high-quality equipment and spacious general areas are important factors for the decision-making process of future tenants or owners. Convenient underground carparks, charging stations for electric cars and bikes as a contribution to climate protection, large

“Uferkrone” – Lindenstrasse, Berlin

“52 Grad Nord” – Regattastrasse, Berlin

open spaces (balconies, patios, etc.), and modern soundproofing and bathrooms are additional amenities that play a significant role in the project’s success.

Early marketing successes with high pre-sale rates ideally achieved even before construction starts also reduce the financing term, financing costs and the risk of residual portfolios. The sale proceeds are only recognised to profit or loss after the unit has been sold, its construction is completed and it has been handed over to the buyer. The aim is to sell around 80% of the units developed by the BUWOG Group directly to third parties and the remaining 20% of units built for subsidised letting are intended for BUWOG’s own portfolio for longer-term rental or for Unit Sales. In the 2014/15 financial year, the BUWOG Group completed the new building project in Vienna, Rosa-Jochmann-Ring, with 99 units, of which 65 are subsidised units, and added them to its own portfolio.

TAILORED PROJECT FINANCING

Generally, the BUWOG Group finances the expenditure for purchasing land plots or projects for demolition and for planning and approval procedures from its own resources. Tailored project financing agreements are concluded to cover building costs. Subsidised housing projects in Austria, to be added to the BUWOG portfolio as rental properties, are on average funded around 40% through bank loans and around 30% each through a fixed state loan and tenants’ funding contributions consisting of a one-off land and building cost subsidy due when the apartment is purchased. Due to the lack of attractive subsidy models in Germany, the BUWOG Group in Berlin currently focuses on developing and building privately funded condominiums to be sold individually. Rental apartments are also built for sale to institutional investors as a global exit.

The state loan and bank debt are carried as liabilities in the balance sheet during the execution phase according to the respective building progress. The equity employed is gradually reduced through purchase price receipts and borrowings once a pre-sales rate is reached. The combination of equity and debt leads to optimal total financing costs and optimises the interest on equity employed in the development project.

Public funds are then used in Austria once the associated requirements, such as the upper limit for land unit values, can be met and project planning or the ability to exploit the subsidised units are economically feasible. These requirements are usually met by projects in outer districts of Vienna.

DEVELOPMENT PROJECTS IN VIENNA

In the 2014/15 financial year, the BUWOG Group completed 369 residential units in seven development projects in Vienna and handed them over to their owners or tenants. On the reporting date, 30 June 2015, a total of seven projects with 450 units were under construction. The construction of a further eight development projects with around 820 units is scheduled to start in the 2015/16 financial year. A selection of development projects is shown below.

"UNIVERS LIVING" AT NORDWESTBAHNHOF (COMPLETED IN 2014/15)

Universumstrasse 31a, 1200 Vienna

- 50 privately financed condominiums and buy-to-let apartments with recessed balcony or patio
- Total floor area: 3,406 sqm
- Apartment sizes from 43 sqm to 93 sqm
- Sale prices from EUR 2,900 per sqm to EUR 3,900 per sqm
- Handover to owners in June 2014

Univers Living offers a high standard of comfortable living with excellent architectural quality in the 20th district of Vienna. The property enjoys good connections to the city centre via the U2 underground line.

"AM ROSENGARTEN" (COMPLETED IN 2014/15)

- 99 units in total, of which 65 units are subsidised lets and 34 are condominiums
- Project also includes a multiple group nursery school
- Total floor area: 9,085 sqm
- Apartment sizes from 53 sqm to 137 sqm
- Sale prices from EUR 2,900 per sqm to EUR 3,400 per sqm
- Completion in September 2014

The project has good transport links with the underground and motorway in the 11th district of Vienna. Use of subsidised loans from the housing subsidy fund. Inclusion of 65 units with subsidised rents in BUWOG's portfolio.

Rosa-Jochmann-Ring 2–10, 1110 Vienna

"7CENTRAL" LINDENGASSE (COMPLETED IN 2014/15)

Lindengasse 60, 62, 1070 Vienna

- 65 privately financed condominiums with balcony, patio or recessed balcony
- One business unit on ground floor
- Total floor area: 5,446 sqm
- Apartment sizes from 53 sqm to 180 sqm
- Sale prices from EUR 5,200 per sqm to EUR 8,600 per sqm
- Handover in January 2015

The BUWOG Group completed a high-quality residential construction project in the 7th district, one of the most fashionable districts of Vienna, in January 2015. In total, 66 units and 74 parking spaces were built. 30 units were sold to a global investor as part of a global exit.

"SKY 9" AT THE CENTRAL TRAIN STATION (COMPLETED IN 2014/15)

- 85 privately financed condominiums and buy-to-let apartments with balcony, patio or recessed balcony
- Total floor area: 5,221 sqm
- Apartment sizes from 48 sqm to 107 sqm
- Sale prices from EUR 2,750 per sqm to EUR 3,850 per sqm
- Handover to owners in May 2014

The BUWOG Group completed the first residential construction project in the urban development area near the new Vienna Central Train Station in spring 2014. In total, 85 apartments of various sizes and 62 parking spaces were built. The complex is impressive due to its location in the vibrant new city district and its proximity to Vienna's city centre.

Gombrichgasse 4, 1100 Vienna

"SKYTOWER" AT THE CENTRAL TRAIN STATION (UNDER CONSTRUCTION)

Gerhard-Bronner-Straße, 1100 Vienna

- 126 privately financed condominiums and two business units
- High-rise tower with 18 floors
- Total floor area: 10,574 sqm
- Apartment sizes from 51 sqm to 176 sqm
- Sale prices from EUR 3,400 per sqm to EUR 4,800 per sqm
- Construction started in December 2014
- Completion planned for April 2016

The new district around the new central train station combines the advantages of a central location, a variety of shopping facilities and good transport links with the benefits of landscaped grounds. 128 units and 210 underground parking spaces are being built.

"AM OTTERWEG" (UNDER CONSTRUCTION)

- 120 units in total, of which 89 units are subsidised lets and 31 are privately financed condominiums
- Combination of terraced houses and tower blocks
- Total floor area: 10,212 sqm
- Apartment sizes from 48 sqm to 182 sqm
- Sale prices from EUR 3,000 per sqm to EUR 3,600 per sqm
- Construction started in March 2015
- Completion planned for August 2016

The BUWOG Group is constructing terraced houses and tower blocks on three sites set in a natural environment on the banks of the Schilloch lake in the 22nd district of Vienna.

Otterweg, 1220 Vienna

DEVELOPMENT PROJECTS IN BERLIN

The BUWOG Group is currently developing and executing several housing projects in Berlin in classic, popular locations and in upcoming districts with potential for development and value added. On the reporting date, 30 June 2015, a total of three development projects with 394 units were under construction. The construction of a further two development projects with 187 units is scheduled to start in the 2015/16 financial year. Below you can see a selection of important projects in various stages of development.

"QUARTIER AM PANKEPARK" (COMPLETED IN 2015/16)

- 52 privately financed rental apartments and 33 underground parking spaces
- Total floor area: 3,810 sqm
- Apartment sizes from 31 sqm to 127 sqm
- Sale price from EUR 2,970 per sqm
- Completion started in August 2013
- Handover in May 2015 to an institutional investor as part of the global exit

Apartment block in a central location not far from the central train station and the government district with 52 units offered as rental apartments. Sale of the project to an institutional investor as a global exit.

Scharnhorststrasse 4, 10115 Berlin-Mitte

"GERVIN & WILMERS" (UNDER CONSTRUCTION)

Gervinusstrasse 1–3,
10629 Berlin-Charlottenburg

- 77 condominiums and 45 parking spaces
- 3 business 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 per sqm to EUR 6,550 per sqm
- Construction started in March 2014
- Completion planned for December 2015

The high-quality, modern condominiums meet the requirements for contemporary, urban living with their adaptable floor plans and design-based furnishings. The broad range to meet the various living needs of modern city dwellers includes micro-flats, studios, city lofts, penthouses with roof terraces and the house-in-a-house concept.

"WESTENDPARK" (UNDER CONSTRUCTION)

- 116 condominiums and 129 underground parking spaces in eleven traditionally elegant urban villas
- Total floor area: 12,594 sqm
- Apartment sizes from 73 sqm to 141 sqm
- Sale prices from EUR 3,420 per sqm to EUR 5,060 per sqm
- Construction started in March 2014
- Completion of last construction phase planned for April 2017

The high-quality 2 to 5-bedroom flats have room sizes varying between 70 and 210 sqm, large windows and south-facing balconies, patios or private gardens. The project is located right next to a suburban train station with a short journey into the city and excellent recreational value due to its proximity to Havel, Grunewald and the Olympiapark.

Tharauer Allee 4–14, 24,
14055 Berlin-Charlottenburg

"UFERKRONE" – LINDENSTRASSE (UNDER CONSTRUCTION)

Lindenstrasse 36, 12555 Berlin-Köpenick

- High-quality urban villas at the waterfront on the River Spree
- 198 condominiums and 170 underground parking spaces
- Total floor area: 20,034 sqm
- Apartment sizes from 51 sqm to 193 sqm
- Sale prices from EUR 2,260 per sqm to EUR 4,800 per sqm
- Construction started in September 2014
- Completion of last construction phase planned for 2021

198 units in 12 buildings were built on this waterfront plot in Berlin's eastern district of Köpenick, some with a location right on the River Spree. The charming old town centre of Köpenick is very close by. The project features a sophisticated individual design and outdoor facilities plan for each house.

"52 GRAD NORD" – OVERALL PROJECT (PLANNING STAGE)

- Start of construction in selected sections scheduled to start in August 2015
- Completion of total project planned for 2022

This approx. 100,000 sqm waterfront site is located in the Treptow-Köpenick district, in the popular south-east area of Berlin and not far from the future und Berlin Airport. At this location along the Langer Lake of the Dahme tributary river, a new residential quarter with day care centres and small commercial units will be built in several stages from 2015 to 2022. "Seefeld I", the first phase of construction, covers 114 units along the central private water areas at the heart of the quarter.

Regattastrasse 11–51, 12527 Berlin-Grünau

"52 GRAD NORD" – 1ST CONSTRUCTION PHASE OF SEEFELD I (CONSTRUCTION PLANNED TO START IN 2015/16)

Seefeld 1, 1st construction stage

- 113 residential units and one commercial unit
  91 parking spaces
- Total floor area: 10,103 sqm
- Apartment sizes from 37 sqm to 156 sqm
- Sale prices from EUR 2,750 per sqm to EUR 4,690 per sqm
- Construction planned to start in August 2015
- Completion planned for August 2017

OUTLOOK FOR VIENNA

Vienna is one of the fastest growing cities in the European Union and is the second-largest city in the German-speaking world. In Vienna, the BUWOG Group has secured development projects in excellent locations and in urban development areas at an early stage despite strong competition and a low number of available plots suitable for residential construction. With a development pipeline of around 3,660 units in Vienna, the BUWOG Group is ideally positioned for existing and future demand for residential space.

In addition to the urban development areas such as the central railway station (Sonnwendviertel), the north railway station and Seestadt Aspern, the BUWOG Group executed numerous development projects, particularly in high-density districts outside the Vienna beltway and a few opportunities inside the Vienna beltway.

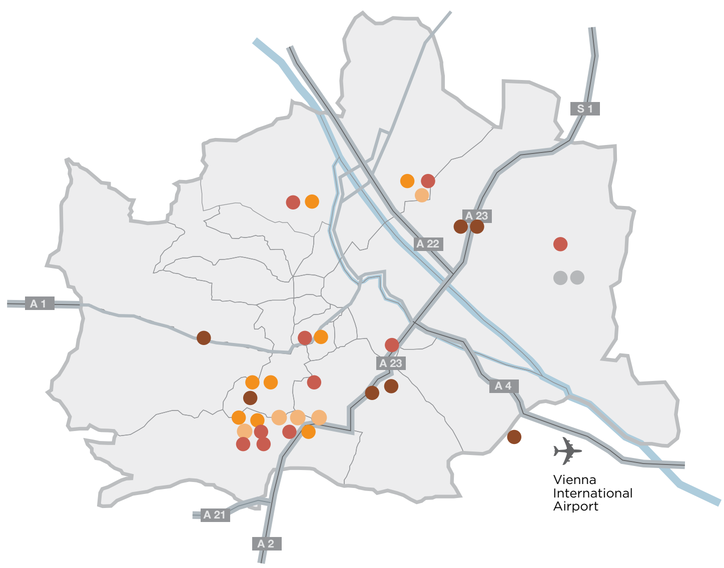
Despite a low supply on the Viennese property market, the BUWAG Group managed to secure several plots of land in the reporting year on which to build additional residential projects. In the 2015/16 financial year, the BUWOG Group will continue or start the construction of around 1,270 units within 15 development projects in Vienna. The total investment volume calculated for this is around EUR 332 million. As of the reporting date, a further 1,840 units were being planned and will be completed from the 2016/17 financial year onwards. The land reserves also include around 550 units.

PROGRESS OF DEVELOPMENT PROJECTS IN VIENNA

as of 30 Juni 2015	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction	7	450	35,628	105.1
Planned construction start in 2015/16	8	820	70,047	226.8
In planning stage (construction to start from 2016/17)	15	1,840	153,862	468.0
Land reserves[1)]	6	553	43,432	121.2
Total	**36**	**3,663**	**302,969**	**921.1**

1) Outside Vienna: Mödling, Krems, Salzburg, Innsbruck

DEVELOPMENT IN VIENNA



● Currently under construction ● Planned construction start 2015/16 ● Planned construction start 2016/17
● In planning ● Land reserves[1)]

1) Outside of Vienna: Innsbruck, Krems, Mödling, Salzburg

OUTLOOK FOR BERLIN

In Berlin, the BUWOG Group is executing several development projects in the prosperous districts in the east of the city and in the established western districts. In the 2015/16 financial year, the construction of a total of 581 units will be continued or started within five development projects. The investment volume calculated for this is around EUR 202 million. The 52 Grad Nord project in Regattastrasse in Berlin-Köpenick will be completed in several stages with various start dates. The first stage of construction will begin in August of the 2015/16 financial year. As of the reporting date, a further 810 units were being planned and will be completed from the 2016/17 financial year onwards.

In the 2014/15 financial year, purchase contracts were signed for three new development projects for the construction of around 360 units in interesting locations in Berlin-Pankow, Berlin-Weissensee and Berlin-Lichtenberg. The Berlin Goethestrasse 25-27, 29 development project in Weißensee was already taken on in full in the 2014/15 financial year. Construction of this development project with around 70 condominiums for individual sale is scheduled to start in March 2016.

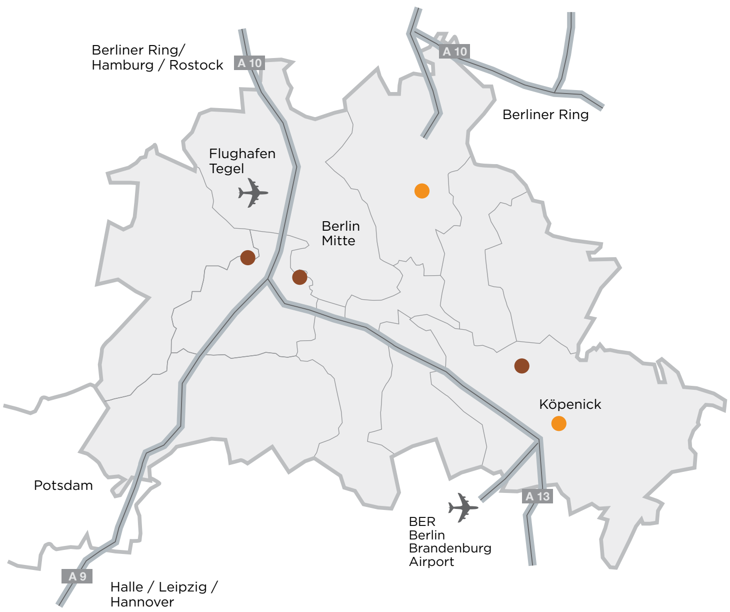
During the reporting period, the BUWOG Group sold a development plot in an early stage of project development in Berlin-Mitte to an international operator of student and business apartments for a purchase price of around EUR 15.6 million. This type of sale of plots of land only happens if the implementation of a usage concept outside of BUWOG's core business offers greater opportunities. BUWOG reinvests the resulting liquidity in the purchase of new plots of land.

PROGRESS OF DEVELOPMENT PROJECTS IN BERLIN

as of 30 Juni 2015	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction[1]	3	394	40,244	147.7
Planned construction start in 2015/16[2]	2	187	16,443	54.7
In planning stage (construction to start from 2016/17)[2]	0	810	72,203	238.6
Land reserves[2]	0	0	0	0.0
Total	**5**	**1,391**	**128,890**	**441.0**

1) The Westendpark and Uferkrone projects will be carried out in multiple phases with different dates for the beginning of construction. The major share with 204 units of 314 units are currently under construction.
2) The Regattastrasse project will be carried out in multiple phases with different dates for the beginning of construction. The first construction phase will begin in the 2015/16 financial year.

DEVELOPMENT IN BERLIN



● Currently under construction ● Planned construction start 2015/16

STRATEGY AND OUTLOOK

The BUWOG Group's strategy in the Property Development business area is to execute the prepared new building projects in Vienna and Berlin in a continual and market-oriented way. The primary objective here is to secure high profitability in the long term while taking the respective risk situation into account. The BUWOG Group is intensifying the ongoing acquisition of attractive plots in Berlin and Vienna in order to secure the development pipeline in the long term for future development projects.

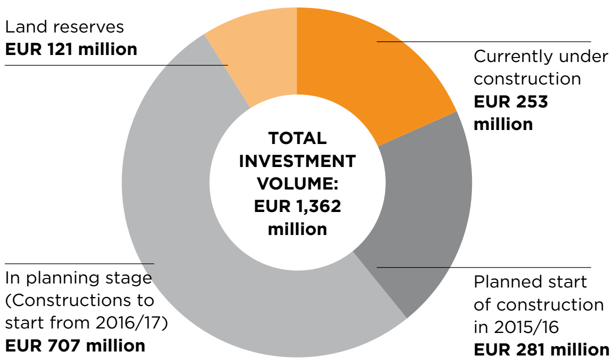
As of 30 June 2015, 41 development projects were in the development pipeline. These should be completed over the next few years. The total investment volume calculated is around EUR 1,362 million and is divided into 68% for Vienna and 32% for Berlin. Currently, a total of 10 projects with around 840 units are under construction. The total investment volume calculated for these projects is around EUR 253 million. In the 2015/16 financial year, there are plans to start construction on a further 10 projects with around 1,000 units. The total investment volume calculated for these projects is around EUR 281 million. The scheduled construction start dates for executing development projects depend on being granted planning permission by the authorities. As a result, there may be deviations from the scheduled implementations. The land reserves for the 6 construction projects with around 550 units are regularly checked in terms of implementing project development, procurement of planning permission and other opportunities.

"IN 2014/15, THE BUWOG GROUP COMPLETED A SERIES OF EXCITING PROJECTS IN VIENNA."

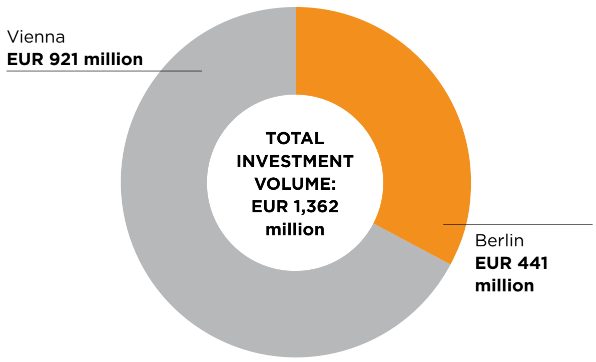
Andreas Holler, Director of Property Development Austria

We were one of the first developers to complete a 100% privately financed housing project in the largest inner-city urban development area adjacent to Vienna's new central railway station. Construction also started on two other BUWOG projects (Skytower and Sky 6) in this area during the 2014/15 financial year. These and other outstanding projects made the BUWOG Group the leading developer for privately funded housing in Vienna, as confirmed by a bulwiengesa market survey in 2014.

DEVELOPMENT PROJECTS
by implementation stage, as of 30 June 2015



DEVELOPMENT PROJECTS
by location, as of 30 June 2015, Investment volume in EUR million



"25 YEARS AFTER THE FALL OF THE BERLIN WALL, THERE IS STILL LOTS OF OPEN SPACE IN BERLIN – IN BOTH CREATIVE MINDS AND ON THE GROUND."

Alexander Happ, Director of Property Development Germany

The capital is finally starting to move: there is a huge influx of people accompanied by a dynamic start-up scene, by a growing cultural and tourism industry – all in all, an increase in economic strength and incomes. BUWOG is using this development potential to create new residential quarters in upcoming, but still affordable locations. We are acquiring attractive sites for new development projects and expanding our project pipeline in Berlin. At the same time, we're continuing with the planning and realisation of ongoing development projects and are pleased to reach milestones like the start of construction on our district development "52 Grad Nord" – Living on the waterfront in Berlin-Grünau", BUWOG's largest project in Austria and Germany. And this benefits not only buyers, but also our shareholders.

BUWOG Focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
VIENNA/BERLIN

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Property Development

- Strategy for differentiation from peer group and creation of added value through project development
- Securing high profitability and minimising risk are priorities
- Development pipeline in Vienna and Berlin with an investment volume of around EUR 1.4 billion
- Balanced project pipeline in various stages of implementation
- Strong internal sales structures in Vienna and Berlin for selling condominiums
- Profitable division for generating recurring FFO

BUWOG Strategy

RISK MINIMISATION
About 65 years of development experience

HIGH UPSIDE POTENTIAL
High margins on development projects

HAGENSTRASSE / BAD OLDESLOE (GERMANY)

The Executive Board and the Investor Relations Team of the BUWOG Group address the information requirements of the shareholders with transparent communication and detailed reporting on the company's development. In addition to numerous roadshows for institutional investors and analysts, two information events were organised for retail shareholders. The positive share price development of the BUWOG share confirms and reinforces our dedication.

- Share price increase from first listing until 30 April 2015 of around 39% to EUR 18.09

- Inclusion of the BUWOG share in the ATX, the FTSE EPRA/NAREIT Developed Europe Index, and the VÖNIX (Austrian Sustainability Index)

- Coverage from eight financial institutions

- Recommendation at the annual general meeting to distribute a dividend of EUR 0.69 for the 2014/15 financial year

CAPITAL MARKET ENVIRONMENT

The situation in the European capital markets during the reporting period from 1 May 2014 to 30 April 2015 was volatile, and various influencing factors had an adverse effect on the rate of global economic expansion and investor confidence. Political events such as the ongoing conflict between Russia and Ukraine and the associated sanctions, as well as the unrest in a number of Arab countries, led to substantial uncertainty among market players. The outcome of the parliamentary elections in Greece, as well as the extension to and payment from the aid programme significantly increased speculation regarding the continued existence of the Eurozone. The associated uncertainties also continued in the months following the reporting period, despite a settlement between the creditors and Greece, and increased the volatility in European and even global capital markets.

While the DAX (German Stock Index) reached a new high of 10,000 points under the influence of positive employment market figures from the USA in early July 2014 and hope of a continuation of the European Central Bank's (ECB) expansive monetary policy, further intensification of the aforementioned political turmoil from August led to a sharp downturn to a low of 8,572 points. At the beginning of this year, the DAX recovered and showed an upward trend from January 2015, which levelled out at the end of the financial year. Despite the high volatility throughout the year, a significant increase of around 19% to 11,454 points was recorded overall for the reporting period on 30 April 2015. Even more significant was the increase in the MDAX, which rose by around 26% to 20,317 points during the reporting period.

The Austrian ATX (Austrian Traded Index), which the BUWOG AG share has been a significant part of since 22 September 2014, developed laterally in the 2014/15 reporting year, and showed only a slight increase of around 2% to 2,586 points. During the financial year, the EURO STOXX50 rose by around 13% from 3,199 to 3,616 points. The FTSE EPRA/NAREIT Development Europe Index, which is also relevant for BUWOG, rose significantly by around 30% from 1,719 to 2,237 points. However, this index also recorded a downturn in the first three months after the reporting period.

The Euro depreciated in value significantly against the US dollar in the reporting period, and had an exchange rate of EUR/USD 1.12 as of 30 April 2015. This corresponds to a devaluation of around 19%. This development was mainly influenced by the European Central Bank's (ECB) measures to revive the Eurozone economy, the possible Greek exit from the single European currency, the relatively good economic situation in the USA, and the abolition of the minimum exchange rate against the Swiss franc.

For further information on the development of the macroeconomic environment and the financial markets, see the relevant section of the Management Report, on pages 120 to 131.

DEVELOPMENT OF THE BUWOG SHARE

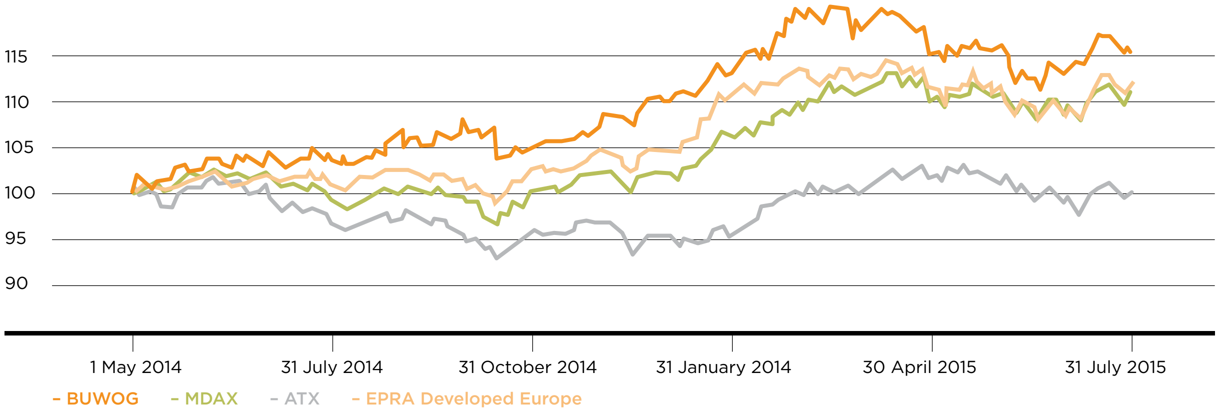
The end of the 2013/14 financial year and the beginning of the 2014/15 reporting period were significantly influenced by the spin-off from the previous sole shareholder IMMOFINANZ AG which was recorded in the commercial register on 26 April 2014, and the subsequent successful stock market listing of BUWOG AG in the previous financial year. In this context, the shareholders were given one BUWOG AG share for 20 IMMOFINANZ AG shares. After the spin-off, the BUWOG AG share has been listed on the Frankfurt Stock Exchange (Prime Standard), and on the stock exchanges in Vienna (ATX), and Warsaw (Main Market) since 28 April 2014. The listing on three stock exchanges reflects the presence of BUWOG AG in its home markets of Germany and Austria, and ensures its comparability with its German competitors. Due to the stock exchange listing of the Group's former parent company, IMMOFINANZ AG, in Warsaw, the BUWOG share was also listed there in order to enable local institutional shareholders to hold BUWOG shares for regulatory purposes.

On 28 April 2014, the date of its initial listing, the BUWOG share traded with an opening price of EUR 13.00. With a closing price of EUR 18.09 on 30 April 2015, the BUWOG share – supported by the generally positive trend in the sector – recorded a price increase of around 39% in its first year of listing and thus recorded a significantly better performance than the indices relevant to BUWOG AG. During this year, the BUWOG share always traded above its initial listing price, showing relatively low volatility and a consistent performance. Including the dividends of EUR 0.69 per share distributed in October 2014, during the reporting period, BUWOG AG shareholders saw total growth of more than EUR 576 million or around 44% since the initial listing.

With an EPRA NAV of EUR 17.79 per share, the BUWOG share was the only listed Austrian property share trading at an EPRA NAV premium at the end of the reporting year. Since the end of the reporting period, the BUWOG AG share price has shown slightly weaker performance due to the re-rating of the sector by investors in light of rising mortgage bond interest rates but regardless traded consistently around or above the EPRA NAV per share on the reporting date. The lateral development after the balance sheet date (see graph) was influenced by current trends in the capital markets, and was in line with the relevant sector indices. After the reporting date, the share price rose to EUR 18.37 on 31 July 2015. This corresponds to an EPRA NAV premium of around 3.3% per share.

COMPARATIVE PERFORMANCE OF THE BUWOG SHARE

(compared with opening prices on 28 April 2014)



Since 22 September 2014, the BUWOG share has been listed in the ATX, the leading index of the Vienna Stock Exchange, in which it has a weighting of around 3.0% as of 31 July 2015. In the ATX Property Index, which is used as a reference value for the options and futures contracts traded on the Vienna Stock Exchange, and reflects all property stocks listed on the Prime Market, the BUWOG share was weighted at around 25.9% as of 31 July 2015. Furthermore, since 7 May 2014, the BUWOG share has been listed in the sector-specific FTSE EPRA/NAREIT Developed Europe Index, which is an internationally recognised benchmark, and the most frequently used index for listed property companies. Since June 2014, the BUWOG share has also been listed in the VÖNIX Sustainability Index, which comprises listed companies which are leaders in terms of their social and environmental performance.

SHARE DATA AS OF 30 APRIL 2015

		30 April 2015	30 April 2014	Change
Share price	in EUR	18.09	13.20	37.0%
Shares outstanding	Number of shares	99,613,479.0	99,613,479.0	0.0%
Market capitalisation	in EUR million	1,802.0	1,314.9	37.0%
Free float	%	51%	51%	0,0 PP
Earnings per share[1) 2)]	in EUR	0.40	1.12	–64.4%
Recurring FFO per share[1) 2)]	in EUR	0.92	0.69	32.5%
EPRA Net Asset Value per share[2)]	in EUR	17.79	17.21	3.4%
Enterprise value/EBITDA adjusted[1) 2)]	x	19.9	21.5	–7.5%

1) The earnings data from previous periods are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) Based on 99,613,479 shares

REFERENCE DATA FOR BUWOG SHARES

ISIN	AT00BUWOG001
WKN	A1XDYU
Bloomberg Ticker	BWO GR, BWO AV, BWO PW
Official Market	Frankfurter 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 power and is a standard indicator for company valuation in the financial industry. The enterprise value is based on the (weighted) market capitalisation plus the (average) net financial liabilities of the company. The lower ratio of BUWOG's enterprise value to EBITDA in 2013/14 signalises that the BUWOG share has a more favourable valuation in year-on-year comparison and, consequently, an appropriate potential for appreciation. The lower valuation of BUWOG AG is due primarily to the above-average increase in adjusted EBITDA during the 2014/15 financial year.

ENTERPRISE VALUE/EBITDA ADJUSTED

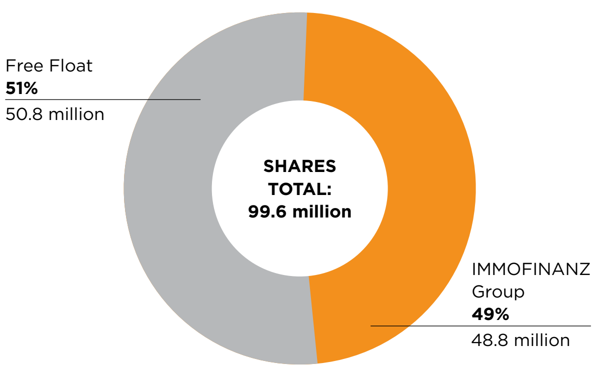
	2014/15	2013/14	Change
Share price in EUR	18.09	13.20	37.0%
Shares outstanding (excl. company's shares)	99,613,479	99,613,479	0.0%
Market capitalisation in EUR million (weighted)[2]	1,667.5	1,314.9	26.8%
Net financial liabilities in EUR million (average)	1,483.5	1,010.4	46.8%
Enterprise Value in EUR million	**3,151.1**	**2,325.3**	**35.5%**
EBITDA adjusted in EUR million[1]	158.6	108.2	46.6%
Enterprise value/EBITDA adjusted[1]	**19.9**	**21.5**	**-7.5%**

1) The earnings data from previous periods are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) On the basis of VWAP (Volume Weighted Average Price) according to Bloomberg (1 May 2014 to 30 April 2015) = 16.74

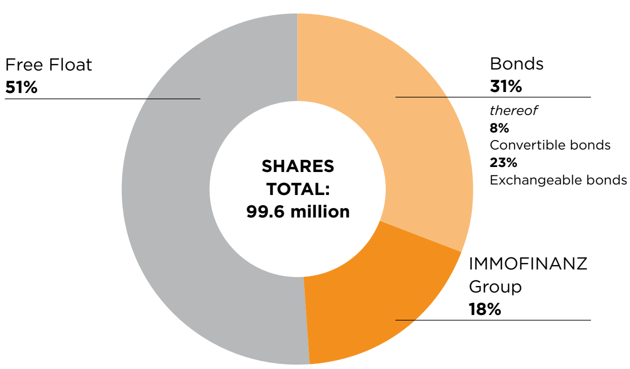
SHAREHOLDER STRUCTURE

As part of the spin-off from IMMOFINANZ AG and the latter's intended final financial deconsolidation of BUWOG AG, its BUWOG AG stake was reduced to 49% of the 99,613,479 currently issued shares. Around 51% of the shares of BUWOG AG can be classified as free float. These shares are mainly held by national and international institutional investors and Austrian retail investors.

SHAREHOLDER STRUCTURE OF BUWOG AG
as of 30 April 2015



PRO FORMA SHAREHOLDER STRUCTURE OF BUWOG AG following potential exercise of the conversion rights



The IMMOFINANZ Group holds around 48.8 million of the currently issued 99.6 million BUWOG shares. IMMOFINANZ issued two convertible bonds before the BUWOG spin-off, and an exchangeable bond after it. These bonds entitle holders to convert them to IMMOFINANZ shares and already issued BUWOG shares. In total, the IMMOFINANZ Group currently holds 30.7 million BUWOG shares tied to the bonds issued by it. This stake held by the IMMOFINANZ Group consists of approximately 23.1 million existing BUWOG shares tied to the exchangeable bond and approximately 7.6 million existing BUWOG shares tied to convertible bonds. The remaining portion of around 18.1 million shares is held by IMMOFINANZ AG without any restrictions.

One IMMOFINANZ convertible bond 2017 with a nominal value of EUR 100,000.00 converts into 12,547.05 IMMOFINANZ shares and 660.95 BUWOG shares. As of 31 January 2015, the convertible bond had an outstanding nominal amount of around EUR 21.4 million.

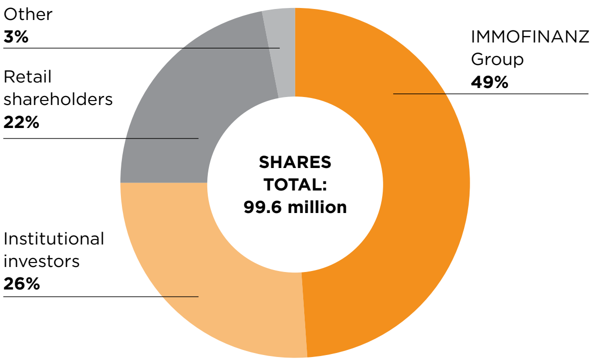
One IMMOFINANZ convertible bond 2018 with a nominal value of EUR 4.12 converts into 1.1573 IMMOFINANZ shares and 0.0606 BUWOG shares. As of 31 January 2015, the convertible bond 2018 had an outstanding nominal value of around EUR 508.5 million with a put option on 8 March 2016.

Furthermore, after the BUWOG AG spin-off and in the financial year 2014/15 on 11 September 2014, IMMOFINANZ AG issued an exchangeable bond for BUWOG AG shares, amounting to EUR 375.0 million. The exchangeable bond has a coupon of 1.5% p.a., and an initial conversion price of EUR 17.03. Due to the dividend distributed by BUWOG AG amounting to EUR 0.69 per share the conversion price effective from 15 October 2015 has been adjusted to currently EUR 16.26.

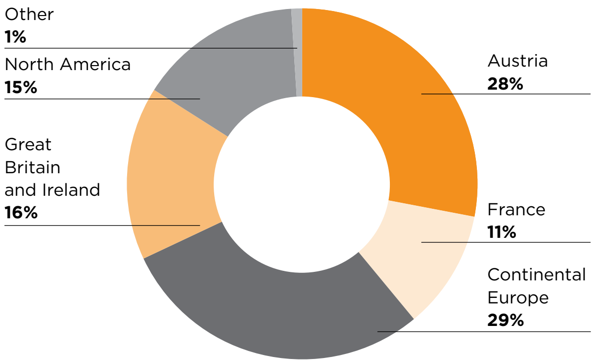
As of 31 July 2015, of the three aforementioned IMMOFINANZ AG bonds, only the exchangeable bond is in the money. None of these bonds pose a risk of equity dilution for BUWOG AG shareholders.

Out of the approximately 51% of BUWOG shares which are in free-float, around 26% are held by national and international institutional investors. Retail investor participation in the company is slightly lower, at 22%, with 20.6% of these shares being held by retail investors from Austria. The majority of institutional investors come from continental Europe (around 68% of free float shares held by institutional investors). Again, Austrian institutional investors account for the highest proportion with 28%, followed by French investors with around 11%. In addition, anglo-saxon institutional investors account for around 31% of free float shares (investors from the UK and Ireland hold around 16%, and those from North America hold around 15%).

SHAREHOLDER STRUCTURE OF BUWOG AG
according to shareholder analysis (March 2015)



INSTITUTIONAL INVESTORS
by region (March 2015)



INVESTOR RELATIONS ACTIVITIES

In-depth and transparent communication with its shareholders, potential investors, analysts and other capital market participants regarding the company's business performance, strategic direction and development prospects are of top priority for BUWOG AG.

As part of the efforts to establish BUWOG AG in the capital markets, members of the Executive Board and the team of the Investor Relations & Corporate Finance department held a total of around 230 meetings with investors in the form of individual one-on-ones, small group discussions at roadshows and conferences, and investor calls in the course of the 2014/15 financial year. In this context, BUWOG AG was represented locally, sometimes on more than one occasion, in Amsterdam, Berlin, Boston, Brussels, Chicago, Copenhagen, Frankfurt, Helsinki, Linz, London, Munich, New York, Paris, Stegersbach, Stockholm, The Hague, Vienna, Warsaw, Zürich and Zürs. Moreover, many analysts and fund managers seized the opportunity to find out more about the company during meetings at BUWOG's head office in Vienna and its branch office in Berlin as well as gaining an insight into BUWOG AG's property portfolio and current development projects during property tours and site visits.

Communication with retail investors is also of great importance to BUWOG AG. BUWOG AG's staff and members of the Executive Board regularly publish up-to-date background articles in the company blog at *http://blog.buwog.com*. BUWOG AG also invited interested investors to gain "hands-on" insight into a development project as part of a "Private Investor Roadshow", hosted at "Project Penzinger Strasse" on 28 and 29 April 2015. At the same time, they were able to engage in a constructive exchange of ideas with the BUWOG Executive Board and management. The e-mail newsletter through which BUWOG AG informs its interested shareholders about the highlights of the company's performance already has more than 600 subscribers.

News about BUWOG AG and its activities in the capital market is always kept up to date on the BUWOG AG 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 price	Recommendation
Baader Bank	7 August 2015	EUR 20.00	buy
Barclays	22 April 2015	EUR 20.62	overweight
Berenberg	7 April 2015	EUR 21.00	buy
Deutsche Bank	15 June 2015	EUR 21.50	buy
Erste Bank	24 February 2015	EUR 21.00	accumulate
HSBC	8 April 2015	EUR 23.00	buy
Kepler Cheuvreux	27 February 2015	EUR 21.50	buy
Raiffeisen Centrobank	22 October 2014	EUR 15.35	hold

The average target price in the research reports published since 2015 is EUR 21.23 and thus 15.6% above the share price on 31 July 2015 (EUR 18.37). As a member of the leading European association of listed property companies, EPRA, BUWOG is committed to their standards governing the transparency of accounts, and emphasises its credibility by pursuing its demand for professionalism and excellence.

DIVIDEND POLICY

The BUWOG AG Executive Board is absolutely committed to the interests of shareholders. This also includes ensuring an appropriate return on their capital from the generated cash inflows. The BUWOG AG Executive Board therefore plans, in the long term, to propose the distribution of a dividend of around 60% to 65% of recurring FFO to the annual general meeting. The Executive Board aims to pay a dividend at the level of the dividend of EUR 0.69 per share paid in October 2014 until the corresponding distribution percentage has been reached. Further dividend growth is expected to be seen, depending on the continued growth of the company's recurring FFO. On the reporting date, 30 April 2015, this corresponds to a yield of around 3.9% of the EPRA Net Asset Value of the company, and a yield of 3.8% of the closing price on 31 July 2015.

The BUWOG share thus is one of the most profitable property shares in Europe, and offers shareholders growth potential from possible increases in portfolio value, and expects further growth, especially from growing contributions by the Property Development business area.

CONVERTIBLE BOND

Prior to its initial listing, BUWOG AG had issued a convertible bond with a volume of EUR 260 million. These funds represented a major financing component in the acquisition of the DGAG portfolio with around 18,000 units at a purchase price of around EUR 892 million, which closed at the end of June 2014, after approval from the antitrust authorities.

The convertible bond showed an interest coupon of 3.5% p.a. which represented a fair interest rate for companies without capital market access, as BUWOG AG was prior to its spin-off. It would have become due on 25 April 2019. By making use of the more favourable refinancing options after the listing of BUWOG AG and of the dominant interest rate environment, BUWOG AG was able to refinance the convertible bond using mortgage loans from two leading Austrian banks, with a total volume of EUR 330 million, a weighted average maturity of 25.5 years and carrying average interest of just 1.8% p.a. As a result, on 19 December 2014, BUWOG AG announced that it would be prematurely terminating the 3.5% convertible bonds issued in April 2014 by exercising a hard call option in the bond's terms and conditions. The termination took effect on 19 January 2015, on which date 101% of the nominal amount of the convertible bond was repaid along with the accrued interest. BUWOG AG thus achieved an interest advantage of 1.7% points and increased recurring FFO by more than EUR 3 million per financial year, whilst simultaneously avoiding dilution for its shareholders.

EXTRAORDINARY GENERAL MEETING ON 8 JUNE 2015

An Extraordinary General Meeting of BUWOG AG took place in the Stadthalle in Vienna on 8 June 2015. The agenda included a reduction of the control threshold from 30% to 20%, a reduction in the maximum number of Supervisory Board members from ten to six, and the election of one new Supervisory Board member.

The Extraordinary General Meeting voted by a large majority in favour of the proposals by the Executive Board and the Supervisory Board, which primarily focused on better protection for current and future shareholders. The aim of the resolutions of the Extraordinary General Meeting is to improve the protection of shareholders' interests in a fair valuation of the company as part of a possible acquisition of a relevant stake by one or more strategic investors. However, these measures are not intended to prevent the company from receiving external approaches.

The Extraordinary General Meeting also resolved, as part of the formal adjustments to the articles of association, to revoke the conditional capital increase of up to EUR 14,218,275.00 for maintaining the conversion rights of the 2014-2019 convertible bond that has already been redeemed. The authorisation of the Executive Board for the acquisition and sale of treasury shares, both through the stock exchange and off-market, with a volume of up to 10% of the company's share capital, and which was valid for 30 months, was renewed. The Extraordinary General Meeting also elected Stavros Efremidis as the sixth shareholder representative on the BUWOG AG Supervisory Board, as proposed by the Supervisory Board.

INVESTMENT STORY AT A GLANCE

HIGH-QUALITY RESIDENTIAL PORTFOLIO IN AUSTRIA AND GERMANY

- Portfolio of around 52,000 units with a fair value of around EUR 3.6 billion
- Geographically balanced portfolio structure with a fairly even weighting between Austria and Germany (based on units), two of the most stable housing markets in Europe
- More than 80% of the portfolio (based on fair value) focuses on urban areas in the capital cities of Vienna and Berlin, and in regional capitals and other cities in Austria and north-west Germany, including their catchment areas

UNIQUE BUSINESS MODEL WITHIN THE PEER GROUP

- Fully integrated business model along the entire residential property value chain with three business areas, namely Asset Management, Property Sales and Property Development
- Generates a high recurring FFO – sustainable, recurring, operating and liquidity-related earnings – including sale of individual apartments in the Property Sales business area and Property Development

CONSERVATIVE LEVERAGE PROFILE

- Low loan-to-value of 51%, at the lower end of the defined target corridor of 50% to 55%
- Very low average interest rate of 2.14%, compared to the peer group
- Conservative leverage profile with comparatively long-term average maturity of around 17 years
- Pronounced diversification of financing partners
- Around 86% of financial liabilities are hedged against interest rate risks

LIQUID SHARES WITH ATTRACTIVE DIVIDEND YIELD

- Market capitalisation of around EUR 1.8 billion as of 30 April 2015, with stock exchange listings in Frankfurt, Vienna and Warsaw
- 51% of shares in free float
- Planned dividend payout of EUR 0.69 per share for the 2014/15 financial year corresponds to a dividend yield of approx. 3.9% of the EPRA Net Asset Value as of 30 April 2015
- Medium-term payout ratio of between 60% and 65% of recurring FFO in view of a predictable and ongoing dividend policy
- Member of the ATX, the FTSE EPRA/NAREIT Developed Europe Index and the VÖNIX (Austrian Sustainability Index)

Roadshow for private investors at Project "Penzinger Strasse" in Vienna, April 2015

FINANCIAL CALENDAR

31 August 2015	Publication of the Annual Report FY 2014/15
21 September 2015	Berenberg & Goldman Sachs Fourth German Corporate Conference, Munich
23 September 2015	Baader Investment Conference 2015, Munich
29 September 2015	Publication Q1 Report FY 2015/16
5–6 October 2015	Erste Group Investor Conference, Stegersbach
13 October 2015	Annual General Meeting of BUWOG AG
14 October 2015	Ex-dividend date
22 October 2015	Dividend payment day
23 November 2015	Wiener Börse/Erste Group: Austrian & CEE Investor Conference, New York
21 December 2015	Publication H1 Report FY 2015/16
24 March 2016	Publication 9-months-report FY 2015/16

"IN THE FIRST YEAR OF TRADING, THE BUWOG SHARE RECORDED A CONSIDERABLE PRICE INCREASE."

Holger Lüth, Head of Investor Relations & Corporate Finance

Including the distributed dividends, BUWOG AG shareholders enjoyed an increase in value of around 44% over the course of the reporting period. Admission into the ATX, Austria's leading index at the earliest opportunity also confirmed our chosen path. The equal treatment of our shareholders is of utmost importance to us. We will continue to pursue and extend our transparent and in-depth communication with our shareholders, potential investors and analysts in the usual manner in the 2015/16 financial year. I particularly thank my team for its great support.

CONTACT

Holger Lüth, Head of Investor Relations & Corporate Finance
E-mail: holger.lueth@buwog.com
Tel.: +43 1 878 28-1203, Fax: +43 1 878 28-5203

NAABSTRASSE / BRAUNSCHWEIG (GERMANY)

in acc. with Section 243b Austrian Commercial Code

The BUWOG Group considers good corporate governance to be essential for transparent communications and sustainable business management.

COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

The Executive and Supervisory Boards of BUWOG AG are committed to complying with the rules of the Austrian Corporate Governance Code (ÖCGK), which is generally recognised on the Vienna Stock Exchange. BUWOG AG shares have been admitted for trading on the Regulated Market of the Frankfurt Stock Exchange and the Official Market of the Vienna Stock Exchange since 28 April 2014, and on the Main Market ("*Rynek podstawowy*") of the Warsaw Stock Exchange since 29 April 2014. Because the registered office of the Company is in Vienna, the ÖCGK is the applicable code. The ÖCGK was first introduced in 2002 by the Austrian Working Group for Corporate Governance as the regulatory framework for managing and controlling all listed Austrian stock corporations and listed European stock corporations (SEs) registered in Austria, with a view to assuring the creation of sustainable and long-term value. The latest version of the ÖCGK can be accessed at www.corporate-governance.at and at www.buwog.com. The ÖCGK version dated July 2012 applies for the 2014/15 financial year and comprises a total of 83 rules which are broken down into L, C and R rules. "L rules" (legal requirements) are based on mandatory statutory provisions. Deviation from the "C rules" (comply or explain) must be explained or justified in order to comply with the code. Non-compliance with the "R rules" (recommendations) does not require either disclosure or justification.

DEVIATIONS FROM THE ÖCGK'S C RULES

In financial year 2014/15, all L rules were complied with. The following deviations occurred with respect to the C rules, which are justified as follows:

C Rule 27. The specifications of this rule include that precautions must be taken to ensure that the company can reclaim variable remuneration components paid to Executive Board members if it becomes clear that these were paid out on the basis of obviously false data. Although the contracts with Executive Board members do not include any specific provisions in this respect, BUWOG AG reserves the right to reclaim any variable remuneration paid without justification.

C Rule 74. This rule requires publication of a calendar of financial events for the coming financial year on the company's website at least two months before the start of the new financial year, with the content specified by the ÖCGK. In light of the recent establishment of BUWOG AG as a listed company, it was not possible to publish a calendar of financial events two months before the start of the 2014/15 financial year on 1 May. BUWOG AG has already complied with the deadline for publication of the financial calendar for the next financial year.

C Rule 83. According to this rule, the auditor must assess the effectiveness of the company's risk management and report the findings to the Executive Board. This report must also be provided to the chairman of the Supervisory Board for information purposes. The chairman must ensure that the report is addressed in the audit committee and that a report on it is made to the Supervisory Board. The assessment of the effectiveness of the risk management system is still being prepared; that is, measures continue to be implemented, so an audit can take place in the next financial year.

ANNUAL GENERAL MEETING

All the fundamental decisions are taken at the annual general meeting of BUWOG AG; this includes in particular decisions on the appropriation of profits, the discharge of the Executive Board and the Supervisory Board and the selection of the auditor and decisions on capitalisation measures. BUWOG AG 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 and ÖCGK, meetings are convened at least 28 days before an ordinary annual general meeting and at least 21 days before an extraordinary general meeting. In financial year 2014/15, the first meeting held was an extraordinary general meeting on 15 May 2014 in which, among other things, the Supervisory Board was elected. The first annual general meeting of BUWOG AG took place on 14 October 2014. An extraordinary general meeting has already been held in financial year 2015/16, on 8 June 2015. The relevant documents for the annual general meeting are always published on the company's website and are also available after the annual general meeting together with the voting results.

EXECUTIVE BOARD

As of the reporting date of 30 April 2015, the Executive Board of BUWOG AG was composed of two members. With the transformation of Artemis GmbH into BUWOG AG by resolution of the extraordinary general meeting on 27 November 2013, Daniel Riedl was appointed to the Executive Board. By resolution passed by the Supervisory Board on 17 February 2014, Ronald Roos was appointed to the Executive Board, and Rules of Procedure were subsequently defined for the Executive Board by the Supervisory Board. After the balance sheet date, at its meeting of 22 June 2015, the Supervisory Board of BUWOG AG appointed Herwig Teufelsdorfer to the Executive Board with effect from 1 July 2015. The areas of responsibility of the members of the Executive Board are set out below.

DANIEL RIEDL, CEO

Born on 7 September 1969, appointed from 27 November 2013 to 30 April 2017
Chairman of the Executive Board, responsible for development, investor relations and corporate finance, marketing and communications, human resources and organisation, legal, internal audit and compliance, although the Executive Board as a whole has functional responsibility for the latter department.

Daniel Riedl graduated in Business Administration ("*Handelswissenschaften*") and is a Fellow of the Royal Institution of Chartered Surveyors. Between 2004 and 2011, he headed BUWOG in its previous form. From 2008 to 2014, he served on the Executive Board of IMMOFINANZ AG and chaired the Supervisory Board of BUWOG GmbH from the beginning of 2012 until October 2013. Daniel Riedl does not serve on any Supervisory Boards or hold similar offices for any other Austrian or foreign company not included in the consolidated financial statements of BUWOG AG.

RONALD ROOS, CFO

Born on 20 January 1968, appointed from 17 February 2014 to 30 April 2017
Responsible for accounting and tax, corporate development, purchasing, IT and real estate finance & cash management.

Mr. Roos graduated in Business Administration ("*Betriebswirtschaft*") from Bayreuth University. He then worked in corporate finance for various management consultancy firms before acting as CFO for companies in the real estate and insurance sectors (aurelis, Swiss Life). Before being appointed to the Executive Board of BUWOG AG, he managed the reorganisation of a shipping company in north Germany. Before beginning his management career, he was a professional handball player and won both the German championship and German Cup. Ronald Roos does not serve on any Supervisory Boards or hold similar offices for any other Austrian or foreign company not included in the consolidated financial statements of BUWOG AG.

HERWIG TEUFELSDORFER, COO

Born on 17 March 1969, appointed from 1 July 2015 to 30 June 2018
Responsible for asset management, property management, portfolio management, transactions and property sales.

Herwig Teufelsdorfer studied industrial engineering in Graz and has had a long and successful career in the real estate industry. After leading restructuring projects in the real estate industry for an international consulting company, he became head of corporate and portfolio strategy for the Frankfurt-based company Vivico. Other career stops included management positions at 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 as the new chairman of the Executive Board of BUWOG AG.

INDEPENDENCE OF THE EXECUTIVE BOARD

The members of the Executive Board are required to make their decisions independent of any personal interests or the interests of controlling shareholders. Moreover, these decisions must be based on well-founded knowledge and comply with all relevant 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 colleagues on the Executive Board. Persons serving on the Executive Board may only accept appointments to the supervisory bodies of non-Group companies with the consent of the Supervisory Board. No Executive Board member currently holds any such mandate. The legal prohibition on competition was not revoked.

SUPERVISORY BOARD

The Supervisory Board of BUWOG AG monitors the management of the Executive Board and provides support for the management of the company, particularly on decisions of fundamental importance. With the resolution of the extraordinary general meeting of BUWOG AG of 15 May 2014, the Supervisory Board first consisted of five members: Vitus Eckert, Eduard Zehetner, Klaus Hübner, Volker Riebel and Jutta A. Dönges. In the following constituent Supervisory Board meeting Vitus Eckert was elected chairman of the Supervisory Board and Eduard Zehetner was elected vice-chairman of the Supervisory Board. Effective 30 April 2015, Mr. Zehetner resigned from the Supervisory Board and thus from his position as vice-chairman of the Supervisory Board. He was replaced on the Supervisory Board by Oliver Schumy effective 1 May 2015, Mr. Schumy was elected vice-chairman of the Supervisory Board.

An extraordinary general meeting of BUWOG AG was held on 8 June 2015, after the reporting date. One item on the agenda called for increasing the number of Supervisory Board members from five to six. The election of Stavros Efremidis to the Supervisory Board was proposed to the annual general meeting. By resolution of this annual general meeting he was elected to the Supervisory Board.

On 2 June 2014 three Works Council members were appointed to the Supervisory Board: Elisabeth Manninger, formerly Bulis, by the Wage Employees Works Council and Markus Sperber and Raphael Lygnos by the Salaried Employees Works Council. The chairman of the Supervisory Board was informed of the appointments on 12 June 2014 and he confirmed them on the same date.

Five meetings of the Supervisory Board, four meetings of the audit committee and one meeting of the personnel and nominating committee were held in the reporting year. At the meeting on 16 December 2014, the Supervisory Board discussed the questionnaire and the results of its self-evaluation.

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 until the annual general meeting that will pass resolutions pertaining to the 2018/19 financial year.

Other Supervisory Board mandates: Chairman of the Supervisory Board of STANDARD Medien AG, Vienna, and the Supervisory Board of Vitalis Food GmbH, Linz; vice-chairman of the Supervisory Board of S. Spitz GmbH, Attnang, of the Supervisory Board of Ankerbrot AG, Vienna, of the Supervisory Board of "Anker Snack & Coffee" Gastronomiebetriebs GmbH, Vienna, and the Supervisory Board of Adolf Darbo AG, Stans; member of the Supervisory Board of St. Ambrosius AG, Stans, and Member of the Executive Board of JCA International, Rotterdam

Executive Board mandates: Member of the Executive Board of Bronner Familien-Privatstiftung, Vienna, of the Darbo Familien-Privatstiftung, Stans, of the Simacek Privatstiftung, Vienna and of the NAOMI Privatstiftung, Oberwaltersdorf

Vitus Eckert is a lawyer and partner of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden.

OLIVER SCHUMY

Born on 4 April 1971, appointed as vice-chairman of the Supervisory Board with effect from 1 May 2015 until the annual general meeting that will pass resolutions on the 2018/19 financial year.

Executive Board mandates: Chairman of the Executive Board of IMMOFINANZ AG

KLAUS HÜBNER

Born on 9 November 1952, appointed from 7 March 2014 until 15 May 2014, since 15 May 2014 until the annual general meeting that will pass resolutions on the 2018/19 financial year.

Other Supervisory Board mandates: Member of the Supervisory Board of WT-Akademie GmbH

Other mandates: President of the Chamber of Austrian Chartered Accountants (KWT) and the Austrian Society of Chartered Accountants (ÖGWT)

VOLKER RIEBEL

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

Other Supervisory Board mandates: Vice-chairman of the Supervisory Board of ARBIREO Capital AG in Frankfurt/Main

Other mandates: Managing Director and shareholder of Carpe Diem GmbH, Düren

JUTTA DÖNGES

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

Jutta Dönges is Member of the Management Board of the Federal Agency for Financial Market Stabilisation (FMSA)

STAVROS EFREMIDIS

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

Executive Board mandates: Executive Board of WCM Beteiligungs- und Grundbesitz-AG in Frankfurt

EDUARD ZEHETNER

Born on 9 August 1951, appointed as vice-chairman of the Supervisory Board from 27 November 2013 to 7 March 2014 and reappointed from 7 March 2014 to 15 May 2014, then appointed again from 15 May 2014; Mr. Zehetner then resigned from the Supervisory Board effective 30 April 2015.

Other Supervisory Board mandates: Member of the Supervisory Board of the A.M.I. Agency for Medical Innovations GmbH, of the Privatstiftung Sparkasse Niederösterreich and Sparkasse Niederösterreich Mitte West Aktiengesellschaft

Executive Board mandates: Chairman of the Executive Board of IMMOFINANZ AG until 30 April 2015

Eduard Zehetner is also Managing Director of "HSF" Vermögensverwaltung GmbH.

ELISABETH MANNINGER, formerly BULIS

Born on 11 February 1962, appointed to the Supervisory Board by the Wage Employees Works Council on 2 June 2014

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

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 near Vienna. This law firm charged fees of EUR 37,855.29 for legal advice provided to BUWOG Group companies in the financial year 2014/15. The terms of these fees, above all the hourly rates, reflect standard market conditions.

Apart from this, there are no other contracts within the meaning of rule L 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 rule C 53 of the ÖCGK and the guidelines included in Annex 1 of the ÖCGK as the criteria that constitute their independence. All members have declared their independence in accordance with these criteria. Five members of the Supervisory Board – Vitus Eckert (Chairman), Klaus Hübner, Volker Riebel, Jutta A. Dönges and Stavros Efremidis – meet the additional criteria for independence defined in rule C 54 ÖCGK, in that they do not represent any shareholders with holdings of more than 10% or the interests of such shareholders within the meaning of rule C 54 ÖCGK. In addition it is noted that Vitus Eckert was elected to the Supervisory Board with the votes of IMMOFINANZ AG.

CRITERIA FOR THE INDEPENDENCE OF THE SUPERVISORY BOARD

In accordance with rule C 53 of the ÖCGK, a Supervisory Board member is deemed independent if he/she has no professional or personal relationship with the company or its Executive Board that could constitute a material conflict of interest, and thus be likely to influence the behaviour of the member. The Supervisory Board of BUWOG AG has adopted the following guidelines specified in Annex 1 to the ÖCGK as the criteria for assessing 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 have had in the previous year any business relations with the company or a subsidiary of the company of a scale that is significant for the 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 rule L 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 participant in 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.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established three committees:

AUDIT COMMITTEE

Vitus Eckert, Chairman
Eduard Zehetner and his successor, Oliver Schumy, Vice-chairman
Klaus Hübner
Elisabeth Manninger
Markus Sperber

The audit committee deals with accounting issues. It is responsible for examining and preparing the approval of the annual financial statements and management report, the consolidated financial statements and group management report, the recommendation for the distribution of profit and the corporate governance report. Other duties include the monitoring of accounting, the effectiveness of the internal control system and the audit of the annual and consolidated financial statements, as well as the verification and control of the auditor's independence. In the financial year 2014/15, which ended on 30 April 2015, the audit committee met four times, on 15 May 2014, with a focus on preparation for the audit of annual financial statements and the presentation of the audit plan for financial year 2014/15. The next meeting took place on 29 August 2014. The agenda included the annual financial statements and the appropriation of profits. Another meeting was held on 14 October 2014 on the subject of the internal audit department's activity report. The fourth meeting was held on 28 April 2015. The agenda included audit planning for the financial year 2014/15, internal audit's activity report and audit planning for the financial year 2015/16.

In accordance with the legal requirements and the Code, the audit committee includes at least one finance expert, namely Klaus Hübner. In addition, two Works' Council members were appointed to the audit committee.

STRATEGY COMMITTEE

Vitus Eckert, Chairman
Eduard Zehetner and his successor, Oliver Schumy, Vice-chairman
Volker Riebel
Elisabeth Manninger
Markus Sperber

The strategy committee is responsible for the regular evaluation of the Group's strategy and advising the Executive Board on this. It evaluates 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. It therefore monitors relevant market activity, evaluates opportunities for future development, and oversees the growth of the BUWOG Group in respect of decisions regarding investment, disinvestment and restructuring measures. In the financial year 2014/15 the Strategy Committee did not meet separately, as all the tasks of this committee were carried out in the overall Supervisory Board. In the Supervisory Board meeting of 29 August 2014, an additional member was appointed, Volker Riebel, the shareholders' representative.

PERSONNEL AND NOMINATING COMMITTEE

Vitus Eckert, Chairman
Eduard Zehetner and his successor Oliver Schumy, Vice-chairman
Klaus Hübner

The personnel and nominating committee submits proposals to the Supervisory Board as a whole with regard to 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 Executive Board members and the terms of their employment contracts. The personnel and nominating committee met once during the 2014/15 financial year. On 17 September 2014, the topic was the remuneration of the Executive Board. Klaus Hübner was elected as an additional member of the shareholders' representatives in the Supervisory Board meeting on 29 August 2014.

DE-DOMINATION AGREEMENT BETWEEN IMMOFINANZ AG AND BUWOG AG

The shares in BUWOG AG that are held by IMMOFINANZ AG and subsidiaries, currently 49%, are subject to contractual voting right restrictions in accordance with the de-domination agreement concluded between the companies. For more details regarding the content of this agreement, please refer to the Capital section starting on page 168 of the management report. In addition, the agreement, as amended in March 2015, is also available on the internet at www.buwog.com under the heading "Investor Relations". In annual general meetings of BUWOG AG, IMMOFINANZ AG only exercised its voting rights arising from its BUWOG shares in the election of Vitus Eckert, Eduard Zehetner and Oliver Schumy to the Supervisory Board. The other four members were elected without IMMOFINANZ AG exercising its voting rights.

COOPERATION BETWEEN THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The Executive Board and the Supervisory Board work closely together to fulfil their obligations for the benefit of the company. They make every effort to support each other, while observing the principles of good corporate governance. The Executive Board prepares the documents for meetings of and resolutions by the Supervisory Board, and provides them in good time. It conducts open discussions with the Supervisory Board, consults with the latter on the strategic direction of the Company and reports on the progress of strategy implementation. The Executive Board informs the Supervisory Board immediately of any significant events that are of particular importance to the company's profitability or liquidity.

REMUNERATION REPORT

REMUNERATION OF THE EXECUTIVE BOARD

The remuneration of the Executive Board members includes a fixed and a variable annual target-based bonus (STI) as well as the granting of options to purchase BUWOG shares in the form of a long-term incentive programme (LTIP).

FIXED REMUNERATION COMPONENT

The members of the Executive Board receive a fixed gross annual salary, payable in 14 equal instalments on the usual payment dates in a year. In addition to the fixed remuneration, Executive Board members receive non-cash compensation in the form of a company car, and Ronald Roos also receives housing. In addition, as part of his remuneration, the chairman of the Executive Board receives a defined contribution pension of 10% p.a. of his fixed salary. Details on this can be found in the Notes to the consolidated financial statements. The management bodies of BUWOG AG are covered by directors' and officers' liability (D&O) insurance with cover of EUR 25 million. This policy does not include any excess for the managers concerned. Fidelity insurance has also been obtained with a sum insured of EUR 15 million and an excess of EUR 500,000 per claim. The two insurance contracts are interlinked to provide combined cover.

VARIABLE ANNUAL TARGET-BASED BONUS (STI)

Depending on the Executive Board member, the STI is between 37.5% and 100% of the fixed salary and is calculated in accordance with following stipulations: A target is set annually in advance in agreement with the personnel and remuneration committee of the Supervisory Board, with targets agreed upon in both qualitative and quantitative categories. This includes the recurring FFO per share and earnings before taxes per share at 40% each, and other individual targets comprising 20% of the STI. 80% of the target-based bonus is accounted for such that 1/14 is paid out with each regular salary payment. The final amount of the STI is fixed by the Supervisory Board or the remuneration committee after the approval of the annual financial statements, announced in writing no later than four weeks after receipt of the audited annual financial statements and paid, less the partial payments made, with the next salary payment. The member of the Executive Board must repay any excess paid out such that the payments for the subsequent financial year are reduced uniformly. 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. Herwig Teufelsdorfer was appointed to the Executive Board as COO for the period from 1 July 2015 until 30 June 2018. With this Executive Board mandate, Mr. Teufelsdorfer will receive fixed annual remuneration of TEUR 250.0 and variable remuneration ranging from EUR 0.0 to TEUR 250.0.

EXECUTIVE BOARD REMUNERATION

	Daniel Riedl				Ronald Roos			
in TEUR	2014/15	2014/15 (Min.)	2014/15 (Max.)	2013/14[1)]	2014/15	2014/15 (Min.)	2014/15 (Max.)	2013/14[1)]
Fixed remuneration	720.0	720.0	720.0	5.2	250.0	250.0	250.0	42.9
Remuneration in kind	8.6	8.6	8.6	0.1	28.6	28.6	28.6	6.8
Pension fund contributions	72.0	72.0	72.0	0.0	0.0	0.0	0.0	0.0
Total fixed remuneration	**800.6**	**800.6**	**800.6**	**5.3**	**278.6**	**278.6**	**278.6**	**49.7**
Short-term incentive	270.0	0.0	270.0	2.0	250.0	0.0	250.0	50.7
Total variable remuneration	**270.0**	**0.0**	**270.0**	**2.0**	**250.0**	**0.0**	**250.0**	**50.7**
Total remuneration	**1,070.6**	**800.6**	**1,070.6**	**7.3**	**528.6**	**278.6**	**528.6**	**100.4**

1) The data for the reporting year and previous year are not directly comparable because Daniel Riedl and Ronald Roos have only received remuneration from BUWOG AG since 28 April 2014 and 17 February 2014, respectively.

LONG-TERM INCENTIVE PROGRAMME

In addition to the STI, a conditional capital increase to grant stock options to the Executive Board members Daniel Riedl and Ronald Roos as part of the 2014 long-term incentive programme (LTIP 2014) was presented and resolved at the annual general meeting of 14 October 2014. The granting of options to members of the Executive Board to purchase BUWOG shares under this LTIP is intended to link a portion of the variable remuneration of the Executive Board members directly to the price performance of BUWOG shares, to strengthen the motivation and identification of the Executive Board members and their connection to the BUWOG Group and to harmonise the interests of the Executive Board members with the interests of the shareholders of BUWOG AG.

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. The exercise price equals the price of the initial listing of the BUWOG shares on 28 April 2014 on the Frankfurt Stock Exchange. The stock options granted are in each case divided into basic options and three tranches of bonus options. The vesting period depends on the achievement of performance targets for that financial year based on the relevant stock exchange price in relation to the EPRA NAV per share and rewards the work of the Executive Board to reduce the implied discount to book value at the IPO. This ensures that the 2014 LTIP serves to balance the interests of shareholders and members of the Executive Board. The LTIP 2014 provides for a personal investment in BUWOG shares of 50% of the participating Executive Board member's gross annual fixed salary. This investment is increased continually over a period of three financial years from the financial year 2014/2015. The allocation of the options and the performance targets are shown in the overview below:

ALLOCATION OF OPTIONS AND PERFORMANCE TARGETS

Type	Basic options	Bonus options tranche 1	Bonus options tranche 2	Bonus options tranche 3	Total
Period	Start	Year 1 FY 2014/15	Year 2 FY 2015/16	Year 3 FY 2016/17	–
NAV objective[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%
Ronald Roos (CFO)	50,000	50,000	60,000	80,000	240,000
% rate	21%	21%	25%	33%	100%
Target share price	achieved	achieved	achieved	open	–

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

Overall, the estimated value of the options granted under the 2014 LTIP at the reporting date was EUR 4,103,100.

The options can in principle only be exercised after a waiting period of four financial years, for the first time in the fifth financial year 2018/19 after the start of the programme. In some cases, the premature termination of the contractual term of the Executive Board member, it is possible to exercise these rights before this period. This is permitted for, among others, basic options and bonus options whose performance targets have been met upon termination of the Executive Board contract due to change of control. An additional holding period for the BUWOG shares acquired through exercise of the option is not planned (Rule 28 ÖCGK); if the Executive Board mandates which currently run until the end of the financial year 2016/17 are not renewed, the waiting period until the options can be exercised is three financial years. The company is entitled to provide the BUWOG shares to be transferred in the exercise of an option from conditional capital, authorised capital or the company's treasury shares. During the reporting period, the 2014 LTIP options were not exercisable, so no options were exercised.

In the financial year 2014/15, an expense in the income statement with no effect on liquidity totalling TEUR 1,180.1 was recorded for the long-term incentive programme for the members of the Executive Board, of which TEUR 763.2 is attributable to the stock options for Daniel Riedl and TEUR 416.8 to the stock options for Ronald Roos. For more details on the long-term incentive programme for Executive Board members, please see section 6.12.2 Share-based remuneration.

SUPERVISORY BOARD REMUNERATION

The members of the Supervisory Board did not receive any special remuneration in addition to the compensation of their expenses for the 2014/15 financial year. There was no decision on the remuneration of the Supervisory Board at the annual general meeting in the year under review. The annual general meeting on 13 October 2015 will decide on the remuneration for the Supervisory Board members for the 2014/15 financial year. For the remuneration of the Supervisory Board, provisions of TEUR 195 were recorded in the financial statements (see section 8.8.3 Information on corporate bodies and remuneration of corporate bodies in the Consolidated Financial Statements).

COMPLIANCE

In accordance the Austrian Stock Exchange Act (*"Börsegesetz"*) and the Austrian regulation on compliance for issuers (*"Emittenten-Compliance-Verordnung"*), the Executive Board has drafted a compliance policy aimed at preventing the inappropriate use and dissemination of insider and compliance-related information. The rules of this compliance policy apply to all members of staff of the BUWOG Group and to the Supervisory Board. With this compliance policy, the Executive Board wishes to ensure the equal treatment of all shareholders, to prevent conflicts of interest and to represent the interests of all stakeholder groups. BUWOG organises regular training courses to familiarise managers and people working in areas defined as confidential, as well as all other members of staff, with the provisions of this compliance policy and to raise awareness of the need to treat confidential information responsibly. It also specifies blackout periods and trading bans in the run-up to sensitive company events, such as the publication of the quarterly and annual results. A compliance officer and deputy have also been appointed. Adherence to the compliance policy is monitored on an on-going basis. Likewise, an internal whistleblower system has been established in cooperation with the internal audit department and risk management.

MEASURES TO PROMOTE WOMEN

BUWOG AG offers equal compensation, equal opportunities for promotion and equal working conditions to male and female employees. As of 30 April 2015, women occupied 26.67% of all management positions. The extraordinary general meeting appointed a woman to the Supervisory Board of BUWOG AG, Jutta Dönges. As of the same reporting date, women accounted for 57.52% of the total workforce. Coaching measures focusing on specialised professional training and personal development are currently offered to further increase the percentage of women in management positions. Furthermore, a home office scheme was adopted as a personnel policy measure to improve work-life balance.

DIRECTORS' DEALINGS

In accordance with Section 48d (4) of the Austrian Stock Exchange Act, members of management and persons closely related to these members are required to report all purchases and sales of BUWOG shares to the Financial Market Authority. These transaction reports are disclosed on the BUWOG AG website via a link to the relevant page of the Financial Market Authority 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 any related parties) as of 30 April 2015

Daniel Riedl	74,234 shares
Ronald Roos	12,849 shares
Herwig Teufelsdorfer	759 shares

NUMBER OF BUWOG SHARES – SUPERVISORY BOARD
(Including any related parties) as of 30 April 2015

Vitus Eckert	5,136 shares
Eduard Zehetner	93,339 shares
Klaus Hübner	4,000 shares
Volker Riebel	3,000 shares

INTERNAL AUDIT AND RISK MANAGEMENT

In accordance with rule C 18 ÖCGK, Internal Audit has been established as a separate department reporting directly 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. At the meeting of the audit committee of the Supervisory Board on 28 April 2015, the acknowledgment and approval of the audit plan for financial year 2015/16 was approved unanimously. Furthermore, an internal control and risk management system has been established, which is part of the project management area (PMO).

EXTERNAL EVALUATION

BUWOG AG had its compliance with the provisions of the Austrian Corporate Governance Code (ÖCGK) for financial year 2014/15 externally evaluated by Deloitte Audit Wirtschaftsprüfungs GmbH. The report on the external evaluation of compliance with the ÖCGK is available for download at www.buwog.com under the menu item "Investor Relations/Corporate Governance/Reports".

DEAR LADIES AND GENTLEMEN,

Last year was a challenging and exciting time. The BUWOG Group turned in a very positive performance in 2014/15, its first independent financial year. After the initial listing on the stock exchanges in Frankfurt and Vienna on 28 April 2014, and on the Warsaw Stock Exchange on 29 April 2014, in September 2014 the shares were included in the ATX stock market listing after only four months. From the initial listing until 30 April 2015, the BUWOG shares posted an increase in value of around 39% to EUR 18.09. At the same time, the initial discount to the EPRA net asset value of around 24% at the time of the listing on the stock exchanges was transformed into a slight surcharge as of the reporting date. With the revaluation of the sector due to slightly higher interest rates in the long-term business area, BUWOG shares are currently trading at a slight premium of 3.3% (31 July 2015) to the EPRA net asset value per share.

To reflect the changed shareholder structure of BUWOG AG after the IPO, including changes to the Supervisory Board, a new Supervisory Board was elected at the extraordinary general meeting of BUWOG AG on 15 May 2014. The second item on the agenda of the meeting, in addition to the increase from four to five members (shareholder representatives), called for new elections for the Supervisory Board. In accordance with the de-domination agreement, IMMOFINANZ took part in the election of only two of the five members of the Supervisory Board. By a resolution passed by this annual general meeting, Jutta Dönges, Eduard Zehetner, Klaus Hübner, Volker Riebel and I were appointed to the Supervisory Board. In the following constituent Supervisory Board meeting I accepted my election as chairman of the Supervisory Board, while Eduard Zehetner was elected vice-chairman of the Supervisory Board. In this meeting, the audit committee, the strategy committee and the personnel and nominating committee were established. Details on this can be found in the corporate governance report starting on page 109. In addition, Elisabeth Manninger (formerly Bulis), Markus Sperber and Raphael Lygnos were appointed to the Supervisory Board by the Austrian Works' Council on 2 June 2014.

As Eduard Zehetner also resigned his Supervisory Board mandate at BUWOG AG with effect from 30 April 2015 at the same time he resigned as CEO of IMMOFINANZ AG; Oliver Schumy was elected to the Supervisory Board with effect from 1 May 2015 in the annual general meeting on 14 October 2014. In the subsequent Supervisory Board meeting Oliver Schumy accepted his election as vice-chairman of the Supervisory Board.

In view of the recent developments among listed real estate companies, the Supervisory Board and Executive Board decided to improve the Group entrance protection for shareholders and to this end, they convened an extraordinary general meeting of BUWOG AG for 8 June 2015, after the reporting period. The agenda called for, inter alia, resolutions on amendments to the articles of association, including the reduction of the control threshold for mandatory offers to 20%, an increase in the number of Supervisory Board members from five to six (shareholder representatives) and the election of Stavros Efremidis as the sixth board member. All proposed resolutions were adopted by the shareholders with a large majority.

To ensure that the Company continues to grow, at its meeting of 22 June 2015, the Supervisory Board appointed Herwig Teufelsdorfer with effect from 1 July 2015 as an additional member of the Executive Board with responsibility for the areas of portfolio management, asset management, property management, transactions and the purchase of individual apartments. As part of the associated reallocation of the business areas, Daniel

Vitus Eckert
Chairman of the Supervisory Board

Riedl took over the Investor Relations & Corporate Finance business area. Ronald Roos is responsible for the corporate departments accounting & taxes, corporate development, purchasing, IT and real estate finance & cash management.

As the Supervisory Board, we will continue the strategic development of the BUWOG Group in close coordination with the Executive Board; we will focus in particular on further acquisitions in Germany and we will work to strengthen the Property Development business area. As part of the regular reporting you will be informed in detail about the progress we make in this regard. Intensive work was also done in this financial year on the development of the corporate governance tools; you can find details on this and further information on the activities of the Supervisory Board and its committees in the corporate governance report starting on page 106.

The Executive Board presented the Supervisory Board with the following documents: the annual financial statements for 2014/15, which were prepared in accordance with the Austrian Commercial Code, and the management report; the consolidated financial statements for 2014/15, which were prepared in accordance with International Financial Reporting Standards (IFRS), and the group management report; the recommendation of the Executive Board for the distribution of profit and the corporate governance report for 2014/15. The annual financial statements for 2014/15 and the management report, as well as the consolidated financial statements for 2014/15 and the group management report, were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and each awarded an unqualified opinion. The annual financial statements and consolidated financial statements as well as the auditor's reports, were discussed by the audit committee in detail in the presence of representatives of the auditor and the Executive Board and reviewed in accordance with Section 96 of the Austrian Stock Corporation Act (*"Aktiengesetz, AktG"*). 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 2015, which are considered approved in accordance with Section 96 (4) AktG. The Supervisory Board also supports the proposal of the Executive Board to the annual general meeting that a dividend of around EUR 68.7 million, which corresponds to about 3.9% of the EPRA net asset value, be distributed for the financial year 2014/15. This corresponds to EUR 0.69 per share or a return of 3.8% on the closing price of 30 April 2015. In the medium term, the dividend should amount in total to around 60% to 65% of recurring FFO, which, in addition to being an attractive remuneration to shareholders, should also ensure the continued growth of the BUWOG Group.

On behalf of the entire Supervisory Board, I would like to thank the members of the Executive Board and all employees of the BUWOG Group for their outstanding commitment. I would like to thank the shareholders of BUWOG AG for the trust they have placed in us and I invite them to continue their affiliation with the BUWOG Group in the future.

Sincerely,

Vitus Eckert
Chairman of the Supervisory Board

Vienna, 27 August 2015

OTTO-FINSCH-STRASSE / BRAUNSCHWEIG (GERMANY)

NOTE

The BUWOG Group has existed in its present form since the end of April 2014. It was restructured in connection with its spin-off from IMMOFINANZ Group – with BUWOG AG as the parent company of the BUWOG Group. All of the subsidiaries were only included in the consolidated financial statements of the BUWOG Group once the spin-off took effect at the end of April 2014.

The consolidated income statement and consolidated cash flow statement included in the audited consolidated financial statements only include the income and expenses, respectively cash flows of BUWOG AG for the comparable prior year period. In contrast, the earnings indicators presented in this management report for the prior year reflect the BUWOG GmbH business, and consequently the BUWOG Group, as if it had existed for the entire reporting year from 1 May 2013 to 30 April 2014. For this purpose and to explain the various financial and earnings indicators, a pro forma consolidated income statement and a pro forma consolidated cash flow statement were prepared for the financial year from 1 May 2013 to 30 April 2014 (also see section 8 “Explanatory notes to pro forma information on the BUWOG Group (unaudited)” in the consolidated financial statements).

The asset data presented as at 30 April 2014 and 30 April 2015 are in accordance with the audited consolidated financial statements.

OVERALL ECONOMIC ENVIRONMENT

SLOW GROWTH IN THE GLOBAL ECONOMY

According to the World Bank, the global economy has not fully recovered from the consequences of the financial crisis. Growth of around 2.6% was calculated for 2014 and the forecasts for 2015 and 2016 are cautious, ranging from 3% to 3.3%.

The USA and the United Kingdom have been the main beneficiaries of the recovery in the labour markets and the loose central bank monetary policies, while only tentative progress was made in the Eurozone and Japan. Falling commodity prices, political unrest, the uncertain outcome of the Greek crisis and low interest rates will continue to shape the development of the global economy in 2015.

ECONOMIC INDICATORS AT A GLANCE

	GDP growth rate 2014 in %	Forecast GDP growth rate 2015 in %	Forecast GDP growth rate 2016 in %	Unemployment rate April 2015 in %	Annual inflation rate April 2015 in %	Gross national debt to GDP in 2014 in %	Change in gross national debt from previous year in percentage points
EU-28	1.3	1.8	2.1	9.7	–	86.8	1.1
Eurozone (18 member countries)	0.8	1.5	1.9	11.1	–	92.0	0.9
Austria	0.4	0.8	1.5	5.7	0.9	84.5	3.6
Germany	1.6	1.9	2.0	4.7	0.3	74.8	–2.4

Source: European Commission, Eurostat

MIXED ECONOMIC PERFORMANCE IN EUROPE

According to calculations made by the European Commission in the spring of 2015, the overall economy of the 28 EU member states grew by an average of 1.3% in 2014 and thus overcame the stagnation of the previous year. The forecasts for 2015 and 2016 assume GDP growth rates of 1.8% and 2.1%, respectively. The strength of the recovery has varied sharply in the individual European economies. Apart from Finland, Italy, Cyprus and Croatia, all countries recorded at least slight economic growth. The recovery was especially strong in Ireland, up 4.8%, in Slovenia and Slovakia, up 2.5% each, and in Hungary, which grew 3.6%.

With growth of 0.8% in 2014, the Eurozone economy was generally weaker than in the EU overall, although the export sector benefited from the devaluation of the Euro. Above all, the major economies such as France and Spain fell short of original growth expectations. For 2015 and 2016, the European Commission expects GDP growth in the Eurozone of 1.5% and 1.9%,

WEAK ECONOMY IN AUSTRIA WITH POSITIVE SIGNS

For the second consecutive year, the Austrian economy barely managed to avoid recession in 2014, with growth of only 0.4%. The export sector, in contrast, managed slight growth. However, private consumption was modest, although the average disposable income rose by around 5% to EUR 23,200. Measured by the consumer price index, annual inflation fell from 1.6% in the previous year to 0.9% at the end of April 2015. The general public's uncertainty regarding future economic performance was also influenced by the tense situation on the labour market. Calculated on the basis of international standards, the unemployment rate had risen from 4.9% in the previous year to 5.7% at the end of April 2015. The Austrian economy showed little willingness to make investments. The share of GDP represented by gross investments fell from 22.8% in the previous year to 22.5%.

The willingness of Austrian companies to make expansionary investments remained limited in the first half of 2015. The uncertainties regarding the future performance of the economy and the impact this has on the order situation seem to be too great.

Despite the necessary consolidation of public finances, a significant economic upturn is expected for 2015 and 2016. Forecasts for GDP growth were 0.8% for this year and 1.5% for next year; both figures are well below the expected EU average.

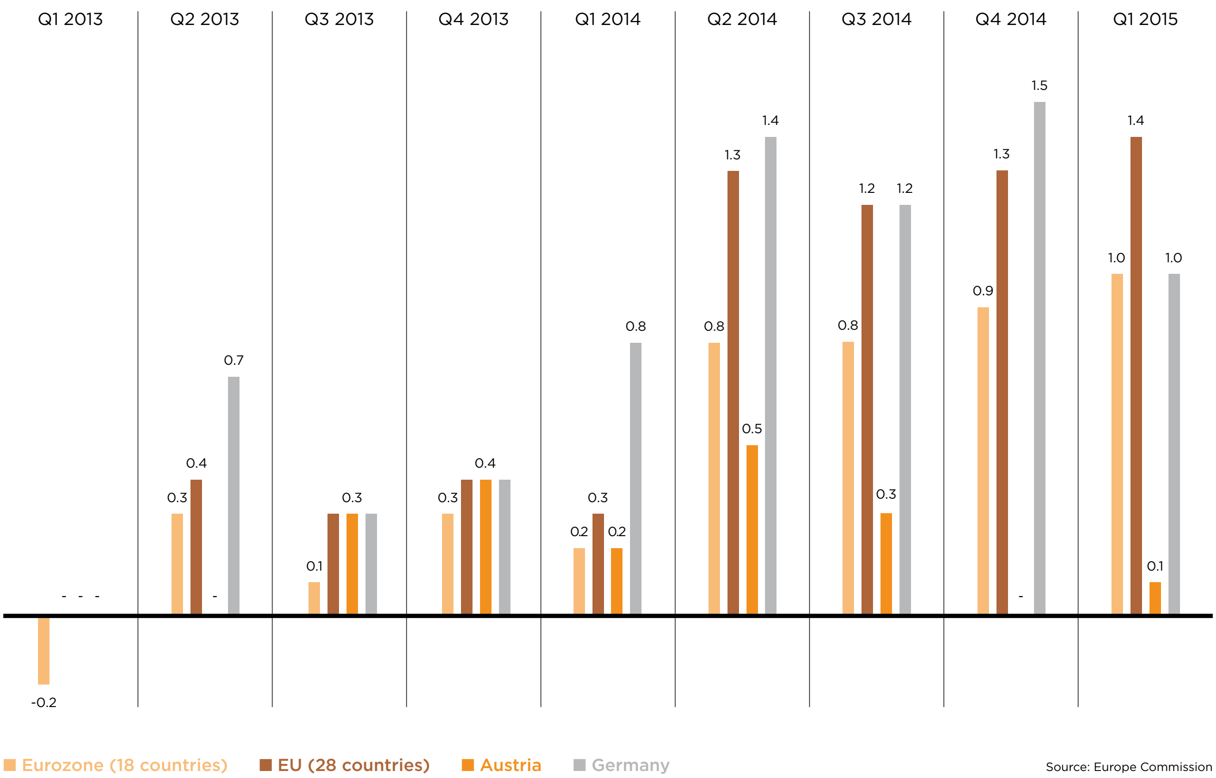
ECONOMIC RECOVERY IN GERMANY

With an increase in GDP to 1.6% after 0.4% the previous year, the German economy gained momentum in 2014. Exports to Ukraine and Russia collapsed due to the political conflicts, but the weaker Euro had a positive effect on the export economy. The European Commission forecasts GDP growth of 1.9% and 2.0%, respectively, for 2015 and 2016. The main driver of the upturn is strong demand by German consumers who have seen their income rise thanks to very favourable labour market developments and who are optimistic about the future. According to calculations by the Federal Statistical Office average disposable income rose by around 3.0% to EUR 20,800 in 2014.

Corporate capital investment in Germany has recently increased and should make an important contribution to the performance of the overall economy in the coming years.

DEVELOPMENT OF REAL GDP

in comparison to the previous quarter, in %



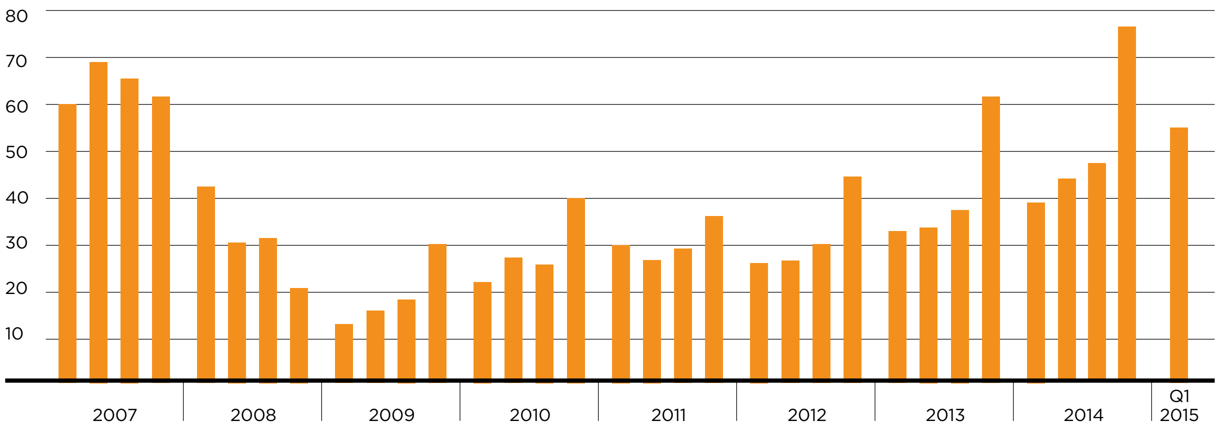
Source: Europe Commission

DEVELOPMENT OF THE PROPERTY MARKETS

EUROPEAN PROPERTY INVESTMENT MARKET GAINS MOMENTUM

A significant revival in commercial real estate transactions was recorded in Europe in 2014. According to CBRE, the total amounted to over EUR 218 billion, more than 30% above the level of the previous year and nearly reaching the volume before the onset of the economic crisis in 2007. Transaction volume was particularly strong in the fourth quarter of 2014 at around EUR 78 billion, making it the strongest quarter for almost a decade. Positive developments were seen in almost all the European markets. Sweden and the Netherlands were especially strong. Starting from a lower level, the investment market in Portugal and Italy also recovered. The positive trend for the full year 2014 continued in the first quarter of 2015, with a volume of EUR 55 billion.

EUROPEAN PROPERTY TRANSACTIONS
by quarters, in EUR million



Source: CBRE

While criticism regarding uncertainties and risks in individual areas grew louder, the positive conditions for this market still predominate. The current momentum is also supported by the decision of the European Central Bank to continue to provide the financial markets with sufficient liquidity. Given the historically low interest rates, investors are searching for attractive high-yield investment opportunities. Despite the associated pressure on investment decisions, there are currently no signs of a real estate bubble in Europe – in part because the use of equity is high and the legal conditions for capital investment and the capitalisation requirements for banks and insurers have been tightened considerably in recent years (Basel III, Solvency II).

For Germany a total transaction volume of more than EUR 35 billion was calculated for 2014; here, too, the fourth quarter was the strongest of the year with volume of over EUR 13 billion. More than two-thirds of the total was accounted for by office and retail properties. International investors were involved in half of all transactions.

In Austria, the transaction volume doubled from the previous year to nearly EUR 3 billion in 2014, with Vienna accounting for more than three quarters of this amount. The focus was on commercial properties. At EUR 1.25 billion the transaction volume in the residential sector was also significantly higher than the previous year.

RECOVERY OF THE EUROPEAN CONSTRUCTION INDUSTRY

The European construction industry has suffered significant losses in virtually every segment in recent years due to the difficult economic situation and the introduction of government budget cuts in many countries. According to current estimates by the construction research network Euroconstruct, 2014 saw a reversal of this trend, with growth reaching just under 1%. However, the degree to which this trend will be sustained in the coming years is uncertain.

In Austria, the construction industry recorded a gain of around 1% in 2014. Declines in other building construction were offset by the increased strength of the residential sector. According to calculations by the Federal Statistical Office, price-adjusted order intake declined by around 1.8% in Germany in 2014 from the exceptionally high prior-year figure. At 0.9%, the decline in building construction was lower than that in civil engineering, which was down by just under 3%.

GENERAL NOTES AND SOURCES

Due to the BUWOG Group's strong concentration on the residential sector in Austria and Germany, these two markets are discussed in greater detail below, with a focus on those cities and regions that are of particular importance to the BUWOG Group's portfolio.

For Austria, Statistik Austria, the 2015 real estate price index (data for 2014) of the Austrian Chamber of Commerce and the Austrian National Bank were used as sources.

To ensure a consistent and comparable presentation, the sources used for Germany were information from the Federal Statistical Office and similar institutions at the level of the individual German states. Unless stated otherwise, market reports of CBRE were used as the source for property-specific information.

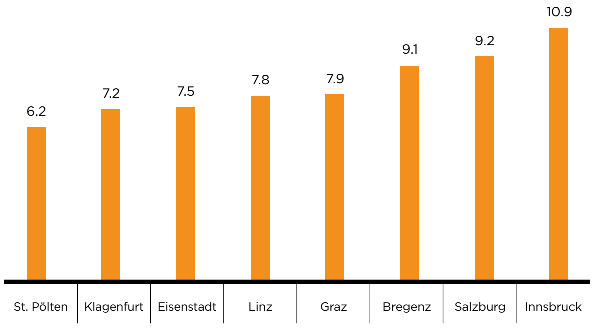
RESIDENTIAL MARKET – AUSTRIA

For several years, the Austrian residential market has been influenced by the increase in the population, a further reduction in the average household size and the ongoing process of urbanisation. After an increase of just under 1%, around 8.6 million people lived in Austria at the end of 2014 – 71,000 more than at the end of the previous year. The fastest growth was recorded in Vienna, with an increase of more than 30,600 inhabitants, followed by Lower Austria and Upper Austria, with an increase of just under 11,000 people each. In the provincial capitals, the main beneficiaries were the university cities of Graz, Linz and Innsbruck.

The housing situation in Austria stands out in international terms for its relatively low ownership rate. According to calculations by Statistik Austria and the Austrian National Bank, the ownership rate Austria-wide was just under 50% at the end of 2014. The highest figure was 73% in Burgenland, and the lowest was about 20% in Vienna. The high proportion of rentals can be explained mainly by the dominance of socially subsidised apartments on the overall rental market. The most recent survey, in 2012, showed that 60% of all rental apartments were in this segment of the market, with 19%

AVERAGE NET IN-PLACE RENT IN SELECTED MAJOR AUSTRIAN CITIES

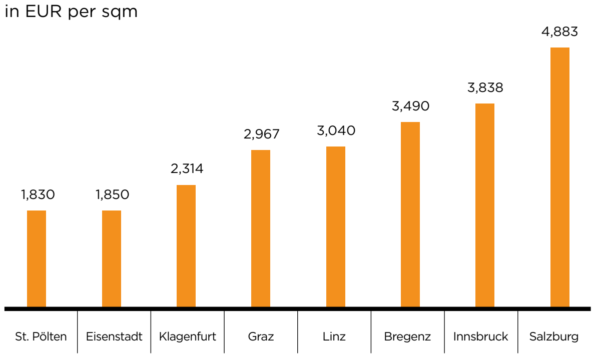
in EUR per sqm, average figures for new builds and relets



Source: Austrian Chamber of Commerce

AVERAGE PRICES FOR NEWLY CONSTRUCTED OWNER-OCCUPIED APARTMENTS IN AUSTRIA'S MAJOR CITIES

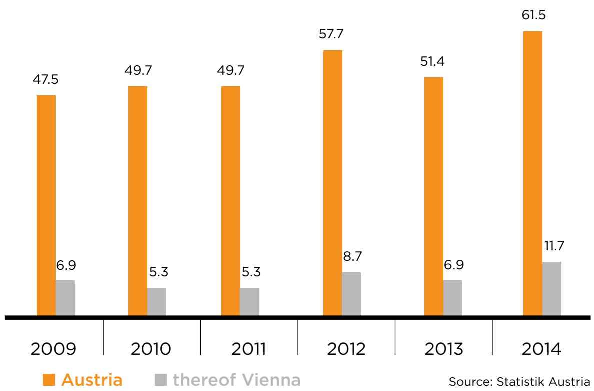
in EUR per sqm



Source: Austrian Chamber of Commerce

NEW RESIDENTIAL APPROVALS

in Austria and Vienna, in 1,000



Source: Statistik Austria

MANAGEMENT REPORT

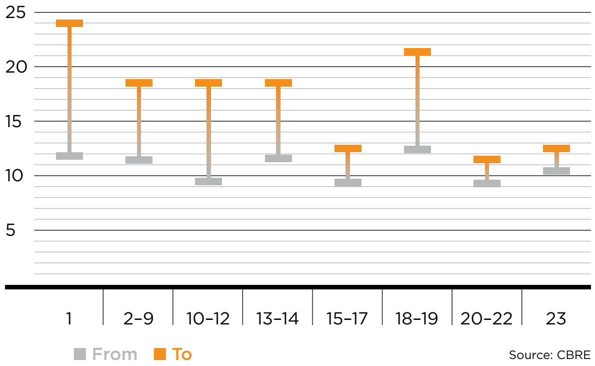
being council housing and 41% cooperative apartments subject to the Austrian Act on Non-Profit Housing (*"Wohnungsgemeinnützigkeitsgesetz", WGG*). In Austria, properties are held mainly for residential purposes by private households and not as investment properties. Only 5% of all residential property in private ownership is used as rental property. The reasons for this include relatively strong tenant protection and, by international comparison, few tax incentives for home ownership.

2014 RESIDENTIAL MARKET DATA OVERVIEW OF AUSTRIA

	Vienna	Innsbruck	Salzburg	Villach	Klagenfurt	Graz	Linz
Population in 1,000 inhabitants	1,797.3	127.0	148.4	60.5	97.9	274.0	197.4
Average household size (number of people)	2.0	1.7	1.7[1]	2.2	2.2	1.6	1.8
Number of apartments approved for construction	11,700	n.a.	1,354[1]	n.a.	n.a.	n.a.	n.a.
Number of completed apartments	7,273	632	722	387[1]	n.a.	2,883	1,046
Average rent for new construction in EUR/sqm[2]	n.a.	10.9	9.2	6.0	7.2	7.9	7.8
Average sale price for new construction in EUR/sqm[2]	n.a.	3,838	4,880	2,107	2,314	2,967	3,040
Vacancy rate in %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

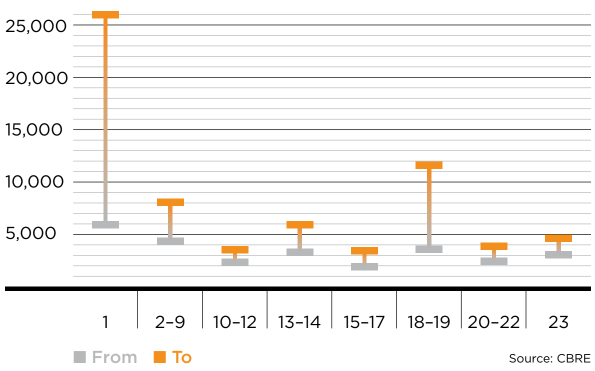
1) Data as at: End of 2013; 2) Please see details on page 124

RENTAL PRICE LEVEL VIENNA
by district in EUR per sqm



Source: CBRE

PURCHASE PRICE LEVEL VIENNA
by district in EUR per sqm



Source: CBRE

According to the rent tables of the Austrian Chamber of Commerce from the spring of 2015 (2014 data), rents on uncontrolled apartments in Austria's provincial capitals in average locations currently range from about EUR 6.2/sqm in St. Pölten to EUR 10.9/sqm in Innsbruck. Compared to the previous year, all the provincial capitals recorded a steady performance.

Prices for new condominium apartments in Austria currently range from an average of EUR 1,830/sqm in St. Pölten up to EUR 4,883 in Salzburg (for details on Vienna please see below).

At 61,500 apartments, building permits issued in 2014 were 4% higher than the previous year. While increases of 8% and 9% were recorded in Vienna and Upper Austria, respectively, Salzburg experienced a decline of more than one third. Just under 56,000 housing units were completed in all of Austria in 2014, 10% more than the year before. With a share of around 16% or around 9,000 apartments, construction activity was strongest in the Federal States of Upper Austria, Lower Austria, Styria and Vienna.

Vienna. Until just a few years ago, the housing market in Vienna was inactive by European comparison, and returns were only average. Only in recent years has the gap with comparable large European cities narrowed noticeably. A major reason for this is the already high building density in the urban districts, with few open spaces for new construction projects. Due to the strong demand, even large projects with several thousand residential units, such as those being carried out in the next few years near the new central railway station (10th district) or at Aspern airport (22nd district), will only slightly ease the pressure in the new construction market, given the increase in population of more than 30,000 residents in 2014. In this environment, the appreciation in value of existing apartments and the use of vacant parcels of land will gain in importance.

The housing package adopted by the government in March 2015 is also expected to act as a major driver. The assumption of liabilities of EUR 500 million is intended to stimulate the construction of a total of approximately 30,000 residential units during the next five years. The majority of these will be in Vienna. This compares to an increase in housing requirements of 12,000 units per year or 60,000 units over the next five years, based on projected population growth. In 2014, building permits for approximately 11,700 apartments were issued for Vienna, which exceeded the previous year's figure by 8%. Around 9,000 new apartments were completed, around 800 units more than last year.

A further increase in demand was recorded in the rental segment in 2014, which resulted in an increase in the price of existing apartments due to the continued low level of new construction. Key decision-making criteria are links to the transport infrastructure, and the location and facilities of the properties. The chart to the left shows the rental prices broken down by district, with the lower section generally representing older existing apartments and the top section newly built or renovated apartments.

There are significant price differences in the condominium segment in Vienna depending on the location. According to the 2015 real estate price index of the Austrian Chamber of Commerce (2014 data), achievable prices in the first district in 2014 ranged from EUR 5,800/sqm to EUR 9,677/sqm, but drop off to less than EUR 2,000/sqm in outlying districts. The chart to the left shows the price level broken down by district, with the lower section generally representing older existing apartments and the top section newly built apartments.

RESIDENTIAL MARKET – GERMANY

The population of Germany has been rising steadily for four years and, according to surveys by the Federal Statistical Office, stood at 81.1 million at the end of 2014 compared to 80.8 million at the end of the previous year. The federal states of Baden-Württemberg, Bavaria, Berlin and North Rhine-Westphalia recorded the largest increases. The number of households has risen slightly recently and currently stands at around 40 million, which makes the average household size two persons. More than 40% of all households are single-person households, followed by two-person households, which make up 34%. Around 57% of all German households live in rental apartments, with the rest owning their homes. While about 31% of all households in the new provinces and Berlin are in owner-occupied properties, the comparable figure for the households in western Germany is 46%. The size of the average rental apartment is approximately 70 sqm. In contrast, condominiums are significantly larger and average 120 sqm.

According to estimates made by the Council of Real Estate Experts in its spring report, in-place rents continued to increase in 2014, although at a somewhat slower pace than in previous years. In western Germany, the increase over the previous year slowed from 3.3% to 2.7%, in eastern Germany it slowed from 2.5% to 1.9%. This compares with an inflation rate of only 0.9% in 2014.

The purchase prices for real estate rose considerably more than rental rates in 2014 according to this report. In western Germany the price increase amounted to around 5.5% and in eastern Germany (excluding Berlin), to around 1.4%. According to real estate experts, these developments in the German real estate market are part of normal cycles, and there is no sign of a real estate bubble.

At 285,500 apartments, the number of building permits in 2014 was up around 4.6% over the previous year, meaning permits for a total floor area of around 30 million sqm were issued. 245,300 apartments with a floor area of approximately 27 million sqm were completed in all of Germany in 2014. The related costs are estimated at around EUR 68 billion. In its most recent housing market forecast, the Federal Institute for Building, Urban Affairs and Spatial Development assumes new construction requirements of around 230,000 apartments annually up to 2030 for the entire country. During the next five years, as many as 272,000 new apartments could be required in order to meet the current strong excess demand. Compared to the number of apartments completed in 2014, this corresponds to a required increase of around 30,000 units per year.

According to calculations by Jones Lang LaSalle (JLL) the transaction volume in the German residential market amounted to 218,000 units or just under EUR 13 billion in 2014, a slight decrease from the previous year's level. Market activity was dominated by resales and portfolio adjustments, and foreign investors grew in importance. At just under EUR 2 billion, the regional focus was on Berlin, followed by the Ruhr valley at around EUR 700 million and Hamburg at around EUR 420 million. In the first quarter of 2015, the main event on the investment market was a major transaction. The German firm Annington took over its competitor Gagfah, creating a residential housing group with a total of around 350,000 residential units. The transaction volume amounted to approximately EUR 8 billion. In addition, the company purchased a further 20,000 apartments from Süddeutsches Wohnen with a transaction volume of EUR 1.9 billion.

Agreement on the cap on rent increases in Germany. After turning in only a modest performance since the turn of the millennium, rental prices on the German housing market have increased significantly in many regions of Germany during the last five years due mainly to higher demand. Politicians felt compelled by this to intervene in the market. This cap on rent increases was decided upon at the end of September 2014 by the German Federal Cabinet and adopted by the Bundestag on 5 March 2015.

Its purpose is to slow the increase in rents in tight housing markets and it has two main objectives:

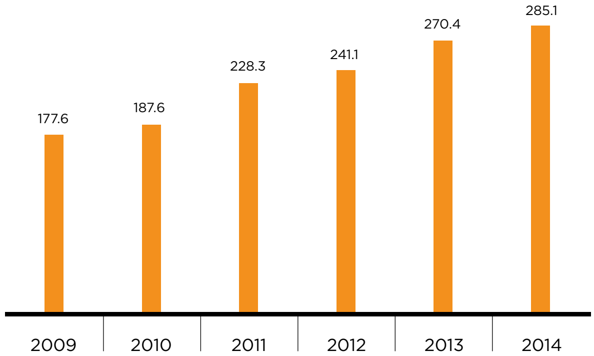
- When leases are renewed, owners should be allowed to increase the rent by a maximum of just 10% above the local average.

- Especially in tight housing markets, the rent increases under existing contracts can be limited to 15% over four years.

Until 31 December 2020, the governments of the federal states are authorised to designate areas with tight housing markets in which this limit on rental prices applies. Apartments rented for the first time after 1 October 2014 are not subject to this limitation. The same applies to the first rental of an apartment following comprehensive modernisation.

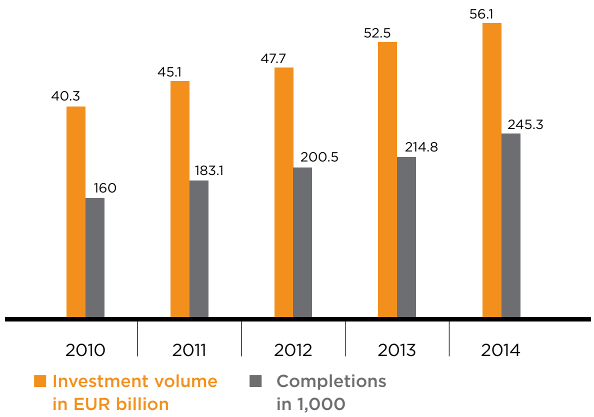
Since 1 June 2015, the regulations of the cap on rent increases has applied to the entire metropolitan area of Berlin and the entire city of Hamburg has been covered by the regulations since 1 July 2015. In the federal state of North Rhine-Westphalia, the cap on rent increases was also introduced on 1 July 2015 in 22 cities with tight housing markets, including Düsseldorf, Cologne and Bonn.

NEW RESIDENTIAL APPROVALS
in Germany, in 1,000



Source: German Federal Statistical Office

COMPLETED APARTMENTS
in Germany



Source: German Federal Statistical Office

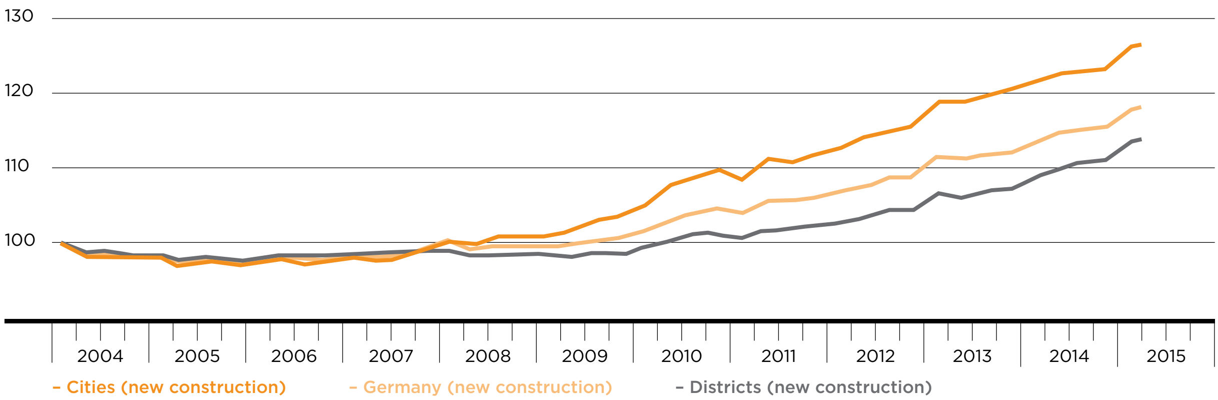
2014 RESIDENTIAL MARKET DATA OVERVIEW OF GERMANY

	Berlin	Hamburg	Kiel	Lübeck	Kassel	Lüneburg	Braun-schweig
Population in 1,000 inhabitants	3,562	1,700	242	216	197	74	250
Average household size	1.8	2.1	1.8	1.7	1.9	1.9	2.1
Number of apartments approved for construction	19,199	8,421	580	350	400[1)]	n.a.	n.a.
Number of completed apartments	8,744	6,974	616	279	339[1)]	n.a.	n.a.
Average rent for new construction in EUR/sqm	11.3	10.9	9.5	9.0	7.0	8.9	8.7
Average sale price for new construction in EUR/sqm	3,850	3,720	2,800	2,550	2,250	2,900	2,350
Vacancy rate in %[1)]	< 2.0	< 1.0	2.0	2.0	3.0	2.0	2.0

1) Data as at end of 2013

DEVELOPMENT OF NET IN-PLACE RENT

in EUR/sqm from Q1 2004 to Q1 2015[1)]



1) For new apartments of 60–80 sqm with higher quality fittings, excluding Berlin

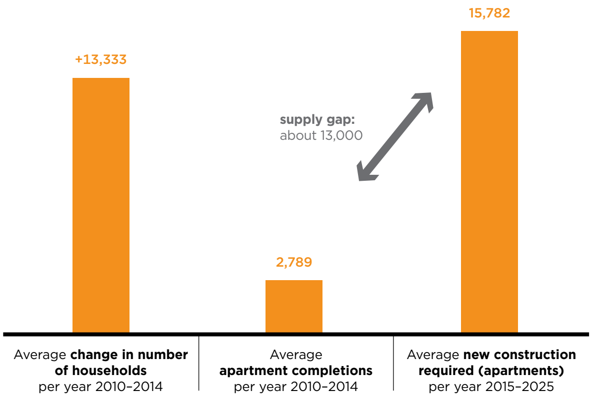
Source: empirica- price database

Berlin. Berlin's residential market was heavily influenced by economic and population growth again in 2014. With around 3.6 million inhabitants, Berlin is Germany's largest city as well as being the seat of government and the country's capital. As in previous years, Berlin experienced a significant influx of more than 50,000 new residents in 2014. The average household size is 1.8 persons. The city is one of Europe's most important centres of politics, media, culture and science. With almost 29 million overnight stays and 12 million guests in 2014, tourism is a major factor in Berlin's economy. Similarly, the approximately 140,000 students who live in the city add to its charm. The structural change that began with reunification continues today and attracts mainly companies from the media and communications industry, biotechnology and from the creative sector. At just under 11%, the unemployment rate is significantly higher than the national average of around 7%; the per capita purchasing power, however, is at the average level of EUR 21,000.

In 2014, building permits for more than 19,000 new apartments were issued, exceeding the previous year's figure by over 50%. Just under 8,800 residential units were completed, around 30% more than last year. The total number of apartments stood at more than 1.9 million units at the end of 2014.

Given the continuing population growth, the strong overall development and a vacancy rate of less than 2%, there are no signs of an easing of tensions in the Berlin housing market, even if the momentum in new construction has recently increased significantly. The annual demand for new construction is more than 17,000 units from 2015 to 2020 according to calculations by the Federal Institute for Building, Urban Affairs and Spatial Development, and completions totalled around 8,800 units in 2014. This discrepancy explains the increase in rents and property prices, which began in 2010 and has continued steadily since. Prime rents of up to EUR 11.3/sqm are being obtained for new apartments and of up to EUR 8.2/sqm for lease renewals on existing housing. The city is divided into regions with different price levels. While these peak values are regularly achieved in Berlin-Mitte, Charlottenburg-Wilmersdorf and Pankow, the level of rents in the outlying districts Marzahn-Hellersdorf and Spandau are only half this level at about EUR 6/sqm. Prices for newly built condominiums have developed similarly. Here, too, peak values of more than EUR 8,000/sqm are being realised in Berlin-Mitte. In Spandau, however, the comparable figures are at only just over EUR 1,500/sqm. The city-wide average is more than EUR 3,800/sqm – by about EUR 200 more than in the previous year.

HOUSING INDICATORS BERLIN



Source: Statistical Office Berlin-Brandenburg

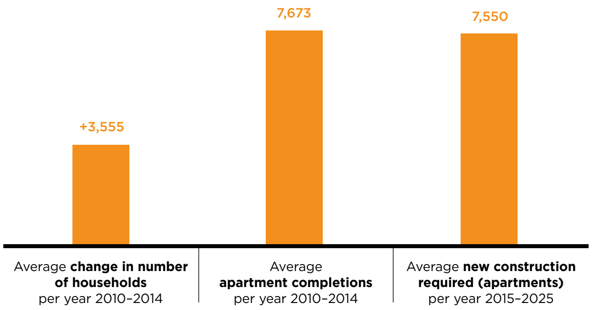
Treptow-Köpenick, Berlin's largest district in geographic terms, has around 245,000 inhabitants and the number is rising. This district, where the BUWOG Group is currently carrying out its largest construction project, boasts a large proportion of water and forest areas – water and green spaces as well as nature and landscape conservation areas account for around 70% of its total area. According to estimates by the district administration, the population of Treptow-Köpenick is expected to grow by more than 13,000 by 2020, which implies strong demand for residential construction.

Hamburg. With a population of around 1.7 million, Hamburg is Germany's second-largest city. In addition to the maritime economy, in its role as a city-state, Hamburg is also well established as an administrative and services centre; its numerous cultural institutions and tourist attractions also make it an important tourist destination. The official forecasts continue to assume a steady population increase; by 2030, the population is expected to increase to nearly 1.9 million people. The positive developments in the number of inhabitants and households has led to a steady rise in excess demand in the housing market in recent years. The result has been a marked increase in prices, as construction activity has failed to keep pace with rising demand.

Around 7,000 new apartments were completed in Hamburg in 2014, an increase of about 9% from the previous year. This represents total floor area of just under 620,000 sqm. According to calculations by JLL, these market conditions have resulted in a vacancy rate that is currently below 1%. On average, rental prices stood at EUR 10.9/sqm in 2014, which corresponds to an increase of 1.4% over the previous year. The highest rents are achieved in HafenCity and in locations around the Alster at EUR 22.0/sqm. Rents are lowest in the Harburg district at an average of EUR 8.2/sqm. Newly built condominiums in Hamburg currently command an average of EUR 3,720/sqm. Peak rents of over EUR 7,000/sqm are achieved in Altona and Hamburg-Mitte.

During 2014, building permits for around 8,400 new apartments were issued in Hamburg, nearly 20% more than in the previous year. Given the aforementioned positive demographic trends, with volumes at this level no significant reduction in the current excess demand is expected. Buyers and tenants are increasingly focusing on the surrounding areas, which is resulting in increases in rental and purchase prices there, too. In the future, demand in the housing markets of the surrounding area will continue to be strongly influenced by the housing market situation in Hamburg.

HOUSING INDICATORS HAMBURG



Source: Statistical Office of Northern Germany

Hamburg surrounding area. The overall development of the Hamburg residential market described above is having a positive effect on the surrounding communities. The number of residents and households in the surrounding area is steadily increasing as a result of rising prices in the city. The offered rents for new and existing properties in the area around Hamburg have risen steadily in recent years. The highest in-place rents are found in Stormarn, with an average of EUR 8.5/sqm for new apartments and EUR 7.8/sqm for existing apartments. The most important urban centres of this district include, in addition to Ahrensburg, the cities of Reinbek and Glinde, where the BUWOG Group owns standing investments. In 2014 in the Segeberg district, the average rent for new properties was EUR 8.0/sqm, although significantly higher rents can be achieved depending on the property's proximity to Hamburg. The largest cities in this region include Norderstedt with around 75,000 inhabitants, Henstedt-Ulzburg with just under 27,000 inhabitants, and Kaltenkirchen with nearly 20,000 inhabitants. The BUWOG Group has standing investments in all three cities.

Kiel. As the state capital and largest metropolitan area in the state of Schleswig-Holstein, Kiel is considered a traditional commercial centre, with a focus on engineering and shipping. But with about 25,000 students, Kiel is also an important university city. While the population was still decreasing at the turn of the millennium, the number of inhabitants has begun to increase in recent years. Kiel has succeeded in transitioning from a highly industrialized shipyard and naval city into a thriving services centre and the functional centre of Schleswig-Holstein. As a result, the number of potential tenants wishing to move from the surrounding areas to the capital is increasing. In 2014 alone the population increased by 1.1% over the previous year to more than 242,000. With slightly more than 141,000 households, the average size is less than two people per household. There are approximately 80,000 single-person households. The demand for housing has exceeded supply for many years – especially in good locations. In 2014, building permits were issued for only 616 new apartments. This was significantly above the figure for the previous year, but was insufficient to meet actual demand. A vacancy rate of less than 2% reflects this market situation.

The average monthly rent for new apartments rose to EUR 9.5/sqm in 2014. For lease renewals, the level of EUR 7.50/sqm was constant compared to last year. The prices for condominiums have been increasing steadily for the past five years and reached a new record of EUR 2,800/sqm in 2014. At EUR 1,650/sqm, used condominiums are significantly cheaper.

Lübeck. As the second largest city in Germany's northernmost state, Lübeck is located in the direct catchment area of the metropolitan region of Hamburg. Thanks to the extensive expanses of water and its historic city centre, there are numerous preferred residential areas throughout the city. Moreover, the city's four universities attract many students. The economy is broadly diversified in sectors ranging from the food industry to trade and services to logistics. The port of Lübeck plays a particularly important role in the economy. It is Germany's largest Baltic port in terms of cargo handled.

The number of inhabitants has increased steadily since 2010. At the end of 2014, around 216,000 people lived in Lübeck. The total of 115,000 households makes the average household size less than two persons, and this figure is trending downwards. The vacancy rate has been below 2.0% for years. In 2014 building permits were granted for around 279 apartments, which brought about no substantial easing of the tension in the housing market. This is also reflected in the further rise in average rents for new apartments to EUR 9.0/sqm. The average rent charged on the renewal of apartment leases has recently been around EUR 7.0/sqm. After remaining stable over an extended period, the purchase prices of condominiums have been on the rise in the past three years. In 2014, the average price per square meter paid for new condominiums was EUR 2,550 and for resales it was around EUR 1,600.

Kassel. With a population of around 197,000, Kassel is the third-largest city in the federal state of Hesse, after Frankfurt and Wiesbaden. Economically, the Kassel metropolitan area is dominated by numerous industrial companies, with the automotive industry occupying a special place. But Kassel is also a university city with over 20,000 students. The housing market can be classified as robust but inactive. New building activity is not significant, and the vacancy rate is around 3%. In 2013 (more current data are not available), the supply was increased by only 400 units. The number of inhabitants, however, rose by about 4,000 people, so the situation in the housing market can be expected to become tighter in the next few years. Apartment rents are currently EUR 7.0/sqm for new construction and EUR 5.80/sqm for lease renewals, still significantly below the average for comparable cities in this region. This also applies to the prices of condominiums, which are at EUR 2,250/sqm for new construction and EUR 1,450/sqm for resales.

Lüneburg. The city of Lüneburg is located about 50 kilometres southeast of Hamburg. The city is widely known for its historical brick buildings and it attracts many tourists. The population has remained constant at 74,000 people, with slightly positive signs during the last three years. With nearly 38,000 housing units, the real estate market is not large, but is stable, as is the vacancy rate of below 2%. Average rents have recently recorded a slight increase and currently stand at around EUR 8.9/sqm for new apartments and EUR 8.0/sqm for lease renewals. Prices for condominiums developed positively in 2014 and currently stand at EUR 2,900/sqm for new buildings and EUR 1,750/sqm for resales.

Braunschweig. Braunschweig is the second largest city in Lower Saxony after Hanover and is the economic and cultural centre of the southeastern region of Lower Saxony. In addition, Braunschweig is also an administrative and services centre and a traditional university town. Since 2007, Braunschweig has seen its population begin to rise slightly again. At the end of 2014, the population was more than 249,500, around 3,000 more than the previous year. This positive development is due not least to a broad-based university and research landscape. Following a sharp rise in rents in recent years, the average rental price for new apartments was most recently EUR 8.7/sqm and EUR 6.4/sqm for lease renewals. The purchase prices for condominiums followed this development somewhat later. In 2014, this area recorded a significant increase in the average prices for new apartments to EUR 2,350/sqm and to EUR 1,400/sqm for resales. With a total market of almost 137,000 residential units, the vacancy rate was most recently at about 2.0%.

DEVELOPMENTS ON THE FINANCIAL MARKETS

INTEREST RATES AND REFINANCING IN AUSTRIA AND GERMANY

Review of the financial markets 2014/15

- Further interest-rate cuts as the surprise of the year
- Government and corporate bonds are the winners
- Prospect of loose ECB monetary policy puts Euro under pressure

The financial markets have been under the spell of the central banks for the past several years. Their monetary policy – in some cases involving unconventional measures – has largely dictated the environment in which the capital market players operate. Their decisions and, in particular, their non-decisions have dominated market activity to a great extent.

In addition, the Greek crisis has played a major role in the capital markets for several years. An agreement on the opening of negotiations on an ESM support programme for Greece was reached at a Euro summit in mid-July 2015. It is subject to strict conditions and accompanied by a growth and jobs package.

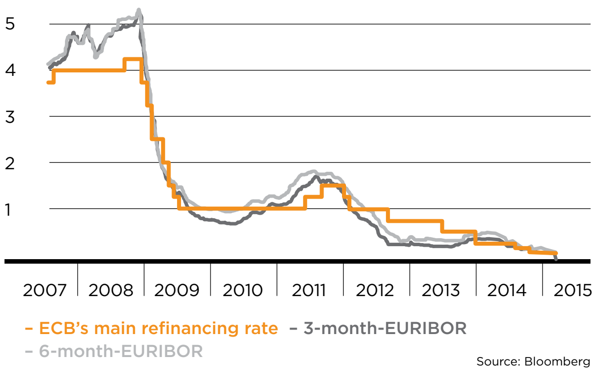
In addition to these developments, the capital markets were influenced by the interest rate policy decisions of the European Central Bank in the reporting year. Just a year ago it was expected that there would be an increase in the Euro interest rate but that it would be delayed in response to developments in the USA. Instead, the interest rate was lowered in two stages to a record low of 0.05% in the last reporting period. The ECB was now paying negative interest rates on bank deposits for the first time in order to promote the circulation of capital (for details see page 94). Due mainly to the uncertainty surrounding the outcome of the Greek crisis, it is not currently possible to make a reliable assessment of further ECB interest rate policy.

DEVELOPMENT OF SIGNIFICANT INTEREST RATES

The ECB's key interest rate was 0.25% in early May 2014, at the beginning of the reporting period. Later in 2014, the European Central Bank found itself forced to further lower the key interest rate twice due to the overall economic situation in Europe and low inflation. In a first step on 5 June from 0.25% to 0.15% and in an unexpected second step on 4 September by a further 10 basis points to the current level of 0.05%. The 3-month EURIBOR reached its low of -0.005% on 30 April 2015 and the 6-month EURIBOR hit its low of 0.061% on 29 April 2015. New historic lows were reported almost every week in the first weeks after the BUWOG Group's reporting period.

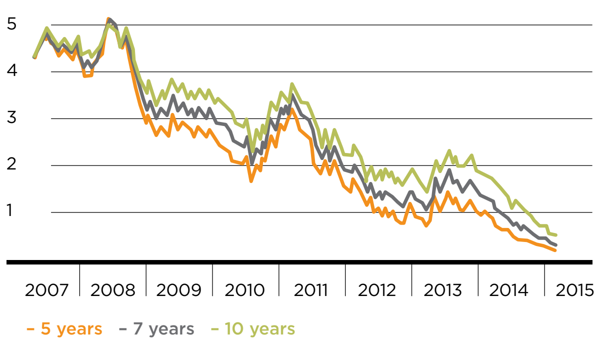
The long-term swap rates trended sharply downward throughout the entire reporting year. On 16 April 2015, the 5-year swap reached its low point at 0.176% and on 20 April the 10-year swap hit 0.449%. Both swap interest rates recovered from these historic lows after the end of the reporting period. This can be seen very clearly in the 5-year swap rate which rose from its low of 0.176% in mid-April to reach the 0.5% mark at the end of June 2015. The 10-year swap rate rose to over 1.2% by the end of June 2015. The development of swap interest rates is of particular relevance to the BUWOG Group in the fair value measurement of financial

ECB MAIN REFINANCING RATE VS. EURIBOR
1 May 2007 – 30 April 2015, in %



Source: Bloomberg

EURO SWAP RATES
1 May 2007 – 30 April 2015, in %

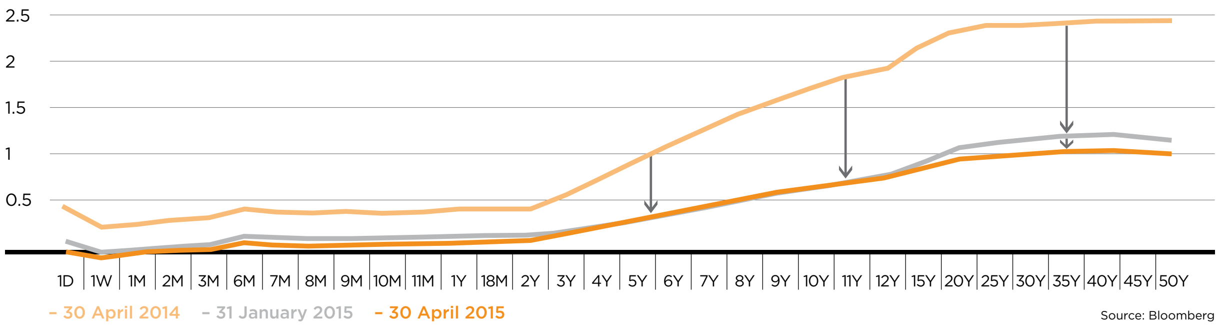


Source: Bloomberg

MANAGEMENT REPORT

DEVELOPMENT EUR SWAP CURVE

Comparison 30 April 2014 – 31 January 2015 – 30 April 2015, in %



Source: Bloomberg

liabilities and derivatives (non-cash effect) in profit and loss and for the hedging of interest rate risks (cash effect). Details on the effects on the BUWOG Group's financial result can be found in the "Financing" and the "Net assets, financial position and results of operation" sections.

THE ECB'S EXTRAORDINARY MONETARY POLICY MEASURES

In addition to the interest rate decisions mentioned above, the ECB has established a new management tool called Targeted Longer-Term Refinancing Operations (TLTRO) in order to make longer-term refinancing operations possible and to improve lending to the non-financial private corporate sector in the EU area. At the same time, the ABS Purchase Programme (ABSPP) and the Covered Bond Purchase Programme (CBPP) for the purchase of asset-backed securities (ABS) and uncovered bonds was initiated. These measures are also known as quantitative easing (QE), which is intended to lead firstly to a reduction in risk premiums in the markets and, secondly, to increase the monetary base of the central bank. At the same time, the ECB announced its intention to bring its balance sheet back to the level of early 2012. This would correspond to an increase in the balance sheet total of the ECB of around EUR 1 trillion, or 50%, which is expected to take place through the purchase of government bonds and securities. The purchases are intended to continue until autumn 2016 or, in any case, until the ECB sees inflation move back to near the 2% mark. ECB President Mario Draghi has thus far not decided whether the purchases will actually end in September 2016. According to official reports from Eurostat, the ECB has been making monthly government bond purchases of EUR 60 billion – around EUR 2 billion a day since March 2015.

DEVELOPMENT OF FINANCING PARAMETERS

In the view of the BUWOG Group, current financing for the real estate sectors in both Austria and Germany is basically secure due to the high demand for investments in this sector. The increased capital adequacy reporting requirements for banks under Basel II and Basel III put the focus on coverage eligibility for the financing of standing investments. This leads to slightly more favourable refinancing costs for the bank, but also to a lower loan-to-value ratio and thus to higher capital requirements in real estate investments. There is also sufficient access to financing for project development, although lending conditions have tightened significantly in recent years in the form of obligations and reporting requirements imposed by banks. However, due to the increased risks, the costs of project financing are significantly above those of standing investments. The main determining factors in the decision-making process are location, cost security by appointing a general contractor with fixed price and completion guarantees, and verifiable pre-letting of the property. In sum, therefore, sufficient financing volumes are available, although under stricter lending conditions.

PORTFOLIO REPORT

The core activities of the BUWOG Group are the letting and management of a diversified, risk-optimised and sustainably oriented portfolio of standing investments (Asset Management), the unit sales of individual apartments and block sales from the standing investments at the highest possible margins (Property Sales) and the development and construction of attractive and highly marketable new building projects with a focus on Vienna and Berlin (Property Development). The objective is to maximise profitability along the entire value chain – from the in-house development of new building projects to the optimisation of properties through active Asset Management through to the sale of new building projects and units at the optimal point in the cycle.

The following information relates to 30 April 2015, the balance sheet date of the financial year 2014/15. Comparative figures in parentheses refer to values as at 30 April 2014, unless otherwise indicated. Please see Section 2 Significant Accounting Policies in the Notes for information on carrying amounts.

BUWOG GROUP PROPERTY PORTFOLIO

The property portfolio is broken down in the portfolio report based on the balance sheet logic into standing investments generating rental income, pipeline projects (land for new building projects and land reserves), other tangible assets (owner-occupied properties), investment properties under construction for the core property portfolio, non-current assets held for sale (standing investments) and real estate inventories (development projects).

The total portfolio of the BUWOG Group had a fair value of EUR 3,846.2 million as at 30 April 2015 (EUR 2,820.5 million). Of this amount, the majority, EUR 3,558.0 million (EUR 2,526.1 million) or 92.5% (89.5%), is standing investments and non-current investment properties held for sale (standing investments). The active construction development projects (real estate inventories) have a fair value of EUR 197.6 million (EUR 155.1 million) or 5.1% (5.5%) of the fair value of the total portfolio. The pipeline projects have a fair value of EUR 68.6 million (EUR 120.5 million) or 1.8% (4.3%). The fair value of new buildings, which are reported under investment properties under construction and which are being built for the BUWOG inventory, amounted to EUR 14.6 million (EUR 10.9 million) or 0.4% (0.4%). Other tangible assets with owner-occupied properties amounted to EUR 7.4 million (EUR 7.9 million) or 0.2% (0.3%).

The property portfolio of the BUWOG Group is divided into non-current and current assets in the balance sheet. The following charts reconcile the figures on the balance sheet as at 30 April 2015 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 30 April 2015 in EUR million

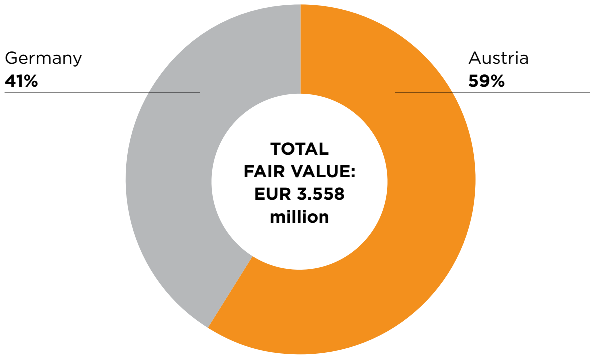
Non-current assets	**3,642.8**	Investment properties	3,620.8	**Standing investments**	**3,552.2**
				Pipeline projects	68.6
		Other tangible assets	7.4	Owner-occupied properties[1]	7.4
		Investment properties under construction	14.6	Build in inventory	14.6
Current assets	**203.4**	Non-current assets held for sale	5.8	**Standing investments**	**5.8**
				Pipeline projects	0.0
		Inventories	197.6	Development projects	197.6
Total portfolio BUWOG Group	**3,846.2**		**3,846.2**		**3,846.2**

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

The following chart shows the regional distribution of the entire property portfolio:

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2015



PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2015	Units	Standing Investments in EUR million	Pipeline projects in EUR million	Owner occupied properties in EUR million[1]	Build in inventory in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Austria	25,101	2,092.9	40.7	6.7	14.6	119.4	2,274.3	59.1%
Germany	26,570	1,465.1	27.9	0.7	0.0	78.2	1,571.9	40.9%
BUWOG Group	51,671	3,558.0	68.6	7.4	14.6	197.6	3,846.2	100.0%

Data includes rounding differences

1) Incl. furniture, fixtures and office equipment

INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating regular rental income. As at 30 April 2015, the portfolio of standing investments in Austria and Germany included a total of 51,671 units (33,475), representing a fair value of EUR 3,558.0 million (EUR 2,526.1 million), corresponding to approximately 93% of the total property portfolio (incl. development projects). In accordance with IAS 40, the standing investment portfolio is accounted for at fair value and contains the assets reclassified IFRS as held for sale in accordance with IFRS 5.

In 2014/15 in Germany a total of three portfolios with 19,361 units were acquired for a total of around EUR 950 million, taken over and successfully integrated. The DGAG portfolio with 18,039 units and the Berlin/Brandenburg portfolio with 1,206 units were consolidated on the income statement on 1 July 2014. The Braunschweig portfolio with 116 units was taken over on 1 March 2015.

PORTFOLIO TRANSACTIONS FY 2014/15

	Closing
18,039 units in Schleswig-Holstein et al. (DGAG)	July 2014
1,206 units in Berlin/Brandenburg (Apollo)	July 2014
116 units in Braunschweig	March 2015

The regional investment focus in Germany consists of the regions of Berlin and north-west Germany with the target cities of Kiel, Lübeck, Hanover, Braunschweig, Bremen and Kassel as well as the metropolitan area of Hamburg. A BUWOG Group's main investment criterion is the appreciation potential of the relevant property in economically stable growth regions and homogeneous residential complexes, preferably built between 1960 and 1979.

The core property portfolio of the BUWOG Group, around 84% of the fair value assets and approximately 77% of units, is located in the national capitals Vienna and Berlin, state capitals and major cities, as well as suburban areas around federal capitals, state capitals and major cities (incl. Hamburg).

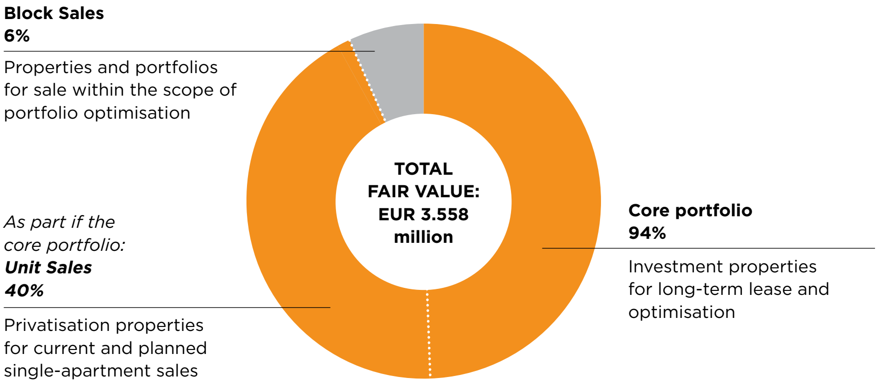
The average unit has a size of approximately 69 sqm. The annualised contractual net in-place rent of the portfolio at the reporting date of 30 April 2015, including parking spaces, is EUR 198.2 million (EUR 122.7 million). This represents an average net in-place rent of EUR 4.81 per sqm (EUR 4.31 per sqm) and a net rental yield (annualised net in-place rent on the reporting date in relation to the fair value) of 5.6% (4.9%). The vacancy rate is calculated on the basis of the area and on 30 April 2015 totalled 4.2% (4.8%).

Rental growth for the BUWOG Group's overall portfolio (including the DGAG property portfolio for 12 months) stood at 3.2% in 2014/15 in a like-for-like comparison, taking into account the elimination of effects from the change to portfolio holdings (without portfolio transactions) and excluding the effects of changes in vacancy. The German property portfolio saw rental growth of 3.4%. The rental revenues of the Austrian property portfolio grew by a total of 2.9% on a like-for-like basis in 2014/15.

The BUWOG Group has invested a total of EUR 50.4 million (EUR 32.3 million) in the real estate holdings in the financial year 2014/15 on current maintenance for the purpose of new rentals (Maintenance) and for value-added, fair value-enhancing investment measures (CAPEX). This corresponds to EUR 14.7 per sqm (EUR 13.1 per sqm). Investments in maintenance totalled EUR 33.1 million (EUR 26.0 million) and EUR 9.7 per sqm (EUR 10.6 per sqm). EUR 17.3 million (EUR 6.3 million) or EUR 5.0 per sqm (EUR 2.6 per sqm) was invested for CAPEX measures. The CAPEX capitalization ratio amounts to 34% of the overall measures (19.5%). BUWOG continues to aim for sustainable, return-driven maintenance management as part of its active Asset Management approach in order to realise the potential to increase the value of the portfolio properties.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE

as of 30 April 2015



PORTFOLIO OVERVIEW STANDING INVESTMENTS BY LOCATION

as of 30 April 2015	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	Net Rental Yield[3]	Vacancy rate[4]
Federal capitals	11,918	938,451	60	5.48	1,355	1,443	4.4%	3.4%
Vienna	6,922	606,442	36	5.19	1,013	1,670	3.6%	4.5%
Berlin	4,996	332,010	24	5.99	342	1,030	6.9%	1.4%
State capitals and major cities[5]	19,599	1,268,631	71	4.76	1,096	864	6.4%	2.6%
Suburban regions[6]	8,172	575,406	31	4.70	538	934	5.8%	4.7%
Rural areas	11,982	798,539	37	4.18	569	713	6.5%	7.3%
Total BUWOG Group	**51,671**	**3,581,028**	**198**	**4.81**	**3,558**	**994**	**5.6%**	**4.2%**
thereof Austria	25,101	1,926,636	92	4.20	2,093	1,086	4.4%	5.5%
thereof Germany	26,570	1,654,391	106	5.51	1,465	886	7.3%	2.7%

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 2015
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
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, as well as Hamburg

Within the standing investments of the BUWOG Group, properties are assigned to one of three clusters for the purposes of portfolio management: (a) the core portfolio, (b) the Unit Sales portfolio (current and planned sale properties) and (c) the Block Sales portfolio (individual properties and portfolios) whose sale is planned as part of an opportunistic approach to optimise and concentrate the portfolio in the medium-term. In accordance with the strategic portfolio cluster, the proportion of core holdings in the overall portfolio of the BUWOG Group is around 94%. The following table shows the cluster assignment:

PORTFOLIO SPLIT BY STRATEGY CLUSTER

as of 30 April 2015		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,023	13,211	3,437	51,671
Total floor area	in sqm	2,288,776	1,037,153	255,099	3,581,028
Monthly net in-place rent[1]	in EUR per sqm	5.10	4.35	4.10	4.81
Fair value[2]	in EUR million	1,921	1,428	209	3,558
Fair value[2]	in EUR per sqm	839	1,377	818	994
Net Rental Yield[3]	%	7.0%	3.6%	5.6%	5.6%
Vacancy rate per cluster	by sqm	3.6%	5.0%	6.6%	4.2%

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 2015
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

SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)

Within the Property Sales business area, Unit Sales is the main factor in generating sustainable revenues for the BUWOG Group. 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.

In 2014/15, a total of 617 units (553) were sold, of which 612 units were from the Austrian portfolio and five units were from the German DGAG portfolio. These sales made a contribution to recurring FFO of EUR 34.9 million and had a margin on fair value of around 59% (around 54%).

A total of 30 properties with 604 units were sold as part of the sale of twelve properties and two portfolios as part of the cycle-optimised streamlining of the portfolio in the 2014/15 financial year. These sales made a contribution to total FFO of EUR 7.2 million (EUR 5.5 million) and had a margin on fair value of around 26% (around 11%).

INVESTMENT PROPERTIES – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

In accordance with IAS 40, the balance sheet item investment properties covers both standing investments and pipeline projects at fair value. Pipeline projects are defined as undeveloped land reserves and new construction projects in planning whose construction begins more than twelve months after the balance sheet date. The projects are regularly reviewed internally at BUWOG for development and implementation 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-sales, the expected margin, the margin achievable through alternative projects, project-specific factors and, not least, the macroeconomic environment.

As at 30 April 2015, the pipeline projects on the balance sheet of BUWOG Group had a fair value of EUR 68.6 million (EUR 120.5 million).

FAIR VALUE OF PIPELINE PROJECTS

as of 30 April 2015	Property Development new building projects starting > 12 months in EUR million	Property Development land reserves in EUR million	Asset Management land reserves in EUR million	Total pipeline projects in EUR million	Share in total pipeline
Austria	31.1	7.6	2.0	40.7	59.3%
Germany	27.2	0.0	0.7	27.9	40.7%
Total	**58.3**	**7.6**	**2.7**	**68.6**	**100.0%**

OTHER TANGIBLE ASSETS

The fair value of other tangible assets of EUR 7.4 million (EUR 7.9 million) reflects predominantly the office buildings owned and occupied by the BUWOG Group in Vienna, Hietzinger Kai 131, as well as in Villach, Tiroler Strasse 17, with a fair value of EUR 6.0 million (EUR 6.5 million).

INVESTMENT PROPERTIES UNDER CONSTRUCTION – CONSTRUCTION PROJECTS IN THE PORTFOLIO (ASSET MANAGEMENT BUSINESS AREA)

Investment properties under construction include subsidised rental properties in Austria that are currently under construction or whose construction will begin within the next twelve months within the framework of property development for the BUWOG core portfolio. The BUWOG Group has long-standing experience in erecting subsidised rental properties for its own portfolio in Austria. The fair value of these development projects was EUR 14.6 million as of 30 April 2015 (EUR 10.9 million). In 2014/15, the new building project Rosa-Jochmann-Ring in Vienna, with 65 subsidised rental units (of the property's total of 99 units), was completed. At the end of the reporting period, construction began on the new building project in Vienna, Otterweg, with a total of 120 units – of which 89 are subsidised.

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

For the properties classified under "non-current assets held for sale" and accounted for in accordance with IFRS 5, there are specific plans as of 30 April 2015, which make the sale of these properties in the near future likely. The carrying amount of these properties at the reporting date totalled EUR 5.8 million (EUR 15.0 million); the properties relate solely to standing investments.

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 a cornerstone of the business activity of the BUWOG Group. Details on the Product Development matrix can be found on page 79. The main regional focus is on the markets in Vienna and in Berlin which are experiencing strong demand for condominiums. The principle selection criteria for development projects are the location, the size of the project, the marketability of the project and the profitability that can be attained.

In the balance sheet, development projects which are currently under construction or already completed are classified on the balance sheet as real estate inventories (current assets) and accounted for at amortised cost or the lower net realisable value in accordance with IFRS 2. The fair value of all real estate inventories as at 30 April 2015 was EUR 197.6 million (EUR 155.1 million).

PROPERTY VALUATION

The consolidated financial statements of the BUWOG Group as at 30 April 2015 were prepared in accordance with International Financial Reporting Standards (IFRS), which include the application of the fair value method. The establishment of this fair value requires that these investment properties be appraised on a regular basis by independent experts. The valuation of the property portfolio follows the best practices 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 ongoing calculation and transparent presentation of the fair value as an important internal controlling instrument, which simultaneously allows a realistic external assessment of the investment properties.

The valuation of the standing investments and the various new construction projects and undeveloped land of the BUWOG Group is carried out by an external, independent appraiser, CBRE Residential Valuation Germany, and is carried out on the reporting dates of 30 April and 31 October. On the reporting dates of 31 July and 31 January, the fair value of the standing investments is measured and adjusted in-house.

CBRE is one of the market leaders for residential property appraisals in Germany and Austria. In 2014, the company valued roughly 850,000 residential units with a total volume of around EUR 48 billion. With approx. 52,000 employees in around 372 offices throughout the world (excluding affiliated companies and subsidiaries), CBRE serves as a property service provider for both owners and investors of all types. CBRE uses a discounted cash flow (DCF) model to appraise the Austrian real estate holdings, which has been specially developed to take account of the special features of the Austrian Act on Non-Profit Housing ("*Wohnungsgemeinnützigkeitsgesetz – WGG*") (in particular, cost-covering rent and Burgenland guidelines –30%) and the Unit Sales from these holdings. The adapted model takes into account the long-term subsidy maturities, interest rate increases and the long-term achievable revenues from the Unit Sales through detailed cash flows, which are set for a period of 80 years. If the sale of apartments in a property is the most economically sensible option, the individually estimated percentage of sales is used in the valuation of this property. The recoverable sales revenue is determined using the sales comparison approach and included in the DCF model on an accrual basis.

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

As at the reporting date of 30 April 2015, CBRE had valued the entire property portfolio of the BUWOG Group. The fair values of the real estate holdings and properties established in this way have a direct influence on the Net Asset Value (NAV) and are thus a material factor in assessing the financial position of the BUWOG Group.

DEVELOPMENT OF PROPERTY VALUATIONS IN 2014/15

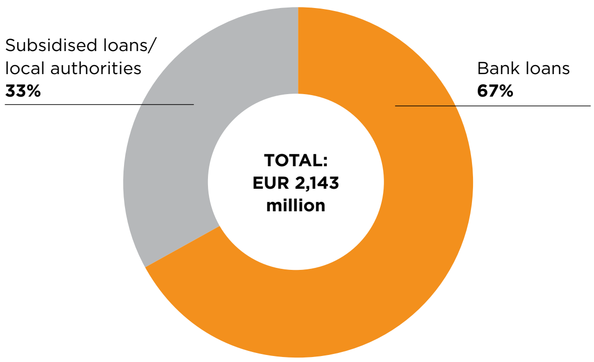
According to the CBRE report, the fair value of the BUWOG Group's properties had risen significantly from the previous year as at 30 April 2015.

The fair value of the BUWOG Group's standing investments recognised at fair value in accordance with IAS 40 (standing investments in accordance with IFRS 5) was EUR 3,552.2 million as at 30 April 2015 not including investment properties held for sale (previous year: EUR 2,511.1 million) and EUR 68.6 million (EUR 120.5 million) for pipeline projects. For the BUWOG Group, this resulted in a total fair value of EUR 3,620.8 million (previous year: EUR 2,631.6 million). The results from the revaluation of investment properties totalled EUR 105.7 million in 2014/15 (EUR 42.7 million). The development of the fair value of the German properties was strongly influenced by the very positive development of the rental market and improved new rental agreements. In the Austrian properties, the increase in the fair value of the Austrian properties was related mainly to the positive development of property prices in the portfolio defined for Unit Sales. The fair value of the strategic cluster of Unit Sales stood at around EUR 1.4 billion as at 30 April 2015. Based on the sales margin on fair value achieved in the past, it is further assumed that in the property portfolio of the BUWOG Group the Unit Sales will continue to have a significant effect on margins and thus contribute to recurring FFO.

FINANCING

In 2014/15, the financing of various standing investments was refinanced or prolonged in order to take advantage of the currently very low interest rates. There were also numerous acquisitions in Germany in the reporting year. The largest transaction was the real estate portfolio of DGAG, including the takeover of its management platform in Germany. The BUWOG Group financed the acquisition of the portfolio by taking out mortgage loans from a consortium led by Berlin Hyp AG in the amount of around EUR 399 million, the transfer of subsidised loans in the amount of around EUR 203 million and proceeds from the convertible bond issued in April 2014 with a volume of EUR 260 million. In addition, the acquisition of the residential management platform in Germany also involved the assumption of financial liabilities (VBL) of around EUR 37 million, which were fully repaid by April 2015. The financing provided by Berlin Hyp was fully repaid at the end of 2014. The refinancing and repayment of the BUWOG convertible bond took place in January 2015 and was successfully concluded with two Austrian banks at a total volume of EUR 330 million. With this transaction, the BUWOG Group achieved an interest rate advantage of 1.7 percentage points (incl. hedge against interest rate risks) compared to the convertible bond. In sum, the BUWOG Group was able to take advantage of the current favourable interest-rate and market environment to further improve interest terms. This improvement will have a lasting positive effect on recurring FFO, which is used for dividend distributions and investments.

STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES
as of 30 April 2015



FINANCING STRUCTURE

The financial liabilities of the BUWOG Group include liabilities to credit institutions and liabilities to local authorities in Germany and Austria. The remaining financial liabilities of the BUWOG Group as at 30 April 2015, which are exclusively denominated in Euros, amounted to approximately EUR 2,143 million. The above chart provides an overview of the financing structure of the BUWOG Group as at 30 April 2015.

RESIDENTIAL CONSTRUCTION SUBSIDIES

The subsidised loans in Austria and Germany, which account for about 33% of all outstanding financial liabilities, are a particular feature of the financing structure of the BUWOG Group. In Austria, the majority of the BUWOG Group's construction projects are supported by the public sector in the form of residential construction subsidies. In Germany, with the takeover of the DGAG property portfolio, the BUWOG Group assumed the existing subsidised loans for housing construction and modernisation (esp. the law on Housing Promotion in Schleswig-Holstein ("*Schleswig-Holsteinisches Wohnraumförderungsgesetz*")). The residential construction subsidies granted to the BUWOG Group can be classified by the following criteria:
- Provincial subsidies for construction and refurbishment
- Types of subsidy: Annuity subsidies, construction cost subsidies or direct loans

The subsidies are defined in the residential building statutes for the respective provinces. Despite the many differences in the details of the legal provisions, the laws governing residential construction subsidies are all based on several fundamental principles:
- Particularly in Austria, rents are subject to cost coverage during and after the term of the subsidy.
- Certain restrictions, such as temporary restrictions on sale, are required in order to secure the residential construction subsidies.
- The misuse of subsidies can result in sanctions, in particular early repayment.

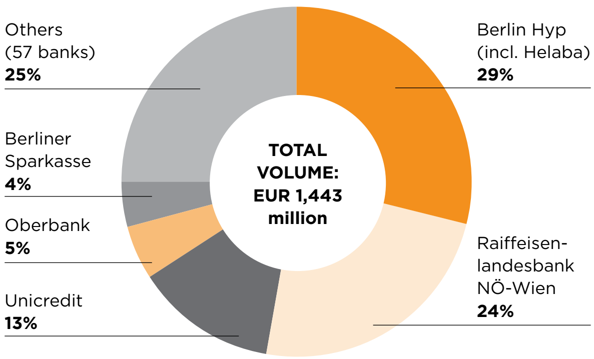
All of the subsidised loans granted to the BUWOG Group feature the aforementioned criteria and had an average interest rate of around 1.42% as at 30 April 2015. Fixed interest is charged on most of the subsidised loans and most agreements are subject to annuity increases or graduated interest-rate agreements, which are known at the time the contract is signed, and are generally passed on in the form of rent increases.

FINANCING PARTNERS AND REPAYMENT STRUCTURE

The BUWOG Group benefits from its long-standing, historical business relations with more than 50 banks and financial institutions in Austria and Germany. Its most important contractual partners are Berlin Hyp, Raiffeisenlandesbank NÖ-Wien, Unicredit, Oberbank and Berliner Sparkasse. By spreading its financing agreements across various lenders, the BUWOG Group avoids dependencies, while at the same time gaining broad access to a wide range of funding sources.

KEY FINANCING PARTNERS (BANKS)

as of 30 April 2015

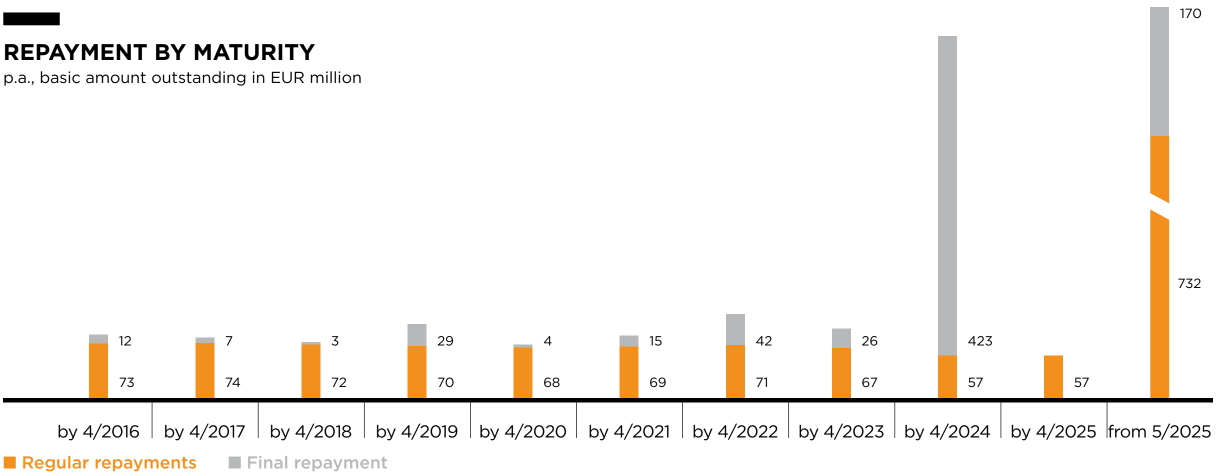


In keeping with the long-term nature of its core business, the BUWOG Group strives to secure a long-term and balanced financing structure to safeguard its defensive risk profile. Most of its financing contracts are based on long-term agreements. The average residual term is around 16.9 years.

The repayment structure by maturity is depicted below:

REPAYMENT BY MATURITY

p.a., basic amount outstanding in EUR million



MANAGEMENT REPORT

The following table summarises the key financing parameters as of 30 April 2015:

FINANCIAL LIABILITIES

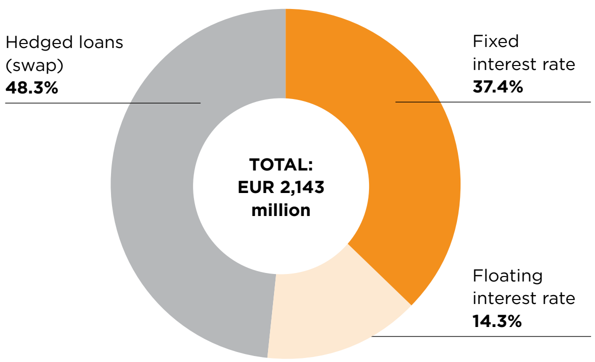
	Amount outstanding in EUR million	Share	Ø interest rate	Ø term in years
Bank liabilities	**1,443**	**67%**	**2.49%**	**14.5**
thereof Austria	818	38%	2.32%	19.2
thereof Germany	625	29%	2.72%	8.4
Subsidised loans/local authorities	**700**	**33%**	**1.42%**	**21.9**
thereof Austria	493	23%	1.44%	20.7
thereof Germany	207	10%	1.38%	24.9
Total	**2,143**	**100%**	**2.14%**	**16.9**

The BUWOG Group's LTV was 51.0% as of 30 April 2015. Further details of the calculation of LTV can be found in the "Loan-to-value" part of the section "Information on the net assets, financial position and results of operation".

INTEREST RATE STRUCTURE

In keeping with the long-term nature of the financing structure, around 86% of the agreed financing contracts are hedged against the risk of interest rate changes with fixed interest rate agreements and/or interest rate swaps. The weighted average nominal interest rate is 2.14%.

INTEREST RATE STRUCTURE
as of 30 April 2015



DERIVATIVES

The BUWOG Group uses derivative financial instruments to hedge the risk of changes in interest rates. All derivatives are used exclusively to hedge interest rates and key parameters such as maturity and repayment structures are adjusted to the respective underlying transaction.

As at 30 April 2015, the BUWOG Group held derivatives with a notional amount of EUR 1,035 million. A total of around 48% of the financial liabilities are thus hedged by swaps against interest rate risk. Further details on derivatives can be found in Section 8.2.5 Interest rate risk in the consolidated financial statements.

INFORMATION ON ASSET, FINANCIAL AND EARNINGS POSITION

The following information on the asset, financial and earnings position refer to the past financial year 2014/15 and the financial year 2013/14. The statements and information as of the previous year's reporting date and for the previous year's comparative period are shown in parentheses and are based on the consolidated balance sheet as at 30 April 2014, the pro forma profit and loss statements and the pro forma consolidated cash flow statement for the period 1 May 2013 to 30 April 2014. The pro forma information reflects the BUWOG GmbH business and thus the business of the BUWOG Group as if it had existed for the entire previous year from 1 May 2013 to 30 April 2014 (see also information in Section 7 of the consolidated financial statements).

The key event in the financial year 2014/15 was the acquisition of the DGAG property portfolio in Germany, which had a proportionate effect – for ten months from 1 July 2014 – on the results of operations in the reporting year.

The Asset Management business area turned in a very dynamic performance for the financial year. The number and total floor area of units in the portfolio increased to 51,671 (previous year: 33,475) and around 3.6 million sqm (previous year: around 2.5 million sqm) – driven mainly by the acquisition of the DGAG property portfolio with around 1.1 million sqm in Germany, and the simultaneous strategic optimisation and concentration of the portfolio in the Austrian Federal States. Asset Management's results of operations of EUR 128.3 million (EUR 75.9 million) made it the largest business area of the BUWOG Group in the reporting year.

In the Property Sales business area, the targets for the Unit Sales and portfolio properties were exceeded. The 617 Unit Sales (553) exceeded the figure for the previous year by approximately 24%, while the underlying margin on fair value of around 59% (54%) confirmed the BUWOG Group's business model in this area. The strategic Block Sales of 604 (1,739) units with a margin on fair value of around 26% (11%) should also be highlighted. The capital freed up by these transactions contributed in no small measure to driving the expansion in Germany. The results of operations from this business area of EUR 42.1 million (EUR 34.0 million) underscore the positive development of the business.

The performance of the Property Development business area was influenced by land acquisitions and project development activities with correspondingly high investment costs, which are expected to bring significant increases in returns in the future. Nevertheless, the Property Development business area made a positive contribution to net profit with results of operations of EUR 12.5 million (EUR 4.9 million), an increase of EUR 7.6 million over the previous year.

EARNINGS POSITION

The information on the earnings position for the financial year 2013/14 was derived on an unaudited pro forma basis. The pro forma information for the previous year period shows the BUWOG GmbH business, and reflects the BUWOG Group as if it had existed for the financial year from 1 May 2013 to 30 April 2014. For further details on this pro forma information, please refer to Section 7 of the consolidated financial statements.

CONDENSED INCOME STATEMENT

in EUR million	2014/15	2013/14 pro forma[1)]	Change
Results of Asset Management	128.3	75.9	69.0%
Results of Property Sales	42.1	34.0	23.7%
Results of Property Development	12.5	4.9	>100,0%
Other operating income	7.8	4.1	88.5%
Expenses not directly attributable	–32.2	–21.7	–48.3%
Results of operations	**158.5**	**97.3**	**62.9%**
Other revaluation results	110.0	43.4	>100,0%
Operating profit (EBIT)	**268.5**	**140.7**	**90.8%**
Financial results	–216.9	–9.2	>100,0%
Earnings before tax (EBT)	**51.6**	**131.5**	**–60.8%**
Net profit	**40.7**	**111.8**	**–63.6%**
Net profit per share[2)] in EUR	**0.40**	**1.12**	**–64.4%**

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) On the basis of 99,613,479 shares

Asset Management. Income from the Asset Management business area results from net cold rents for residential properties of approximately EUR 180.7 million (EUR 110.1 million) and other rental income of EUR 7.0 million (EUR 6.4 million), which mainly results from the rental of office space, retail space and parking spaces. These two items show the earnings data for net in-place rent and therefore reflect the revenue contribution of the Asset Management business area of overall revenue. In addition, income from Asset Management also consists of operating costs passed on to tenants and third-party management revenues of EUR 104.9 million (EUR 68.7 million) and other revenues of EUR 0.9 million (EUR 1.0 million). This compares with expenses for operating costs and third-party management of EUR 102.6 million (EUR 66.9 million) and expenses from investment properties (including maintenance costs for the own portfolio of EUR 33.1 million, (previous year: EUR 26.0 million) of EUR 62.7 million (EUR 43.4 million).

Net income from the Asset Management business area increased by 69% over the previous year mainly due to the acquisition of the DGAG property portfolio – closed on 27 June 2014 –, the Apollo property portfolio and the management platform – each of which closed on 1 July 2014. Based on the time of the closings, rental revenues for the two property portfolios acquired are therefore recognised in the financial year 2014/15 for a period of ten months with a contribution of EUR 64.4 million. According to the segment report, the results for Asset Management Germany are below the results for Asset Management Austria, in spite of higher rental revenues. This is mainly the result of property expenses from non-recurring statutory maintenance obligations, higher directly attributable material and personnel costs for Asset Management and Property Management, as well as costs for the integration of the German companies. The further integration of the management platform should generate additional value-enhancing synergies and cost-savings.

OVERVIEW OF ASSET MANAGEMENT

in EUR million	2014/15	2013/14 pro forma[1)]	Change
Residential rental income	180.7	110.1	64.1%
Other rental income	7.0	6.4	9.2%
Rental revenues	**187.7**	**116.5**	**61.1%**
Operating costs charged to tenants and third party property management revenues	104.9	68.7	52.7%
Other revenues	0.9	1.0	–5.1%
Revenues	**293.5**	**186.2**	**57.6%**

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

The following illustration shows the breakdown between maintenance costs and modernisations (CAPEX). The maintenance cost is shown as an expense item in profit or loss, while modernisations (CAPEX) increased the carrying amount of the standing investments.

MAINTENANCE AND INVESTMENT IN INVESTMENT PROPERTIES

	2014/15	2013/14	Change
Maintenance in EUR million[1) 3)]	33.1	26.0	27.7%
Modernisation (CAPEX) in EUR million	17.3	6.3	>100,0%
Average total floor area in 1,000 sqm[2)]	3,424.2	2,453.4	39.6%
Maintenance and Investment in EUR per sqm[1)]	**14.7**	**13.1**	**12.1%**
Maintenance in EUR per sqm[1)]	9.7	10.6	-8.5%
Modernisation (CAPEX) in EUR per sqm	5.0	2.6	96.9%

1) The earnings data from previous periods are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) Average weighted floor area taking into account increases and reductions from purchases and sales
3) Maintenance costs of own real estate portfolio (excl. Rental of leased real estate)

Property Sales. In 2014/15, the Property Sales business area generated income from investment property sales and adjustments to the fair value of properties already sold and investment properties held for sale of EUR 42.1 million (EUR 34.0 million), a significant increase of 23.7% from the previous year.

The following table shows the key parameters for the breakdown between Unit Sales and Block Sales (property and portfolio sales). With regard to Block Sales, it should be noted that in comparison to the previous year the share of portfolio sales is much lower. This results in lower revenues combined with higher margins on fair value.

OVERVIEW OF PROPERTY SALES

	2014/15	2013/14	Change
Sales of units in numbers	**1,221**	**2,292**	**-46.7%**
thereof Unit Sales	617	553	11.6%
thereof Block Sales	604	1,739	-65.3%
Revenues Property Sales in EUR million[1)]	**133.8**	**121.5**	**10.2%**
thereof Unit Sales in EUR million	98.2	83.5	17.7%
thereof Block Sales in EUR million	35.6	38.0	-6.2%
Results as per income statement in EUR million[1)]	**42.1**	**34.0**	**23.7%**
thereof Unit Sales in EUR million	34.9	28.5	22.5%
thereof Block Sales in EUR million	7.2	5.5	30.2%
Margin on fair value	**48%**	**38%**	**10,0 PP**
Margin on fair value - Unit Sales	59%	54%	5,0 PP
Margin on fair value - Block Sales	26%	11%	15,0 PP

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Property Development. In 2014/15, the Property Development business area generated results of EUR 12.5 million (EUR 4.9 million) on revenues of EUR 85.2 million. The results of EUR 12.1 million for Property Development in Austria were generated mainly from the completion of the projects Lindengasse (Vienna), EUR 4.0 million; Gombrichgasse (Vienna), EUR 4.0 million; and Universumstrasse (Vienna), EUR 2.7 million. With the completion of these projects, all non-capitalisable project start-up costs and directly attributable material and personnel costs were covered. The result of EUR 0.4 million for Property Development Germany is attributable mainly to the sale of a development property in Berlin with a contribution of EUR 6.5 million. These results are contrasted by non-capitalisable project start-up costs and directly attributable material and personnel costs that will recovered through from the sale of projects in the coming years.

OVERVIEW OF PROPERTY DEVELOPMENT

	2014/15	2013/14	Change
Sold units	**259**	**378**	**–31.5%**
thereof Germany	3	138	–97.8%
thereof Austria	256	240	6.7%
Revenues Property Development in EUR million[1)]	**85.2**	**96.4**	**–11.7%**
thereof Germany in EUR million	16.6	40.3	–58.8%
thereof Austria in EUR million	68.6	56.1	22.2%
Results Property Development in EUR million[1)]	**12.5**	**4.9**	**>100,0%**
thereof Germany in EUR million	0.4	–1.9	>100,0%
thereof Austria in EUR million	12.1	6.8	78.3%

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Expenses not directly attributable. Expenses that are not directly attributable to the business areas amounted to EUR 32.2 million (EUR 21.7 million). These mainly comprise personnel expenses of EUR 11.2 million (EUR 4.5 million), legal, auditing and consulting expenses of EUR 5.9 million (EUR 6.3 million) as well as IT and communication expenses of EUR 3.5 million (EUR 0.8 million). In 2013/14, the BUWOG Group was charged a management fee by IMMOFINANZ, its parent company at the time, which covered IT and marketing services, amongst others. In 2014/15, with the establishment of its own resources and structures within its organisation, the BUWOG Group is now fully independent of IMMOFINANZ. This led to an increase in personnel and material expenses, particularly in the areas of IT and marketing. The increase in personnel expenses is also a result of the required build-up of Group structures (internal audit, investor relations, consolidation and taxes). The takeover of the management platform in Germany, with around 300 employees, also led to increased costs prorated over ten months in expenses not directly attributable.

ADJUSTED EBITDA

in EUR million	2014/15	2013/14 pro forma[1)]	Change
Results of operations	158.5	97.3	62.9%
Impairment losses/revaluations	2.6	3.2	–19.1%
Adjustment to fair value of investment properties under construction	–1.0	0.6	>-100,0%
Adaption IFRS 5 previous year	–1.5	5.6	>-100,0%
Adaption IFRS 5 current year	0.0	1.5	–99.0%
EBITDA adjusted	**158.6**	**108.2**	**46.6%**

1) The earnings data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Other revaluation results. This position consists primarily of fair value adjustments totalling EUR 105.7 million (EUR 42.7 million) to investment properties. Section 5.7 Revaluation of properties in the consolidated financial statements contains more information on this topic.

Financial results. In addition to EUR –46.8 million in cash interest expense, financial results of EUR –216.9 million include mainly non-cash income from the measurement of derivatives at fair value through profit and loss of EUR –42.7 million and financial liabilities and debts assumed in the amount of EUR –105.6 million. Over the total period of the financial liabilities, the non-cash valuation effects have no effect on net earnings. In addition, the non-cash valuation effects of EUR –10.5 million and non-recurring-cash expenses of EUR –2.6 million resulting from the early repayment of the convertible bond had a total negative impact of EUR –13.1 million on the financial results. This item also contains paid liability provisions of EUR –4.5 million, non-cash valuation effects from financial instruments carried at amortised cost of EUR –5.1 million, and EUR 1.0 million in other financial results.

The financial liabilities measured at fair value are low-interest subsidised loans and liabilities to banks with annuity subsidies that are related to subsidies for properties and are connected with certain subsidy conditions (rent restrictions). In order to avoid a mismatch between the recognition and valuation of the investment property ("capped" rental income due to the subsidy) and the financial liabilities, the discretionary decision was made to value these low-interest loans at fair value in profit and loss. Given the high proportion of loans measured at fair value and the flattening of the yield curve in the financial year 2014/15, the valuation at 30 April 2015 resulted in negative non-cash income of EUR 105.6 million. The measurement of derivatives at fair value that hedge floating rate financial liabilities with a nominal value of EUR 1,035.0 million against interest rate risk equalled EUR –42.7 million.

These non-cash valuation effects have no impact on recurring FFO. By refinancing the convertible bond and due to current interest rate developments with positive effects from floating-rate financial liabilities, the average interest rate was reduced from 2.45% to 2.14%, which had an overall positive impact on both interest expense and recurring FFO.

In addition, a liability to the Versorgungsanstalt des Bundes und der Länder (VBL) resulting from the DGAG property transaction in a nominal amount of EUR 37 million was repaid using the mortgage loan taken out to refinance the convertible bond. Successful refinancing reduced interest expenses in comparison to the conditions of this obligation.

Please see the section Overall economic environment (page 120) and the section Developments on the financial markets (page 131) with regard to the development of interest rates.

Reconciliation with FFO. The key performance indicator for the BUWOG Group is funds from operations (FFO). In this indicator, the BUWOG Group systematically differentiates between recurring FFO (excluding income from Block Sales), total FFO (including results from Block Sales) and AFFO (adjusted for capitalised value-enhancing measures, CAPEX). Recurring FFO reflects the sustainable business model of the BUWOG Group, which has proved its value over many years, consisting of Asset Management, Property Development and Property Sales (excluding results of Block Sales). The starting point for the calculation shown in the table below is net profit for the year.

FFO

in EUR million	2014/15	2013/14 pro forma[1]	Change
Net profit	40.7	111.8	–63.6%
Results of Property Sales	–42.1	–34.0	–23.7%
Other financial results	171.1	–13.3	>100,0%
Fair value adjustments of investment properties	–106.7	–42.0	>100,0%
Impairment losses/revaluations	–1.8	1.3	–238.3%
Deferred taxes	0.2	19.0	–99.1%
Other	–4.6	–1.9	>100,0%
FFO	**56.8**	**40.7**	**39.5%**
Unit Sales result	34.9	28.5	22.5%
Recurring FFO	**91.7**	**69.2**	**32.5%**
Block Sales result[2]	5.7	12.6	–54.7%
Total FFO	**97.4**	**81.8**	**19.1%**
CAPEX	–17.3	–6.3	>100,0%
AFFO	**80.1**	**75.5**	**6.1%**
Recurring FFO per share in EUR basic[3]	0.92	0.69	32.5%
Total FFO per share in EUR basic[3]	0.98	0.82	19.1%

1) The earnings data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) including valuation effect from non-current assets held for sale EUR 0.0 million (EUR 1.5 million), block sales in 2013/14, with cash effect 2014/15 EUR -1.5 million as well as block sales in 2012/13, with cash effect 2013/14 EUR +5.6 million.
3) On the basis of 99,613,479 shares

Miscellaneous financial results of EUR 171.1 million include adjustments for the following: other financial results (EUR -164.7 million), non-cash valuation effects of financial instruments (EUR –1.9 million) and a one-off effect from liability commissions (EUR –4.5 million).

The other financial results mainly include the non-cash effects from the valuation of financial liabilities of EUR -105.6 million and of derivatives of EUR –42.7 million, the expenses resulting from the refinancing of the convertible bond of EUR –13.1 million and other non-cash valuation effects from financial instruments of EUR -3.2 million. The change from the previous year is mainly attributable to negative non-cash effects from the flattening of the yield curve in 2014/15 and the impact from the refinancing of the convertible bond.

Impairments losses/revaluations of EUR –1.8 million include gains from a property acquisition at a price below market value of –4.3 million, depreciation of inventories of EUR 0.7 million and other depreciation of EUR 1.9 million. The item other, at EUR –4.6 million, mainly includes collected liability provisions in profit and loss in the amount of EUR 5.0 million, extraordinary write-offs of liabilities of EUR –0.5 million, and expenses for the long-term incentive programme 2014 of BUWOG AG Executive Board in the amount of EUR 1.2 million.

NET ASSETS

In analysing the net assets as at 30 April 2015, it should be noted that the acquisition of the DGAG property portfolio and management platform and the acquisition of the property portfolio in Berlin/Brandenburg were concluded in the first quarter of 2014/15 and the assets and liabilities transferred are included in the balance sheet for the first time on 30 April 2015. Please see the information in section 3.2 Business combinations in the consolidated financial statements with regard to the acquisition of the DGAG property portfolio and the management platform.

CONDENSED BALANCE SHEET

in EUR million	30 April 2015	30 April 2014	Change
Investment properties	3,620.8	2,631.6	37.6%
Investment properties under construction	14.6	10.9	33.4%
Other tangible assets	7.4	7.9	–5.8%
Inventories	197.6	155.1	27.4%
Non-current assets held for sale	5.8	15.0	–61.1%
Intangible assets	7.0	1.7	>100,0%
Trade and other receivables	147.0	380.2	–61.3%
Other financial assets	18.9	17.1	10.5%
Deferred tax assets	7.1	1.5	>100,0%
Income tax receivables	2.0	1.4	37.3%
Cash and cash equivalents	149.2	132.9	12.2%
Assets	**4,177.3**	**3,355.3**	**24.5%**
Equity	1,524.3	1,552.1	–1.8%
Liabilities from convertible bonds	0.0	247.9	>-100,0%
Financial liabilities	2,105.4	1,136.0	85.3%
Trade and other liabilities	327.2	260.6	25.5%
Provisions	27.5	12.9	>100,0%
Deferred tax liabilities	159.3	124.0	28.4%
Income tax liabilities	33.2	14.3	>100,0%
Financial liabilities held for sale	0.4	7.4	–95.1%
Equity and liabilities	**4,177.3**	**3,355.3**	**24.5%**

Please see the information in the portfolio report and corresponding details and explanations in the notes to the consolidated financial statements regarding the investment properties, investment properties under construction, inventories and non-current assets held for sale. See Section 6.12 Equity in the consolidated financial statements for a detailed illustration of the changes in equity.

The increase in intangible assets over the previous year is mainly the result of the recognition of goodwill, which was determined based on the purchase price allocation. Details on this can be found in Section 3.2 Business combinations in the consolidated financial statements of 30 April 2015.

As at 30 April 2014, trade and other receivables included a receivable from convertible bonds in the nominal amount of EUR 260.0 million, which was paid out in the first quarter of 2014/15 and repaid in the third quarter of 2014/15. Please see the explanations in Sections 6.5 Trade and other receivables and 6.13 Liabilities from convertible bonds in the consolidated financial statements for more information.

Information on the development of cash and cash equivalents can be found in the financial position section of this group management report.

The increase in financial liabilities to banks is mainly attributable to the acquisition and refinancing of the DGAG property portfolio and management platform acquired and to mortgage bond taken out to refinance the convertible bond.

The increase in trade payables and other liabilities is primarily due to the acquisition of the DGAG property portfolio and the management platform as well as to the increase in the negative fair values of derivatives. This contrasts with lower prepayments received from the sale of apartments.

The increase in provisions and income tax liabilities is also due to the acquisition of the DGAG property portfolio.

EPRA net asset value (EPRA NAV). Net asset value is calculated in accordance with the Best Practices Policy Recommendations issued by the European Public Real Estate Association (EPRA). The concept of EPRA NAV is used to represent the fair value of the net assets on a long-term basis, and to give investors a sense of the sustainable asset position of the company. The undisclosed reserves in inventories and owner-occupied properties as well as the (negative) fair values of derivative financial instruments are counted in the calculation of the EPRA NAV. The former are not included in balance sheet values due to the accounting rules under IFRS; the latter are used regularly to hedge long-term financing and are therefore held to maturity, with the result that the hypothetical losses recognised at the balance sheet date are not realised. Deferred taxes on this item are taken into account.

In accordance with the EPRA guidelines, deferred taxes are included for investment properties because of the company's intention to hold these properties. The ongoing Unit Sales and properties as part of BUWOG Group's business model are reflected in the adjustment of the deferred taxes recognised for potential property sales within a specific period of time. Goodwill that results as a technical figure due to the recognition of deferred taxes through business combinations is deducted.

EPRA NAV

in EUR million	30 April 2015	30 April 2014	Change
Equity before non-controlling interests	1,515.4	1,544.2	-1.9%
Goodwill	-5.6	-0.2	>100,0%
Inventories (carrying amount)	-197.6	-155.1	-27.4%
Inventories (fair value)	212.6	167.6	26.9%
Properties owned by BUWOG (carrying amount)	-6.0	-6.5	8.3%
Properties owned by BUWOG (fair value)	9.5	9.5	0.0%
Positive market value of derivative financial instruments	0.0	0.0	-
Negative market value of derivative financial instruments	70.5	27.9	>100,0%
Deferred tax assets on investment properties	-1.0	-2.6	61.1%
Deferred tax liabilities on investment properties (adjusted)[1)]	195.4	139.8	39.7%
Deferred taxes on property inventories	-4.1	-3.3	-25.8%
Deferred taxes on derivative financial instruments	-17.2	-6.9	>100,0%
EPRA NAV basic (balance sheet date)	**1,771.9**	**1,714.3**	**3.4%**
Total floor area	3,581,028	2,491,290	43.7%
EPRA NAV in EUR per sqm	**494.8**	**688.1**	**-28.1%**
EPRA NAV basic (balance sheet date)	**1,771.9**	**1,714.3**	**3.4%**
Shares issued as of the balance sheet date (excl. Treasury shares)	99,613,479	99,613,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**17.79**	**17.21**	**3.4%**

1) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 30.7 million (prior year: EUR 29.2 million)

Loan-to-Value (LTV). Net liabilities in relation to the fair value of the total portfolio of the BUWOG Group (LTV) increased compared to 30 April 2014 from 35.9% to 51.0%, but remain within the defined target range of 50% to 55%.

LOAN TO VALUE RATIO

(incl. sale of certain financing, financial amounts in EUR million)	30 April 2015	30 April 2014	Change
Non-current financial liabilities	2,016.0	1,036.9	94.4%
Current financial liabilities	89.4	99.2	-9.8%
Financial liabilities held for sale	0.4	7.4	-95.1%
Financial liabilities	**2,105.8**	**1,143.4**	**84.2%**
Cash and cash equivalents	-149.2	-132.9	-12.2%
Net financial liabilities	**1,956.6**	**1,010.4**	**93.6%**
Investment properties	3,620.8	2,631.6	37.6%
Investment properties under construction	14.6	10.9	33.4%
Non-current assets held for sale	5.8	15.0	-61.1%
Inventories	197.6	155.1	27.4%
Carrying amount overall portfolio	**3,838.8**	**2,812.7**	**36.5%**
Loan-to-value ratio	**51.0%**	**35.9%**	**15,1 PP**

The development of the LTV is mainly attributable to the acquisition and refinancing of the DGAG property portfolio and the acquired management platform.

FINANCIAL POSITION

Cash flow statement. The condensed cash flow statement for the 2013/14 financial year was stated on a pro forma basis.

CONDENSED CASH FLOW STATEMENT

in EUR million	2014/15	2013/14 pro forma[1]	Change
Cash flow from operating activities	103.9	57.5	80.8%
Cash flow from investing activities	–251.2	59.8	>100,0%
Cash flow from financing activities	163.5	–30.7	>100,0%
Cash flow	**16.2**	**86.6**	**–81.3%**

1) The earnings data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Cash flow from operating activities of EUR 103.9 million (EUR 57.5 million) resulted primarily from the rental income and the change in working capital.

Cash flow from investing activities amounted to EUR –251.2 million (EUR 59.8 million) and primarily includes the net investment for the purchase of portfolio properties and positive cash flow from the sale of portfolio properties.

Cash flow from financing activities of EUR 163.5 million (EUR –30.7 million) resulted from the financing for the acquisition of real estate portfolios in Germany. These are offset by the ongoing repayments and interest payments as well as the dividend payment for the financial year 2013/14.

"THE 2014/15 FINANCIAL YEAR PRESENTED US WITH INTENSE CHALLENGES IN THE AREAS OF ACCOUNTING AND TAXES. SOME OF THE TASKS WERE COMPLETELY NEW TO THE BUWOG GROUP FOLLOWING THE SPIN-OFF FROM IMMOFINANZ, BUT WE HAVE MASTERED THEM ALL SUCCESSFULLY."

Christian Haberer, Head of External Accounting & Tax

In addition to the established financial accounting departments in Vienna and Berlin, separate tax and consolidation departments with experienced colleagues were created in Vienna. Our colleagues in Kiel and Hamburg – a well-coordinated team from the accounting and tax areas of the now fully-integrated management platform – have fit in perfectly with the BUWOG Group. This country-specific professional expertise, including the involvement of colleagues from BUWOG's operations and specialist areas, and the willingness to learn from each other made it possible to produce these high-quality financial statements. We hope you share our opinion.

SUSTAINABLE MANAGEMENT

The economy, the environment and social responsibility – all three aspects of sustainability have always been of great importance in the BUWOG Group. Only by bringing these aspects into balance with each other and taking equal account of the interests of all stakeholders can the company's long-term success be secured. Based on this conviction, the BUWOG Group focuses on the preservation and conservation of the environment and climate protection, as well as finding optimal development opportunities for people and responsible, profitable management. The BUWOG Group masters this balancing act in its core business, the construction and management of buildings, on a daily basis: Close attention is paid to quality, durability, environmental impact and efficiency in property planning and in the choice of materials. At the same time, as is seen in the motto "happy living", priority is given to the welfare of the inhabitants of the apartments built and managed by the BUWOG Group. In addition, the commitment to social and cultural projects is an integral part of our corporate philosophy. And, last but not least, the BUWOG Group focuses on the needs of its employees, providing them with support, continuing education and voluntary benefits. In short, sustainability is integrated in the BUWOG Group in all its facets – it is the foundation of the corporate culture.

CLIMATE PROTECTION AND ENERGY MANAGEMENT

The BUWOG Group (Austria) has been a klima:aktiv programme partner since 2007, and a pioneer of corporate climate protection since 2011 as part of the klima:aktiv pakt2020. The BUWOG Group is one of eleven major Austrian companies, and the only real estate company, that has made a voluntary, but binding, commitment to achieving Austrian climate targets by 2020 (base 2005).

Under the professional supervision of the Federal Ministry of Agriculture, Forestry, Environment and Water Management (Ministry for a Future Worth Living Austria – BMLFUW), the BUWOG Group is among the pioneers and role models for a climate-friendly approach to business that goes far beyond claiming subsidies and complying with regulations.

klimaaktiv pakt2020

The BUWOG Group places great importance on using targeted measures to achieve maximum effects and lasting success in terms of sustainability, both in the renovation and new construction of properties as well as in the operation of the buildings it manages. The BUWOG Group regularly collects comprehensive energy consumption data, which serve as the basis for the analysis and planning of such measures. This procedure differentiates the BUWOG Group from many other companies in the real estate sector.

AMBITIOUS OBJECTIVES

The company's well-defined energy policy includes the implementation of a certified energy management system in accordance with ISO 50001, which allows for the efficient control of consumption and the planning of measures to increase energy efficiency. The energy evaluation that is part of the annual reporting of the klima:aktiv pakt2020 and the auditing of the energy management system by external parties ensure that the targets of the measures planned as part of the energy policy are regularly updated and verified.

In order to ensure that the objectives are met efficiently, the BUWOG Group endeavours to make appropriate and effective technological, organisational and behavioural provisions under the action plan. In addition, defined energy consumption figures are regularly measured, recorded and analysed, and staff are actively involved in the implementation of the energy policy. An energy manager has been appointed within the BUWOG Group to coordinate and implement the energy policy.

"THE BUWOG GROUP'S ACTIVITIES IN THE AREA OF SUSTAINABILITY DURING 2014/15 WERE REWARDED WITH THE COMPANY'S CONFIRMATION AS A MEMBER OF THE VÖNIX SUSTAINABILITY INDEX THIS YEAR."

Michael Herbek, Sustainability Management

The BUWOG Group in Austria has also made excellent progress toward its objectives as part of the klima:aktiv pakt2020. As our next major step, we want to expand our proven energy management processes to BUWOG in Germany in order to make even better Group-wide use of our expertise as a klima:aktiv member in the future.

The primary objective is to use the klima:aktiv pakt2020 agreement with the Federal Ministry of Agriculture, Forestry, Environment and Water Management to support Austrian energy and climate targets to the greatest degree possible. The following targets are based on 2005 figures

- a 16% reduction in greenhouse gas emissions,
- a 20% increase in energy efficiency and
- 34% of total energy requirements met with renewable energy sources
  and represent the minimum goals for optimising the energy consumption.

However, the goals that the BUWOG Group has set for itself are even more ambitious:

SUSTAINABILITY OBJECTIVES OF BUWOG GROUP IN AUSTRIA (by 2020)

Area of activity	Target value 2013	Actual value 2013	Target value 2020
Max. **greenhouse gas emissions (CO_2)** in tonnes per year	46,072	38,062	**44,993**
Energy efficiency in kWh/sqm per year	115.8	112.7	**107.7**
Percentage of **renewable energy in total consumption** in %	30.2	36.2	**34.0**
Percentage of **renewable energy in vehicle fleet** in %	6.9	7.2	**10.2**

MANAGEMENT REPORT

ENERGY MANAGEMENT SYSTEM PROCESS (ENMS)

Data are collected in the energy management system (EnMS) based on the calendar year rather than the financial year. In March each year, the BUWOG Group Austria begins to collect data from the previous calendar year; at the same time, the closing of the current EnMS process begins. In May an internal EnMS audit is conducted and presented to the Executive Board in connection with the management review. Also in May, a draft of the klima:aktiv pakt2020 report is prepared, which will be submitted to the Energy Agency for review in June. After the Executive Board approves the management review, the final klima:aktiv pakt2020 report is submitted to the Austrian Energy Agency. The year in the EnMS process is closed with the external EnMS audit, which also takes place in June.

Data collection, which begins in March, runs throughout the whole year and ends with the reporting provided for the klima:aktiv pakt2020.

As a result of this process, energy data from the reporting year is not available for the annual report; the selected data provided below refer mostly to the 2013 calendar year.

Building and renovating. 472 housing units in 17 properties of the BUWOG Group Austria were renovated in 2013. The quantitative effects are assumed to be 1,696 MWh and are calculated based on the renovated residential floor area of 42,410 sqm and an average saving of 40 kWh/sqm. In 29 complexes, energy efficiency measures were undertaken on heating systems (new equipment, insulation etc.). The potential is estimated at 10% of the previous year's consumption of the optimised properties. This is around 620 MWh for 2013.

The renovation of buildings to optimise energy consumption also involves the review of lighting in shared spaces of BUWOG properties. In new construction projects, motion detectors are used not only to save energy, but to extend the service life of light bulbs by means of zone illumination and by switching lights on for shorter periods. For the shared spaces of residential buildings in Austria and for the Vienna headquarters of BUWOG and the ESG headquarters in Villach, the BUWOG Group uses certified green electricity (renewable electricity UZ46).

In its largest current construction project "52 Grad Nord" in Berlin's Treptow-Köpenick, the BUWOG Group is building a private district heating network, whose energy will supply all residential units with the use of cogeneration and geothermal river water.

To improve microclimate conditions, the BUWOG Group is increasingly investing in green roofs and façades in new buildings and renovations. This makes a significant contribution to the prevention of heat island effects in densely built-up areas.

The BUWOG Group's new construction projects in Austria increasingly involve the construction of e-charging stations for e-cars and e-bikes.

klima:aktiv Gold award for BUWOG project in Kierling/Klosterneuburg. The renovation of the residential complex on the Kierlinger Hauptstraße in Klosterneuburg (Austria) is one of the flagship projects of the BUWOG Group. The property was built in the 1970s, and includes 24 apartments. The residential complex has been built up and densified by additional buildings on the site. The roof extension replaced thermal insulation and renovation measures on the existing roof and contributed to financing the high-quality renovation of the property. Heat loss in the renovation was minimised by thermal insulation and new (passive) windows. Achieving the passive house standard for the building envelope makes it possible to heat the building using a new ventilation system installed in existing installation shafts. The heat, both for heating and for hot water, is supplied by a common central biomass system (pellets) for both parts of the building. 90 sqm of thermal solar collectors were installed on the south side roofs of the additions to the old buildings.

In November 2014, Austrian Federal Minister, Andrä Rupprechter, presented this project with an award at a klima:aktiv event. The property earned 925 of 1,000 possible klima:aktiv building standard points. It combines high energy-savings and environmental quality with professional execution, and therefore meets the klima:aktiv GOLD building standard.

From left to right: Architect Georg W. Reinberg, Michael Herbek (BUWOG) and the Austrian Federal Minister Andrä Rupprechter at the awards ceremony

Operational measures to save energy. To minimise business trips – especially air travel between the BUWOG locations in Austria and Germany – the teleconference software "Microsoft Lync" was installed during the reporting year. As a substitute for business trips taken in cars, increasing focus is being placed on ensuring that employees use public transport or cars from the BUWOG fleet.

In the BUWOG Group, work continues on expanding the fleet to include vehicles with alternative drive systems. Both in Austria and in Germany, the fleet has been expanded to include three cars with alternative drive systems. The BUWOG Group also invests in the e-mobility of its tenants by building e-charging stations.

In the area of administration, paper consumption was halved from the previous year to 5.66 tonnes in 2013 by changing the default printer setting to double-sided printing and by raising employee awareness through internal training.

RESEARCH AND DEVELOPMENT

The BUWOG Group was involved in the following R&D projects in 2014/15:
- "Low energy apartment futures – LEAF" (previously LER-MUH)
- "Innovative system for energy-producing roof gardens of the future"

CUSTOMER COMMUNICATIONS

Customer survey. The BUWOG Group conducts regular customer surveys, as the company has always believed that high quality standards can only be maintained and improvements made when the customer viewpoint and the degree of customer satisfaction are known and brought to light in a well-constructed survey. To a large extent, the customer surveys are carried out by employees of the BUWOG Group, under the expert guidance of a market research company. This approach has the advantage of allowing the BUWOG Group to react quickly and accurately to topics requested in-house, and it makes it possible to carry out detailed evaluations afterwards at short notice and across multiple properties. The BUWOG Group also uses the findings of the survey as an early warning system for inventory problems and to monitor progress, e.g. in new buildings or renovations.

The customer surveys in 2014/15 focused on the management portfolio of the BUWOG Group in Austria, in which a total of 53 properties with 2,314 households were surveyed. The average response rate has been consistently high for years and stood at 45% in the financial year, slightly above the level of the previous year.

SELECTED RESULTS OF THE CUSTOMER SURVEY
in %

1) e.g. cleaning, winter service, etc.
n = 53 properties with 2,314 households

satisfied/yes neutral dissatisfied/no

Customer satisfaction with renovations. In four properties, satisfaction with a recently completed major renovation was surveyed during the reporting period. This survey showed a consistently high level of satisfaction with the renovation results, the BUWOG Group found room for improvement only in informing customers of the status of renovation projects. In response to this survey, the BUWOG Group is currently planning its own customer magazine, which will be made available to tenants in properties in which major renovations are planned in order to provide them with individualised information on the respective projects.

CUSTOMER SATISFACTION WITH RENOVATIONS
in %

n = 4 properties

satisfied/yes neutral dissatisfied/no

COMMUNICATION AND SOCIAL COMMITMENT OF THE BUWOG GROUP

A fund-raising campaign by BUWOG for a building in Africa. At Christmas 2014, the BUWOG Group decided not to send gifts for business partners and instead make a donation to the charitable organisation AMINA – Aktiv für Menschen in Not Austria (Active for People in Need Austria), to contribute to the building of a home for street children in Senegal. Additionally, BUWOG employees were asked to donate money to raise funds for street children in Saint Louis in northern Senegal.

Street children in Saint Louis, Senegal
Photo: Amina

Oase 22 – Caritas neighbourhood management and recognition at the Wiener Wohnbaupreis (awards for residential construction in Vienna). In early May 2015, the residential project Oase 22 (Adelheid-Popp-Gasse 1 in Vienna-Donaustadt), together with the BUWOG construction division BOA, was presented with an award in "Recognition of neighbourhood development" at the Wiener Wohnbaupreis. A team from Caritas is providing professional assistance in the development of the neighbourhood; the goal of the team is to create opportunities for meetings, dialogue and participation among residents and to promote a vibrant neighbourhood. In the neighbourhood, the Caritas team, in addition to organising many community activities, serves as a focal point for social and cultural issues and seeks to act as a mediator in neighbourhood conflicts.

Neighbourhood development in Oase 22
Photo: Caritas Stadtteilarbeit

Women's shelters. The BUWOG Group values honest social commitment. The BUWOG Group supports women's shelters both in Vienna and in Villach. In addition, in cooperation with local partners, the BUWOG Group provides two apartments in Vienna and one apartment in Villach at no charge as "emergency housing". These apartments are used by clients of the women's shelters who require a place to live for an extended period of time. Emergency housing is a valuable addition to the aid provided by the women's shelter, particularly for women with children. Each of the three apartments provided by the BUWOG Group has three rooms and is furnished.

Refugee housing. Europe is currently faced with a considerable flow of refugees due to the many global crises and humanitarian disasters, such as the ongoing civil war in Syria. In Austria and Germany, the countries in which the BUWOG Group is active, refugee centres are overflowing. For the BUWOG Group it is therefore only natural to review its portfolio for apartments that could be used to accommodate refugees. Outside the reporting period, six free apartments in Pöckstein (Carinthia) and two additional ones in Salzburg were rented to an institution active in caring for refugees; refugees will soon be moving into additional BUWOG apartments in Carinthia.

Cultural sponsorship. The BUWOG Group is a proud sponsor of the Vienna State Opera and the Theater an der Wien/The New Opera House (including young artists of the Chamber Opera).

Marketing & communication. The BUWOG Group uses its internal and external communication channels intensively to provide information on the social and cultural commitments described above and to increase awareness of sustainability issues among customers and employees. To this end, the BUWOG blog, a key communication tool, was introduced in the financial year. http://blog.buwog.com

"THE FINANCIAL YEAR 2014/15 SAW AN INTENSIFICATION OF MARKETING ACTIVITIES."

Ingrid Fitzek, Head of Marketing & Communications

The range of marketing activities began with the redesign and standardisation of the corporate design, the positioning of the BUWOG corporate brand in Germany by means of a marketing mix that has won the confidence of different stakeholders, and included a broad range of internal communication activities to facilitate identification with the BUWOG Group among the new employees in Germany. A major project completed just after the end of the financial year was the merger of the German and Austrian websites of BUWOG into the new joint website at www.buwog.com. The BUWOG Group's social activities are also a source of pride, especially the project "A home for street children in Senegal".

BUWOG AG IN THE VÖNIX SUSTAINABILITY INDEX

In June 2014, BUWOG AG was included in the VÖNIX sustainability index at its first opportunity following the IPO. The VBV Austrian Sustainability Index (VÖNIX) is a capitalisation-weighted price index consisting of listed Austrian companies that are leaders in terms of social and environmental performance. The VÖNIX Sustainability Index is reviewed annually, with the participating companies subjected to a renewed sustainability analysis. The auditors of VÖNIX were impressed by the performance of BUWOG AG again in the current reporting year and so BUWOG AG was confirmed again as a member of VÖNIX Sustainability Index for 2015/16.

EMPLOYEES AND SOCIAL RESPONSIBILITY

Succeeding together. The financial year 2014/15 was a very exciting year for the employees of the BUWOG Group. With the integration of 311 employees, the sale of BUWOG Facility Management and the spin-off from IMMOFINANZ, employees had to adapt to new structures and, in some cases, to new responsibilities. Employees showed their great flexibility and enormous commitment in accomplishing this and establishing a new and successful BUWOG Group under the leadership of the Executive Board and management.

The strong, highly dedicated team is and will remain the key success factor for the BUWOG Group. The BUWOG Group considers the skills and motivation of its employees an essential factor in the company's success and company's values.

This year's employee survey showed that the employees of the BUWOG Group in Germany and Austria are very satisfied with their jobs and their work environment. The management of BUWOG is firmly convinced that this is also an important factor in the company's success. Esteem and ideal working conditions reflect the values of our company. One point of criticism noted in the survey was a deficit in communication between managers and employees. This criticism is being taken seriously and measures to improve it have already been initiated.

All managers have been asked to communicate openly; the same request has been made to employees, too. While managers hold regular meetings with their employees, employees are encouraged to ask questions and request information.

The Human Resources department, in close cooperation with management, is responsible for recruiting and retaining motivated and competent staff, placing these men and women in the right positions and developing their potential. This department is in charge of personnel management and recruiting as well as organisational and staff development:

In the financial year 2014/15, the main focus of the Human Resources department was on the integration of around 300 new employees in Germany and the establishment of fully independent structures within the management platform for the "new" BUWOG Group.

Austria – Germany, one team. Several events were held at which the BUWOG Group greeted and welcomed new colleagues from Germany. A significant exchange of information about job tasks and processes took place at these events. With a view to implementing best practices, the more efficient procedure was adopted and implemented in the respective area. The year was closed with an employee event in Hamburg in March 2015. In addition to the topics covered, the two-day event "Setting the Course for the Future II" gave employees the opportunity to get to know each other better and to establish personal networks that go beyond borders.

Cascading process "Setting the Course for the Future". At the beginning of each calendar year, the members of the Executive Board begin the cascading process. The members of the Executive Board meet to decide on locations, to discuss strategies and to plan the path of the BUWOG Group for the coming financial year. A major and vital topic in the past financial year was, among other things, the result of the employee survey. After this first discussion, the top management, which consists of the managers and the Executive Board, are invited to a workshop, where they work together on implementation and resource planning. In the third step, the department heads are invited to a two-day workshop. This workshop focuses on involving all senior managers in the tasks ahead, and on strengthening the personal relationships among managers. In addition to numerous workshops, group work and presentations, there is the opportunity for casual conversation during the breaks and in the evening. The conclusion is the large group event, which took place this year in Hamburg.

BUWOG employee event in Hamburg in March 2015

More than 530 employees took part in an informative, fun-filled and entertaining two-day programme in Hamburg. The event was kicked off with an interview with the Executive Board. In the interview, CEO Daniel Riedl and CFO Ronald Roos took a look back at the recent months as a listed stock corporation but also sketched an outlook for the coming months and the next financial year. All BUWOG Group employees worked together on important issues. A varied programme encouraged networking, and there was no shortage of fun. The entire process was supported by a consultant and the Human Resources and Organisation department.

Integration of new employees. At the regularly scheduled Onboarding Days, new colleagues received a good overall view of the BUWOG Group and had the opportunity to meet the Executive Board members personally. In addition, on these two days the department heads presented their areas of activity, providing a good overview of the different divisions.

Education is vital! The continuing education programme has been extended both internally and externally. In addition to many professional and personal further education sessions, a special training programme for the real estate business was launched in which employees attend 10 training modules. This training programme is intended to give employees the chance to obtain insights into key company-specific issues and to acquire essential knowledge in the real estate sector. Managers and employees of the BUWOG Group gave presentations as part of this training programme – making use of the expertise in the company. This year, 100 employees were involved in the programme; of this number, more than 80 employees took part in all the modules and received a certificate of participation.

Careers with the BUWOG Group. The BUWOG team is characterised by a high degree of personal responsibility, motivation, flexibility and professionalism. As an expression of the high regard for employees and to support their continuous development, appraisal meetings are held each year which include the definition of specific goals. Personalised training plans – in the form of individual courses or Group workshops – are important components of this process, as they contribute both to raising professional qualifications and to the development of the team. The training offered ranges from subject-specific seminars on topics such as the Non-Profit Housing and Tenancy Act ("*Wohnungsgemeinnützigkeits- und Mietrechtsgesetz*"), through to personality development seminars based on the Process Communication Model®.

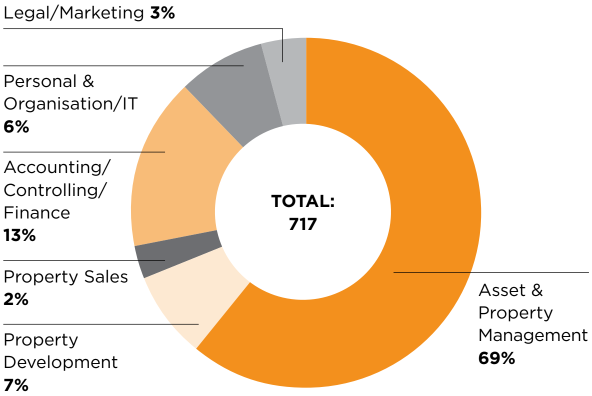
Workshops are held to develop tools and methods for management topics such as employee appraisals, change processes, coaching, practice-oriented techniques for management and teamwork or management skills. This makes an important contribution to harmonising the management culture in the BUWOG Group. Based on the employee survey and managers' workshops, management training will increasingly take on the topics of communication and leadership skills.

Facts and figures. As at 30 April 2015, there were 717 employees and 679 full-time equivalents in the fully consolidated companies of the BUWOG Group. In the previous year, the number of employees and full-time equivalents was 430 and 406, respectively.

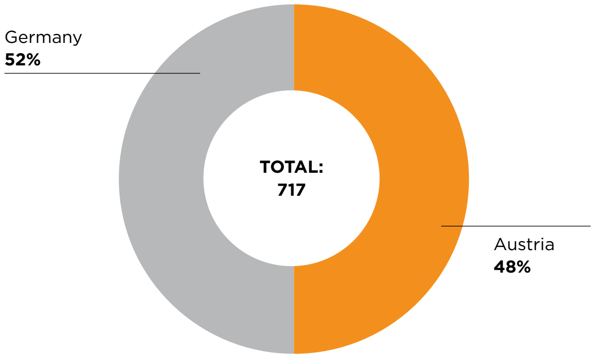
The increase in the number of employees is primarily due to the takeover of the management platform as part of the portfolio acquisitions in Germany and the development of functions at the headquarters that were handled by IMMOFINANZ AG as the parent company prior to the spin-off.

The average age of BUWOG employees is about 42 years. The BUWOG Group thus offers an attractive mix of experience – around 35% with more than 10 years' service to the company – and young employees. The core activities of the BUWOG Group include Asset Management, Property Development and Property Sales, which together are responsible for 78% of the total full-time equivalent workforce. The following charts show the distribution of employees by regional assignment and by operational area.

EMPLOYEES
as of 30 April 2015 by area of activity



EMPLOYEES
as of 30 April 2015 by region



Diversity and equal opportunity. Ensuring equal opportunity between women and men is a key objective of the company. The proportion of women in the total workforce is 57% and is 27% in management positions.

Working together. BUWOG employees are characterised by high level of commitment and outstanding motivation. It is therefore of great importance to the company's management that employees feel comfortable at work. To this end, the company encourages and supports Group activities such as the annual Business run, department days on which employees who work closely together take part in activities together, and property tours at which employees are shown standing properties and new projects. These activities strengthen team spirit. The staff are kept informed of current internal topics via the intranet and the in-house TV. In the in-house café, employees can take a short break or hold business meetings while enjoying complimentary coffee, mineral water and fruit. In 2014, a regular "HR breakfast" was also initiated to which the Human Resources department issues invitations. At this "HR breakfast" project leaders or department heads inform employees about current issues and projects. In addition, employees have the opportunity to ask the Executive Board members questions on current issues, which the Executive Board members are happy to answer. At the end of each "HR breakfast", the new employees are introduced, and employees who have completed a training course are recognised.

HR breakfast in the in-house café

The promotion of health in the workplace is also a key component of our activities. In addition to a company physician, occupational psychologists and safety officers, the BUWOG Group holds a Health Day twice a year on which experts make presentations on the topics of exercise/ergonomics, nutrition, psychology and team building. The BUWOG Group also provides employees the opportunity to receive a medical check-up.

In response to the results of the employee survey, workshops on stress, conflict management, communication, team building and relaxation are offered in cooperation with occupational psychologists; these workshops have been very well-received by employees.

Other pillars in the work-life balance of employees of the BUWOG Group include honouring the principle of equal treatment at all times, and the availability of flexitime and teleworking opportunities. In addition, the company offers attractive social benefits, pension plans and a range of employee benefits.

RISK REPORT

As a property owner and developer, the BUWOG Group is exposed to a variety of risks. 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.

The BUWOG Group has an active risk management system in place in all areas. To meet the requirements of a professional risk management system, new software to administer risks was implemented in the financial year 2014/15. This makes a consistent, clear and systematic approach possible. Internal guidelines, reporting systems and control measures to support the monitoring, evaluation and control of risks related to the operating business have been installed throughout the company and are continuously optimised. Risk management in the BUWOG Group takes place at all levels and is ultimately the responsibility of the Executive Board, which is involved in all risk-related decisions. The BUWOG Group further optimised the internal control system (ICS) to support the early identification and monitoring of risks. For further details, please refer to the ICS sub-section.

The risk process identifies and analyses the risks at the company level and in the operating units on an ongoing basis. The probability of occurrence and the potential damage are estimated for each risk. Measures or controls to mitigate the risks and/or minimise the damage are taken jointly with the Risk Manager and the risk owner in the relevant area.

The most significant risk factors can be summarised under financial risks and market/property-specific risks. The major financial risk factors are associated with fluctuations in interest rates as well as negative changes in the credit standing or liquidity of customers and business partners. Please refer to section 8.2 Financial risk management in the consolidated financial statements for information on the financial risk factors.

Market- and property-specific risks arise from micro- and macroeconomic events, and developments at the property level. These include the market price risk as well as the competitive situation and transaction risk.

MARKET RISK AND PROPERTY-SPECIFIC RISKS

The development of property markets is heavily dependent on economic growth and macroeconomic trends.

These risks relate to the micro- and macroeconomic development of the German-speaking countries and the global financial and investment market. The resulting effects on market prices, market rents and yields also play an important role.

Alongside the typical risks facing property owners, which the BUWOG Group minimises through property-specific insurance cover, the company is also exposed to property-specific risks. These principally relate to the location of the properties, their architecture and the structural condition of the buildings, and to the direct competitive situation and location-specific socio-economic factors. The approaches adopted by the BUWOG Group to minimise these risks include the use of controlling instruments to support the Asset Management business area in its regular valuation of the properties and the assessment of the quality of location and attractiveness of the market for each property, based on key indicators. In addition, the findings from managing the properties are regularly discussed and analysed at meetings between Asset Management, Property Controlling, Management and the Executive Board. In its efforts to manage business results, management is also supported by detailed budgets at property level, the medium-term plan and target/actual comparisons. Properties whose location, quality and competitiveness do not meet the portfolio requirements are sold over the medium term.

The BUWOG Group is particularly susceptible to market risk arising from changes in supply and demand for rentals, as they directly impact actual rental income and vacancy rates, and are ultimately reflected in the prices of the properties. The BUWOG Group can optimise investment in its existing properties through regional and product-specific diversification of the existing residential portfolio and through new construction projects that pursue a strategy of product line differentiation, and by actively managing the properties, making use of the specific knowledge of the regional markets that it has built up over the years. In addition, the market risk is mitigated by matching rents to the respective properties and locations within the limits permitted by law.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns, as well as the success of utilisation and rentals. Other risks may arise from contaminated sites and contamination of building lots and from the use of the land. The BUWOG Group minimises these risks by first conducting in-depth checks and cost efficiency analyses before starting on any projects, and by regularly checking costs and schedules and the associated variance analyses throughout the project duration. Please see section 8.2.2 Default/credit risk in the consolidated financial statements for information on the default risk.

Detailed market studies are prepared on a regular basis and analysed in connection with reports by recognised real estate experts to allow for timely reaction to changes in the market environment. All market changes are included in the portfolio analysis and have an important influence on investment, sales and project plans, and thereby also on the Group's medium-term planning. The acquisition process used by the BUWOG Group includes appropriately tiered due diligence audits together with independent experts that are intended to identify any such risks in advance and to evaluate all risks related to legal, tax, economic, technical and social issues.

Property valuation risk. As is customary in the sector, the BUWOG Group uses the fair value model. Under this method, properties are carried on the balance sheet at their fair value. The properties owned by the BUWOG Group are valued semi-annually by external appraisers. The values determined by these experts are heavily dependent on the calculation method and the underlying assumptions. A change in the underlying assumptions can therefore lead to major fluctuations in the value of a property. For example: any change in the assumed occupancy rate, market price or future investment costs of a property will have a direct effect on the resulting profitability and fair value of the property. Even minor changes in the underlying assumptions, prompted by economic or property-specific considerations, can materially impact the net profit of the BUWOG Group.

REGULATORY, TAX AND LEGAL RISKS

Legal risks. As a property owner and developer, the BUWOG Group is exposed to a variety of legal risks. These include risks related to the purchase or sale of property and those arising from legal disputes with tenants or other counterparties.

Rent and housing laws, as well as building codes, and civil, tax and environmental laws are particularly important for the business operations of the BUWOG Group. The BUWOG Group therefore follows regulatory changes and high court rulings with particular interest to enable it to respond in good time to any binding changes in general legal conditions.

The outcome of pending actions under civil and administrative law and of out-of-court settlements with tenants, contractors and joint venture or development partners cannot be reliably predicted. There is the risk that costs may be incurred due to judicial or administrative decisions or settlements that unexpectedly impact the results of the BUWOG Group. The BUWOG Group purchases building insurance and property liability insurance cover to minimise the risks associated with the buildings and undeveloped land owned by the company.

The risks incurred by the BUWOG Group resulting from the cap on rent increases (*"Mietpreisbremse"*) adopted in Germany last financial year relate mainly to the rental prices for new rentals and are presented below. After turning in only a modest performance since the turn of the millennium, rental prices on the German housing market have increased significantly in many regions of Germany during the last five years due mainly to higher demand. Politicians felt compelled by this to intervene in the market. This cap on rent increases was decided upon at the end of September 2014 by the German Federal Cabinet, adopted by the Bundestag on 5 March 2015 and entered into force on 1 June 2015. Its purpose is to slow the increase in rents in tight housing markets. The provincial governments will be authorised to determine areas with tight housing markets by ordinance for a period not exceeding five years. Due to regulatory changes, the rental place is not determined by supply and demand on the market, but by comparable standard rents for the area. When re-letting an apartment the rent cannot be raised more than 10% above the comparable standard rent for the area or the previously agreed rent. As a result, in the areas affected by this change in some cases there is no longer potential to increase rents when re-letting apartments. As of 29 June 2015, the only properties in BUWOG's investment portfolio that are affected by the provisions of the cap on rent increases are located in the state of Berlin, where the corresponding state regulation entered into force on 1 June 2015. Of the 4,913 standing investments in Berlin, around 59% are subject to this regulation. The remaining standing investments are not affected by these provisions due to existing public subsidies. The percentage of BUWOG's portfolio in Germany that is subject to the cap on rent increases is currently estimated at around 11%. Based on current knowledge, the cap on rent increases in other locations within BUWOG's investment portfolio is considered to be on the low side. The risk can therefore be assessed as manageable overall.

Tax risks. The two formerly non-profit Austrian Group companies BUWOG – Bauen und Wohnen GmbH and ESG Wohnungsgesellschaft mbH Villach filed a complaint against a revision of their corporate income tax assessments for 2001–2011 (BUWOG GmbH and ESG GmbH) following an external audit; the actions are still pending. The conflicting legal opinions held by the companies and the tax authorities relate to the valuation of the subsidised loans when the companies acquired unlimited tax liability following the abolition of their non-profit status.

Political and regulatory risks. The BUWOG Group is exposed to general risks arising from changes in conditions brought about by legislation or other provisions (including tenancy law, construction law, environmental law and tax law). As BUWOG's operations are limited to Austria and Germany, and such variations usually do not occur in the short term and unexpectedly, there is usually sufficient time to react to changes.

OTHER RISKS

Concentration risk. Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. The BUWOG Group consciously reduces these risks through the regional diversification of the portfolio by having a business model focused on several business areas.

Integration risk. The risks associated with the purchase of property portfolios and the integration of those portfolios into the BUWOG Group are gathered during the due diligence process in the run-up to acquisition, and reflected in the purchase price negotiations.

The risks are mainly of a financial and legal nature, or relate to the integration of the portfolio into the BUWOG Group and its performance, which can be influenced by market and property-specific risks. There is also the risk that risks are not identified in the due diligence process and therefore not reflected in the purchase price, or of overly optimistic assumptions being made in the due diligence process, resulting ultimately in the payment of too high a purchase price.

When integrating existing organisational structures, there is a risk of earnings not meeting budget expectations, of synergies not materialising as planned, of an increased integration workload incurring unscheduled additional costs, or of the integration taking longer than originally planned and necessitating additional expenditure. The BUWOG Group mitigates these risks by involving both internal and external experts from all relevant disciplines in the due diligence process, and by drawing up detailed business plans based on their findings. To further reduce this risk, the BUWOG Group also engages experienced integration managers who draw up detailed integration plans in line with the envisaged schedule, and coordinate and implement the integration process.

The integration of the DGAG real estate portfolio and the management platform began with the closing in July 2014. The harmonisation of the organisational structure allowed the first steps towards a common corporate culture to be taken. Synergies were found and the optimisation and standardisation of processes and internal guidelines were initiated, with the aim of increasing efficiency and effectiveness, and mitigating possible risks. The IT infrastructure and ERP systems are different in Germany and Austria; BUWOG minimises the resulting risks by taking advantage of synergies and through the planned harmonisation of infrastructure and ERP systems.

Acquisition/project development risk. BUWOG's acquisition and development activities involve, in particular, risks relating to legal, tax, economic, technical and social issues. The standardised acquisition process used by the BUWOG Group includes extensive due diligence audits together with independent experts that are intended to identify and evaluate any such risks in advance. The BUWOG Group does not in principle purchase properties that fail to meet its high quality standards.

The risk of not receiving important information until after completion of the acquisition activities that could have a negative impact on the economic assumptions (e.g. incomplete information in the due diligence reports) and interim market changes cannot be completely excluded.
The strategic objective of identifying properties with lower fungibility and, where appropriate, selling them and replacing them with properties in "more liquid" markets was continued in the reporting year.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns as well as the success of utilisation and rentals. The BUWOG Group minimises these risks in projects in which it is involved by regularly monitoring costs and schedules through variance analyses. Please see section 9.2.2 Default/credit risk for information on the default/credit risk.

To avoid acquisition, project development and investment risks, an internal investment policy has been implemented within the BUWOG Group. This policy regulates the framework and approval limits for all capital expenditure (property acquisitions, development projects and on-going investments). This established process minimises or eliminates the major strategic and property-specific risks. Approval limits are defined in an extensive guideline that applies to all Group companies and regulates all authorisations from individual employees up to the Executive Board. In some cases, these transactions are also subject to the approval of the Supervisory Board.

INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) of the BUWOG Group 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. In 2014/15 the Process, Project and Risk Management/PMO Department took major steps forward in the refinement and optimisation of the ICS in the BUWOG Group and implemented a new piece of software to map processes, risks and controls.

BASIS OF THE ICS

The ICS comprises a wide range of coordinated methods and measures to safeguard assets and to ensure the accuracy and reliability of data for accounting and financial reporting. The ICS also supports compliance with the corporate policies defined by the Executive Board. The goal was to meet internal and external requirements and ensure that corporate processes and controls remain efficient.

CONTROL ENVIRONMENT

The control environment at the Group level represents the general framework under which internal control activities are designed and implemented. The most important components are statutory regulations and the standards and guidelines issued by the BUWOG Group – e.g. the authorisation guideline – as well as a clear management and organisational structure, and the communication of basic values by management.

The process landscape formed the starting point for the evaluation of the ICS at the process level. The controls of the BUWOG Group were integrated into procedures with special process management and ICS software as part of a risk control matrix, taking into account key risks.

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 the BUWOG Group's accounting process are the appropriate segregation 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 Group controlling for correctness, plausibility and completeness, the integration of preventive and detective controls in processes as well as the automation of key controls through specific system settings in the Navision financial accounting software.

The implementation of new guidelines, processes and control measures is supported by regular information events and feedback rounds. Progress and opportunities for improvement are subsequently reported at regularly scheduled management meetings.

MONITORING BY INTERNAL AUDIT

In the 2014/15 financial year, the compliance and effectiveness of the ICS was monitored by the Internal Audit department of the BUWOG Group as part of its auditing activities. The Internal Audit department reports directly to the full Executive Board of BUWOG AG, while the organisational responsibility for the department lies with the CEO.

The Internal Audit department supports the Executive Board and Supervisory Board of the BUWOG Group in fulfilling their control and monitoring duties, and is responsible for performing auditing activities Group-wide.

All companies, segments and processes were subject without limitation to review by the Internal Audit department in the reporting year. The associated rights and obligations and the provisions governing auditing activities were established in a Group-wide organisational guideline (the "Rules of Procedure for Internal Audit").

The Internal Audit department carried out independent and objective reviews on the basis of a risk-focused annual audit plan approved by the Executive Board and Supervisory Board of the BUWOG Group. These reviews focused primarily on the compliance of the business processes, the effectiveness of the internal control system and opportunities to improve efficiency.

In the reporting period, the results of the audits were reported to the Executive Board of the BUWOG Group on a regular basis and to the Audit Committee of the BUWOG Group's Supervisory Board twice a year. The audit reports included recommendations and measures. Periodic follow-ups ensured the implementations of agreed improvements.

Alongside the provision of primary audit services, internal audit increasingly focused on the fulfilment of advisory services.

In the internal advisory services, the core task of the Internal Audit department was to identify potential improvements, to encourage changes ("innovation and initiative function") and to assist in the implementation of recommendations for improvement ("audit-related advice").

INFORMATION ON CAPITAL

The share capital of BUWOG AG totalled EUR 99,613,479.00 as of 30 April 2015 (30 April 2014: EUR 99,613,479.00). It is divided into 99,613,479 zero par value bearer shares with voting rights, each of which represents a proportional share of EUR 1.00 (30 April 2014: EUR 99,613,479 zero par value bearer shares). All shares of the company are zero par value bearer shares that 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 shares of the company (ISIN AT00BUWOG001) are admitted to trading on the regulated market of the Frankfurt Stock Exchange, for official trading on the Vienna Stock Exchange and are listed on the main market (*"Rynek podstawowy"*) on the Warsaw Stock Exchange (regulated markets within the meaning of Section 1 (2) of the Austrian Stock Exchange Act).

EARLY REPAYMENT OF THE 2019 CONVERTIBLE BOND (CB 2019)

BUWOG AG exercised its early termination rights in accordance with the issue conditions and repaid the 3.5% convertible bond with a total nominal value of EUR 260.0 million and a term ending on 25 April 2019 (ISIN AT0000A17CA5) in its entirety on 19 January 2015. At the extraordinary general meeting on 8 June 2015 the existing conditional capital underlying the conversion rights from the CB 2019 was cancelled.

OWNERSHIP STRUCTURE

According to the voting rights' disclosures of 1 April 2015, IMMOFINANZ AG, together with its subsidiaries, held 46,328,065 BUWOG shares as of the balance sheet date. This represents a share of approximately 46.5% of the share capital of BUWOG AG. Furthermore, pursuant to the voting rights' disclosures, IMMOFINANZ AG has the right or the obligation to acquire 2,479,297 units in stock loan against BUWOG shares. This represents approximately 2.5% of the share capital. This means that IMMOFINANZ AG currently holds a total of 49.0% of the share capital of BUWOG AG. The free float as of 30 April 2015 was thus 51.0%.

According to the de-domination agreement between IMMOFINANZ AG and BUWOG AG, IMMOFINANZ AG has agreed to certain restrictions on the exercise of voting rights attaching to shares in the company, which are discussed below.

RESTRICTIONS ON VOTING RIGHTS

De-domination agreement between IMMOFINANZ AG and BUWOG AG. To permanently ensure the autonomy and independence of the BUWOG Group, IMMOFINANZ AG and BUWOG AG have concluded a de-domination agreement which imposes restrictions on voting rights of the shares in BUWOG AG held by IMMOFINANZ Group. The de-domination agreement limits the number of Supervisory Board members for whom IMMOFINANZ AG is entitled to vote, so that even if the number of members of the Supervisory Board changes no majority decisions can be made by Supervisory Board members for whom IMMOFINANZ AG was entitled to vote. The Supervisory Board of BUWOG AG currently consists of six shareholder representatives; IMMOFINANZ AG exercised its voting rights for the Supervisory Board members Oliver Schumy and Vitus Eckert. Furthermore, IMMOFINANZ AG is obliged not to exercise its voting rights in the annual general meeting of BUWOG AG and in certain other circumstances, including if decisions are to be taken on the discharge of the Executive Board or other Supervisory Board members, on the dismissal of another Supervisory Board member or on any issue of management that has been submitted by the Executive Board or Supervisory Board for a resolution.

Both IMMOFINANZ AG and BUWOG AG may terminate the de-domination agreement only for cause. Important reasons for IMMOFINANZ AG to terminate the agreement include if BUWOG AG shares held by IMMOFINANZ Group, including its subsidiaries, fall below the threshold of 30% of the voting rights present at the annual general meeting when the first resolution is voted on in two consecutive annual general meetings of BUWOG AG. The term of the de-domination agreement ends on 29 April 2020; unless IMMOFINANZ AG provides notification otherwise, the term of the de-domination agreement is automatically renewed. Compliance with the de-domination agreement can be enforced by shareholders of BUWOG AG, representing alone or jointly 5% of the share capital, and by each member of the Executive Board of BUWOG AG.

Since the spin-off in April 2014, IMMOFINANZ AG has had no controlling influence over the operating and financial policy decisions of the BUWOG Group. With the spin-off, IMMOFINANZ Group and the BUWOG Group are two independent groups.

The de-domination agreement in the updated version of March 2015 can be viewed at the company's website www.buwog.com.

No other restrictions on voting rights or shares with control rights. There are no shares with special control rights as defined in Section 243a (1) no. 4 of the Austrian Commercial Code (*"Unternehmensgesetzbuch"*, UGB).

BUWOG AG has no employee share participation programme. Therefore, no information is provided on the control of voting rights within the meaning of Section 243a (1) no. 5 UGB.

There are no requirements resulting directly from the law regarding the appointment and dismissal of members of the Executive Board and the Supervisory Board, or concerning the amendment of the company's articles of association pursuant to Section 243a (1) no. 6 UGB (see above for the contractual limitations on voting rights of IMMOFINANZ AG under the de-domination agreement).

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 the treasury shares in accordance with Section 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act (*"Aktiengesetz"*, AktG) at an amount equalling up to 10% of the company's share capital, including repeatedly exercising the 10% limit both via the stock exchange and off market, and excluding the proportional offer rights of shareholders. This authorisation is valid for a period of 30 months from 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 authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in a manner other than through the stock exchange or through a public offering in accordance with Section 65 (1b) AktG. These shares may be sold or used for any legal purpose, whereby the proportional purchase rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date the resolution was passed.

As of 30 April 2015, neither BUWOG AG nor controlled companies held treasury shares.

AUTHORISED CAPITAL

The annual general meeting on 7 March 2014 authorised the Executive Board until 25 March 2019, with the consent of the Supervisory Board, pursuant to Section 169 AktG, 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.
- (i) if the capital increase takes place against cash or contributions in kind and the proportion of shares issued does not exceed the limit of 10% of the share capital of the Company,
- (ii) for contributions in kind,
- (iii) to service a greenshoe option or
- (iv) for the settlement of peak amounts.

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, and may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approve a conditional capital increase of EUR 19,922,696 in accordance with Section 159 AktG to service the exchange or subscription rights of the holders of convertible bonds issued on the basis of this authorisation.

CHANGE OF CONTROL PROVISIONS

De-domination agreement. The de-domination agreement between IMMOFINANZ AG and BUWOG AG concerning restrictions on voting rights arising from BUWOG AG shares held by IMMOFINANZ AG regulates reasons for termination in cases of change of control (see above on the de-domination agreement and reasons for termination).

Some of the existing financing agreements provide that, in the event of a change of control, a consensual agreement must be reached on the continuation of the credit arrangement.

The employment agreements with the members of the Executive Board contain change of control clauses that may lead to the cancellation 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.

2014 LONG-TERM INCENTIVE PROGRAMME (STOCK OPTIONS FOR MEMBERS OF THE EXECUTIVE BOARD)

The annual general meeting of BUWOG AG on 14 October 2014 resolved a conditional capital increase (Section 159 (2) no. 3 AktG) for the granting of stock options to the members of the Executive Board of BUWOG AG as part of the 2014 long-term incentive programme (2014 LTIP).

Under the 2014 LTIP, the Executive Board members have been granted a total of 720,000 options to purchase BUWOG shares at an exercise price of EUR 13.00 each. The exercise price equals the price of the initial listing of the BUWOG shares on 28 April 2014 on the Frankfurt Stock Exchange. The 2014 LTIP is linked to this price as the starting point of BUWOG's independence resulting from the spin-off from IMMOFINANZ AG. The stock options granted are in each case divided into basic options and three tranches of bonus options. The vesting period depends on the achievement of performance targets for that financial year based on the relevant stock exchange price in relation to the EPRA NAV per share and rewards the work of the Executive Board to reduce the implied discount to book value at the IPO. This ensures that the 2014 LTIP serves to balance the interests of shareholders and members of the Executive Board.

The LTIP 2014 provides for a personal investment in BUWOG shares of 50% of the participating Executive Board member's gross annual fixed salary. This investment is increased continually over a period of three financial years from the financial year 2014/15.

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

ALLOCATION OF OPTIONS AND PERFORMANCE TARGETS

Type	Basic options	Bonus options tranche 1	Bonus options tranche 2	Bonus options tranche 3	Total
Period	Start	Year 1 FY 2014/15	Year 2 FY 2015/16	Year 3 FY 2016/17	
NAV objective[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%
Ronald Roos (CFO)	50,000	50,000	60,000	80,000	240,000
% rate	21%	21%	25%	33%	100%
Share price target	achieved	achieved	achieved	open	–

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

Overall, the estimated value of the options granted under the 2014 LTIP at the balance sheet date was EUR 4,103,100.

The options can in principle only be exercised after a waiting period of four financial years, for the first time in the fifth financial year 2018/19 after the start of the programme. In some cases, the premature termination of the contractual term of the Executive Board member, it is also possible to exercise these rights before this period. This is permitted for, among others, basic options and bonus options whose performance targets have been met upon termination of the Executive Board contract due to change of control (see the change of control provisions described above). An additional holding period for the BUWOG shares acquired through exercise of the option is not planned (Rule 28 ACGC); if the Executive Board mandates which currently run until the end of the financial year 2016/17 are not renewed, the waiting period until the options can be exercised is three financial years.

The Company is entitled to deliver the BUWOG shares to be transferred in the exercise of an option either from conditional capital (Section 159 (2) no. 3 AktG) or from authorised capital (Section 169 AktG) or from the company's treasury shares. The 2014 LTIP options were not exercisable during the reporting period (financial year 2014/15).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

In accordance with Section 21 of the articles of association, the annual general meeting approves any such amendments to the articles of association and the (premature) dismissal of members of the Supervisory Board with the majorities provided for under the law.

In accordance with the articles of association of BUWOG AG, the person chairing the respective meeting will cast 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 dismissal of members from the Executive Board.

OUTLOOK

CURRENT SITUATION

The BUWOG Group significantly exceeded its ambitious strategic, operational and financial goals for 2014/15.

The smooth integration of the DGAG property portfolio had a particularly positive impact in increasing results of operations. The DGAG portfolio, with a total of around 18,000 units, together with its operating management platform, with around 300 employees in Germany, was acquired in the previous financial year and has been consolidated in the income statement since July 2014. In addition, the development of Unit Sales in the Property Sales business area was extremely positive, with 617 units sold and a margin on fair value of 59%. The results in the third business area, Property Development, increased significantly more than 100% compared with the previous year. Added to this was the refinancing of the 2019 convertible bond issued in advance of the IPO with a coupon of 3.5% by means of a traditional long-term mortgage loan from two leading Austrian banks in an environment of historically low interest rates, thus preventing shareholders from exposure to dilution risks.

Recurring FFO of EUR 91.7 million generated during the reporting period represents an increase of around 33% compared with the previous year and has further upside potential in the first half of the current financial year 2015/16 alone with the first-time consolidation of the DGAG property portfolio for the full 12 months. At the same time, the Property Development business area will gain in importance due to additional medium-term contributions from selling existing land reserves. This means that the foundation for the future growth of the company, with simultaneous payment of an attractive dividend to its shareholders, has already been laid.

In the Asset Management business area, a significant increase in net cold rent from EUR 116.5 million last year to EUR 187.7 million in 2014/15 was achieved. The DGAG property portfolio, which has only been consolidated since July 2014, and thus for only 10 months of the financial year 2014/15, made a contribution of around EUR 60.7 million. With an increase of 1.4 percentage points to 3.2% compared to the same date last year on a like-for-like basis, the monthly net in-place rent per sqm underlines the success of the active Asset Management pursued by the BUWOG Group.

In the Property Sales business area, Unit Sales of 617 apartments again significantly exceeded the previous year's total of 553 units, and generated a record margin of 59% on fair value. In addition, the BUWOG Group achieved further success toward its goal of portfolio optimisation with the sale of 604 units as part of property and portfolio sales.

In the Property Development business area, 369 completed units in Vienna confirmed the BUWOG Group's leading position in the market. In Berlin, in addition to the 394 units currently under construction, the current project pipeline continues to grow.

The very successful operational business in the three business areas is also reflected in the growth of adjusted EBITDA by around 47% to EUR 158.6 million. Financial results of EUR –216.9 million and net profit for 2014/15 were influenced, above all, by negative non-cash effects of EUR –164.0 million from the flattening of the swap-yield curve. These negative effects were partly offset by positive cash effects from a decline in the average interest rate from 2.45% to 2.14%.

As at 30 April 2014, BUWOG AG's balance sheet had an LTV of 51.0%, an equity ratio of 36.5% and cash and cash equivalents of EUR 149.2 million. Coupled with strong operating cash flows, this provides BUWOG AG with an outstanding basis for further profitable growth, with a continuous increase in corporate value along with attractive dividends.

OUTLOOK FOR THE FINANCIAL YEAR 2015/16

General conditions. The economic conditions are considered positive overall for Germany and Austria. Despite the necessary consolidation of public finances, a significant economic recovery is expected in Austria in 2015 and 2016 with GDP growth of 0.8% and 1.5%, respectively, although even at this level Austrian growth will still lag behind expectations for the average within the EU. The risks to the Austrian economy are the unemployment rate of 5.7% and the continued subdued investment activity of Austrian companies. In Germany, the European Commission expects growth of 1.9% and 2.0% respectively in 2015 and 2016, significantly higher GDP growth than Austria, driven in particular by strong demand from German consumers, which is based on the positive development of the labour market and increased income. The positive economic outlook for Germany is supported by the investment activities of German companies, which are still benefiting to a significant degree from an extremely favourable financing environment. The main risks to economic performance in Germany are a renewed flare-up of the Greek crisis and the ongoing Ukraine conflict.

Consistent with the overall economic situation, the property markets in Germany and Austria continue to be viewed as robust. Rents and purchase prices are expected to rise further, especially in metropolitan areas, mainly due to the relatively low construction activity in the housing sector and in spite of negative effects in some German regions due to the introduction of the cap on rent increases.

On the financial markets, there are currently indications of an impending change in the low interest rate policy in the USA, but there are no such signs of a corresponding change in interest rates in Europe, although the 10-year mortgage rate has significantly increased in recent months. The swap yield curve with direct effects on non-cash financial results saw a significant counter-movement at the beginning of the current financial year 2015/16. With an LTV of 51.0%, average maturity of 16.9 years and an average interest rate of 2.14%, the BUWOG Group has excellent financing and, in addition, the Group assumes that it will also be able in future to refinance expiring credit agreements at attractive conditions.

For 2015/16, the Executive Board of the BUWOG Group expects a stable regulatory environment with respect to the legal and tax conditions. In 2015/16, the focus will be on the concentration of the German investment portfolio. In addition, targeted investments will be made to further reduce the already low vacancy rate of 2.7% in Germany, while the operational focus in Austria will be on lowering vacancy rates, particularly in rural regions. Moreover, the integration of the German management platform is moving forward, in part due to the introduction of a new version of the SAP software, while central procurement is being harmonised Group-wide to leverage additional synergies.

Recurring FFO and the development of the individual business areas. The Executive Board of the BUWOG Group expects recurring FFO of around EUR 98 to 100 million for the financial year 2015/16.

In Asset Management, the BUWOG Group expects rent growth of around 1.5% to 2.0% per sqm. The BUWOG Group pursues a philosophy of increasing the value of its portfolio while simultaneously maintaining high operating cash flow. Investments required to increase value are an integral part of this strategy. In the financial year 2015/16, plans call for around EUR 16.0 per sqm to be used for maintenance and CAPEX.

In Property Sales, the main focus will remain on the high-margin sale of units in Austria. The aim is to continue the strong Unit Sales in the financial year 2015/16; the Executive Board expects developments in sales prices to remain stable. Strategic Block Sales in the Austrian regions are reviewed on a case-by-case basis in order to generate the cash needed, when opportunities arise, to achieve the targeted growth in Germany of around 2,000 to 4,000 units per financial year.

In Property Development, the focus is on the continuous implementation of the project pipeline in Vienna and Berlin, while the share of development projects in Berlin will increase and the development business is further intensified overall.

SUBSEQUENT EVENTS

Please see the information in the consolidated financial statements in Section 8.7 Subsequent events with regard to relevant events occurring after the balance sheet date of 30 April 2015.

Vienna, 27 August 2015

The Executive Board of BUWOG AG

Daniel Riedl	Ronald Roos	Herwig Teufelsdorfer

CONSOLIDATED FINANCIAL STATEMENTS BUWOG GROUP

FABRIKSTRASSE, 24103 KIEL (GERMANY)

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CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	2014/15	2013/14
Residential rental income		180,658.9	0.0
Other rental income		7,028.3	0.0
Rental income	**5.1.1**	**187,687.2**	**0.0**
Operating costs charged to tenants and third party property management revenues		104,875.0	0.0
Other revenues		949.3	0.0
Revenues	**5.1.2**	**293,511.5**	**0.0**
Expenses directly related to investment property	5.1.3	–62,685.6	0.0
Operating expenses and expenses from third party property management	5.1.4	–102,557.0	0.0
Results of Asset Management	**5.1**	**128,268.9**	**0.0**
Sale of properties		133,835.4	0.0
Carrying amount of sold properties		–133,835.4	0.0
Other expenses from property sales		–4,330.7	0.0
Revaluation of properties sold and available for sale	5.7	46,393.8	0.0
Results of Property Sales	**5.2**	**42,063.1**	**0.0**
Sale of real estate inventories		85,176.5	0.0
Cost of real estate inventories sold		–60,697.8	0.0
Other expenses from sale of real estate inventories		–4,890.9	0.0
Other real estate development expenses		–8,777.1	0.0
Revaluation of properties under construction	5.7	1,015.2	0.0
Results of properties sold and available for sale		672.8	0.0
Results of Property Development	**5.3**	**12,498.7**	**0.0**
Other operating income	5.4	7,809.2	7.2
Other not directly attributable expenses	5.5	–32,173.2	–1,026.0
Results of operations		**158,466.7**	**–1,018.8**
Revaluation of investment properties	5.7	105,685.2	0.0
Gain from a bargain purchase	5.8	4,334.2	0.0
Other revaluation results		**110,019.4**	**0.0**
Operating profit (EBIT)		**268,486.1**	**–1,018.8**
Financing costs		–55,221.6	–28.8
Financing income		2,979.6	0.0
Other financial results		–164,682.6	0.0
Financial results	**5.9**	**–216,924.6**	**–28.8**
Earnings before tax (EBT)		**51,561.5**	**–1,047.6**
Income tax expenses	5.10	–10,711.4	0.0
Deferred tax income/expenses	5.10	–177.0	7.0
Net profit		**40,673.1**	**–1,040.6**
Thereof attributable to owners of the parent company		**39,749.9**	**–1,040.6**
Share of non-controlling interests		**923.2**	**0.0**
Basic earnings per share in EUR	**5.11**	**0.40**	**–0.13**
Diluted earnings per share in EUR	**5.11**	**0.40**	**–0.13**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	2014/15	2013/14
Net profit	**40,673.1**	**–1,040.6**
Items which will not be reclassified to the income statement in the future		
Revaluation of defined benefit obligations	–1,014.9	0.0
Income taxes attributable to items which will not be subsequently reclassified to the income statement	91.8	0.0
Total items which will not be reclassified to income statement in the future	**–923.1**	**0.0**
Total comprehensive income	**39,750.0**	**–1,040.6**
Thereof attributable to owners of the parent company	**38,826.8**	**–1,040.6**
Share of non-controlling interests	**923.2**	**0.0**

CONSOLIDATED BALANCE SHEET

in TEUR	Notes	30 April 2015	30 April 2014
Investment properties	6.1	3,620,762.6	2,631,573.5
Investment properties under construction	6.2	14,578.0	10,926.1
Other tangible assets	6.3	7,401.4	7,859.9
Intangible assets	6.4	7,011.6	1,699.3
Trade and other receivables	6.5	3,389.8	1,007.6
Other financial assets	6.6	18,862.8	17,078.0
Deferred tax assets	6.7	7,060.7	1,456.4
Non-current assets		**3,679,066.9**	**2,671,600.8**
Trade and other receivables	6.5	143,639.9	379,144.6
Income tax receivables	6.8	1,985.7	1,446.0
Non-current assets held for sale	6.9	5,849.6	15,036.0
Inventories	6.10	197,572.8	155,117.3
Cash and cash equivalents	6.11	149,153.2	132,947.4
Current assets		**498,201.2**	**683,691.4**
ASSETS		**4,177,268.1**	**3,355,292.2**
Share capital		99,613.5	99,613.5
Capital reserves		1,297,169.4	1,445,989.3
Accumulated other equity		–1,296.8	–373.7
Retained earnings		119,952.4	–1,064.3
		1,515,438.5	1,544,164.8
Non-controlling interests		8,861.7	7,938.5
Equity	**6.12**	**1,524,300.2**	**1,552,103.3**
Liabilities from convertible bonds	6.13	0.0	247,824.3
Financial liabilities	6.14	2,015,986.6	1,036,854.4
Trade and other liabilities	6.15	115,056.5	52,198.9
Tax liabilities	6.17	157.9	0.0
Provisions	6.16	6,862.0	2,170.0
Deferred tax liabilities	6.7	159,276.1	124,042.4
Non-current liabilities		**2,297,339.1**	**1,463,090.0**
Liabilities from convertible bonds	6.13	0.0	124.7
Financial liabilities	6.14	89,437.6	99,176.4
Trade and other liabilities	6.15	212,148.0	208,433.0
Tax liabilities	6.17	33,055.8	14,260.1
Provisions	6.16	20,629.3	10,744.3
Financial liabilities held for sale	6.9	358.1	7,360.4
Current liabilities		**355,628.8**	**340,098.9**
LIABILITIES		**4,177,268.1**	**3,355,292.2**

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	Notes	2014/15	2013/14
Earnings before tax (EBT)		51,561.5	–1,047.6
Revaluation/depreciation/gain from a bargain purchase		–150,432.0	6.4
Gains/losses from disposal of non-current assets		160.7	0.0
Gain/loss on the fair value measurement of financial instruments	5.9	148,251.4	0.0
Income taxes paid		–2,938.6	–1.3
Net interest		52,242.0	28.8
Debt settlement expense convertible bond	5.9	13,139.5	0.0
Results of deconsolidation	3.3	–1,889.9	0.0
Other non-cash income/expense		3,870.9	0.0
Gross cash flow		**113,965.5**	**–1,013.7**
Changes in:			
Receivables and other assets		4,442.2	41.7
Inventories		–166.7	0.0
Trade payables		–6,348.9	143.6
Provisions		5,326.2	939.4
Other liabilities		–13,278.2	563.5
Cash flow from operating activities		**103,940.1**	**674.5**
Acquisition of/Investments in investment property	6.1	–30,931.5	0.0
Acquisition of/Investments in property under construction	6.2	–3,179.1	0.0
Net cash outflow on acquisition of subsidiaries	3.2	–329,306.1	0.0
Acquisition of other tangible assets	6.3	–656.7	–19.5
Acquisition of intangible assets	6.4	–823.7	0.0
Net cash inflow on disposal of subsidiary	3.3	11,357.2	0.0
Disposal of non-current assets		98,472.7	0.0
Cash inflows from other financial assets		3,182.6	0.0
Interest received		676.0	0.0
Cash flow from investing activities		**–251,208.6**	**–19.5**
Additions to cash and cash equivalents from common control transactions		0.0	132,445.7
Cash outflows for transaction costs for convertible bond		0.0	–155.5
Cash inflows from long-term financing		957,908.9	0.0
Cash outflows from short-term financing		–43,322.0	0.0
Cash outflows for long-term financing		–600,397.8	0.0
Cash outflows for derivative financial instruments		–8,801.6	0.0
Interest paid		–34,818.6	0.0
Payment of dividends	6.12	–68,733.3	0.0
Repayment of liability to Versicherungsanstalt des Bundes und der Länder (VBL)		–35,761.3	0.0
Cash inflows for convertible bond	6.13	260,000.0	0.0
Cash outflows for convertible bond	6.13	–262,600.0	0.0
Cash flow from financing activities		**163,474.3**	**132,290.2**
Change in cash and cash equivalents		**16,205.8**	**132,945.2**
Cash and cash equivalents at the beginning of the period		132,947.4	2.2
Cash and cash equivalents at the end of the period		149,153.2	132,947.4
Change in cash and cash equivalents		**16,205.8**	**132,945.2**

STATEMENT OF CHANGES IN EQUITY

in TEUR	Share capital	Capital reserves
Balance on 30 April 2014	**99,613.5**	**1,445,989.3**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	1,180.1
Changes in reserves	0.0	–150,000.0
Miscellaneous	0.0	0.0
Transactions with owners	**0.0**	**–148,819.9**
Net profit	0.0	0.0
Other income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 30 April 2015	**99,613.5**	**1,297,169.4**

in TEUR	Nominal capital	Capital reserves
Balance on 30 April 2013	**17.5**	**0.0**
Capital increase	52.5	0.0
Common control transaction additions	99,543.5	1,436,939.0
Issue of convertible bonds	0.0	9,020.3
Increase in reserves	0.0	30.0
Transactions with owners	**99,596.0**	**1,445,989.3**
Net profit	0.0	0.0
Other income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 30 April 2014	**99,613.5**	**1,445,989.3**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–373.7	**–1,064.2**	**1,544,164.8**	**7,938.5**	**1,552,103.3**
0.0	–68,733.3	–68,733.3	0.0	**–68,733.3**
0.0	0.0	1,180.1	0.0	**1,180.1**
0.0	150,000.0	0.0	0.0	**0.0**
0.0	0.0	0.0	0.0	**0.0**
0.0	**81,266.7**	**–67,553.2**	**0.0**	**–67,553.2**
0.0	39,749.9	39,749.9	923.2	**40,673.1**
–923.1	0.0	–923.1	0.0	**–923.1**
–923.1	**39,749.9**	**38,826.8**	**923.2**	**39,750.0**
–1,296.8	**119,952.4**	**1,515,438.5**	**8,861.7**	**1,524,300.2**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
0.0	**–23.6**	**–6.1**	**0.0**	**–6.1**
0.0	0.0	52.5	0.0	**52.5**
–373.7	0.0	1,536,108.7	7,938.5	**1,544,047.2**
0.0	0.0	9,020.3	0.0	**9,020.3**
0.0	0.0	30.0	0.0	**30.0**
–373.7	**0.0**	**1,545,211.5**	**7,938.5**	**1,553,150.0**
0.0	–1,040.6	–1,040.6	0.0	**–1,040.6**
0.0	0.0	0.0	0.0	**0.0**
0.0	**–1,040.6**	**–1,040.6**	**0.0**	**–1,040.6**
–373.7	**–1,064.2**	**1,544,164.8**	**7,938.5**	**1,552,103.3**

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 Austria and Germany. 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 residential buildings with a focus on Vienna and Berlin).

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 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 ESTABLISHMENT OF THE BUWOG GROUP AND COMPARATIVE INFORMATION

BUWOG AG was founded as a limited liability company ("Gesellschaft mit beschränkter Haftung") under the name of Artemis Immobilien GmbH by a subsidiary of IMMOFINANZ AG through a declaration of establishment dated 7 July 2010. The initial share capital totalled EUR 35,000.00. In accordance with a resolution passed by the Annual General Meeting on 27 November 2013, the share capital was increased from EUR 35,000.00 to EUR 70,000.00 and Artemis Immobilien GmbH was transformed into BUWOG AG, which included a change in legal form, with a conversion date of 31 October 2013. The entry in the commercial register took place on 17 December 2013.

In order to create a suitable capital market-oriented structure for the BUWOG Group with BUWOG AG as the parent company, IMMOFINANZ AG, as the ultimate parent company at that time, carried out several preparatory internal corporate restructuring steps – without the involvement of third parties. These steps separated the former BUWOG GmbH business from IMMOFINANZ AG, bundled this business under BUWOG AG and led to the independent listing of BUWOG AG.

The finalisation of the spin-off and the granting of shares of BUWOG AG in return transformed the IMMOFINANZ Group with its remaining activities and the BUWOG Group into two independent corporations within the meaning of IAS 27. Since BUWOG AG did not prepare consolidated financial statements in earlier years, the IFRS consolidated financial statements as of 30 April 2014 fell under the scope of application of IFRS 1.

Since the above-mentioned internal restructuring of BUWOG AG was carried out without the involvement of non-Group companies, a business combination as defined in IFRS 3 did not take place. The restructuring was therefore handled as a transaction under the common control of IMMOFINANZ AG.

IFRS contain no rules for presenting common control transactions. In accordance with IAS 8.11 and 8.12, the BUWOG Group management decided, for the consolidated financial statements as of 30 April 2014, to carry forward the transferred assets and liabilities of BUWOG GmbH and its direct and indirect subsidiaries (the BUWOG GmbH business) at the respective carrying amounts previously recognised in the IFRS consolidated financial statements of IMMOFINANZ AG, provided no other accounting and valuation principles apply under IFRS 1. Moreover, IFRS do not provide any information concerning the date of inclusion. The BUWOG Group management therefore took a discretionary decision to define the date of inclusion as end of April 2014, i.e. the date on which the spin-off took effect.

Immediately after the spin-off took effect, the BUWOG AG shares were admitted for trading on the Prime Standard market of the Frankfurt Stock Exchange, the Prime Market of the Vienna Stock Exchange and the Main Market ("Rynek podstawowy") of the Warsaw Stock Exchange. The first stock exchange listing of the shares (ISIN AT00BUWOG001) took place on 28 April 2014 in Frankfurt and Vienna, and on 29 April 2014 in Warsaw.

The IMMOFINANZ Group held 49% of the share capital of BUWOG AG from an economic standpoint as of 30 April 2015 (30 April 2014: 49%). The remaining 51% (30 April 2014: 51%) of the share capital is held in free float.

Since the BUWOG Group was established at the end of April 2014, the consolidated income statement for the comparative prior year period (1 May 2013 – 30 April 2014) only includes the income and expenses of BUWOG AG. It does not include any amounts for the BUWOG GmbH business, which was only taken over by BUWOG AG at the end of April 2014 in connection with a common control transaction by IMMOFINANZ AG. In cases where the consolidated financial statements do not provide comparative information for the preceding period, BUWOG AG had no corresponding amounts.

1.3 CONFORMITY WITH IFRS

1.3.1 Statement of compliance with IFRS

The consolidated financial statements of the BUWOG Group as of 30 April 2015 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).

1.3.2 Initial application of standards and interpretations

The following new or revised standards and interpretations required mandatory application in 2014/15:

INITIALLY APPLIED STANDARDS AND INTERPRETATIONS

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
New standards and interpretations			
IFRS 10	Consolidated Financial Statements	12 May 2011 (11 December 2012)	1 May 2014
IFRS 11	Joint Arrangements	12 May 2011 (11 December 2012)	1 May 2014
IFRS 12	Disclosure of Interests in Other Entities	12 May 2011 (11 December 2012)	1 May 2014
Changes to standards and interpretations			
IAS 27	Separate Financial Statements	12 May 2011 (11 December 2012)	1 May 2014
IAS 27, IFRS 10, 12	Investment Entities	31 October 2012 (20 November 2013)	1 May 2014
IAS 28	Investments in Associates and Joint Ventures	12 May 2011 (11 December 2012)	1 May 2014
IAS 32	Requirements for Offsetting Financial Assets and Financial Liabilities	16 December 2011 (13 December 2012)	1 May 2014
IAS 36	Disclosures: Recoverable Amount Disclosures for Non-Financial Assets	29 May 2013 (19 December 2013)	1 May 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	27 June 2013 (19 December 2013)	1 May 2014
IFRS 10, 11, 12	Transition Guidance	28 June 2012 (4 April 2013)	1 May 2014

IFRS 10 *Consolidated Financial Statements*

The accounting requirements for consolidated financial statements in IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities have been replaced by IFRS 10; in the future IAS 27 Separate Financial Statements will govern only the accounting for (investments in) subsidiaries, joint ventures and associates in separate financial statements prepared in accordance with IFRS. IFRS 10 redefines the concept of control in terms of content and standardises this definition for all companies, including special purpose entities. According to IFRS 10, a parent company controls an associate when it has the right to receive or is exposed to variable returns from its investment in the associate and it has the ability to affect the amount of these returns. Furthermore, IFRS 10 contains detailed guidance on the assessment and evaluation of potential voting rights, co-decision or third party rights, and situations involving delegated or retained decision rights or de facto control. In the future, determining whether control exists will increasingly require a comprehensive (and thus more judgement-based) assessment of the parent's economic influence over the associate. All BUWOG subsidiaries were examined to determine the following: whether control can be attributed to the BUWOG Group; whether the BUWOG Group is exposed to variable returns; and whether the amount of the returns can be influenced by this control. The circle of companies previously included in the consolidated financial statements of the BUWOG Group through full consolidation remained unchanged after the application of IFRS 10 in 2014/15.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. It regulates the accounting treatment of joint arrangements, whereby classification is based on the type of rights and obligations arising from the arrangement instead of the legal form. This standard requires mandatory application by all companies that are parties to a joint arrangement. IFRS 11 classifies joint arrangements into two categories: joint operations and joint ventures. A joint operation is a joint arrangement that gives the partner companies rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement that gives the partner companies rights to the net assets of the arrangement. In accordance with IFRS 11, a partner company to a joint operation must recognise and measure the respective assets, liabilities, income and expenses in relation to its interest in the joint operation. A partner company in a joint venture must recognise and measure its investment by applying the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. Since the consolidated financial statements of BUWOG Group only include fully consolidated companies at the present time, the application of IFRS 11 did not result in any changes.

IFRS 12 *Disclosures of Interests in Other Entities*

This standard provides comprehensive, summarised information on the disclosure requirements for investments in subsidiaries, joint ventures, associates and structured entities. The disclosures currently required under IAS 27, IAS 28 and IAS 31 have been extended, in particular, to include information on the key assumptions and judgments used to determine the scope of consolidation. The initial application of IFRS 12 did not lead to any changes because the BUWOG Group does not hold any shares in subsidiaries with material non-controlling interests, control limitations or intervention rights.

IAS 27 *Separate Financial Statements, IAS 28 Investments in Associates and Joint Ventures*
In connection with the adoption of IFRS 10, the regulations for the control principle and the requirements for the preparation of consolidated financial statements were removed from IAS 27 and transferred to IFRS 10. IAS 27 now only contains the requirements for the accounting treatment of subsidiaries, joint ventures and associates in separate financial statements prepared in accordance with IFRS.

The adoption of IFRS 11 was also connected with amendments to IAS 28. IAS 28 now (as before) governs the application of the equity method. However, the scope of IAS 28 was significantly expanded by the adoption of IFRS 11 to require the application of the equity method not only to investments in associates, but also to joint ventures.

Another revision involves accounting in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations in cases where only part of an investment in an associate or a joint venture is designated for sale. IFRS 5 now applies to the component designated for sale, while the "retained" component is still accounted for at equity until the first portion is sold.

Since the BUWOG Group does not hold any interests in associates or joint ventures, the changes in these standards will not have any effect on its consolidated financial statements.

IFRS 10, IFRS 12 and IAS 27 *Investment Entities*
The amendments to these standards include a definition of investment companies and the removal of these entities from the scope of IFRS 10 Consolidated Financial Statements. Accordingly, investment companies do not consolidate the companies under their control in their IFRS consolidated financial statements. This exception to general principles is, however, not to be understood as optional. Instead of full consolidation, these companies must measure holdings held for investment purposes at fair value and recognise the periodic changes in value through profit or loss. The initial application of the revised standard had no impact on the consolidated financial statements because the BUWOG Group is not classified as an investment entity.

IAS 32 *Requirements for Offsetting Financial Assets and Liabilities*
IFRS 7 *Disclosure of Requirements for Offsetting Financial Assets and Liabilities*
The amendments to IAS 32 clarify and supplement the requirements for offsetting financial instruments. Financial assets and financial liabilities can only be offset if there is a legally enforceable right to set off the recognised amounts and the holder intends to settle the financial instruments on a net basis or to settle the relevant financial liability simultaneously with the realisation of the financial asset. The amendments to the standard complement and clarify the application guidelines in regard to the terms "current" and "simultaneous". Also related is the amendment to IFRS 7, which requires additional disclosures for offset financial instruments and for financial instruments which have not been offset but are subject to a global offsetting agreement or similar arrangement. The initial application of the revised standard did not have a material effect on the consolidated financial statements of the BUWOG Group.

IAS 36 *Recoverable Amount of Non-Financial Assets*
A subsequent revision to IFRS 13 amended the disclosure requirements in IAS 36 concerning the assessment of the recoverable amount of impaired assets. This change did not result in additional or amended disclosures in the consolidated financial statements of the BUWOG Group.

IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*
This change defines the accounting treatment of derivatives as hedging instruments after novation. Since the BUWOG Group does not use hedge accounting at the present time, this change has no effect on the consolidated financial statements.

1.3.3 *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 2015 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			
IFRIC 21	Levies	20 May 2013 (13 June 2014)	1 May 2015
Changes to standards and interpretations			
IAS 19	Employee Contributions	21 November 2013 (17 December 2014)	1 May 2015
Various standards	Annual Improvements to IFRSs 2010 – 2012 Cycle	12 December 2013 (17 December 2014)	1 May 2015
Various standards	Annual Improvements to IFRSs 2011 – 2013 Cycle	12 December 2013 (18 December 2014)	1 May 2015

IFRIC 21 *Levies*

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. It addresses, in particular, the issue of when a present obligation arises for levies imposed by public authorities and when a provision or liability must be recognised. This interpretation does not cover fines and levies which result from public contracts or fall within the scope of other standards (e.g. IAS 12 Income Taxes). Under IFRIC 21, a liability is recognised for levies when the event triggering the tax liability occurs. The triggering event that gives rise to the obligation is based on the wording of the underlying legislation. The formulation of the underlying legislation is crucial for the accounting process. The BUWOG Group is currently evaluating the impact of this interpretation, in particular on property-related levies and taxes.

IAS 19 *Employee Contributions*

The changes to IAS 19 Employee Benefits involve the rules governing employee contributions to defined benefit plans. Contributions that are independent of the number of years of service can be accounted for as a reduction to the service cost of the period in which the related service was rendered. Contributions that are linked to service must be attributed to periods of service as a reduction of service cost in accordance with IAS 19.70. Since the BUWOG Group has no defined benefit plans with contributions by employees, this change will have no effect on the consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle

Amendments were made to seven standards as part of the annual improvements to the IFRS. The wording of individual IFRS was adapted in order to clarify the existing rules. Other changes involve the disclosures required by IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

The BUWOG Group is currently evaluating the impact of these changes. However, these changes are not expected to have a material impact on the consolidated financial statements of the BUWOG Group over the short-term.

Annual Improvements to IFRSs 2011–2013 Cycle

Amendments were made to four standards as part of the annual improvements to the IFRS. The wording of individual IFRS was adapted in order to clarify the existing rules. These changes involve IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The BUWOG Group is currently evaluating the impact of these changes. However, these changes are not expected to have a material impact on the consolidated financial statements of the BUWOG Group over the short-term.

1.3.4 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 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	1 May 2018
IFRS 14	Regulatory Deferral Accounts	30 January 2014	1 May 2016
IFRS 15	Revenue from Contracts with Customers	28 May 2014	1 May 2018
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 May 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014	1 May 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014	1 May 2016
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014	1 May 2016
IAS 27	Equity Method in Separate Financial Statements	12 August 2014	1 May 2016
IFRS 10, IFRS 12, IAS 28	Investment Entities: Application of Consolidation Exemption	18 December 2014	1 May 2016
IAS 1	Disclosure Initiative	18 December 2014	1 May 2016
Various standards	Annual Improvements to IFRSs 2012 – 2014 Cycle	25 September 2014	1 May 2016

IFRS 9 *Financial Instruments*

The accounting treatment and valuation of financial instruments under IFRS 9 is intended to replace IAS 39. In the future, financial assets will only be classified and valued in two groups: at amortised cost and at fair value. The group of financial assets accounted for at amortised cost consists of financial assets which only have a right to interest and principal payments at predetermined times and which 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 conditions, financial assets which would generally be accounted for at amortised cost may be designated for fair value accounting (fair value option). Changes in the value of financial assets carried at fair value are recognised in profit or loss. An option for certain equity instruments permits the recognition of changes in value under other comprehensive income, but dividend claims from these assets must be recognised in profit or loss. 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. In the future, these changes will be split: 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 initial application of IFRS 9 is planned for financial years beginning on or after 1 January 2018. The BUWOG Group is currently evaluating the effects of this standard on the consolidated financial statements.

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 BUWOG Group and will therefore not lead to any changes in the consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*
As part of a convergence project, the IASB and the FASB jointly developed and published a standard for revenue recognition. The new IFRS 15 Revenue from Contracts with Customers will replace the previous standards IAS 18 Revenue, IAS 11 Construction Contracts and their related interpretations. The objectives of this project included the standardisation of existing revenue recognition between the standard setters and the elimination of inconsistencies between IAS 18 and IAS 11.

The basis of the new standard includes a comprehensive model for the recognition of revenue from contracts with customers. According to this model, an entity recognises revenue at the amount of compensation expected for the assumed performance obligation(s), the transfer of goods or the provision of services.

The BUWOG Group is currently in the process of determining the impact of this standard on its consolidated financial statements.

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. Since the BUWOG Group holds no shares in associates or joint ventures, the changes in this standard will have no effect on the consolidated financial statements.

IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
Under this amendment to IFRS 11, the acquirer of an interest in a joint arrangement which represents a business must apply IFRS 3 Business Combinations and other IFRS, unless they contradict the guidelines of IFRS 11. Since the BUWOG Group holds no interests in joint operations, the changes in this standard will have 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. This change will not have any effect on the consolidated financial statements of the BUWOG Group.

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 will therefore have 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.

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 Group is not classified as an investment entity, and these changes are therefore not expected to have any effect on the consolidated financial statements.

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 BUWOG Group is currently evaluating the effects of this standard on the consolidated financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle
Amendments were made to four standards as part of the annual improvements to the IFRS. The wording of individual IFRS was adapted in order to clarify existing rules. Other changes involve the disclosures required by IFRS 5, IFRS 7, IAS 19 and IAS 34.

The BUWOG Group is currently evaluating the effects of these changes. However, they are not expected to have a material effect on the consolidated financial statements over the short-term.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE 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: Valuation parameters which are not quoted prices as described in Level 1, but which are observable either directly as a quoted price or indirectly derived from quoted prices for the asset or liability.
- Level 3: Valuation parameters for assets or liabilities that are not based on observable market data.

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 (see section 2.2.2 Fully consolidated companies) were converted to IFRS and, in the case of business combinations, revalued (see section 2.2.3 Business combinations (initial consolidations)). The accounting and valuation 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 all fully consolidated companies were prepared as of the same balance sheet date as the consolidated financial statements. As a first-time adopter of IFRS as of 30 April 2014, the BUWOG Group did not elect to use the option for retrospective application of IFRS 3 to business combinations that took place prior to 1 May 2012.

All receivables and liabilities, revenues, other income and expenses from the provision of goods and services between companies of the group were eliminated. Interim profits that arise primarily from the transfer of stakes in other companies and properties between member companies of the group 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 are allocated to the identifiable assets and liabilities in proportion to their fair values at the acquisition date. Transactions that are not classified as business combinations do not result in the recognition of goodwill.

The BUWOG Group often views the acquired property companies or assets and liabilities as businesses. 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, 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 section 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 fair value at 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 realisation

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 Austria and Germany.

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.

A maintenance and improvement contribution ("Erhaltungs- und Verbesserungsbeitrag"; EVB) is also charged in Austria based on the Austrian Non-Profit Housing Act ("Wohnungsgemeinnützigkeitsgesetz", WGG) to finance the cost of maintenance work and useful improvements. The EVB I-related maintenance provisions and reserves are eliminated during the IFRS revaluation because they do not represent an obligation toward the tenants or a receivable; the claim to these funds is not based on a specific maintenance operation, but only arises when the property is rented in the future. In addition, an additional maintenance and improvement contribution (EVB II) based on the age of the building is levied for identifiable maintenance work or useful improvements needed in the foreseeable future. These funds must be used for maintenance or improvements within 10 years of the collection date or must be reimbursed to the tenants. The EVB II is reported under other financial liabilities and carries interest. When the maintenance and improvements are performed, the respective financial liability is reduced accordingly and the involved amounts are reported as rental income.

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 is 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 realisation. 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 properties held for sale.

Results of Property Development

The results of Property Development include the revenues from the sale of inventories and the related production costs, with the transfer of economic ownership representing the date of realisation. 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 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.

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 inventories is reported under the results of Property Development, whereby revenue is realised 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 inventories.

The results of Property Development also include adjustments to the fair value of investment properties under construction and impairment losses recognised to inventories during the financial year. The proceeds from the sale of undeveloped land allocated to this business area are also reported here.

2.4.2 Investment properties and properties under construction

Investment properties and investment properties 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 properties are measured at cost at the time of recognition; subsequent valuation is based on the fair value model.

Valuation process

The valuation of investment property using the fair value model requires regular revaluation. In the BUWOG Group, this valuation is performed 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 2015.

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 data. 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 properties is reassessed quarterly. The determination of fair value at the half-year and end of the financial year is based on external appraisals.

Valuation methods

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 used for 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 ("Wohnungsgemeinnützigkeitsgesetz", WGG, in particular cost-covering rent and Burgenland benchmark -30%) and the sale of individual apartments. In order to fully include additional specific requirements (such as long-term subsidy terms, 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.

Changes in the fair value of investment properties, investment properties under construction, sold investment properties and available-for-sale investment properties are recognised in the income statement. These items are reported under adjustments to the fair value of investment properties, investment properties under construction, sold investment properties and available-for-sale investment properties (revaluation results).

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 in 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 PARAMETER STANDING INVESTMENTS

Input parameters 2014/15	Unit	Vienna	Austria other	Berlin	Germany other
Current rent	EUR p.a.	36,086,787	55,412,782	23,435,445	82,621,703
Market rent[1]	EUR p.a.	52,675,657	76,194,208	27,007,606	95,374,078
Proportion of portfolio publicity subsidised, by rentable space[2]		73.93%	96.63%	2.07%	35.72%
Current rent	EUR/sqm	4.96	3.50	5.87	5.20
Market rent	EUR/sqm	7.24	4.81	6.76	6.01
Market rent increase	p.a.	–	–	0.97%	0.90%
Current vacancy rate residential space[3]		3.80%	6.03%	1.50%	3.20%
Structural vacancy rate[4]		–	–	0.99%	1.53%
Maintenance costs	EUR/sqm p.a.	9.68	9.79	10.43	9.85
Re-letting costs[5]	EUR/sqm	–	–	142.00	69.00
Administrative costs	EUR/unit	–	–	204.84	253.94
Discount rate		5.25%	6.37%	5.96%	6.01%
Capitalisation rate		–	–	5.17%	5.17%
Proportion of individual apartments held for sale, by area		79.08%	42.29%	–	–
Sale price potential[6]	EUR/sqm	2,004	1,361	–	–

Input parameters 2013/14	Unit	Vienna	Austria other	Berlin	Germany other
Current rent	EUR p.a.	36,074,612	56,995,067	19,025,079	10,487,875
Market rent[1]	EUR p.a.	55,844,246	81,600,101	22,942,119	12,536,247
Proportion of portfolio publicity subsidised, by rentable space[2]		74.90%	96.06%	2.06%	0.00%
Current rent	EUR/sqm	5.05	3.68	5.80	4.86
Market rent	EUR/sqm	7.53	4.88	6.77	5.28
Market rent increase	p.a.	–	–	0.97%	0.86%
Current vacancy rate residential space[3]		3.00%	5.60%	2.60%	5.40%
Structural vacancy rate[4]		–	–	1.00%	1.84%
Maintenance costs	EUR/sqm p.a.	9.64	9.80	10.40	9.95
Re-letting costs[5]	EUR/sqm	–	–	140.00	93.00
Administrative costs	EUR/unit	–	–	205.00	245.00
Discount rate		5.22%	6.32%	6.11%	6.19%
Capitalisation rate		–	–	5.41%	5.37%
Proportion of individual apartments held for sale, by area		77.76%	41.91%	–	–
Sales price potential[6]	EUR/sqm	1,801	1,255	–	–

1) A hypothetical market rent is used for the publicly subsidised units in the standing investments (which, in Austria, comprises the entire WGG portfolio).
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 PARAMETER UNDEVELOPED LAND

Input parameters 2014/15		Size of land in sqm	Value of land/sqm in EUR
Austria	Total	230,800	171.04
	Min.	350	10.00
	Max.	28,236	1,985.00
Germany	Total	86,746	322.01
	Min.	81	3.88
	Max.	62,701	395.50
Total	Total	317,546	212.28
	Min.	81	3.88
	Max.	62,701	1,985.00

Input parameters 2013/14		Size of land in sqm	Value of land/sqm in EUR
Austria	Total	338,906	285.97
	Min.	422	21.33
	Max.	20,564	1,437.17
Germany	Total	72,037	326.86
	Min.	429	158.51
	Max.	62,702	339.70
Total	Total	410,943	293.14
	Min.	422	21.33
	Max.	62,702	1,437.17

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.

A sensitivity analysis on the investment properties is presented in section 8.4 Property valuation.

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 is lessee and lessor under operating leases.

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 or direct subsidies to bank loans. These low-interest loans represent public subsidies for specific properties and are generally connected with obligations to meet specific requirements (e.g. rent control based on the "Wohnungsgemeinnützigkeitsgesetz", WWG, or "Wohnbauförderungsgesetz", WFG, see section 6.1.2 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 in connection with the first-time preparation of consolidated financial statements as of 30 April 2014 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.

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 properties, 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 section 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 section 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 section 8.1 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 liabilities 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 section 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 realisation 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 offsett 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 valued 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 valued 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 Inventories

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 inventories in accordance with IAS 2.

Inventories are capitalised at acquisition or production cost, including borrowing costs, (see section 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 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 above-mentioned liquid funds are included in the cash and cash equivalents which are relevant for the consolidated cash flow statement.

2.4.15 Share-based remuneration agreements

The fair value of share-based remuneration agreements on the granting date is recognised as an expense, 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.

2.4.16 Compound financial instruments (convertible bonds)

The components of a compound instrument issued by the company (convertible bonds) are recognised separately as a financial liability and an equity instrument in accordance with the economic substance of the agreement and the applicable definitions. A conversion option which is only settled by exchanging a fixed amount of cash or another financial asset for a fixed number of the company's own equity instruments represents an equity instrument.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not include an option for conversion to equity. The equity component is initially recognised as the difference between the fair value of the compound financial instrument and the fair value of the liability component. Directly attributable transaction costs are allocated in proportion to the carrying amounts of the debt and equity components of the financial instrument at the time of initial recognition. The equity component is recognised net of tax and is not subject to further valuation. Other embedded derivative components are reviewed to determine whether they are closely related to the main contract or should be valued and reported separately. Subsequent valuation involves the measurement of the liability component of the compound financial instrument at amortised cost using the effective interest method. The equity component of the compound financial instrument is carried at the value established on initial recognition.

In the event of premature redemption, the carrying amount of a financial liability must be adjusted to reflect the actual and changed cash flows. This requires discounting the estimated future cash flows at the original effective interest rate to determine the present value. The resulting change in the carrying amount is then recognised to profit or loss.

2.4.17 Financial liabilities, trade 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 valued 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).

Subsidised loans are evaluated on receipt to determine whether the requirements for classification at fair value through profit and loss are or can be met. The decisions are taken on a case-by-case basis.

Non-financial liabilities are also carried at amortised cost.

Gains and losses from the valuation of liabilities classified at fair value through profit or loss and liabilities held for trading are reported on the income statement under other financial results.

Financial liabilities, trade 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 realisation of the involved financial asset.

Derivatives are accounted for as independent financial instruments and are only used to reduce the risks arising from changes in interest rates. Derivative transactions are only concluded with financial institutions that can demonstrate a sound credit rating. Derivatives 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 conditions and fair value of derivatives is provided in section 8.2.5 Interest rate risk. Information on the conditions and market value of financial liabilities is provided in sections 6.14 Financial liabilities and 8.2.5 Interest rate risk.

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. 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 – are also referred to as revaluations – are recognised in other comprehensive income. Revaluations 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 section 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 agreement 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 properties, investment properties under construction and investment properties held for sale and the net realisable value of some 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 section 6.1. Investment properties).

- The net realisable value of 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 section 6.10 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 sections 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 section 8.1.3 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 section 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 section 6.12.2 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 section 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 section 6.16 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 section 8.6.1 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 31 domestic and 79 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 2014/15 financial year:

DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

Scope of consolidation	Full consolidation
Balance on 30 April 2014	**89**
Initially included	26
Deconsolidations	–3
Mergers	–1
Balance on 30 April 2015	**111**

An overview of the BUWOG Group companies is presented at the end of the notes.

3.2 BUSINESS COMBINATIONS (INITIAL CONSOLIDATIONS)

The following subsidiaries were initially included in the BUWOG Group's scope of consolidation in 2014/15:

INITIAL CONSOLIDATIONS

Segment	Country	Head-quarters	Company	Direct stake	Consolidation date
Founding/acquisition of newly founded companies without businesses					
Germany	DE	Berlin	BUWOG – Braunschweig II GmbH	100.0%	31 January 2015
Germany	DE	Berlin	BUWOG – Heidestraße Development GmbH	100.0%	31 January 2015
Germany	DE	Berlin	BUWOG – Goethestraße GmbH	100.0%	31 January 2015
Germany	DE	Berlin	Blitz B14-347 GmbH	90.0%	31 January 2015
Germany	DE	Berlin	Blitz B14-348 GmbH	90.0%	31 January 2015
Germany	DE	Berlin	BUWOG – Schulzestraße Development GmbH	100.0%	30 April 2015
Germany	DE	Berlin	BUWOG – Lückstraße Development GmbH	100.0%	30 April 2015
Business combinations					
Germany	DE	Berlin	BUWOG – Immobilien Management GmbH	100.0%	30 June 2014
Germany	DE	Berlin	BUWOG – Hausmeister GmbH	100.0%	30 June 2014
Germany	DE	Berlin	BUWOG – Berlin II GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Braunschweig I GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Hamburg Umland I GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Hamburg Umland II GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Herzogtum Lauenburg GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Kiel II GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Kiel III GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Kiel IV GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Kiel V GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Lübeck Hanse I GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Lübeck Hanse II GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Lübeck Hanse III GmbH	94.9%	30 June 2014
Germany	DE	Berlin	BUWOG – Lübeck Hanse IV GmbH	94.9%	30 June 2014
Germany	DE	Berlin	PRE Andromeda Real Estate GmbH	94.9%	30 June 2014
Germany	DE	Berlin	PRE Aries Real Estate GmbH	94.9%	30 June 2014
Germany	DE	Berlin	CHAPINES Vermögensverwaltungsgesellschaft mbH	94.9%	30 June 2014
Germany	DE	Berlin	PRE Aquarius Real Estate GmbH	100.0%	30 June 2014

The following business combinations, as defined in IFRS 3, took place in 2014/15. These business combinations involved the recognition of the following assets and liabilities (the final transaction values are presented):

ACQUIRED ASSETS AND LIABILITIES

in TEUR	DGAG transaction	Apollo portfolio	Total
Cash and cash equivalents transferred	315,850.7	52,540.0	368,390.7
Liability due to the termination rights held by non-controlling interests	16,833.1	232.9	17,066.0
Compensation transferred	**332,683.8**	**52,772.9**	**385,456.7**
Investment properties	925,833.8	57,965.7	983,799.5
Other tangible assets	498.4	0.0	498.4
Receivables	157,749.5	0.0	157,749.5
Deferred tax assets	539.9	0.0	539.9
Cash and cash equivalents	29,084.6	0.0	29,084.6
Liabilities	–748,521.7	0.0	–748,521.7
Provisions	–8,717.3	0.0	–8,717.3
Deferred tax liabilities	–29,188.2	–858.6	–30,046.8
Fair value of identifiable net assets acquired	**327,279.0**	**57,107.1**	**384,386.1**
Compensation transferred (for 100%)	–332,683.8	–52,772.9	–385,456.7
Fair value of identifiable net assets acquired	327,279.0	57,107.1	384,386.1
Goodwill (–)/Gain from a bargain purchase (+)	**–5,404.8**	**4,334.2**	**–1,070.6**
Compensation paid in cash	315,850.7[1)]	52,540.0	368,390.7
Less cash and cash equivalents acquired	–29,084.6	0.0	–29,084.6
Net cash outflow on acquisition	**286,766.1**	**52,540.0**	**339,306.1**

1) Of this total, TEUR 10,000 were deposited with a trustee prior to 30 April 2014.

Acquisition of the DGAG portfolio and management platform ("DGAG Transaction")
The BUWOG Group finalised the acquisition of the DGAG real estate portfolio with the closing on 27 June 2014 and the acquisition of the management platform with the closing on 1 July 2014. The acquisition of the various residential and commercial units was executed in the form of several share deals and led to the takeover of 19 companies held by Prelios Prelios DGAG Deutsche Grundvermögen GmbH, Kiel, Solaia Real Estate B.F., Amsterdam, G.O.II – Luxembourg One S.à.r.L., Luxembourg, and Prelios S.p.A., Milan. In order to simplify accounting processes, the acquired companies were included in the BUWOG Group's scope of consolidation as of 30 June 2014. The effects of this simplification are considered immaterial. The acquired companies are reported as business combinations in the table on initial consolidations.

The acquired residential property portfolio comprises roughly 18,000 units with approx. 1.09 million sqm of lettable space. The properties are located primarily in the German provinces of Schleswig-Holstein (approx. 990,000 sqm) and Lower Saxony (approx. 85,000 sqm), i.e. in the BUWOG Group's preferred growth region of North-West Germany. Around 40% of the housing stock in the portfolio is supported by government subsidies.

In connection with the acquisition of the DGAG portfolio, the BUWOG Group also purchased the residential asset and property management business (the so-called "management platform"). This platform, which has roughly 300 employees, is closely connected with the DGAG portfolio from an economic standpoint. The acquisition of the management platform ensures the smooth integration of the DGAG portfolio and allows the BUWOG Group to benefit from a highly qualified and experienced team of real estate experts. These specialists will assume responsibility for the administration and management of the BUWOG Group's entire German portfolio over the medium-term and complement the existing administrative structures. This will facilitate the realisation of synergy effects and support further cost-effective growth in the preferred regions in Germany. The acquisition of the management platform also covers the management activities for the approx. 33,000 German residential units (as of 1 July 2014) owned by third parties which are currently serviced by this platform, in particular with respect to property and facility management, new and follow-up rentals and custodial services.

The BUWOG Group acquired 94.9% of the shares in the DGAG real estate portfolio companies under company law. Based on the put rights in the contracts for the acquired companies, the BUWOG Group recognised the purchase price paid by the minority shareholders (EUR 16.8 million) to the sellers under other non-current liabilities in accordance with IAS 32. This amount represents the fair value of the shares on the acquisition date. The put rights can be exercised at the earliest at the end of the day on 30 April 2021.

The acquisition of the real estate portfolio and the simultaneous acquisition of the residential asset and property management business is presented as a business combination in accordance with IFRS 3. All of the information required for the final presentation of the transaction in the consolidated financial statements was available as of 30 April 2015.

The purchase price for the shares of the companies acquired through the DGAG transaction totalled EUR 315.9 million for 94.9%. In addition to the acquisition of shares and in connection with the closing, the BUWOG Group repaid shareholder loans (TEUR 64,099.3) granted by the sellers to various property companies before the acquisition and accepted loans of TEUR 138,262.1 granted by the property companies to the sellers. Financing of TEUR 431,923.6 provided by Deutsche Pfandbriefbank AG up to the takeover by the BUWOG Group was repaid at the closing. It was replaced by a TEUR 359,158.6 loan granted by Berlin Hyp AG, whereby the proceeds received totalled approx. EUR 399.0 million.

The valuation of the properties for the price allocation was based on an appraisal by an independent real estate expert (CBRE). The fair value of cash and cash equivalents corresponds to the carrying amount on the acquisition date. In addition, there is no difference between the carrying amount and the fair value of current assets and current liabilities. The receivables acquired are considered to be substantially recoverable. A net present value calculation based on current market parameters was used to determine the fair value of the low-interest financial liabilities. The calculation of deferred tax liabilities was based on a tax rate of 15.825%.

The DGAG portfolio has contributed TEUR 60,728.2 to residential rental income and TEUR 38,572.8 to the results of asset management since the acquisition date. If the business combination had taken place at the beginning of the financial year (1 May 2014), the contribution to residential rental income would have equalled approx. TEUR 72,732.4 and the contribution to results of asset management approx. TEUR 47,129.0.

Based on the final data, the goodwill from the DGAG transaction resulted mainly (as a technical figure) from the mandatory recognition of deferred taxes at the nominal value based on the difference between the fair value and the tax base of the acquired real estate assets and from the synergies expected from the acquired management platform. This goodwill is not deductible for tax purposes.

Acquisition of the Apollo portfolio
The closing for the acquisition of the Apollo portfolio took place on 1 July 2014. The acquisition of these residential units took the form of an asset deal. The portfolio consists of 1,206 units with a total area of approx. 79,600 sqm. The properties are located primarily in Berlin-Kaulsdorf (614 units) and Strausberg near Berlin (529 units).

The valuation of the properties for the price allocation was based on an appraisal by an independent real estate expert (CBRE). The calculation of deferred tax liabilities was based on a tax rate of 15.825%.

The Apollo portfolio has contributed TEUR 3,680.3 to residential rental income since the acquisition date. If the business combination had taken place at the beginning of the financial year (1 May 2014), the contribution to residential rental income would have equalled approx. TEUR 4,401.6.

Based on the final data, the acquisition of the Apollo portfolio resulted in a negative difference of TEUR 4,334.2. This reflects the fact that the Apollo transaction was concluded at a favourable price because of the insolvency proceedings involving the seller. The gain from this acquisition below market value ("bargain purchase") was recognised through profit or loss and recorded under other revaluation results.

Other initial consolidations
One company was newly founded and six limited liability companies without businesses were acquired and initially consolidated in 2014/15.

3.3 DECONSOLIDATIONS

The following subsidiaries were deconsolidated in 2014/15:

DECONSOLIDATIONS

Segment	Country	Head-quarters	Company	Direct stake	Deconsolidation date
Austria	AT	Vienna	BUWOG – Facility Management GmbH	100.00%	1 May 2014
Austria	AT	Vienna	BUWOG – Lindengasse 62 GmbH	100.00%	31 January 2015
Austria	AT	Vienna	Rakete Beteiligungsverwaltungs GmbH	100.00%	31 January 2015

BUWOG Facility Management GmbH was sold during the first quarter of 2014/15 and the development company BUWOG – Lindengasse 62 GmbH was sold during the third quarter of 2014/15. The subsequent deconsolidations covered the following assets and liabilities:

SALE OF SUBSIDIARIES (TOTAL EFFECT)

in TEUR	Facility Management	Lindengasse	Total
Consideration received	**327.2**	**12,561.0**	**12,888.2**
Other tangible assets	0.2	0.0	0.2
Inventories	0.0	10,904.2	10,904.2
Receivables	508.2	2,809.7	3,317.9
Cash and cash equivalents	1,500.6	30.4	1,531.0
Liabilities	–1,505.4	–2,780.4	–4,285.8
Provisions	–468.6	–0.6	–469.2
Assets and liabilities deconsolidated	**35.0**	**10,963.3**	**10,998.3**
Consideration received	327.2	12,561.0	12,888.2
Assets and liabilities deconsolidated	–35.0	–10,963.3	–10,998.3
Results of deconsolidation	**292.2**	**1,597.7**	**1,889.9**
Consideration received in cash	327.2	12,561.0	12,888.2
Less cash and cash equivalents balances disposed of	–1,500.6	–30.4	–1,531.0
Net cash outflows/inflows from the disposal of subsidiaries	**–1,173.4**	**12,530.6**	**11,357.2**

In order to improve the comparability with other inventory sales, the results from the deconsolidation of BUWOG – Lindengasse 62 GmbH were presented as follows:

DECONSOLIDATION OF LINDENGASSE 62 GMBH

in TEUR	
Proceeds from the sale of real estate inventories	12,561.0
Production cost of sold real estate inventories	–10,963.3
Results of Property Development	**1,597.7**

In addition, Rakete Beteiligungsverwaltungs GmbH was deconsolidated in the third quarter of 2014/15 after the conclusion of liquidation proceedings.

3.4 STRUCTURAL CHANGES

C-I-D RealEstate GmbH was merged with BUWOG – Projektholding GmbH during the second quarter of 2014/15.

STRUCTURAL CHANGES

Segment	Country	Head-quarters	Company	Direct stake before	Direct stake after
Mergers					
Austria	AT	Vienna	C-I-D RealEstate GmbH	100.0%	0.0%

3.5 COMMON CONTROL TRANSACTION 2014

The establishment of the BUWOG Group based on BUWOG AG and the BUWOG GmbH business is described in section 1.2 Establishment of the BUWOG Group and comparative information. The entire BUWOG GmbH business, which comprised BUWOG GmbH and its direct and indirect subsidiaries, was bundled under BUWOG AG through multiple intragroup restructurings, which were carried out under common control by IMMOFINANZ AG at the end of April 2014. As part of this common control transaction, the following consideration was transferred for the acquired assets and liabilities:

COMMON CONTROL TRANSACTION 2014

in TEUR	BUWOG GmbH business
Issued equity instruments	99,543.5
Premium on issued equity instruments	1,436,565.2
Total amount of consideration transferred	**1,536,108.7**
Investment properties	2,631,573.4
Investment properties under construction	10,926.0
Other tangible assets	7,846.8
Intangible assets	1,699.3
Inventories	155,117.4
Other financial assets	17,063.9
Trade receivables and other assets	122,011.5
Deferred tax assets	1,456.4
Cash and cash equivalents	132,445.7
Non-current assets held for sale	15,036.0
Financial liabilities	-1,136,031.0
Trade liabilities	-260,462.6
Tax liabilities	-14,260.1
Provisions	-11,972.7
Deferred tax liabilities	-121,042.6
Financial liabilities held for sale	-7,360.4
Non-controlling interests	-7,938.3
Acquired assets and liabilities	**1,536,108.7**
Total amount of consideration transferred	1,536,108.7
Acquired assets and liabilities	-1,536,108.7
Income from common control transaction	**0.0**

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, Austria and Germany, 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 properties, investment properties under construction, other tangible assets, non-current assets held for sale and 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 properties, investment properties 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 and valuation methods applied by the reportable segments correspond to the accounting policies and valuation methods described in section 2.

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.

Since the BUWOG Group was established at the end of April 2014, the segment report for the prior period (1 May 2013 – 30 April 2014) only includes the income and expenses of BUWOG AG. This segment report does not include the BUWOG GmbH business, which was taken over by BUWOG AG at the end of April 2014 in connection with a common control transaction by IMMOFINANZ AG. The absence of comparative data for the prior period signifies that no corresponding comparative figures were available for BUWOG AG.

The following table presents the segment assets as of 30 April 2015 and 30 April 2014 classified by regional criteria.

SEGMENTS

in TEUR	Austria 2014/15	Austria 2013/14	Germany 2014/15	Germany 2013/14
Residential rental income	86,127.5	0.0	94,531.4	0.0
Other rental income	6,037.5	0.0	990.8	0.0
Rental income	**92,165.0**	**0.0**	**95,522.2**	**0.0**
Operating costs charged to tenants and third party property management revenues	48,884.1	0.0	55,990.9	0.0
Other revenues	585.9	0.0	444.1	0.0
Revenues	**141,635.0**	**0.0**	**151,957.2**	**0.0**
Expenses directly related to investment property	–23,932.8	0.0	–38,752.7	0.0
Operating expenses and expenses from third party property management	–49,042.9	0.0	–53,514.1	0.0
Results of Asset Management	**68,659.3**	**0.0**	**59,690.4**	**0.0**
Sale of properties	133,525.7	0.0	309.7	0.0
Carrying amount of sold properties	–133,525.7	0.0	–309.7	0.0
Other expenses from property sales	–4,324.5	0.0	–6.2	0.0
Revaluation of properties sold and available for sale	46,317.8	0.0	76.0	0.0
Results of Property Sales	**41,993.3**	**0.0**	**69.8**	**0.0**
Sale of real estate inventories	68,568.2	0.0	16,608.3	0.0
Cost of real estate inventories sold	–51,980.1	0.0	–8,717.7	0.0
Other expenses from sale of real estate inventories	–2,082.3	0.0	–2,808.6	0.0
Other real estate development expenses	–4,100.2	0.0	–4,676.9	0.0
Revaluation of properties under construction	1,015.2	0.0	0.0	0.0
Results of properties sold and available for sale	672.8	0.0	0.0	0.0
Results of Property Development	**12,093.6**	**0.0**	**405.1**	**0.0**
Other operating income	1,622.0	0.0	1,156.8	0.0
Other not directly attributable expenses	–4,912.1	0.0	–13,038.8	0.0
Results of operations	**119,456.1**	**0.0**	**48,283.3**	**0.0**
Revaluation of investment properties	37,270.3	0.0	68,414.9	0.0
Gain from a bargain purchase	0.0	0.0	4,334.2	0.0
Other revaluation results	**37,270.3**	**0.0**	**72,749.1**	**0.0**
Operating profit (EBIT)	**156,726.4**	**0.0**	**121,032.4**	**0.0**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Deferred tax income/expenses				
Net profit				
Investments in non-current segment assets	**15,938.1**	**0.0**	**18,829.2**	**0.0**

	30 April 2015	30 April 2014	30 April 2015	30 April 2014
Investment properties	2,128,519.0	2,208,613.7	1,492,243.6	422,959.8
Investment properties under construction	14,578.0	10,926.1	0.0	0.0
Other tangible assets	6,698.6	7,370.3	702.8	476.6
Non-current segment assets	**2,149,795.6**	**2,226,910.1**	**1,492,946.4**	**423,436.4**
Non-current assets held for sale	5,090.0	15,036.0	759.6	0.0
Inventories	119,368.6	100,423.8	78,204.2	54,693.5
Current segment assets	**124,458.6**	**115,459.8**	**78,963.8**	**54,693.5**
Segment assets	**2,274,254.2**	**2,342,369.9**	**1,571,910.2**	**478,129.9**

Total reportable segments		Holding company/Transition to consolidated financial statements		BUWOG Group	
2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
180,658.9	0.0	0.0	0.0	180,658.9	0.0
7,028.3	0.0	0.0	0.0	7,028.3	0.0
187,687.2	**0.0**	**0.0**	**0.0**	**187,687.2**	**0.0**
104,875.0	0.0	0.0	0.0	104,875.0	0.0
1,030.0	0.0	–80.7	0.0	949.3	0.0
293,592.2	**0.0**	**–80.7**	**0.0**	**293,511.5**	**0.0**
–62,685.5	0.0	0.0	0.0	–62,685.6	0.0
–102,557.0	0.0	0.0	0.0	–102,557.0	0.0
128,349.7	**0.0**	**–80.7**	**0.0**	**128,268.9**	**0.0**
133,835.4	0.0	0.0	0.0	133,835.4	0.0
–133,835.4	0.0	0.0	0.0	–133,835.4	0.0
–4,330.7	0.0	0.0	0.0	–4,330.7	0.0
46,393.8	0.0	0.0	0.0	46,393.8	0.0
42,063.1	**0.0**	**0.0**	**0.0**	**42,063.1**	**0.0**
85,176.5	0.0	0.0	0.0	85,176.5	0.0
–60,697.8	0.0	0.0	0.0	–60,697.8	0.0
–4,890.9	0.0	0.0	0.0	–4,890.9	0.0
–8,777.1	0.0	0.0	0.0	–8,777.1	0.0
1,015.2	0.0	0.0	0.0	1,015.2	0.0
672.8	0.0	0.0	0.0	672.8	0.0
12,498.7	**0.0**	**0.0**	**0.0**	**12,498.7**	**0.0**
2,778.8	0.0	5,030.3	7.2	7,809.2	7.2
–17,950.9	0.0	–14,222.3	–1,026.0	–32,173.2	–1,026.0
167,739.4	**0.0**	**–9,272.7**	**–1,018.8**	**158,466.7**	**–1,018.8**
105,685.2	0.0	0.0	0.0	105,685.2	0.0
4,334.2	0.0	0.0	0.0	4,334.2	0.0
110,019.4	**0.0**	**0.0**	**0.0**	**110,019.4**	**0.0**
277,758.8	**0.0**	**–9,272.7**	**–1,018.8**	**268,486.1**	**–1,018.8**
				–216,924.6	**–28.8**
				51,561.5	**–1,047.6**
				–10,711.4	0.0
				–177.0	7.0
				40,673.1	**–1,040.6**
34,767.3	**0.0**	**0.0**	**19.5**	**34,767.3**	**19.5**
30 April 2015	30 April 2014	30 April 2015	30 April 2014	30 April 2015	30 April 2014
3,620,762.6	2,631,573.5	0.0	0.0	3,620,762.6	2,631,573.5
14,578.0	10,926.1	0.0	0.0	14,578.0	10,926.1
7,401.4	7,846.9	0.0	13.0	7,401.4	7,859.9
3,642,742.0	**2,650,346.5**	**0.0**	**13.0**	**3,642,742.0**	**2,650,359.5**
5,849.6	15,036.0	0.0	0.0	5,849.6	15,036.0
197,572.8	155,117.3	0.0	0.0	197,572.8	155,117.3
203,422.4	**170,153.3**	**0.0**	**0.0**	**203,422.4**	**170,153.3**
3,846,164.4	**2,820,499.8**	**0.0**	**13.0**	**3,846,164.4**	**2,820,512.8**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Since the BUWOG Group was established at the end of April 2014, the income statement for the prior period (1 May 2013 – 30 April 2014) only includes the income and expenses of BUWOG AG. This income statement does not include the BUWOG GmbH business, which was taken over by BUWOG AG at the end of April 2014 in connection with a common control transaction by IMMOFINANZ AG. The absence of comparative data for the prior period signifies that no corresponding comparative figures were available for BUWOG AG.

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.

5.1.2 Revenues

Revenues are presented by country in the segment report, which represents an integral part of these consolidated financial statements (see section 4. Segment report).

Revenues (from asset management) consist of rental income from residential properties, other rental income (see section 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 104,875.0 correspond to operating expenses and third party management costs of TEUR 102,557.0 (also see section 5.1.4 Operating expenses and expenses from third party property management). Revenues from the management of third party properties totalled TEUR 12,186.0 in 2014/15.

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	2014/15
Vacancies	–3,161.9
Maintenance	–34,091.6
Operating costs charged to building owners	–8,167.9
Other expenses from asset management	–8,927.4
Write-off of receivables from asset management	–4,937.7
Other expenses	–3,399.1
Total	**–62,685.6**

Vacancies represent operating costs for non-occupied properties that must be carried by the BUWOG Group as the owner.

Maintenance covers expenses related to the repair and upkeep of investment properties, which do not lead to an increase in fair value.

Operating costs charged to building owners 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.

Other expenses from asset management include personnel and operating costs related to the rental and management of properties.

The write-off of receivables from asset management represents valuation adjustments for overdue rents.

Other expenses consist primarily of advertising, lease and building right fees, commissions for new rentals and costs arising from rental disputes.

5.1.4 Operating expenses and expenses from third party property management

Operating costs totalled TEUR 102,557.0 for the reporting year and include TEUR 19,088.9 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 section 5.1.2 Revenues).

5.2 RESULTS OF PROPERTY SALES

The position "sale of properties" represents the proceeds from the sale of individual apartments or block sales (individual properties or portfolios). It also 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 "revaluation of properties sold and available 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 inventories less the 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 as well as TEUR 691.5 for the appraisal of the inventory properties (see section 6.10 Inventories).

Other real estate development expenses of TEUR 8,777.1 include TEUR 6,644.0 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. Also included here are additions to the provisions for damages and guarantees. Information on the gains or losses from deconsolidation and the resulting effects on the results of property development is provided in section 3.3 Deconsolidations.

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	2014/15	2013/14
Insurance compensation	146.1	0.0
Income from derecognised liabilities	488.4	0.0
Gains/losses from deconsolidation	292.2	0.0
Guarantee commission	4,990.3	0.0
Miscellaneous	1,892.2	7.2
Total	**7,809.2**	**7.2**

The gains/losses from deconsolidation are related to the deconsolidation of BUWOG Facility Management GmbH (for additional details see section 3.3 Deconsolidations). The guarantee commission was received from a member company of IMMOFINANZ Group (see section 8.1.4 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	2014/15	2013/14
Legal, auditing and consulting fees	–5,853.0	–696.3
Advertising and Marketing	–2,735.9	–69.1
Amortisation and depreciation	–1,880.1	–6.4
IT and communications	–3,525.8	0.0
Personnel expenses	–11,172.3	–118.5
Guarantee commission related to acquisition of land and financial liabilities	–547.4	0.0
Cost of valuation reports	–1,087.5	0.0
Miscellaneous	–5,371.2	–135.7
Total	**–32,173.2**	**–1,026.0**

Legal, audit and consulting fees are related primarily to auditing and tax advising as well as acquisition consulting and other legal and consulting work.

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 personnel expenses reported under this position concern non-operating areas of the company whose services cannot be allocated to the business areas of the BUWOG Group.

The miscellaneous expenses which are not directly allocated consist primarily of travel expenses, motor vehicle costs, operating costs for properties used by the BUWOG Group and various taxes and duties.

5.6 PERSONNEL EXPENSES

Personnel expenses for the employees of the BUWOG Group comprise the following:

PERSONNEL EXPENSES

in TEUR	2014/15	2013/14
Wages	–1,228.8	0.0
Salaries	–30,088.5	–102.2
Expenses for legally required social security and other employee-related expenses	–7,614.1	–15.5
Expenses for defined contribution plans		
Contributions to employee severance compensation funds	–202.6	0.0
Contributions to pension funds	–418.9	0.0
Expenses for defined benefit plans		
Pensions	–116.4	0.0
Severance compensation	–132.7	0.0
Expenses for share-based payments	–1,180.1	0.0
Other personnel expenses	–1,599.7	–0.8
Total	**–42,581.8**	**–118.5**
Thereof in Results of Asset Management	–23,794.6	0.0
Thereof in Results of Property Sales	–1,701.4	0.0
Thereof in Results of Property Development	–5,913.5	0.0
Thereof in Other not directly attributable expenses	–11,172.3	–118.5

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 following table shows the average number of employees (full-time equivalent, FTE) in the companies included in the consolidated financial statements for 2014/15 and 2013/14:

NUMBER OF EMPLOYEES

	2014/15	2013/14
Wage employees	57	68
Salaried employees	549	338
Total	**606**	**406**

5.7 REVALUATION OF PROPERTIES

The revaluation of properties shows all adjustments (increases and decreases) to the fair value of the properties carried on the balance sheet.

The revaluation gains and losses from 1 May 2014 to 30 April 2015 are as follows:

REVALUATION OF PROPERTIES

in TEUR	Investment properties	Investment properties under construction	Properties sold and available for sale
Revaluation gains	124,266.3	1,523.5	46,709.0
Impairment losses	–18,581.1	–508.3	–315.2
Total	**105,685.2**	**1,015.2**	**46,393.8**

The revaluation gains from 1 May 2014 to 30 April 2015 are classified by country as follows:

REVALUATION GAINS TO PROPERTIES

in TEUR	Investment properties	Investment properties under construction	Properties sold and available for sale
Austria	54,772.0	1,523.5	46,633.0
Germany	69,494.3	0.0	76.0
Total	**124,266.3**	**1,523.5**	**46,709.0**

The revaluation losses recognised in 2014/15 are classified by country as follows:

REVALUATION LOSSES TO PROPERTIES

in TEUR	Investment properties	Investment properties under construction	Properties sold and available for sale
Austria	–17,501.7	–508.3	–315.2
Germany	–1,079.4	0.0	0.0
Total	**–18,581.1**	**–508.3**	**–315.2**

5.8 GAIN FROM A BARGAIN PURCHASE

This position includes the negative differences recognised through profit or loss from the acquisition of subsidiaries. The gain of TEUR 4,334.2 recognised in 2014/15 resulted entirely from the acquisition of the Apollo portfolio at a price below market value (for details see section 3.2 Business combinations (initial consolidations)). No negative differences were recognised through profit or loss in 2013/14.

5.9 FINANCIAL RESULTS

Financial results are classified as follows:

FINANCIAL RESULTS

in TEUR	2014/15	2013/14
Financing costs	**–55,221.6**	**–28.8**
Financing income	**2,979.6**	**0.0**
Valuation of derivative financial instruments	–42,663.6	0.0
Valuation of financial instruments at fair value through profit or loss (Fair Value Option)	–105,587.8	0.0
Debt settlement expense convertible bonds	–13,139.5	0.0
Other	–3,291.7	0.0
Other financial results	**–164,682.6**	**0.0**
Total	**–216,924.6**	**–28.8**

Financing costs result primarily from interest paid and accrued for loans and derivatives. Financing income results from interest on liquid funds and bank deposits as well as interest income from receivables and loans granted by the BUWOG Group.

The interest expense on financial instruments that are not carried at fair value totalled TEUR 28,630.3 (2013/14: TEUR 28.8). The interest income on financial instruments that are not carried at fair value amounted to TEUR 2,641.3.

In 2014/15 financing costs were reduced by borrowing costs of TEUR 573.1 which were capitalised for inventories under development. The weighted average cost of these borrowings equalled 2.37%.

Financing costs include interest expense of TEUR 11,117.7 for derivatives carried at fair value. The corresponding interest income reported under financing income equals TEUR 112.4.

The valuation of derivative financial instruments includes income of TEUR 6,464.3 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) resulted from the flattening of the underlying interest rate curve during 2014/15.

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	2014/15	2013/14
Income tax expenses	–10,711.4	0.0
Deferred tax income/expenses	–177.0	7.0
Total	**–10,888.4**	**7.0**

The following table reconciles calculated income tax expense with the actual income tax expense reported on the income statement:

TAX RECONCILIATION

in TEUR	2014/15	%	2013/14	%
Earnings before tax	**51,561.5**		**–1,047.6**	
Income tax expense at 25% tax rate	**–12,890.4**	**25.0%**	**261.9**	**25.0%**
Effect of different tax rates	7,280.6	–14.1%	0.0	0.0%
Impairment losses to goodwill/reversal of negative goodwill	1,083.6	–2.1%	0.0	0.0%
Loss carryforwards and deferred taxes not recognised	–4,811.2	9.3%	–254.9	–24.3%
Non-deductible income and expenses	–1,113.3	2.2%	0.0	0.0%
Effects related to other periods	–937.7	1.8%	0.0	0.0%
Other non temporary differences	500.0	–1.0%	0.0	0.0%
Effective tax rate	**–10,888.4**	**21.1%**	**7.0**	**0.7%**

The deferred taxes not recognised in 2014/15 and 2013/14 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 2014/15 financial year.

EARNINGS PER SHARE

	2014/15	2013/14
Weighted average number of shares (basic)	99,613,479	7,848,540
Diluting effect share options	75,576	0
Weighted average number of shares (diluted)	99,689,055	7,848,540
Net profit excl. non-controlling interests in EUR	39,749,900	–1,040,600
Basic earnings per share in EUR	**0.40**	**–0.13**
Diluted earnings per share in EUR	**0.40**	**–0.13**

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 not adjusted.

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

All assets and liabilities of the BUWOG Group were transferred at the end of April 2014 as part of a common control transaction. The carrying amounts reported on the consolidated balance sheet of the BUWOG Group were taken over unchanged from the IFRS consolidated financial statements of IMMOFINANZ Group, whereby low-interest public sector loans and the related accepted liabilities were measured at fair value through profit or loss in accordance with IFRS 1.

6.1 INVESTMENT PROPERTIES

6.1.1 Fair value

Detailed information on the development of the fair value of the investment properties is presented in the following section. The influence of changes in the scope of consolidation is shown separately. Information on the key input factors used for valuation and the IFRS 13 fair value hierarchy is provided in section 2.4.2 Investment property and investment properties under construction. The development of the fair value of investment properties is shown below:

INVESTMENT PROPERTIES BY SEGMENT

in TEUR	Austria	Germany	Total
Balance on 1 May 2013	**0.0**	**0.0**	**0.0**
Common control transaction additions	2,208,613.7	422,959.8	2,631,573.5
Balance on 30 April 2014	**2,208,613.7**	**422,959.8**	**2,631,573.5**
Balance on 1 May 2014	**2,208,613.7**	**422,959.8**	**2,631,573.5**
Addition to the scope of consolidation	0.0	983,799.5	983,799.5
Additions	12,440.2	18,491.3	30,931.5
Disposals	–118,489.7	–309.7	–118,799.4
Revaluation	83,588.1	68,490.9	152,079.0
Reclassification	–52,543.3	–428.6	–52,971.9
Reclassification IFRS 5	–5,090.0	–759.6	–5,849.6
Balance on 30 April 2015	**2,128,519.0**	**1,492,243.6**	**3,620,762.6**

The additions to the scope of consolidation in Germany involve investment properties acquired through business combinations (see section 3.2 Business combinations (initial consolidations)). The additions in 2014/15 consist primarily of maintenance that led to an increase in fair value as well as additions of TEUR 12,343.9 resulting from asset deals that do not represent businesses in the sense of IFRS 3 (Austria: TEUR 6,394.9; Germany: TEUR 5,949.0). The disposals in 2014/15 resulted chiefly from the sale of individual properties and property portfolios (Block Sales) for a total of 604 units and 43,817 sqm as well as the sale of individual apartments (Unit Sales) for a total of 612 units and 48,047 sqm in Austria. The reclassifications generally involve transfers to inventories.

The carrying amount of investment properties pledged as collateral for long-term financing amounted to TEUR 3,456,627.2 (30 April 2014: TEUR 2,286,300.5). The corresponding secured liabilities total TEUR 1,978,168.6 (30 April 2014: TEUR 1,014,336.4).

6.1.2 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. The revenues generated by leases are presented under section 5.1.1 Rental income.

The real estate portfolio generally comprises residential properties in Austria and Germany, and the leasing agreements are therefore relatively homogeneous. Rental-purchase options are concluded in accordance with local residential construction subsidy laws. Extension and price adjustment clauses are negotiated on an individual basis with each lessee.

All leases in which BUWOG Group serves as the lessor are classified as operating leases. Therefore, all leased investment properties are carried on the BUWOG Group balance sheet.

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 ESG Wohnungsgesellschaft mbH Villach were non-profit organisations up to April 2001. The cost-covering principle defined by the WGG 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.

For certain rental relationships, the WGG defines portfolio rents that are limited by the statutory benchmark rents for the province of Burgenland, minus a discount of 30%. These portfolio rents are adjusted annually and include the offsetting of maintenance and improvement contributions. Administrative costs and imputed interest for the funds invested by the company to finance the land purchase can also be offset. Rental revenues in Austria will not increase significantly in the coming years because of the restrictions created by the WGG.

The regulations governing rent increases for freely financed residential construction in Germany were previously limited to existing rental agreements. Under § 558 (1) to (3) of the German Civil Law Code ("Bürgerliches Gesetzbuch", BGB), 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 provinces). Another relevant regulation is § 559 (1) to (3) BGB, 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 provinces were authorised to slow rent increases through the introduction of new legal regulations. Berlin, Hamburg, Nordrhein-Westfalen and Bavaria (each at the city, district or community level) have already introduced such laws and further provinces 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 § 559 (1) to (3) BGB 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 ("Wohnraumförderungsgesetz", SHWoFG). 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 § 16 SHWoFG (which provides options for rental price increases pursuant to § 558 BGB), increases of up to 9% in basis 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 2015, EUR 48.5 million in rental income was earned during the first three months of the 2015/16 financial year (2013/14: EUR 29.8 million).

6.2 INVESTMENT PROPERTIES UNDER CONSTRUCTION

The development of the fair value of investment properties under construction is shown in the following table:

INVESTMENT PROPERTIES UNDER CONSTRUCTION

in TEUR	Investment properties under construction
Balance on 1 May 2013	**0.0**
Common control transaction additions	10,926.1
Balance on 30 April 2014	**10,926.1**
Balance on 1 May 2014	**10,926.1**
Additions	3,179.1
Revaluation	1,015.2
Reclassification	–542.4
Balance on 30 April 2015	**14,578.0**

The additions reported under this position represent capitalised construction costs. As of 30 April 2015, investment properties under construction with a combined carrying amount of TEUR 7,478.0 served as collateral for liabilities.

6.3 OTHER TANGIBLE ASSETS

The following table shows the development of other tangible assets in 2014/15:

OTHER TANGIBLE ASSETS

in TEUR	Other tangible assets
Cost as of 1 May 2014	**18,915.5**
Change in scope of consolidation	495.9
Additions	656.7
Disposals	–405.7
Reclassification	–376.6
Cost as of 30 April 2015	**19,285.8**
Accumulated depreciation as of 1 May 2014	**–11,055.6**
Change in scope of consolidation	2.3
Disposals	217.1
Reclassification	0.0
Depreciation for the year	–1,048.2
Accumulated depreciation as of 30 April 2015	**–11,884.4**
Carrying amount as of 30 April 2015	**7,401.4**

OTHER TANGIBLE ASSETS – PREVIOUS YEAR

in TEUR	Other tangible assets
Cost as of 1 May 2013	**0.0**
Common control transaction additions	18,896.0
Additions	19.5
Cost as of 30 April 2014	**18,915.5**
Accumulated depreciation as of 1 May 2013	**0.0**
Common control transaction additions	–11,049.1
Depreciation for the year	–6.5
Accumulated depreciation as of 30 April 2014	**–11,055.6**
Carrying amount as of 30 April 2014	**7,859.9**

The other tangible assets consist primarily of office buildings used by the BUWOG Group. Depreciation is reported on the income statement under other not directly attributable expenses (see section 5.5 Other not directly attributable expenses). No impairment losses or revaluations were recognised to other tangible assets in 2014/15. In addition, no other tangible assets were pledged as collateral for liabilities during the reporting year.

6.4 INTANGIBLE ASSETS

Intangible assets comprise the following:

INTANGIBLE ASSETS

in TEUR	30 April 2015	30 April 2014
Goodwill	5,644.5	239.7
Other intangible assets	1,367.1	1,459.6
Total	**7,011.6**	**1,699.3**

6.4.1 Goodwill

Information on the accounting policies and valuation methods applied to goodwill is provided in section 2.2.3 Business combinations (initial consolidations) and section 2.4.8 Impairment.

The development of goodwill in 2014/15 is as follows:

GOODWILL

in TEUR	Goodwill
Balance on 1 May 2013	**0.0**
Common control transaction additions	239.7
Balance on 30 April 2014	**239.7**
Balance on 1 May 2014	**239.7**
Addition through initial consolidation	5,404.8
Balance on 30 April 2015	**5,644.5**

The additions to goodwill in 2014/15 resulted in full from the DGAG transaction (see section 3.2 Business combinations (initial consolidations)) and are attributable to the Germany segment. This goodwill is allocated to a cash-generating unit which forms the basis for impairment testing.

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 2015 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 2014	**8,205.4**
Additions	823.7
Disposals	–89.3
Cost as of 30 April 2015	**8,939.8**
Accumulated depreciation as of 1 May 2014	**–6,745.8**
Disposals	5.0
Depreciation for the year	–831.9
Accumulated depreciation as of 30 April 2015	**–7,572.7**
Carrying amount as of 30 April 2015	**1,367.1**

OTHER INTANGIBLE ASSETS – PREVIOUS YEAR

in TEUR	Other intangible assets
Cost as of 1 May 2013	**0.0**
Common control transaction additions	8,205.4
Cost as of 30 April 2014	**8,205.4**
Accumulated depreciation as of 1 May 2013	**0.0**
Common control transaction additions	–6,745.8
Accumulated depreciation as of 30 April 2014	**–6,745.8**
Carrying amount as of 30 April 2014	**1,459.6**

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 2014/15.

In 2014/15 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 receivables, other financial and non-financial receivables:

TRADE AND OTHER RECEIVABLES

in TEUR	30 April 2015	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade accounts receivable			
Rents receivable	3,366.9	3,366.9	0.0
Miscellaneous	3,919.4	3,521.6	397.8
Total trade accounts receivable	**7,286.3**	**6,888.5**	**397.8**
Other financial receivables			
Restricted funds	24,809.3	24,809.3	0.0
Outstanding purchase price receivables – sale of properties	84,777.4	84,777.4	0.0
Miscellaneous	29,258.0	26,266.0	2,992.0
Total other financial receivables	**138,844.7**	**135,852.7**	**2,992.0**
Other non-financial receivables			
Tax authorities	898.7	898.7	0.0
Total other non-financial receivables	**898.7**	**898.7**	**0.0**
Total	**147,029.7**	**143,639.9**	**3,389.8**

TRADE AND OTHER RECEIVABLES – PREVIOUS YEAR

in TEUR	30 April 2014	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade accounts receivable			
Rents receivable	4,582.0	4,582.0	0.0
Miscellaneous	3,339.0	2,936.3	402.7
Total trade accounts receivable	**7,921.0**	**7,518.3**	**402.7**
Other financial receivables			
Restricted funds	10,157.0	10,157.0	0.0
Receivables from convertible bond	260,129.4	260,129.4	0.0
Outstanding purchase price receivables – sale of properties	53,693.2	53,693.2	0.0
DGAG deposit	20,000.0	20,000.0	0.0
Miscellaneous	26,288.4	25,683.5	604.9
Total other financial receivables	**370,268.0**	**369,663.1**	**604.9**
Other non-financial receivables			
Tax authorities	1,963.2	1,963.2	0.0
Total other non-financial receivables	**1,963.2**	**1,963.2**	**0.0**
Total	**380,152.2**	**379,144.6**	**1,007.6**

The restricted funds included in other financial receivables represent bank deposits with limitations on disposal.

Other financial receivables include TEUR 20,181.6 (30 April 2014: TEUR 274,357.5; thereof receivables from convertible bonds of TEUR 260,129.4) due from IMMOFINANZ Group. This amount also includes the receivable from the final settlement to dissolve the tax group with IMMOFINANZ AG. The nominal value of the receivable from convertible bonds (TEUR 260,000.0) was paid by IMMOFINANZ AG in full during the first quarter of 2014/15.

The outstanding purchase price receivables from the sale of properties are attributable primarily to the Austria segment and 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 STRUCTURE OF ASSETS BY CLASS

in TEUR	Carrying amount 30 April 2015	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	Impairment loss/ value allowance
Rents receivable	3,366.9	162.1	582.7	10,009.3	–7,387.2
Miscellaneous	3,919.4	3,919.4	0.0	0.0	0.0
Other financial receivables	138,844.7	138,844.7	0.0	0.0	0.0
Total	**146,131.0**	**142,926.2**	**582.7**	**10,009.3**	**–7,387.2**

FINANCIAL INSTRUMENTS PAST DUE BUT NOT IMPAIRED

in TEUR	Carrying amount 30 April 2015	Overdue up to 3 months[1)]	Overdue between 3 and 6 months	Overdue between 6 and 12 months	Overdue more than 12 months
Rents receivable	582.7	582.7	0.0	0.0	0.0
Total	**582.7**	**582.7**	**0.0**	**0.0**	**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 2014	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	Impairment loss/ value allowance
Rents receivable	4,582.0	2,956.7	1,601.3	2,410.9	–2,386.9
Miscellaneous	3,339.0	3,339.0	0.0	0.0	0.0
Other financial receivables	370,268.0	370,268.0	0.0	0.0	0.0
Total	**378,189.0**	**376,563.7**	**1,601.3**	**2,410.9**	**–2,386.9**

FINANCIAL INSTRUMENTS PAST DUE BUT NOT IMPAIRED – PREVIOUS YEAR

in TEUR	Carrying amount 30 April 2014	Overdue up to 3 months[1)]	Overdue between 3 and 6 months	Overdue between 6 and 12 months	Overdue more than 12 months
Rents receivable	1,601.3	1,514.9	86.4	0.0	0.0
Total	**1,601.3**	**1,514.9**	**86.4**	**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 2014/15. Therefore, the balance sheet only includes these receivables at the expected collection amount. The valuation adjustments recognised through profit or loss amounted to TEUR 4.995,3 for the reporting year.

The valuation adjustments consist solely of individual allowances.

The following table shows the change in valuation adjustments recognised through profit or loss, classified by category of receivable:

VALUATION ADJUSTMENTS

in TEUR	2014/15
Trade accounts receivables	–4,937.7
Other financial receivables	–57.6
Other non-financial receivables	0.0
Total impairment losses	**–4,995.3**

6.6 OTHER FINANCIAL ASSETS

The components of other financial assets are shown below:

OTHER FINANCIAL ASSETS

in TEUR	30 April 2015	30 April 2014
Securities	1.5	46.7
Originated loans	18,861.3	17,031.3
Total	**18,862.8**	**17,078.0**

The originated loans consist primarily of loans to buyers of BUWOG GmbH apartments, whereby 88% (30 April 2014: 97%) of these loans are secured by mortgages. The respective interest rates range from 0% to 6% (30 April 2014: 1% to 6%), and principal payments are made semi-annually.

6.7 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as of 30 April 2015 and 30 April 2014 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 2015		30 April 2014	
in TEUR	Assets	Liabilities	Assets	Liabilities
Investment properties	1,002.6	226,060.5	2,576.3	169,000.2
Other financial assets and miscellaneous assets	34,214.8	2,028.4	38,713.6	1,887.3
Total	**35,217.4**	**228,088.9**	**41,289.9**	**170,887.5**
Other liabilities and provisions	13,218.1	6,799.3	1,657.7	8,634.5
Financial liabilities	26,246.1	2,380.7	12,900.7	10,285.4
Total	**39,464.2**	**9,180.0**	**14,558.4**	**18,919.9**
Tax loss carryfowards	10,371.9	0.0	11,373.1	0.0
Deferred tax assets and deferred tax liabilities	**85,053.5**	**237,268.9**	**67,221.4**	**189,807.4**
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	–77,992.8	–77,992.8	–65,765.0	–65,765.0
Net deferred tax assets and deferred tax liabilities	**7,060.7**	**159,276.1**	**1,456.4**	**124,042.4**

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 will offset in the same financial year.

The realisation 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 923.2 (30 April 2014: TEUR 1,329.1).

The deferred taxes recognised directly in equity as of 30 April 2014 totalled TEUR 2,999.8 and represented the equity components of the convertible bonds. 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 91.8 (30 April 2014: TEUR 0.0).

Deferred taxes were not recognised for loss carryforwards of TEUR 69,356.8 (2013/14: TEUR 23,343.2). These loss carryforwards have an indefinite term.

Temporary differences of TEUR 2,806.8 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 2014/15	Applicable tax rate 2013/14
Germany[1)]	15,83% – 31,925%	15,83% – 31,925%
Austria	25.00%	25.00%

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, 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 § 9 of the Austrian Corporate Tax Act ("Körperschaftsteuergesetz", KStG). The group was effectively established during the 2013/14 financial year and was expanded as of 1 May 2014 to include two Austrian companies. One company left the tax group during the reporting year, and the group now comprises the head company and 18 other companies.

A corporate group pursuant to § 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 1,985.7 as of 30 April 2015 (30 April 2014: TEUR 1,446.0) 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 properties 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.

Non-current assets classified as held for sale amounted to TEUR 5,849.6 as of 30 April 2015 (30 April 2014: TEUR 15,036.0). The liabilities classified as held for sale totalled TEUR 358.1 as of 30 April 2015 (30 April 2014: TEUR 7,360.4).

6.10 INVENTORIES

Inventories had a combined carrying amount of TEUR 197,572.8 as of 30 April 2015 (30 April 2014: TEUR 155,117.3). Revaluations of TEUR 1,997.5 (Austria: TEUR 1,997.5; Germany: TEUR 0.0) and impairment losses of TEUR 2,689.0 (Austria: TEUR 2,689.0; Germany: TEUR 0.0) were recognised during the reporting year. Write-downs were recorded to the production cost of inventories with a carrying amount of TEUR 51,637.5. The revaluations of TEUR 1,997.5 in 2014/15 generally involved projects in progress whose value had increased due to the receipt of the construction permit and the progress of work. Inventories include a carrying amount of TEUR 114,175.5 which will presumably be realised after 12 months. As of 30 April 2015 inventories with a carrying amount of TEUR 70,121.6 were pledged as collateral for liabilities.

6.11 CASH AND CASH EQUIVALENTS

The balance sheet as of 30 April 2015 shows cash and cash equivalents of TEUR 149,153.2 (30 April 2014: TEUR 132,947.4). In addition, other financial receivables include bank deposits whose use is restricted (see section 6.5 Trade and other receivables).

6.12 EQUITY

6.12.1 General information

The development of equity in BUWOG AG during the 2014/15 and 2013/14 financial years is shown on the statement of changes in equity, which represents an integral part of the consolidated financial statements as of 30 April 2015.

The BUWOG Group and IMMOFINANZ Group with its remaining activities became two independent entities within the meaning of IAS 27 Consolidated and Separate Financial Statements at the end of April 2014. At that time the restructuring steps became operational, the shares of BUWOG AG were transferred in exchange and the de-domination agreement took effect.

In accordance with IAS 8, the management of the BUWOG Group took the discretionary decision to carry forward the transferred net assets of BUWOG – Bauen und Wohnen Gesellschaft mbH as well as its direct and indirect subsidiaries (BUWOG GmbH business) at the respective carrying amounts previously recognised in the IFRS consolidated financial statements of IMMOFINANZ AG. The date of initial consolidation was defined as the effective date for the spin-off, i.e. the end of April 2014 (see section 1.2 Establishment of the BUWOG Group and comparative information). The increase in share capital resulting from the restructuring measures amounted to TEUR 99,543.5; the residual amount between the assumed net assets of the BUWOG GmbH business and the increase in share capital is presented as premium of TEUR 1,436,949.0 under capital reserves and as other comprehensive income (IAS 19R) of TEUR –373.7.

The share capital of BUWOG AG totalled EUR 99,613,479.00 as of 30 April 2015 (30 April 2014: EUR 99,613,479.00) and is divided into 99,613,479 (30 April 2014: 99,613,479) zero par value shares. All shares are fully paid. The appropriated capital reserves of BUWOG AG totalled EUR 872,003,312.44 as of 30 April 2015 (30 April 2014: EUR 872,003,312.44) and may only be used to cover a balance sheet loss.

All BUWOG AG shareholders have one vote per share at the company's annual general meetings. A de-domination agreement was concluded between BUWOG AG and IMMOFINANZ AG as of 26 April 2014, which establishes limitations on voting rights for the BUWOG shares held by IMMOFINANZ AG. This agreement requires IMMOFINANZ AG to abstain from voting on issues related to management, the release from liability of the members of the Supervisory and Executive Boards, the dismissal of Supervisory Board members and the election of the auditors for the separate and consolidated financial statements as well as the approval of the annual financial statements if the Supervisory Board declines to authorise these documents and decides on approval by the annual general meeting (see section 8.8 Transactions with related parties).

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 § 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 section 8.3 Capital management.

The Executive Board will propose a dividend distribution of EUR 0.69 per share for the 2014/15 financial year to the annual general meeting on 13 October 2015. A dividend of EUR 0.69 per share was paid for the 2013/14 financial year.

6.12.2 Share-based remuneration agreements

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 Supervisory Board and the two members of the Executive Board. 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	50,000	50,000	60,000	80,000
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[1)]		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) 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 2014/15:

DEVELOPMENT OF ISSUED STOCK OPTIONS

	Number of stock options
Balance on 1 May 2014	**0**
Issue	720,000
Balance on 30 April 2015	**720,000**
Thereof exercisable in the exercise period	275,000

The stock options outstanding as of 30 April 2015 have an exercise price of EUR 13.00 per share and a weighted average remaining term of 4.0 years. No options were exercised during the reporting year.

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 issued stock options totalled EUR 2,128,952.56 on the granting date and EUR 4,103,100.00 on 30 April 2015.

The total cost of the share-based remuneration agreements in 2014/15 is reported in section 5.6 Personnel expenses.

6.13 LIABILITIES FROM CONVERTIBLE BONDS

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

LIABILITIES FROM CONVERTIBLE BOND – PREVIOUS YEAR

in TEUR	30 April 2014	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Convertible bond 2014 – 2019	247,949.0	124.7	247,824.3

Based on an authorisation of the annual general meeting on 7 March 2014, BUWOG AG issued convertible bonds (ISIN AT0000A17CA5) on 25 April 2014. These convertible bonds have a total nominal value of EUR 260.0 million and a term ending on 25 April 2019. The annual general meeting on 7 March 2014 also approved authorised capital (pursuant to § 159 of the Austrian Stock Corporation Act) of up to EUR 14,218,275.00 to service the conversion rights from the convertible bonds 2019. The convertible bonds were subscribed in full by IMMOFINANZ AG. Based on the current conversion price of EUR 18.93, the outstanding convertible bond carries conversion rights to 13,734,812 BUWOG shares.

The convertible bond consists of a liability component and an equity component. The equity component is presented in equity under capital reserves. The effective interest rate on the convertible bond amounts to 4.62%.

Derivative components of the liability were identified for the call option held by BUWOG AG and the put option held by the bondholders. However, since the exercise price for the call option roughly equals the amortised cost of the convertible bond, the embedded call options are closely connected with the convertible bond and are not recorded separately. The bondholders' put option can only be exercised in very rare, extremely unusual and highly unlikely circumstances and, therefore, there was no separate evaluation.

Following the signing of mortgage loan agreements totalling EUR 330.0 million with two leading Austrian banks, BUWOG AG exercised the hard call option for its convertible bond 2019 (ISIN AT0000A17CA5) in accordance with the bond terms. This bond was redeemed at 101% of the nominal value of EUR 260 million on 19 January 2015 (for information on the related financing costs, see section 5.9 Financial results).

CONVERTIBLE BOND

in TEUR	2014/15	2013/14
Carrying amount on 1 May	**247,949.0**	**0.0**
Issue amount of convertible bond 2014-2019	0.0	260,000.0
Transaction costs	0.0	–177.0
Net amount	**247,949.0**	**259,823.0**
Amount classified as equity	0.0	–12,027.1
Interest growth using the effective interest rate method	1,511.5	153.2
Debt settlement expense convertible bonds	13,139.5	0.0
Redemption according to hard-call-option	–262,600.0	0.0
Carrying amount on 30 April	**0.0**	**247,949.0**

6.14 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 2015	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	1,408,388.5	60,493.0	229,609.5	1,118,286.0
thereof secured by collateral	1,326,199.1	54,776.2	212,736.4	1,058,686.5
thereof not secured by collateral	82,189.4	5,716.8	16,873.1	59,599.5
Amounts due to local authorities	696,922.7	28,847.8	119,342.2	548,732.7
Other financial liabilities	113.0	96.8	16.2	0.0
Total	**2,105,424.2**	**89,437.6**	**348,967.9**	**1,667,018.7**

FINANCIAL LIABILITIES – PREVIOUS YEAR

in TEUR	30 April 2014	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	690,950.5	77,277.6	180,144.3	433,528.6
thereof secured by collateral	569,348.2	62,285.6	160,746.2	346,316.4
thereof not secured by collateral	121,602.3	14,992.0	19,398.1	87,212.2
Amounts due to local authorities	444,988.2	21,806.7	86,643.2	336,538.3
Other financial liabilities	92.1	92.1	0.0	0.0
Total	**1,136,030.8**	**99,176.4**	**266,787.5**	**770,066.9**

Of the total amount due to financial institutions and local authorities, EUR 41.0 million are due during the first quarter of 2015/16 (due in the first quarter of 2014/15: EUR 24.2 million).

The conditions of the major financial liabilities as of 30 April 2015 and 30 April 2014 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	3.04%	101,099.0	
	EUR	floating	1.38%	1,341,567.1	
Total amounts due to financial institutions				**1,442,666.1**	**1,408,388.5**
Liabilities with local authorities	**EUR**	**fixed**	**1.42%**	**700,237.8**	**696,922.7**
Other					**113.0**
Total					**2,105,424.2**

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	3.02%	122,539.6	
	EUR	floating	1.45%	594,269.3	
Total amounts due to financial institutions				**716,808.9**	**690,950.5**
Liabilities with local authorities	**EUR**	**fixed**	**1.37%**	**527,350.4**	**444,988.2**
Other					**92.1**
Total					**1,136,030.8**

The fair value of the financial liabilities shown in the above table totals TEUR 2,127,198.8 (30 April 2014: TEUR 1,140,929.5). The present value calculation was based on the following discount rates, which reflect market interest rates as of 30 April 2015 and 30 April 2014.

DISCOUNT RATES

in %	30 April 2015
Up to 31 October 2016	1.348%
Up to 31 October 2017	1.373%
Up to 31 October 2019	1.512%
Up to 31 October 2021	1.648%
Up to 31 October 2023	1.805%
Up to 31 October 2026	1.934%
Up to 31 October 2032	2.273%
As of 1 November 2032	2.296%

A 0.50% higher discount rate was applied to the companies in the DGAG portfolio, which were acquired in 2014/15.

DISCOUNT RATES – PREVIOUS YEAR

in %	30 April 2014
Up to 31 October 2015	1.744%
Up to 31 October 2016	1.794%
Up to 31 October 2018	2.081%
Up to 31 October 2020	2.441%
Up to 31 October 2022	2.774%
Up to 30 April 2025	3.052%
Up to 31 October 2031	3.740%
As of 1 November 2031	3.903%

The BUWOG Group did not break any financial covenants connected with bank financing during the 2014/15 or 2013/14 financial years.

6.15 TRADE AND OTHER LIABILITIES

The following table shows the composition and classification of trade liabilities and other financial and non-financial liabilities by remaining term as the balance sheet date.

TRADE AND OTHER LIABILITIES

in TEUR	30 April 2015	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade liabilities	**23,469.8**	**23,443.2**	**26.6**
Other financial liabilities			
Fair value of derivative financial instruments (liabilities)	70,531.2	443.2	70,088.0
Property management	2,502.1	2,502.1	0.0
Deposits and guarantees received	24,296.2	24,296.2	0.0
Maintenance and improvement amounts received	30,159.9	6,033.0	24,126.9
Outstanding purchase prices (share deals)	2,271.2	2,271.2	0.0
Liabilities from financial contributions	107,958.7	107,958.7	0.0
Miscellaneous	36,779.1	15,964.1	20,815.0
Total other financial liabilities	**274,498.4**	**159,468.5**	**115,029.9**
Other non-financial liabilities			
Tax authorities	6,445.8	6,445.8	0.0
Prepayments received on apartment sales	14,506.5	14,506.5	0.0
Prepayments received for rents and operating costs	8,284.0	8,284.0	0.0
Total other non-financial liabilities	**29,236.3**	**29,236.3**	**0.0**
Total	**327,204.5**	**212,148.0**	**115,056.5**

TRADE AND OTHER LIABILITIES – PREVIOUS YEAR

in TEUR	30 April 2014	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade liabilities	**27,716.1**	**27,678.5**	**37.6**
Other financial liabilities			
Fair value of derivative financial instruments (liabilities)	27,867.6	91.6	27,776.0
Property management	2,341.1	2,341.1	0.0
Deposits and guarantees received	10,196.3	10,196.3	0.0
Maintenance and improvement amounts received	26,004.9	5,207.0	20,797.9
Outstanding purchase prices (share deals)	2,122.6	2,122.6	0.0
Liabilities from financial contributions	110,970.1	110,970.1	0.0
Miscellaneous	19,083.4	15,496.0	3,587.4
Total other financial liabilities	**198,586.0**	**146,424.7**	**52,161.3**
Other non-financial liabilities			
Tax authorities	5,320.1	5,320.1	0.0
Prepayments received on apartment sales	28,276.5	28,276.5	0.0
Prepayments received for rents and operating costs	733.2	733.2	0.0
Total other non-financial liabilities	**34,329.8**	**34,329.8**	**0.0**
Total	**260,631.9**	**208,433.0**	**52,198.9**

The amounts due to IMMOFINANZ Group as of 30 April 2015 include trade liabilities of TEUR 0.0 (30 April 2014: TEUR 19.5) with a remaining term of less than one year and other miscellaneous financial liabilities of TEUR 31.5 (30 April 2014: TEUR 3,330.4) with a remaining term of less than one year.

Maintenance and improvement fees collected 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.

6.16 PROVISIONS

6.16.1 Classification of balance sheet amounts

The amounts reported under provisions on the balance sheet comprise the following:

BALANCE SHEET AMOUNTS

in TEUR	30 April 2015	30 April 2014
Employee benefits	6,862.0	2,170.0
Provisions for pensions	4,684.9	0.0
Provisions for severance payments	2,127.3	2,170.0
Provisions for long-service bonuses	49.8	0.0
Other provisions	20,629.3	10,744.3
Total	**27,491.3**	**12,914.3**
Thereof current	20,629.3	10,744.3
Thereof non-current	6,862.0	2,170.0

6.16.2 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 2015
Discount rate	1.30%
Salary increases	2.00%
Pension increases	1.75%
Remaining life expectancy according to mortality tables	Klaus Heubeck 2005-G

The net obligations from defined benefit pension plans were taken over as part of the DGAG transaction (see section 3.2 Business combinations (initial consolidations)) and developed as follows in 2014/15:

PROVISIONS FOR PENSIONS

in TEUR	Present value of the obligations (DBO)	Fair value of the plan assets	Net obligation
Balance on 1 May 2014	**0.0**	**0.0**	**0.0**
Liabilities assumed in a business combination	4,195.2	–259.3	3,935.9
Total changes in the scope of consolidation	**4,195.2**	**–259.3**	**3,935.9**
Current service cost	10.7	0.0	10.7
Interest cost/-income	112.4	–6.7	105.7
Total expenses for pensions	**123.1**	**–6.7**	**116.4**
Revaluations	836.0	–10.0	826.0
Payments	–193.4	0.0	–193.4
Total other	**642.6**	**–10.0**	**632.6**
Balance on 30 April 2015	**4,960.9**	**–276.0**	**4,684.9**
Thereof current			0.0
Thereof non-current			4,684.9

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, 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 2015	30 April 2014
Discount rate	1.30%	3.00%
Salary increases	2.00%	2.00%
Turnover (salaried employees)	7.90%	7.40%
Turnover (wage employees)	15.70%	13.00%
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 defined benefit severance compensation plans developed as follows in 2014/15:

PROVISIONS FOR SEVERANCE COMPENSATION

in TEUR	Present value of the obligations (DBO)
Balance on 1 May 2013	**0.0**
Common control transaction additions	2,170.0
Balance on 30 April 2014	**2,170.0**
Balance on 1 May 2014	**2,170.0**
Disposals from deconsolidation	–70.2
Total changes in the scope of consolidation	**–70.2**
Current service cost	71.1
Interest cost	61.6
Total expenses for severance payments	**132.7**
Revaluation of the obligation	188.9
Payments	–294.1
Total other	**–105.2**
Balance on 30 April 2015	**2,127.3**
Thereof current	0.0
Thereof non-current	2,127.3

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 revaluation recorded under other comprehensive income in accordance with IAS 19R comprise the following:

REVALUATIONS

in TEUR	2014/15
Pensions	
Revaluations of the obligation	
from changes to demographic assumptions	0.0
from changes to financial assumptions	846.7
Experience adjustments	–10.7
Revaluations of the plan assets	
Return on plan assets excluding interest income	–10.0
Total revaluations pensions	**826.0**
Severance payments	
Revaluations of the obligation	
from changes to demographic assumptions	38.5
from changes to financial assumptions	162.7
Experience adjustments	–12.3
Total revaluations severance payments	**188.9**
Total revaluations	**1,014.9**

For information on the tax effects related to the revaluation of the pension and severance compensation provisions, see section 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

		Present value of obligation (DBO) 30 April 2015		Present value of obligation (DBO) 30 April 2014	
in TEUR	Change in parameter	Increase in parameter	Decrease in parameter	Increase in parameter	Decrease in parameter
Pensions					
Discount rate	+/- 0,5%	4,660.5	5,296.6	–	–
Salary increase	+/- 0,5%	4,965.3	4,956.7	–	–
Pension increase	+/- 0,5%	5,253.9	4,692.2	–	–
Severance payments					
Discount rate	+/- 0,5%	2,064.2	2,193.9	2,104.0	2,240.0
Salary increase	+/- 0,5%	2,167.8	2,069.4	2,235.0	2,108.0

The following table shows the average remaining term of the defined benefit pension and severance compensation obligations as of 30 April 2015 and 30 April 2014:

AVERAGE REMAINING TERM

in Years	30 April 2015	30 April 2014
Pensions		
Germany	12.7	–
Severance payments		
Austria	6.2	6.5

The following table shows the due dates of the expected benefit payments:

PAYMENT ANALYSIS

in TEUR	Pensions	Severance payments
Year 1	280.2	230.9
Year 2 through 5	1,079.2	977.8
Starting in year 6	1,201.1	1,453.2

6.16.3 Other provisions

The other provisions developed as follows:

OTHER PROVISIONS

in TEUR	Other provisions
Balance on 1 May 2013	**2.3**
Common control transaction additions	9,781.7
Additions	962.6
Use	–2.3
Balance on 30 April 2014	**10,744.3**
Balance on 1 May 2014	**10,744.3**
Addition to scope of consolidation	4,730.8
Removal from scope of consolidation	–399.0
Additions	13,951.6
Release	–3,362.7
Use	–5,035.7
Balance on 30 April 2015	**20,629.3**

Other provisions consist chiefly of provisions for guarantee and damage claims, 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.

6.17 TAX LIABILITIES

Tax liabilities totalled TEUR 33,213.7 as of 30 April 2015 (30 April 2014: TEUR 14,260.1) and relate primarily to corporate income tax obligations.

7. EXPLANATORY NOTES TO PRO FORMA INFORMATION OF BUWOG GROUP (UNAUDITED)

Introduction

The following explanations and presentations relate to the unaudited pro forma consolidated income statement of the BUWOG Group for the financial year from 1 May 2013 to 30 April 2014 which is included in these consolidated financial statements as well as unaudited information on the pro forma cash flow statement of BUWOG Group for the financial year from 1 May 2013 to 30 April 2014 (hereafter referred to as “pro forma financial information”).

Underlying assumptions

The following pro forma financial information hypothetically assumes that the BUWOG Group in the form existing at the end of April 2014 (i.e. after the spin-off of BUWOG GmbH and its direct and indirect subsidiaries (“BUWOG GmbH business”)) had already existed on 30 April 2013 and throughout the financial year from 1 May 2013 to 30 April 2014.

For a detailed presentation of the spin-off, see section 1.2 Establishment of the BUWOG Group and comparative information.

The pro forma financial information was prepared in accordance with the IDW Accounting Practice Statement “Preparation of pro forma financial information” (IDW RH HFA 1.004) and includes the aforementioned components. The preparation of a pro forma consolidated balance sheet as of 30 April 2014 was not required, since the spin-off of the BUWOG GmbH business is already reflected in the consolidated balance sheet of BUWOG Group as of 30 April 2014.

The pro forma financial information for the previous year was prepared for illustrative purposes only. It addresses a hypothetical situation because of its nature and neither reflect the historical situation of the BUWOG Group.

Information on the accounting policies used to prepare the pro forma financial information is provided in section 2. Accounting Policies.

The pro forma financial information was prepared on the basis of the following historical financial information:

1) The audited consolidated financial statements of the BUWOG Group for the financial year ending on 30 April 2014

2) The unaudited consolidated income statement for the financial year from 1 May 2013 to 30 April 2014 and unaudited information on the pro forma cash flow statement for the financial year from 1 May 2013 to 30 April 2014 of the BUWOG GmbH business (“unaudited consolidated financial data of the BUWOG GmbH business”).

The unaudited consolidated financial data of the BUWOG GmbH business were prepared in accordance with the International Financial Reporting Standards (IFRS) as applied according to Regulation no. 1606/2002 of the European Parliament and the European Council on the application of international accounting standards in the European Union (EU), and in accordance with the corresponding accounting policies and valuation methods of the BUWOG Group.

Pro forma adjustments

Pro forma adjustments were required only to the pro forma cash flow statement for the financial year from 1 May 2013 to 30 April 2014 of the BUWOG Group. These adjustments involved the elimination of effects totalling EUR 132.4 million (“access to cash and cash equivalents”) from the spin-off of the BUWOG GmbH business, which were presented in the BUWOG AG consolidated financial statement under cash flow from financing activities.

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE 2013/14 FINANCIAL YEAR – CONSOLIDATED INCOME STATEMENT FOR THE 2014/15 FINANCIAL YEAR

in TEUR	BUWOG Group (consolidated, audited) 2013/14	BUWOG GmbH (consolidated, unaudited) 2013/14	Pro forma BUWOG Group (unaudited) 2013/14	BUWOG Group (consolidated, audited) 2014/15
Residential rental income	0.0	110,083.2	110,083.2	180,658.9
Other rental income	0.0	6,435.5	6,435.5	7,028.3
Rental income	**0.0**	**116,518.7**	**116,518.7**	**187,687.2**
Operating costs charged to tenants and third party property management revenues	0.0	68,663.7	68,663.7	104,875.0
Other revenues	0.0	989.0	989.0	949.3
Revenues	**0.0**	**186,171.4**	**186,171.4**	**293,511.5**
Expenses directly related to investment property	0.0	–43,374.5	–43,374.5	–62,685.6
Operating expenses and expenses from third party property management	0.0	–66,878.8	–66,878.8	–102,557.0
Results of Asset Management	**0.0**	**75,918.1**	**75,918.1**	**128,268.9**
Sale of properties	0.0	121,455.2	121,455.2	133,835.4
Carrying amount of sold properties	0.0	–121,455.2	–121,455.2	–133,835.4
Gain/loss from deconsolidation	0.0	1,961.5	1,961.5	0.0
Other expenses from property sales	0.0	–2,921.0	–2,921.0	–4,330.7
Revaluation of properties sold and available for sale	0.0	34,957.7	34,957.7	46,393.8
Results of Property Sales	**0.0**	**33,998.2**	**33,998.2**	**42,063.1**
Sale of real estate inventories	0.0	96,444.7	96,444.7	85,176.5
Cost of real estate inventories sold	0.0	–80,625.6	–80,625.6	–60,697.8
Other expenses from sale of real estate inventories	0.0	–4,372.6	–4,372.6	–4,890.9
Other real estate development expenses	0.0	–5,905.8	–5,905.8	–8,777.1
Revaluation of properties under construction	0.0	–639.5	–639.5	1,015.2
Results of properties sold and available for sale	0.0	0.0	0.0	672.8
Results of Property Development	**0.0**	**4,901.2**	**4,901.2**	**12,498.7**
Other operating income	7.2	4,136.6	4,143.8	7,809.2
Other not directly attributable expenses	–1,026.0	–20,666.7	–21,692.7	–32,173.2
Results of operations	**–1,018.8**	**98,287.4**	**97,268.6**	**158,466.7**
Revaluation of investment properties	0.0	42,684.4	42,684.4	105,685.2
Gain from a bargain purchase	0.0	727.1	727.1	4,334.2
Other revaluation results	**0.0**	**43,411.5**	**43,411.5**	**110,019.4**
Operating profit (EBIT)	**–1,018.8**	**141,698.9**	**140,680.1**	**268,486.1**
Financing costs	–28.8	–28,541.8	–28,570.6	–55,221.6
Financing income	0.0	5,629.6	5,629.6	2,979.6
Other financial results	0.0	13,727.9	13,727.9	–164,682.6
Financial results	**–28.8**	**–9,184.3**	**–9,213.1**	**–216,924.6**
Earnings before tax (EBT)	**–1,047.6**	**132,514.6**	**131,467.0**	**51,561.5**
Income tax expenses	0.0	–736.2	–736.2	–10,711.4
Deferred tax income/expenses	7.0	–18,978.1	–18,971.1	–177.0
Net profit	**–1,040.6**	**112,800.3**	**111,759.7**	**40,673.1**

PRO FORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE 2013/14 FINANCIAL YEAR – CONSOLIDATED CASH FLOW STATEMENT FOR THE 2014/15 FINANCIAL YEAR

in TEUR	BUWOG Group (consolidated, audited) 2013/14	BUWOG GmbH (consolidated, unaudited) 2013/14	Total 2013/14	Pro forma adjustments	Pro forma BUWOG Group (unaudited) 2013/14	BUWOG Group (consolidated, audited) 2014/15
Gross cash flow	–1,013.7	69,210.4	68,196.7	0.0	68,196.7	113,965.5
Cash flow from operating activities	674.5	56,840.6	57,515.1	0.0	57,515.1	103,940.1
Cash flow from investing activities	–19.5	59,844.1	59,824.6	0.0	59,824.6	–251,208.6
Cash flow from financing activities	132,290.2	–30,571.7	101,718.5	–132,445.7	–30,727.2	163,474.3
Change in cash and cash equivalents	**132,945.3**	**86,113.0**	**219,058.3**	**–132,445.7**	**86,612.6**	**16,205.8**
Cash and cash equivalents at the beginning of the period	2.3	46,332.7	46,335.0	0.0	46,335.0	132,947.4
Cash and cash equivalents at the end of the period	132,947.5	132,445.7	265,393.2	–132,445.7	132,947.5	149,153.2
Change in cash and cash equivalents	**132,945.2**	**86,113.0**	**219,058.2**	**–132,445.7**	**86,612.5**	**16,205.8**

8. OTHER INFORMATION

8.1 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.

8.1.1 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, other financial assets and cash and cash equivalents (asset classes) as well as liabilities arising from convertible bonds, liabilities with financial institutions, other financial liabilities, trade accounts payable, derivative financial liabilities, miscellaneous other liabilities and 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 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

		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 2015	Fair value on 30 April 2015
Trade and other receivables	**0.0**	**0.0**	**146,131.0**	**898.7**	**147,029.7**	**147,029.7**
Trade accounts receivable	0.0	0.0	7,286.3	0.0	7,286.3	7,286.3
Other receivables	0.0	0.0	138,844.7	898.7	139,743.4	139,743.4
Other financial assets	**1.5**	**9,565.9**	**9,295.4**	**0.0**	**18,862.8**	**23,114.3**
Securities	1.5	0.0	0.0	0.0	1.5	1.5
Originated loans	0.0	9,565.9	9,295.4	0.0	18,861.3	23,112.8
Cash and cash equivalents	**0.0**	**0.0**	**149,153.2**	**0.0**	**149,153.2**	**149,153.2**
TOTAL ASSETS	**1.5**	**9,565.9**	**304,579.6**	**898.7**	**315,045.7**	**319,297.2**

	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 2015	Fair value on 30 April 2015
Financial liabilities	**776,985.7**	**0.0**	**1,328,438.5**	**0.0**	**2,105,424.2**	**2,127,198.8**
Amounts due to financial institutions	107,108.7	0.0	1,301,279.8	0.0	1,408,388.5	1,428,160.2
Other financial liabilities	669,877.0	0.0	27,158.7	0.0	697,035.7	699,038.6
Trade and other liabilities	**0.0**	**70,531.2**	**227,437.0**	**29,236.3**	**327,204.5**	**327,204.5**
Trade liabilities	0.0	0.0	23,469.8	0.0	23,469.8	23,469.8
Derivatives	0.0	70,531.2	0.0	0.0	70,531.2	70,531.2
Miscellaneous other liabilities	0.0	0.0	203,967.2	29,236.3	233,203.5	233,203.5
Financial liabilities held for sale	**169.9**	**0.0**	**188.2**	**0.0**	**358.1**	**358.1**
TOTAL LIABILITIES	**777,155.5**	**70,531.2**	**1,556,063.8**	**29,236.3**	**2,432,986.8**	**2,454,761.4**

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
HTM: held to maturity
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 2014	Fair value on 30 April 2014
Trade and other receivables	**0.0**	**0.0**	**378,189.0**	**1,963.2**	**380,152.2**	**380,152.2**
Trade accounts receivable	0.0	0.0	7,921.0	0.0	7,921.0	7,921.0
Other receivables	0.0	0.0	370,268.0	1,963.2	372,231.2	372,231.2
Other financial assets	**46.7**	**8,332.8**	**8,698.5**	**0.0**	**17,078.0**	**23,171.2**
Securities	46.7	0.0	0.0	0.0	46.7	46.7
Originated loans	0.0	8,332.8	8,698.5	0.0	17,031.3	23,124.5
Cash and cash equivalents	**0.0**	**0.0**	**132,947.4**	**0.0**	**132,947.4**	**132,947.4**
TOTAL ASSETS	**46.7**	**8,332.8**	**519,834.9**	**1,963.2**	**530,177.6**	**536,270.8**

	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 2014	Fair value on 30 April 2014
Liabilities from convertible bonds	**0.0**	**0.0**	**247,949.0**	**0.0**	**247,949.0**	**247,974.5**
Financial liabilities	**524,411.2**	**0.0**	**611,619.6**	**0.0**	**1,136,030.8**	**1,140,929.5**
Amounts due to financial institutions	106,603.3	0.0	584,347.2	0.0	690,950.5	696,828.8
Other financial liabilities	417,807.9	0.0	27,272.4	0.0	445,080.3	444,100.7
Trade and other liabilities	**0.0**	**27,867.6**	**198,434.5**	**34,329.8**	**260,631.9**	**260,631.9**
Trade liabilities	0.0	0.0	27,716.1	0.0	27,716.1	27,716.1
Derivatives	0.0	27,867.6	0.0	0.0	27,867.6	27,867.6
Miscellaneous other liabilities	0.0	0.0	170,718.4	34,329.8	205,048.2	205,048.2
Financial liabilities held for sale	**3,732.8**	**0.0**	**3,627.6**	**0.0**	**7,360.4**	**7,360.4**
TOTAL LIABILITIES	**528,144.0**	**27,867.6**	**1,061,630.7**	**34,329.8**	**1,651,972.1**	**1,656,896.3**

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
HTM: held to maturity
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 section 8.1.3 Hierarchy of fair values of financial instruments).

Trade accounts receivable are generally considered to be current or are recorded net of any necessary valuation adjustments 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 2014 was determined as the present value of the future interest and principal payments. The amounts due to financial institutions generally reflect amortised cost. Liabilities of TEUR 5,166.7 (30 April 2014: TEUR 0.0) 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.

Other financial liabilities consist primarily of liabilities with local authorities. These items are measured at fair value through profit or loss (see section 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 accounts payable 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 section 8.1.3 Hierarchy of fair values of financial instruments.

The accounting and valuation methods are described in section 2. Accounting policies.

8.1.2 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

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**	**–45.2**	**0.0**	**–45.2**
	Thereof recognised to the income statement	0.0	0.0	–45.2	0.0	–45.2
	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**	**–10.4**	**0.0**	**0.0**	**0.0**	**–10.4**
	Thereof fair value option	–10.4	0.0	0.0	0.0	–10.4
	Thereof HFT	0.0	0.0	0.0	0.0	0.0
L&R	**Amortised cost**	**0.0**	**–4,995.3**	**0.0**	**665.8**	**–4,329.5**
FL@FV/P&L	**Fair value through profit or loss**	**–148,241.0**	**0.0**	**0.0**	**0.0**	**–148,241.0**
	Thereof fair value option	–105,577.4	0.0	0.0	0.0	–105,577.4
	Thereof HFT	–42,663.6	0.0	0.0	0.0	–42,663.6
FLAC	**Amortised cost**	**0.0**	**0.0**	**–13,570.2**	**–1,779.0**	**–15,349.2**

AFS: available for sale
FA@FV/P&L: financial assets at fair value through profit or loss/erfolgswirksam zum beizulegenden Zeitwert bewertete finanzielle Vermögenswerte
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

The consolidated statement of comprehensive income does not include any gains or losses for the comparable prior year period (1 May 2013 – 30 April 2014) since the BUWOG Group was established at the end of April 2014.

8.1.3 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 2015	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities	0.0	0.0	1.5	1.5
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	0.0	9,565.9	9,565.9
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	0.0	107,108.7	107,108.7
Other financial liabilities	0.0	0.0	669,877.0	669,877.0
Financial liabilities held for sale	0.0	0.0	169.9	169.9
Held for trading				
Derivatives	0.0	70,531.2	0.0	70,531.2

HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE - PREVIOUS YEAR

in TEUR

30 April 2014	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities	0.0	0.0	46.7	46.7
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	0.0	8,332.8	8,332.8
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	0.0	106,603.3	106,603.3
Other financial liabilities	0.0	0.0	417,807.9	417,807.9
Financial liabilities held for sale	0.0	0.0	3,732.8	3,732.8
Held for trading				
Derivatives	0.0	0.0	27,867.6	27,867.6

The following table provides a reconciliation of the financial instruments valued in accordance with level 3 from the beginning to the ending amounts as of 30 April 2015:

RECONCILIATION OF THE FINANCIAL INSTRUMENTS

in TEUR	Securities	Originated loans	Derivatives	Financial liabilities	Financial liabilities held for sale
Balance on 1 May 2013	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Common control transaction additions	46.7	8,332.8	–27,867.6	–524,411.2	–3,732.8
Balance on 30 April 2014	**46.7**	**8,332.8**	**–27,867.6**	**–524,411.2**	**–3,732.8**
Balance on 1 May 2014	**46.7**	**8,332.8**	**–27,867.6**	**–524,411.2**	**–3,732.8**
Recognised in profit or loss	0.0	–10.4	–42,663.6	–105,593.0	15.6
Additions through business combinations	0.0	0.0	0.0	–176,592.1	0.0
Additions/Disposals	–45.2	1,243.6	0.0	29,610.6	3,547.2
Transfer to Level 2	0.0	0.0	70,531.2	0.0	0.0
Balance on 30 April 2015	**1.5**	**9,565.9**	**0.0**	**–776,985.7**	**–169.9**

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
3	Originated loans	Net present value method	Interest rate curves observable in the market, probability 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
3	Convertible bond	Net present value method, option pricing model	Risk-free interest rate, credit spread, call option value added
3	Loans and financial liabilities @ FV	Net present value method	Interest rate curves observable in the market, probability of default
3	Financial liabilities held for sale	Net present value method	Interest rate curves observable in the market, probability of default

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 is based on the interest conditions available to the BUWOG Group and is composed 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 of up to 60 years. Based on the applicable discount rate, a credit spread matching the maturity is added as a premium. This credit spread corresponds to the borrower's premium over the reference interest rate and also includes the borrower's creditworthiness and probability of default (debt value adjustment). The credit spreads were derived from the current financing on offer to BUWOG Group. In the IFRS 13 valuation hierarchy, these input factors correspond to level 3. The applied interest rates are listed in section 6.14 Financial liabilities.

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

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

The following three parameters are required to calculate the Credit Value Adjustment (CVA) and the Debt Value Adjustment (DVA): Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Probability of Default is derived from the Credit Default Swap spreads (CDS spreads) of the relevant counterparty. Derivatives 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 an external rating) is used as an approximation. These benchmarks represent level 1 and 2 input factors in the fair value measurement hierarchy.

Derivatives 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. In the previous year, credit margins were used to estimate the CDS spreads required to develop the Probability of Default. These input factors represent level 3 in the valuation hierarchy. In 2014/15 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. The use of a CDS spread based on significant input parameters that are observable on the market led to the reclassification of derivatives from level 3 to level 2 of the valuation hierarchy as of 30 April 2015.

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.

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

For the valuation of derivatives, 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.

8.1.4 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 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 section 8.2.3. Capital market and financing risk.

As of 30 April 2015, all shares in BUWOG GmbH were pledged in favour of Raiffeisenlandesbank Oberösterreich as collateral for a loan granted to an IMMOFINANZ company for the original purchase of BUWOG GmbH. Approx. EUR 191.1 million of this loan were outstanding as of 30 April 2015. The borrower's equity under company law totalled approx. EUR 675 million on that same date. BUWOG Group charges IMMOFINANZ Group a standard market guarantee commission for granting collateral through the pledging of shares. IMMOFINANZ Group concluded a new credit agreement after the balance sheet date on 30 April 2015, and the pledge is expected to be released in October 2015.

At the same time, IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH, an indirect wholly owned subsidiary of IMMOFINANZ AG, issued comfort letters for obligations of BUWOG GmbH towards Oberbank AG under a credit facility. The amount outstanding under this facility amounted to approx. EUR 67.3 million as of 30 April 2014. IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH were released from this obligation on 23 April 2015. In addition, IMMOFINANZ AG issued a EUR 200 million guarantee to BerlinHyp AG in connection with the refinancing of the DGAG acquisition; this guarantee expired on 30 September 2014.

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 2014; the use of the pledge is not expected.

The BUWOG Group had issued bank guarantees of EUR 46.0 million as of 30 April 2015 as security for prepayments by apartment buyers, for guarantee obligations and for the acquisition of property.

8.2 FINANCIAL RISK MANAGEMENT

8.2.1 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 property investor and developer, BUWOG Group is exposed to a variety of risks. Effective and continuous risk management ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and allows this information to be included in decision-making processes.

Active risk management is practiced in all areas of the BUWOG Group. In order to meet the demands on a professional risk management system, new risk administration software was installed during the reporting year. This software provides the framework for a standardised, verifiable and systematic approach to risk management. Internal guidelines, reporting systems and control measures have been installed throughout the company and are continuously optimised to support the monitoring, evaluation and control of risks related to the operating business. Risk management in the BUWOG Group takes place at all levels. The ultimate responsibility for risk management lies with the Executive Board, which is involved in all risk-related decisions. In addition, the BUWOG Group further optimised its internal control system (ICS) to support the early identification and monitoring of risk. A description of the ICS is provided in the management report. Internal auditors evaluate the functioning and efficiency of the ICS.

The risk process identifies and analyses the risks at the company level and in the operating units on an ongoing basis. The probability of occurrence and potential damage are assessed for each risk. Measures to counter the risks and/or minimise the damage are taken jointly by the risk manager and the risk owner in the relevant area.

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 stem from fluctuations in interest rates and negative changes in the credit standing and solvency of customers and business partners.

8.2.2 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.

8.2.3 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. The major part of the property portfolio is financed with very long-term annuity loans (subsidised and bank loans), which minimises the refinancing risk.

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 2015, the BUWOG Group had unused working capital credit lines of TEUR 40,000.0 (30 April 2014: TEUR 1,172.3). Additional unused credit lines of TEUR 150,479.9 (30 April 2014: TEUR 12,797.2) 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.

8.2.4 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 section 8.3 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 section 6.13 Liabilities from convertible bonds, 6.14 Financial liabilities and 6.15 Trade 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 real estate finance & cash management 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 2015	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	1,408,388.5	89,452.0	320,620.1	1,263,697.1
thereof secured by collateral	1,326,199.1	84,422.8	299,763.3	1,196,723.3
thereof not secured by collateral	82,189.4	5,029.2	20,856.8	66,973.9
Amounts due to local authorities	696,922.7	28,971.6	126,782.2	765,165.4
Miscellaneous	227,550.0	182,565.3	20,864.2	24,120.5
Total non-derivative financial liabilities	**2,332,861.2**	**300,988.9**	**468,266.5**	**2,052,983.1**
Derivative financial instruments (liabilities)	70,531.2	14,212.4	49,373.5	62,403.9
Total derivative financial liabilities	**70,531.2**	**14,212.4**	**49,373.5**	**62,403.9**
Financial liabilities held for sale	**358.1**	**358.1**	**0.0**	**0.0**
Total	**2,403,750.5**	**315,559.5**	**517,640.0**	**2,115,387.0**

CASH OUTFLOWS – PREVIOUS YEAR

in TEUR	Carrying amount on 30 April 2014	Outflows of funds under 1 year	Outflows of funds between 1 and 5 years	Outflows of funds over 5 years
Convertible bond 2014-2019	247,949.0	9,100.0	296,424.9	0.0
Amounts due to financial institutions	690,950.5	76,618.6	186,072.0	454,118.2
thereof secured by collateral	569,348.2	62,881.2	166,720.9	361,709.8
thereof not secured by collateral	121,602.3	13,737.4	19,351.2	92,408.4
Amounts due to local authorities	444,988.2	15,421.3	65,281.3	446,647.8
Miscellaneous	198,526.6	174,103.7	17,381.7	7,041.2
Total non-derivative financial liabilities	**1,582,414.3**	**275,243.6**	**565,160.0**	**907,807.2**
Derivative financial instruments (liabilities)	27,867.6	8,671.2	29,861.8	16,876.7
Total derivative financial liabilities	**27,867.6**	**8,671.2**	**29,861.8**	**16,876.7**
Financial liabilities held for sale	**7,360.4**	**7,360.4**	**0.0**	**0.0**
Total	**1,617,642.3**	**291,275.2**	**595,021.8**	**924,683.9**

Other financial liabilities include financing contributions of TEUR 107,958.7 (30 April 2014: TEUR 110,970.1). 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.

8.2.5 Interest rate 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. These derivatives 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 39.71 et seq 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 Austrian non-profit housing regulations ("Wohnungsgemeinnützigkeitsgesetz", WGG).

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 section 6.15 Trade 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 2015	30 April 2014
Fixed interest financial liabilities	786,503.8	810,061.3
Variable interest financial liabilities	1,318,807.3	573,826.4
Total interest-bearing financial liabilities	**2,105,311.1**	**1,383,887.7**

Fixed-interest financial liabilities as of 30 April 2014 included the convertible bond, which was redeemed prematurely in 2014/15 (see section 6.13 Liabilities from convertible bonds).

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

	Variable element	Fair value as of 30 April 2015 in EUR	Reference value as of 30 April 2015 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0,5%-3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	–3,383,597	197,006,020	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–3,338,715	190,343,980	0.72	30 April 2024
Interest rate swap (Bank Austria)	3-M-Euribor	–2,688,234	104,685,000	0.84	28 February 2025
Interest rate swap (RLB NÖ Wien)	6-M-Euribor	–4,498,076	133,987,500	0.99	2 January 2025
Interest rate swap (HVB)	3-M-Euribor	–690,791	16,954,000	1.03	30 April 2021
Interest rate swap (HVB)	3-M-Euribor	–1,642,962	31,095,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–244,777	3,800,000	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,355,686	21,045,000	1.39	31 December 2021
Interest rate swap (LBB)	3-M-Euribor	–374,137	57,687,500	1.90	31 August 2015
Interest rate swap (HVB)	3-M-Euribor	–1,677,961	13,566,800	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,778,779	22,000,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	–5,166,643	27,840,000	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,335,643	23,200,000	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–5,308,398	27,840,000	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,992,699	12,000,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,114,645	15,276,000	2.99	30 September 2039
Number of derivatives: 16		**–44,591,743**	**898,327,200**		
Interest rate of 3%-4,5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,984,260	7,972,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–5,112,846	24,993,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–9,815,500	47,628,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–5,398,548	26,195,000	3.11	30 September 2031
Interest rate swap (Bank Austria)	6-M-Euribor	–15,572	1,195,000	3.22	30 September 2015
Interest rate swap (Bank Austria)	6-M-Euribor	–47,162	3,234,000	3.37	30 September 2015
Number of derivatives: 6		**–22,373,888**	**111,217,000**		
Interest rate above 4,5%					
Interest rate swap (Hypothekenbank Frankfurt)	6-M-Euribor	–3,565,637	25,480,000	4.58	30 June 2018
Number of derivatives: 1		**–3,565,637**	**25,480,000**		
Total derivatives: 23		**–70,531,269**	**1,035,024,200**	**1.47**	

DERIVATIVES - PREVIOUS YEAR

	Variable element	Fair value as of 30 April 2014 in EUR	Reference value as of 30 April 2014 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0,5%-3%					
Interest rate swap (Deka Bank)	3-M-Euribor	–307,673	21,489,000	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–55,573	3,880,000	1.39	31 December 2021
Interest rate swap (LBB)	3-M-Euribor	–1,276,842	59,312,500	1.90	31 August 2015
Interest rate swap (HVB)	3-M-Euribor	–794,573	13,858,000	2.13	29 September 2023
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–1,265,582	23,900,000	2.41	30 November 2036
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,247,312	23,000,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	–1,534,288	28,680,000	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–1,627,791	28,680,000	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,116,946	12,750,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,692,788	15,635,000	2.99	30 September 2039
Number of derivatives: 10		**–10,919,368**	**231,184,500**		
Interest rate of 3%-4,5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–907,505	8,159,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–2,921,653	25,993,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–5,644,209	49,534,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,104,333	27,244,000	3.11	30 September 2031
Interest rate swap (Bank Austria)	6-M-Euribor	–52,041	1,478,000	3.22	30 September 2015
Interest rate swap (Bank Austria)	6-M-Euribor	–91,550	4,980,000	3.26	30 December 2014
Interest rate swap (Bank Austria)	6-M-Euribor	–135,443	3,342,000	3.37	30 September 2015
Number of derivatives: 7		**–12,856,734**	**120,730,000**		
Interest rate above 4,5%					
Interest rate swap (Hypothekenbank Frankfurt)	3-M-Euribor	–4,091,557	25,900,000	4.58	30 June 2018
Number of derivatives: 1		**–4,091,557**	**25,900,000**		
Total derivatives: 18		**–27,867,659**	**377,814,500**	**2.67**	

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 derivatives and financial liabilities, determine fair value by discounting future cash flows with current interest rate curves. Rising interest rates result in a higher discount factor and a reduction in the cash 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

in TEUR

Sensitivity analysis 2014/15	Negative fair value 30 April 2015	Interest rate scenarios +/- 10 BP	+/- 25 BP	+/- 50 BP
Change in negative fair value on increase in interest rate	- 70.531,2	+ 5.307,3	+ 18.366,1	+ 39.629,5
Change in negative fair value on decrease in interest rate	- 70.531,2	- 12.464,8	- 26.070,3	- 49.287,7

Sensitivity analysis 2013/14	Negative fair value 30 April 2014	+/- 10 BP	+/- 25 BP	+/- 50 BP
Change in negative fair value on increase in interest rate	- 27.867,7	+ 3.916,7	+ 7.566,9	+ 14.880,4
Change in negative fair value on decrease in interest rate	- 27.867,7	- 2.939,6	- 8.203,1	- 17.214,4

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 2014/15	Fair value 30 April 2015	Interest rate scenarios +/- 50 BP	+/- 100 BP
Change in fair value on change in interest rate	- 776.985,7	+/- 41.189,9	+/- 79.087,7

Sensitivity analysis 2013/14	Fair value 30 April 2014	+/- 50 BP	+/- 100 BP
Change in fair value on change in interest rate	- 524.411,2	+/- 25.271,0	+/- 48.342,3

Details on the conditions of financial liabilities are provided in section 6.14 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 the Group is therefore exposed to no risk or only limited risk from these items.

8.3 CAPITAL MANAGEMENT

The goal of BUWOG's Executive Board is to protect the Group's liquidity over the short-, medium- and long-term. In addition, interest rate hedging instruments such as swaps are used to manage liquidity, above all when interest rates are low. The aim is to achieve a balanced LTV (loan-to-value) ratio of 50–55%.

CAPITAL MANAGEMENT

in TEUR	30 April 2015	30 April 2014
Equity	1,524,300.2	1,552,103.3
Debt	2,652,967.9	1,803,188.9
Debt equity ratio	**174.0%**	**116.2%**

The following table shows the calculation of the loan-to-value ratio:

LOAN-TO-VALUE

in TEUR	30 April 2015	30 April 2014
Long-term financial liabilities	2,015,986.6	1,036,854.4
Short-term financial liabilites	89,437.6	99,176.4
Liabilities held for sale	358.1	7,360.4
Less cash an cash equivalents	–149,153.2	–132,947.4
Total net financial liabilites	**1,956,629.1**	**1,010,443.8**
Investment properties	3,620,762.6	2,631,573.5
Investment properties under construction	14,578.0	10,926.1
Non-current assets held for sale	5,849.6	15,036.0
Inventories	197,572.8	155,117.3
Total investment properties	**3,838,763.0**	**2,812,652.9**
LTV	**51.0%**	**35.9%**

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.

8.4 INFORMATION ON PROPERTY VALUATION

The BUWOG Group uses the fair value model as 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 semi-annually by external appraisers. The values determined by these appraisals are heavily dependent on the calculation method and the underlying assumptions (input factors – see section 2.4.2 Investment properties and investment properties under construction). A change in these underlying assumptions can therefore lead to major 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 FOR INVESTMENT PROPERTIES

	30 April 2015			30 April 2014		
in TEUR	Total	Austria	Germany	Total	Austria	Germany
Investment properties	**3,620,762.6**	**2,128,519.0**	**1,492,243.6**	**2,631,573.5**	**2,208,613.7**	**422,959.8**
Less undeveloped land (pipeline projects)	–68,624.9	–40,691.6	–27,933.3	–120,463.1	–96,917.0	–23,546.1
Plus fair value of non-current assets held for sale	5,849.6	5,090.0	759.6	15,036.0	15,036.0	0.0
Basis for sensitivity analysis	**3,557,987.2**	**2,092,917.4**	**1,465,069.9**	**2,526,146.4**	**2,126,732.7**	**399,413.7**

If the input parameters for the undeveloped land (see section 2.4.2 Investment properties and investment properties under construction) were to change, the carrying value would change accordingly.

The following table shows the per cent change in the value of investment properties based on the values included in the sensitivity analysis as a result of changes in the parameters.

SENSITIVITY ANALYSIS: AUSTRIA

in TEUR

Sensitivity analysis 2014/15 – Parameter	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate	2,092,917.4	+25	–2.9%	2,032,282.4
		-25	3.2%	2,158,923.5
Sale price potential	2,092,917.4	+10%	4.7%	2,191,527.2
		-10%	–4.7%	1,995,280.2

Sensitivity analysis 2013/14 – Parameter	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate	2,126,732.7	+25	–3.3%	2,057,040.5
		-25	3.5%	2,200,993.9
Sale price potential	2,126,732.7	+10%	4.6%	2,224,202.6
		-10%	–4.5%	2,030,070.6

SENSITIVITY ANALYSIS: GERMANY

in TEUR

Sensitivity analysis 2014/15 – Parameter	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate/exit cap rate	1,465,069.9	+25	–4.8%	1,394,695.9
		-25	5.2%	1,540,377.1
Inflation	1,465,069.9	+25	–0.6%	1,454,901.3
		-25	0.5%	1,471,297.6
Market rent	1,465,069.9	+10%	10.5%	1,617,490.3
		-10%	–10.0%	1,317,676.2
Market rent increase	1,465,069.9	+25	5.3%	1,542,542.1
		-25	–4.9%	1,392,728.3

Sensitivity analysis 2013/14 – Parameter	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate/exit cap rate	399,413.7	+25	–4.7%	380,504.1
		-25	5.3%	420,456.1
Inflation	399,413.7	+25	–0.6%	396,915.5
		-25	0.6%	401,998.7
Market rent	399,413.7	+10%	12.7%	450,191.5
		-10%	–10.7%	356,615.3
Market rent increase	399,413.7	+25	5.7%	422,368.0
		-25	–5.2%	378,679.1

Explanations of the parameters used:

Discount rate/exit cap rate: An exit cap rate is not used in the DCF model for the Austria portfolio, only the discount rate is changed. In the DCF model for the Germany portfolio, both the discount rate and the exit cap rate are adjusted.

Sale price potential: There is no sales strategy for individual apartments in the BUWOG Group's German portfolio. The only exceptions are three late 19th Century "Gründerzeit" period houses in Berlin. Therefore the sale price potential is not simulated.

Inflation: The inflation rate in the Austria portfolio was not simulated for the following reasons: 1) Approx. 64% (30 April 2014: approx. 70%) of rental income in the Austria portfolio represents cost-covering rent, whereby maintenance costs (maintenance and improvement contribution II) are a key factor as a component of the rent and a transitory item. 2) Under cost-covering rent, only the maintenance and improvement contribution I (EUR 0.43/sqm) is pegged to inflation as a rental component, i.e. a 25 basis point change in the inflation rate results in only a marginal change in value.

A 2.0% increase in market rent is assumed for the rental areas with appropriate and free rental rates and for commercial space. This involved roughly 10% of the total rental income.

Market rents: Over 80% of the rental income in the BUWOG Group's Austrian portfolio is publicly subsidised (cost-covering rent and Burgenland benchmark -30%). 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 the BUWOG Group's Austrian portfolio is publicly subsidised (cost-covering rent and Burgenland benchmark -30%). Market rents were therefore not simulated for the Austrian 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 standards.

Maintenance costs: In the Austrian portfolio, cost-covering rent comprises approx. 64% of rental income, whereby maintenance costs (maintenance and improvement contribution II) are a key factor as a component of the rent and a transitory item. The simulation of maintenance costs in the DCF model for the German portfolio is generally less sensitive. Therefore, maintenance costs were not simulated.

8.5 LEGAL, TAX, POLITICAL AND REGULATORY RISKS

8.5.1 Legal risks

As a property investor and developer, 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 follows 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 reduces the risks for buildings and undeveloped land under its ownership through building insurance, resp. property liability insurance.

8.5.2 Tax risks

The two formerly non-profit Austrian subsidiaries – BUWOG Bauen und Wohnen GmbH and ESG Wohnungsgesellschaft mbH Villach – have filed appeals against the corporate income tax assessments for 2001–2011 (BUWOG) resp. 2004–2011 (ESG), which were issued in connection with a tax audit. The related proceedings are currently pending. The divergent legal opinions between the companies and the tax authorities involve the valuation of subsidised loans when the companies lost their non-profit status and became subject to unlimited tax liability.

The BUWOG Group analyses and evaluates potential subsequent charges from the acquisition and restructuring measures connected with its establishment as part of its standard risk management processes.

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.

8.5.3 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.

8.6 FINANCIAL OBLIGATIONS

8.6.1 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 section 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 section 8.1.4 Collateral).

8.6.2 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

	2014/15		2013/14	
in TEUR	Inventories	Investment properties under construction	Inventories	Investment properties under construction
Austria	42,030.0	12,000.0	11,842.0	770.0
Germany	54,832.0	0.0	49,981.4	0.0
Total	**96,862.0**	**12,000.0**	**61,823.4**	**770.0**

The following table shows the current obligations arising from outstanding construction costs for investment properties under construction and inventories for 2014/15 and 2013/14:

OUTSTANDING CONSTRUCTION COSTS – DETAILS

Outstanding construction costs 2014/15	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
Austria	8	30,586.2	31.7%	54,030.0	29,760	98,840.0
Germany	4	65,842.0	68.3%	54,832.0	44,054	149,200.0
Total	**12**	**96,428.2**	**100.0%**	**108,862.0**	**73,814**	**248,040.0**

Outstanding construction costs 2013/14	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
Austria	10	73,761.9	72.9%	12,612.0	31,190	106,100.0
Germany	3	27,485.7	27.1%	49,981.4	23,798	97,303.0
Total	**13**	**101,247.6**	**100.0%**	**62,593.4**	**54,988**	**203,403.0**

8.6.3 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 2015	30 April 2014
Less than 1 year	3,900.6	1,227.1
Between 1 and 5 years	17,481.9	4,908.3
Over 5 years	0.0	0.0

Expenses of TEUR 5,165.5 were recognised to the income statement during the reporting year. The major rental and lease agreements involve office equipment and leased administrative buildings.

Contractual obligations for the acquisition of investment properties totalled TEUR 16,829.7 as of 30 April 2015.

In addition, the BUWOG Group had obligations of TEUR 7,834.4 for maintenance in the investment properties.

8.7 SUBSEQUENT EVENTS

8.7.1 Acquisition of property portfolios

The BUWOG Group purchased three new construction sites in Berlin during June 2015. In the Pankow district, properties were acquired on Schulzestrasse and Goethestrasse (city quarter: Berlin-Weissensee). Another site was secured on Lückstrasse in Berlin-Lichtenberg. Plans call for the construction of roughly 370 residential units at these three locations.

8.7.2 Extraordinary general meeting

As result of recent developments in listed property companies, the Supervisory Board and Executive Board decided to improve the protection for shareholders when additional interest in the company are acquired and called an extraordinary general meeting of BUWOG AG on 8 June 2015. The agenda for this meeting, which was held after the end of the 2014/15 financial year, included, among others, voting on amendments to the articles of association to reduce the control threshold for a mandatory offering to 20%, an increase in the number of Supervisory Board members from five to six (shareholder representatives) and the election of Stavros Efremidis as the sixth member of the Supervisory Board. The shareholders approved all proposals for the amendment of the articles of association by a substantial majority.

8.7.3 Expansion of the Executive Board

In order to further strengthen the company's sustainable growth course, the Supervisory Board reassigned the responsibilities among the Executive Board members in its meeting on 22 June 2015. Herwig Teufelsdorfer was elected to the Executive Board in connection with this reassignment and, as COO, has been responsible for portfolio management, asset management and property management as well as transactions and the sale of individual apartments since 1 July 2015. Daniel Riedl also took on responsibility for investor relations & corporate finance as part of the new assignment of responsibilities.

8.8 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.

8.8.1 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 37,855.29 for legal advising provided to the BUWOG Group companies in 2014/15. The terms of these fees, above all the hourly rates, reflect standard market conditions.

8.8.2 Relations with IMMOFINANZ AG

In order to permanently ensure the independence of the BUWOG Group, IMMOFINANZ AG and BUWOG AG have concluded a de-domination agreement which places contractual restrictions on the voting rights attributable to the shares held by IMMOFINANZ AG in BUWOG AG. The de-domination agreement limits the number of Supervisory Board members whose election includes the exercise of voting rights by IMMOFINANZ AG. The purpose of this limitation is to prevent majority decisions by members of the Supervisory Board whose election included the exercise of voting rights by IMMOFINANZ AG, even if there is a change in the number of members on this body. The Supervisory Board of BUWOG AG currently has six members elected by the general meeting; IMMOFINANZ AG exercised its voting rights to elect Oliver Schumy and Vitus Eckert. Furthermore, IMMOFINANZ AG is obliged not to exercise its voting rights in the annual general meeting of BUWOG AG, among others in the following cases: resolutions on the release of the Executive Board or other Supervisory Board members from liability, resolutions on the dismissal of another Supervisory Board member or resolutions on management issues that are presented by the Executive Board or Supervisory Board to the annual general meeting for voting. The de-domination agreement can only be cancelled by IMMOFINANZ AG or BUWOG AG for important reasons. An important reason that would justify cancellation by IMMOFINANZ AG is, among others, a reduction in the BUWOG shares held by IMMOFINANZ AG and its subsidiaries in two successive annual general meetings of BUWOG AG below 30% of the voting rights present for voting on the first point of the agenda at the respective annual general meeting. The de-domination agreement ends on 29 April 2020; if IMMOFINANZ AG does not object, the term of the de-domination agreement is renewed automatically. Compliance with the de-domination agreement may be obtained by shareholders of BUWOG AG, who on their own or jointly represent 5% of the share capital, and by any Executive Board member of BUWOG AG. After the spin-off, IMMOFINANZ AG has no controlling influence on the business and financial policy decisions of BUWOG Group. Following the spin-off, IMMOFINANZ Group and BUWOG Group are two independent corporate groups.

In accordance with a voting rights announcement on 1 April 2015, IMMOFINANZ AG and its subsidiaries held a total of 46,328,065 BUWOG shares as of 30 April 2015. This represents approx. 46.51% of the share capital of BUWOG AG. The voting rights announcement also indicated that IMMOFINANZ AG has the right, resp. obligation to repurchase 479,297 BUWOG shares used for a lending transaction; these shares represent approx. 2.49% of share capital. The resulting interest held by IMMOFINANZ AG in the current share capital of BUWOG AG equals 49%. Therefore, free float equalled 51% as of 30 April 2015.

Prior to the spin-off on 25 April 2014 and based on an authorisation of the annual general meeting on 7 March 2014, BUWOG AG issued a 3.5% convertible bond with a total nominal value of EUR 260.0 million and a term ending on 25 April 2019. Under the acquisition agreement of 25 April 2014 the convertible bond was fully subscribed by IMMOFINANZ AG. Following the signing of mortgage loan agreements totalling EUR 330.0 million with two leading Austrian banks, BUWOG AG exercised the hard call option for its convertible bond 2019 (ISIN AT0000A17CA5) in accordance with the bond terms. This bond was redeemed at 101% of the nominal value of EUR 260 million on 19 January 2015 (for information on the resulting financing costs, see 5.9 Financial results).

As of the balance sheet date, there were still a number of guarantees issued on behalf of IMMOFINANZ Group (for additional details see section 8.1.4 Collateral). The related guarantee commissions received in 2014/15 amounted to TEUR 4,990.3.

Expenses of TEUR 3.598,6 were incurred during the reporting year for guarantees provided by IMMOFINANZ Group on behalf of BUWOG Group. These guarantees have since been terminated.

The corporate accounting functions were taken over from IMMOFINANZ AG and installed in a separate department of BUWOG AG during the third quarter of 2014/15. In this connection, the consolidation application and configuration were purchased at standard market conditions.

As of 30 April 2015, a number of reciprocal delivery and service relationships remained in effect between the BUWOG Group and IMMOFINANZ AG. 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 and liabilities involving IMMOFINANZ Group companies is provided in sections 6.5 Trade and other receivables, 6.13 Liabilities from convertible bonds, 6.14 Financial liabilities and 6.15 Trade and other liabilities.

Transactions between fully consolidated subsidiaries are eliminated during the consolidation and are not explained in detail.

8.8.3 Information on corporate bodies and remuneration

Executive Board
– Daniel Riedl (CEO)
– Ronald Roos
– Herwig Teufelsdorfer (since 1 July 2015)

Supervisory Board
– Vitus Eckert – Chairman
– Oliver Schumy – Vice-Chairman (since 1 May 2015)
– Eduard Zehetner – Vice-Chairman (up to 30 April 2015)
– Klaus Hübner – Member
– Volker Riebel – Member (since 15 May 2014)
– Jutta Dönges – Member (since 15 May 2014)
– Stavros Efremidis – Member (since 8 June 2015)
– Elisabeth Manninger – Member (since 2 June 2014)
– Markus Sperber – Member (since 2 June 2014)
– Raphael Lygnos – Member (since 2 June 2014)

The members of the Executive Board and Supervisory Board held a total of 193.317 BUWOG shares as of 30 April 2015.

Remuneration for the Executive Board of BUWOG AG
The total Executive Board remuneration for the 2014/15 and 2013/14 financial years is as follows:

EXECUTIVE BOARD REMUNERATION

	Daniel Riedl				Ronald Roos			
in TEUR	2014/15	2014/15 (Min.)	2014/15 (Max.)	2013/14[1)]	2014/15	2014/15 (Min.)	2014/15 (Max.)	2013/14[1)]
Fixed remuneration	720.0	720.0	720.0	5.2	250.0	250.0	250.0	42.9
Remuneration in kind	8.6	8.6	8.6	0.1	28.6	28.6	28.6	6.8
Pension fund contributions	72.0	72.0	72.0	0.0	0.0	0.0	0.0	0.0
Total fixed remuneration	**800.6**	**800.6**	**800.6**	**5.3**	**278.6**	**278.6**	**278.6**	**49.7**
Short-term incentive	270.0	0.0	270.0	2.0	250.0	0.0	250.0	50.7
Total variable remuneration	**270.0**	**0.0**	**270.0**	**2.0**	**250.0**	**0.0**	**250.0**	**50.7**
Total remuneration	**1,070.6**	**800.6**	**1,070.6**	**7.3**	**528.6**	**278.6**	**528.6**	**100.4**

1) The data for the reporting year and previous year are not directly comparable because Daniel Riedl and Ronald Roos have only received remuneration from BUWOG AG since 28 April 2014 and 17 February 2014, respectively.

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 1,180.1 in 2014/15 and included TEUR 763.2 for the stock options for Daniel Riedl and TEUR 416.8 for the stock options for Ronald Roos. Additional details on this programme are provided in section 6.12.2 Share-based remuneration.

Remuneration for the Supervisory Board of BUWOG AG
The members of the Supervisory Board received no remuneration in 2013/14. A provision of TEUR 195.0 was recognised for remuneration related to the 2014/15 financial year. The annual general meeting on 13 October 2015 will be asked to approve this remuneration.

8.9 AUDITOR'S FEES

The fees charged by Deloitte Austria during the 2014/15 financial year comprise TEUR 258.5 (2013/14: TEUR 361.0) for the audit of the separate and consolidated financial statements, TEUR 130.2 (2013/14: TEUR 150.3) for other assurance services, TEUR 14.0 (2013/14: TEUR 12.5) for other consultancy services. In order to improve transparency, the amounts for 2013/14 are stated as including the BUWOG GmbH business although the transfer of BUWOG GmbH and its direct or indirect subsidiaries did not take effect until the end of April 2014.

9. GROUP COMPANIES OF BUWOG AG

The following list of Group companies was prepared pursuant to § 245a (1) Austrian Commercial Code in conjunction with § 265 (2) of the Austrian Commercial Code and includes the fully consolidated subsidiaries of BUWOG AG.

Company	Coun-try	Headquarters	Interest in capital 30 April 2015	Interest in capital 30 April 2014
BUWOG AG	AT	Vienna	–	–
Parthica Immobilien GmbH	AT	Vienna	100.00%	100.00%
GENA ZWEI Immobilienholding GmbH	AT	Vienna	100.00%	100.00%
GENA SECHS Immobilienholding GmbH	AT	Vienna	100.00%	100.00%
Baslergasse 65 Errichtungsges.m.b.H.	AT	Vienna	99.98%	99.98%
BUWOG – Seefeld GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Seefeld Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Berlin GmbH	AT	Vienna	100.00%	100.00%
BUWOG – Breitenfurterstraße 239 GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Brunnenstraße GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Brunnenstraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Chausseestraße 88 GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Chausseestraße 88 Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Deutschland GmbH	AT	Vienna	100.00%	100.00%
BUWOG – Gerhard – Bronner Straße GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Gervinusstraße GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Gervinusstraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Gombrichgasse GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Humboldt Palais GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Lindengasse 62 GmbH	AT	Vienna	–	99.98%
BUWOG – Lindenstraße GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Lindenstraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Bauträger GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Palais/Scharnhorststraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Penzinger Straße 76 GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Projektholding GmbH	AT	Vienna	99.98%	99.98%
BUWOG – PSD Holding GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Regattastraße GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Regattastraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Scharnhorststraße 26 – 27 GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Scharnhorststraße 26 – 27 Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Scharnhorststraße 4 Townhouse GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Scharnhorststraße 4 Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Scharnhorststraße 4 Wohnbauten GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Universumstraße GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Bauen und Wohnen Gesellschaft mbH	AT	Vienna	100.00%	100.00%
Rakete Beteiligungsverwaltungs GmbH	AT	Vienna	–	100.00%
BUWOG – Immobilien Beteiligungs GmbH & Co. KG	AT	Vienna	94.00%	94.00%
BUWOG – High-Deck Verwaltungs GmbH	DE	Berlin	90.06%	90.06%
BUWOG – High-Deck Residential GmbH & Co. KG	DE	Berlin	94.65%	94.65%
ESG Wohnungsgesellschaft mbH Villach	AT	Villach	99.98%	99.98%
BUWOG – Holding Niederlande B.V.	NL	Amsterdam	94.90%	94.90%
G2 Beta Errichtungs- und Verwertungs GmbH	AT	Vienna	99.98%	99.98%
G2 Beta Errichtungs- und Verwertungs GmbH & Co. KG	AT	Vienna	99.98%	99.98%
Heller Beteiligungsverwaltung GmbH	AT	Vienna	99.98%	99.98%
Heller Fabrik Liegenschaftsverwertungs GmbH	AT	Vienna	99.98%	99.98%
Heller Geriatrie GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Demophon Immobilienvermietungs GmbH	AT	Vienna	99.98%	99.98%
BUWOG Lux I S.à.r.l.	LU	Esch-sur-Alzette	94.00%	94.00%
BUWOG – Spandau 1 GmbH & Co. KG	DE	Berlin	94.00%	94.00%
BUWOG – Spandau 2 GmbH & Co. KG	DE	Berlin	94.00%	94.00%
BUWOG – Spandau 3 GmbH & Co. KG	DE	Berlin	94.00%	94.00%
BUWOG – Spandau Primus GmbH	DE	Berlin	94.00%	94.00%
REVIVA Immobilien GmbH	AT	Vienna	99.98%	99.98%
Rosasgasse 17 Projektentwicklungs GmbH	AT	Vienna	99.98%	99.98%

Company	Coun-try	Headquarters	Interest in capital 30 April 2015	Interest in capital 30 April 2014
Tempelhofer Feld GmbH für Grundstücksverwertung	DE	Berlin	94.54%	94.54%
Zieglergasse 69 Immobilienprojekt GmbH	AT	Vienna	99.98%	99.98%
C-I-D RealEstate GmbH	AT	Vienna	–	99.98%
P & U Büro- und Wohnparkerrichtungsges.m.b.H.	AT	Vienna	99.98%	99.98%
BUWOG – Facility Management GmbH	AT	Vienna	–	100.00%
AEDIFICIO Liegenschaftsvermietungs- und Beteiligungsgesellschaft m.b.H. & Co. Kaiserstraße 57-59 KG	AT	Vienna	99.98%	99.98%
Quinta Immobilienanlagen GmbH	AT	Vienna	100.00%	100.00%
BUWOG – Missindorfstraße 5 GmbH	AT	Vienna	99.98%	99.98%
BUWOG – Syke GmbH	DE	Berlin	94.90%	94.90%
BUWOG – Lüneburg GmbH	DE	Berlin	94.90%	94.90%
BUWOG – Betriebs GmbH	AT	Vienna	100.00%	100.00%
BUWOG – Kassel I GmbH & Co. KG	DE	Berlin	94.90%	94.90%
BUWOG – Kassel II GmbH & Co. KG	DE	Berlin	94.90%	94.90%
BUWOG – Kassel Verwaltungs GmbH	DE	Berlin	100.00%	100.00%
BUWOG – Management GmbH	DE	Berlin	100.00%	100.00%
BUWOG – Kiel I GmbH & Co. KG	DE	Berlin	94.90%	94.90%
BUWOG – Berlin I GmbH & Co. KG	DE	Berlin	94.90%	94.90%
BUWOG – Berlin Kreuzberg I GmbH & Co. KG	DE	Berlin	94.90%	94.90%
BUWOG – Brandenburg I GmbH & Co. KG	DE	Berlin	94.90%	94.90%
BUWOG – Westendpark GmbH & Co. KG	DE	Berlin	90.00%	90.00%
BUWOG – Norddeutschland GmbH	AT	Vienna	100.00%	100.00%
BUWOG – NDL I GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL II GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL III GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL IV GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL V GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL VI GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL VII GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL VIII GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL IX GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL X GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL XI GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL XII GmbH	DE	Kiel	100.00%	100.00%
BUWOG – NDL XIII GmbH	DE	Kiel	100.00%	100.00%
BUWOG – Immobilien Management GmbH	DE	Kiel	100.00%	–
BUWOG – Hausmeister GmbH	DE	Kiel	100.00%	–
BUWOG – Berlin II GmbH	DE	Kiel	94.90%	–
BUWOG – Braunschweig I GmbH	DE	Kiel	94.90%	–
BUWOG – Hamburg Umland I GmbH	DE	Kiel	94.90%	–
BUWOG – Hamburg Umland II GmbH	DE	Kiel	94.90%	–
BUWOG – Herzogtum Lauenburg GmbH	DE	Kiel	94.90%	–
BUWOG – Kiel II GmbH	DE	Kiel	94.90%	–
BUWOG – Kiel III GmbH	DE	Kiel	94.90%	–
BUWOG – Kiel IV GmbH	DE	Kiel	94.90%	–
BUWOG – Kiel V GmbH	DE	Kiel	94.90%	–
BUWOG – Lübeck Hanse I GmbH	DE	Kiel	94.90%	–
BUWOG – Lübeck Hanse II GmbH	DE	Kiel	94.90%	–
BUWOG – Lübeck Hanse III GmbH	DE	Hamburg	94.90%	–
BUWOG – Lübeck Hanse IV GmbH	DE	Kiel	94.90%	–
PRE Andromeda Real Estate GmbH	DE	Kiel	94.90%	–
PRE Aries Real Estate GmbH	DE	Kiel	94.90%	–
CHAPINES Vermögensverwaltungsgesellschaft mbH	DE	Kiel	94.90%	–
PRE Aquarius Real Estate GmbH	DE	Kiel	100.00%	–
BUWOG – Braunschweig II GmbH	DE	Hamburg	100.00%	–
BUWOG – Heidestraße Development GmbH	DE	Berlin	100.00%	–
BUWOG – Goethestraße GmbH	DE	Berlin	100.00%	–
Blitz B14-347 GmbH	DE	Berlin	90.00%	–
Blitz B14-348 GmbH	DE	Berlin	90.00%	–
BUWOG – Schulzestraße Development GmbH	DE	Berlin	100.00%	–
BUWOG – Lückstraße Development GmbH	DE	Berlin	100.00%	–

The consolidated financial statements were completed and signed by the Executive Board of BUWOG AG on 27 August 2015 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, 27 August 2015

The Executive Board of BUWOG AG

Daniel Riedl	Ronald Roos	Herwig Teufelsdorfer

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of BUWOG AG, Vienna, for the fiscal year from May 1, 2014 to April 30, 2015. These consolidated financial statements comprise the consolidated balance sheet as of April 30, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the fiscal year ended April 14, 2015, and the notes with the exception of Chapter 7. „Explanatory notes to pro forma information of BUWOG Group (unaudited)".

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System
The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of April 30, 2015 and of its financial performance and its cash flows for the fiscal year from May 1, 2014 to April 30, 2015 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group
Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 27 August 2015

Deloitte Audit Wirtschaftsprüfungs GmbH

Marieluise Krimmel
(Austrian) Certified Public Accountant

pp Michael Horntrich
(Austrian) Certified Public Accountant

This English translation of the audit report was prepared for the client's convenience only. It is no legally relevant translation of the German audit report. Publishing or transmitting of the consolidated financial statements including our audit opinion may only take place in conformity with the audit version above.
Section 281 para 2 ACC has to be applied for differing forms.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that the consolidated financial statements of BUWOG AG 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, 27 August 2015

The Executive Board of BUWOG AG

Daniel Riedl, COO	Ronald Roos, CFO	Herwig Teufelsdorfer, COO

INDIVIDUAL FINANCIAL STATEMENTS 2014/15 BUWOG AG

BALANCE SHEET AS OF 30 APRIL 2015

Assets	30 April 2015 in EUR	30 April 2014 in TEUR
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Licenses	313,366.92	0
II. Property, plant and equipment		
1. Other equipment, furniture, fixtures and office equipment	0.00	13
III. Financial assets		
1. Investments in subsidiaries	1,357,607,125.48	1,357,607
	1,357,920,492.40	**1,357,620**
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Receivables due from subsidiaries	155,823,054.89	0
2. Other receivables and assets	1,072,917.76	260,154
	156,895,972.65	**260,154**
II. Cash-in-hand, bank deposits	684,075.48	502
	157,580,048.13	**260,656**
C. PREPAID EXPENSES AND DEFERRED CHARGES	**42,820.09**	**0**
	1,515,543,360.62	**1,618,276**

Equity and Liabilities	30 April 2015 in EUR	30 April 2014 in TEUR
A. EQUITY		
I. Authorised capital/share capital	99,613,479.00	99,613
II. Capital reserves		
1. Appropriated	872,003,312.44	872,004
2. Non-appropriated	236,076,233.23	306,076
	1,108,079,545.67	**1,178,080**
III. Revenue reserves		
1. Other reserves (voluntary)	125,890,046.11	0
IV. Stock option reserve	1,180,077.97	0
V. Profit/(loss) account (thereof profit carried forward: EUR 10,046,889.28; prior year: loss carried forward: TEUR 24)	80,046,889.28	78,780
	1,414,810,038.03	**1,356,473**
B. PROVISIONS		
1. Provisions for severance payments	359,852.33	0
2. Provisions for taxes	7,663,185.46	0
3. Other provisions	2,789,461.66	942
	10,812,499.45	**942**
C. LIABILITIES		
1. Bonds	0.00	260,150
2. Trade liabilities	282,603.23	144
3. Liabilities with subsidiaries	88,768,614.42	542
4. Other liabilities	869,605.49	25
thereof from taxes: EUR 157,769.93; prior year: TEUR 19		
thereof from social security: EUR 132,558.76; prior year: TEUR 2		
	89,920,823.14	**260,861**
	1,515,543,360.62	**1,618,276**
Other contractual liabilities	64,993,743.00	0

INCOME STATEMENT FOR THE 2014/15 FINANCIAL YEAR

	2014/15 in EUR	2013/14 in TEUR
1. Other operating income		
a) Income from the reversal of provisions	33,791.03	0
b) Miscellaneous	3,041,932.30	7
	3,075,723.33	**7**
2. Personnel expenses		
a) Salaries	–3,675,003.94	–102
b) Expenses for severance payments and contributions to employee pension funds	–59,694.13	–1
c) Expenses for pensions	–68,702.93	0
d) Costs for legally required social security and payroll-related duties and mandatory contributions	–365,042.10	–9
e) Other employee benefits	–37,652.53	–6
	–4,206,095.63	**–118**
3. Depreciation/amortisation on		
a) Property, plant and equipment	–2,166.53	–6
b) Intangible assets	–44,723.08	0
	–46,889.61	**–6**
4. Other operating expenses		
a) Non-income-based taxes	–10,554.00	–4
b) Miscellaneous	–13,380,406.88	–897
	–13,390,960.88	**–901**
5. Subtotal of no. 1–4 (operating profit)	**–14,568,222.79**	**–1,018**
6. Income from investments in other companies; thereof from subsidiaries: EUR 140,000,000.00 prior year: TEUR 0	140,000,000.00	0
7. Other interest and similar income; thereof from subsidiaries: EUR 5,101,963.98 prior year: TEUR 0	6,174,650.34	0
8. Interest and similar expenses; thereof from subsidiaries: EUR 382,457.18 prior year: TEUR 0	–9,878,361.27	–178
9. Subtotal of no. 6–8 (financial results)	**136,296,289.07**	**–178**
10. Profit/(loss) on ordinary activities	**121,728,066.28**	**–1,196**
11. Taxes on income and earnings	4,161,979.83	0
12. Profit (loss) for the year	**125,890,046.11**	**–1,196**
13. Release of capital reserves	70,000,000.00	80,000
14. Addition to revenue reserves	–125,890,046.11	0
15. Profit for the year	**70,000,000.00**	**78,804**
16. Profit/(loss) carried forward	10,046,889.28	–24
17. Profit/(loss) account	**80,046,889.28**	**78,780**

NOTES

1. GENERAL PRINCIPLES

The annual financial statements of BUWOG AG as of 30 April 2015 were prepared in accordance with the provisions of the Austrian Commercial Code (UGB) in the current version. The principles of proper accounting were observed as was the general standard of presenting a true and fair view of the company's assets, financial and earnings position.

The principle of completeness was observed in preparing the annual 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 annual financial statements include all identifiable risks and impending losses that occurred in the reporting year or a previous financial year.

In accordance with § 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 § 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 applying the going concern principle.

The reporting year and prior year data are not directly comparable due to the implementation of restructuring measures – above all the addition of 89 employees in accordance with Austrian labour law (§ 3 "Arbeits-vertragsrechts-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 as at balance sheet date 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 as at balance sheet date 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	2–3
Property, plant and equipment: other equipment, furniture, fixtures and office equipment	2–3

Financial assets are carried at acquisition 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.

The company meets the criteria defined in an opinion issued by the Austrian Financial Reporting and Auditing Committee (AFRAC) on the principles of matching dividend recognition. Therefore, – if applicable – dividends due from subsidiaries are reported under **receivables from subsidiaries** and, at the same time, as income from investments in other companies.

Receivables and other assets are carried at their nominal amounts. Individual value adjustments an impairments are recognised to account for identifiable default risks.

The **provisions for severance payments** were calculated in accordance with actuarial principles and the application of the projected unit credit method according to IAS 19. These calculations were based on the earliest possible retirement age under legal regulations, a discount rate of 1.3%, planned salary increases of 2.0% and turnover of 7.9%. In addition, the calculation also included the biometric parameters defined by AVÖ 2008-P in the version for mixed salary-wage workforces.

Other provisions were recognised 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.

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.

Intangible assets - which were not internally generated - were purchased from BUWOG – Bauen und Wohnen GmbH in 2014/15. These assets represent licenses for the Hyperion consolidation software (acquisition cost: EUR 319,271.00; carrying amount: EUR 294,565.35).

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 for the year
Parthica Immobilien GmbH, Wien	80,248,500.00	100%	87,358,257.03	7,130,562.74
GENA SECHS Immobilienholding GmbH, Wien	1,277,358,625.48	100%	1,094,611,420.30	136,424,640.16

BUWOG AG indirectly holds all shares in BUWOG – Bauen und Wohnen GmbH, 94.9% through GENA SECHS Immobilienholding GmbH and the remaining 5.1% through Parthica Immobilien GmbH.

As of the balance sheet date, all shares (indirectly) held by BUWOG AG in BUWOG – Bauen und Wohnen GmbH were pledged in favour of Raiffeisenlandesbank Oberösterreich as collateral for a loan granted to an IMMOFINANZ company in connection with the original purchase of BUWOG – Bauen und Wohnen GmbH. This loan had an outstanding balance of EUR 191.1 million as of 30 April 2015, and the borrower had equity under Austrian commercial law totalling approx. EUR 675 million as of that same date. The borrower and the lender are current negotiating to replace the pledge of the shares in BUWOG – Bauen und Wohnen GmbH with other collateral. The BUWOG Group charges IMMOFINANZ Group a standard market liability commission for this provision of collateral through the pledge of shares.

IMMOFINANZ Group concluded a new credit agreement after the balance sheet date, and the pledge is expected to be released in October 2015.

CURRENT ASSETS

Receivables and other assets

The classification of receivables by remaining term is shown on a separate schedule in Attachment 2.

Receivables due from subsidiaries comprise the following:

	30.4.2015 EUR	30.4.2014 TEUR
Matching profit distributions	140,000,000.00	0
Tax charge as per § 9 of the Austrian Corporate Income Tax Act	11,825,165.29	0
Trade receivables	1,371,890.00	0
VAT tax group	2,625,999.60	0
Total	**155,823,054.89**	**0**

The receivables from matching profit distributions include EUR 7,140,000.00 from Parthica Immobilien GmbH and EUR 132,860,000.00 from GENA SECHS Immobilienholding GmbH.

Information on the tax charge as per § 9 of the Austrian Corporate Income Tax Act is provided under point 4. Other disclosures.

Trade receivables consist primarily of EUR 1,233,823.00 due from ESG Wohnungsgesellschaft mbH Villach.

The main component of **other receivables and assets** is a receivable of EUR 1,072,054.79 (prior year: TEUR 260,150) due from IMMOFINANZ AG. It involves deferral interest related to the issue of the convertible bond 2014–2019, which was called and redeemed as of 19 January 2015.

EQUITY AND LIABILITIES

Equity

The share capital of BUWOG AG remains unchanged since the previous year and totalled EUR 99,613,479.00 as of 30 April 2015. It is divided into 99,613,479 zero par value voting, bearer shares, each of which represents a proportionate share of EUR 1.00 in share capital. All of the shares (ISIN AT00BUWOG001) are listed for trading on the Regulated Market of the Frankfurt Stock Exchange, for official trading on the Vienna Stock Exchange and on the Main Market ("Rynek podstawowy") of the Warsaw Stock Exchange (regulated markets within the meaning of § 1 (2) of the Austrian Stock Exchange Act).

The appropriated capital reserves (EUR 872,003,312.44) remained unchanged during the reporting year. Of the non-appropriated capital reserves, EUR 70,000,000.00 were released in 2014/15; the balance on 30 April 2015 equalled EUR 236,076,233.23. These capital reserves resulted from restructuring steps between BUWOG AG and several member companies of the IMMOFINANZ Group in 2013/14.

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 § 159 (2) no. 1 of the Austrian Stock Corporation Act. This conditional increase covers up to EUR 19,922,696.00 through the issue of up to 19,922,696 new bearer shares.

LONG-TERM INCENTIVE PROGRAMME FOR THE EXECUTIVE BOARD OF BUWOG AG

The annual general meeting on 14 October 2014 approved a variable remuneration scheme in the form of stock options for CEO Daniel Riedl and CFO Ronald Roos. In order to service the share-based remuneration, this annual general meeting also approved a conditional increase of up to EUR 720,000.00 in the company's share capital pursuant to § 159 (2) no. 3 of the Austrian Stock Corporation Act ("Aktiengesetz") through the issue of up to 720,000 new bearer shares.

The approval of this Long-Term Incentive Programme 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 Supervisory Board and the two members of the Executive Board. The key parameters of the Long-Term Incentive Programme 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	50,000	50,000	60,000	80,000
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[1]		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) 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 2014/15:

DEVELOPMENT OF ISSUED STOCK OPTIONS

	Number of stock options
Balance on 1 May 2014	0
Issue	720,000
Balance on 30 April 2015	720,000
Thereof exercisable in the exercise period	275,000

The stock options outstanding as of 30 April 2015 have an exercise price of EUR 13.00 per share and a weighted average remaining term of 4.0 years. No options were exercised during the reporting year.

The remuneration granted to the Executive Board members in exchange for the rendering of services falls under the scope of application of IFRS 2. An opinion issued by the Austrian Financial Reporting and Auditing Committee on the accounting treatment of share-based remuneration in financial statements prepared in accordance with the Austrian Commercial Code (September 2007) clarifies that the rules defined by IFRS 2 are to be applied analogously unless they contract the accounting requirements of the Austrian Commercial Code. There are no contradictions in this respect.

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:

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 issued stock options totalled EUR 2,128,952.56 on the granting date and EUR 4,103,100.00 on 30 April 2015.

The fair value of the share-based remuneration agreements on the granting date is recognised as an expense, 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, the 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.

BONDS

On 19 December 2014, BUWOG AG prematurely called the 3.5% convertible bond that was issued in April 2014 in accordance with § 5 letter (b) of the issue terms. This bond (ISIN AT0000A17CA5) had a volume of EUR 260,000,000.00 and was originally scheduled to mature in 2019. The convertible bond was subscribed in full by IMMOFINANZ AG. The cancellation took effect on 19 January 2015, which also represented the voluntary redemption date. The convertible bond was redeemed on 19 January 2015 at 101% of its nominal value plus accrued interest (EUR 6,895,514.90).

PROVISIONS

The composition and development of other provisions is shown on Attachment 4.

LIABILITIES

The classification of liabilities by remaining term is shown in Attachment 3.

Liabilities with subsidiaries comprise the following:

	30.4.2015 EUR	30.4.2014 TEUR
Other liabilities	80,048,276.49	542
Trade liabilities	8,598,469.93	0
VAT tax group	121,868.00	0
Total	**88,768,614.42**	**542**

OTHER CONTRACTUAL LIABILITIES

BUWOG AG issued a comfort letter to Oberbank AG for a loan take out by BUWOG – Bauen und Wohnen GmbH. The amount outstanding under this facility as of 30 April 2015 equalled EUR 64,993,743.00. In the previous year, this loan was secured by a comfort letter issued by IMMOFINANZ Group.

NOTES TO THE INCOME STATEMENT

OTHER OPERATING INCOME

Miscellaneous other operating income of EUR 3,041,932.30 (prior year: TEUR 7) consists primarily of invoices for services performed by BUWOG AG for subsidiaries.

SALARIES

The spin-off of the BUWOG Group from IMMOFINANZ Group in the previous year was followed by further structural measures that included the transfer, with all rights and obligations, of 89 employees of BUWOG – Bauen und Wohnen GmbH to BUWOG AG as of 1 March 2015 in accordance with Austrian labour law (§ 3 “Arbeitsvertragsrechts-Anpassungsgesetz”).

EXPENSES FOR SEVERANCE PAYMENTS AND CONTRIBUTIONS TO EMPLOYEE PENSION FUNDS

These expenses involve additions of EUR 29,499.26 to the provision for severance compensation and contributions of EUR 30,194.87 (prior year: TEUR 1) to employee pension funds.

MISCELLANEOUS OTHER OPERATING EXPENSES

The miscellaneous other operating expenses of EUR 13,380,406.88 (prior year: TEUR 897) consist primarily of expenses charged by BUWOG – Bauen und Wohnen GmbH. These charges are related, above all, to services in the areas of IT, legal advising, marketing, financial management and general management for a total of EUR 9,539,906.11 and to legal, auditing and consulting fees of EUR 1,310,593.36 (prior year: TEUR 673).

INTEREST AND SIMILAR EXPENSES

Interest and similar expenses consist chiefly of interest due to subsidiaries (EUR 382,457.18) and interest expense including the costs for the above par redemption of the convertible bond that was called as of 19 January 2015 (EUR 9,495,514.90).

INCOME TAX EXPENSE AND TAX CHARGES

In 2015 the members of the tax group transferred positive tax income of EUR 47,300,661.19 to the head of the group, BUWOG AG. This transfer resulted in positive tax charges of EUR 11,825,165.30. The head of the tax group recorded negative taxable income.

Corporate tax expense for the tax group amounted to EUR 7,663,185.46 after the allocation of the taxable income recorded by the individual group members.

4. OTHER INFORMATION

Information on size pursuant to § 221 of the Austrian Commercial Code
The company is classified as a large corporation based on the criteria defined in § 221 (4a) of the Austrian Commercial Code.

Information on group relationships
The company is a parent company as defined in § 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 § 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 § 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 IMMOFINANZ Group. It also limits the scope of voting by IMMOFINANZ AG on elections to the Supervisory Board; therefore, the members appointed by IMMOFINANZ AG are able to take majority decisions even in the event of a change in the number of Supervisory Board members. The Supervisory Board of BUWOG AG currently has nine members. IMMOFINANZ AG exercised it voting rights in the election of two of the six elected shareholder representatives (Vitus Eckert and Oliver Schumy).

Furthermore, IMMOFINANZ AG may not exercise its voting rights in the annual general meeting of BUWOG AG, among others, if voting covers the discharge from liability of the Executive Board or other members of the Supervisory Board, the dismissal of another member of the Supervisory Board or any management issues and the related proposals were submitted by the Executive Board or Supervisory Board. The de-domination agreement can only be terminated by IMMOFINANZ AG or BUWOG AG for significant reasons. The term of the de-domination agreement ends on 29 April 2020, but it will be extended automatically unless IMMOFINANZ AG objects. Shareholders of BUWOG AG who individually or collectively represent 5% of its share capital can require compliance with the de-domination agreement, as can any member of the Executive Board of BUWOG AG.

The company has material business relationships with BUWOG – Bauen und Wohnen GmbH.

All transactions with related companies and persons took place at arm’s length.

SALARIED EMPLOYEES

	Balance on 30.4.2015	Balance on 30.4.2014	Average for the year 2014/15	Average for the year 2013/14
Salaried employees	92	0	15	0

CORPORATE BODIES

The following persons were members of the corporate bodies of BUWOG AG in 2014/15:

Executive Board
- Daniel Riedl – CEO
- Ronald Roos

Supervisory Board
- Vitus Eckert – Chairman
- Oliver Schumy – Vice-Chairman as of 1 May 2015
- Eduard Zehetner – Vice-Chairman up to 30 April 2015
- Klaus Hübner – Member
- Jutta Dönges – Member since 15 May 2015
- Volker Riebel – Member since 15 May 2015
- Markus Sperber – Member since 2 June 2014
- Elisabeth Manninger – Member since 2 June 2014
- Raphael Lygnos – Member since 2 June 2014

Stavros Efremidis was elected to the Supervisory Board, effective immediately, by the extraordinary general meeting on 8 June 2015.

In its meeting on 22 June 2015, the Supervisory Board appointed Herwig Teufelsdorfer to the Executive Board as of 1 July 2015.

Remuneration of the Executive Board of BUWOG AG
The total remuneration of the Executive Board is as follows:

EXECUTIVE BOARD REMUNERATION

	Daniel Riedl				Ronald Roos			
in TEUR	2014/15	2014/15 (Min.)	2014/15 (Max.)	2013/14[1)]	2014/15	2014/15 (Min.)	2014/15 (Max.)	2013/14[1)]
Fixed remuneration	720.0	720.0	720.0	5.2	250.0	250.0	250.0	42.9
Remuneration in kind	8.6	8.6	8.6	0.1	28.6	28.6	28.6	6.8
Pension fund contributions	72.0	72.0	72.0	0.0	0.0	0.0	0.0	0.0
Total fixed remuneration	**800.6**	**800.6**	**800.6**	**5.3**	**278.6**	**278.6**	**278.6**	**49.7**
Short-term incentive	270.0	0.0	270.0	2.0	250.0	0.0	250.0	50.7
Total variable remuneration	**270.0**	**0.0**	**270.0**	**2.0**	**250.0**	**0.0**	**250.0**	**50.7**
Total remuneration	**1,070.6**	**800.6**	**1,070.6**	**7.3**	**528.6**	**278.6**	**528.6**	**100.4**

1) The data for the reporting year and previous year are not directly comparable because Daniel Riedl and Ronald Roos have only received remuneration from BUWOG AG since 28 April 2014 and 17 February 2014, respectively.

The expenses for the Long-Term Incentive Programme for the Executive Board members totalled EUR 1,180,077.97 in 2014/15 and included EUR 763,244.86 for the stock options for Daniel Riedl and EUR 416,833.11 for the stock options for Ronald Roos. Additional details on this programme are provided in the section on share-based remuneration.

REMUNERATION FOR THE SUPERVISORY BOARD OF BUWOG AG

The members of the Supervisory Board received no remuneration for the 2014/15 or 2013/14 financial year. A provision of EUR 195,000.00 was recognised for remuneration related to the 2014/15 financial year. The next annual general meeting on 13 October 2015 will be asked to approve the actual amount and payment of this remuneration.

AUDITOR'S FEES

In accordance with the exemption provided by § 237 no. 14 last sentence of the Austrian Commercial Code, information on the auditor's fees is not provided.

INFORMATION ON GROUP TAXATION PURSUANT TO § 9 OF THE AUSTRIAN CORPORATE INCOME TAX ACT

BUWOG AG has served as the head of a corporate tax group as defined in § 9 (1) of the Austrian Corporate Income Tax Act since the 2014/15 financial year.

The group contract also included 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 § 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.

Vienna, 27 August 2015

The Executive Board of BUWOG AG

Daniel Riedl　　　Ronald Roos　　　Herwig Teufelsdorfer

APPENDIX 1)
DEVELOPMENT OF NON-CURRENT ASSETS FOR THE FINANCIAL YEAR FROM 1 MAY 2014 TO 30 APRIL 2015

	Acquisition and production costs			
Non-current assets in EUR	Balance on 30.4.2014	Additions	Disposals	Transfer
I. Intangible assets				
1. Licenses	0.00	358,090.00	0.00	0.00
	0.00	**358,090.00**	**0.00**	**0.00**
II. Property, plant and equipment				
1. Other equipment, furniture, fixtures and office equipment	19,498.81	0.00	19,498.81	0.00
	19,498.81	**0.00**	**19,498.81**	**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**
	1,357,626,624.29	**358,090.00**	**19,498.81**	**0.00**

APPENDIX 2)
RECEIVABLES AS OF 30 APRIL 2015

Receivables in EUR	Total as per balance sheet	Thereof remaining term < 1 year
1. Receivables due from subsidiaries		
Reporting year 30.4.2015	**155,823,054.89**	**155,823,054.89**
Prior year 30.4.2014	0.00	0.00
2. Other receivables and assets		
Reporting year 30.4.2015	**1,072,917.76**	**1,072,917.76**
Prior year 30.4.2014	260,154,342.16	260,154,342.16
Total		
Reporting year 30.4.2015	**156,895,972.65**	**156,895,972.65**
Prior year 30.4.2014	260,154,342.16	260,154,342.16

APPENDIX 3)
LIABILITIES AS OF 30 APRIL 2015

Liabilities in EUR	Total	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
1. Bonds				
Reporting year 30.4.2015	**0.00**	**0.00**	**0.00**	**0.00**
Prior year 30.4.2014	260,149,589.04	149,589.04	260,000,000.00	0.00
2. Trade liabilities				
Reporting year 30.4.2015	**282,603.23**	**282,603.23**	**0.00**	**0.00**
Prior year 30.4.2014	144,176.77	144,176.77	0.00	0.00
3. Liabilities with subsidiaries				
Reporting year 30.4.2015	**88,768,614.42**	**88,768,614.42**	**0.00**	**0.00**
Prior year 30.4.2014	542,266.77	542,266.77	0.00	0.00
4. Other liabilities				
Reporting year 30.4.2015	**869,605.49**	**869,605.49**	**0.00**	**0.00**
Prior year 30.4.2014	25,158.53	25,158.53	0.00	0.00
Total				
Reporting year 30.4.2015	**89,920,823.14**	**89,920,823.14**	**0.00**	**0.00**
Prior year 30.4.2014	260,861,191.11	861,191.11	260,000,000.00	0.00

Transfers current assets	Balance on 30.4.2015	Accumulated depreciation	Carrying amounts: Balance on 30.4.2015	Carrying amounts: Balance on 30.4.2014	Depreciation in 2014/15 financial year
0.00	358,090.00	44,723.08	313,366.92	0.00	44,723.08
0.00	**358,090.00**	**44,723.08**	**313,366.92**	**0.00**	**44,723.08**
0.00	0.00	0.00	0.00	12,999.21	2,166.53
0.00	**0.00**	**0.00**	**0.00**	**12,999.21**	**2,166.53**
0.00	1,357,607,125.48	0.00	1,357,607,125.48	1,357,607,125.48	0.00
0.00	1,357,607,125.48	0.00	1,357,607,125.48	1,357,607,125.48	0.00
0.00	**1,357,965,215.48**	**44,723.08**	**1,357,920,492.40**	**1,357,620,124.69**	**46,889.61**

APPENDIX 4)
COMPOSITION AND DEVELOPMENT OF PROVISIONS

in EUR	Balance on 30.4.2014	Use	Release	Addition	Transfer	Balance on 30.4.2015
Provisions for severance compensation	**0.00**	**0.00**	**0.00**	**29,499.26**	**330,353.07**	**359,852.33**
Provisions for taxes	**0.00**	**0.00**	**0.00**	**7,663,185.46**	**0.00**	**7,663,185.46**
Other provisions						
for outstanding invoices	136,360.00	-136,289.00	-71.00	1,173,252.93	0.00	1,173,252.93
for unused vacation	0.00	0.00	0.00	108,215.01	398,832.94	507,047.95
for bonuses	16,900.00	-16,900.00	0.00	474,570.75	0.00	474,570.75
for 13/14-th month salary payments	0.00	0.00	0.00	195,249.38	107,174.21	302,423.59
for auditing costs	608,500.00	-605,339.97	-3,160.03	269,000.00	0.00	269,000.00
for overtime	0.00	0.00	0.00	3,739.69	46,833.35	50,573.04
for tax advising	2,100.00	-2,100.00	0.00	12,593.40	0.00	12,593.40
for legal costs	177,768.00	-147,208.00	-30,560.00	0.00	0.00	0.00
	941,628.00	**-907,836.97**	**-33,791.03**	**2,236,621.16**	**552,840.50**	**2,789,461.66**
	941,628.00	**-907,836.97**	**-33,791.03**	**10,260,435.05**	**552,064.40**	**10,812,499.45**

MANAGEMENT REPORT

for the financial year ending on 30 April 2015

1) BUWOG: THE PARENT COMPANY OF 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.

Numerous restructuring measures were carried out during the reporting year to support the rapid development of a centralised holding company structure – in particular through the creation of a corporate tax group pursuant to § 9 (1) of the Austrian Corporate Tax Act with several Austrian subsidiaries as well as the transfer of 89 employees from the subsidiary BUWOG – Bauen und Wohnen GmbH (for the central function such as marketing, investor relations/corporate finance, human resources and organisation, central controlling, legal, taxes-AT, consolidation, financial management and IT).

These measures had various effects on the earnings position of BUWOG AG as a standalone basis and therefore limit a direct comparison of the reporting year and prior year data.

NET ASSET, FINANCIAL AND EARNINGS POSITION OF BUWOG AG

The following section presents key data on the net asset, financial and earnings position of BUWOG AG based on financial data comprised in the audited annual financial statements as of 30 April 2015, which were prepared in accordance with the Austrian Commercial Code.

NET ASSET POSITION

The assets held by BUWOG AG are characterised primarily by investments in subsidiaries which were spun off from IMMOFINANZ Group in the previous financial year through several restructuring steps. 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 net asset position resulted chiefly from the following factors:

Receivables due from subsidiaries include receivables of TEUR 140,000 resulting from the matching recognition of profit distributions as described below.

The decline in other receivables and bonds (liabilities) resulted from the redemption of the convertible bond during the reporting year. The convertible bond was issued on 28 April 2014 and subscribed in full by IMMOFINANZ AG. The related bond liability amounted to TEUR 260,150 as of 30 April 2014 and was offset by other receivables of the same amount. Since the emission proceeds were intended to finance the acquisition of a residential portfolio in northern Germany (DGAG portfolio), IMMOFINANZ initially concluded a deferral agreement up to the closing of the DGAG portfolio acquisition. The issue proceeds were transferred after the acquisition was finalised. The convertible bond was called and redeemed as of 19 January 2015 in accordance with the issue terms at 101% of the nominal amount plus accrued interest. The premature redemption of the convertible bond was made possible by successful refinancing within the BUWOG Group and will lead to a substantial reduction in financing costs for the BUWOG Group in the future.

Liabilities with subsidiaries rose from TEUR 542 to TEUR 88,769 due to the financing for the dividend payment in October 2014 (TEUR 68,733) and ongoing operating activities.

The changes in **equity** resulted from the dividend paid in cash and the net profit of TEUR 125,890 recorded for the financial year. Information on the **option reserve** of TEUR 1,181 included under equity is provided under the commentary on the Long-Term Incentive Programme in the notes to the annual financial statements.

BUWOG AG has an equity ratio of 93.4% as of 30 April 2015 based on the balance sheet total. The Executive Board will propose a dividend payment of EUR 0.69 per share (for a total of EUR 68,733,300.51) from the profit/(loss) account of TEUR 80,046,889.28 as reported as of 30 April 2015.

EARNINGS POSITION

Miscellaneous other operating income of TEUR 3,042 (prior year: TEUR 7) 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 expenses** from TEUR 118 to TEUR 4,206 resulted from the above-mentioned transfer of employees as of 1 March 2015. 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 annual financial statements).

Other operating expenses include, above all, TEUR 9,540 of services charged out for IT, marketing, human resources, financial management, legal advising, accounting, consolidation and general management, which were generally provided by BUWOG GmbH and its staff during the reporting year.

Financial results comprise the recognised matched dividend distributions (TEUR 140,000; 2013/14: TEUR 0) from two subsidiaries (GENA SECHS Immobilien GmbH and Parthica Immobilien GmbH) as well as interest income (primarily from subsidiaries). The financing costs of TEUR 9,496 (prior year: TEUR 149) included under this position mainly represent interest expense from the convertible bond that was issued and prematurely redeemed in 2014/15 (also see the notes to the annual financial statements).

Information on **income taxes** and the corporate tax group established in accordance with § 9 (1) of the Austrian Corporate Income Tax Act is provided in the notes to the annual financial statements.

FINANCIAL POSITION AND OUTLOOK

Given the company's function as a holding company, the future development of the net asset, financial and earnings position of BUWOG AG and any future dividend payments to be 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

BUWOG Group was established in its current structure at the end of April 2014. In connection with the spin-off from IMMOFINANZ Group, BUWOG Group was reorganised with BUWOG AG as the parent company of BUWOG Group.

All its subsidiaries were first included in the consolidated financial statements of BUWOG Group as of 30 April 2015 when the spin-off took effect at the end of April 2014. For the comparable prior year period, the consolidated income statement and consolidated cash flow statement included in the audited consolidated financial statements only include the income and expenses, respectively cash flows of BUWOG AG. In contrast, the earnings indicators presented in the Group management report for the prior year reflect the BUWOG GmbH business and consequently the BUWOG Group as if it had existed for the entire reporting year from 1 May 2013 to 30 April 2014. For this purpose and to present the various financial and earnings indicators, a pro forma consolidated income statement and a pro forma consolidated cash flow statement were prepared for the financial year from 1 May 2013 to 30 April 2014. The asset data as of 30 April 2014 and 30 April 2015 were taken from the audited consolidated financial statements.

Because of the holding company function, the consolidated balance sheets as of 30 April 2015 and 30 April 2014, the consolidated income statement and consolidated cash flow statement for the financial year from 1 May 2014 to 30 April 2015 and the pro forma consolidated income statement and pro forma consolidated cash flow statement from 1 May 2013 to 30 April 2014 are relevant for the economic position of the BUWOG Group and BUWOG AG.

A detailed analysis of the net asset, financial and earnings position – based on the audited financial data comprised in the consolidated financial statements (prepared under IFRS) of BUWOG AG for the financial year ending on 30 April 2015 are presented in the following sections. In particular, these sections provide extensive information concerning developments on the property markets in Austria and Germany that are relevant for the BUWOG Group, the development of the BUWOG Group's property portfolio and the development of financial markets. It also includes 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 economic outlook.

OVERALL ECONOMIC ENVIRONMENT

SLOW GROWTH IN THE GLOBAL ECONOMY

According to the World Bank, the global economy has not fully recovered from the consequences of the financial crisis. Growth of around 2.6% was calculated for 2014 and the forecasts for 2015 and 2016 are cautious, ranging from 3% to 3.3%.

The USA and the United Kingdom have been the main beneficiaries of the recovery in the labour markets and the loose central bank monetary policies, while only tentative progress was made in the Eurozone and Japan. Falling commodity prices, political unrest, the uncertain outcome of the Greek crisis and low interest rates will continue to shape the development of the global economy in 2015.

ECONOMIC INDICATORS AT A GLANCE

	GDP growth rate 2014 in %	Forecast GDP growth rate 2015 in %	Forecast GDP growth rate 2016 in %	Unemploy-ment rate April 2015 in %	Annual inflation rate April 2015 in %	Gross national debt to GDP in 2014 in %	Change in gross national debt from previous year in percentage points
EU-28	1.3	1.8	2.1	9.7	–	86.8	1.1
Eurozone (18 member countries)	0.8	1.5	1.9	11.1	–	92.0	0.9
Austria	0.4	0.8	1.5	5.7	0.9	84.5	3.6
Germany	1.6	1.9	2.0	4.7	0.3	74.8	–2.4

Source: European Commission, Eurostat

MIXED ECONOMIC PERFORMANCE IN EUROPE

According to calculations made by the European Commission in the spring of 2015, the overall economy of the 28 EU member states grew by an average of 1.3% in 2014 and thus overcame the stagnation of the previous year. The forecasts for 2015 and 2016 assume GDP growth rates of 1.8% and 2.1%, respectively. The strength of the recovery has varied sharply in the individual European economies. Apart from Finland, Italy, Cyprus and Croatia, all countries recorded at least slight economic growth. The recovery was especially strong in Ireland, up 4.8%, in Slovenia and Slovakia, up 2.5% each, and in Hungary, which grew 3.6%.

With growth of 0.8% in 2014, the Eurozone economy was generally weaker than in the EU overall, although the export sector benefited from the devaluation of the Euro. Above all, the major economies such as France and Spain fell short of original growth expectations. For 2015 and 2016, the European Commission expects GDP growth in the Eurozone of 1.5% and 1.9%,

WEAK ECONOMY IN AUSTRIA WITH POSITIVE SIGNS

For the second consecutive year, the Austrian economy barely managed to avoid recession in 2014, with growth of only 0.4%. The export sector, in contrast, managed slight growth. However, private consumption was modest, although the average disposable income rose by around 5% to EUR 23,200. Measured by the consumer price index, annual inflation fell from 1.6% in the previous year to 0.9% at the end of April 2015. The general public's uncertainty regarding future economic performance was also influenced by the tense situation on the labour market. Calculated on the basis of international standards, the unemployment rate had risen from 4.9% in the previous year to 5.7% at the end of April 2015. The Austrian economy showed little willingness to make investments. The share of GDP represented by gross investments fell from 22.8% in the previous year to 22.5%.

The willingness of Austrian companies to make expansionary investments remained limited in the first half of 2015. The uncertainties regarding the future performance of the economy and the impact this has on the order situation seem to be too great.

Despite the necessary consolidation of public finances, a significant economic upturn is expected for 2015 and 2016. Forecasts for GDP growth were 0.8% for this year and 1.5% for next year; both figures are well below the expected EU average.

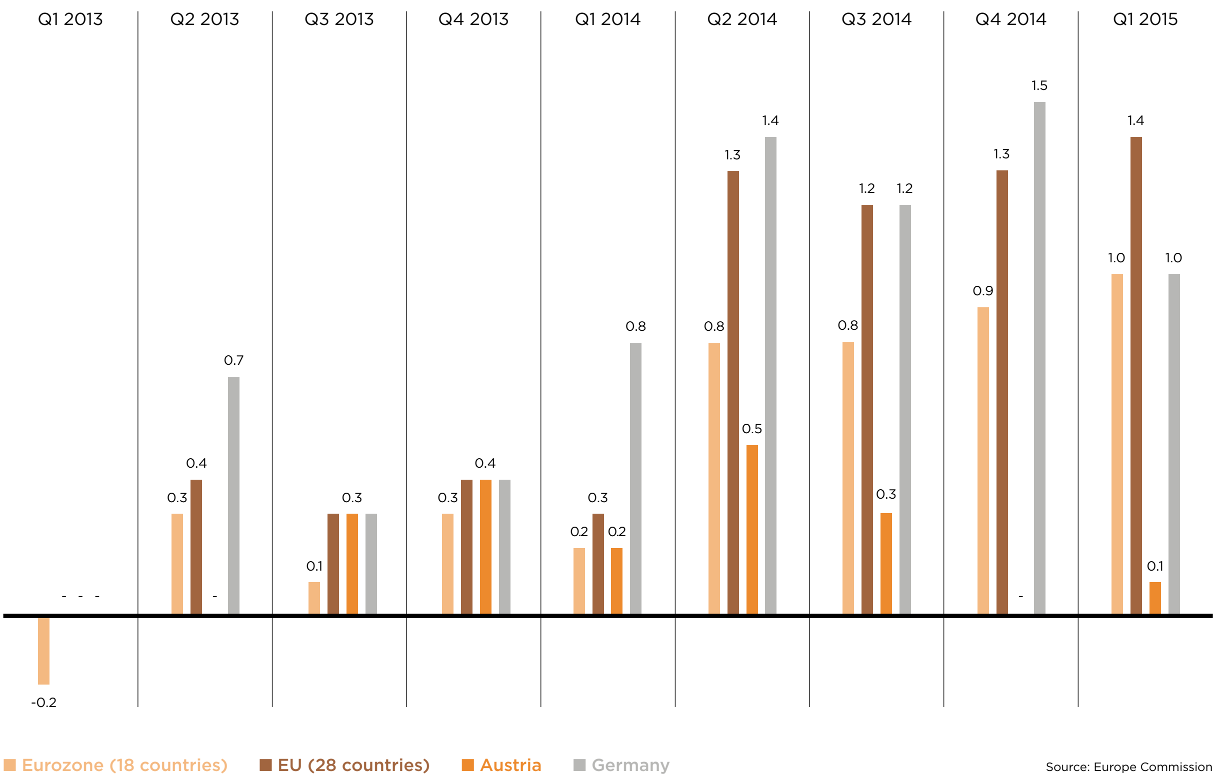
ECONOMIC RECOVERY IN GERMANY

With an increase in GDP to 1.6% after 0.4% the previous year, the German economy gained momentum in 2014. Exports to Ukraine and Russia collapsed due to the political conflicts, but the weaker Euro had a positive effect on the export economy. The European Commission forecasts GDP growth of 1.9% and 2.0%, respectively, for 2015 and 2016. The main driver of the upturn is strong demand by German consumers who have seen their income rise thanks to very favourable labour market developments and who are optimistic about the future. According to calculations by the Federal Statistical Office average disposable income rose by around 3.0% to EUR 20,800 in 2014.

Corporate capital investment in Germany has recently increased and should make an important contribution to the performance of the overall economy in the coming years.

DEVELOPMENT OF REAL GDP

in comparison to the previous quarter, in %



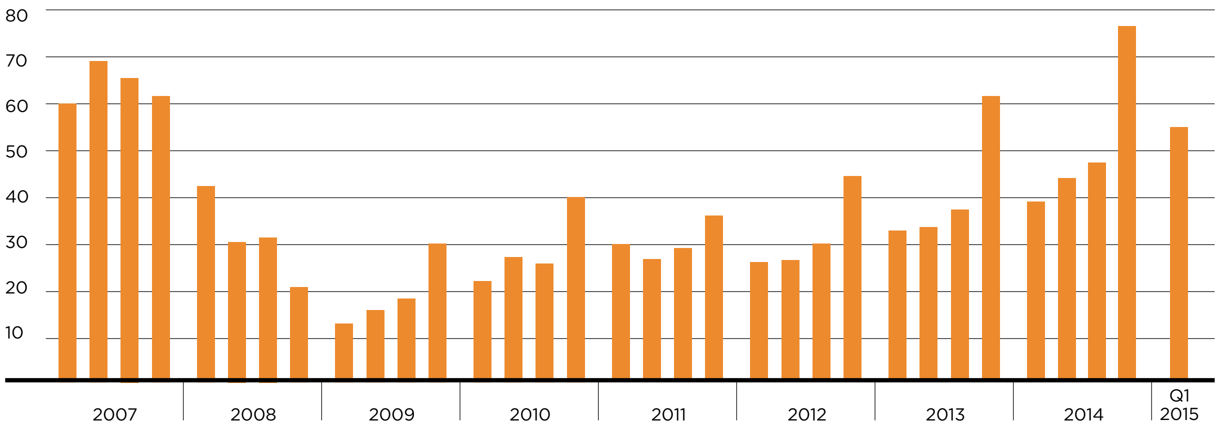
Source: Europe Commission

DEVELOPMENT OF THE PROPERTY MARKETS

EUROPEAN PROPERTY INVESTMENT MARKET GAINS MOMENTUM

A significant revival in commercial real estate transactions was recorded in Europe in 2014. According to CBRE, the total amounted to over EUR 218 billion, more than 30% above the level of the previous year and nearly reaching the volume before the onset of the economic crisis in 2007. Transaction volume was particularly strong in the fourth quarter of 2014 at around EUR 78 billion, making it the strongest quarter for almost a decade. Positive developments were seen in almost all the European markets. Sweden and the Netherlands were especially strong. Starting from a lower level, the investment market in Portugal and Italy also recovered. The positive trend for the full year 2014 continued in the first quarter of 2015, with a volume of EUR 55 billion.

EUROPEAN PROPERTY TRANSACTIONS
by quarters, in EUR million



Source: CBRE

While criticism regarding uncertainties and risks in individual areas grew louder, the positive conditions for this market still predominate. The current momentum is also supported by the decision of the European Central Bank to continue to provide the financial markets with sufficient liquidity. Given the historically low interest rates, investors are searching for attractive high-yield investment opportunities. Despite the associated pressure on investment decisions, there are currently no signs of a real estate bubble in Europe – in part because the use of equity is high and the legal conditions for capital investment and the capitalisation requirements for banks and insurers have been tightened considerably in recent years (Basel III, Solvency II).

For Germany a total transaction volume of more than EUR 35 billion was calculated for 2014; here, too, the fourth quarter was the strongest of the year with volume of over EUR 13 billion. More than two-thirds of the total was accounted for by office and retail properties. International investors were involved in half of all transactions.

In Austria, the transaction volume doubled from the previous year to nearly EUR 3 billion in 2014, with Vienna accounting for more than three quarters of this amount. The focus was on commercial properties. At EUR 1.25 billion the transaction volume in the residential sector was also significantly higher than the previous year.

RECOVERY OF THE EUROPEAN CONSTRUCTION INDUSTRY

The European construction industry has suffered significant losses in virtually every segment in recent years due to the difficult economic situation and the introduction of government budget cuts in many countries. According to current estimates by the construction research network Euroconstruct, 2014 saw a reversal of this trend, with growth reaching just under 1%. However, the degree to which this trend will be sustained in the coming years is uncertain.

In Austria, the construction industry recorded a gain of around 1% in 2014. Declines in other building construction were offset by the increased strength of the residential sector. According to calculations by the Federal Statistical Office, price-adjusted order intake declined by around 1.8% in Germany in 2014 from the exceptionally high prior-year figure. At 0.9%, the decline in building construction was lower than that in civil engineering, which was down by just under 3%.

GENERAL NOTES AND SOURCES

Due to the BUWOG Group's strong concentration on the residential sector in Austria and Germany, these two markets are discussed in greater detail below, with a focus on those cities and regions that are of particular importance to the BUWOG Group's portfolio.

For Austria, Statistik Austria, the 2015 real estate price index (data for 2014) of the Austrian Chamber of Commerce and the Austrian National Bank were used as sources.

To ensure a consistent and comparable presentation, the sources used for Germany were information from the Federal Statistical Office and similar institutions at the level of the individual German states. Unless stated otherwise, market reports of CBRE were used as the source for property-specific information.

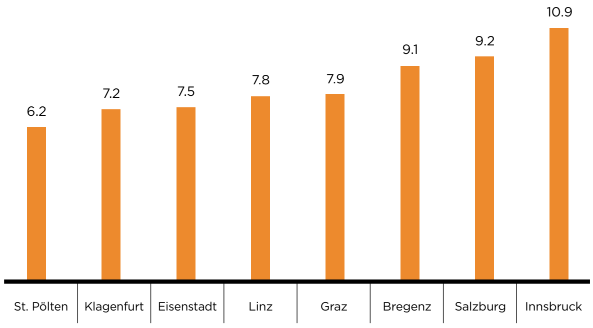
RESIDENTIAL MARKET – AUSTRIA

For several years, the Austrian residential market has been influenced by the increase in the population, a further reduction in the average household size and the ongoing process of urbanisation. After an increase of just under 1%, around 8.6 million people lived in Austria at the end of 2014 – 71,000 more than at the end of the previous year. The fastest growth was recorded in Vienna, with an increase of more than 30,600 inhabitants, followed by Lower Austria and Upper Austria, with an increase of just under 11,000 people each. In the provincial capitals, the main beneficiaries were the university cities of Graz, Linz and Innsbruck.

The housing situation in Austria stands out in international terms for its relatively low ownership rate. According to calculations by Statistik Austria and the Austrian National Bank, the ownership rate Austria-wide was just under 50% at the end of 2014. The highest figure was 73% in Burgenland, and the lowest was about 20% in Vienna. The high proportion of rentals can be explained mainly by the dominance of socially subsidised apartments on the overall rental market. The most recent survey, in 2012, showed that 60% of all rental apartments were in this segment of the market, with 19% being council housing and 41%

AVERAGE NET IN-PLACE RENT IN SELECTED MAJOR AUSTRIAN CITIES

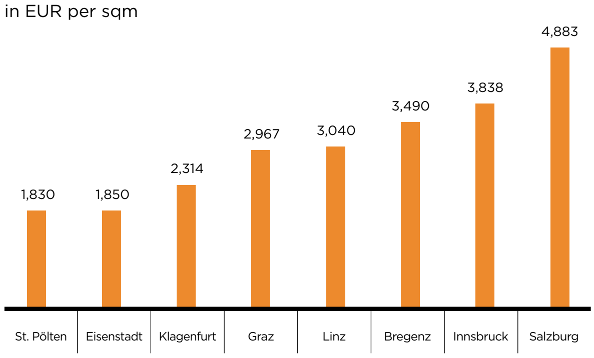
in EUR per sqm, average figures for new builds and relets



Source: Austrian Chamber of Commerce

AVERAGE PRICES FOR NEWLY CONSTRUCTED OWNER-OCCUPIED APARTMENTS IN AUSTRIA'S MAJOR CITIES

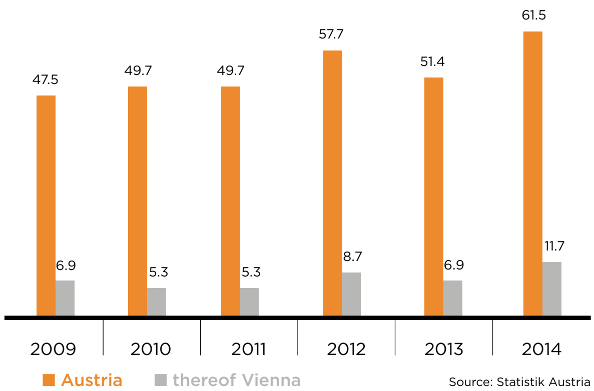
in EUR per sqm



Source: Austrian Chamber of Commerce

NEW RESIDENTIAL APPROVALS

in Austria and Vienna, in 1,000



Source: Statistik Austria

cooperative apartments subject to the Austrian Act on Non-Profit Housing (*"Wohnungsgemeinnützigkeitsgesetz", WGG*). In Austria, properties are held mainly for residential purposes by private households and not as investment properties. Only 5% of all residential property in private ownership is used as rental property. The reasons for this include relatively strong tenant protection and, by international comparison, few tax incentives for home ownership.

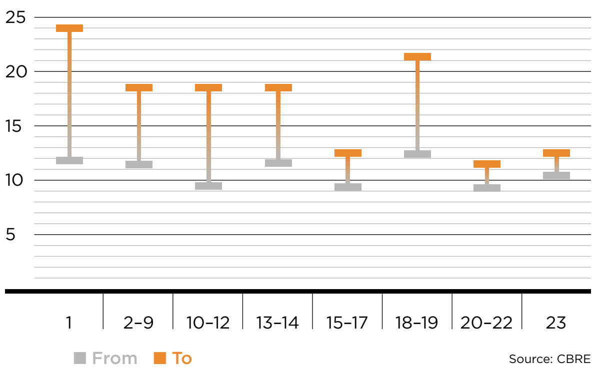
2014 RESIDENTIAL MARKET DATA OVERVIEW OF AUSTRIA

	Vienna	Innsbruck	Salzburg	Villach	Klagenfurt	Graz	Linz
Population in 1,000 inhabitants	1,797.3	127.0	148.4	60.5	97.9	274.0	197.4
Average household size (number of people)	2.0	1.7	1.7[1)]	2.2	2.2	1.6	1.8
Number of apartments approved for construction	11,700	n.a.	1,354[1)]	n.a.	n.a.	n.a.	n.a.
Number of completed apartments	7,273	632	722	387[1)]	n.a.	2,883	1,046
Average rent for new construction in EUR/sqm	n.a.	10.9	9.2	6.0	7.2	7.9	7.8
Average sale price for new construction in EUR/sqm	n.a.	3,838	4,880	2,107	2,314	2,967	3,040
Vacancy rate in %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

1) Data as at: End of 2013

RENTAL PRICE LEVEL VIENNA

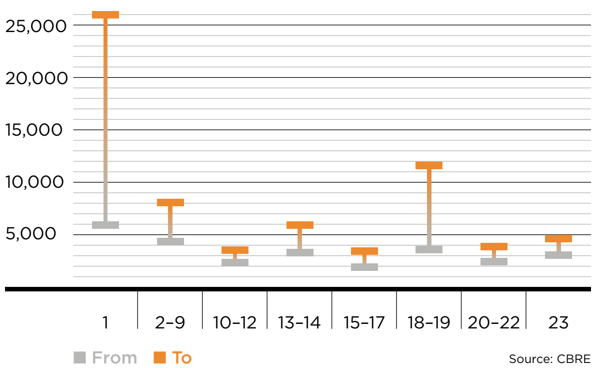
by district in EUR per sqm



Source: CBRE

PURCHASE PRICE LEVEL VIENNA

by district in EUR per sqm



Source: CBRE

According to the rent tables of the Austrian Chamber of Commerce from the spring of 2015 (2014 data), rents on uncontrolled apartments in Austria's provincial capitals in average locations currently range from about EUR 6.2/sqm in St. Pölten to EUR 10.9/sqm in Innsbruck. Compared to the previous year, all the provincial capitals recorded a steady performance.

Prices for new condominium apartments in Austria currently range from an average of EUR 1,830/sqm in St. Pölten up to EUR 4,883 in Salzburg (for details on Vienna please see below).

At 61,500 apartments, building permits issued in 2014 were 4% higher than the previous year. While increases of 8% and 9% were recorded in Vienna and Upper Austria, respectively, Salzburg experienced a decline of more than one third. Just under 56,000 housing units were completed in all of Austria in 2014, 10% more than the year before. With a share of around 16% or around 9,000 apartments, construction activity was strongest in the Federal States of Upper Austria, Lower Austria, Styria and Vienna.

Vienna. Until just a few years ago, the housing market in Vienna was inactive by European comparison, and returns were only average. Only in recent years has the gap with comparable large European cities narrowed noticeably. A major reason for this is the already high building density in the urban districts, with few open spaces for new construction projects. Due to the strong demand, even large projects with several thousand residential units, such as those being carried out in the next few years near the new central railway station (10th district) or at Aspern airport (22nd district), will only slightly ease the pressure in the new construction market, given the increase in population of more than 30,000 residents in 2014. In this environment, the appreciation in value of existing apartments and the use of vacant parcels of land will gain in importance.

The housing package adopted by the government in March 2015 is also expected to act as a major driver. The assumption of liabilities of EUR 500 million is intended to stimulate the construction of a total of approximately 30,000 residential units during the next five years. The majority of these will be in Vienna. This compares to an increase in housing requirements of 12,000 units per year or 60,000 units over the next five years, based on projected population growth. In 2014, building permits for approximately 11,700 apartments were issued for Vienna, which exceeded the previous year's figure by 8%. Around 9,000 new apartments were completed, around 800 units more than last year.

A further increase in demand was recorded in the rental segment in 2014, which resulted in an increase in the price of existing apartments due to the continued low level of new construction. Key decision-making criteria are links to the transport infrastructure, and the location and facilities of the properties. The chart to the left shows the rental prices broken down by district, with the lower section generally representing older existing apartments and the top section newly built or renovated apartments.

There are significant price differences in the condominium segment in Vienna depending on the location. According to the 2015 real estate price index of the Austrian Chamber of Commerce (2014 data), achievable prices in the first district in 2014 ranged from EUR 5,800/sqm to EUR 9,677/sqm, but drop off to less than EUR 2,000/sqm in outlying districts. The chart to the left shows the price level broken down by district, with the lower section generally representing older existing apartments and the top section newly built apartments.

RESIDENTIAL MARKET – GERMANY

The population of Germany has been rising steadily for four years and, according to surveys by the Federal Statistical Office, stood at 81.1 million at the end of 2014 compared to 80.8 million at the end of the previous year. The federal states of Baden-Württemberg, Bavaria, Berlin and North Rhine-Westphalia recorded the largest increases. The number of households has risen slightly recently and currently stands at around 40 million, which makes the average household size two persons. More than 40% of all households are single-person households, followed by two-person households, which make up 34%. Around 57% of all German households live in rental apartments, with the rest owning their homes. While about 31% of all households in the new provinces and Berlin are in owner-occupied properties, the comparable figure for the households in western Germany is 46%. The size of the average rental apartment is approximately 70 sqm. In contrast, condominiums are significantly larger and average 120 sqm.

According to estimates made by the Council of Real Estate Experts in its spring report, in-place rents continued to increase in 2014, although at a somewhat slower pace than in previous years. In western Germany, the increase over the previous year slowed from 3.3% to 2.7%, in eastern Germany it slowed from 2.5% to 1.9%. This compares with an inflation rate of only 0.9% in 2014.

The purchase prices for real estate rose considerably more than rental rates in 2014 according to this report. In western Germany the price increase amounted to around 5.5% and in eastern Germany (excluding Berlin), to around 1.4%. According to real estate experts, these developments in the German real estate market are part of normal cycles, and there is no sign of a real estate bubble.

At 285,500 apartments, the number of building permits in 2014 was up around 4.6% over the previous year, meaning permits for a total floor area of around 30 million sqm were issued. 245,300 apartments with a floor area of approximately 27 million sqm were completed in all of Germany in 2014. The related costs are estimated at around EUR 68 billion. In its most recent housing market forecast, the Federal Institute for Building, Urban Affairs and Spatial Development assumes new construction requirements of around 230,000 apartments annually up to 2030 for the entire country. During the next five years, as many as 272,000 new apartments could be required in order to meet the current strong excess demand. Compared to the number of apartments completed in 2014, this corresponds to a required increase of around 30,000 units per year.

According to calculations by Jones Lang LaSalle (JLL) the transaction volume in the German residential market amounted to 218,000 units or just under EUR 13 billion in 2014, a slight decrease from the previous year's level. Market activity was dominated by resales and portfolio adjustments, and foreign investors grew in importance. At just under EUR 2 billion, the regional focus was on Berlin, followed by the Ruhr valley at around EUR 700 million and Hamburg at around EUR 420 million. In the first quarter of 2015, the main event on the investment market was a major transaction. The German firm Annington took over its competitor Gagfah, creating a residential housing group with a total of around 350,000 residential units. The transaction volume amounted to approximately EUR 8 billion. In addition, the company purchased a further 20,000 apartments from Süddeutsches Wohnen with a transaction volume of EUR 1.9 billion.

Agreement on the cap on rent increases in Germany. After turning in only a modest performance since the turn of the millennium, rental prices on the German housing market have increased significantly in many regions of Germany during the last five years due mainly to higher demand. Politicians felt compelled by this to intervene in the market. This cap on rent increases was decided upon at the end of September 2014 by the German Federal Cabinet and adopted by the Bundestag on 5 March 2015.

Its purpose is to slow the increase in rents in tight housing markets and it has two main objectives:

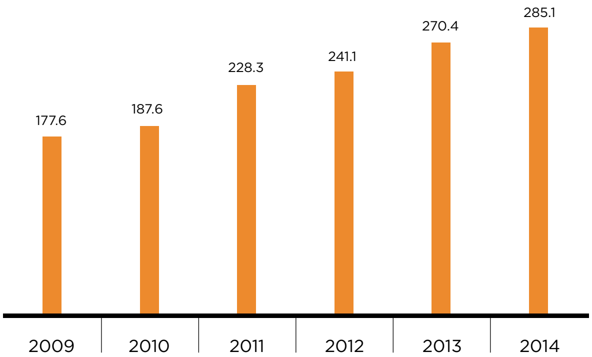
- When leases are renewed, owners should be allowed to increase the rent by a maximum of just 10% above the local average.

- Especially in tight housing markets, the rent increases under existing contracts can be limited to 15% over four years.

Until 31 December 2020, the governments of the federal states are authorised to designate areas with tight housing markets in which this limit on rental prices applies. Apartments rented for the first time after 1 October 2014 are not subject to this limitation. The same applies to the first rental of an apartment following comprehensive modernisation.

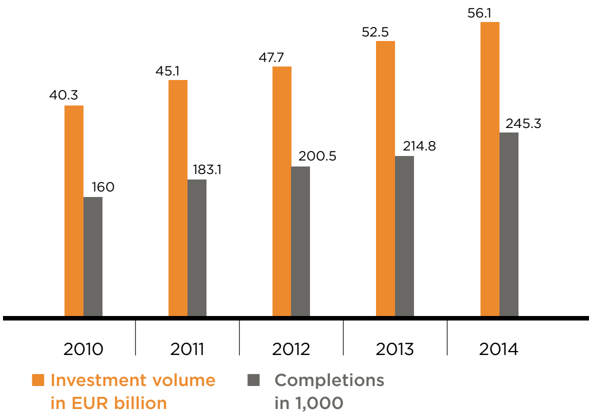
Since 1 June 2015, the regulations of the cap on rent increases has applied to the entire metropolitan area of Berlin and the entire city of Hamburg has been covered by the regulations since 1 July 2015. In the federal state of North Rhine-Westphalia, the cap on rent increases was also introduced on 1 July 2015 in 22 cities with tight housing markets, including Düsseldorf, Cologne and Bonn.

NEW RESIDENTIAL APPROVALS
in Germany, in 1,000



Source: German Federal Statistical Office

COMPLETED APARTMENTS
in Germany



Source: German Federal Statistical Office

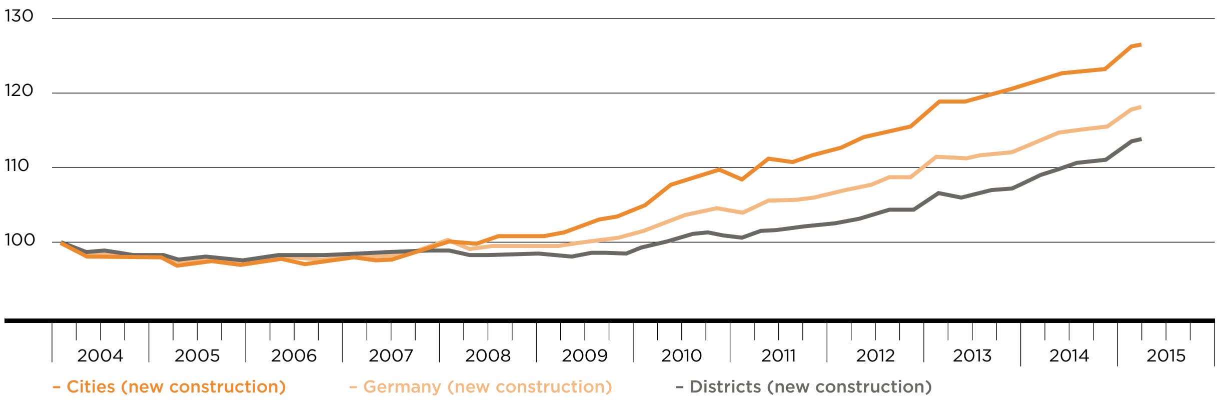
2014 RESIDENTIAL MARKET DATA OVERVIEW OF GERMANY

	Berlin	Hamburg	Kiel	Lübeck	Kassel	Lüneburg	Braun-schweig
Population in 1,000 inhabitants	3,562	1,700	242	216	197	74	250
Average household size	1.8	2.1	1.8	1.7	1.9	1.9	2.1
Number of apartments approved for construction	19,199	8,421	580	350	400[1)]	n.a.	n.a.
Number of completed apartments	8,744	6,974	616	279	339[1)]	n.a.	n.a.
Average rent for new construction in EUR/sqm	11.3	10.9	9.5	9.0	7.0	8.9	8.7
Average sale price for new construction in EUR/sqm	3,850	3,720	2,800	2,550	2,250	2,900	2,350
Vacancy rate in %[1)]	< 2.0	< 1.0	2.0	2.0	3.0	2.0	2.0

1) Data as at end of 2013

DEVELOPMENT OF NET IN-PLACE RENT

in EUR/sqm from Q1 2004 to Q1 2015[1)]



1) For new apartments of 60–80 sqm with higher quality fittings, excluding Berlin

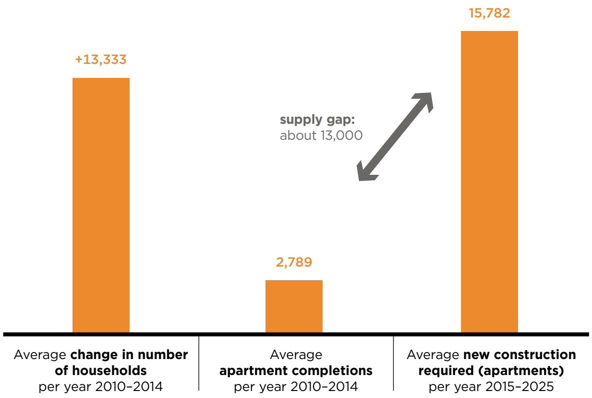
Source: empirica- price database

Berlin. Berlin's residential market was heavily influenced by economic and population growth again in 2014. With around 3.6 million inhabitants, Berlin is Germany's largest city as well as being the seat of government and the country's capital. As in previous years, Berlin experienced a significant influx of more than 50,000 new residents in 2014. The average household size is 1.8 persons. The city is one of Europe's most important centres of politics, media, culture and science. With almost 29 million overnight stays and 12 million guests in 2014, tourism is a major factor in Berlin's economy. Similarly, the approximately 140,000 students who live in the city add to its charm. The structural change that began with reunification continues today and attracts mainly companies from the media and communications industry, biotechnology and from the creative sector. At just under 11%, the unemployment rate is significantly higher than the national average of around 7%; the per capita purchasing power, however, is at the average level of EUR 21,000.

In 2014, building permits for more than 19,000 new apartments were issued, exceeding the previous year's figure by over 50%. Just under 8,800 residential units were completed, around 30% more than last year. The total number of apartments stood at more than 1.9 million units at the end of 2014.

Given the continuing population growth, the strong overall development and a vacancy rate of less than 2%, there are no signs of an easing of tensions in the Berlin housing market, even if the momentum in new construction has recently increased significantly. The annual demand for new construction is more than 17,000 units from 2015 to 2020 according to calculations by the Federal Institute for Building, Urban Affairs and Spatial Development, and completions totalled around 8,800 units in 2014. This discrepancy explains the increase in rents and property prices, which began in 2010 and has continued steadily since. Prime rents of up to EUR 11.3/sqm are being obtained for new apartments and of up to EUR 8.2/sqm for lease renewals on existing housing. The city is divided into regions with different price levels. While these peak values are regularly achieved in Berlin-Mitte, Charlottenburg-Wilmersdorf and Pankow, the level of rents in the outlying districts Marzahn-Hellersdorf and Spandau are only half this level at about EUR 6/sqm. Prices for newly built condominiums have developed similarly. Here, too, peak values of more than EUR 8,000/sqm are being realised in Berlin-Mitte. In Spandau, however, the comparable figures are at only just over EUR 1,500/sqm. The city-wide average is more than EUR 3,800/sqm – by about EUR 200 more than in the previous year.

HOUSING INDICATORS BERLIN



Source: Statistical Office Berlin-Brandenburg

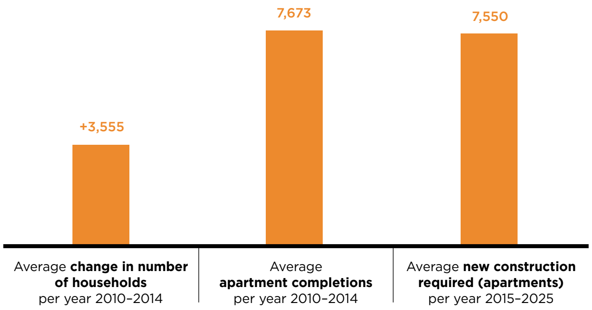
Treptow-Köpenick, Berlin's largest district in geographic terms, has around 245,000 inhabitants and the number is rising. This district, where the BUWOG Group is currently carrying out its largest construction project, boasts a large proportion of water and forest areas – water and green spaces as well as nature and landscape conservation areas account for around 70% of its total area. According to estimates by the district administration, the population of Treptow-Köpenick is expected to grow by more than 13,000 by 2020, which implies strong demand for residential construction.

Hamburg. With a population of around 1.7 million, Hamburg is Germany's second-largest city. In addition to the maritime economy, in its role as a city-state, Hamburg is also well established as an administrative and services centre; its numerous cultural institutions and tourist attractions also make it an important tourist destination. The official forecasts continue to assume a steady population increase; by 2030, the population is expected to increase to nearly 1.9 million people. The positive developments in the number of inhabitants and households has led to a steady rise in excess demand in the housing market in recent years. The result has been a marked increase in prices, as construction activity has failed to keep pace with rising demand.

Around 7,000 new apartments were completed in Hamburg in 2014, an increase of about 9% from the previous year. This represents total floor area of just under 620,000 sqm. According to calculations by JLL, these market conditions have resulted in a vacancy rate that is currently below 1%. On average, rental prices stood at EUR 10.9/sqm in 2014, which corresponds to an increase of 1.4% over the previous year. The highest rents are achieved in HafenCity and in locations around the Alster at EUR 22.0/sqm. Rents are lowest in the Harburg district at an average of EUR 8.2/sqm. Newly built condominiums in Hamburg currently command an average of EUR 3,720/sqm. Peak rents of over EUR 7,000/sqm are achieved in Altona and Hamburg-Mitte.

During 2014, building permits for around 8,400 new apartments were issued in Hamburg, nearly 20% more than in the previous year. Given the aforementioned positive demographic trends, with volumes at this level no significant reduction in the current excess demand is expected. Buyers and tenants are increasingly focusing on the surrounding areas, which is resulting in increases in rental and purchase prices there, too. In the future, demand in the housing markets of the surrounding area will continue to be strongly influenced by the housing market situation in Hamburg.

HOUSING INDICATORS HAMBURG



Source: Statistical Office of Northern Germany

Hamburg surrounding area. The overall development of the Hamburg residential market described above is having a positive effect on the surrounding communities. The number of residents and households in the surrounding area is steadily increasing as a result of rising prices in the city. The offered rents for new and existing properties in the area around Hamburg have risen steadily in recent years. The highest in-place rents are found in Stormarn, with an average of EUR 8.5/sqm for new apartments and EUR 7.8/sqm for existing apartments. The most important urban centres of this district include, in addition to Ahrensburg, the cities of Reinbek and Glinde, where the BUWOG Group owns standing investments. In 2014 in the Segeberg district, the average rent for new properties was EUR 8.0/sqm, although significantly higher rents can be achieved depending on the property's proximity to Hamburg. The largest cities in this region include Norderstedt with around 75,000 inhabitants, Henstedt-Ulzburg with just under 27,000 inhabitants, and Kaltenkirchen with nearly 20,000 inhabitants. The BUWOG Group has standing investments in all three cities.

Kiel. As the state capital and largest metropolitan area in the state of Schleswig-Holstein, Kiel is considered a traditional commercial centre, with a focus on engineering and shipping. But with about 25,000 students, Kiel is also an important university city. While the population was still decreasing at the turn of the millennium, the number of inhabitants has begun to increase in recent years. Kiel has succeeded in transitioning from a highly industrialized shipyard and naval city into a thriving services centre and the functional centre of Schleswig-Holstein. As a result, the number of potential tenants wishing to move from the surrounding areas to the capital is increasing. In 2014 alone the population increased by 1.1% over the previous year to more than 242,000. With slightly more than 141,000 households, the average size is less than two people per household. There are approximately 80,000 single-person households. The demand for housing has exceeded supply for many years – especially in good locations. In 2014, building permits were issued for only 616 new apartments. This was significantly above the figure for the previous year, but was insufficient to meet actual demand. A vacancy rate of less than 2% reflects this market situation.

The average monthly rent for new apartments rose to EUR 9.5/sqm in 2014. For lease renewals, the level of EUR 7.50/sqm was constant compared to last year. The prices for condominiums have been increasing steadily for the past five years and reached a new record of EUR 2,800/sqm in 2014. At EUR 1,650/sqm, used condominiums are significantly cheaper.

Lübeck. As the second largest city in Germany's northernmost state, Lübeck is located in the direct catchment area of the metropolitan region of Hamburg. Thanks to the extensive expanses of water and its historic city centre, there are numerous preferred residential areas throughout the city. Moreover, the city's four universities attract many students. The economy is broadly diversified in sectors ranging from the food industry to trade and services to logistics. The port of Lübeck plays a particularly important role in the economy. It is Germany's largest Baltic port in terms of cargo handled.

The number of inhabitants has increased steadily since 2010. At the end of 2014, around 216,000 people lived in Lübeck. The total of 115,000 households makes the average household size less than two persons, and this figure is trending downwards. The vacancy rate has been below 2.0% for years. In 2014 building permits were granted for around 279 apartments, which brought about no substantial easing of the tension in the housing market. This is also reflected in the further rise in average rents for new apartments to EUR 9.0/sqm. The average rent charged on the renewal of apartment leases has recently been around EUR 7.0/sqm. After remaining stable over an extended period, the purchase prices of condominiums have been on the rise in the past three years. In 2014, the average price per square meter paid for new condominiums was EUR 2,550 and for resales it was around EUR 1,600.

Kassel. With a population of around 197,000, Kassel is the third-largest city in the federal state of Hesse, after Frankfurt and Wiesbaden. Economically, the Kassel metropolitan area is dominated by numerous industrial companies, with the automotive industry occupying a special place. But Kassel is also a university city with over 20,000 students. The housing market can be classified as robust but inactive. New building activity is not significant, and the vacancy rate is around 3%. In 2013 (more current data are not available), the supply was increased by only 400 units. The number of inhabitants, however, rose by about 4,000 people, so the situation in the housing market can be expected to become tighter in the next few years. Apartment rents are currently EUR 7.0/sqm for new construction and EUR 5.80/sqm for lease renewals, still significantly below the average for comparable cities in this region. This also applies to the prices of condominiums, which are at EUR 2,250/sqm for new construction and EUR 1,450/sqm for resales.

Lüneburg. The city of Lüneburg is located about 50 kilometres southeast of Hamburg. The city is widely known for its historical brick buildings and it attracts many tourists. The population has remained constant at 74,000 people, with slightly positive signs during the last three years. With nearly 38,000 housing units, the real estate market is not large, but is stable, as is the vacancy rate of below 2%. Average rents have recently recorded a slight increase and currently stand at around EUR 8.9/sqm for new apartments and EUR 8.0/sqm for lease renewals. Prices for condominiums developed positively in 2014 and currently stand at EUR 2,900/sqm for new buildings and EUR 1,750/sqm for resales.

Braunschweig. Braunschweig is the second largest city in Lower Saxony after Hanover and is the economic and cultural centre of the southeastern region of Lower Saxony. In addition, Braunschweig is also an administrative and services centre and a traditional university town. Since 2007, Braunschweig has seen its population begin to rise slightly again. At the end of 2014, the population was more than 249,500, around 3,000 more than the previous year. This positive development is due not least to a broad-based university and research landscape. Following a sharp rise in rents in recent years, the average rental price for new apartments was most recently EUR 8.7/sqm and EUR 6.4/sqm for lease renewals. The purchase prices for condominiums followed this development somewhat later. In 2014, this area recorded a significant increase in the average prices for new apartments to EUR 2,350/sqm and to EUR 1,400/sqm for resales. With a total market of almost 137,000 residential units, the vacancy rate was most recently at about 2.0%.

DEVELOPMENTS ON THE FINANCIAL MARKETS

INTEREST RATES AND REFINANCING IN AUSTRIA AND GERMANY

Review of the financial markets 2014/2015

- Further interest-rate cuts as the surprise of the year
- Government and corporate bonds are the winners
- Prospect of loose ECB monetary policy puts Euro under pressure

The financial markets have been under the spell of the central banks for the past several years. Their monetary policy – in some cases involving unconventional measures – has largely dictated the environment in which the capital market players operate. Their decisions and, in particular, their non-decisions have dominated market activity to a great extent.

In addition, the Greek crisis has played a major role in the capital markets for several years. An agreement on the opening of negotiations on an ESM support programme for Greece was reached at a Euro summit in mid-July 2015. It is subject to strict conditions and accompanied by a growth and jobs package.

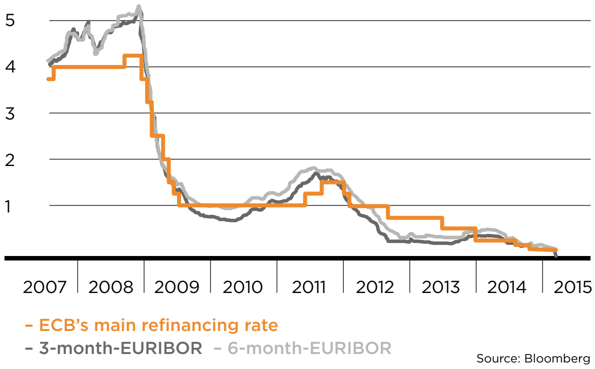
In addition to these developments, the capital markets were influenced by the interest rate policy decisions of the European Central Bank in the reporting year. Just a year ago it was expected that there would be an increase in the Euro interest rate but that it would be delayed in response to developments in the USA. Instead, the interest rate was lowered in two stages to a record low of 0.05% in the last reporting period. The ECB was now paying negative interest rates on bank deposits for the first time in order to promote the circulation of capital. Due mainly to the uncertainty surrounding the outcome of the Greek crisis, it is not currently possible to make a reliable assessment of further ECB interest rate policy.

DEVELOPMENT OF SIGNIFICANT INTEREST RATES

The ECB's key interest rate was 0.25% in early May 2014, at the beginning of the reporting period. Later in 2014, the European Central Bank found itself forced to further lower the key interest rate twice due to the overall economic situation in Europe and low inflation. In a first step on 5 June from 0.25% to 0.15% and in an unexpected second step on 4 September by a further 10 basis points to the current level of 0.05%. The 3-month EURIBOR reached its low of -0.005% on 30 April 2015 and the 6-month EURIBOR hit its low of 0.061% on 29 April 2015. New historic lows were reported almost every week in the first weeks after the BUWOG Group's reporting period.

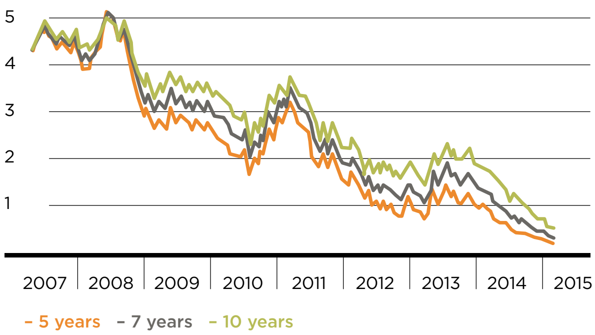
The long-term swap rates trended sharply downward throughout the entire reporting year. On 16 April 2015, the 5-year swap reached its low point at 0.176% and on 20 April the 10-year swap hit 0.449%. Both swap interest rates recovered from these historic lows after the end of the reporting period. This can be seen very clearly in the 5-year swap rate which rose from its low of 0.176% in mid-April to reach the 0.5% mark at the end of June 2015. The 10-year swap rate rose to over 1.2% by the end of June 2015. The development of swap interest rates is of particular relevance to the BUWOG Group in the fair value measurement of financial liabilities and derivatives (non-cash effect) in profit and loss and for the hedging of interest rate risks (cash effect).

ECB MAIN REFINANCING RATE VS. EURIBOR
1 May 2007 – 30 April 2015, in %



Source: Bloomberg

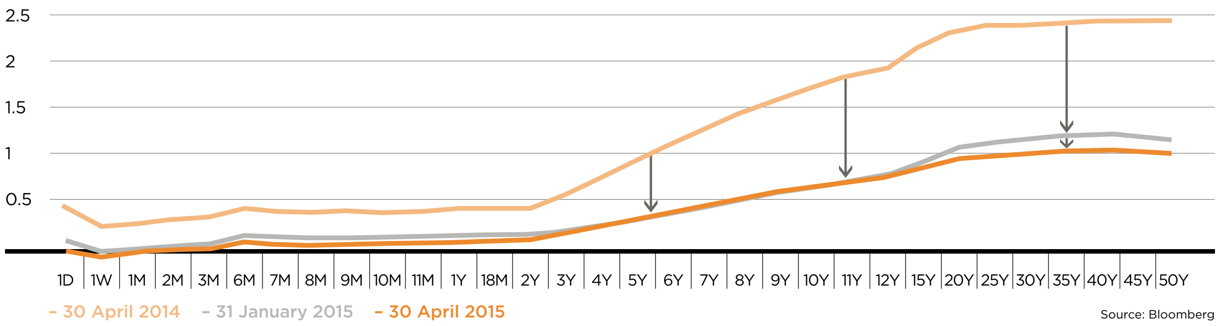
EURO SWAP RATES
1 May 2007 – 30 April 2015, in %



Source: Bloomberg

DEVELOPMENT EUR SWAP CURVE

Comparison 30 April 2014 – 31 January 2015 – 30 April 2015, in %



Source: Bloomberg

Details on the effects on the BUWOG Group's financial result can be found in the "Financing" and the "Net assets, financial position and results of operation" sections.

THE ECB'S EXTRAORDINARY MONETARY POLICY MEASURES

In addition to the interest rate decisions mentioned above, the ECB has established a new management tool called Targeted Longer-Term Refinancing Operations (TLTRO) in order to make longer-term refinancing operations possible and to improve lending to the non-financial private corporate sector in the EU area. At the same time, the ABS Purchase Programme (ABSPP) and the Covered Bond Purchase Programme (CBPP) for the purchase of asset-backed securities (ABS) and uncovered bonds was initiated. These measures are also known as quantitative easing (QE), which is intended to lead firstly to a reduction in risk premiums in the markets and, secondly, to increase the monetary base of the central bank. At the same time, the ECB announced its intention to bring its balance sheet back to the level of early 2012. This would correspond to an increase in the balance sheet total of the ECB of around EUR 1 trillion, or 50%, which is expected to take place through the purchase of government bonds and securities. The purchases are intended to continue until autumn 2016 or, in any case, until the ECB sees inflation move back to near the 2% mark. ECB President Mario Draghi has thus far not decided whether the purchases will actually end in September 2016. According to official reports from Eurostat, the ECB has been making monthly government bond purchases of EUR 60 billion – around EUR 2 billion a day since March 2015.

DEVELOPMENT OF FINANCING PARAMETERS

In the view of the BUWOG Group, current financing for the real estate sectors in both Austria and Germany is basically secure due to the high demand for investments in this sector. The increased capital adequacy reporting requirements for banks under Basel II and Basel III put the focus on coverage eligibility for the financing of standing investments. This leads to slightly more favourable refinancing costs for the bank, but also to a lower loan-to-value ratio and thus to higher capital requirements in real estate investments. There is also sufficient access to financing for project development, although lending conditions have tightened significantly in recent years in the form of obligations and reporting requirements imposed by banks. However, due to the increased risks, the costs of project financing are significantly above those of standing investments. The main determining factors in the decision-making process are location, cost security by appointing a general contractor with fixed price and completion guarantees, and verifiable pre-letting of the property. In sum, therefore, sufficient financing volumes are available, although under stricter lending conditions.

PORTFOLIO REPORT

The core activities of the BUWOG Group are the letting and management of a diversified, risk-optimised and sustainably oriented portfolio of standing investments (Asset Management), the Unit Sales of individual apartments and Block Sales from the standing investments at the highest possible margins (Property Sales) and the development and construction of attractive and highly marketable new building projects with a focus on Vienna and Berlin (Property Development). The objective is to maximise profitability along the entire value chain – from the in-house development of new building projects to the optimisation of properties through active Asset Management through to the sale of new building projects and units at the optimal point in the cycle.

The following information relates to 30 April 2015, the balance sheet date of the financial year 2014/15. Comparative figures in parentheses refer to values as at 30 April 2014, unless otherwise indicated. Please see Section 2 Significant Accounting Policies in the Notes for information on carrying amounts.

BUWOG GROUP PROPERTY PORTFOLIO

The property portfolio is broken down in the portfolio report based on the balance sheet logic into standing investments generating rental income, pipeline projects (land for new building projects and land reserves), other tangible assets (owner-occupied properties), investment properties under construction for the core property portfolio, non-current assets held for sale (standing investments) and real estate inventories (development projects).

The total portfolio of the BUWOG Group had a fair value of EUR 3,846.2 million as at 30 April 2015 (EUR 2,820.5 million). Of this amount, the majority, EUR 3,558.0 million (EUR 2,526.1 million) or 92.5% (89.5%), is standing investments and non-current investment properties held for sale (standing investments). The active construction development projects (real estate inventories) have a fair value of EUR 197.6 million (EUR 155.1 million) or 5.1% (5.5%) of the fair value of the total portfolio. The pipeline projects have a fair value of EUR 68.6 million (EUR 120.5 million) or 1.8% (4.3%). The fair value of new buildings, which are reported under investment properties under construction and which are being built for the BUWOG inventory, amounted to EUR 14.6 million (EUR 10.9 million) or 0.4% (0.4%). Other tangible assets with owner-occupied properties amounted to EUR 7.4 million (EUR 7.9 million) or 0.2% (0.3%).

The property portfolio of the BUWOG Group is divided into non-current and current assets in the balance sheet. The following charts reconcile the figures on the balance sheet as at 30 April 2015 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 30 April 2015 in EUR million

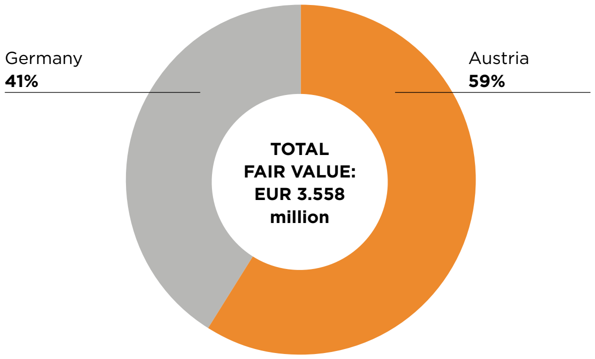
Non-current assets	**3,642.8**	**Investment properties**	**3,620.8**	**Standing investments**	**3,552.2**
				Pipeline projects	68.6
		Other tangible assets	7.4	Owner-occupied properties[1)]	7.4
		Investment properties under construction	14.6	Build in inventory	14.6
Current assets	**203.4**	**Non-current assets held for sale**	**5.8**	**Standing investments**	**5.8**
				Pipeline projects	0.0
		Inventories	197.6	Development projects	197.6
Total portfolio BUWOG Group	**3,846.2**		**3,846.2**		**3,846.2**

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

The following chart shows the regional distribution of the entire property portfolio:

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2015



PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2015	Units	Standing Investments in EUR million	Pipeline projects in EUR million	Owner occupied properties in EUR million[1]	Build in inventory in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Austria	25,101	2,092.9	40.7	6.7	14.6	119.4	2,274.3	59.1%
Germany	26,570	1,465.1	27.9	0.7	0.0	78.2	1,571.9	40.9%
BUWOG Group	51,671	3,558.0	68.6	7.4	14.6	197.6	3,846.2	100.0%

Data includes rounding differences

1) Incl. furniture, fixtures and office equipment

INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating regular rental income. As at 30 April 2015, the portfolio of standing investments in Austria and Germany included a total of 51,671 units (33,475), representing a fair value of EUR 3,558.0 million (EUR 2,526.1 million), corresponding to approximately 93% of the total property portfolio (incl. development projects). In accordance with IAS 40, the standing investment portfolio is accounted for at fair value and contains the assets reclassified IFRS as held for sale in accordance with IFRS 5.

In 2014/15 in Germany a total of three portfolios with 19,361 units were acquired for a total of around EUR 950 million, taken over and successfully integrated. The DGAG portfolio with 18,039 units and the Berlin/Brandenburg portfolio with 1,206 units were consolidated on the income statement on 1 July 2014. The Braunschweig portfolio with 116 units was taken over on 1 March 2015.

PORTFOLIO TRANSACTIONS FY 2014/15

	Closing
18,039 units in Schleswig-Holstein et al. (DGAG)	July 2014
1,206 units in Berlin/Brandenburg (Apollo)	July 2014
116 units in Braunschweig	March 2015

The regional investment focus in Germany consists of the regions of Berlin and north-west Germany with the target cities of Kiel, Lübeck, Hanover, Braunschweig, Bremen and Kassel as well as the metropolitan area of Hamburg. A BUWOG Group's main investment criterion is the appreciation potential of the relevant property in economically stable growth regions and homogeneous residential complexes, preferably built between 1960 and 1979.

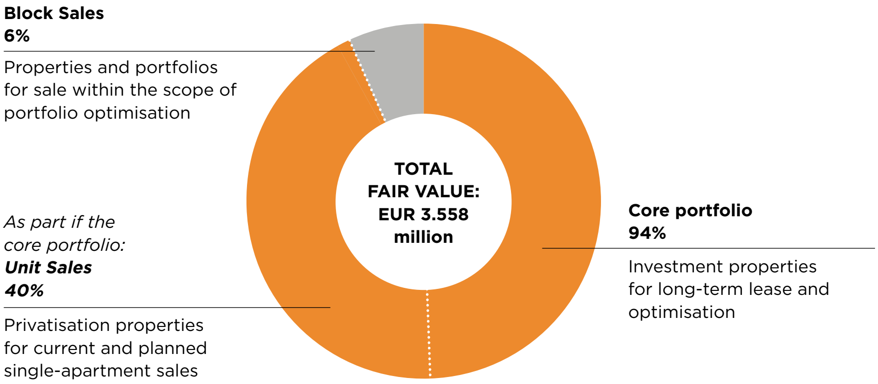
The core property portfolio of the BUWOG Group, around 84% of the fair value assets and approximately 77% of units, is located in the national capitals Vienna and Berlin, state capitals and major cities, as well as sub-urban areas.

The average unit has a size of approximately 69 sqm. The annualised contractual net in-place rent of the portfolio at the reporting date of 30 April 2015, including parking spaces, is EUR 198.2 million (EUR 122.7 million). This represents an average net in-place rent of EUR 4.81 per sqm (EUR 4.31 per sqm) and a net rental yield (annualised net in-place rent on the reporting date in relation to the fair value) of 5.6% (4.9%). The vacancy rate is calculated on the basis of the area and on 30 April 2015 totalled 4.2% (4.8%).

Rental growth for the BUWOG Group's overall portfolio (including the DGAG property portfolio for 12 months) stood at 3.2% in 2014/15 in a like-for-like comparison, taking into account the elimination of effects from the change to portfolio holdings (without portfolio transactions) and excluding the effects of changes in vacancy. The German property portfolio saw rental growth of 3.4%. The rental revenues of the Austrian property portfolio grew by a total of 2.9% on a like-for-like basis in 2014/15.

The BUWOG Group has invested a total of EUR 50.4 million (EUR 32.3 million) in the real estate holdings in the financial year 2014/15 on current maintenance for the purpose of new rentals (Maintenance) and for value-added, fair value-enhancing investment measures (CAPEX). This corresponds to EUR 14.7 per sqm (EUR 13.1 per sqm). Investments in maintenance totalled EUR 33.1 million (EUR 26.0 million) and EUR 9.7 per sqm (EUR 10.6 per sqm). EUR 17.3 million (EUR 6.3 million) or EUR 5.0 per sqm (EUR 2.6 per sqm) was invested for CAPEX measures. The CAPEX capitalization ratio amounts to 34% of the overall measures (19.5%). BUWOG continues to aim for sustainable, return-driven maintenance management as part of its active Asset Management approach in order to realise the potential to increase the value of the portfolio properties.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 30 April 2015



PORTFOLIO OVERVIEW STANDING INVESTMENTS BY LOCATION

as of 30 April 2015	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	Net Rental Yield[3]	Vacancy rate[4]
Federal capitals	11,918	938,451	60	5.48	1,355	1,443	4.4%	3.4%
Vienna	6,922	606,442	36	5.19	1,013	1,670	3.6%	4.5%
Berlin	4,996	332,010	24	5.99	342	1,030	6.9%	1.4%
State capitals and major cities[5]	19,599	1,268,631	71	4.76	1,096	864	6.4%	2.6%
Suburban regions[6]	8,172	575,406	31	4.70	538	934	5.8%	4.7%
Rural areas	11,982	798,539	37	4.18	569	713	6.5%	7.3%
Total BUWOG Group	**51,671**	**3,581,028**	**198**	**4.81**	**3,558**	**994**	**5.6%**	**4.2%**
thereof Austria	25,101	1,926,636	92	4.20	2,093	1,086	4.4%	5.5%
thereof Germany	26,570	1,654,391	106	5.51	1,465	886	7.3%	2.7%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments acoording to CBRE valuation reports as of 30 April 2015
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
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, as well as Hamburg

Within the standing investments of the BUWOG Group, properties are assigned to one of three clusters for the purposes of portfolio management: (a) the core portfolio, (b) the Unit Sales portfolio (current and planned sale properties) and (c) the Bock Sales portfolio (individual properties and portfolios) whose sale is planned as part of an opportunistic approach to optimise and concentrate the portfolio in the medium-term. In accordance with the strategic portfolio cluster, the proportion of core holdings in the overall portfolio of the BUWOG Group is around 94%. The following table shows the cluster assignment:

PORTFOLIO SPLIT BY STRATEGY CLUSTER

as of 30 April 2015		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,023	13,211	3,437	51,671
Total floor area	in sqm	2,288,776	1,037,153	255,099	3,581,028
Monthly net in-place rent[1]	in EUR per sqm	5.10	4.35	4.10	4.81
Fair Value[2]	in EUR million	1,921	1,428	209	3,558
Fair Value[2]	in EUR per sqm	839	1,377	818	994
Net Rental Yield[3]	%	7.0%	3.6%	5.6%	5.6%
Vacancy rate per cluster	by sqm	3.6%	5.0%	6.6%	4.2%

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 2015
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

SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)

Within the Property Sales business area, Unit Sales is the main factor in generating sustainable revenues for the BUWOG Group. 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.

In 2014/15, a total of 617 units (553) were sold, of which 612 units were from the Austrian portfolio and five units were from the German DGAG portfolio. These sales made a contribution to recurring FFO of EUR 34.9 million and had a margin on fair value of around 59% (around 54%).

A total of 30 properties with 604 units were sold as part of the sale of twelve properties and two portfolios as part of the cycle-optimised streamlining of the portfolio in the 2014/15 financial year. These sales made a contribution to total FFO of EUR 7.2 million (EUR 5.5 million) and had a margin on fair value of around 26% (around 11%).

INVESTMENT PROPERTIES – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

In accordance with IAS 40, the balance sheet item investment properties covers both standing investments and pipeline projects at fair value. Pipeline projects are defined as undeveloped land reserves and new construction projects in planning whose construction begins more than twelve months after the balance sheet date. The projects are regularly reviewed internally at BUWOG for development and implementation 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-sales, the expected margin, the margin achievable through alternative projects, project-specific factors and, not least, the macroeconomic environment.

As at 30 April 2015, the pipeline projects on the balance sheet of BUWOG Group had a fair value of EUR 68.6 million (EUR 120.5 million).

FAIR VALUE OF PIPELINE PROJECTS

as of 30 April 2015	Property Development new building projects starting > 12 months in EUR million	Property Development land reserves in EUR million	Asset Management land reserves in EUR million	Total pipeline projects in EUR million	Share in total pipeline
Austria	31.1	7.6	2.0	40.7	59.3%
Germany	27.2	0.0	0.7	27.9	40.7%
Total	**58.3**	**7.6**	**2.7**	**68.6**	**100.0%**

OTHER TANGIBLE ASSETS

The fair value of other tangible assets of EUR 7.4 million (EUR 7.9 million) reflects predominantly the office buildings owned and occupied by the BUWOG Group in Vienna, Hietzinger Kai 131, as well as in Villach, Tiroler Strasse 17, with a fair value of EUR 6.0 million (EUR 6.5 million).

INVESTMENT PROPERTIES UNDER CONSTRUCTION – CONSTRUCTION PROJECTS IN THE PORTFOLIO (ASSET MANAGEMENT BUSINESS AREA)

Investment properties under construction include subsidised rental properties in Austria that are currently under construction or whose construction will begin within the next twelve months within the framework of property development for the BUWOG core portfolio. The BUWOG Group has long-standing experience in erecting subsidised rental properties for its own portfolio in Austria. The fair value of these development projects was EUR 14.6 million as of 30 April 2015 (EUR 10.9 million). In 2014/15, the new building project Rosa-Jochmann-Ring in Vienna, with 65 subsidised rental units (of the property's total of 99 units), was completed. At the end of the reporting period, construction began on the new building project in Vienna, Otterweg, with a total of 120 units – of which 89 are subsidised.

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

For the properties classified under "non-current assets held for sale" and accounted for in accordance with IFRS 5, there are specific plans as of 30 April 2015, which make the sale of these properties in the near future likely. The carrying amount of these properties at the reporting date totalled EUR 5.8 million (EUR 15.0 million); the properties relate solely to standing investments.

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 a cornerstone of the business activity of the BUWOG Group. The main regional focus is on the markets in Vienna and in Berlin which are experiencing strong demand for condominiums. The principle selection criteria for development projects are the location, the size of the project, the marketability of the project and the profitability that can be attained.

In the balance sheet, development projects which are currently under construction or already completed are classified on the balance sheet as real estate inventories (current assets) and accounted for at amortised cost or the lower net realisable value in accordance with IFRS 2. The fair value of all real estate inventories as at 30 April 2015 was EUR 197.6 million (EUR 155.1 million).

PROPERTY VALUATION

The consolidated financial statements of the BUWOG Group as at 30 April 2015 were prepared in accordance with International Financial Reporting Standards (IFRS), which include the application of the fair value method. The establishment of this fair value requires that these investment properties be appraised on a regular basis by independent experts. The valuation of the property portfolio follows the best practices 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 ongoing calculation and transparent presentation of the fair value as an important internal controlling instrument, which simultaneously allows a realistic external assessment of the investment properties.

The valuation of the standing investments and the various new construction projects and undeveloped land of the BUWOG Group is carried out by an external, independent appraiser, CBRE Residential Valuation Germany, and is carried out on the reporting dates of 30 April and 31 October. On the reporting dates of 31 July and 31 January, the fair value of the standing investments is measured and adjusted in-house.

CBRE is one of the market leaders for residential property appraisals in Germany and Austria. In 2014, the company valued roughly 850,000 residential units with a total volume of around EUR 48 billion. With approx. 52,000 employees in around 372 offices throughout the world (excluding affiliated companies and subsidiaries), CBRE serves as a property service provider for both owners and investors of all types. CBRE uses a discounted cash flow (DCF) model to appraise the Austrian real estate holdings, which has been specially developed to take account of the special features of the Austrian Act on Non-Profit Housing ("*Wohnungsgemeinnützigkeitsgesetz – WGG*") (in particular, cost-covering rent and Burgenland guidelines –30%) and the Unit Sales from these holdings. The adapted model takes into account the long-term subsidy maturities, interest rate increases and the long-term achievable revenues from the Unit Sales through detailed cash flows, which are set for a period of 80 years. If the sale of apartments in a property is the most economically sensible option, the individually estimated percentage of sales is used in the valuation of this property. The recoverable sales revenue is determined using the sales comparison approach and included in the DCF model on an accrual basis.

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

As at the reporting date of 30 April 2015, CBRE had valued the entire property portfolio of the BUWOG Group. The fair values of the real estate holdings and properties established in this way have a direct influence on the Net Asset Value (NAV) and are thus a material factor in assessing the financial position of the BUWOG Group.

DEVELOPMENT OF PROPERTY VALUATIONS IN 2014/15

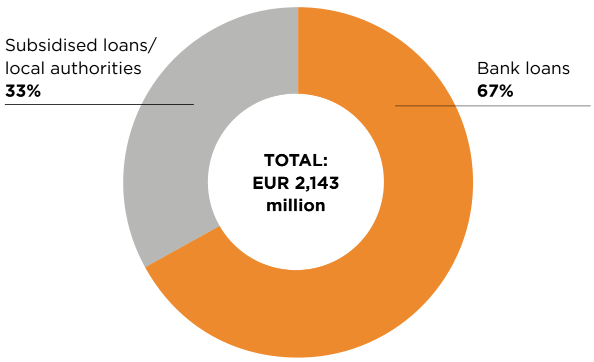
According to the CBRE report, the fair value of the BUWOG Group's properties had risen significantly from the previous year as at 30 April 2015.

The fair value of the BUWOG Group's standing investments recognised at fair value in accordance with IAS 40 (standing investments in accordance with IFRS 5) was EUR 3,552.2 million as at 30 April 2015 not including investment properties held for sale (previous year: EUR 2,511.1 million) and EUR 68.6 million (EUR 120.5 million) for pipeline projects. For the BUWOG Group, this resulted in a total fair value of EUR 3,620.8 million (previous year: EUR 2,631.6 million). The results from the revaluation of investment properties totalled EUR 105.7 million in 2014/15 (EUR 42.7 million). The development of the fair value of the German properties was strongly influenced by the very positive development of the rental market and improved new rental agreements. In the Austrian properties, the increase in the fair value of the Austrian properties was related mainly to the positive development of property prices in the portfolio defined for Unit Sales. The fair value of the strategic cluster of Unit Sales stood at around EUR 1.4 billion as at 30 April 2015. Based on the sales margin on fair value achieved in the past, it is further assumed that in the property portfolio of the BUWOG Group the Unit Sales will continue to have a significant effect on margins and thus contribute to recurring FFO.

FINANCING

In 2014/15, the financing of various standing investments was refinanced or prolonged in order to take advantage of the currently very low interest rates. There were also numerous acquisitions in Germany in the reporting year. The largest transaction was the real estate portfolio of DGAG, including the takeover of its management platform in Germany. The BUWOG Group financed the acquisition of the portfolio by taking out mortgage loans from a consortium led by Berlin Hyp AG in the amount of around EUR 399 million, the transfer of subsidised loans in the amount of around EUR 203 million and proceeds from the convertible bond issued in April 2014 with a volume of EUR 260 million. In addition, the acquisition of the residential management platform in Germany also involved the assumption of financial liabilities (VBL) of around EUR 37 million, which were fully repaid by April 2015. The financing provided by Berlin Hyp was fully repaid at the end of 2014. The refinancing and repayment of the BUWOG convertible bond took place in January 2015 and was successfully concluded with two Austrian banks at a total volume of EUR 330 million. With this transaction, the BUWOG Group achieved an interest rate advantage of 1.7 percentage points (incl. hedge against interest rate risks) compared to the convertible bond. In sum, the BUWOG Group was able to take advantage of the current favourable interest-rate and market environment to further improve interest terms. This improvement will have a lasting positive effect on recurring FFO, which is used for dividend distributions and investments.

STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES
as of 30 April 2015



FINANCING STRUCTURE

The financial liabilities of the BUWOG Group include liabilities to credit institutions and liabilities to local authorities in Germany and Austria. The remaining financial liabilities of the BUWOG Group as at 30 April 2015, which are exclusively denominated in Euros, amounted to approximately EUR 2,143 million. The above chart provides an overview of the financing structure of the BUWOG Group as at 30 April 2015.

RESIDENTIAL CONSTRUCTION SUBSIDIES

The subsidised loans in Austria and Germany, which account for about 33% of all outstanding financial liabilities, are a particular feature of the financing structure of the BUWOG Group. In Austria, the majority of the BUWOG Group's construction projects are supported by the public sector in the form of residential construction subsidies. In Germany, with the takeover of the DGAG property portfolio, the BUWOG Group assumed the existing subsidised loans for housing construction and modernisation (esp. the law on Housing Promotion in Schleswig-Holstein ("*Schleswig-Holsteinisches Wohnraumförderungsgesetz*")). The residential construction subsidies granted to the BUWOG Group can be classified by the following criteria:
- Provincial subsidies for construction and refurbishment
- Types of subsidy: Annuity subsidies, construction cost subsidies or direct loans

The subsidies are defined in the residential building statutes for the respective provinces. Despite the many differences in the details of the legal provisions, the laws governing residential construction subsidies are all based on several fundamental principles:
- Particularly in Austria, rents are subject to cost coverage during and after the term of the subsidy.
- Certain restrictions, such as temporary restrictions on sale, are required in order to secure the residential construction subsidies.
- The misuse of subsidies can result in sanctions, in particular early repayment.

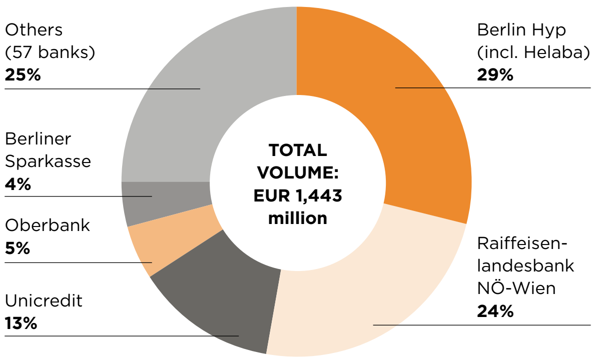
All of the subsidised loans granted to the BUWOG Group feature the aforementioned criteria and had an average interest rate of around 1.42% as at 30 April 2015. Fixed interest is charged on most of the subsidised loans and most agreements are subject to annuity increases or graduated interest-rate agreements, which are known at the time the contract is signed, and are generally passed on in the form of rent increases.

FINANCING PARTNERS AND REPAYMENT STRUCTURE

The BUWOG Group benefits from its long-standing, historical business relations with more than 50 banks and financial institutions in Austria and Germany. Its most important contractual partners are Berlin Hyp, Raiffeisenlandesbank NÖ-Wien, Unicredit, Oberbank and Berliner Sparkasse. By spreading its financing agreements across various lenders, the BUWOG Group avoids dependencies, while at the same time gaining broad access to a wide range of funding sources.

KEY FINANCING PARTNERS (BANKS)

as of 30 April 2015

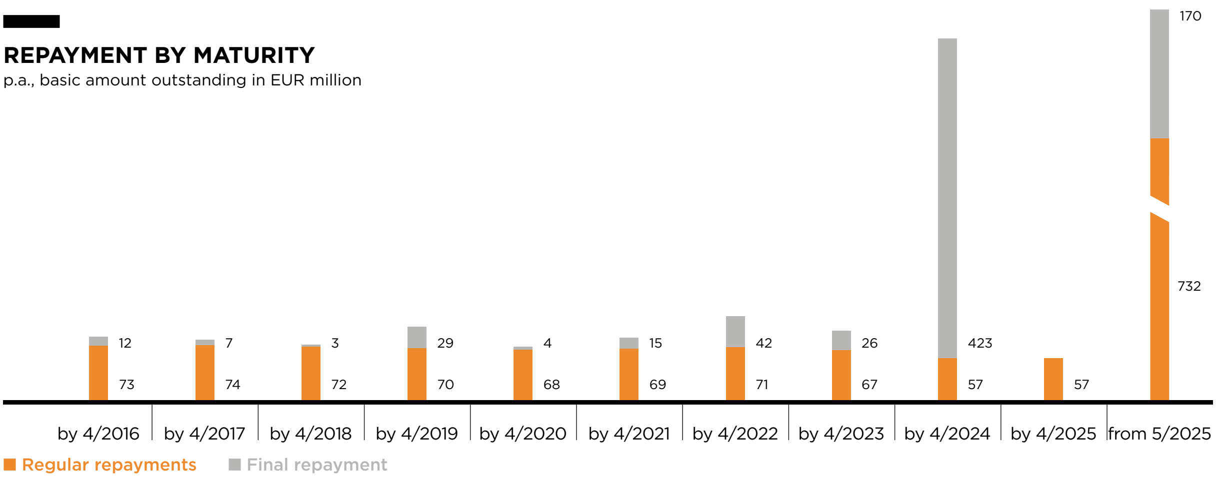


In keeping with the long-term nature of its core business, the BUWOG Group strives to secure a long-term and balanced financing structure to safeguard its defensive risk profile. Most of its financing contracts are based on long-term agreements. The average residual term is around 16.9 years.

The repayment structure by maturity is depicted below:

REPAYMENT BY MATURITY

p.a., basic amount outstanding in EUR million



The following table summarises the key financing parameters as of 30 April 2015:

FINANCIAL LIABILITIES

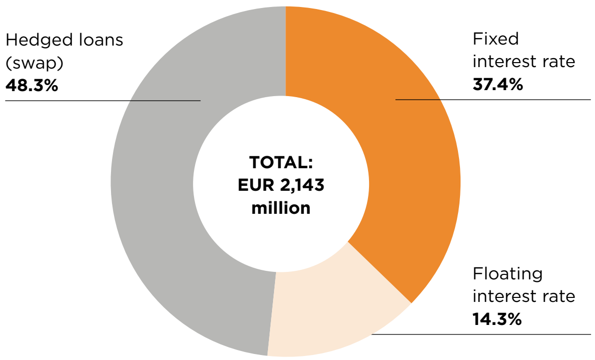
	Amount outstanding in EUR million	Share	Ø interest rate	Ø term in years
Bank liabilities	1,443	67%	2.49%	14.5
thereof Austria	818	38%	2.32%	19.2
thereof Germany	625	29%	2.72%	8.4
Subsidised loan/local authorities	700	33%	1.42%	21.9
thereof Austria	493	23%	1.44%	20.7
thereof Germany	207	10%	1.38%	24.9
Total	**2,143**	**100%**	**2.14%**	**16.9**

The BUWOG Group's LTV was 51.0% as of 30 April 2015. Further details of the calculation of LTV can be found in the "Loan-to-value" part of the section "Information on the net assets, financial position and results of operation".

INTEREST RATE STRUCTURE

In keeping with the long-term nature of the financing structure, around 86% of the agreed financing contracts are hedged against the risk of interest rate changes with fixed interest rate agreements and/or interest rate swaps. The weighted average nominal interest rate is 2.14%.

INTEREST RATE STRUCTURE
as of 30 April 2015



DERIVATIVES

The BUWOG Group uses derivative financial instruments to hedge the risk of changes in interest rates. All derivatives are used exclusively to hedge interest rates and key parameters such as maturity and repayment structures are adjusted to the respective underlying transaction.

As at 30 April 2015, the BUWOG Group held derivatives with a notional amount of EUR 1,035 million. A total of around 48% of the financial liabilities are thus hedged by swaps against interest rate risk.

INFORMATION ON ASSET, FINANCIAL AND EARNINGS POSITION

The following information on the asset, financial and earnings position refer to the past financial year 2014/15 and the financial year 2013/14. The statements and information as of the previous year's reporting date and for the previous year's comparative period are shown in parentheses and are based on the consolidated balance sheet as at 30 April 2014, the pro forma profit and loss statements and the pro forma consolidated cash flow statement for the period 1 May 2013 to 30 April 2014. The pro forma information reflects the BUWOG GmbH business and thus the business of the BUWOG Group as if it had existed for the entire previous year from 1 May 2013 to 30 April 2014.

The key event in the financial year 2014/15 was the acquisition of the DGAG property portfolio in Germany, which had a proportionate effect – for ten months from 1 July 2014 – on the results of operations in the reporting year.

The Asset Management business area turned in a very dynamic performance for the financial year. The number and total floor area of units in the portfolio increased to 51,671 (previous year: 33,475) and around 3.6 million sqm (previous year: around 2.5 million sqm) – driven mainly by the acquisition of the DGAG property portfolio with around 1.1 million sqm in Germany, and the simultaneous strategic optimisation and concentration of the portfolio in the Austrian Federal States. Asset Management's results of operations of EUR 128.3 million (EUR 75.9 million) made it the largest business area of the BUWOG Group in the reporting year.

In the Property Sales business area, the targets for the Unit Sales and portfolio properties were exceeded. The 617 Unit Sales (553) exceeded the figure for the previous year by approximately 24%, while the underlying margin on fair value of around 59% (54%) confirmed the BUWOG Group's business model in this area. The strategic Block Sales of 604 (1,739) units with a margin on fair value of around 26% (11%) should also be highlighted. The capital freed up by these transactions contributed in no small measure to driving the expansion in Germany. The results of operations from this business area of EUR 42.1 million (EUR 34.0 million) underscore the positive development of the business.

The performance of the Property Development business area was influenced by land acquisitions and project development activities with correspondingly high investment costs, which are expected to bring significant increases in returns in the future. Nevertheless, the Property Development business area made a positive contribution to net profit with results of operations of EUR 12.5 million (EUR 4.9 million), an increase of EUR 7.6 million over the previous year.

EARNINGS POSITION

The information on the earnings position for the financial year 2013/14 was derived on an unaudited pro forma basis. The pro forma information for the previous year period shows the BUWOG GmbH business, and reflects the BUWOG Group as if it had existed for the financial year from 1 May 2013 to 30 April 2014.

CONDENSED INCOME STATEMENT

in EUR million	2014/15	2013/14 pro forma[1)]	Change
Results of Asset Management	128.3	75.9	69.0%
Results of Property Sales	42.1	34.0	23.7%
Results of Property Development	12.5	4.9	>100,0%
Other operating income	7.8	4.1	88.5%
Expenses not directly attributable	-32.2	-21.7	-48.3%
Results of operations	**158.5**	**97.3**	**62.9%**
Other revaluation results	110.0	43.4	>100,0%
Operating profit (EBIT)	**268.5**	**140.7**	**90.8%**
Financial results	-216.9	-9.2	>100,0%
Earnings before tax (EBT)	**51.6**	**131.5**	**-60.8%**
Net profit	**40.7**	**111.8**	**-63.6%**
Net profit per share[2)] in EUR	**0.40**	**1.12**	**-64.4%**

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) On the basis of 99,613,479 shares

Asset Management. Income from the Asset Management business area results from net cold rents for residential properties of approximately EUR 180.7 million (EUR 110.1 million) and other rental income of EUR 7.0 million (EUR 6.4 million), which mainly results from the rental of office space, retail space and parking spaces. These two items show the earnings data for net in-place rent and therefore reflect the revenue contribution of the Asset Management business area of overall revenue. In addition, income from Asset Management also consists of operating costs passed on to tenants and third-party management revenues of EUR 104.9 million (EUR 68.7 million) and other revenues of EUR 0.9 million (EUR 1.0 million). This compares with expenses for operating costs and third-party management of EUR 102.6 million (EUR 66.9 million) and expenses from investment properties (including maintenance costs for the own portfolio of EUR 33.1 million, (previous year: EUR 26.0 million) of EUR 62.7 million (EUR 43.4 million).

Net income from the Asset Management business area increased by 69% over the previous year mainly due to the acquisition of the DGAG property portfolio – closed on 27 June 2014 –, the Apollo property portfolio and the management platform – each of which closed on 1 July 2014. Based on the time of the closings, rental revenues for the two property portfolios acquired are therefore recognised in the financial year 2014/15 for a period of ten months with a contribution of EUR 64.4 million. According to the segment report, the results for Asset Management Germany are below the results for Asset Management Austria, in spite of higher rental revenues. This is mainly the result of property expenses from non-recurring statutory maintenance obligations, higher directly attributable material and personnel costs for Asset Management and Property Management, as well as costs for the integration of the German companies. The further integration of the management platform should generate additional value-enhancing synergies and cost-savings.

OVERVIEW OF ASSET MANAGEMENT

in EUR million	2014/15	2013/14 pro forma[1)]	Change
Residential rental income	180.7	110.1	64.1%
Other rental income	7.0	6.4	9.2%
Rental revenues	**187.7**	**116.5**	**61.1%**
Operating costs charged to tenants and third party property management revenues	104.9	68.7	52.7%
Other revenues	0.9	1.0	-5.1%
Revenues	**293.5**	**186.2**	**57.6%**

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

The following illustration shows the breakdown between maintenance costs and modernisations (CAPEX). The maintenance cost is shown as an expense item in profit or loss, while modernisations (CAPEX) increased the carrying amount of the standing investments.

MAINTENANCE AND INVESTMENT IN INVESTMENT PROPERTIES

	2014/15	2013/14	Change
Maintenance in EUR million[1) 3)]	33.1	26.0	27.7%
Modernisation (CAPEX) in EUR million	17.3	6.3	>100,0%
Average total floor area in 1,000 sqm[2)]	3,424.2	2,453.4	39.6%
Maintenance and Investment in EUR per sqm[1)]	**14.7**	**13.1**	**12.1%**
Maintenance in EUR per sqm[1)]	9.7	10.6	–8.5%
Modernisation (CAPEX) in EUR per sqm	5.0	2.6	96.9%

1) The earnings data from previous periods are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) Average weighted floor area taking into account increases and reductions from purchases and sales
3) Maintenance costs of own real estate portfolio (excl. Rental of leased real estate)

Property Sales. In 2014/15, the Property Sales business area generated income from investment property sales and adjustments to the fair value of properties already sold and investment properties held for sale of EUR 42.1 million (EUR 34.0 million), a significant increase of 23.7% from the previous year.

The following table shows the key parameters for the breakdown between Unit Sales and Block Sales (property and portfolio sales). With regard to Block Sales, it should be noted that in comparison to the previous year the share of portfolio sales is much lower. This results in lower revenues combined with higher margins on fair value.

OVERVIEW OF PROPERTY SALES

	2014/15	2013/14	Change
Sales of units in numbers	**1,221**	**2,292**	**–46.7%**
thereof Unit Sales	617	553	11.6%
thereof Block Sales	604	1,739	–65.3%
Revenues Property Sales in EUR million[1)]	**133.8**	**121.5**	**10.2%**
thereof Unit Sales in EUR million	98.2	83.5	17.7%
thereof Block Sales in EUR million	35.6	38.0	–6.2%
Results as per income statement in EUR million[1)]	**42.1**	**34.0**	**23.7%**
thereof Unit Sales in EUR million	34.9	28.5	22.5%
thereof Block Sales in EUR million	7.2	5.5	30.2%
Margin on fair value	**48%**	**38%**	**10,0 PP**
Margin on fair value – Unit Sales	59%	54%	5,0 PP
Margin on fair value – Block Sales	26%	11%	15,0 PP

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Property Development. In 2014/15, the Property Development business area generated results of EUR 12.5 million (EUR 4.9 million) on revenues of EUR 85.2 million. The results of EUR 12.1 million for Property Development in Austria were generated mainly from the completion of the projects Lindengasse (Vienna), EUR 4.0 million; Gombrichgasse (Vienna), EUR 4.0 million; and Universumstrasse (Vienna), EUR 2.7 million. With the completion of these projects, all non-capitalisable project start-up costs and directly attributable material and personnel costs were covered. The result of EUR 0.4 million for Property Development Germany is attributable mainly to the sale of a development property in Berlin with a contribution of EUR 6.5 million. These results are contrasted by non-capitalisable project start-up costs and directly attributable material and personnel costs that will recovered through from the sale of projects in the coming years.

OVERVIEW OF PROPERTY DEVELOPMENT

	2014/15	2013/14	Change
Sold units	**259**	**378**	**–31.5%**
thereof Germany	3	138	–97.8%
thereof Austria	256	240	6.7%
Revenues Property Development in EUR million[1)]	**85.2**	**96.4**	**–11.7%**
thereof Germany in EUR million	16.6	40.3	–58.8%
thereof Austria in EUR million	68.6	56.1	22.2%
Results Property Development in EUR million[1)]	**12.5**	**4.9**	**>100,0%**
thereof Germany in EUR million	0.4	–1.9	>100,0%
thereof Austria in EUR million	12.1	6.8	78.3%

1) The data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Expenses not directly attributable. Expenses that are not directly attributable to the business areas amounted to EUR 32.2 million (EUR 21.7 million). These mainly comprise personnel expenses of EUR 11.2 million (EUR 4.5 million), legal, auditing and consulting expenses of EUR 5.9 million (EUR 6.3 million) as well as IT and communication expenses of EUR 3.5 million (EUR 0.8 million). In 2013/14, the BUWOG Group was charged a management fee by IMMOFINANZ, its parent company at the time, which covered IT and marketing services, amongst others. In 2014/15, with the establishment of its own resources and structures within its organisation, the BUWOG Group is now fully independent of IMMOFINANZ. This led to an increase in personnel and material expenses, particularly in the areas of IT and marketing. The increase in personnel expenses is also a result of the required build-up of Group structures (internal audit, investor relations, consolidation and taxes). The takeover of the management platform in Germany, with around 300 employees, also led to increased costs prorated over ten months in expenses not directly attributable.

ADJUSTED EBITDA

in EUR million	2014/15	2013/14 pro forma[1)]	Change
Results of operations	158.5	97.3	62.9%
Impairment losses/revaluations	2.6	3.2	–19.1%
Adjustment to fair value of investment properties under construction	–1.0	0.6	>-100,0%
Adaption IFRS 5 previous year	–1.5	5.6	>-100,0%
Adaption IFRS 5 current year	0.0	1.5	–99.0%
EBITDA adjusted	**158.6**	**108.2**	**46.6%**

1) The earnings data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Other revaluation results. This position consists primarily of fair value adjustments totalling EUR 105.7 million (EUR 42.7 million) to investment properties.

Financial results. In addition to EUR –46.8 million in cash interest expense, financial results of EUR –216.9 million include mainly non-cash income from the measurement of derivatives at fair value through profit and loss of EUR –42.7 million and financial liabilities and debts assumed in the amount of EUR –105.6 million. Over the total period of the financial liabilities, the non-cash valuation effects have no effect on net earnings. In addition, the non-cash valuation effects of EUR –10.5 million and non-recurring-cash expenses of EUR –2.6 million resulting from the early repayment of the convertible bond had a total negative impact of EUR –13.1 million on the financial results. This item also contains paid liability provisions of EUR –4.5 million, non-cash valuation effects from financial instruments carried at amortised cost of EUR –5.1 million, and EUR 1.0 million in other financial results.

The financial liabilities measured at fair value are low-interest subsidised loans and liabilities to banks with annuity subsidies that are related to subsidies for properties and are connected with certain subsidy conditions (rent restrictions). In order to avoid a mismatch between the recognition and valuation of the investment property ("capped" rental income due to the subsidy) and the financial liabilities, the discretionary decision was made to value these low-interest loans at fair value in profit and loss. Given the high proportion of loans measured at fair value and the flattening of the yield curve in the financial year 2014/15, the valuation at

30 April 2015 resulted in negative non-cash income of EUR 105.6 million. The measurement of derivatives at fair value that hedge floating rate financial liabilities with a nominal value of EUR 1,035.0 million against interest rate risk equalled EUR –42.7 million.

These non-cash valuation effects have no impact on recurring FFO. By refinancing the convertible bond and due to current interest rate developments with positive effects from floating-rate financial liabilities, the average interest rate was reduced from 2.45% to 2.14%, which had an overall positive impact on both interest expense and recurring FFO.

In addition, a liability to the Versorgungsanstalt des Bundes und der Länder (VBL) resulting from the DGAG property transaction in a nominal amount of EUR 37 million was repaid using the mortgage loan taken out to refinance the convertible bond. Successful refinancing reduced interest expenses in comparison to the conditions of this obligation.

Please see the section Overall economic environment (page 294) and the section Developments on the financial markets (page 305) with regard to the development of interest rates.

Reconciliation with FFO. The key performance indicator for the BUWOG Group is funds from operations (FFO). In this indicator, the BUWOG Group systematically differentiates between recurring FFO (excluding income from Block Sales), total FFO (including results from Block Sales) and AFFO (adjusted for capitalised value-enhancing measures, CAPEX). Recurring FFO reflects the sustainable business model of the BUWOG Group, which has proved its value over many years, consisting of Asset Management, Property Development and Property Sales (excluding results of Block Sales). The starting point for the calculation shown in the table below is net profit for the year.

FFO

in EUR million	2014/15	2013/14 pro forma[1]	Change
Net profit	40.7	111.8	–63.6%
Results of Property Sales	–42.1	–34.0	–23.7%
Other financial results	171.1	–13.3	>100,0%
Fair value adjustments of investment properties	–106.7	–42.0	>100,0%
Impairment losses/revaluations	–1.8	1.3	–238.3%
Deferred taxes	0.2	19.0	–99.1%
Other	–4.6	–1.9	>100,0%
FFO	**56.8**	**40.7**	**39.5%**
Unit Sales result	34.9	28.5	22.5%
Recurring FFO	**91.7**	**69.2**	**32.5%**
Block Sales result[2]	5.7	12.6	–54.7%
Total FFO	**97.4**	**81.8**	**19.1%**
CAPEX	–17.3	–6.3	>100,0%
AFFO	**80.1**	**75.5**	**6.1%**
Recurring FFO per share in EUR basic[3]	0.92	0.69	32.5%
Total FFO per share in EUR basic[3]	0.98	0.82	19.1%

1) The earnings data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) including valuation effect from non-current assets held for sale EUR 0.0 million (EUR 1.5 million), block sales in 2013/14, with cash effect 2014/15 EUR -1.5 million as well as block sales in 2012/13, with cash effect 2013/14 EUR +5.6 million.
3) On the basis of 99,613,479 shares

Miscellaneous financial results of EUR 171.1 million include adjustments for the following: other financial results (EUR -164.7 million), non-cash valuation effects of financial instruments (EUR –1.9 million) and a one-off effect from liability commissions (EUR –4.5 million).

The other financial results mainly include the non-cash effects from the valuation of financial liabilities of EUR -105.6 million and of derivatives of EUR –42.7 million, the expenses resulting from the refinancing of the convertible bond of EUR –13.1 million and other non-cash valuation effects from financial instruments of EUR -3.2 million. The change from the previous year is mainly attributable to negative non-cash effects from the flattening of the yield curve in 2014/15 and the impact from the refinancing of the convertible bond.

Impairments losses/revaluations of EUR –1.8 million include gains from a property acquisition at a price below market value of –4.3 million, depreciation of inventories of EUR 0.7 million and other depreciation of EUR 1.9 million. The item other, at EUR –4.6 million, mainly includes collected liability provisions in profit and loss in the amount of EUR 5.0 million, extraordinary write-offs of liabilities of EUR –0.5 million, and expenses for the long-term incentive programme 2014 of BUWOG AG Executive Board in the amount of EUR 1.2 million.

NET ASSETS

In analysing the net assets as at 30 April 2015, it should be noted that the acquisition of the DGAG property portfolio and management platform and the acquisition of the property portfolio in Berlin/Brandenburg were concluded in the first quarter of 2014/15 and the assets and liabilities transferred are included in the balance sheet for the first time on 30 April 2015.

CONDENSED BALANCE SHEET

in EUR million	30 April 2015	30 April 2014	Change
Investment properties	3,620.8	2,631.6	37.6%
Investment properties under construction	14.6	10.9	33.4%
Other tangible assets	7.4	7.9	–5.8%
Inventories	197.6	155.1	27.4%
Non-current assets held for sale	5.8	15.0	–61.1%
Intangible assets	7.0	1.7	>100,0%
Trade and other receivables	147.0	380.2	–61.3%
Other financial assets	18.9	17.1	10.5%
Deferred tax assets	7.1	1.5	>100,0%
Income tax receivables	2.0	1.4	37.3%
Cash and cash equivalents	149.2	132.9	12.2%
Assets	**4,177.3**	**3,355.3**	**24.5%**
Equity	1,524.3	1,552.1	–1.8%
Liabilities from convertible bonds	0.0	247.9	>-100,0%
Financial liabilities	2,105.4	1,136.0	85.3%
Trade and other liabilities	327.2	260.6	25.5%
Provisions	27.5	12.9	>100,0%
Deferred tax liabilities	159.3	124.0	28.4%
Income tax liabilities	33.2	14.3	>100,0%
Financial liabilities held for sale	0.4	7.4	–95.1%
Equity and liabilities	**4,177.3**	**3,355.3**	**24.5%**

Please see the information in the portfolio report and corresponding details and explanations in the notes to the consolidated financial statements regarding the investment properties, investment properties under construction, inventories and non-current assets held for sale.

The increase in intangible assets over the previous year is mainly the result of the recognition of goodwill, which was determined based on the purchase price allocation.

As at 30 April 2014, trade and other receivables included a receivable from convertible bonds in the nominal amount of EUR 260.0 million, which was paid out in the first quarter of 2014/15 and repaid in the third quarter of 2014/15.

Information on the development of cash and cash equivalents can be found in the financial position section of this group management report.

The increase in financial liabilities to banks is mainly attributable to the acquisition and refinancing of the DGAG property portfolio and management platform acquired and to mortgage bond taken out to refinance the convertible bond.

The increase in trade payables and other liabilities is primarily due to the acquisition of the DGAG property portfolio and the management platform as well as to the increase in the negative fair values of derivatives. This contrasts with lower prepayments received from the sale of apartments.

The increase in provisions and income tax liabilities is also due to the acquisition of the DGAG property portfolio.

EPRA net asset value (EPRA NAV). Net asset value is calculated in accordance with the Best Practices Policy Recommendations issued by the European Public Real Estate Association (EPRA). The concept of EPRA NAV is used to represent the fair value of the net assets on a long-term basis, and to give investors a sense of the sustainable asset position of the company. The undisclosed reserves in inventories and owner-occupied properties as well as the (negative) fair values of derivative financial instruments are counted in the calculation of the EPRA NAV. The former are not included in balance sheet values due to the accounting rules under IFRS; the latter are used regularly to hedge long-term financing and are therefore held to maturity, with the result that the hypothetical losses recognised at the balance sheet date are not realised. Deferred taxes on this item are taken into account.

In accordance with the EPRA guidelines, deferred taxes are included for investment properties because of the company's intention to hold these properties. The ongoing Unit Sales and properties as part of BUWOG Group's business model are reflected in the adjustment of the deferred taxes recognised for potential property sales within a specific period of time. Goodwill that results as a technical figure due to the recognition of deferred taxes through business combinations is deducted.

EPRA NAV

in EUR million	30 April 2015	30 April 2014	Change
Equity before non-controlling interests	1,515.4	1,544.2	–1.9%
Goodwill	–5.6	–0.2	>100,0%
Inventories (carrying amount)	–197.6	–155.1	–27.4%
Inventories (fair value)	212.6	167.6	26.9%
Properties owned by BUWOG (carrying amount)	–6.0	–6.5	8.3%
Properties owned by BUWOG (fair value)	9.5	9.5	0.0%
Positive market value of derivative financial instruments	0.0	0.0	–
Negative market value of derivative financial instruments	70.5	27.9	>100,0%
Deferred tax assets on investment properties	–1.0	–2.6	61.1%
Deferred tax liabilities on investment properties (adjusted)[1]	195.4	139.8	39.7%
Deferred taxes on property inventories	–4.1	–3.3	–25.8%
Deferred taxes on derivative financial instruments	–17.2	–6.9	>100,0%
EPRA NAV basic (balance sheet date)	**1,771.9**	**1,714.3**	**3.4%**
Total floor area	3,581,028	2,491,290	43.7%
EPRA NAV in EUR per sqm	**494.8**	**688.1**	**–28.1%**
EPRA NAV basic (balance sheet date)	**1,771.9**	**1,714.3**	**3.4%**
Shares issued as of the balance sheet date (excl. Treasury shares)	99,613,479	99,613,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**17.79**	**17.21**	**3.4%**

1) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 30.7 million (prior year: EUR 29.2 million)

Loan-to-Value (LTV). Net liabilities in relation to the fair value of the total portfolio of the BUWOG Group (LTV) increased compared to 30 April 2014 from 35.9% to 51.0%, but remain within the defined target range of 50% to 55%.

LOAN TO VALUE RATIO

(incl. sale of certain financing, financial amounts in EUR million)	30 April 2015	30 April 2014	Change
Non-current financial liabilities	2,016.0	1,036.9	94.4%
Current financial liabilities	89.4	99.2	–9.8%
Financial liabilities held for sale	0.4	7.4	–95.1%
Financial liabilities	**2,105.8**	**1,143.4**	**84.2%**
Cash and cash equivalents	–149.2	–132.9	–12.2%
Net financial liabilities	**1,956.6**	**1,010.4**	**93.6%**
Investment properties	3,620.8	2,631.6	37.6%
Investment properties under construction	14.6	10.9	33.4%
Non-current assets held for sale	5.8	15.0	–61.1%
Inventories	197.6	155.1	27.4%
Carrying amount overall portfolio	**3,838.8**	**2,812.7**	**36.5%**
Loan-to-value ratio	**51.0%**	**35.9%**	**15,1 PP**

The development of the LTV is mainly attributable to the acquisition and refinancing of the DGAG property portfolio and the acquired management platform.

FINANCIAL POSITION

Cash flow statement. The condensed cash flow statement for the 2013/14 financial year was stated on a pro forma basis.

CONDENSED CASH FLOW STATEMENT

in EUR million	2014/15	2013/14 pro forma[1]	Change
Cash flow from operating activities	103.9	57.5	80.8%
Cash flow from investing activities	–251.2	59.8	>100,0%
Cash flow from financing activities	163.5	–30.7	>100,0%
Cash flow	**16.2**	**86.6**	**–81.3%**

1) The earnings data from previous period are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.

Cash flow from operating activities of EUR 103.9 million (EUR 57.5 million) resulted primarily from the rental income and the change in working capital.

Cash flow from investing activities amounted to EUR –251.2 million (EUR 59.8 million) and primarily includes the net investment for the purchase of portfolio properties and positive cash flow from the sale of portfolio properties.

Cash flow from financing activities of EUR 163.5 million (EUR –30.7 million) resulted from the financing for the acquisition of real estate portfolios in Germany. These are offset by the ongoing repayments and interest payments as well as the dividend payment for the financial year 2013/14.

SUSTAINABLE MANAGEMENT

The economy, the environment and social responsibility – all three aspects of sustainability have always been of great importance in the BUWOG Group. Only by bringing these aspects into balance with each other and taking equal account of the interests of all stakeholders can the company's long-term success be secured. Based on this conviction, the BUWOG Group focuses on the preservation and conservation of the environment and climate protection, as well as finding optimal development opportunities for people and responsible, profitable management. The BUWOG Group masters this balancing act in its core business, the construction and management of buildings, on a daily basis: Close attention is paid to quality, durability, environmental impact and efficiency in property planning and in the choice of materials. At the same time, as is seen in the motto "happy living", priority is given to the welfare of the inhabitants of the apartments built and managed by the BUWOG Group. In addition, the commitment to social and cultural projects is an integral part of our corporate philosophy. And, last but not least, the BUWOG Group focuses on the needs of its employees, providing them with support, continuing education and voluntary benefits. In short, sustainability is integrated in the BUWOG Group in all its facets – it is the foundation of the corporate culture.

CLIMATE PROTECTION AND ENERGY MANAGEMENT

The BUWOG Group (Austria) has been a klima:aktiv programme partner since 2007, and a pioneer of corporate climate protection since 2011 as part of the klima:aktiv pakt2020. The BUWOG Group is one of eleven major Austrian companies, and the only real estate company, that has made a voluntary, but binding, commitment to achieving Austrian climate targets by 2020 (base 2005).

klimaaktiv pakt2020

Under the professional supervision of the Federal Ministry of Agriculture, Forestry, Environment and Water Management (Ministry for a Future Worth Living Austria – BMLFUW), the BUWOG Group is among the pioneers and role models for a climate-friendly approach to business that goes far beyond claiming subsidies and complying with regulations.

The BUWOG Group places great importance on using targeted measures to achieve maximum effects and lasting success in terms of sustainability, both in the renovation and new construction of properties as well as in the operation of the buildings it manages. The BUWOG Group regularly collects comprehensive energy consumption data, which serve as the basis for the analysis and planning of such measures. This procedure differentiates the BUWOG Group from many other companies in the real estate sector.

AMBITIOUS OBJECTIVES

The company's well-defined energy policy includes the implementation of a certified energy management system in accordance with ISO 50001, which allows for the efficient control of consumption and the planning of measures to increase energy efficiency. The energy evaluation that is part of the annual reporting of the klima:aktiv pakt2020 and the auditing of the energy management system by external parties ensure that the targets of the measures planned as part of the energy policy are regularly updated and verified.

In order to ensure that the objectives are met efficiently, the BUWOG Group endeavours to make appropriate and effective technological, organisational and behavioural provisions under the action plan. In addition, defined energy consumption figures are regularly measured, recorded and analysed, and staff are actively involved in the implementation of the energy policy. An energy manager has been appointed within the BUWOG Group to coordinate and implement the energy policy.

The primary objective is to use the klima:aktiv pakt2020 agreement with the Federal Ministry of Agriculture, Forestry, Environment and Water Management to support Austrian energy and climate targets to the greatest degree possible. The following targets are based on 2005 figures

- a 16% reduction in greenhouse gas emissions,
- a 20% increase in energy efficiency and
- 34% of total energy requirements met with renewable energy sources

and represent the minimum goals for optimising the energy consumption.

However, the goals that the BUWOG Group has set for itself are even more ambitious:

SUSTAINABILITY OBJECTIVES OF BUWOG GROUP IN AUSTRIA (by 2020)

Area of activity	Target value 2013	Actual value 2013	**Target value 2020**
Max. **greenhouse gas emissions (CO_2)** in tonnes per year	46,072	38,062	**44,993**
Energy efficiency in kWh/sqm per year	115.8	112.7	**107.7**
Percentage of **renewable energy in total consumption** in %	30.2	36.2	**34.0**
Percentage of **renewable energy in vehicle fleet** in %	6.9	7.2	**10.2**

ENERGY MANAGEMENT SYSTEM PROCESS (ENMS)

Data are collected in the energy management system (EnMS) based on the calendar year rather than the financial year. In March each year, the BUWOG Group Austria begins to collect data from the previous calendar year; at the same time, the closing of the current EnMS process begins. In May an internal EnMS audit is conducted and presented to the Executive Board in connection with the management review. Also in May, a draft of the klima:aktiv pakt2020 report is prepared, which will be submitted to the Energy Agency for review in June. After the Executive Board approves the management review, the final klima:aktiv pakt2020 report is submitted to the Austrian Energy Agency. The year in the EnMS process is closed with the external EnMS audit, which also takes place in June.

Data collection, which begins in March, runs throughout the whole year and ends with the reporting provided for the klima:aktiv pakt2020.

As a result of this process, energy data from the reporting year is not available for the annual report; the selected data provided below refer mostly to the 2013 calendar year.

Building and renovating. 472 housing units in 17 properties of the BUWOG Group Austria were renovated in 2013. The quantitative effects are assumed to be 1,696 MWh and are calculated based on the renovated residential floor area of 42,410 sqm and an average saving of 40 kWh/sqm. In 29 complexes, energy efficiency measures were undertaken on heating systems (new equipment, insulation etc.). The potential is estimated at 10% of the previous year's consumption of the optimised properties. This is around 620 MWh for 2013.

The renovation of buildings to optimise energy consumption also involves the review of lighting in shared spaces of BUWOG properties. In new construction projects, motion detectors are used not only to save energy, but to extend the service life of light bulbs by means of zone illumination and by switching lights on for shorter periods. For the shared spaces of residential buildings in Austria and for the Vienna headquarters of BUWOG and the ESG headquarters in Villach, the BUWOG Group uses certified green electricity (renewable electricity UZ46).

In its largest current construction project "52 Grad Nord" in Berlin's Treptow-Köpenick, the BUWOG Group is building a private district heating network, whose energy will supply all residential units with the use of cogeneration and geothermal river water.

To improve microclimate conditions, the BUWOG Group is increasingly investing in green roofs and façades in new buildings and renovations. This makes a significant contribution to the prevention of heat island effects in densely built-up areas.

The BUWOG Group's new construction projects in Austria increasingly involve the construction of e-charging stations for e-cars and e-bikes.

klima:aktiv Gold award for BUWOG project in Kierling/Klosterneuburg. The renovation of the residential complex on the Kierlinger Hauptstrasse in Klosterneuburg (Austria) is one of the flagship projects of the BUWOG Group. The property was built in the 1970s, and includes 24 apartments. The residential complex has been built up and densified by additional buildings on the site. The roof extension replaced thermal insulation and renovation measures on the existing roof and contributed to financing the high-quality renovation of the property. Heat loss in the renovation was minimised by thermal insulation and new (passive) windows. Achieving the passive house standard for the building envelope makes it possible to heat the building using a new ventilation system installed in existing installation shafts. The heat, both for heating and for hot water, is supplied by a common central biomass system (pellets) for both parts of the building. 90 sqm of thermal solar collectors were installed on the south side roofs of the additions to the old buildings.

In November 2014, Austrian Federal Minister, Andrä Rupprechter, presented this project with an award at a klima:aktiv event. The property earned 925 of 1,000 possible klima:aktiv building standard points. It combines high energy-savings and environmental quality with professional execution, and therefore meets the klima:aktiv GOLD building standard.

Operational measures to save energy. To minimise business trips – especially air travel between the BUWOG locations in Austria and Germany – the teleconference software "Microsoft Lync" was installed during the reporting year. As a substitute for business trips taken in cars, increasing focus is being placed on ensuring that employees use public transport or cars from the BUWOG fleet.

In the BUWOG Group, work continues on expanding the fleet to include vehicles with alternative drive systems. Both in Austria and in Germany, the fleet has been expanded to include three cars with alternative drive systems. The BUWOG Group also invests in the e-mobility of its tenants by building e-charging stations.

In the area of administration, paper consumption was halved from the previous year to 5.66 tonnes in 2013 by changing the default printer setting to double-sided printing and by raising employee awareness through internal training.

RESEARCH AND DEVELOPMENT

The BUWOG Group was involved in the following R&D projects in 2014/15:
- "Low energy apartment futures – LEAF" (previously LER-MUH)
- "Innovative system for energy-producing roof gardens of the future"

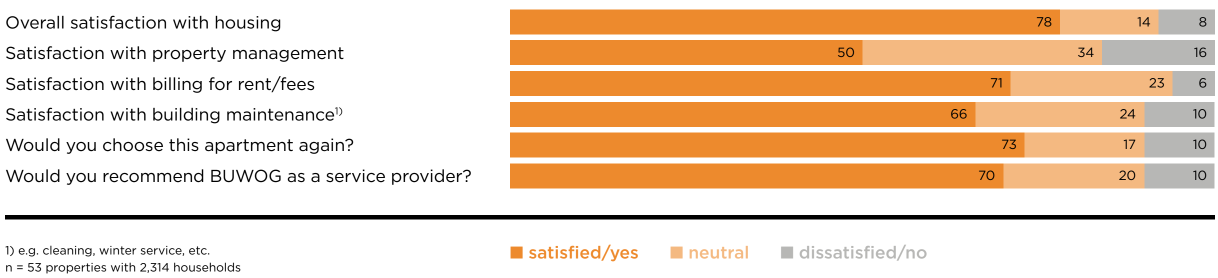
CUSTOMER COMMUNICATIONS

Customer survey. The BUWOG Group conducts regular customer surveys, as the company has always believed that high quality standards can only be maintained and improvements made when the customer viewpoint and the degree of customer satisfaction are known and brought to light in a well-constructed survey. To a large extent, the customer surveys are carried out by employees of the BUWOG Group, under the expert guidance of a market research company. This approach has the advantage of allowing the BUWOG Group to react quickly and accurately to topics requested in-house, and it makes it possible to carry out detailed evaluations afterwards at short notice and across multiple properties. The BUWOG Group also uses the findings of the survey as an early warning system for inventory problems and to monitor progress, e.g. in new buildings or renovations.

The customer surveys in 2014/15 focused on the management portfolio of the BUWOG Group in Austria, in which a total of 53 properties with 2,314 households were surveyed. The average response rate has been consistently high for years and stood at 45% in the financial year, slightly above the level of the previous year.

SELECTED RESULTS OF THE CUSTOMER SURVEY

in %



1) e.g. cleaning, winter service, etc.
n = 53 properties with 2,314 households

Customer satisfaction with renovations. In four properties, satisfaction with a recently completed major renovation was surveyed during the reporting period. This survey showed a consistently high level of satisfaction with the renovation results, the BUWOG Group found room for improvement only in informing customers of the status of renovation projects. In response to this survey, the BUWOG Group is currently planning its own customer magazine, which will be made available to tenants in properties in which major renovations are planned in order to provide them with individualised information on the respective projects.

CUSTOMER SATISFACTION WITH RENOVATIONS

in %

n = 4 properties

COMMUNICATION AND SOCIAL COMMITMENT OF THE BUWOG GROUP

A fund-raising campaign by BUWOG for a building in Africa. At Christmas 2014, the BUWOG Group decided not to send gifts for business partners and instead make a donation to the charitable organisation AMINA – Aktiv für Menschen in Not Austria (Active for People in Need Austria), to contribute to the building of a home for street children in Senegal. Additionally, BUWOG employees were asked to donate money to raise funds for street children in Saint Louis in northern Senegal.

Oase 22 – Caritas neighbourhood management and recognition at the Wiener Wohnbaupreis (awards for residential construction in Vienna). In early May 2015, the residential project Oase 22 (Adelheid-Popp-Gasse 1 in Vienna-Donaustadt), together with the BUWOG construction division BOA, was presented with an award in "Recognition of neighbourhood development" at the Wiener Wohnbaupreis. A team from Caritas is providing professional assistance in the development of the neighbourhood; the goal of the team is to create opportunities for meetings, dialogue and participation among residents and to promote a vibrant neighbourhood. In the neighbourhood, the Caritas team, in addition to organising many community activities, serves as a focal point for social and cultural issues and seeks to act as a mediator in neighbourhood conflicts.

Women's shelters. The BUWOG Group values honest social commitment. The BUWOG Group supports women's shelters both in Vienna and in Villach. In addition, in cooperation with local partners, the BUWOG Group provides two apartments in Vienna and one apartment in Villach at no charge as "emergency housing". These apartments are used by clients of the women's shelters who require a place to live for an extended period of time. Emergency housing is a valuable addition to the aid provided by the women's shelter, particularly for women with children. Each of the three apartments provided by the BUWOG Group has three rooms and is furnished.

Refugee housing. Europe is currently faced with a considerable flow of refugees due to the many global crises and humanitarian disasters, such as the ongoing civil war in Syria. In Austria and Germany, the countries in which the BUWOG Group is active, refugee centres are overflowing. For the BUWOG Group it is therefore only natural to review its portfolio for apartments that could be used to accommodate refugees. Outside the reporting period, six free apartments in Pöckstein (Carinthia) and two additional ones in Salzburg were rented to an institution active in caring for refugees; refugees will soon be moving into additional BUWOG apartments in Carinthia.

Cultural sponsorship. The BUWOG Group is a proud sponsor of the Vienna State Opera and the Theater an der Wien/The New Opera House (including young artists of the Chamber Opera).

Marketing & communication. The BUWOG Group uses its internal and external communication channels intensively to provide information on the social and cultural commitments described above and to increase awareness of sustainability issues among customers and employees. To this end, the BUWOG blog, a key communication tool, was introduced in the financial year. http://blog.buwog.com

BUWOG AG IN THE VÖNIX SUSTAINABILITY INDEX

VÖNIX 2015/16 INDEX MEMBER

In June 2014, BUWOG AG was included in the VÖNIX sustainability index at its first opportunity following the IPO. The VBV Austrian Sustainability Index (VÖNIX) is a capitalisation-weighted price index consisting of listed Austrian companies that are leaders in terms of social and environmental performance. The VÖNIX Sustainability Index is reviewed annually, with the participating companies subjected to a renewed sustainability analysis. The auditors of VÖNIX were impressed by the performance of BUWOG AG again in the current reporting year and so BUWOG AG was confirmed again as a member of VÖNIX Sustainability Index for 2015/16.

EMPLOYEES AND SOCIAL RESPONSIBILITY

Succeeding together. The financial year 2014/15 was a very exciting year for the employees of the BUWOG Group. With the integration of 311 employees, the sale of BUWOG Facility Management and the spin-off from IMMOFINANZ, employees had to adapt to new structures and, in some cases, to new responsibilities. Employees showed their great flexibility and enormous commitment in accomplishing this and establishing a new and successful BUWOG Group under the leadership of the Executive Board and management.

The strong, highly dedicated team is and will remain the key success factor for the BUWOG Group. The BUWOG Group considers the skills and motivation of its employees an essential factor in the company's success and company's values.

This year's employee survey showed that the employees of the BUWOG Group in Germany and Austria are very satisfied with their jobs and their work environment. The management of BUWOG is firmly convinced that this is also an important factor in the company's success. Esteem and ideal working conditions reflect the values of our company. One point of criticism noted in the survey was a deficit in communication between managers and employees. This criticism is being taken seriously and measures to improve it have already been initiated.

All managers have been asked to communicate openly; the same request has been made to employees, too. While managers hold regular meetings with their employees, employees are encouraged to ask questions and request information.

The Human Resources department, in close cooperation with management, is responsible for recruiting and retaining motivated and competent staff, placing these men and women in the right positions and developing their potential. This department is in charge of personnel management and recruiting as well as organisational and staff development:

In the financial year 2014/15, the main focus of the Human Resources department was on the integration of around 300 new employees in Germany and the establishment of fully independent structures within the management platform for the "new" BUWOG Group.

Austria – Germany, one team. Several events were held at which the BUWOG Group greeted and welcomed new colleagues from Germany. A significant exchange of information about job tasks and processes took place at these events. With a view to implementing best practices, the more efficient procedure was adopted and implemented in the respective area. The year was closed with an employee event in Hamburg in March 2015. In addition to the topics covered, the two-day event "Setting the Course for the Future II" gave employees the opportunity to get to know each other better and to establish personal networks that go beyond borders.

Cascading process "Setting the Course for the Future". At the beginning of each calendar year, the members of the Executive Board begin the cascading process. The members of the Executive Board meet to decide on locations, to discuss strategies and to plan the path of the BUWOG Group for the coming financial year. A major and vital topic in the past financial year was, among other things, the result of the employee survey. After this first discussion, the top management, which consists of the managers and the Executive Board, are invited to a workshop, where they work together on implementation and resource planning. In the third step, the department heads are invited to a two-day workshop. This workshop focuses on involving all senior managers in the tasks ahead, and on strengthening the personal relationships among managers. In addition to numerous workshops, group work and presentations, there is the opportunity for casual conversation during the breaks and in the evening. The conclusion is the large group event, which took place this year in Hamburg.

More than 530 employees took part in an informative, fun-filled and entertaining two-day programme in Hamburg. The event was kicked off with an interview with the Executive Board. In the interview, CEO Daniel Riedl and CFO Ronald Roos took a look back at the recent months as a listed stock corporation but also sketched an outlook for the coming months and the next financial year. All BUWOG Group employees worked together on important issues. A varied programme encouraged networking, and there was no shortage of fun. The entire process was supported by a consultant and the Human Resources and Organisation department.

Integration of new employees. At the regularly scheduled Onboarding Days, new colleagues received a good overall view of the BUWOG Group and had the opportunity to meet the Executive Board members personally. In addition, on these two days the department heads presented their areas of activity, providing a good overview of the different divisions.

Education is vital! The continuing education programme has been extended both internally and externally. In addition to many professional and personal further education sessions, a special training programme for the real estate business was launched in which employees attend 10 training modules. This training programme is intended to give employees the chance to obtain insights into key company-specific issues and to acquire essential knowledge in the real estate sector. Managers and employees of the BUWOG Group gave presentations as part of this training programme – making use of the expertise in the company. This year, 100 employees were involved in the programme; of this number, more than 80 employees took part in all the modules and received a certificate of participation.

Careers with the BUWOG Group. The BUWOG team is characterised by a high degree of personal responsibility, motivation, flexibility and professionalism. As an expression of the high regard for employees and to support their continuous development, appraisal meetings are held each year which include the definition of specific goals. Personalised training plans – in the form of individual courses or Group workshops – are important components of this process, as they contribute both to raising professional qualifications and to the development of the team. The training offered ranges from subject-specific seminars on topics such as the Non-Profit Housing and Tenancy Act (“*Wohnungsgemeinnützigkeits- und Mietrechtsgesetz*”), through to personality development seminars based on the Process Communication Model®.

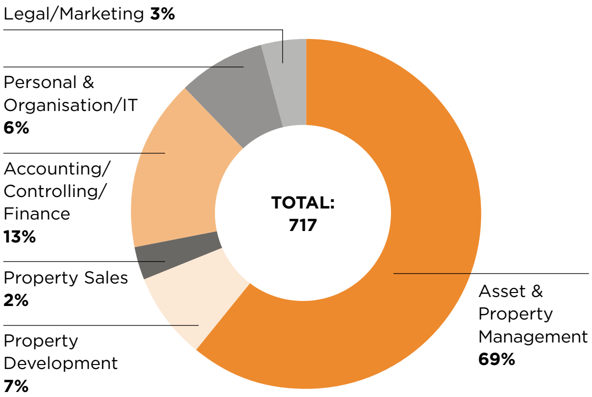
Workshops are held to develop tools and methods for management topics such as employee appraisals, change processes, coaching, practice-oriented techniques for management and teamwork or management skills. This makes an important contribution to harmonising the management culture in the BUWOG Group. Based on the employee survey and managers’ workshops, management training will increasingly take on the topics of communication and leadership skills.

Facts and figures. As at 30 April 2015, there were 717 employees and 679 full-time equivalents in the fully consolidated companies of the BUWOG Group. In the previous year, the number of employees and full-time equivalents was 430 and 406, respectively.

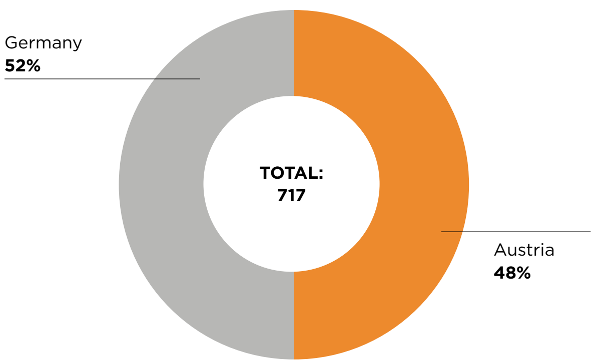
The increase in the number of employees is primarily due to the takeover of the management platform as part of the portfolio acquisitions in Germany and the development of functions at the headquarters that were handled by IMMOFINANZ AG as the parent company prior to the spin-off.

The average age of BUWOG employees is about 42 years. The BUWOG Group thus offers an attractive mix of experience – around 35% with more than 10 years’ service to the company – and young employees. The core activities of the BUWOG Group include Asset Management, Property Development and Property Sales, which together are responsible for 78% of the total full-time equivalent workforce. The following charts show the distribution of employees by regional assignment and by operational area.

EMPLOYEES
as of 30 April 2015 by area of activity



EMPLOYEES
as of 30 April 2015 by region



Diversity and equal opportunity. Ensuring equal opportunity between women and men is a key objective of the company. The proportion of women in the total workforce is 57% and is 27% in management positions.

Working together. BUWOG employees are characterised by high level of commitment and outstanding motivation. It is therefore of great importance to the company's management that employees feel comfortable at work. To this end, the company encourages and supports Group activities such as the annual Business run, department days on which employees who work closely together take part in activities together, and property tours at which employees are shown standing properties and new projects. These activities strengthen team spirit. The staff are kept informed of current internal topics via the intranet and the in-house TV. In the in-house café, employees can take a short break or hold business meetings while enjoying complimentary coffee, mineral water and fruit. In 2014, a regular "HR breakfast" was also initiated to which the Human Resources department issues invitations. At this "HR breakfast" project leaders or department heads inform employees about current issues and projects. In addition, employees have the opportunity to ask the Executive Board members questions on current issues, which the Executive Board members are happy to answer. At the end of each "HR breakfast", the new employees are introduced, and employees who have completed a training course are recognised.

The promotion of health in the workplace is also a key component of our activities. In addition to a company physician, occupational psychologists and safety officers, the BUWOG Group holds a Health Day twice a year on which experts make presentations on the topics of exercise/ergonomics, nutrition, psychology and team building. The BUWOG Group also provides employees the opportunity to receive a medical check-up.

In response to the results of the employee survey, workshops on stress, conflict management, communication, team building and relaxation are offered in cooperation with occupational psychologists; these workshops have been very well-received by employees.

Other pillars in the work-life balance of employees of the BUWOG Group include honouring the principle of equal treatment at all times, and the availability of flexitime and teleworking opportunities. In addition, the company offers attractive social benefits, pension plans and a range of employee benefits.

RISK REPORT

As a property owner and developer, the BUWOG Group is exposed to a variety of risks. 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.

The BUWOG Group has an active risk management system in place in all areas. To meet the requirements of a professional risk management system, new software to administer risks was implemented in the financial year 2014/15. This makes a consistent, clear and systematic approach possible. Internal guidelines, reporting systems and control measures to support the monitoring, evaluation and control of risks related to the operating business have been installed throughout the company and are continuously optimised. Risk management in the BUWOG Group takes place at all levels and is ultimately the responsibility of the Executive Board, which is involved in all risk-related decisions. The BUWOG Group further optimised the internal control system (ICS) to support the early identification and monitoring of risks. For further details, please refer to the ICS sub-section.

The risk process identifies and analyses the risks at the company level and in the operating units on an ongoing basis. The probability of occurrence and the potential damage are estimated for each risk. Measures or controls to mitigate the risks and/or minimise the damage are taken jointly with the Risk Manager and the risk owner in the relevant area.

The most significant risk factors can be summarised under financial risks and market/property-specific risks. The major financial risk factors are associated with fluctuations in interest rates as well as negative changes in the credit standing or liquidity of customers and business partners.

Market- and property-specific risks arise from micro- and macroeconomic events, and developments at the property level. These include the market price risk as well as the competitive situation and transaction 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 property investor and developer, BUWOG Group is exposed to a variety of risks. Effective and continuous risk management ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and allows this information to be included in decision-making processes.

Active risk management is practiced in all areas of the BUWOG Group. In order to meet the demands on a professional risk management system, new risk administration software was installed during the reporting year. This software provides the framework for a standardised, verifiable and systematic approach to risk management. Internal guidelines, reporting systems and control measures have been installed throughout the company and are continuously optimised to support the monitoring, evaluation and control of risks related to the operating business. Risk management in the BUWOG Group takes place at all levels. The ultimate responsibility for risk management lies with the Executive Board, which is involved in all risk-related decisions. In addition, the BUWOG Group further optimised its internal control system (ICS) to support the early identification and monitoring of risk. A description of the ICS is provided in the management report. Internal auditors evaluate the functioning and efficiency of the ICS.

The risk process identifies and analyses the risks at the company level and in the operating units on an ongoing basis. The probability of occurrence and potential damage are assessed for each risk. Measures to counter the risks and/or minimise the damage are taken jointly by the risk manager and the risk owner in the relevant area.

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 stem from fluctuations in interest rates and negative changes 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. The major part of the property portfolio is financed with very long-term annuity loans (subsidised and bank loans), which minimises the refinancing risk.

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 2015, the BUWOG Group had unused working capital credit lines of TEUR 40,000.0 (30 April 2014: TEUR 1,172.3). Additional unused credit lines of TEUR 150,479.9 (30 April 2014: TEUR 12,797.2) 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. 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.

The imminent outflow of funds from legal risks is continuously monitored by the legal department in consultation with the operating units and the real estate finance & cash management 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 2015	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	1,408,388.5	89,452.0	320,620.1	1,263,697.1
thereof secured by collateral	1,326,199.1	84,422.8	299,763.3	1,196,723.3
thereof not secured by collateral	82,189.4	5,029.2	20,856.8	66,973.9
Amounts due to local authorities	696,922.7	28,971.6	126,782.2	765,165.4
Miscellaneous	227,550.0	182,565.3	20,864.2	24,120.5
Total non-derivative financial liabilities	**2,332,861.2**	**300,988.9**	**468,266.5**	**2,052,983.1**
Derivative financial instruments (liabilities)	70,531.2	14,212.4	49,373.5	62,403.9
Total derivative financial liabilities	**70,531.2**	**14,212.4**	**49,373.5**	**62,403.9**
Financial liabilities held for sale	**358.1**	**358.1**	**0.0**	**0.0**
Total	**2,403,750.5**	**315,559.5**	**517,640.0**	**2,115,387.0**

CASH OUTFLOWS – PREVIOUS YEAR

in TEUR	Carrying amount on 30 April 2014	Outflows of funds under 1 year	Outflows of funds between 1 and 5 years	Outflows of funds over 5 years
Convertible bond 2014-2019	247,949.0	9,100.0	296,424.9	0.0
Amounts due to financial institutions	690,950.5	76,618.6	186,072.0	454,118.2
thereof secured by collateral	569,348.2	62,881.2	166,720.9	361,709.8
thereof not secured by collateral	121,602.3	13,737.4	19,351.2	92,408.4
Amounts due to local authorities	444,988.2	15,421.3	65,281.3	446,647.8
Miscellaneous	198,526.6	174,103.7	17,381.7	7,041.2
Total non-derivative financial liabilities	**1,582,414.3**	**275,243.6**	**565,160.0**	**907,807.2**
Derivative financial instruments (liabilities)	27,867.6	8,671.2	29,861.8	16,876.7
Total derivative financial liabilities	**27,867.6**	**8,671.2**	**29,861.8**	**16,876.7**
Financial liabilities held for sale	**7,360.4**	**7,360.4**	**0.0**	**0.0**
Total	**1,617,642.3**	**291,275.2**	**595,021.8**	**924,683.9**

Other financial liabilities include financing contributions of TEUR 107,958.7 (30 April 2014: TEUR 110,970.1). 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 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. These derivatives 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 39.71 et seq 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 Austrian non-profit housing regulations ("Wohnungsgemeinnützigkeitsgesetz", WGG).

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. 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 2015	30 April 2014
Fixed interest financial liabilities	786,503.8	810,061.3
Variable interest financial liabilities	1,318,807.3	573,826.4
Total interest-bearing financial liabilities	**2,105,311.1**	**1,383,887.7**

Fixed-interest financial liabilities as of 30 April 2014 included the convertible bond, which was redeemed prematurely in 2014/15.

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

	Variable element	Fair value as of 30 April 2015 in EUR	Reference value as of 30 April 2015 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0,5%-3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	-3,383,597	197,006,020	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	-3,338,715	190,343,980	0.72	30 April 2024
Interest rate swap (Bank Austria)	3-M-Euribor	-2,688,234	104,685,000	0.84	28 February 2025
Interest rate swap (RLB NÖ Wien)	6-M-Euribor	-4,498,076	133,987,500	0.99	2 January 2025
Interest rate swap (HVB)	3-M-Euribor	-690,791	16,954,000	1.03	30 April 2021
Interest rate swap (HVB)	3-M-Euribor	-1,642,962	31,095,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	-244,777	3,800,000	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	-1,355,686	21,045,000	1.39	31 December 2021
Interest rate swap (LBB)	3-M-Euribor	-374,137	57,687,500	1.90	31 August 2015
Interest rate swap (HVB)	3-M-Euribor	-1,677,961	13,566,800	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-3,778,779	22,000,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	-5,166,643	27,840,000	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-4,335,643	23,200,000	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-5,308,398	27,840,000	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	-1,992,699	12,000,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-4,114,645	15,276,000	2.99	30 September 2039
Number of derivatives: 16		**-44,591,743**	**898,327,200**		
Interest rate of 3%-4,5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-1,984,260	7,972,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-5,112,846	24,993,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-9,815,500	47,628,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-5,398,548	26,195,000	3.11	30 September 2031
Interest rate swap (Bank Austria)	6-M-Euribor	-15,572	1,195,000	3.22	30 September 2015
Interest rate swap (Bank Austria)	6-M-Euribor	-47,162	3,234,000	3.37	30 September 2015
Number of derivatives: 6		**-22,373,888**	**111,217,000**		
Interest rate above 4,5%					
Interest rate swap (Hypothekenbank Frankfurt)	6-M-Euribor	-3,565,637	25,480,000	4.58	30 June 2018
Number of derivatives: 1		**-3,565,637**	**25,480,000**		
Total derivatives: 23		**-70,531,269**	**1,035,024,200**	**1.47**	

DERIVATIVES – PREVIOUS YEAR

	Variable element	Fair value as of 30 April 2014 in EUR	Reference value as of 30 April 2014 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0,5%-3%					
Interest rate swap (Deka Bank)	3-M-Euribor	–307,673	21,489,000	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–55,573	3,880,000	1.39	31 December 2021
Interest rate swap (LBB)	3-M-Euribor	–1,276,842	59,312,500	1.90	31 August 2015
Interest rate swap (HVB)	3-M-Euribor	–794,573	13,858,000	2.13	29 September 2023
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–1,265,582	23,900,000	2.41	30 November 2036
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,247,312	23,000,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	–1,534,288	28,680,000	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–1,627,791	28,680,000	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,116,946	12,750,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,692,788	15,635,000	2.99	30 September 2039
Number of derivatives: 10		**–10,919,368**	**231,184,500**		
Interest rate of 3%-4,5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–907,505	8,159,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–2,921,653	25,993,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–5,644,209	49,534,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,104,333	27,244,000	3.11	30 September 2031
Interest rate swap (Bank Austria)	6-M-Euribor	–52,041	1,478,000	3.22	30 September 2015
Interest rate swap (Bank Austria)	6-M-Euribor	–91,550	4,980,000	3.26	30 December 2014
Interest rate swap (Bank Austria)	6-M-Euribor	–135,443	3,342,000	3.37	30 September 2015
Number of derivatives: 7		**–12,856,734**	**120,730,000**		
Interest rate above 4,5%					
Interest rate swap (Hypothekenbank Frankfurt)	3-M-Euribor	–4,091,557	25,900,000	4.58	30 June 2018
Number of derivatives: 1		**–4,091,557**	**25,900,000**		
Total derivatives: 18		**–27,867,659**	**377,814,500**	**2.67**	

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 derivatives and financial liabilities, determine fair value by discounting future cash flows with current interest rate curves. Rising interest rates result in a higher discount factor and a reduction in the cash 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

in TEUR

Sensitivity analysis 2014/15	Negative fair value 30 April 2015	Interest rate scenarios +/- 10 BP	+/- 25 BP	+/- 50 BP
Change in negative fair value on increase in interest rate	- 70.531,2	+ 5.307,3	+ 18.366,1	+ 39.629,5
Change in negative fair value on decrease in interest rate	- 70.531,2	- 12.464,8	- 26.070,3	- 49.287,7

Sensitivity analysis 2013/14	Negative fair value 30 April 2014	+/- 10 BP	+/- 25 BP	+/- 50 BP
Change in negative fair value on increase in interest rate	- 27.867,7	+ 3.916,7	+ 7.566,9	+ 14.880,4
Change in negative fair value on decrease in interest rate	- 27.867,7	- 2.939,6	- 8.203,1	- 17.214,4

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 2014/15	Fair value 30 April 2015	Interest rate scenarios +/- 50 BP	+/- 100 BP
Change in fair value on change in interest rate	- 776.985,7	+/- 41.189,9	+/- 79.087,7

Sensitivity analysis 2013/14	Fair value 30 April 2014	+/- 50 BP	+/- 100 BP
Change in fair value on change in interest rate	- 524.411,2	+/- 25.271,0	+/- 48.342,3

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 the Group is therefore exposed to no risk or only limited risk from these items.

CAPITAL MANAGEMENT

The goal of BUWOG's Executive Board is to protect the Group's liquidity over the short-, medium- and long-term. In addition, interest rate hedging instruments such as swaps are used to manage liquidity, above all when interest rates are low. The aim is to achieve a balanced LTV (loan-to-value) ratio of 50–55%.

CAPITAL MANAGEMENT

in TEUR	30 April 2015	30 April 2014
Equity	1,524,300.2	1,552,103.3
Debt	2,652,967.9	1,803,188.9
Debt equity ratio	**174.0%**	**116.2%**

The following table shows the calculation of the loan-to-value ratio:

LOAN-TO-VALUE

in TEUR	30 April 2015	30 April 2014
Long-term financial liabilities	2,015,986.6	1,036,854.4
Short-term financial liabilites	89,437.6	99,176.4
Liabilities held for sale	358.1	7,360.4
Less cash an cash equivalents	–149,153.2	–132,947.4
Total net financial liabilites	**1,956,629.1**	**1,010,443.8**
Investment properties	3,620,762.6	2,631,573.5
Investment properties under construction	14,578.0	10,926.1
Non-current assets held for sale	5,849.6	15,036.0
Inventories	197,572.8	155,117.3
Total investment properties	**3,838,763.0**	**2,812,652.9**
LTV	**51.0%**	**35.9%**

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.

MARKET RISK AND PROPERTY-SPECIFIC RISKS

The development of property markets is heavily dependent on economic growth and macroeconomic trends.

These risks relate to the micro- and macroeconomic development of the German-speaking countries and the global financial and investment market. The resulting effects on market prices, market rents and yields also play an important role.

Alongside the typical risks facing property owners, which the BUWOG Group minimises through property-specific insurance cover, the company is also exposed to property-specific risks. These principally relate to the location of the properties, their architecture and the structural condition of the buildings, and to the direct competitive situation and location-specific socio-economic factors. The approaches adopted by the BUWOG Group to minimise these risks include the use of controlling instruments to support the Asset Management business area in its regular valuation of the properties and the assessment of the quality of location and attractiveness of the market for each property, based on key indicators. In addition, the findings from managing the properties are regularly discussed and analysed at meetings between Asset Management, Property Controlling, Management and the Executive Board. In its efforts to manage business results, management is also supported by detailed budgets at property level, the medium-term plan and target/actual comparisons. Properties whose location, quality and competitiveness do not meet the portfolio requirements are sold over the medium term.

The BUWOG Group is particularly susceptible to market risk arising from changes in supply and demand for rentals, as they directly impact actual rental income and vacancy rates, and are ultimately reflected in the prices of the properties. The BUWOG Group can optimise investment in its existing properties through regional and product-specific diversification of the existing residential portfolio and through new construction projects that pursue a strategy of product line differentiation, and by actively managing the properties, making use of the specific knowledge of the regional markets that it has built up over the years. In addition, the market risk is mitigated by matching rents to the respective properties and locations within the limits permitted by law.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns, as well as the success of utilisation and rentals. Other risks may arise from contaminated sites and contamination of building lots and from the use of the land. The BUWOG Group minimises these risks by first conducting in-depth checks and cost efficiency analyses before starting on any projects, and by regularly checking costs and schedules and the associated variance analyses throughout the project duration.

Detailed market studies are prepared on a regular basis and analysed in connection with reports by recognised real estate experts to allow for timely reaction to changes in the market environment. All market changes are included in the portfolio analysis and have an important influence on investment, sales and project plans, and thereby also on the Group's medium-term planning. The acquisition process used by the BUWOG Group includes appropriately tiered due diligence audits together with independent experts that are intended to identify any such risks in advance and to evaluate all risks related to legal, tax, economic, technical and social issues.

Property valuation risk. As is customary in the sector, the BUWOG Group uses the fair value model. Under this method, properties are carried on the balance sheet at their fair value. The properties owned by the BUWOG Group are valued semi-annually by external appraisers. The values determined by these experts are heavily dependent on the calculation method and the underlying assumptions. A change in the underlying assumptions can therefore lead to major fluctuations in the value of a property. For example: any change in the assumed occupancy rate, market price or future investment costs of a property will have a direct effect on the resulting profitability and fair value of the property. Even minor changes in the underlying assumptions, prompted by economic or property-specific considerations, can materially impact the net profit of the BUWOG Group.

REGULATORY, TAX AND LEGAL RISKS

Legal risks. As a property owner and developer, the BUWOG Group is exposed to a variety of legal risks. These include risks related to the purchase or sale of property and those arising from legal disputes with tenants or other counterparties.

Rent and housing laws, as well as building codes, and civil, tax and environmental laws are particularly important for the business operations of the BUWOG Group. The BUWOG Group therefore follows regulatory changes and high court rulings with particular interest to enable it to respond in good time to any binding changes in general legal conditions.

The outcome of pending actions under civil and administrative law and of out-of-court settlements with tenants, contractors and joint venture or development partners cannot be reliably predicted. There is the risk that costs may be incurred due to judicial or administrative decisions or settlements that unexpectedly impact the results of the BUWOG Group. The BUWOG Group purchases building insurance and property liability insurance cover to minimise the risks associated with the buildings and undeveloped land owned by the company.

The risks incurred by the BUWOG Group resulting from the cap on rent increases (*"Mietpreisbremse"*) adopted in Germany last financial year relate mainly to the rental prices for new rentals and are presented below. After turning in only a modest performance since the turn of the millennium, rental prices on the German housing market have increased significantly in many regions of Germany during the last five years due mainly to higher demand. Politicians felt compelled by this to intervene in the market. This cap on rent increases was decided upon at the end of September 2014 by the German Federal Cabinet, adopted by the Bundestag on 5 March 2015 and entered into force on 1 June 2015. Its purpose is to slow the increase in rents in tight housing markets. The provincial governments will be authorised to determine areas with tight housing markets by ordinance for a period not exceeding five years. Due to regulatory changes, the rental place is not determined by supply and demand on the market, but by comparable standard rents for the area. When re-letting an apartment the rent cannot be raised more than 10% above the comparable standard rent for the area or the previously agreed rent. As a result, in the areas affected by this change in some cases there is no longer potential to increase rents when re-letting apartments. As of 29 June 2015, the only properties in BUWOG's investment portfolio that are affected by the provisions of the cap on rent increases are located in the state of Berlin, where the corresponding state regulation entered into force on 1 June 2015. Of the 4,913 standing investments in Berlin, around 59% are subject to this regulation. The remaining standing investments are not affected by these provisions due to existing public subsidies. The percentage of BUWOG's portfolio in Germany that is subject to the cap on rent increases is currently estimated at around 11%. Based on current knowledge, the cap on rent increases in other locations within BUWOG's investment portfolio is considered to be on the low side. The risk can therefore be assessed as manageable overall.

Tax risks. The two formerly non-profit Austrian Group companies BUWOG – Bauen und Wohnen GmbH and ESG Wohnungsgesellschaft mbH Villach filed a complaint against a revision of their corporate income tax assessments for 2001–2011 (BUWOG GmbH and ESG GmbH) following an external audit; the actions are still pending. The conflicting legal opinions held by the companies and the tax authorities relate to the valuation of the subsidised loans when the companies acquired unlimited tax liability following the abolition of their non-profit status.

Political and regulatory risks. The BUWOG Group is exposed to general risks arising from changes in conditions brought about by legislation or other provisions (including tenancy law, construction law, environmental law and tax law). As BUWOG's operations are limited to Austria and Germany, and such variations usually do not occur in the short term and unexpectedly, there is usually sufficient time to react to changes.

OTHER RISKS

Concentration risk. Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. The BUWOG Group consciously reduces these risks through the regional diversification of the portfolio by having a business model focused on several business areas.

Integration risk. The risks associated with the purchase of property portfolios and the integration of those portfolios into the BUWOG Group are gathered during the due diligence process in the run-up to acquisition, and reflected in the purchase price negotiations.

The risks are mainly of a financial and legal nature, or relate to the integration of the portfolio into the BUWOG Group and its performance, which can be influenced by market and property-specific risks. There is also the risk that risks are not identified in the due diligence process and therefore not reflected in the purchase price, or of overly optimistic assumptions being made in the due diligence process, resulting ultimately in the payment of too high a purchase price.

When integrating existing organisational structures, there is a risk of earnings not meeting budget expectations, of synergies not materialising as planned, of an increased integration workload incurring unscheduled additional costs, or of the integration taking longer than originally planned and necessitating additional expenditure. The BUWOG Group mitigates these risks by involving both internal and external experts from all relevant disciplines in the due diligence process, and by drawing up detailed business plans based on their findings. To further reduce this risk, the BUWOG Group also engages experienced integration managers who draw up detailed integration plans in line with the envisaged schedule, and coordinate and implement the integration process.

The integration of the DGAG real estate portfolio and the management platform began with the closing in July 2014. The harmonisation of the organisational structure allowed the first steps towards a common corporate culture to be taken. Synergies were found and the optimisation and standardisation of processes and internal guidelines were initiated, with the aim of increasing efficiency and effectiveness, and mitigating possible risks. The IT infrastructure and ERP systems are different in Germany and Austria; BUWOG minimises the resulting risks by taking advantage of synergies and through the planned harmonisation of infrastructure and ERP systems.

Acquisition/project development risk. BUWOG's acquisition and development activities involve, in particular, risks relating to legal, tax, economic, technical and social issues. The standardised acquisition process used by the BUWOG Group includes extensive due diligence audits together with independent experts that are intended to identify and evaluate any such risks in advance. The BUWOG Group does not in principle purchase properties that fail to meet its high quality standards.

The risk of not receiving important information until after completion of the acquisition activities that could have a negative impact on the economic assumptions (e.g. incomplete information in the due diligence reports) and interim market changes cannot be completely excluded.

The strategic objective of identifying properties with lower fungibility and, where appropriate, selling them and replacing them with properties in "more liquid" markets was continued in the reporting year.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns as well as the success of utilisation and rentals. The BUWOG Group minimises these risks in projects in which it is involved by regularly monitoring costs and schedules through variance analyses. Please see section 9.2.2 Default/credit risk for information on the default/credit risk.

To avoid acquisition, project development and investment risks, an internal investment policy has been implemented within the BUWOG Group. This policy regulates the framework and approval limits for all capital expenditure (property acquisitions, development projects and on-going investments). This established process minimises or eliminates the major strategic and property-specific risks. Approval limits are defined in an extensive guideline that applies to all Group companies and regulates all authorisations from individual employees up to the Executive Board. In some cases, these transactions are also subject to the approval of the Supervisory Board.

SUBSEQUENT EVENTS

Acquisition of property portfolios
The BUWOG Group purchased three new construction sites in Berlin during June 2015. In the Pankow district, properties were acquired on Schulzestrasse and Goethestrasse (city quarter: Berlin-Weissensee). Another site was secured on Lückstrasse in Berlin-Lichtenberg. Plans call for the construction of roughly 370 residential units at these three locations.

Extraordinary general meeting
As result of recent developments in listed property companies, the Supervisory Board and Executive Board decided to improve the protection for shareholders when additional interest in the company are acquired and called an extraordinary general meeting of BUWOG AG on 8 June 2015. The agenda for this meeting, which was held after the end of the 2014/15 financial year, included, among others, voting on amendments to the articles of association to reduce the control threshold for a mandatory offering to 20%, an increase in the number of Supervisory Board members from five to six (shareholder representatives) and the election of Stavros Efremidis as the sixth member of the Supervisory Board. The shareholders approved all proposals for the amendment of the articles of association by a substantial majority.

Expansion of the Executive Board
In order to further strengthen the company's sustainable growth course, the Supervisory Board reassigned the responsibilities among the Executive Board members in its meeting on 22 June 2015. Herwig Teufelsdorfer was elected to the Executive Board in connection with this reassignment and, as COO, has been responsible for portfolio management, asset management and property management as well as transactions and the sale of individual apartments since 1 July 2015. Daniel Riedl also took on responsibility for investor relations & corporate finance as part of the new assignment of responsibilities.

INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) of the BUWOG Group 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. In 2014/15 the Process, Project and Risk Management/PMO Department took major steps forward in the refinement and optimisation of the ICS in the BUWOG Group and implemented a new piece of software to map processes, risks and controls.

BASIS OF THE ICS

The ICS comprises a wide range of coordinated methods and measures to safeguard assets and to ensure the accuracy and reliability of data for accounting and financial reporting. The ICS also supports compliance with the corporate policies defined by the Executive Board. The goal was to meet internal and external requirements and ensure that corporate processes and controls remain efficient.

CONTROL ENVIRONMENT

The control environment at the Group level represents the general framework under which internal control activities are designed and implemented. The most important components are statutory regulations and the standards and guidelines issued by the BUWOG Group – e.g. the authorisation guideline – as well as a clear management and organisational structure, and the communication of basic values by management.

The process landscape formed the starting point for the evaluation of the ICS at the process level. The controls of the BUWOG Group were integrated into procedures with special process management and ICS software as part of a risk control matrix, taking into account key risks.

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 the BUWOG Group's accounting process are the appropriate segregation 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 Group controlling for correctness, plausibility and completeness, the integration of preventive and detective controls in processes as well as the automation of key controls through specific system settings in the Navision financial accounting software.

The implementation of new guidelines, processes and control measures is supported by regular information events and feedback rounds. Progress and opportunities for improvement are subsequently reported at regularly scheduled management meetings.

MONITORING BY INTERNAL AUDIT

In the 2014/15 financial year, the compliance and effectiveness of the ICS was monitored by the Internal Audit department of the BUWOG Group as part of its auditing activities. The Internal Audit department reports directly to the full Executive Board of BUWOG AG, while the organisational responsibility for the department lies with the CEO.

The Internal Audit department supports the Executive Board and Supervisory Board of the BUWOG Group in fulfilling their control and monitoring duties, and is responsible for performing auditing activities Group-wide.

All companies, segments and processes were subject without limitation to review by the Internal Audit department in the reporting year. The associated rights and obligations and the provisions governing auditing activities were established in a Group-wide organisational guideline (the "Rules of Procedure for Internal Audit").

The Internal Audit department carried out independent and objective reviews on the basis of a risk-focused annual audit plan approved by the Executive Board and Supervisory Board of the BUWOG Group. These reviews focused primarily on the compliance of the business processes, the effectiveness of the internal control system and opportunities to improve efficiency.

In the reporting period, the results of the audits were reported to the Executive Board of the BUWOG Group on a regular basis and to the Audit Committee of the BUWOG Group's Supervisory Board twice a year. The audit reports included recommendations and measures. Periodic follow-ups ensured the implementations of agreed improvements.

Alongside the provision of primary audit services, internal audit increasingly focused on the fulfilment of advisory services.

In the internal advisory services, the core task of the Internal Audit department was to identify potential improvements, to encourage changes ("innovation and initiative function") and to assist in the implementation of recommendations for improvement ("audit-related advice").

INFORMATION ON CAPITAL

The share capital of BUWOG AG totalled EUR 99,613,479.00 as of 30 April 2015 (30 April 2014: EUR 99,613,479.00). It is divided into 99,613,479 zero par value bearer shares with voting rights, each of which represents a proportional share of EUR 1.00 (30 April 2014: EUR 99,613,479 zero par value bearer shares). All shares of the company are zero par value bearer shares that 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 shares of the company (ISIN AT00BUWOG001) are admitted to trading on the regulated market of the Frankfurt Stock Exchange, for official trading on the Vienna Stock Exchange and are listed on the main market (*"Rynek podstawowy"*) on the Warsaw Stock Exchange (regulated markets within the meaning of Section 1 (2) of the Austrian Stock Exchange Act).

EARLY REPAYMENT OF THE 2019 CONVERTIBLE BOND (CB 2019)

BUWOG AG exercised its early termination rights in accordance with the issue conditions and repaid the 3.5% convertible bond with a total nominal value of EUR 260.0 million and a term ending on 25 April 2019 (ISIN AT0000A17CA5) in its entirety on 19 January 2015. At the extraordinary general meeting on 8 June 2015 the existing conditional capital underlying the conversion rights from the CB 2019 was cancelled.

OWNERSHIP STRUCTURE

According to the voting rights' disclosures of 1 April 2015, IMMOFINANZ AG, together with its subsidiaries, held 46,328,065 BUWOG shares as of the balance sheet date. This represents a share of approximately 46.5% of the share capital of BUWOG AG. Furthermore, pursuant to the voting rights' disclosures, IMMOFINANZ AG has the right or the obligation to acquire 2,479,297 units in stock loan against BUWOG shares. This represents approximately 2.5% of the share capital. This means that IMMOFINANZ AG currently holds a total of 49.0% of the share capital of BUWOG AG. The free float as of 30 April 2015 was thus 51.0%.

According to the de-domination agreement between IMMOFINANZ AG and BUWOG AG, IMMOFINANZ AG has agreed to certain restrictions on the exercise of voting rights attaching to shares in the company, which are discussed below.

RESTRICTIONS ON VOTING RIGHTS

De-domination agreement between IMMOFINANZ AG and BUWOG AG. To permanently ensure the autonomy and independence of the BUWOG Group, IMMOFINANZ AG and BUWOG AG have concluded a de-domination agreement which imposes restrictions on voting rights of the shares in BUWOG AG held by IMMOFINANZ Group. The de-domination agreement limits the number of Supervisory Board members for whom IMMOFINANZ AG is entitled to vote, so that even if the number of members of the Supervisory Board changes no majority decisions can be made by Supervisory Board members for whom IMMOFINANZ AG was entitled to vote. The Supervisory Board of BUWOG AG currently consists of six shareholder representatives; IMMOFINANZ AG exercised its voting rights for the Supervisory Board members Oliver Schumy and Vitus Eckert. Furthermore, IMMOFINANZ AG is obliged not to exercise its voting rights in the annual general meeting of BUWOG AG and in certain other circumstances, including if decisions are to be taken on the discharge of the Executive Board or other Supervisory Board members, on the dismissal of another Supervisory Board member or on any issue of management that has been submitted by the Executive Board or Supervisory Board for a resolution.

Both IMMOFINANZ AG and BUWOG AG may terminate the de-domination agreement only for cause. Important reasons for IMMOFINANZ AG to terminate the agreement include if BUWOG AG shares held by IMMOFINANZ Group, including its subsidiaries, fall below the threshold of 30% of the voting rights present at the annual general meeting when the first resolution is voted on in two consecutive annual general meetings of BUWOG AG. The term of the de-domination agreement ends on 29 April 2020; unless IMMOFINANZ AG provides notification otherwise, the term of the de-domination agreement is automatically renewed. Compliance with the de-domination agreement can be enforced by shareholders of BUWOG AG, representing alone or jointly 5% of the share capital, and by each member of the Executive Board of BUWOG AG.

Since the spin-off in April 2014, IMMOFINANZ AG has had no controlling influence over the operating and financial policy decisions of the BUWOG Group. With the spin-off, IMMOFINANZ Group and the BUWOG Group are two independent groups.

The de-domination agreement in the updated version of March 2015 can be viewed at the company's website www.buwog.com.

No other restrictions on voting rights or shares with control rights. There are no shares with special control rights as defined in Section 243a (1) no. 4 of the Austrian Commercial Code (*"Unternehmensgesetzbuch",* UGB).

BUWOG AG has no employee share participation programme. Therefore, no information is provided on the control of voting rights within the meaning of Section 243a (1) no. 5 UGB.

Outside of the LTI programme for the Executive Board, there are no requirements resulting directly from the law regarding the appointment and dismissal of members of the Executive Board and the Supervisory Board, or concerning the amendment of the company's articles of association pursuant to Section 243a (1) no. 6 UGB (see above for the contractual limitations on voting rights of IMMOFINANZ AG under the de-domination agreement).

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 the treasury shares in accordance with Section 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act (*"Aktiengesetz"*, AktG) at an amount equalling up to 10% of the company's share capital, including repeatedly exercising the 10% limit both via the stock exchange and off market, and excluding the proportional offer rights of shareholders. This authorisation is valid for a period of 30 months from 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 authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in a manner other than through the stock exchange or through a public offering in accordance with Section 65 (1b) AktG. These shares may be sold or used for any legal purpose, whereby the proportional purchase rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date the resolution was passed.

As of 30 April 2015, neither BUWOG AG nor controlled companies held treasury shares.

AUTHORISED CAPITAL

The annual general meeting on 7 March 2014 authorised the Executive Board until 25 March 2019, with the consent of the Supervisory Board, pursuant to Section 169 AktG, 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.

- (i) if the capital increase takes place against cash or contributions in kind and the proportion of shares issued does not exceed the limit of 10% of the share capital of the Company,
- (ii) for contributions in kind,
- (iii) to service a greenshoe option or
- (iv) for the settlement of peak amounts.

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, and may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approve a conditional capital increase of EUR 19,922,696 in accordance with Section 159 AktG to service the exchange or subscription rights of the holders of convertible bonds issued on the basis of this authorisation.

CHANGE OF CONTROL PROVISIONS

De-domination agreement. The de-domination agreement between IMMOFINANZ AG and BUWOG AG concerning restrictions on voting rights arising from BUWOG AG shares held by IMMOFINANZ AG regulates reasons for termination in cases of change of control (see above on the de-domination agreement and reasons for termination).

Some of the existing financing agreements provide that, in the event of a change of control, a consensual agreement must be reached on the continuation of the credit arrangement.

The employment agreements with the members of the Executive Board contain change of control clauses that may lead to the cancellation 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.

2014 LONG-TERM INCENTIVE PROGRAMME (STOCK OPTIONS FOR MEMBERS OF THE EXECUTIVE BOARD)

The annual general meeting of BUWOG AG on 14 October 2014 resolved a conditional capital increase (Section 159 (2) no. 3 AktG) for the granting of stock options to the members of the Executive Board of BUWOG AG as part of the 2014 long-term incentive programme (2014 LTIP).

Under the 2014 LTIP, the Executive Board members have been granted a total of 720,000 options to purchase BUWOG shares at an exercise price of EUR 13.00 each. The exercise price equals the price of the initial listing of the BUWOG shares on 28 April 2014 on the Frankfurt Stock Exchange. The 2014 LTIP is linked to this price as the starting point of BUWOG's independence resulting from the spin-off from IMMOFINANZ AG. The stock options granted are in each case divided into basic options and three tranches of bonus options. The vesting period depends on the achievement of performance targets for that financial year based on the relevant stock exchange price in relation to the EPRA NAV per share and rewards the work of the Executive Board to reduce the implied discount to book value at the IPO. This ensures that the 2014 LTIP serves to balance the interests of shareholders and members of the Executive Board.

The LTIP 2014 provides for a personal investment in BUWOG shares of 50% of the participating Executive Board member's gross annual fixed salary. This investment is increased continually over a period of three financial years from the financial year 2014/15.

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

ALLOCATION OF OPTIONS AND PERFORMANCE TARGETS

Type	Basic options	Bonus options tranche 1	Bonus options tranche 2	Bonus options tranche 3	Total
Period	Start	Year 1 FY 2014/15	Year 2 FY 2015/16	Year 3 FY 2016/17	
NAV objective[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%
Ronald Roos (CFO)	50,000	50,000	60,000	80,000	240,000
% rate	21%	21%	25%	33%	100%
Share price target	achieved	achieved	achieved	open	–

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

Overall, the estimated value of the options granted under the 2014 LTIP at the balance sheet date was EUR 4,103,100.

The options can in principle only be exercised after a waiting period of four financial years, for the first time in the fifth financial year 2018/19 after the start of the programme. In some cases, the premature termination of the contractual term of the Executive Board member, it is also possible to exercise these rights before this period. This is permitted for, among others, basic options and bonus options whose performance targets have been met upon termination of the Executive Board contract due to change of control (see the change of control provisions described above). An additional holding period for the BUWOG shares acquired through exercise of the option is not planned (Rule 28 ACGC); if the Executive Board mandates which currently run until the end of the financial year 2016/17 are not renewed, the waiting period until the options can be exercised is three financial years.

The Company is entitled to deliver the BUWOG shares to be transferred in the exercise of an option either from conditional capital (Section 159 (2) no. 3 AktG) or from authorised capital (Section 169 AktG) or from the company's treasury shares. The 2014 LTIP options were not exercisable during the reporting period (financial year 2014/15).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

In accordance with Section 21 of the articles of association, the annual general meeting approves any such amendments to the articles of association and the (premature) dismissal of members of the Supervisory Board with the majorities provided for under the law.

In accordance with the articles of association of BUWOG AG, the person chairing the respective meeting will cast 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 dismissal of members from the Executive Board.

OUTLOOK

CURRENT SITUATION

The BUWOG Group significantly exceeded its ambitious strategic, operational and financial goals for 2014/15.

The smooth integration of the DGAG property portfolio had a particularly positive impact in increasing results of operations. The DGAG portfolio, with a total of around 18,000 units, together with its operating management platform, with around 300 employees in Germany, was acquired in the previous financial year and has been consolidated in the income statement since July 2014. In addition, the development of Unit Sales in the Property Sales business area was extremely positive, with 617 units sold and a margin on fair value of 59%. The results in the third business area, Property Development, increased significantly more than 100% compared with the previous year. Added to this was the refinancing of the 2019 convertible bond issued in advance of the IPO with a coupon of 3.5% by means of a traditional long-term mortgage loan from two leading Austrian banks in an environment of historically low interest rates, thus preventing shareholders from exposure to dilution risks.

Recurring FFO of EUR 91.7 million generated during the reporting period represents an increase of around 33% compared with the previous year and has further upside potential in the first half of the current financial year 2015/16 alone with the first-time consolidation of the DGAG property portfolio for the full 12 months. At the same time, the Property Development business area will gain in importance due to additional medium-term contributions from selling existing land reserves. This means that the foundation for the future growth of the company, with simultaneous payment of an attractive dividend to its shareholders, has already been laid.

In the Asset Management business area, a significant increase in net cold rent from EUR 116.5 million last year to EUR 187.7 million in 2014/15 was achieved. The DGAG property portfolio, which has only been consolidated since July 2014, and thus for only 10 months of the financial year 2014/15, made a contribution of around EUR 60.7 million. With an increase of 1.4 percentage points to 3.2% compared to the same date last year on a like-for-like basis, the monthly net in-place rent per sqm underlines the success of the active Asset Management pursued by the BUWOG Group.

In the Property Sales business area, Unit Sales of 617 apartments again significantly exceeded the previous year's total of 553 units, and generated a record margin of 59% on fair value. In addition, the BUWOG Group achieved further success toward its goal of portfolio optimisation with the sale of 604 units as part of property and portfolio sales.

In the Property Development business area, 369 completed units in Vienna confirmed the BUWOG Group's leading position in the market. In Berlin, in addition to the 394 units currently under construction, the current project pipeline continues to grow.

The very successful operational business in the three business areas is also reflected in the growth of adjusted EBITDA by around 47% to EUR 158.6 million. Financial results of EUR –216.9 million and net profit for 2014/15 were influenced, above all, by negative non-cash effects of EUR –164.0 million from the flattening of the swap-yield curve. These negative effects were partly offset by positive cash effects from a decline in the average interest rate from 2.45% to 2.14%.

As at 30 April 2014, BUWOG AG's balance sheet had an LTV of 51.0%, an equity ratio of 36.5% and cash and cash equivalents of EUR 149.2 million. Coupled with strong operating cash flows, this provides BUWOG AG with an outstanding basis for further profitable growth, with a continuous increase in corporate value along with attractive dividends.

OUTLOOK FOR THE FINANCIAL YEAR 2015/16

General conditions. The economic conditions are considered positive overall for Germany and Austria. Despite the necessary consolidation of public finances, a significant economic recovery is expected in Austria in 2015 and 2016 with GDP growth of 0.8% and 1.5%, respectively, although even at this level Austrian growth will still lag behind expectations for the average within the EU. The risks to the Austrian economy are the unemployment rate of 5.7% and the continued subdued investment activity of Austrian companies. In Germany, the European Commission expects growth of 1.9% and 2.0% respectively in 2015 and 2016, significantly higher GDP growth than Austria, driven in particular by strong demand from German consumers, which is based on the positive development of the labour market and increased income. The positive economic outlook for Germany is supported by the investment activities of German companies, which are still benefiting to a significant degree from an extremely favourable financing environment. The main risks to economic performance in Germany are a renewed flare-up of the Greek crisis and the ongoing Ukraine conflict.

Consistent with the overall economic situation, the property markets in Germany and Austria continue to be viewed as robust. Rents and purchase prices are expected to rise further, especially in metropolitan areas, mainly due to the relatively low construction activity in the housing sector and in spite of negative effects in some German regions due to the introduction of the cap on rent increases.

On the financial markets, there are currently indications of an impending change in the low interest rate policy in the USA, but there are no such signs of a corresponding change in interest rates in Europe, although the 10-year mortgage rate has significantly increased in recent months. The swap yield curve with direct effects on non-cash financial results saw a significant counter-movement at the beginning of the current financial year 2015/16. With an LTV of 51.0%, average maturity of 16.9 years and an average interest rate of 2.14%, the BUWOG Group has excellent financing and, in addition, the Group assumes that it will also be able in future to refinance expiring credit agreements at attractive conditions.

For 2015/16, the Executive Board of the BUWOG Group expects a stable regulatory environment with respect to the legal and tax conditions. In 2015/16, the focus will be on the concentration of the German investment portfolio. In addition, targeted investments will be made to further reduce the already low vacancy rate of 2.7% in Germany, while the operational focus in Austria will be on lowering vacancy rates, particularly in rural regions. Moreover, the integration of the German management platform is moving forward, in part due to the introduction of a new version of the SAP software, while central procurement is being harmonised Group-wide to leverage additional synergies.

Recurring FFO and the development of the individual business areas. The Executive Board of the BUWOG Group expects recurring FFO of around EUR 98 to 100 million for the financial year 2015/16.

In Asset Management, the BUWOG Group expects rent growth of around 1.5% to 2.0% per sqm. The BUWOG Group pursues a philosophy of increasing the value of its portfolio while simultaneously maintaining high operating cash flow. Investments required to increase value are an integral part of this strategy. In the financial year 2015/16, plans call for around EUR 16.0 per sqm to be used for maintenance and CAPEX.

In Property Sales, the main focus will remain on the high-margin sale of units in Austria. The aim is to continue the strong Unit Sales in the financial year 2015/16; the Executive Board expects developments in sales prices to remain stable. Strategic Block Sales in the Austrian regions are reviewed on a case-by-case basis in order to generate the cash needed, when opportunities arise, to achieve the targeted growth in Germany of around 2,000 to 4,000 units per financial year.

In Property Development, the focus is on the continuous implementation of the project pipeline in Vienna and Berlin, while the share of development projects in Berlin will increase and the development business is further intensified overall.

Vienna, 27 August 2015

The Executive Board of BUWOG AG

Daniel Riedl	Ronald Roos	Herwig Teufelsdorfer

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, including the accounting system, of BUWOG AG, Vienna, for the fiscal year from May 1, 2014 to April 30, 2015. These financial statements comprise the balance sheet as of April 30, 2015, the income statement for the fiscal year ended April 30, 2015, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of April 30, 2015 and of its financial performance for the fiscal year from May 1, 2014 to April 30, 2015 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on 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 as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 27 August 2015

Deloitte Audit Wirtschaftsprüfungs GmbH

Marieluise Krimmel
(Austrian) Certified Public Accountant

pp Michael Horntrich
(Austrian) Certified Public Accountant

This English translation of the audit report was prepared for the client's convenience only. It is no legally relevant translation of the German audit report. Publishing or transmitting of the consolidated financial statements including our audit opinion may only take place in conformity with the audit version above.
Section 281 para 2 ACC has to be applied for differing forms.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of BUWOG AG as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of BUWOG AG, together with a description of the principal risks and uncertainties BUWOG AG faces.

Vienna, 27 August 2015

The Executive Board of BUWOG AG

Daniel Riedl, CEO	Ronald Roos, CFO	Herwig Teufelsdorfer, COO

GLOSSARY

Acquisition cost method. A method to account for investment properties, based on the respective acquisition or production costs less the accumulated depreciation (also see IAS 40 and fair value method)

Ad-hoc press releases. Corporate press releases that could influence the share price. These corporate press releases are published by stock corporations in the form of ad-hoc press releases as required by § 48d of the Austrian Stock Corporation Act and are designed to ensure that all market participants are provided with the same information.

Amount in dispute. An expression used in legal proceedings, referring to the monetary value of the matter in dispute

Asset Management. The administration, rental and maintenance of standing investments. Asset Management services represent a business area of BUWOG Group.

ATX (Austria Traded Index). Leading index of the Vienna Stock Exchange

Benchmark. A comparative analysis e.g. of companies or shares in the investment property (standing investments)

Block Sales. The sale of entire properties or property portfolios from the existing portfolio

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. Group sub-division; in the BUWOG Group the segments Austria and Germany

CAPEX. Abbreviation for capital expenditure; capitalisable, value-increasing property investments

Cash flow. This figure represents the inflows and outflows of liquid funds during a reporting period.

Closing price/End-of-year price. The final trading price of an investment in a specific period

Commercial Code (Unternehmensgesetzbuch). The Austrian commercial code

Compliance rules. Compliance rules ensure compliance with legal, regulatory and voluntary regulations.

Contingent liabilities. A obligation whose existence or amount is not yet known on the balance sheet date

Convertible bond (Convertible debt security). A financial instrument that establishes financial liability for a company and guarantees the owner the right to convert the bond into a fixed number of common shares in the company

Corporate governance. Corporate governance is the general term for any kind of corporate management (e.g. management and control).

Coupon. Entitles the holder to receive dividends or interest

Coverage. The analysts who analyse and assess the company

DAX (Deutscher Aktienindex). German share index

Debt service coverage. An indicator that compares income to interest and principal payments

De-domination agreement. With the spin-off of BUWOG AG from IMMOFINANZ AG, IMMOFINANZ surrendered the management of the business and negotiated a de-domination agreement. This agreement restricts IMMOFINANZ from practising its right to vote on BUWOG shares and guarantees BUWOG Group's independence.

Deferred taxes. A balance sheet item balancing taxable valuation discrepancies between the annual financial statements prepared according to IFRS and the financial statements prepared for tax purposes

Development. Development and new construction projects cover property developed and constructed by BUWOG Group

Discounted cash flow method. See explanatory note in the consolidated annual financial statements on page 196

Discount rate. The interest rate used to discount future cash flow (also see discounted cash flow method)

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 issued and 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

EPRA/NAREIT. Developed European share index category

EPRA NAV. The BUWOG Group book value calculated according to EPRA basic principles (see comments) adjusted by the value of minority shareholdings, derivatives and deferred taxes, see page 149 for the calculation.

Equity. The amount of company assets remaining after the deduction of all liabilities

EuroStat. Statistics agency of the European Union

Euro Stoxx 50. Stock index of the 50 largest listed companies in Europe

Fair value. The amount that an asset can be exchanged for or a debt settled with (the fair value of a debt) between knowledgeable willing parties and independent business partners

Fair value method. IAS valuation approach for property accounting, reflects the actual values to be realised on the market

FFO (Funds from Operations). An operating figure that, particularly in the real-estate sector, is an indicator of the profitability of a company. A group's profit or loss is adjusted on the basis of the FFO to account for non-cash effects. Cf. calculation, page 147

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

IAS. International Accounting Standards

IAS 40. The International Accounting Standard that regulates the accounting and valuation of investment properties, providing an option to choose between the fair value method and 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

Interest coverage ratio. Indicator comparing earnings to interest payments

Investment properties. See explanatory notes in the consolidated financial statements under 6.1

ISDA. Standard framework agreement conditions. Standard framework agreement of the International Swaps and Derivatives Association (ISDA) for international trade with over-the-counter derivatives

ISIN. International Security Identification Number

IVA (Österreichischer Interessenverband für Anleger). Austrian Shareholders Association

Like-for-like approach. The variation of rental income adjusted for new acquisitions, sales and vacancies in 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.

Market capitalisation. Market value of a stock corporation (share price x number of shares)

Market value. (See fair value)

NAV (net asset value). For the calculation of net asset value, see page 149

NAV per share. NAV divided by the number of shares as of the reporting date

Net cold rent = rental income

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

Net profit. The after-tax results recorded by a company during a reporting period

Net Rental Yield. The yield of annualised rental income in relation to fair value of the properties

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. building management). These costs are charged to the tenants.

Property Development. This covers the acquisition of real property as well as the development and construction of marketable properties. Property Development services represent a business area of BUWOG Group.

Property Management. Organisational unit for the management, administration and supervision of properties

Property portfolio. All investment properties held, see page 133

Property Sales. Property Sales/trade covers the sale of properties. Property Sales services represent a business area of BUWOG Group.

Property valuation. Property value assessment carried out by external experts. The BUWOG Group properties are assessed by external experts on 30 April and 31 October.

Recurring FFO. Sustainable FFO (see comments) with contributions from Asset Management division, apartment sales and Property Development, see page 147

Risk management. Active measures to provide protection against risks

Scope of consolidation. The term for companies included in the consolidated financial statements

Share capital. The total nominal value of all shares issued

Share price. The price at which a share trades on the stock exchange

Spin-off. Separation of approx. 51% of BUWOG AG shares from the Group's former parent company, IMMOFINANZ AG

Stock performance. The development of a share price within a specific period

Stock units: Real estate asset that is held to achieve rental revenues

Unit Sales. Sale of individual apartments to third parties or tenants

Volume Weighted Average Price (VWAP): The amount paid per share of 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

FINANCIAL CALENDAR

31 August 2015	Publication of the Annual Report FY 2014/15
21 September 2015	Berenberg & Goldman Sachs Fourth German Corporate Conference, Munich
23 September 2015	Baader Investment Conference 2015, Munich
29 September 2015	Publication Q1 Report FY 2015/16
5–6 October 2015	Erste Group Investor Conference, Stegersbach
13 October 2015	Annual General Meeting of BUWOG AG
14 October 2015	Ex-dividend date
22 October 2015	Dividend payment day
23 November 2015	Wiener Börse/Erste Group: Austrian & CEE Investor Conference, New York
21 December 2015	Publication H1 Report FY 2015/16
24 March 2016	Publication 9-months-report FY 2015/16

IMPRINT

BUWOG AG
Hietzinger Kai 131
1130 Vienna, Austria

Tel.: +43 (0)1/878 28-1130
Fax: +43 (0)1/878 28-5299
www.buwog.com
office@buwog.com

Consulting, Concept and Design
Mensalia Unternehmensberatungs GmbH, www.mensalia.at
Erdgeschoss, www.erdgeschoss.at

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BUWOG Group, Klemens Horvath, Stephan Huger

www.buwog.com