WE GET IDEAS OFF THE GROUND.

BUWOG group

BUWOG
Annual Report 2015/16

BUWOG GROUP KEY FIGURES

EARNINGS DATA		2015/16	2014/15	Change
Net cold rent	in EUR million	199.4	187.7	6.2%
Results of Asset Management	in EUR million	136.1	128.3	6.1%
Results of Property Sales	in EUR million	38.2	42.1	–9.2%
Results of Property Development	in EUR million	21.4	12.5	71.6%
EBITDA adjusted[1)]	in EUR million	174.3	158.6	9.9%
Fair value adjustments of investment properties	in EUR million	190.8	105.7	80.5%
Financial results[2)]	in EUR million	–41.0	–216.9	81.1%
EBT	in EUR million	308.2	51.6	497.7%
Net profit	in EUR million	239.9	40.7	489.9%
Earnings per share[3)]	in EUR	2.37	0.40	494.1%
FFO	in EUR million	64.8	56.8	14.1%
Recurring FFO	in EUR million	99.4	91.7	8.4%
Recurring FFO per share[3)]	in EUR	1.00	0.92	8.4%
Total FFO	in EUR million	103.0	97.4	5.8%
AFFO	in EUR million	81.2	74.4	9.2%

ASSET AND FINANCIAL DATA		30 April 2016	30 April 2015	Change
Balance sheet total	in EUR million	4,444.1	4,180.8	6.3%
Equity ratio	in %	38.3%	36.5%	1.8 PP
Cash and cash equivalents	in EUR million	82.5	149.2	–44.7%
Net financial liabilities	in EUR million	1,970.1	1,956.6	0.7%
Loan-to-value (LTV)	in %	47.6%	51.0%	-3.4 PP
EPRA net asset value	in EUR million	2,013.2	1,771.9	13.6%
Ø Interest rate on financial liabilities	in %	2.19%	2.14%	0.05 PP
Ø Term of financial liabilities	in years	15.9	16.9	–1.0

SHARE DATA		30 April 2016	30 April 2015	Change
Share price	in EUR	18.38	18.09	1.6%
Shares issued as of the balance sheet date (excl. treasury shares)	Number of shares	99,773,479	99,613,479	0.2%
Market capitalisation	in EUR million	1,833.8	1,802.0	1.8%
Free float[4)]	in %	71%	51%	20 PP
EPRA net asset value per share[3)]	in EUR	20.18	17.79	13.4%

The use of automated calculation systems may give rise to rounding differences.
1) Results of operations adjusted to account for valuation effects and deferred periods (IFRS 5). For more details see chapter *Analysis of the asset, financial and earnings position.*
2) Financial results include cash financing expenses of EUR 48.6 million.
3) Base for earnings data: 99,650,556 shares; previous year: 99,613,479 shares (both weighted). Base for asset data: 99,773,479 shares; previous year: 99,613,479 shares (both as of balance sheet date)
4) Free float equalled 71% as of 30 April 2016 and increased to 90% in July. For more detail see chapter *Investor Relations.*

KEY PROPERTY PORTFOLIO DATA

ASSET MANAGEMENT (STANDING INVESTMENTS)		30 April 2016	30 April 2015	Change
Number of units	Quantity	51,058	51,671	-1.2%
Germany	Quantity	27,072	26,570	1.9%
Austria	Quantity	23,986	25,101	-4.4%
Total floor area[1]	in sqm	3,532,273	3,581,028	-1.4%
Germany	in sqm	1,684,879	1,654,391	1.8%
Austria	in sqm	1,847,394	1,926,636	-4.1%
Annualised net in-place rent[2]	in EUR million	201	198	1.5%
Germany	in EUR million	112	106	5.5%
Austria	in EUR million	89	92	-3.1%
Monthly net in-place rent[2]	in EUR per sqm	4.92	4.81	2.1%
Germany	in EUR per sqm	5.68	5.51	3.0%
Austria	in EUR per sqm	4.20	4.20	0.1%
Development of net in-place rent – like-for-like[3]	in %	1.6%	3.3%	-1.7 PP
Germany – like-for-like	in %	2.7%	3.4%	-0.7 PP
Austria – like-for-like	in %	0.3%	2.9%	-2.6 PP
Vacancy rate[4]	in %	3.4%	4.2%	-0.8 PP
Germany	in %	2.1%	2.7%	-0.6 PP
Austria	in %	4.7%	5.5%	-0.8 PP
Fair value[5]	in EUR million	3,716	3,558	4.5%
Germany	in EUR million	1,651	1,465	12.7%
Austria	in EUR million	2,065	2,093	-1.3%
Fair value[5]	in EUR per sqm	1,052	994	5.9%
Germany	in EUR per sqm	980	886	10.7%
Austria	in EUR per sqm	1,118	1,086	2.9%
Gross rental yield[6]	in %	5.4%	5.6%	-0.2 PP
Germany	in %	6.8%	7.3%	-0.5 PP
Austria	in %	4.3%	4.4%	-0.1 PP

		2015/16	2014/15	Change
Maintenance costs	in EUR per sqm	10.3	9.7	6.6%
CAPEX	in EUR per sqm	5.1	5.0	1.3%

PROPERTY SALES		2015/16	2014/15	Change
Units sold	Quantity	1,119	1,221	-8.4%
thereof Unit Sales	Quantity	635	617	2.9%
thereof Block Sales	Quantity	484	604	-19.9%
Margin on fair value – Unit Sales	in %	57%	59%	-2.0 PP
Margin on fair value – Block Sales	in %	14%	26%	-12.0 PP

PROPERTY DEVELOPMENT		2015/16	2014/15	Change
Units under construction[7]	Quantity	971	844	15.0%
Total investment volume[7]	in EUR million	2,480	1,362	82.1%
Completed total floor area	in sqm	36,225	27,710	30.7%
thereof defined for sale to third parties	in sqm	36,225	21,975	64.8%
thereof defined to transfer to investment portfolio	in sqm	0	5,735	–

The use of automated calculation systems may give rise to rounding differences.
1) Residential floor area approx. 97%
2) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
3) Comparison: 30 April 2016 vs. 30 April 2015 as well as 30 April 2015 vs. 30 April 2014 on a like-for-like basis (without changes of the portfolio and including effects of vacant units)
4) Based on sqm; 2.2% adjusted by vacancy of unit sales
5) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
6) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value
7) Full year 2014/15 with figures as of 30 June 2015

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Reference to the GRI G4 standards

Opportunities which we identify and develop before others do: that's how many of our successful projects start. The experience for this we've acquired, property by property, over our 65-year history, and it's truly remarkable with over 50,000 units today in Germany and Austria.

WE'RE CONTINUALLY OPTIMISING OUR PORTFOLIO. EVEN WHERE IT DOESN'T EXIST YET.

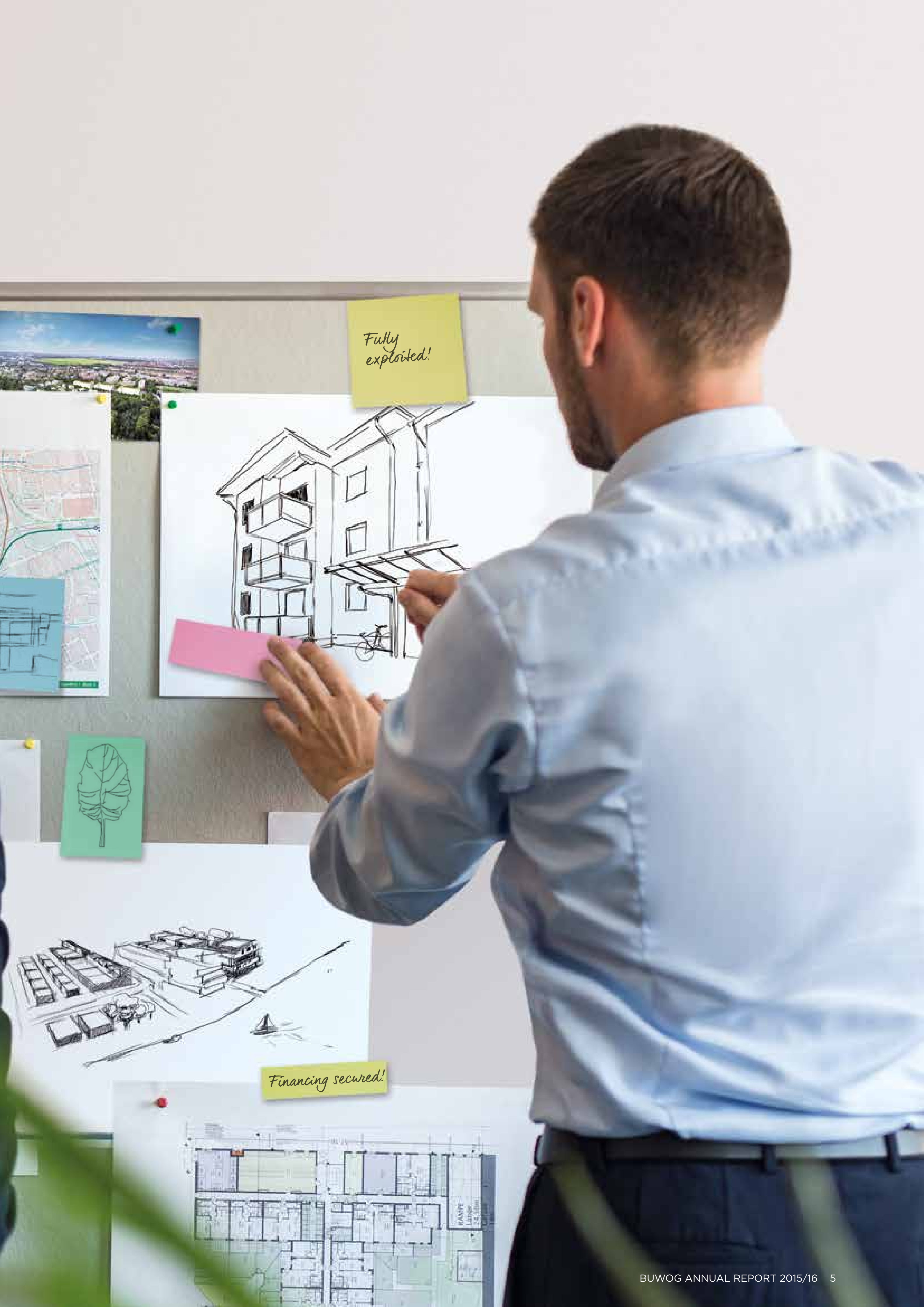
RECHTE WIENZEILE, VIENNA, AUSTRIA


BUWOG glücklich wohnen

Our new construction projects are very carefully acquired, planned and monitored in order to achieve optimal realisation. From the construction plan to the negotiation, the marketing and sales strategy and financing concept: our team of experts' performance is always first rate. The desired full exploitation of most of the projects even prior to their completion is verification of this.

ALL OF OUR PROPERTIES HAVE THE SAME FOUNDATION: SOLID FINANCING, FORWARD PLANNING AND A CREDIBLE CONCEPT OF USE.

BUWOG HEAD OFFICE, VIENNA, AUSTRIA


Fully exploited!
Financing secured!

Products can only survive on the market if they meet or surpass its requirements. That means the product portfolio must also be as diverse as the market requirements: this includes, for example, rentals, the sale of privately financed units and global exits as well as presence in several regions. Our exclusive focus on socio-demographically attractive and especially stable markets has proven to be a significant advantage.

WE KNOW THE MARKET. INSIDE AND OUT.

"52 GRAD NORD", BERLIN, GERMANY

Our own professional Property Development business area is a genuine USP on the market. Our expertise spans from the idea to implementation and secures new, structurally state-of-the-art locations for the company at especially lucrative conditions. This is how we ensure critical competitive advantages for the medium and long term.

AS A DEVELOPER NO ONE OUTDOES US. AT BEST THEY COPY US.

PFARRWIESENGASSE, VIENNA, AUSTRIA

The foundation of success in business is professional asset management. Through efficient location management, we generate the funds which can then be distributed to shareholders or invested in further company growth. At the same time, we pay particular attention to the balance between the business areas based on factors of risk and return.

IT'S NOT JUST PROPERTY WE DELIVER. IT'S ALSO A FEELING OF CONFIDENCE.

At the end of the day, our success is measured by what we've been able to earn for our shareholders. To live up to this, the principles guiding the profitability of our activity, and the transparency of our achievements, are top priority.

IT'S NOT JUST THE FAÇADE THAT'S IMPORTANT TO US. IT'S ALSO THE GROWTH CURVE.

"UFERKRONE", BERLIN-KÖPENICK, GERMANY

To be able to succeed in business for our shareholders over the long term, we keep every aspect of sustainability in mind with all of our decisions. A continuous balance of economic factors with ecological and social sustainability is essential.

SUSTAINABILITY WILL PAY OFF. TODAY AND TOMORROW.

AUF DEM GROSSEN RUHM, REINBEK, GERMANY

HIGHLIGHTS BUWOG GROUP

- Significant increase of Recurring FFO by around 8% to EUR 99.4 million
- Intensification of efforts in Property Development due especially to entering the market in the socio-demographically attractive location of Hamburg
- Expansion of company strategy to include construction within the portfolio for Germany with a current focus on Berlin and soon on Hamburg
- Considerable growth in the value of the investment portfolio as part of the fair value adjustment
- Simultaneous, successful reduction of the vacancy rate to 3.4% –> 2.2%, excluding the required vacancy rate for Unit Sales
- Continued optimisation and harmonisation of internal processes and especially the IT infrastructure as part of the current group-wide implementation of SAP
- Appointment of Andreas Segal as Deputy CEO and CFO of the BUWOG Group
- Increase of free float to 90% after the balance sheet date in July 2016 with a simultaneous widening of the shareholder basis

Intensification of Property Development

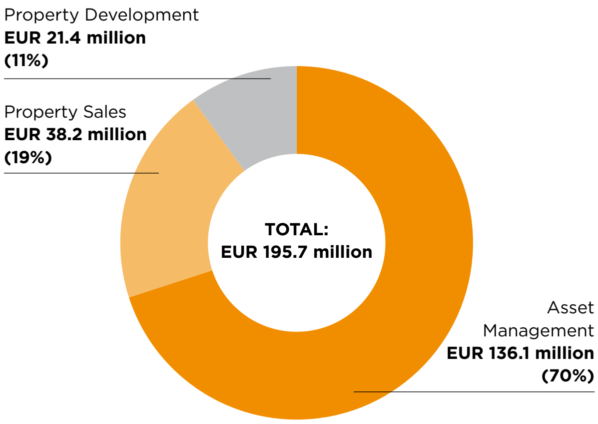
New member of the BUWOG Executive Board, Andreas Segal (at the left in the photo)

Diverse awards for the BUWOG Group: CEE Capital Market Award/Warsaw (photo above), Real Estate Brand Award/Berlin and Prix Victoria Silver/International Corporate Film Days, Vienna, and the Austrian Annual Reporting Award (photo right)

SUCCESSFUL BUSINESS DEVELOPMENT

- Intensification of Property Development reflected in considerable increase of result by 72% to EUR 21.4 million
- Adjusted EBITDA of EUR 174.3 million
- Growth of investment property value by EUR 190.8 million based on CBRE's fair value adjustment
- Net profit of EUR 239.9 million
- Recurring FFO of EUR 99.4 million
- Recurring FFO forecast of at least EUR 108 million for the 2016/17 financial year
- Average interest rate of 2.19% on financial liabilities
- Significant reduction of LTV to 47.6%

OPERATING RESULT[1] BY BUSINESS AREAS



1) Operating result before the subtraction of costs not directly attributable to the business areas (EUR 33.0 million) and not including other operating income (EUR 7.5 million)

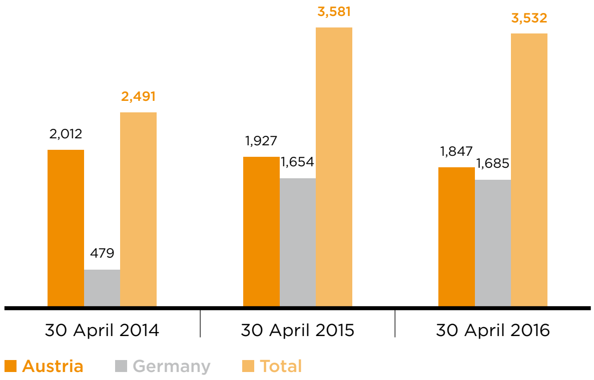
HIGHLIGHTS ASSET MANAGEMENT

G4-4

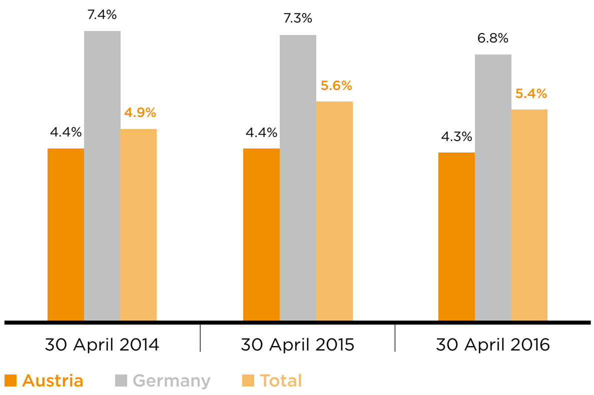
- Property portfolio includes 51,058 units totalling 3.5 million sqm
- Increase of annualised in-place rent by 1.5% to EUR 201 million
- Increase of net in-place rents by 1.6% on like-for-like basis
- Significant reduction of the vacancy rate to 3.4%, –> 2.2% excluding the required vacancy rate for Unit Sales
- Increase of 4.5% in the fair value of standing investments to EUR 3.7 billion as part of the fair value adjustment
- 532 units purchased as part of three investment portfolio acquisitions in Germany

Further details on Asset Management can be found on page 45ff.

TOTAL FLOOR AREA
in 1,000 sqm



GROSS RENTAL YIELD



Property from the Schleswig-Holstein portfolio

Andreas-Hofer-Strasse, Vienna

Antonsgasse, Baden near Vienna

HIGHLIGHTS PROPERTY SALES

- Successful sale of 635 units at a margin on fair value of around 57%
- 484 units sold in a block sale at a margin on fair value of around 14%
- The Unit and Block Sales clusters include a total of around 15,900 units at a fair value of EUR 1.7 billion

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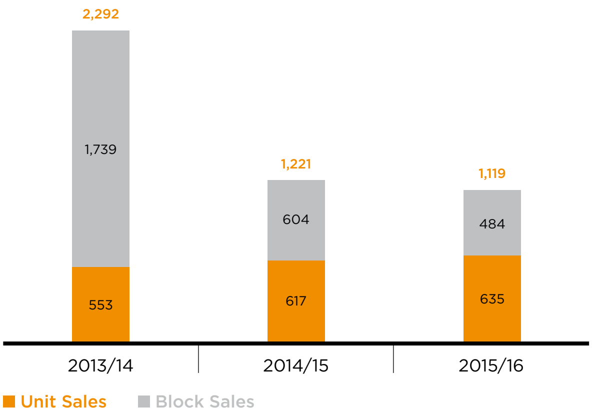
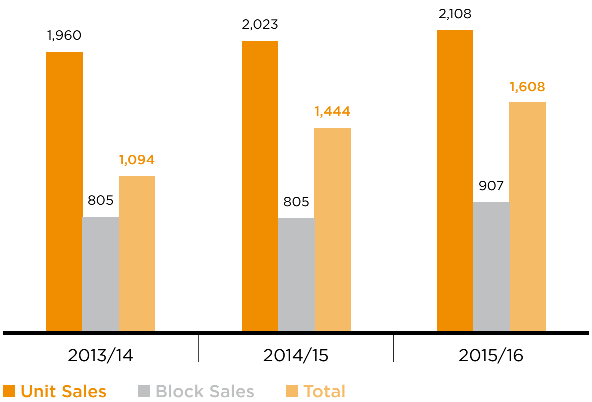
Further details on Property Sales can be found on page 73ff.

UNITS SOLD



AVERAGE PRICES REALISED
in EUR per sqm



HIGHLIGHTS PROPERTY DEVELOPMENT

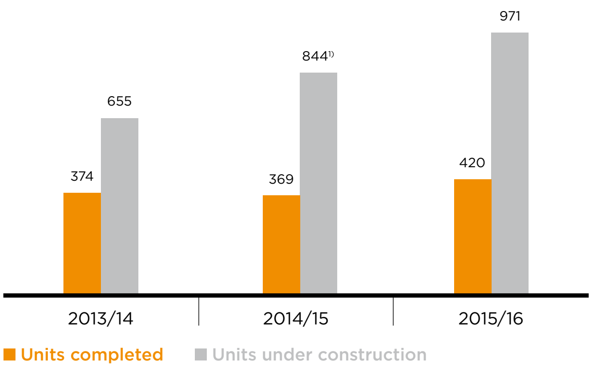
G4-4

- Intensification of the development pipeline through conclusion of a purchase agreement for eight new properties within the reporting period
- Expansion of the BUWOG Group development pipeline as of the reporting date by over 82% to EUR 2.5 billion of the calculated total investment volume or 8,121 units compared to the previous year
- Completion of 420 units in the 2015/16 financial year
- Another 971 units with a calculated total investment volume of around EUR 310 million under construction
- Intensification of Property Development in Berlin; currently four new building projects with 381 units under construction
- Expansion of development strategy to include building in the company's own portfolio in Germany
- Entry in the market of the socio-demographically attractive Hamburg location through acquisition of a property in Hamburg-Bergedorf with over 1,200 planned units

Further details on Property Development can be found on page 83ff.

COMPLETED UNITS AND UNITS UNDER CONSTRUCTION

as of 30 April



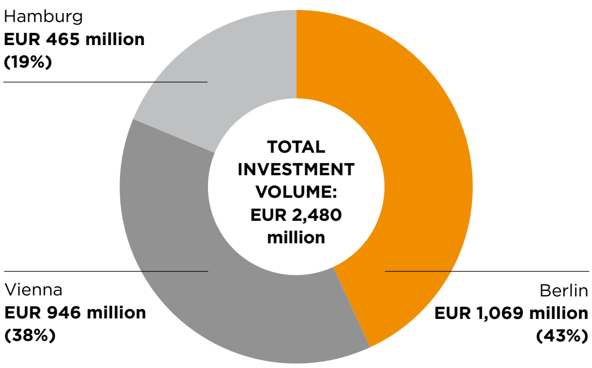
1) As of 30 June 2015

"52 Grad Nord", Berlin

Visualisation Spreequartier, Berlin

DEVELOPMENT PROJECTS

in EUR million by location as of 30 April 2016



ON COURSE FOR PROFITABLE GROWTH

G4-2

Executive Board members Daniel Riedl, Andreas Segal and Herwig Teufelsdorfer on the special characteristics of BUWOG's business model, strategic changes and objectives for the coming years.

Gentlemen, can you get to the point at the outset of our discussion: why should someone invest money in BUWOG now, in summer 2016?

RIEDL: From my perspective, there are two levels to consider. One is the macroeconomic level, which includes the real estate sector as one of several possible sectors one can invest in, and in regional terms Germany/Austria as a potential investment location. In the uncertain times we're living in there is quite a lot to be said for both – in the sense of safe havens, that is. At the microeconomic level we're a company that will show enormous growth in the next few years. This will be driven primarily by the Property Development business area, indeed by executing our Property Development pipeline, which are the properties we've already acquired and will develop in the next few years, and then sell or include in our own portfolio. There is also Asset Management, in which we expect to increase our rents and be able to make further acquisitions for the portfolio.

SEGAL: Together, we've sought to position BUWOG on the capital market as best as possible, to increase the demand for the product and the share and thereby lay the foundation for further growth. This will make it possible for us to generate the relevant capital for growth in the future as well.

RIEDL: What's important is this combined focus on the product and the share. Our products have to conform to the market, and then there has to be demand for them; this is the basis for the success we generate and, consequently, for our share. As a whole, it seems to be going well, otherwise the sale prices we obtain and the speed of sale would not be where they are: the absolute majority of our projects are either nearly or fully exploited on completion.

SEGAL: The selection of companies available to investors in the real estate sector is relatively large. But we aren't more of the same; our unique selling proposition (USP) is the combination of portfolio and our own developmental strength in order to generate such high organic growth. We will continue to sharpen this profile in the future as well.

And to follow up on that right away: in the German-speaking regions BUWOG is the only listed property owner which is also a developer. What's special about this combination?

RIEDL: We cover a broader segment of the value chain; this leads to synergies between our individual business areas – Property Development on the one hand and Asset Management with large-scale refurbishment activity on the other. For example, construction departments in both business areas can collaborate with one another. We can also build in our own portfolio. In Austria we've done this continually over the last 65 years; in Germany we haven't yet.

Due to the fact that price increases have caused a steep decline in the yields on portfolio properties, we have a relative advantage on the market: we can develop the properties that will result in low maintenance costs in the next 10 to 15 years ourselves and also obtain relatively high rental income with them. We currently anticipate yields on a scale of 4.5%. Thus our Property Development business is an essential factor of success for the profitability of our business.

"Property Development is an important factor of success for the profitability of our business."

Daniel Riedl, CEO

SEGAL: Of course there are risks in Property Development, but they can be calculated. We monitor our projects relatively closely, we maintain excellent relationships with the relevant authorities and decision-makers at our development locations, and we develop exclusively in big markets: Vienna, Berlin, and now also in Hamburg. At all of these locations we have relevant networks and professional, seasoned teams at our disposal. This way we have good control of the risks.

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

But plots of land in Austria and Germany are considered very expensive now. How is BUWOG proceeding here?

G4-2

RIEDL: We have set up a land reserve for the next five years. That means we don't have to begin acquiring new properties for our pipeline now, at the current market price level. Most of the equity we need for property development is already invested, so no additional equity is required for implementing our Property Development pipeline. Nevertheless, it will be important for the next few years to continue refilling this five-year reserve for Property Development so production doesn't fall off, but we can wait for the appropriate opportunities for this. Thus in the long term we'll secure our funds from operation (FFO), which reflects the annual generation of company liquidity and, therefore, the contribution to and profitability arising from our core business.

Let's come to the 2015/16 financial year now. What's your assessment of it?

RIEDL: The 2015/16 financial year was an excellent year. We were able to deliver solid results in every business area: in Asset Management we reported attractive rental growth, and the results from Property Sales and Property Development were more than just satisfactory.

TEUFELSDORFER: In Asset Management it was possible to increase rents with respect to their amount per sqm as well as overall. It's especially important that we managed to reduce the overall vacancy rate in the group from 4.2% to 3.4%. In Austria, in particular, we reduced it significantly, from 5.6% to 4.7%. This already puts us quite close to a realistic minimum – a certain minimum vacancy rate is associated with the ongoing tenant turnover and our Property Sales business area.

In Unit Sales we managed again to surpass the previous year's already very favourable result with now 635 units sold and revenue of EUR 99 million. As part of streamlining the portfolios in various locations, in Block Sales we sold 484 units and generated revenue of EUR 31 million.

"The 2015/16 financial year was an excellent year. We were able to deliver solid results in all business areas."
Daniel Riedl, CEO

RIEDL: After all, we completed important projects in Property Development on time. Thus we were able to generate solid margins that were also reflected in the 2015/16 annual result.

SEGAL: Due to the success in operations mentioned in the three business areas, we increased our Recurring FFO, the funds from operations available to us for reinvestments and the distribution of an attractive dividend for our shareholders, by over 8%. Moreover, at just 47.6% we were able to lower our LTV, which is the liability level of our properties, to significantly below the 50% threshold we set as a long-term sustainable ceiling. And last but not least, EPRA-NAV, the book value of our share, developed very positively and is now EUR 20.18, after EUR 17.79 the previous year.

To what extent were there differences between the Austrian and German market, for instance when thinking of current catchphrases such as the "rent increase cap" in Germany?

RIEDL: Due to the rent increase cap the German market merely approximated the Austrian in terms of the density of regulation. Based on our years of experience in Austria we can deal with this issue very well.

TEUFELSDORFER: Though at the same time the rent increase cap is not in effect in all of Germany or in all of our locations. In Berlin this has been the case since June 2015, in Schleswig-Holstein and Kassel since November of last year. It's certainly subduing growth in attainable rents on the market. However, and this is the good news: we're mitigating the effects of the rent increase cap through measures such as selective modernisation, a focus last year as well as for the coming years.

What were the reasons for making Hamburg the third long-term project development location last year, in addition to Vienna and Berlin?

RIEDL: Hamburg is important for us as an additional pillar; together with Berlin and Vienna, we've gained access to three of the most important real estate locations in the German-speaking world. In the run-up we grappled intensively with the "big seven" locations, with Hamburg clearly first choice due to the attractiveness of the economic region and the city itself, and because we already have our own property portfolios there, which has potential for synergies. Thus we already have local qualified teams and infrastructure at our disposal. Finally, a large property in the district of Bergedorf was available to us for investment, which enabled entry in the market on a reasonable scale. It was important to us to leave a relevant "mark" from the outset.

What medium-term targets do you associate with this expansion?

SEGAL: We'll be able to steadily increase our results over the next few years. According to our business plan, this will lead to higher FFOs and, consequently, to higher dividends which we distribute and which therefore benefit our shareholders. The rest of the funds will be used to strengthen our company's internal financing power; that means we will reinvest them in portfolio acquisitions and in property development.

RIEDL: In Hamburg we plan to continue growing. The project in Bergedorf is definitely a longer-term one, as it is only now entering the zoning phase. In the next few years we'll attempt to purchase more land. But this applies to our locations in Vienna and Berlin in equal measure, just to safeguard our aforementioned land reserves. G4-2

SEGAL: Our activities in Property Development are very well-received on the capital market. Our core locations are all outstanding with respect to socio-demographic trends and dynamics; this enhances our portfolio's potential for significant growth in value.

TEUFELSDORFER: With our planned property development activity we will also rejuvenate our own portfolio and improve the average quality of it with a significant long-term potential for increasing the rental price, thus also the potential for increasing NAV.

What acquisition strategy are you pursuing besides this – and how are you harmonising it with your objectives in Property Development?

TEUFELSDORFER: In the next few years we will continue acquiring property portfolios. The planned scale is in the range of around 3,000 units per year. The focus here will remain on Germany. The criteria for value-enhancing growth through acquisitions is, on the one hand, that we place the focus on socio-demographically interesting locations that ensure long-term growth. On the other hand, we aim to increase the density of the portfolio we manage ourselves: in the interest of managerial efficiency, this is a critical factor for increasing profitability in Asset Management. As the German market enables higher yields compared to the Austrian market, the portfolio's continuous structural change will result in an improvement in yield for the company as a whole.

G4-2

RIEDL: It should be noted that if cash flows freed up from the sale of standing investments in Austria are reinvested in Property Development, future FFO contributions will only occur at a delay based on the duration of development. That means we have to substitute property sales in Austria with regular acquisitions, first and foremost in Germany, so the continuous cash flow from Asset Management doesn't decline. This is what makes stable financing for Property Development possible for us in the first place. This is also why the objective behind our acquisition strategy is continuous growth in order to avoid generating an imbalance between Asset Management and Property Development.

What's the optimal ratio for BUWOG between acquisitions and developing its own property?

SEGAL: We aim for a risk-return ratio based on today's market with an FFO yield of 6% to 6.5%. This requires a ratio of two thirds Asset Management to one third Property Development over the long term.

RIEDL: What you have to pay attention to when developing property in the portfolio is scalability. Of course, a portfolio of 2,000 to 3,000 units is purchased more quickly than when you develop and build it yourself. This is why the focus of our portfolio growth will also remain on acquisitions. Property Development is an important enhancement, however. Metaphorically speaking: portfolio acquisitions are our daily bread and property development is the butter. As BUWOG we need both in order to achieve our goals.

"We're able to mitigate the effects of the rent increase cap through measures such as selective modernisation, a focus last year as well as for the coming years."

Herwig Teufelsdorfer, COO

An important event after the end of the 2015/16 financial year was the sale of BUWOG stakes held by IMMOFINANZ. Do you expect this to have repercussions for BUWOG itself?

RIEDL: After the Sapinda Group initially acquired an 18.6% stake from IMMOFINANZ, the BUWOG share price profited from the transaction to the extent that the share overhang – that is, the expectation of many investors that IMMOFINANZ would soon sell the stakes in BUWOG it no longer viewed as strategic at a favourable price – and the related pressure on the share price were eliminated. As a result, there was also a relevant upward adjustment in share price with the transaction. Only shortly afterward, however, Sapinda Group resold its entire stake in BUWOG at a nice profit by floating the shares on the capital market. Now around 90% of the BUWOG shares are in free float, and we welcome the development; after all, it shows that as a truly independent company BUWOG now holds its destiny in its own hands – but also that our work in the operational business on the capital market is valued and that investors can make a profit by investing in our company.

How did the low level of interest and the ECB's reduction of interest in the last financial year affect BUWOG?

SEGAL: As BUWOG, we're are financed through long-term borrowing. The average maturity of the loans as well as the fixed-interest periods are in considerable excess of ten years. That means that in the short term there have been no repercussions for our business. However, refinancing measures allow us to continually try to improve our average interest rate – which is now about 2.19% – and to take advantage of the current potential for opportunity. With our capital-intensive business model, our success depends on the capacity to generate liquidity for growth at the best possible conditions. Thus in the medium to long term we're considering a rating on the capital market to be able to float bonds at considerably better conditions.

But of course we also shouldn't lose sight of the risk of future interest rate hikes. Thus if the current lower interest rate continues to increase again, this will put pressure on our share. However: if a company is well-positioned in its financing, this opens up external potential for growth. Acquisitions, in particular, become an interesting strategic option at that point. G4-2

On the basis of these considerations, we have to have our company's debt level in mind at all times. To do so, we have committed to reporting a maximum 50% Loan-to-Value (LTV) ratio over the long term.

"We aim, ultimately, to be a company that balances out every dimension of sustainability in order to create value for its investors."

Daniel Riedl, CEO

And have you also noticed effects on the demand side, for example in Property Sales?

TEUFELSDORFER: In the area of portfolio transactions we're still noticing price increases driven to some extent by the favourable financing options combined with the lack of investment alternatives. Thus in our locations the purchase yields are declining and prices are rising, and this effect is intensified by the thinned supply of property portfolios on the market. Nevertheless, we're remaining active on the market and, for example, we purchased over 500 units in good locations in the previous financial year. The volume of over 10,000 units in earlier financial years is no longer available on the market. For this reason we're profiting again from our combined business model with our Property Development business area.

Sustainability is becoming more and more of a social issue. Is BUWOG now launching a sustainability process as well?

G4-1

RIEDL: Certainly not! BUWOG isn't just starting this process now, but merely communicating more about sustainability and adapting to international sustainability reporting standards. We've been operating sustainably for years and decades and are probably one of the most sustainable companies in the residential property business in Austria and Germany, and in a variety of areas of sustainability, not just since BUWOG's partnership with the klima:aktiv Pakt, where we've had a pioneering role in Austria for some time: for decades we've been gradually insulating our properties, ensuring that they consume less energy. For many years we've been upgrading our electric heating systems to sustainable heating technologies such as wood chips. We place great value on further training for our employees as well as on creating professional, performance-enhancing working conditions. Social sustainability is thus reflected in the activities of BUWOG as an employer as well as in the social projects which BUWOG supports. We haven't even mentioned Property Development, where we've already tested and implemented a wide range of sustainability levels: passive houses, low-energy houses, rooftop gardens, solar stations, etc.

G4-2

What we're now doing is sorting our various activities. And we're taking our first steps in the direction of GRI reporting to also make our sustainability performance transparent. In order to generate value for our investors, we ultimately want to be a company that balances all dimensions of sustainability: ecological, social as well as economic. We'll weigh the related considerations in all decision-making; our shareholders are first priority for us in this regard.

"We're striving for a risk-return ratio with an FFO yield of 6%–6.5% on the basis of today's market."

Andreas Segal, Deputy CEO, CFO

TEUFELSDORFER: We also see this in the example of office properties, where six to seven years ago the need for various sustainability standards such as LEED was still being discussed. Today it's entirely clear that real estate has to fulfil such standards to succeed on the market.

RIEDL: The market provider that previously fitted out its office properties, for example, without raised flooring or cooling, is facing problems today. In every business model it's important to be several steps ahead of the latest developments. And sustainability has to be a part of this strategic vision today, above all in our sector.

And how is the capital market reacting to your efforts in the area of sustainability?

SEGAL: Sustainability is an issue that's becoming increasingly important on the capital market. There is growing understanding of the strategic dimension of sustainability and its significance for company success. It is institutional investors, in particular, that have stepped up the call for relevant efforts on the part of companies.

RIEDL: This is also why we are part of the VÖNIX sustainability index on the Vienna Stock Exchange. But sustainability isn't something we simply decree from top down – it's already established in BUWOG's DNA; this is demonstrated by the sum of the measures that have been a matter of course for us for years.

What are the biggest tasks you would like to tackle in the coming years?

TEUFELSDORFER: Sustainability with respect to our database is becoming an increasingly important issue as well. This applies first and foremost to the IT infrastructure in the company, which resulted in us replacing our obsolete SAP system with the new SAP RE-FX in the last financial year in Germany. Parallel to this, the processes and procedures had to be adapted and the opportunity availed to undertake extensive data cleansing measures. The data migration in Germany was concluded right at the end of the financial year, and SAP RE-FX was put successfully into operation. In Austria, the introduction will take place in the 2016/17 financial year; this will make it possible for us to synchronise the structures and procedures between the two countries and continue them. G4-2 G4-1

"What we do, how we do it and how successful we are at it – this should be easier to measure and track."

Daniel Riedl, CEO

SEGAL: There were further potentials for improvement we approached in the transparency of our company. We're convinced it's important for our business model that investors can obtain adequate insight into our company's performance. For this reason we will meet the EPRA gold standards with the content of this year's Annual Report.

RIEDL: What we do, how we do it and how successful we are at it – that should be easier to measure and track. We've made an effort at greater transparency for this year's annual report, specifically for Property Development.

TEUFELSDORFER: We still see potential for quality of service as well. For this reason we've initiated internal restructuring measures in the area of Austrian property management. Our previous service centre structures will be completely dissolved and the employees reassigned. A customer who calls will now reach a colleague directly on location, who can solve his problems quickly.

SEGAL: After all, we anticipate further improvements in efficiency in the company in the next few years. We're stepping up development of IT-supported processes, for example, in procurement. We plan to establish a centralised procurement technology division in order to help bundle procurement resources and the relevant expertise throughout the group.

To conclude, can you provide us with a concrete outlook of the 2016/17 financial year?

G4-1 G4-2

SEGAL: First, we're focusing on enhancing our portfolio quality. This begins with an approximately EUR 57 million CAPEX programme which we'll carry out in the next two years and which will bring substantial rental growth, in addition to an enhancement in quality. Moreover, we're launching our development-to-hold strategy in Germany. This means we're creating an entirely new product: new builds featuring a high level of energy efficiency and low ancillary costs for our tenants and with modern layouts and the latest technology at selected locations, first in Berlin, then also in Hamburg. By doing this we're actively creating value for our company and our shareholders. As a result of the measures addressed, we expect, among other things, to be able to increase our Recurring FFO from Asset Management and Unit Sales from EUR 87.6 million to at least EUR 90 million. There is also an anticipated increase in FFO from our development business from EUR 11.8 million in the last financial year to at least EUR 13 million in the current one.

And what dividends can BUWOG AG shareholders expect this year and in the future?

SEGAL: As already communicated in past years, we're aiming for a dividend distribution of around 60% to 65% of our Recurring FFO, but at least EUR 0.69 per share. We'll also recommend a dividend distribution of EUR 0.69 per share to the Annual General Meeting for the 2015/16 financial year.

RIEDL: We remain committed to a distribution of 65% of Recurring FFO; this includes first and foremost the results from Asset Management and Property Development. Thus in the context of our corporate growth, we anticipate increasing dividends for our shareholders in the coming years as well. This way they will very clearly profit from the course of profitable growth we have embarked upon.

To conclude, we would like to thank the entire BUWOG team and the Works Council members in Germany and Austria for their energetic and dedicated efforts, which made the aforementioned achievements possible in the first place.

OVERVIEW OF BUWOG

The BUWOG Group can look back at a successful financial year in which efforts to intensify the Property Development business area were a success. And with Hamburg another development location was established as part of the integrated business model.

BURGENLANDSTRASSE, VILLACH, AUSTRIA

Rosa-Jochmann-Ring, 1110 Vienna

Overview

Fischergrube, Lübeck

Andergasse, 1170 Vienna

Moselgasse, 1100 Vienna

Kärntner Strasse, Unzmarkt

# of BUWOG

“Skytower”, Gerhard-Bronner-Strasse, 1100 Vienna

Dreherstrasse, 1110 Vienna

COMPANY PURPOSE AND BUSINESS MODEL

The BUWOG Group is the leading German-Austrian full-service provider in the residential property business and now looks back on around 65 years of experience. Its high-quality property portfolio encompasses approximately 51,100 units, 53% of which are distributed to Germany and 47% to Austria. As an integrated real estate company, BUWOG covers the entire value chain in the housing sector. The professional development of new construction projects for exploitation or transfer to BUWOG's investment portfolio (Property Development) and the high-margin sale of individual units, entire properties or portfolios (Property Sales) form a closed value-creation cycle together with Asset Management and, therefore, BUWOG's core business. G4-56 G4-DMA

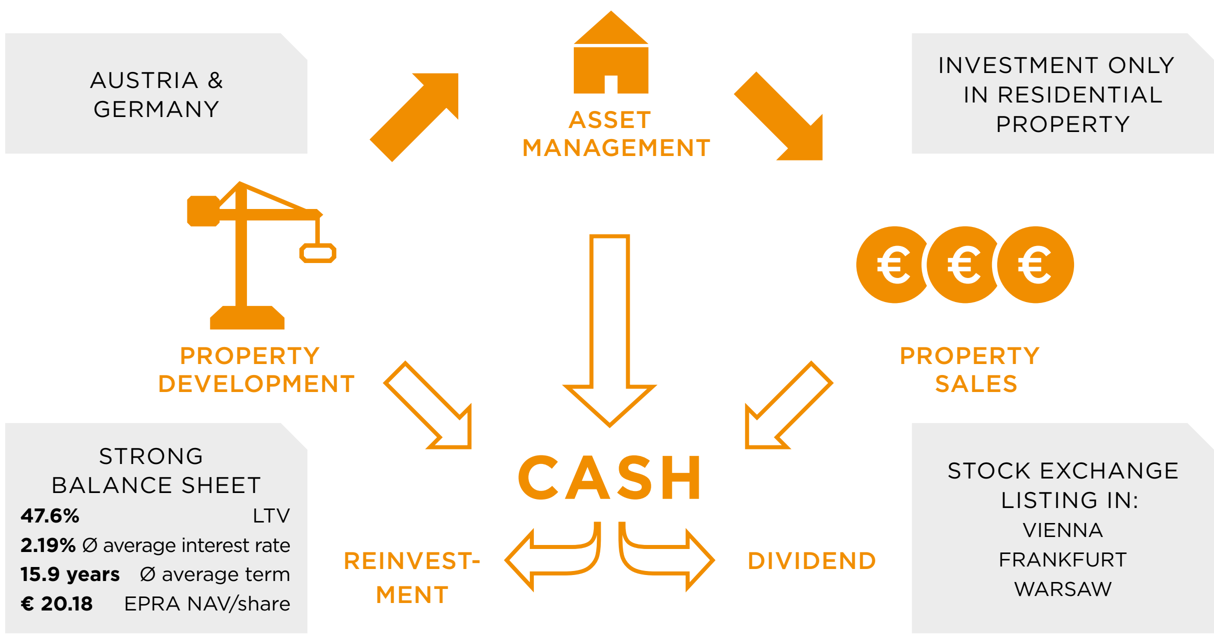
Compared to companies in its peer group, the BUWOG Group's fully integrated business model stands out due to the breadth and depth of its value chain as well as the optimal integration of the following three business areas:

- Value-orientated property management (Asset Management)
- Margin-orientated unit 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 as well as on the new development location Hamburg (Property Development)

The active and decentralised organisation of the BUWOG Group's Asset Management business ensures a sustainable increase in rental income in compliance with existing statutory rent restrictions (see section *Buwog's rent models* under *Asset Management*). A clear strategy for each property aims to exploit its potential fully, optimise cost and revenue structures and thereby ensure a high cash flow as well as high overall property 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 individual apartments as well as from the cycle-optimised property and portfolio sales are used in part 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 G4-2

Business model of the BUWOG GROUP

G4-6 G4-12



aim of continually optimising the portfolio is to increase the cash flows and, consequently, to ensure further growth of BUWOG through reinvestments while simultaneously enabling an attractive dividend policy. The focus on socio-demographically attractive BUWOG locations provides a high quality of portfolio as well as potential for future value growth.

BUWOG AG shares have been listed on the Frankfurt, Vienna and Warsaw stock exchanges since the end of April 2014. The BUWOG share is currently weighted at around 5% on the ATX, the leading index on the Vienna Stock Exchange.

ASSET MANAGEMENT

BUWOG Group's Asset Management business area is responsible for the sustainable, optimised management of the standing investments. Most of the revenue is generated by renting apartments, whereby the focus is also on increasing rental income and optimising maintenance costs. BUWOG's portfolio includes 51,058 units in Austria and Germany (roughly one half each) as of the reporting date. BUWOG is represented by local teams in its most important real estate locations in Germany and Austria. In the 2015/16 financial year, the vacancy rate was successfully reduced from 4.2% to 3.4%. Excluding the vacancy rate necessary for Unit Sales, the total vacancy rate was just 2.2% (for details see page 45ff).

PROPERTY SALES

The business model for Property Sales is divided into Unit Sales and Block Sales (property and portfolio transactions) and is designed to continuously and profitably optimise and concentrate the BUWOG Group's standing investment portfolio through the high-margin sale of individual apartments to owner-occupiers as a result of turnover and cycle-optimised block sales to investors. In the 2015/16 financial year, 635 units were sold through Unit Sales and 484 units through Block Sales at margins significantly higher than the carrying amount (for details see page 73ff).

G4-2

PROPERTY DEVELOPMENT

In the Property Development business, the BUWOG Group combines the development of residential property projects for its own portfolio and for direct sale after completion. As a developer, BUWOG has completed roughly 35,000 apartments in Austria since its founding. The Property Development business currently focuses on the socio-demographically and economically strong capital cities of Vienna and Berlin and, since the end of the 2015/16 financial year, the likewise attractive city of Hamburg. The development pipeline as of the reporting date included 8,121 units with a calculated total investment volume of EUR 2.5 billion (for details see page 83ff).

COMPANY HISTORY

At two years, BUWOG's history as a listed company is still relatively recent yet highly successful with an increase in share price of 41% since its initial listing. The roots of BUWOG reach back to 1951, when it was entered in the commercial register as a not-for-profit housing association with the task of providing housing to federal employees. In the first year of its existence, 24 employees worked for BUWOG and its property portfolio included just 210 units. The next decades were characterised by the expansion of the residential property portfolio through development of the portfolio properties and through acquisitions. Thus 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 not-for-profit status legally ended. Three years later, BUWOG was sold to IMMOFINANZ AG by the Republic of Austria as part of the privatisation process. With the reestablishment of Property Sales and especially with the focus on Unit Sales, BUWOG's business model was expanded again in 2002. In 2006 stakes were acquired in the originally state-owned, not-for-profit railway housing cooperative ESG in Carinthia, thus expanding the property portfolio by around 13,000 units.

The first step in expanding to Germany took place in 2010 with the acquisition of around 2,300 units in Berlin. The company continued this course of expansion in 2012 by acquiring the business operations (including projects under construction) of a leading Berlin property developer, thereby gaining entry into the German property development sector. In 2013 and 2014, there was a targeted 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 the standing investment portfolio with a focus on the German market, the BUWOG

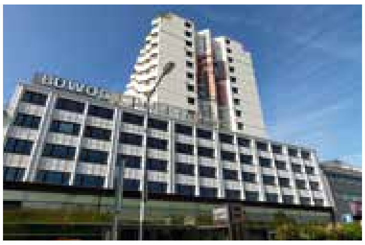
MILESTONES IN THE HISTORY OF BUWOG

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

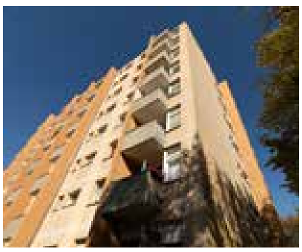
Group acquired an investment portfolio of 18,000 units in Northwest Germany in 2014. Parallel to this, the management platform for residential properties and its approximately 300 employees was acquired over the course of the year, allowing all BUWOG properties in Germany to be brought together into a single platform. BUWOG listed at a share price of EUR 13.00 on the stock exchanges in Frankfurt and Vienna on 28 April 2014 and in Warsaw a day later. Later in the year BUWOG was included in the FTSE EPRA/NAREIT Developed Europe Index and Austrian Traded Index (ATX).

With the aim of further stepping up efforts in Property Development, particularly in what for the BUWOG Group are the important core markets Berlin and Vienna, the group signed purchase agreements for eight land plots throughout the 2015/16 financial year. Moreover, the business area was strategically expanded at the end of the financial year by signing a land acquisition agreement in the likewise socio-demographically attractive city of Hamburg. This strategic expansion and simultaneous new construction occurring in the company's own portfolio in Germany has provided an opportunity to develop a high-quality portfolio featuring significant potential for appreciation in value with a reduced risk profile for Property Development. Based on this, BUWOG can expect the highly profitable business area of Property Development to constitute a dynamically growing share in BUWOG's total profits as well as the market position of the group as an established integrated property investor and residential developer to be strengthened for the future as well.

After the balance sheet date, the Sapinda Group acquired IMMOFINANZ's 18.6% stake before reselling this stake in BUWOG in full shortly afterward by floating the shares on the capital market. Consequently, around 90% of the BUWOG shares are currently in free float.

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

2014

Acquisition of a portfolio of around 18,000 units in northern Germany and of the management platform with 300 employees

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

11/2015

ESG becomes BUWOG Süd GmbH

The BUWOG Group steps up project development in Berlin.

1/2016

Andreas Segal is appointed Deputy CEO and CFO of the BUWOG Group.

4/2016

Development-to-hold approach added to the company strategy in Germany with a focus on Berlin

Start of development activities in the socio-demographically attractive city of Hamburg through acquisition of a property in Hamburg-Bergedorf

7/2016

Significant increase of free float with simultaneous expansion of the share-holder basis to about 90%

COMPANY STRUCTURE

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

In addition to BUWOG AG, BUWOG – Bauen und Wohnen Gesellschaft mbH and its subsidiaries also have an operational role in BUWOG's Asset Management, Property Development and Property Sales business areas. The BUWOG Group employed a total of 753 people (717 FTE) as the reporting date on 30 April 2016.

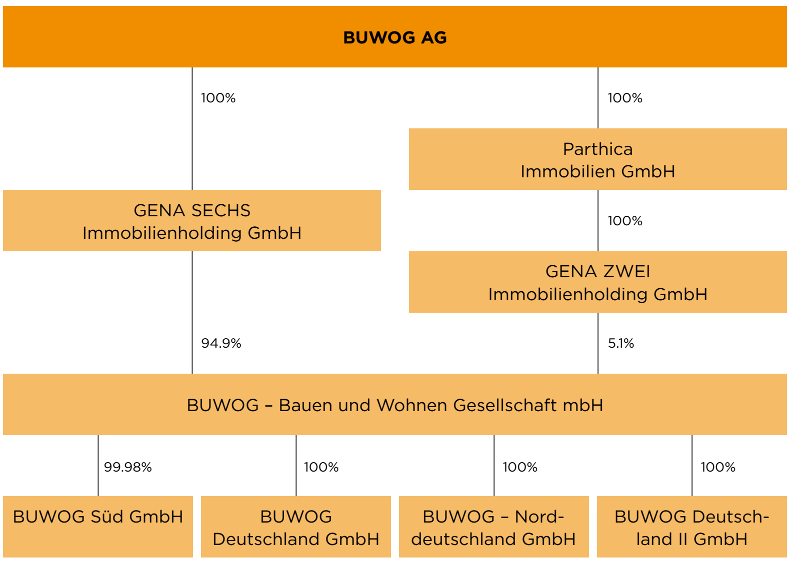
In addition to Vienna, the BUWOG team also operates in the Austrian provinces, particularly in Asset Management and Property Sales, providing on-site services with its own locations in Villach, Salzburg, Innsbruck and Graz. G4-9

BUWOG's business activities in Germany are represented in several subsidiaries; important office locations are maintained in Kiel, Lübeck, Brunswick, Hamburg and Berlin. Management of the German activities in Asset Management is located in Kiel. Property Development in Germany is no longer focused exclusively on the capital city of Berlin, from where it is managed, but was also expanded in May 2016 to the demographically and economically strong location of Hamburg.

BUWOG Group's corporate and strategic independence is guaranteed through a de-domination agreement concluded with IMMOFINANZ AG (details can be found in the *Corporate Governance Report* on page 103ff).

OVERVIEW OF THE LEGAL STRUCTURE OF THE BUWOG GROUP

G4-6
G4-7



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

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. In addition to these operational units, BUWOG has also set up central departments reporting directly to the Executive Board.

In the last financial year BUWOG's organisational structures were consolidated further. In the 2015/16 financial year until June 2015, Mr Teufelsdorfer was the Head of Asset Management and Property Sales in Austria as well as in Germany. The group's structure was reorganised in July 2015 with the appointment of Mr Herwig Teufelsdorfer (COO) to the Executive Board of BUWOG AG and through the regional division of management into the business areas of Asset Management and Property Sales. Mr Ronald Roos was the CFO of the BUWOG Group until 9 December 2015. Effective as of 1 January 2016, the Supervisory Board appointed the former CFO of Deutsche Wohnen AG, Andreas Segal, to the Executive Board, where he is Deputy Chief Executive Officer (Deputy CEO) and Chief Financial Officer (CFO).

G4-34

ORGANISATIONAL STRUCTURE OF THE BUWOG GROUP

as of 30 April 2016

Management Board

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

Asset Management		Property Sales		Property Development	
Austria	Germany	Austria	Germany	Austria	Germany

Corporate Departments

- Corporate Finance & Investor Relations
- Human Resources & Organisation
- Procurement
- IT
- Internal Audit & Process and Project Management
- Marketing & Communications
- Financial Accounting & Taxes
- Legal
- Controlling & Risk Management

"THE BUWOG GROUP'S LEGAL STRUCTURE AND INTERNAL ORGANISATION ILLUSTRATE A SUCCESSFUL MODEL WITH EFFICIENT PROCESSES."

Paul Kozubek,

Head of Legal/Deputy Compliance Officer

"The legal structures and internal organisational processes have been consolidated after two years as an independent listed company. However, the organisation of the BUWOG Group has also demonstrated that the team in Legal is able to provide rapid and efficient support for the integration of new property portfolios, the acquisition of new land and the accompanying launch of major development projects."

COMPANY STRATEGY

The overriding strategic aim of the BUWOG Group is the continuous growth of company value along with a high capacity for distributing profits. The relevant indicators for this include, first and foremost, Recurring FFO (recurring funds from operations) and EPRA Net Asset Value (Net Asset Value adjusted on the basis of the principles of EPRA, the European Public Real Estate Association). At the same time, BUWOG aims for an LTV (debt level of the property portfolio) sustainably not higher more than 50% in the long term in order to profit from the favourable financing conditions on the market and to be in a position to finance business growth in economically more challenging cycles.

To achieve above-average profitability compared to the peer group, the BUWOG Group focuses on a three-pillar business model with the business areas of Asset Management, Property Sales and Property Development as a unique selling proposition. Through the full integration along the entire property value chain, BUWOG is in a position to take optimal advantage of market cycles and ensure significant long-term profitability. This is a business model that continually enhances Asset Management with the high level of profitability from of Property Development. At the same time, Property Development profits from the financial strength of Asset Management and minimises its exit risk by also pursuing development within its own portfolio.

Overview of strategic goals

G4-8

G4-4

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** **Focus on capital recycling**	**Unit Sales** - Focus on high-margin unit sales mainly to owner-occupiers as a result of fluctuation - Around 600 Unit Sales planned per year **Block Sales** - Targeted cycle-optimised block sales mainly in rural areas – further portfolio consolidation as a result - Around 400 block sales planned per year	- Focus on Vienna - Around 80% of projects developed for immediate sale to private and institutional investors - Around 20% of projects developed for the company 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 in rental prices and decrease in vacancy rate through active asset management - Optimisation and consolidation of 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** - Selective optimisation and consolidation of the portfolio through opportunistic block sales mainly in rural areas	- Current focus on Berlin and Hamburg - Project development for immediate sale to private and institutional investors in the context of privately financed condominiums and for a global exit - Project development for the company's own portfolio with a current focus on Berlin and Hamburg - Intensification of project pipeline development through the purchase of new properties - Continued establishment of the BUWOG Group as one of the leading residential property developers in Berlin

G4-4

ASSET MANAGEMENT – QUALITATIVE AND QUANTITATIVE GROWTH

The core tasks of Asset Management are the management and ongoing optimisation of the investment portfolio.

The BUWOG Group's portfolio strategy is based on a high-quality property portfolio focused regionally on socio-demographically attractive locations with a high percentage of urban locations (around 85% of the investment portfolio at fair value). BUWOG aims to continually concentrate its existing property portfolio in Germany and Austria, with an emphasis on Germany. The share of units located in Austria will continually decline in the medium term, for in the context of Block Sales (property and portfolio sales), especially in Austria's rural regions, BUWOG will sell properties which are no longer strategically relevant and will simultaneously use the funds freed up from those sales, particularly to develop the German investment portfolio. The background to the reduction of the Austrian share of the investment portfolio is the fact that 91.5% of the Austrian investment portfolio's units are rented at subsidised prices that are subject to regulation and, consequently, are limited in their potential for rental growth. However, the overall return of the Austrian portfolio is positively influenced by its association with the BUWOG Group's unique selling proposition involving highly profitable unit sales at market prices to parties who will personally own and directly use the properties themselves, generally in the context of tenant turnover. This unique selling proposition helps to enhance profitability in Asset Management.

The key parameters for measuring success in Asset Management are net in-place rent, the vacancy rate, gross rental yield, the (net) results of Asset Management per share and the fair value of the standing investments per share. The latter is externally and independently determined twice per year by the valuation experts from CBRE.

The BUWOG Group is aiming to grow in Germany by approximately 3,000 units per financial year and continually evaluates opportunities to expand its investment portfolio in selected cities of Northern Germany in the greater region of Hamburg/Schleswig-Holstein and the region of Brunswick/Hannover, in addition to Berlin. In the 2015/16 financial year BUWOG acquired three property portfolios with a total of 532 units and around 32,000 sqm of total floor area in the core regions of Hamburg, Schleswig-Holstein and Brunswick/Hannover.

Moreover, the BUWOG Group is aiming to increase the quality of its investment portfolio. To do so, a CAPEX programme with a volume of around EUR 57 million and regional focuses in Berlin, Lübeck and Kiel will be carried out in the current and coming financial year. In addition, the quality of the investment portfolio will be enhanced further through the construction of new properties in the company's own portfolio for rental purposes. This will allow BUWOG to put a unique product on the market: new apartments with modern floor plans, contemporary technical standards and, as a result, low ancillary costs for the tenants in urban locations of the cities of Berlin and Hamburg. As a result of the anticipated low maintenance costs, with competitive rental income there will be a highly attractive net result for this new product.

As part of Block Sales, in Austria the BUWOG Group is aiming to sell around 400 units per year in regions that are no longer strategically relevant. Should further opportunities also arise to optimise the Austrian investment portfolio through the profitable sale of strategically irrelevant units, the BUWOG Group will take advantage of them in order to accelerate further growth in the profitable German market. More details can be found in the chapter *Asset Management*.

Hanhoopfsfeld,
Hamburg-Harburg

PROPERTY SALES – HIGH SALES MARGINS AND HIGH FREE CASH FLOW

G4-4

Property Sales is closely involved with Asset Management and is focused on the ongoing profit-orientated optimisation of the BUWOG Group's investment portfolio, particularly through high-margin unit sales, preferably to parties who own and directly use the properties themselves.

In Unit sales, the strategy of the BUWOG Group is to sell units of limited profitability in Austria either to tenants or, as a result of tenant turnover, to third parties at attractive prices and with high margins on fair value, thus generating an attractive yield in connection with its rental business in Austria, which is largely defined by subsidised rental regimes that generate little profit. As unit sales in Austria are closely connected to the fluctuation in the portfolio, BUWOG expects to sell around 600 units per financial year over the long term.

As part of the Austrian investment portfolio, on 30 April 2016 the Unit Sales cluster included a total of 12,658 units, 6,032 of which are located in Vienna and another 6,626 in the rest of Austria. As the Unit Sales cluster will also be refilled due to the anticipated construction of around 100 to 200 units per financial year in its own portfolio, the profitable Unit Sales business area will not only contribute significant annual gains to the group's net result in the long term, but due to the high level of free cash flow generated, it will also help finance additional company growth.

Another way of optimising the investment portfolio is through strategic and cycle-optimised block sales with a focus in Austria, generally to regional and local investors. Here the BUWOG Group sells standing investments that are no longer strategically relevant as part of profitable property and portfolio sales in order to free up financial resources, particularly for reinvestment on the German property market. As of 30 April 2016, the Block Sales cluster consisted of 3,245 units, largely in Austria's rural regions. Further details can be found in the chapter *Property Sales*.

Maroltingergasse, 1160 Vienna

Koschatstrasse, Wolfsberg

G4-4

PROPERTY DEVELOPMENT – PROFITABLE INTENSIFICATION OF DEVELOPMENT ACTIVITY

The business area Property Development bundles the BUWOG Group's development projects for its own portfolio in Germany and Austria as well as for direct sale to third parties in both countries, and with margins of around 15% to 20% on the carrying value, represents a profitable addition to the classic Asset Management business. At the same time, BUWOG pursues a programme of intensive risk management for its development projects such that the clustering of individual projects into construction phases and completion, in addition to existing demand and the company's own marketing capacities, play just as important a role as the possibility of an exit into the company's own portfolio.

In Austria, the BUWOG Group has 65 years of expertise in the development business and has completed around 35,000 apartments to date. Around 90% of the current Austrian investment portfolio today are developments of BUWOG. In the Vienna housing market BUWOG is currently the biggest private developer.

BUWOG's aim is to develop an average of around 100 to 200 units on the Vienna market for its own portfolio; to be sold again as part of Unit Sales following a holding period of at least ten years. The completion of around 500 units per financial year for sale to third parties is also planned.

"Southgate", 1120 Vienna

The BUWOG Group has years of experience in Germany as well. In this respect, the company acquired 2,102 Berlin projects from a leading local property developer, at the same time hiring the developer's experienced employees. With this strong basis, the development pipeline in Berlin was expanded so that the BUWOG Group now occupies a leading market position on the Berlin market. In the last financial year with the acquisition of a plot of land in Hamburg-Bergedorf, the first step into the Hamburg market was also taken, illustrating regional diversification in another core BUWOG market, also in Asset Management. While to date the focus on the Berlin market has been solely on development for direct sale to third parties, in Berlin as well as in Hamburg BUWOG is now aiming to utilise around 20% of its planned completions for its own investment portfolio, thus profiting from the current developments on the market with rising rents and simultaneously increasing its own portfolio quality and establishing potential for future privatisation, also in Germany. BUWOG expects that in the medium term 500 to 600 completed units per financial year in Germany will be sold to third parties.

The BUWOG Group's pipeline at all three locations of Property Development includes a calculated total investment volume of EUR 2.5 billion, which will be invested over the next five years. BUWOG expects margins of around 15% to 20% of the relevant carrying value, but will develop 20% of its planned units into its own portfolio. Due to the considerably higher number of annual completions compared to the past and the current year, the company expects a substantial rise in the contribution of Property Development to Recurring FFO in the coming financial years. Further details can be found in the chapter *Property Development*.

DIVIDEND POLICY

In addition to reinvestments to expand the investment portfolio and to build new housing, in the medium term the Executive Board seeks to distribute 60% to 65% of the annually generated Recurring FFO in the form of dividends to BUWOG AG shareholders. G4-4

A dividend of EUR 0.69 per share was distributed for the 2014/15 financial year. Recurring FFO for the 2015/16 financial year was EUR 99.4 million or EUR 1.00 per share. The Executive Board will also recommend to the 2015/16 Annual General Meeting in October 2016 the distribution of the previous year's figure of EUR 0.69 per share and that this recommendation be maintained until Recurring FFO allows for a distribution ratio of 60% to 65%. A corresponding increase in the absolute amount of the dividend will then be possible with the anticipated increase in Recurring FFO.

TEAM SPIRIT AND SKILLS

The BUWOG Group places considerable emphasis on the further development of its employees. To encourage the mutual exchange of experience and the establishment of a shared company culture, management workshops and other employee events take place on a regular basis. Using modern employee development tools as well as ongoing training and development courses, employees' skills are improved to meet the challenges of the future. For further details on the area of Human Resources, refer to the chapter *Sustainable management* within the *Management Report*.

To ensure efficient and effective company management, the existing group-wide IT systems are expanded on a regular basis. This enables near-term monitoring of all relevant performance indicators as well as a modern, reliable system of risk management.

"AT BUWOG, WE PLACE SPECIAL EMPHASIS ON HUMAN RESOURCES DEVELOPMENT IN ORDER TO RETAIN EMPLOYEES AT THE COMPANY AND MAKE THEM FIT FOR GROWING DEMANDS."

Martina Wimmer,
Head of Human Resources & Organisation

"In the 2015/16 reporting year, the process of appraisal interviews was optimised and enhanced to include the key BUWOG skills. Solution-orientation, professionalism and a desire to optimise are top priority and, on the basis of key skills, it makes it easier for us to show how each and every employee can a personal contribution to the success of the company. A large number of managers were recruited from the company during the reporting year. I'm especially pleased with the constructive and enriching cooperation with the Works Council members."

ASSET MANAGEMENT

With the management of more than 51,000 units, Asset Management is the BUWOG Group's biggest business area. In the 2015/16 financial year, an operating result of EUR 136.1 million was generated in this business area, which is equivalent to an increase of 6% on the year. The business area encompasses the renting and sustainable management of the properties in the investment portfolio, their optimisation and appreciation in value through maintenance and investment measures as well as the coordination of all necessary internal and external services relating to the group's role as owner. BUWOG also renders services ranging from classic property management to apartment rentals for standing investments managed by third parties.

MÖSSLACHERSTRASSE, VELDEN, AUSTRIA

Asset

Alte Strasse, Seeboden

Hugo-Wolf-Strasse,
St. Paul im Lavanttal

Görlitzer Strasse, Kassel-Waldau


Mösslacherstrasse, Velden

Management

Skandinaviendamm, Kiel

Flottmoorring, Kaltenkirchen


Kaiserebersdorfer Strasse, 1110 Vienna

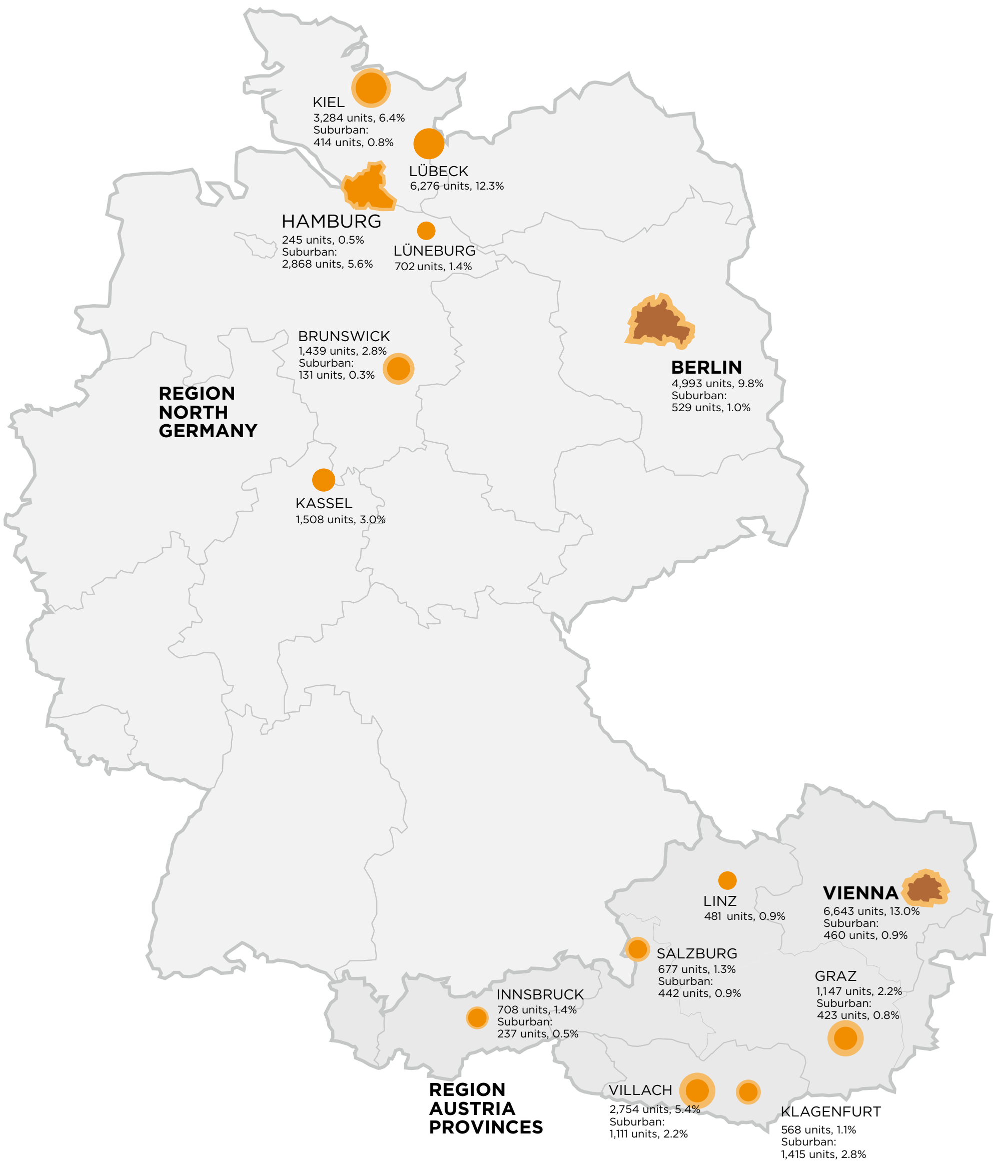
AN ATTRACTIVE INVESTMENT PORTFOLIO

G4-4

The BUWOG Group's investment portfolio comprises both subsidised and privately financed units with a high degree of customisation as well as terraced and semi-detached homes in Austria and Germany. As of the reporting date on 30 April 2016, a total of 51,058 units (previous year: 51,671 units) with a total floor area of 3.5 million sqm (previous year: 3.6 million sqm) and a fair value of EUR 3.7 billion (previous year: EUR 3.6 billion) were held. Compared to the reporting date the previous year, this is equivalent to a slight 1.4% reduction of floor area due to disposals from Property Sales and a simultaneous increase in fair value of 4.5%. Disposals from Unit and Block Sales of around 1,120 units (previous year: around 1,220 units) could not be offset in the reporting year by additions from portfolio purchases in Germany of just 530 units and total floor area of around 32,000 sqm. The acquisitions in the reporting year apply to portfolios at locations in Brunswick, Schleswig-Holstein as well as Hamburg and Kiel and are an optimal fit in the core regions of Brunswick/Hannover as well as Hamburg and Schleswig-Holstein that have emerged since the redefinition of the strategy. The focus remains on Berlin as well.

THE BUWOG INVESTMENT PORTFOLIO BY REGION AS OF 30 APRIL 2016
Number of units per location and percentage of the total portfolio

G4-8



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

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

BUWOG Group's investment portfolio is divided within the two countries into four geographical clusters: "federal capitals", "state capitals and major cities", "suburban regions" as well as "rural regions". In terms of fair value, around 39% (previous year: 38%) of BUWOG's investment portfolio is located within the municipal areas of Vienna and Berlin; this is equivalent to a value of EUR 1.4 billion (previous year: EUR 1.4 billion). No other company in the peer group has such as high concentration of properties in these two capital cities. Another total of 47% of the portfolio (previous year: 46%) based on fair value – EUR 1.7 billion (previous year: EUR 1.6 billion) – is located in state capitals and major cities with more than 50,000 inhabitants, including their suburban regions within a radius of 15 km from the city limit. These cities include Brunswick, Graz, Hamburg, Innsbruck, Kassel, Kiel, Klagenfurt, Linz, Lübeck, Lüneburg, Salzburg and Villach. In rural regions only around 15% of the portfolio based on fair value has a value of EUR 0.5 billion.

G4-8 G4-4 G4-9

BUWOG PORTFOLIO BY GEOGRAPHIC CLUSTER

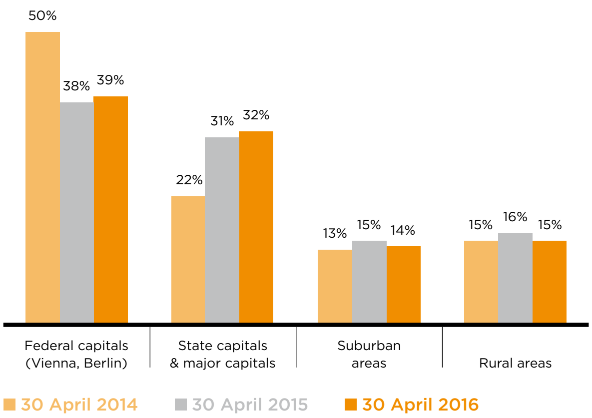
as of 30 April 2016	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	**11,636**	**912,775**	**59**	**5.52**	**1,444**	**1,582**	**4.1%**	**2.8%**
Vienna	6,643	581,087	35	5.15	1,024	1,762	3.4%	3.8%
Berlin	4,993	331,688	24	6.16	420	1,267	5.8%	1.0%
State capitals and major cities[5]	**19,789**	**1,278,576**	**74**	**4.93**	**1,189**	**930**	**6.2%**	**2.1%**
Lübeck	6,276	363,676	24	5.71	349	960	7.0%	1.8%
Kiel	3,284	198,166	14	5.89	198	1,000	7.0%	1.0%
Villach	2,754	197,128	8	3.51	114	581	7.1%	2.2%
Kassel	1,508	107,292	5	4.32	68	636	7.8%	3.7%
Brunswick	1,439	83,540	6	5.72	82	985	6.9%	1.1%
Graz	1,147	86,253	4	4.01	90	1,047	4.5%	1.6%
Innsbruck	708	52,073	2	3.74	79	1,508	2.9%	2.0%
Lüneburg	702	51,076	3	5.67	47	919	7.0%	5.6%
Salzburg	677	45,133	2	4.09	68	1,510	3.2%	1.2%
Klagenfurt	568	42,229	2	3.64	26	609	6.8%	4.6%
Linz	481	35,408	2	3.97	43	1,203	3.9%	2.6%
Hamburg	245	16,601	1	6.74	24	1,448	5.5%	1.7%
Suburban regions[6]	**8,030**	**563,231**	**31**	**4.76**	**537**	**954**	**5.8%**	**3.9%**
Hamburg	2,868	176,564	12	5.55	188	1,067	6.2%	0.5%
Klagenfurt	1,415	101,507	4	3.75	77	757	5.6%	5.3%
Villach	1,111	86,683	4	3.80	59	684	5.9%	10.9%
Berlin	529	33,987	2	5.08	22	639	9.1%	5.0%
Vienna	460	37,880	2	4.37	53	1,408	3.6%	3.8%
Salzburg	442	34,655	2	5.38	52	1,514	4.1%	4.4%
Graz	423	31,902	2	4.60	27	849	6.4%	2.2%
Kiel	414	31,970	2	5.96	25	797	8.8%	2.2%
Innsbruck	237	20,450	1	3.82	28	1,369	3.3%	0.4%
Brunswick	131	7,634	0	5.34	5	635	9.8%	3.3%
Rural areas	**11,603**	**777,691**	**37**	**4.27**	**546**	**702**	**6.9%**	**6.1%**
Rural areas Austria	6,920	495,007	20	3.57	324	655	6.1%	7.2%
Rural areas Germany	4,683	282,684	18	5.46	221	783	8.0%	4.1%
Total BUWOG Group	**51,058**	**3,532,273**	**201**	**4.92**	**3,716**	**1,052**	**5.4%**	**3.4%**
thereof Germany	27,072	1,684,879	112	5.68	1,651	980	6.8%	2.1%
thereof Austria	23,986	1,847,394	89	4.20	2,065	1,118	4.3%	4.7%

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 2016
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm; 2.2% adjusted by vacancy of unit sales
5) More than 50,000 inhabitants and a significant share of the portfolio
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities, as well as Hamburg

In terms of fair value, this means that a total of around 85% (previous year: 84%), or EUR 3.2 billion (previous year: EUR 3.0 billion) of BUWOG Group's property portfolio is located in three regional clusters in urban regions, which stand out overall as a result of attractive characteristics with respect to development and the quality of the economy, infrastructure and demographics. The fair value of the 51,058 units (previous year: 51,671 units) is also concentrated in the current reporting year primarily in the two federal capitals of Vienna and Berlin (39%) as well as in the state capitals and major cities (32%). Compared to the previous year, the proportion of the property portfolio in state capitals and major cities (e.g. Lübeck and Kiel) rose in value from 69% to 71% due to positive development of the real estate markets. The portfolio purchases in Asset Management focus predominantly on locations in the capital city of Berlin as well as in the state capitals and major cities. In contrast, the purchases in Property Development are made exclusively in the two federal capitals of Vienna and Berlin.

FAIR VALUE

by geographic cluster (total: about EUR 3.7 billion)



KEY FIGURES PROPERTY PORTFOLIO

G4-4

		BUWOG Group as of 30 April 2015	BUWOG Group as of 30 April 2016	Austria as of 30 April 2016	Germany as of 30 April 2016
Number of units	Quantity	51,671	51,058	23,986	27,072
Total floor area	in sqm	3,581,028	3,532,273	1,847,394	1,684,879
Annualised net in-place rent[1]	in EUR million	198	201	89	112
Monthly net in-place rent[1]	in EUR per sqm	4.81	4.92	4.20	5.68
Fair value[2]	in EUR million	3,558	3,716	2,065	1,651
Fair value[2]	in EUR per sqm	994	1,052	1,118	980
Gross rental yield[3]	%	5.6%	5.4%	4.3%	6.8%
Vacancy rate	per sqm	4.2%	3.4%	4.7%	2.1%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value

In Austria, the investment portfolio comprised a total of 23,986 units (previous year: 25,101 units) with a total floor area of 1.8 million sqm (previous year: 1.9 million sqm) and a fair value of EUR 2,065 million (previous year: EUR 2,093 million) as of 30 April 2016. This is equivalent to a fair value of EUR 1,118 per sqm (previous year: EUR 1,086 per sqm). As of 30 April 2016 the monthly net in-place rent totalled EUR 4.20 per sqm (previous year: EUR 4.20 per sqm), resulting in a gross rental yield of 4.3% (previous year 4.4%). The vacancy rate in Austria as of 30 April 2016 was reduced from 5.5% to 4.7% as a result of increased rental activities, particularly in the rural regions. Units from the Unit Sales cluster account for 2.3 percentage points of the total vacant floor area.

As of 30 April 2016, the investment portfolio in Germany comprised a total of 27,072 units (previous year: 26,570 units) with a total floor area of 1.7 million sqm (previous year: EUR 1.7 million sqm). In the 2015/16 reporting year, the development of the property portfolio in Germany included three portfolio acquisitions with around 530 units. As of 30 April 2016, the monthly net in-place rent was an average of EUR 5.68 per sqm (previous year: EUR 5.51 per sqm). As of 30 April 2016, the fair value of the German investment portfolio rose compared to 30 April 2015 by a total of around EUR 200 million, from EUR 1.5 billion to EUR 1.7 billion as a result of the very positive performance of the German real estate investment market and high yield compression (purchase prices for apartment complexes and portfolios increase more than rents) in the BUWOG investment portfolio's core regions. The average fair value increased from EUR 886 per sqm to EUR 980 per sqm. The significant increase in fair value of the investment portfolio from the property valuation as of 30 April 2016 will lead to a decline in gross rental yield from 7.3% to 6.8% in relation to fair value, as the increase in rent was less than the increase in fair value. The vacancy rate of the portfolio in Germany was reduced from 2.7% in the previous year to 2.1% as of 30 April 2016 due to very successful rental activity as well as the positive market and demand development.

CHANGES IN THE INVESTMENT PORTFOLIO

As part of implementing its growth strategy, in the 2015/16 financial year the BUWOG Group acquired three property portfolios in the core region of northern Germany (Hamburg/Kiel, Brunswick and Schleswig-Holstein) with a total of 532 units and around 32,000 sqm of floor area for a purchase price totalling EUR 36.5 million or around EUR 1,140 per sqm. The key data on the respective portfolio acquisitions can be found on the following table.

PORTFOLIO ACQUISITIONS 2015/16

		Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR thousand	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate
Portfolio Brunswick	State capitals and major cities	150	6,008	422	6.32	1,080	6.5%	7.4%
Portfolio Schleswig-Holstein	Rural areas	108	7,019	427	5.41	831	7.3%	6.4%
Portfolio Hamburg/Kiel	State capitals and major cities	274	19,110	1,626	7.20	1,479	5.8%	1.5%
Total		**532**	**32,137**	**2,475**	**6.66**	**1,263**	**6.1%**	**3.7%**

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 2016
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value

G4-4

MARKET ENTRY IN HAMBURG THROUGH ACQUISITION OF A PORTFOLIO IN HAMBURG/KIEL

The purchase agreement for the portfolio in Hamburg/Kiel was signed on 15 October 2015 and the acquisition concluded on 1 February 2016. Based on the purchase price of EUR 25.8 million, this resulted in an average price per sqm of approximately EUR 1,345 and a gross rental yield at the time of purchase of 6.2%. The portfolio includes 274 units with a total floor area of 19,119 sqm, 245 units of these accounted for by Hamburg-Harburg and 29 units by Kiel-Meimersdorf.

Market entry in Hamburg was also bolstered by BUWOG Group's acquisition in April 2016 of a development project for the construction of over 1,200 condominium and rental units in Hamburg-Bergedorf. For further details, please refer to the chapter *Property Development*.

Key data (as of 30 April 2016)

- 274 units
- Total floor area: 19,110 sqm
- Average net in-place rent per sqm: EUR 7.20
- Gross rental yield: 5.8%
- Vacancy rate: 1.5%
- Main locations: Hamburg-Harburg and Kiel-Meimersdorf
- Acquisition: 1 February 2016

With the acquisition of this portfolio the BUWOG Group entered the market in Hamburg with 245 units, thus establishing a basis for growth in a socio-demographically interesting real estate market with attractive rents and potential for appreciation in value.

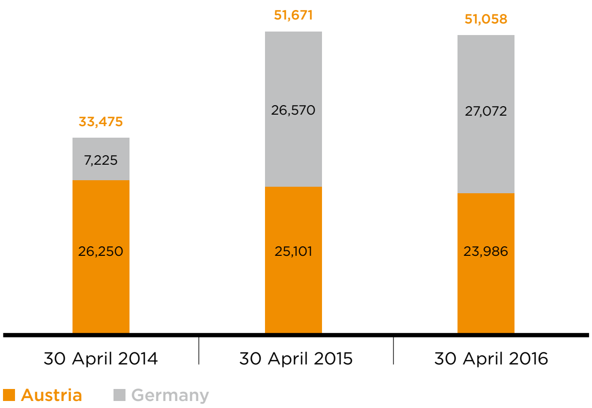
KEY DATA OF THE INVESTMENT PORTFOLIO AND PORTFOLIO STRUCTURE

Through a clear asset strategy and the active implementation of asset management measures, the BUWOG Group aims to continuously optimise the value of individual properties and the property portfolio to ensure the long-term generation and further improvement of cash flow and the operating results of the investment portfolio. As in the last few financial years, BUWOG substantially improved all of the key performances indicators in this reporting year as well.

SIGNIFICANT INCREASE OF FAIR VALUE TO EUR 3.7 BILLION

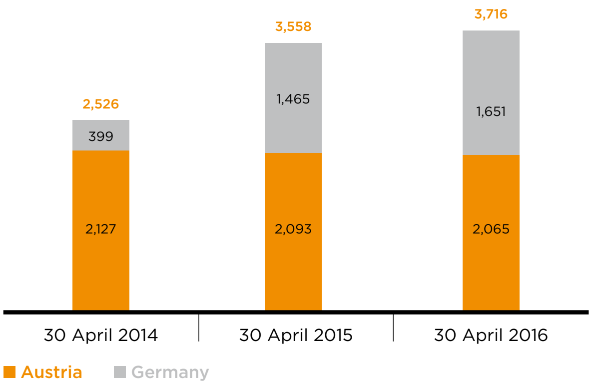
As of 30 April 2016, the fair value of the BUWOG Group's investment portfolio established by the independent external consultant CBRE was EUR 3,716.3 million (last year: EUR 3,557.9 million). The value growth of around EUR 160 million was considerably influenced by another major increase in the value of the German investment portfolio due to the ongoing rise in yield compression (purchase prices for apartment complexes increase disproportionately with respect to rents) in the German real estate investment market and the readjustment of sale price potentials in the Unit Sales portfolio in Austria. As of the reporting date, the fair value in Germany including the three acquisition portfolios was EUR 1,651.2 million, after EUR 1,465.0 million the previous year (EUR +186.2 million). Despite the appreciation in value particularly of properties in the Unit Sales cluster, in Austria fair value fell from EUR 2,092.9 million last year to EUR 2,065.1 million, generally because of the losses in fair value (EUR –87 million) from Unit Sales. As a whole, fair value per sqm in BUWOG's investment portfolio increased from EUR 994 to EUR 1,052 (+5.8%), which resulted from a significant increase in Germany from EUR 886 to EUR 980 (+10.6%) and in Austria from EUR 1,086 to EUR 1,118 (+2.9%). As of the reporting date on 30 April 2016, the fair value of the strategic cluster Unit Sales was EUR 1.5 billion (previous year: EUR 1.4 billion). Based on the sales margins achieved to date on fair value, BUWOG's property portfolio is also expected to show a considerable, positive margin effect due to Unit Sales and, consequently, a contribution to Recurring FFO. For further details, please refer to the chapter *Property valuation*.

NUMBER OF UNITS



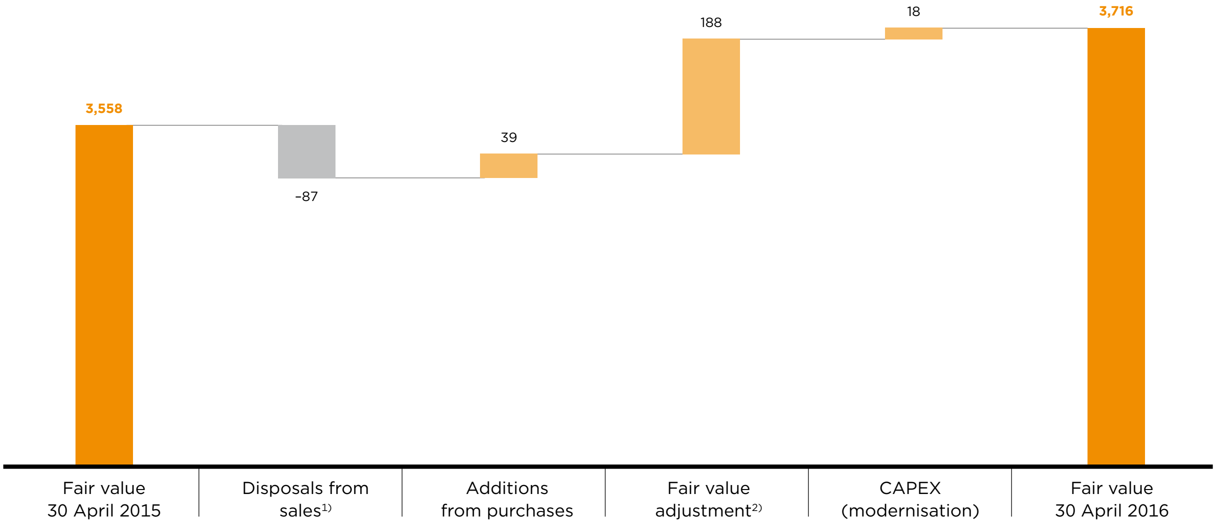
FAIR VALUE STANDING INVESTMENT PORTFOLIO

in EUR million



The following chart shows the development of fair value for BUWOG's investment portfolio from 30 April 2015 at EUR 3,558 million to 30 April 2016 at EUR 3,716 million, including the carrying amount of properties sold from Unit and Block Sales totalling EUR –87 million, the carrying amount from the acquisition of the three portfolios in Germany at EUR 39 million, the fair value adjustment of EUR 188 million arising from CBRE's external property-specific portfolio valuation and the capitalisation of modernisation measures in the investment portfolio at EUR 18 million. G4-4

EFFECTS ON FAIR VALUE DEVELOPMENT OF UNITS
in EUR million

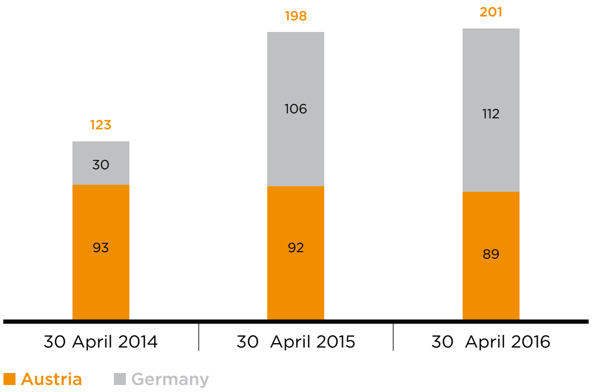


1) Net carrying amount of properties sold EUR –129.8 million and fair value adjustment of properties sold EUR 42.4 million
2) Fair value adjustment refers solely to standing investments

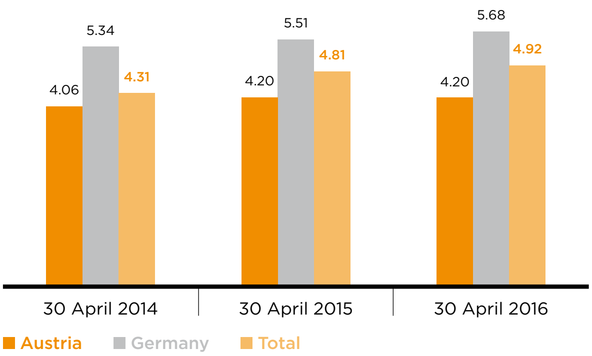
INCREASE OF ANNUALISED NET IN-PLACE RENT TO MORE THAN EUR 200 MILLION

Compared to the previous year, the annualised net in-place rent increased through active asset management by 1.5% from EUR 198.2 million to EUR 201.2 million. As of the reporting date, the BUWOG Group's average rent per sqm was EUR 4.92 compared to EUR 4.81 for the same period the previous year. This change resulted from the increases in rent and lower vacancy rates in the portfolios in Austria and Germany. As of the reporting date, the proportion of the German investment portfolio contributing to annualised net in-place rent increased to around 56% (previous year: 54%).

ANNUALISED NET IN-PLACE RENT
in EUR million



NET IN-PLACE RENT PER MONTH
in EUR per sqm



LIKE-FOR-LIKE RENTAL GROWTH

Asset Management's primary responsibility is the ongoing optimisation of rental income, taking into account the effective legislation on rent and the resulting restrictions on pricing rents through the Austrian Non-Profit Housing Act *(Wohnungsgemeinnützigkeitsgesetz)* and the rent increase cap in Germany. Rental growth for the BUWOG Group's entire investment portfolio totalled 1.6% in the 2015/16 financial year viewed in the amended like-for-like system – i.e. accounting for the elimination of effects resulting from the change in the investment portfolio (excluding portfolio transactions) and including the effect from changes in vacancies. Rental growth in the German residential portfolio was 2.7%, which resulted largely from a high level of new rental agreements and increases in rents in the investment portfolio in Berlin as well as in the major cities. In the Austrian residential portfolio, rental growth in the 2015/16 financial year was just 0.3%. This is due to the rent controls of rent models involving public subsidies and the deliberate development or maintenance of vacant units for Unit Sales. The calculation of rental growth includes 98.5% of all units or 97.0% of the fair value of the BUWOG Group's entire investment portfolio. Last year, like-for-like rental growth, including the adjustment for effects from changes in the investment portfolio and accounting for changes in vacancies for the BUWOG Group, totalled 3.3%, 3.4% of which was generated in Germany and 2.9% in Austria. Last year, the high growth of rent in Austria was determined exceptionally by the effects of adjusting maintenance and improvement contributions due to exceeding the legal limits and adjusting the maximum rate from EUR 1.62 per sqm to EUR 1.71 per sqm.

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

LIKE-FOR-LIKE RENTAL GROWTH BY STRUCTURE OF RENTAL AGREEMENTS

as of 30 April 2016	Number of units	Occupied floor area in sqm 30 April 2015	Net in-place rent per month in EUR million[3] 30 April 2015	Occupied floor area in sqm 30 April 2016	Net in-place rent per month in EUR million[3] 30 April 2016	Like-for-like rental growth
Unregulated rental agreements Germany	17,053	967,005	5.3	973,384	5.5	3.0%
Regulated rental agreements Germany	9,194	591,672	3.1	593,585	3.2	2.2%
Total Germany	**26,247**	**1,558,677**	**8.4**	**1,566,969**	**8.6**	**2.7%**
Unregulated rental agreements Austria (incl. reasonable rents pursuant to the Austrian Non-Profit Housing Act and the Austrian Tenancy Act)[1]	1,693	125,509	0.7	129,878	0.7	1.4%
Regulated rental agreements Austria (incl. other provisions under the Austrian Non-Profit Housing Act)[2]	21,805	1,567,335	6.0	1,560,843	6.0	0.1%
Total Austria	**23,498**	**1,692,844**	**6.7**	**1,690,721**	**6.7**	**0.3%**
Other (incl. commercial)	537	90,023	0.5	89,645	0.5	–1.1%
Total BUWOG Group	**50,282**	**3,341,544**	**15.6**	**3,347,335**	**15.8**	**1.6%**

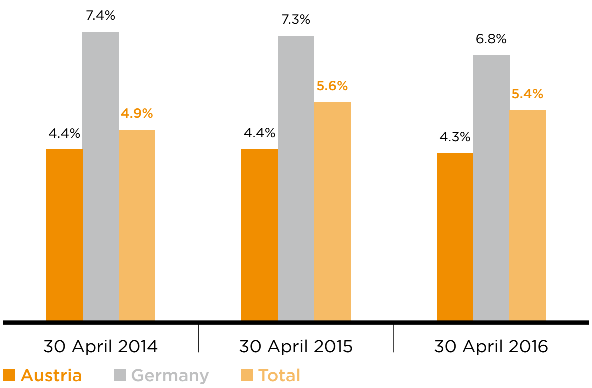
1) Reasonable rents under the Austrian Non-Profit Housing Act include properties for which subsidies received have already been repaid and for which indexing can be individually agreed
2) Coast-covering rent and Burgenland guidelines -30%
3) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date

VALUE GROWTH IN THE INVESTMENT PORTFOLIO INFLUENCES GROSS RENTAL YIELD

Gross rental yield as an indicator arising from the relation between the annualised in-place rent and fair value of the investment portfolio on the reporting date declined from 5.6% to 5.4% in the reporting year due to disproportionately high growth in value for the investment portfolios in Germany and Austria compared to the lower increases in rent at the level of the BUWOG Group. Particularly in the German investment portfolio, the effect of high growth in value due to the strong yield compression is shown in the change of gross rental yield from 7.3% to 6.8%. The yield in the Austrian portfolio fell only slightly to 4.3% (4.4%).

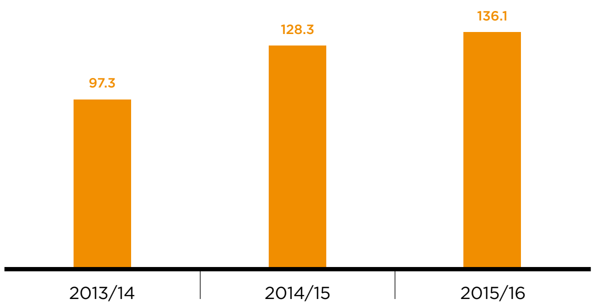
The operating result from Asset Management rose again by EUR 7.8 million to EUR 136.1 million following the significant increase in the 2014/15 reporting year with effects from the acquisition of the DGAG and Apollo portfolios (approximately 19,200 units).

GROSS RENTAL YIELD



OPERATING RESULT FROM ASSET MANAGEMENT

in EUR million

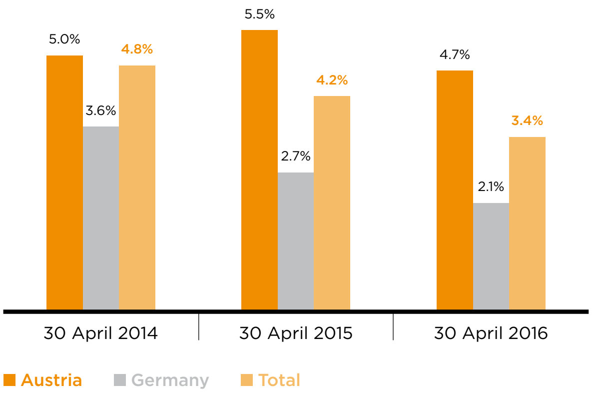


SIGNIFICANT DECREASE IN VACANCY RATE FROM 4.2% TO 3.4%

The vacancy rate (based on total floor area) of BUWOG's standing investments was reduced significantly from 4.2% to 3.4% (2.2% excl. vacancies in apartments designated for Unit Sales) in the 2015/16 reporting year. In Austria, the vacancy rate fell from 5.5% to 4.7% as of 30 April 2016 compared to the previous year. The reduction of vacancies is largely attributable to the increase of new rental activity and the lower number of vacant apartments for Unit Sales as a result of restricted follow-up rentals. For Unit Sales it remains necessary to maintain vacant apartments for sale to those who own and directly use the properties. Thus it is possible that ongoing conversions of properties to condominiums for the expansion of the Unit Sales pipeline will mean precautionary expiry dates in rental agreements are not extended or the apartments re-rented, and an increase in vacant apartments will occur. BUWOG has restructured its rental organisation, launched a rental offensive for the Austrian investment portfolio focusing on Carinthia, initiated a targeted refurbishment programme for vacant units, and carried out extensive marketing measures aimed at reducing the vacancy rate. As a result, the operational vacancy rate in the Austrian portfolio was significantly reduced in the provinces of Carinthia, Styria and Vienna compared to the previous year. The reduction of vacancies focused primarily on long-term vacancies. In Germany, the vacancy rate was reduced significantly again from 2.7% in the previous year to 2.1% as of 30 April 2016. This resulted, in particular, from the active follow-up rental of refurbished vacant apartments in the core regions of Lübeck, Kiel and Kassel as well as Berlin. BUWOG also profited from the significant market demand for rentals in Berlin.

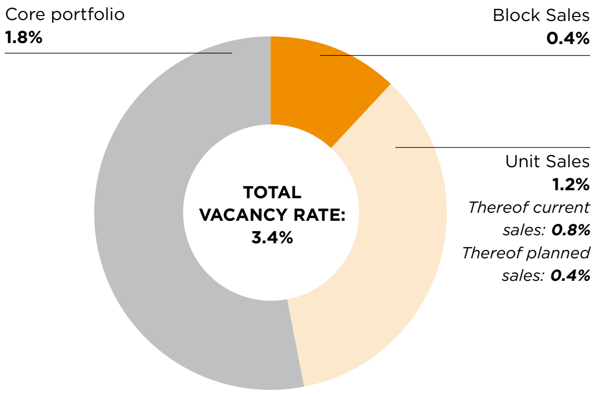
In the following illustration of the vacancy rate by strategic cluster, the BUWOG Group's total vacancy rate of 3.4% is broken down into the core portfolio at 1.8%, Unit Sales at a total of 1.2%, 0.8% thereof originating from current sales with precautionary non-rentals and 0.4% from the properties with planned conversions into condominiums. As a whole, 2.3% of the Austrian portfolio's 4.7% total vacancy rate results from Unit Sales (thereof: current sales 1.6% and properties with planned conversions into condominiums 0.7%). In addition, Block Sales also shows a vacancy rate of 0.4%.

VACANCY RATE



VACANCY RATE BY STRATEGIC CLUSTER

Basic total floor area as of 30 April 2016



STRUCTURE OF THE INVESTMENT PORTFOLIO

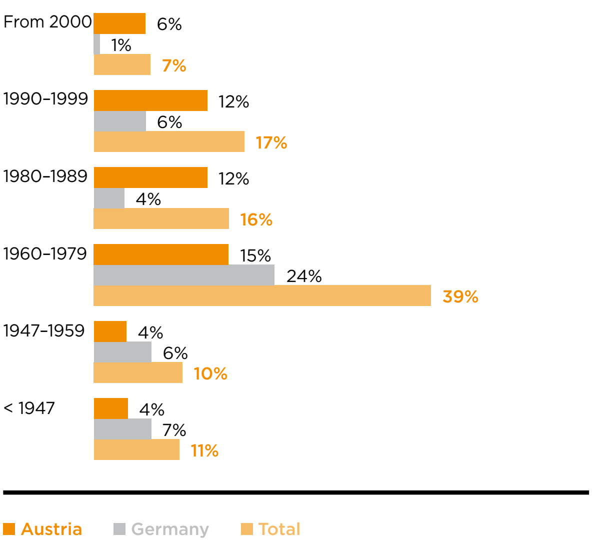
The investment portfolio of the BUWOG Group in Austria stems largely from internal development since the company's establishment as a not-for-profit housing company in 1951.

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

Around 86% of the BUWOG Group's portfolio in terms of rentable floor area consists of buildings with a maximum of five upper floors, around two thirds of which have a maximum of three upper floors. Only 14% of the portfolio has six or more upper floors. This positively affects the ability to rent the units as well as the lifecycle costs of the properties and their technical facilities, for example, through lower expenses for maintenance and repair.

PORTFOLIO STRUCTURE BY DATE OF CONSTRUCTION

Total floor area: around 3.5 million sqm



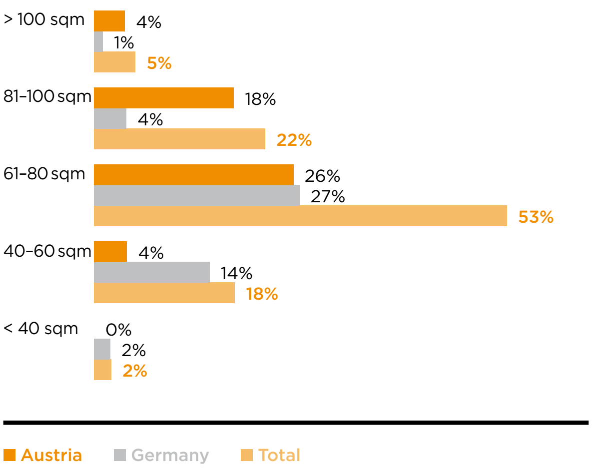
The distribution of apartment sizes in the BUWOG Group's portfolio is also a significant factor for their high degree of rentability and low vacancy rate. Over half of the units in the overall portfolio are accounted for by the especially popular size category of 61 sqm to 80 sqm of floor area, most of which corresponds to three rooms. The apartment size from 40 sqm to 60 sqm has a share in the residential portfolio of around 18% based on rentable floor area. Only 2% of the residential portfolio has less than 40 sqm, whereas large (81 sqm to 100 sqm) and very large (over 100 sqm) units constitute around 22% and 5% of the portfolio by rentable floor area, respectively.

As of the reporting date on 30 April 2016, the entire portfolio had an average net in-place rent of EUR 4.92 per sqm and month (previous year:

EUR 4.81 per sqm). At EUR 1.41 per sqm, the differences between the portfolio's geographical regions are considerable. Due to like-for-like rental growth with regulated tenancies as well as the disposals in Property Sales, the average rent in Austria is EUR 4.20 per sqm and month. Thus due to the high share of subsidised rents in Austria, the unit level in the German portfolio is considerably higher at EUR 5.68 per sqm and month (last year: EUR 5.51 per sqm and month). The average rent level in the urban clusters is significantly higher than that of the rural regions, with Vienna at an average of EUR 5.15 per sqm and month (previous year: EUR 5.19 per sqm and month) – the decline as of the reporting day is explained by the sale of three larger retail units with an average rent of around EUR 11 per sqm and month) – and Berlin at EUR 6.16 per sqm and month (previous year: EUR 5.99 per sqm and month), together with the regions of Brunswick, Hamburg, Kiel, Lübeck, Lüneburg and Salzburg constituting the top group with net in-place rent of over EUR 5.68 per sqm per month (previous year: EUR 5.46 per sqm per month). The structure of the average rent level, which is below that of the peer group, is due especially to the high proportion of subsidised residential buildings in BUWOG's portfolio, which constitutes around 63% of total floor area at a sum of around 3.5 million sqm. In the Austrian portfolio all properties made ready for occupancy prior to 1 April 2001 are subject to the provisions of the Austrian Non-Profit Housing Act, which also precludes increases in rent after subsidies have expired. Conversely, expiring subsidy periods in Germany increase the potential for realising potential rent increases in the medium to long term.

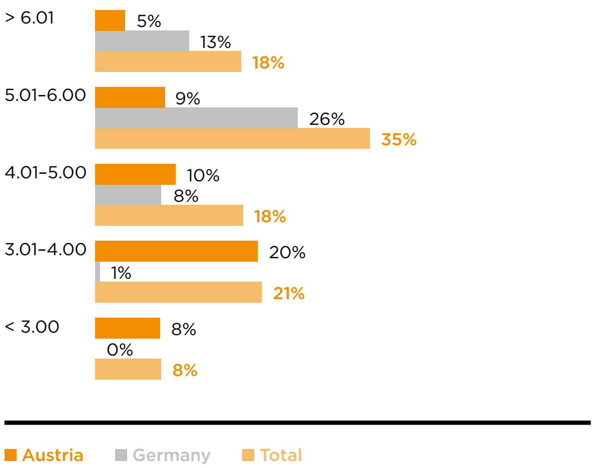
PORTFOLIO STRUCTURE BY APARTMENT SIZE

Total floor area: around 3.5 million sqm



NET IN-PLACE RENT PER MONTH

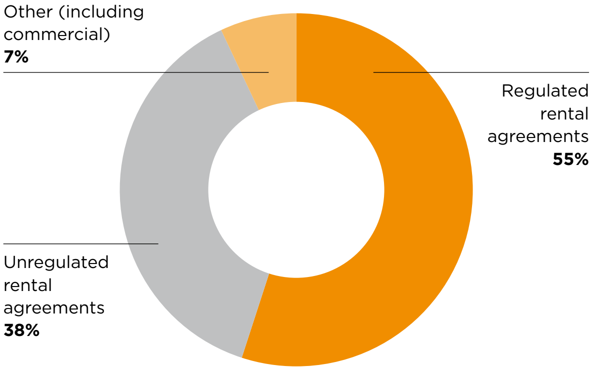
in EUR per sqm as of the balance sheet date
(Ø total portfolio: EUR 4.92 per sqm)



BUWOG'S RENT MODELS

For setting rents the BUWOG Group is subject to the legal requirements of the Austrian Non-Profit Housing Act in a large part of the investment portfolio in Austria and in particular to Section 16 of the Schleswig-Holstein Housing Subsidy Act for the subsidised units in the German investment portfolio. For this reason BUWOG's investment portfolio is divided into unregulated and regulated tenancies as well as other tenancies (including commercial space). The distribution as of the reporting date on 30 April 2016 can be found in the chart opposite.

PORTFOLIO STRUCTURE BY TYPE OF RENTAL AGREEMENT
Basic net in-place rent, as of 30 April 2016



STRUCTURE OF RENTAL AGREEMENTS

as of 30 April 2016	Occupied floor area in sqm	Annualised net in-place rent in EUR million	Proportion of annualised net in-place rent	Monthly net in-place rent per sqm in EUR[3]
Unregulated rental agreements Germany	1,004,500	68.0	34%	5.64
Regulated rental agreements Germany	593,585	38.1	19%	5.35
Unregulated rental agreements Austria (incl. reasonable rents pursuant to the Austrian Non-Profit Housing Act and the Austrian Tenancy Act)[1]	130,833	8.5	4%	5.45
Regulated rental agreements Austria (incl. other provisions under the Austrian Non-Profit Housing Act)[2]	1,566,498	72.2	36%	3.84
Other (incl. commercial)	115,488	14.3	7%	10.35
Total BUWOG Group	**3,410,904**	**201.2**	**100%**	**4.92**

1) Reasonable rents under the Austrian Non-Profit Housing Act include 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

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

	Monthly market rent[1] in EUR per sqm	Monthly net in-place rent[2] in EUR per sqm
Berlin	6.84	6.16
Rest of Germany	6.29	5.43
Total Germany	**6.40**	**5.68**
Vienna	not applicable	5.15
Rest of Austria	not applicable	3.57
Total Austria	**not applicable**	**4.20**
Total BUWOG Group	**-**	**4.92**

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

With the high 61% share of fixed-price units of the total units rented, for setting rents the BUWOG Group is subject to the statutory requirements on the basis of the aforementioned rent models. Thus an increase in rental income, particularly for Austria, is only attainable to a limited extent as a result of tenant turnover as well as through fixed annual adjustments. In light of this, it is particularly important to fully exploit the available potential of properties through active asset management, to determine potentials for value growth by exploiting unused floor area in existing developments as well as to carry out top-floor expansions as well as to optimise cost structures. Thus due to the overwhelming number of fixed-price or regulated units, for BUWOG's Austrian portfolio the potential for increasing rent based on the difference between the market rent and net in-place rent is impossible. In the CBRE valuation model, the market rent in Austria for regulated tenancies serves as a cap on the net in-place rent when adapting the annuity component of the rent beyond the market rents. The market rent is also relevant for the assessment of unregulated tenancies in Austria. In the German portfolio, there is a price difference between market rent and net in-place rent of EUR 0.72 per sqm or around 13%. In the context of a follow-up rental arising from tenant turnover, the potential for increasing rent is systematically pursued, supported by property- and apartment-specific modernisation measures, which is reflected in the increase in the fair value of the property in addition to the increase of cash flow from rent.

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

AUSTRIA

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

Important changes resulting from the amendment to the Austrian Non-Profit Housing Act
At the end of 2015 the Austrian Parliament passed an amendment to the Austrian Non-Profit Housing Act, which entered into effect on 1 January and on 1 July 2016, respectively. The amendment stipulates the following and other important changes.

Restructuring of the maintenance and improvement contribution ("new maintenance and improvement contribution"). The basic maintenance and improvement contribution of EUR 0.43 per sqm, which is collected from the tenant as a component of rent, is now subject to a refund requirement, as is the supplementary maintenance and improvement contribution. The maintenance and improvement contributions collected but not used by 30 June 2016 are considered repayable as of 1 July 2016. The maintenance and improvement contribution must be refunded to the tenant if the sum collected is not used for maintenance measures within 20 years (previously 10 years). BUWOG recorded as liabilities the maintenance and improvement contributions that were collected but unrecognised as liabilities as of 30 April 2016. The corresponding expense was reported as a separate item under other valuation results on the income statement. Together with the maintenance and improvement contributions to be collected in the future, the recognised liability of EUR 12.0 million is available for substance-preserving investments without negatively influencing future earnings. The extension of the retention period based on which the maintenance and improvement contributions collected must be repaid makes it possible to more precisely direct investments to the building substance than in the past.

Composition of the benchmark rent (Burgenland reference value -30%) and renaming to follow-up rent. Previously, it was possible for the Burgenland reference value of -30% to be agreed in place of the cost-covering rent for follow-up rentals. This amount was EUR 3.50 per sqm and included the basic and supplementary maintenance and improvement contributions. An inflation-adjusted sum of EUR 1.75 per sqm entered into effect with the amendment of the Austrian Non-Profit Housing Act on 1 July 2016, replacing the previous reference value-orientated sum of EUR 1.75 per sqm. In contrast to the previous legal status, in addition to this amount, a likewise inflation-adjusted, new maintenance and improvement contribution totalling a maximum of EUR 2.00 per sqm depending on the age of the building can also be stipulated.

Including the new maintenance and improvement contribution, a sum totalling EUR 3.75 per sqm can be charged for buildings which are 30 years or older. Compared with the previous regulation, this represents a potential increase of EUR 0.25 per sqm, if permitted by the market conditions of the respective property location.

In addition, with the Second Act on Inflation Abatement in Tenancies *(2. Mietrechtlichen Inflationslinderungsgesetz)* the scheduled adjustment of the reference value was postponed by one year to 1 April 2017. This means that the reference values in 2017 will be adapted to the change in the VPI over the last three years, then afterward again in two-year intervals. Due to legal conditions, the Second Act on Inflation Abatement in Tenancies has no economic significance for the BUWOG Group.

Various rent models in the Austria portfolio
The following charts describe the main features of the rent models that apply to the BUWOG Group's Austrian portfolio as of 1 July 2016.

Cost-covering rents, Section 14 (1) of the Austrian Non-Profit Housing Act. This applies to around 15,100 rented units representing 1,188,000 sqm, an average net in-place rent of EUR 3.93 per sqm and around 63% of the annualised net in-place rent of the portfolio in Austria.

With cost-covering rent as the basic model of the Austrian Non-Profit Housing Act, land acquisition and building construction are financed through rental income. In accordance with Section 14 (1) of the Austrian Non-Profit Housing Act, rent includes the following components:
- Annuities (principal and interest payments) on loans taken out; after repayment of all external financing, the maximum amount that can be charged is the amount of the reference value-based rent
- Interest on BUWOG's equity contribution (the amount of the equity-based interest depends on the secondary market yield for federal bonds. This interest rate may not be lower than 3.5% p.a. or higher than 5% p.a.)
- Deduction for depreciation of the equity employed to finance building costs
- Charge for the right to build, as long as the apartment complex has been constructed on a right-to-build basis
- New maintenance and improvement contribution to ensure that the apartments are continually maintained, improved and rendered habitable, calculated as a component of rent depending on the age of the building:
  - Category I (age of building up to 10 years): new maintenance and improvement contribution of between EUR 0.50 and EUR 0.80 per sqm (previously: basic maintenance and improvement contribution of EUR 0.43 per sqm)
  - Category II (age of building between 10 and 20 years): new maintenance and improvement contribution of between EUR 0.86 and EUR 1.40 per sqm (previously: basic and supplementary maintenance and improvement contributions of EUR 1.14 per sqm, consisting of a basic maintenance and improvement contribution of EUR 0.43 per sqm and supplementary maintenance and improvement contribution of EUR 0.71 per sqm)
  - Category III (age of building over 20 years): new maintenance and improvement contribution of between EUR 1.46 and EUR 2.00 per sqm (previously: basic and supplementary maintenance and improvement contributions of EUR 1.71 per sqm, consisting of a basic maintenance and improvement contribution of EUR 0.43 per sqm and supplementary maintenance and improvement contribution of EUR 1.28 per sqm)

  The new maintenance and improvement contribution is to be repaid to the tenant in accordance with the amendment of the Austrian Non-Profit Housing Act if the amount charged is not used for maintenance measures in the properties within 20 years (previously 10 years). Maintenance and improvement charges collected through 30 June 2016 and unused are therefore subject to repayment as of 1 July 2016.
- Default components for rent default (2% of the above-mentioned rent components of the basic maintenance and improvement contribution); in addition, a management fee, taxes and ongoing operating costs are charged to tenants as a component of the rent.

Reference value-based rent, Section 13 (6) of the Austrian Non-Profit Housing Act. This applies to approximately 5,750 rented units representing around 380,000 sqm, an average net in-place rent of EUR 3.57 per sqm and around 18% of the annualised net in-place rent of the portfolio in Austria.

Beginning on 1 July 2016, in place of the previous reference value-based rent, there will be an inflation-adjusted amount of EUR 1.75 per sqm in addition to the new maintenance and improvement contribution of max. EUR 2.00 per sqm. This applies to over 90% of the apartments in question.

The reference value charged applies to new rentals concluded since 1994. The amount of EUR 1.75 per sqm is inflation-adjusted and will be increased for the first time on 1 April 2018. Provided that the cost-covering rent is less than the reference value and does not exceed the reference value in subsequent periods, follow-up rentals for such units will take place for the reference value. Interest on equity and basic costs as well as a rent default component of 2% may also be charged. A management fee, the ongoing operational costs as well as the new maintenance and improvement contribution are also charged to tenants as components of rent depending on the age of the building. Changing the rent model from the basic cost-covering model to the reference value model is only possible in the event of a change of tenant (turnover); existing rents cannot be changed.

Fair rent, Section 13, (4) and (5) of the Austrian Non-Profit Housing Act in conjunction with the Austrian Repayment Incentivisation Act *(Rückzahlungsbegünstigungsgesetz).* This applies to approximately 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 portfolio in Austria.

In 1987, legislators granted a one-time opportunity to repay subsidies and, instead, to charge rents that are customary in the locality for new rentals. A management fee, taxes and ongoing operational costs are also charged to tenants as components of rent. For a segment of the units rents have already been increased due to new rentals. Currently, the vast majority of the units are still rented based on cost-covering rent. These units still show potential for an increase in rent. Changing the rent model from the basic cost-covering rent to fair rent 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 subject to the Austrian Non-Profit Housing Act, fair rent can be charged even if there is no incentivised payment.

Unregulated rent under the Austrian Tenancy Act, Section 16 in conjunction with Section 1 (4) no. 1 of the Austrian Tenancy Act. This applies to approximately 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 on the basis of the subsidy guidelines. After repayment of the subsidies, the appropriate, standard market rent can be charged for new rentals.

Summary of key data on types of rent. Regulated tenancies at BUWOG Group in Austria represent a total rented floor area of 1.6 million sqm or 89.4% of the Austrian portfolio's total rented floor area of 1.8 million sqm. The annualised net in-place rent from cost-covering tenancies as well as the rent calculated on the basis of the reference value totals EUR 72.2 million, resulting in an average monthly rent of EUR 3.84 per sqm.

The unregulated tenancies in Austria represent rented floor area of around 130,000 sqm, or 7.1% of the Austrian portfolio's total rented floor area of 1.8 million sqm. The average monthly rent for these tenancies is EUR 5.45 per sqm.

For the BUWOG Group, the amendment to the Austrian Non-Profit Housing Act has had a positive effect. As of 1 July 2016, the market-differentiated increase of the maintenance and improvement contribution in the respective properties and regions will result in an additional cash flow from rent of EUR 4.5 million p.a., which must be invested in the improvement of property conditions within 20 years, thus enhancing the quality of the portfolio in Austria.

Other rent models (including commercial spaces) in Austria and Germany. For commercial and other tenancies not subject to any rent restrictions, reporting is not divided into Austria and Germany. The share of this space totals around 3% of the entire portfolio of BUWOG's total rented floor area in Austria and Germany and shows and average monthly rent of EUR 10.43 per sqm.

GERMANY

In Germany, unregulated tenancies represent around 1,004,000 sqm of the BUWOG portfolio. This corresponds to around 61% of the German portfolio's total rented floor area of 1.65 million sqm. The resulting annualised net in-place rent totals EUR 67.9 million at an average rent of EUR 5.63 per sqm.

Rent controls from various types of subsidies. As of 30 April 2016 the BUWOG Group's German portfolio reported 9,194 rent-controlled apartments on the basis of various types of subsidies. The regulated tenancies in the German portfolio account for around 594,000 sqm and around 36% of the German portfolio's total rented floor area of 1.65 million sqm. For these property portfolios the annualised net in-place rent totalled EUR 38.1 million at an average rent of EUR 5.35 per sqm. Tenancy law restrictions in Germany originate primarily from the Schleswig-Holstein Housing Subsidy Act. The rent controls for all publicly subsidised units in the German investment portfolio run on average until 2026. The expiry of the subsidies and the associated lifting of rent controls represent a potential for increasing the price of rent.

TYPES OF SUBSIDIES

Types of subsidies	Units	Share in %	Net in-place rent EUR per sqm
Schleswig-Holstein Housing Subsidy Act	6,096	66%	5.21
Cost-covering rent	2,343	25%	5.58
Agreed subsidy	755	8%	5.73
Total	**9,194**	**100%**	**5.35**

RENT CONTROL

Expiration of rent control	Units	Share in %	Net in-place rent EUR per sqm
< 2019	3,175	35%	5.02
2019–2024	585	6%	5.51
2025–2030	3,580	39%	5.64
> 2030	1,854	20%	5.38
Total	**9,194**	**100%**	**5.35**

Section 16 of the Schleswig-Holstein Housing Subsidy Act. A total of 6,096 units and thus around 67% of all rent-controlled units fall under the transitional provisions of the Schleswig-Holstein Housing Subsidy Act (Section 16). Since the amendment of the law went into effect on 1 July 2009, the cost-covering rent agreed at the time has been considered a base rent. As of 1 July 2014, on the basis of Section 16 of the Schleswig-Holstein Housing Subsidy Act, which now allows opportunities to increase rent as per Section 558 of the German Civil Code *(Bürgerliches Gesetzbuch),* it is possible for base rents to be raised by a maximum of 9% within a period of three years (varying cap limit). After the rent control agreed in connection with the subsidy no longer applies, an additional increase in rent by a maximum of 20% is possible on the basis of the legal requirements as of 31 December 2018. The cap limit does not apply to modernisation efforts. Here the statutory options for increasing rent apply.

In the 2015/16 financial year, net in-place rents for properties falling under the transitional provisions of the Schleswig-Holstein Housing Subsidy Act were increased by 1.7% p.a. or around EUR 34,000 per month.

While controlled rents are in force, even in the case of follow-up rentals, the above-mentioned rent control is to be observed. After the control no longer applies, follow-up rentals can take place at market rent levels, subject to compliance with the regulations arising from the rent increase cap. Furthermore, a so-called occupancy restriction applies to units falling under the transitional provisions of the Schleswig-Holstein Housing Subsidy Act. This stipulates that the housing is rented only to a specific group of persons entitled to occupy it. For rental housing that 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 period of 35 years. If the 35 years are not completed until after 1 January 2019, the end of the rent control and occupancy restrictions coincide. Beyond the period of the occupancy restrictions, these apartments are subject to rent control until 31 December 2018. If a shorter term is stipulated on approval, this shorter period will continue to apply. 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 2,000 units were subsidised out of the around 5,000 units. This concerns primarily the High Deck development, for which new rentals are subject to rent control through “cost-covering rent” but not to occupancy restrictions. Depending on the construction phase, public subsidies will end between 2025 and 2034.

Effects of the rent increase cap in Germany. Prices for rent on the German housing market have risen significantly within the last five years due mainly to higher demand for housing. As a result of this price increase, politicians felt compelled to stem the rise in rents in strained housing markets. The rent increase cap was adopted by the German Federal Cabinet at the end of September 2014, the German Parliament on 5 March 2015 and entered into force on 1 June 2015. It authorises the state governments to declare areas with tight housing markets by means of a legal ordinance for a period not exceeding five years. For new rentals in areas which adopt a rent increase cap, the following is to be noted:

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

G4-2

For new rental agreements since June 2015 in Berlin and since July 2015 in Hamburg there has been a cap on rents, which are now permitted to be a maximum of 10% above the rent customary in the locality. If the rent which the previous tenant paid is higher, the cap can be no higher than the previous rent that was agreed. In several locations in Schleswig-Holstein and Kassel the rent increase cap has been in effect since November 2015. Moreover, the rent increase cap may also enter into force in Brunswick, Lüneburg and Buchholz in the second half of 2016. For the BUWOG Group’s property portfolio in Germany this means that, based on a current estimation, up to 32% (previous year: 11%) of the units could be subject to the rent increase cap now or in the near future. In reference to the BUWOG Group’s entire portfolio, the share of units subject to the rent increase cap now or in the near future totals around 17%, after 6% on the reporting date on 30 April 2015.

The rent increase cap impacts the potential for rental growth for new residential rentals if by the time the cap is introduced the market rent possible for the housing offered has yet to be effectively obtained. If this is the case, in the event of a change of tenant an individual assessment is necessary and depends on the location and property.

The law stipulates that apartments first rented following an extensive – unspecified form of – modernisation are not subject to a rent increase cap. To continue exploiting the potentials, in the context of follow-up rentals BUWOG invests specifically in housing in which there is still a considerable difference between the rent increase cap and the rental growth that can be realised on the market.

The effects of applying the rent increase cap pose no notable impairment for the BUWOG Group. The effects are reflected in full in the multi-year planning.

German Capping Limit Ordinance *(Kappungsgrenzenverordnung).* A further instrument to curb rent increases is the German Capping Limit Ordinance. 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 rented 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% pursuant to Section 558 (3) no. 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.

Buyer principle for estate agent costs. On 1 July 2015 the “buyer principle” also came into effect in Germany. This stipulates that residential estate agents are only entitled to commission from tenants under Section 2 of the Housing Agency Act *(Wohnungsvermittlungsgesetz)* under certain very limited conditions – without distinction as to location. Thus the hitherto widespread practice of passing all estate agent costs on to the tenant is no longer permissible since the buyer principle entered into force. The introduction of the buyer principle has no effect on the BUWOG Group’s portfolio.

VALUE DRIVERS AND SUCCESS FACTORS

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

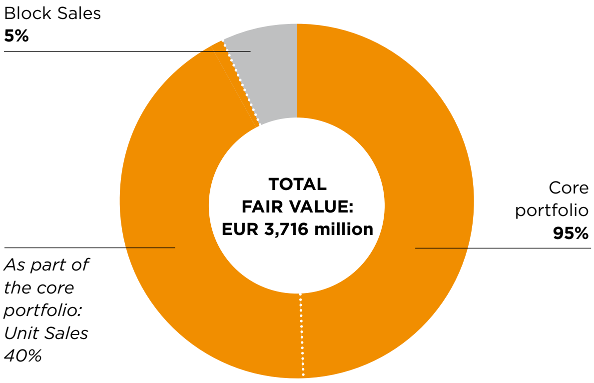
REGIONAL FOCUS ON PROPERTY MARKETS WITH VALUE GROWTH POTENTIAL

BUWOG Group's investment portfolio is concentrated in metropolitan areas in Germany and Austria. Both property markets are highly developed, stable and show favourable prospects. The German portfolio is located in the core regions of Berlin, Hamburg and Schleswig-Holstein as well as in Brunswick-Hannover. Following the acquisition of the DGAG investment portfolio with around 18,000 units in the previous financial year, in the 2015/16 reporting year BUWOG acquired a total of three smaller property portfolios with around 530 units in the core strategic reasons, despite growing market demand and significant investor interest and the associated considerable price pressure. Since the successful integration of the DGAG portfolio into BUWOG and the intensification of the Asset Management strategy for Austria, Asset Management's primarily responsibility has been to realise potentials for rent and value growth in the portfolio in Germany and Austria in an extended investment period and to determine and foster advantageous sale opportunities with a view to portfolio optimisation and consolidation, particularly in Austria. Moreover, the focus remains on profitable growth through the acquisition of new portfolios in Germany in the core strategic regions of Berlin, Hamburg, Schleswig-Holstein and Brunswick-Hanover. Furthermore, the development pipeline for construction within the group's own portfolio in Vienna and Berlin is being actively expanded.

CLEAR PORTFOLIO STRATEGY AND PORTFOLIO SEGMENTATION

The BUWOG Group's investment portfolio is clearly structured into geographic clusters and strategic portfolio clusters, in which the respective properties are segmented into the categories "Core Portfolio", "Unit Sales" and "Block Sales". The core portfolio's share in the fair value of the portfolio as a whole is 95%. This includes attractive units suitable for Unit Sales and which constitute around 40% of the entire portfolio's fair value. The Block Sales portfolio with properties to be sold in the medium term as part of the process of regionally-focused optimisation and consolidation was around 5% of the entire portfolio's fair value as of 30 April 2016.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 30 April 2016



PORTFOLIO SPLIT BY STRATEGIC-CLUSTER

as of 30 April 2016		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,155	12,658	3,245	51,058
Total floor area	in sqm	2,285,039	1,001,838	245,396	3,532,273
Monthly net in-place rent[1)]	in EUR per sqm	5.20	4.46	4.06	4.92
Fair value[2)]	in EUR million	2,036	1,485	196	3,716
Fair value[2)]	in EUR per sqm	891	1,482	797	1,052
Gross rental yield[3)]	in %	6.8%	3.5%	5.7%	5.4%
Vacancy rate per cluster	by sqm	2.7%	4.3%	6.5%	3.4%

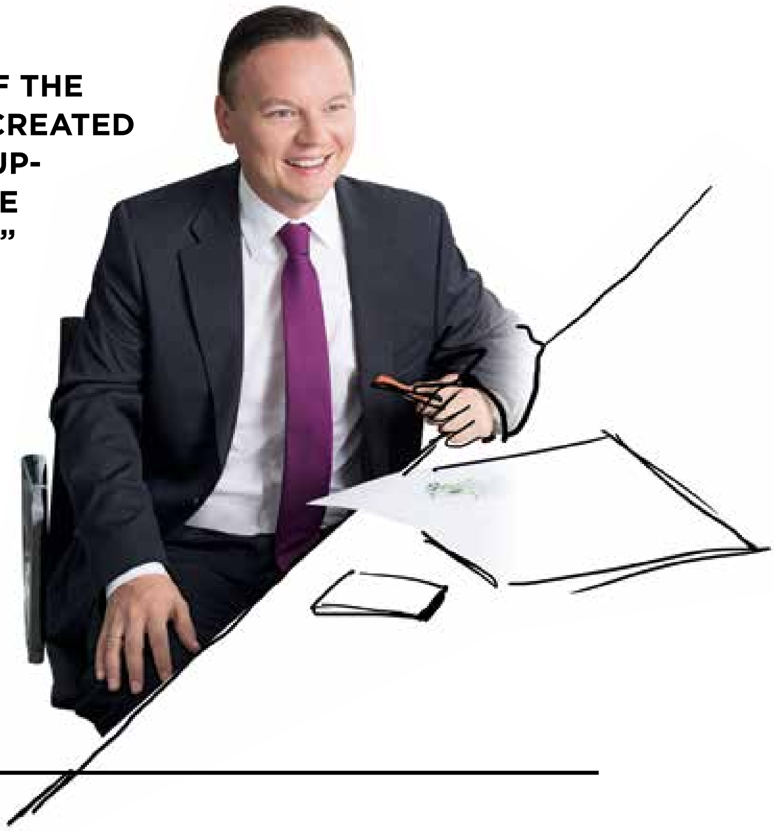
1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
3) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

REGIONAL STRUCTURES AND CLEAR AREAS OF RESPONSIBILITY

The structural organisation of Asset Management at BUWOG is divided into regional teams which ensure the market-orientated management of standing investments. In their role as owner representatives, experts from these teams are responsible for managing the properties to add value and to continuously improve them. The asset managers cooperate very closely with both property managers and lessors as well as with internal departments such as Portfolio Management, Controlling, Property Accounting and Legal, in addition to external service providers such as estate agents, lawyers and notaries. The primary duty of Asset Management consists of segmenting the portfolio together with Portfolio Management, determining property strategies, and recognising and profitably fostering potentials for the portfolio. This ensures the ongoing optimisation of revenue, costs and operating results, property cash flow and thus the overall value of the properties. The focus here is on improving the quality of the portfolio to the benefit of the BUWOG Group's customers and investors. At the same time, the existing structures are subjected to intensive examination in order to improve business efficiency.

"THE SUCCESSFUL INTRODUCTION OF THE NEW SAP SYSTEM IN GERMANY HAS CREATED THE BASIS FOR A HARMONISED GROUP-WIDE IT SYSTEM WITH CONSIDERABLE POTENTIAL FOR FUTURE EFFICIENCY."

Thorsten Gleitz,
Head of Property Management Germany



"Employee efforts in rentals and management, property accounting, caretaking and facility management at the BUWOG Group deserve enormous respect – we are proud of the results achieved. Our team is very well positioned for future acquisitions in the German portfolio in order to continue implementing BUWOG's strategy in Asset Management, generate profitable growth in attractive German cities, steadily increase rental income and continually reduce vacancy rates."

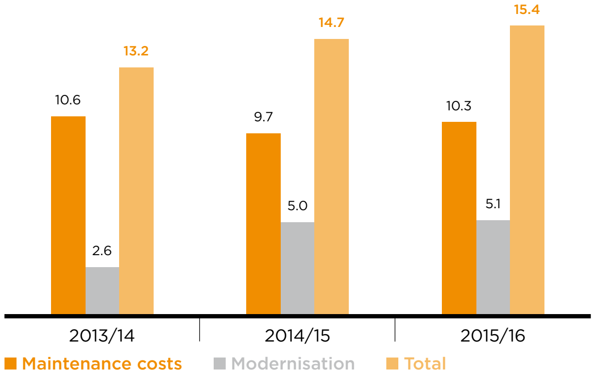
SUSTAINABLE IMPROVEMENT OF PROPERTY QUALITY THROUGH TARGETED INVESTMENTS

BUWOG seeks to continuously improve the conditions of properties by making vacant housing habitable for the purpose of renting and through major refurbishment and modernisation measures in Germany and Austria.

For ongoing maintenance, making housing habitable for the purpose of new rentals, payments into maintenance reserves for properties being privatised as well as for major refurbishment and modernisation measures BUWOG spent a total of EUR 54.8 million (previous year: EUR 50.4 million) in the property portfolios in Germany and Austria in the 2015/16 financial year. This is equivalent to a total of EUR 15.4 per sqm (previous year: EUR 14.7 sqm) for maintenance costs and modernisation. The investments in ongoing maintenance totalled EUR 36.6 million (previous year: EUR 33.1 million) and EUR 10.3 per sqm (previous year: EUR 9.7 per sqm). The capitalised investment measures came to EUR 18.2 million (previous year: EUR 17.3 million) or EUR 5.1 per sqm (previous year: EUR 5.0 per sqm) and resulted from modernisation of the like-for-like portfolio. The capitalisation ratio of total investment costs is thus 33% (previous year: 34%) of total capital expenditures. In the current 2016/17 financial year BUWOG will implement the results of a best-practice analysis of capitalisation policies in real estate and carry out relevant measures. As part of its active approach to asset management, BUWOG also continues to aim for sustainable, yield-driven maintenance management and optimisation in order to realise potentials for value growth and improvements in the condition of the properties as well as higher rental income in the portfolio. The following section on portfolio strategy and outlook presents the EUR 57 million modernisation programme for the German portfolio.

MAINTENANCE AND CAPEX

per year in EUR per sqm



MAINTENANCE EXPENSE AND MODERNISATION

	2015/16	2014/15	2013/14
Total maintenance expense and modernisation in EUR million[1]	**54.8**	**50.4**	**32.3**
Maintenance expense in EUR million	36.6	33.1	26.0
Capitalisation of modernisation work (CAPEX) in EUR million	18.2	17.3	6.3
Capitalisation rate in %	33%	34%	20%
Average total floor space in 1,000 sqm[2]	3,551.3	3,424.2	2,453.4
Total maintenance expense and modernisation in EUR per sqm[1]	**15.4**	**14.7**	**13.2**
Maintenance expense in EUR per sqm	10.3	9.7	10.6
Capitalisation of modernisation work (CAPEX) in EUR per sqm	5.1	5.0	2.6

1) The data for FY 2013/14 are presented on a pro-forma basis and show the BUWOG GmbH business, and thereby the BUWOG Group, as if it had existed for the full financial year from 1 May 2013 to 30 April 2014.
2) Average weighted total floor space, including increases from acquisitions and reductions from sales

COST-OPTIMISED USE OF FUNDS IN PORTFOLIO MANAGEMENT

Asset Management at BUWOG Group is responsible for the ongoing control of property management. Significant cost-savings can be achieved through forward-looking multi-year planning for large-scale property maintenance and modernisation measures with a clear focus on portfolio strategy and its efficient and target-orientated implementation. The cost-optimised employment of funds is supported by combining order quantities and by coordinating the awarding of service contracts through central procurement to ensure that the services contracted from third parties are purchased cost-effectively.

Maintenance costs have a partial impact on the amount of rents (cost-covering rent). Regular inspections of the standing investments by on-site property management prevent an accumulation of necessary maintenance measures and enable the prompt resolution of problems and the combination of more extensive measures with relevant cost advantages.

OPTIMISATION OF THE IT ENVIRONMENT

On 1 May 2016 BUWOG introduced a new SAP system for property management and accounting in Germany, thus taking another step in the direction of optimising the company's IT architecture. In the new financial year the project activity for introducing the new group-wide SAP system will also be carried out in Austria, thus the implementation of the SAP system can be concluded on 1 May 2017. The harmonisation of the IT systems and a uniform system in Germany and Austria mean the BUWOG Group can make significant progress at further enhancing the efficiency of the Group's IT processes.

"THE AIM OF BUWOG IT: OPTIMAL TOOLS FOR EFFICIENT COOPERATION THROUGHOUT THE GROUP"

Josef Füricht, Head of IT

"The integrated support of the various business areas of portfolio management and development and extension of the idea of a group-wide IT system, in which the processes tested in Germany are now being adapted to Austrian legislation, will pose a significant challenge for us in the coming financial years. We support harmonisation of the shared processes at BUWOG by providing optimal tools, allowing efficient processes to be uniformly utilised."

STRATEGY AND OUTLOOK

The BUWOG Group's Asset Management business area will continue to pursue a clear strategy of focusing its investment portfolio in both Germany and Austria specifically on properties that show a limited asset risk, favourable property conditions and attractive contributions to value growth, and are from core regions of federal and regional capitals that show long-term promise and feature a high occupancy rate. The aim is to ensure the ongoing stable generation of cash flow from the properties. This is to be achieved through the following measures:

- Steadily increasing rental income through improvement of the occupancy rate, selective modernisation of units and active portfolio management
- Continuing the growth strategy through new, profitable acquisitions, preferably in the core regions of the German property market
- Systematically implementing the strategy to build in the company's own investment portfolio in the core regions of Berlin and Hamburg with the aim of expanding the portfolio through new builds featuring attractive net in-place rents and low maintenance costs
- Sustainably improving cost effectiveness in portfolio management, maintenance and modernisation through optimisation of the organisational and operational structure within BUWOG
- Continuously optimising the investment portfolio through selective high-margin Unit and Block Sales (see chapter *Property Sales*)

Core investments in the BUWOG Group's overall portfolio as of 30 April 2016 represented around 95% of the fair value of the entire Asset Management portfolio. Of this, 40% of fair value was provided by Unit Sales and the remaining 5% of fair value by Block Sales to be made in the medium term. The reduction of the overall portfolio in Austria is being 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 basis for continued success. For the planned growth of the investment portfolio in Germany, the strategic focus is the acquisition of new property portfolios in the core regions of Berlin, Hamburg/Schleswig-Holstein and Brunswick/Hannover as well as the construction of new builds from the development pipeline and new land to be acquired in Berlin and Hamburg. The aim is to actively increase the contribution to the result of the BUWOG Group's Asset Management business – along with the simultaneous improvement of portfolio quality and increase in NAV and FFO.

In Austria, further regional optimisation and consolidation of the investment portfolio in attractive core regions of the federal capital and regional capitals remain a strategic focus. The group seeks to continuously increase the average rent by concentrating on the property market in Vienna.

In the diverse areas of property management, the BUWOG Group also renders services in Germany for third parties. These services range from traditional property management (residential properties and all third-party properties in the residential business) to residential property renting. As of 30 April 2016, around 24,420 residential and commercial units were under management for third parties. The range of services is offered in a modular format depending on customer requirements, and extends to integrated property management.

GROWTH STRATEGY AND ACQUISITION CRITERIA

Since the successful takeovers of around 19,400 units in the 2014/15 financial year, the BUWOG Group continues to evaluate opportunities for acquisition and growth, focusing in Germany on selected core regions in the north as well as in Berlin. Depending on market conditions, the BUWOG Group is planning an ongoing, annual acquisition of around 3,000 units. For the planned portfolio growth in Germany, the strategic regional focus of investment is on Berlin, Hamburg and Schleswig-Holstein as well as Brunswick/Hannover. BUWOG's essential investment criteria include the potential for appreciation of the relevant properties in socio-demographically attractive and economically stable growth regions, the acquisition yield per location as well as the positive contribution to a sustainable increase in Net Operating Income (NOI), EBITDA and Recurring FFO per share as well as the potential suitability for privatisation. The assessment of an investment's profitability occurs in the scope of a long-term business plan. The real estate transaction market, particularly in Berlin as well as in the remaining core regions of BUWOG's strategic investment location, exhibits strong momentum and is a value driver with a considerable increase in purchase price multiples. The BUWOG Group's investment portfolio's growth will be accelerated through cycle-optimised Block Sales for continuous optimisation and consolidation.

As a result of the considerable increase in prices on the investment market and continuing strong demand for housing, the BUWOG Group will develop new housing for its own investment portfolio in Germany as well. The construction of around 1,000 units from the development pipeline is planned for the company's own investment portfolio in Berlin and Hamburg in the next five years. The first project planned is a construction phase of the "52 Grad Nord" development on Regattastrasse in Berlin-Grünau in the "Ankerviertel" district with 86 units in Berlin. Completion and transfer from Property Development to Asset Management are planned for April 2018.

The focus of new construction for the company's own portfolio is on energy-efficient buildings with coordinated building technology, high-quality fixtures and fittings and spacious common areas. These buildings offer future tenants convenient underground garages, spacious open areas (due to balconies and terraces), contemporary sound-proofing and modern baths. Thus the investment portfolio in Germany will be optimally expanded and improved through attractive high-quality new housing in sought-after residential locations with above-average net in-place rents per sqm as well as low maintenance costs. The calculated yields based on the total investment costs are 4.5% (or a multiplier of 22 on the calculated annual net in-place rent), putting them above the purchase yields for standing investments customary on the Berlin real estate market at present.

For further details, see the chapter *Property Development*.

INVESTMENT PROGRAMME IN GERMANY

The BUWOG Group has a high-quality investment portfolio. With modernisation measures through a targeted investment programme the quality of the investment programme in Germany is to be improved and potentials for appreciation of value enhanced. The focus of investments is on BUWOG's core and growth locations in Lübeck, Kiel, Brunswick and Berlin as well as in the area of Hamburg. Beginning in the 2016/17 financial year a modernisation programme with a total volume of around EUR 50 million in addition to the maintenance costs (EUR 7 million) will be carried out over two years.

The areas of focus of the investment programme lie in energy modernisation measures and the creation of new housing. The energy modernisation measures include façade and rooftop insulation, replacing windows and upgrading the heating systems. These measures will lower energy consumption and CO_2 emissions. Around 1,300 units will benefit from these modernisation measures. Densification, the development of rooftops into flats as well as the addition of balconies will create new living area. The investments will result in rent increases of around EUR 3 million p.a., which, given financing with a Loan-to-Value of 30% on the investment measures, will result in a return on capital employed of around 7%.

REGIONAL FOCUSES

	Investments in EUR million
Hamburg surrounding area	4
Kiel	13
Lübeck	17
Brunswick	6
Berlin	17
Total	**57**

MEASURES

	Investments in EUR million
Energetic refurbishment of standing investments	42
Densification, top-floor extension/balconies	6
Densification, new builds	9
Total	**57**

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

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
GERMANY/ AUSTRIA

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Asset Management

- Continuous enhancement of rental income and portfolio quality through active asset management and by increasing the occupancy rate and developing to hold
- Further improvement of cost-effectiveness with regard to property management and maintenance
- Expansion of the German property portfolio to increase yields with a target of around 3,000 units per year
- Steady optimisation of the investment portfolio by making selective cycle-optimised block sales
- Property development in the Vienna, Berlin and Hamburg portfolios

BUWOG strategy

MINIMISE RISK
Stable rental income
High occupancy rates

HIGH UPSIDE POTENTIAL
Portfolio optimisation

EMIL-FUCIK-GASSE, VIENNA, AUSTRIA

PROPERTY SALES

The Property Sales business model is divided into Unit Sales and Block Sales (property and portfolio sales) and is designed to continuously optimise the return on the BUWOG Group's investment portfolio through high-margin unit sales primarily to owner-occupiers resulting from turnover or through cycle-optimised Block Sales to investors, and to increase value for Recurring FFO.

ATTRACTIVE MARGINS THROUGH SALES

The overall objective of the Property Sales business area is continued profit-orientated optimisation of the BUWOG Group's investment portfolio through high-margin unit sales to owner-occupiers and block sales to investors. In addition to paying an attractive dividend, with the equity generated in Property Sales in Austria, BUWOG is in a position particularly to finance new investments in Asset Management and Property Development, thereby reinvesting the equity freed up from portfolio sales to add value ("capital recycling"). G4-4

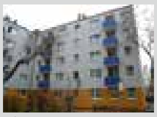
The business model in Unit Sales is based on the fact that the value of the discounted cash flows from the leasing of subsidised housing with rents below the market level of privately financed apartments is less than the market price of these units when purchased for tenants and owner-occupiers as well as 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 as part of Unit Sales in central locations in Austria. On the basis of a thorough analysis of the entire portfolio, BUWOG pursues a clearly defined strategy of identifying units which are suitable for medium- to long-term sale and assigning them to the Unit Sales strategic cluster (further information on this can be found on page 71). Profitable unit sales is a unique selling proposition for the BUWOG Group and results in enhanced profitability in Asset Management. As the Unit Sales cluster will also be filled due to the anticipated construction of around 100 to 200 units per financial year in its own portfolio, the profitable Unit Sales business will not only contribute significant annual gains to the group's net profit in the long term, but due to the high level of free cash flow generated, it will also help finance additional company growth. As of 30 April 2016, Unit Sales comprised 12,658 units (this is equivalent to 24.8% of the total BUWOG Group portfolio).

To optimise and consolidate the portfolio, as part of Block Sales (property and portfolio sales) properties and portfolios largely in rural areas that strategically are no longer a regional or profit-related focus for BUWOG are being sold to investors cycle-optimised and at attractive margins, regardless of their vacancy rate. In this cluster the target group is investors with local expertise and lower but stable yield expectations. As of 30 April 2016 Block Sales included a total of 3,245 units.

G4-4

Cluster	Unit Sales	Block Sales
Examples from the portfolio	see photos below	see photos below
Key facts	Sale 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 -> Margins on fair value >50% -> Long-term contribution to Recurring FFO	Sale of portfolios or properties from the investment portfolio Cycle-optimised block sales in rural locations for portfolio optimisation and consolidation Optimal mix of internal and external sales channels
Contribution to **Recurring FFO**	✔ **Long-term contribution to profit from ongoing unit sales**	✘ **Opportunistic block sales with adequate margins**

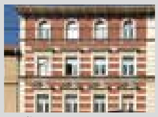

Vienna, Emil-Fucik-Gasse


Vienna, Andreas-Hofer-Strasse

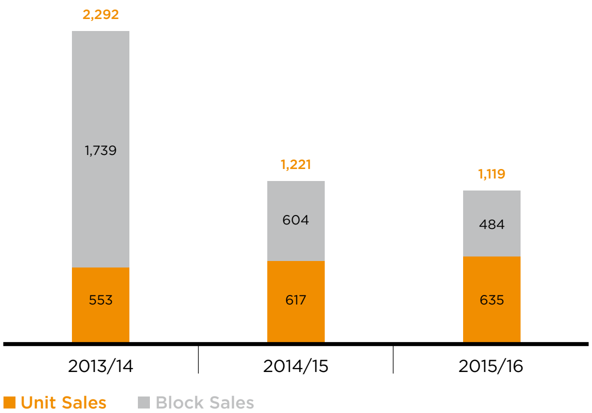

Innsbruck Andechsstrasse


Bruck an der Leitha, Johann-Strauss-Gasse


Nauders, Nauders-Landeck

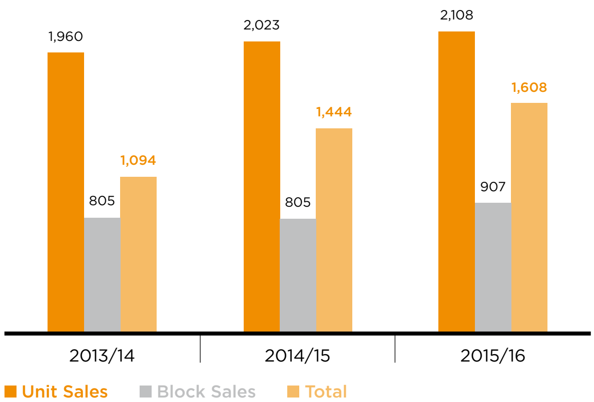

Berlin, Dörpfeldstrasse

UNITS SOLD

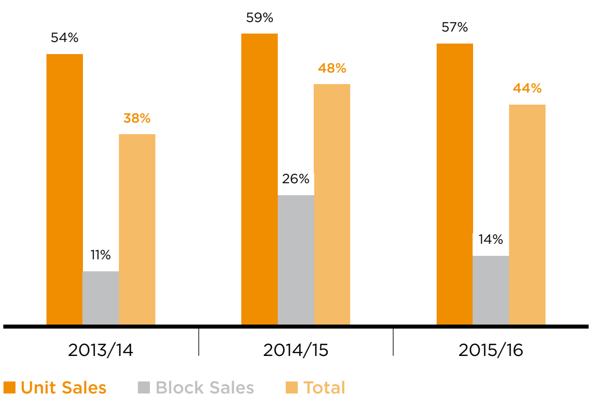


AVERAGE PRICES RECEIVED

in EUR per sqm

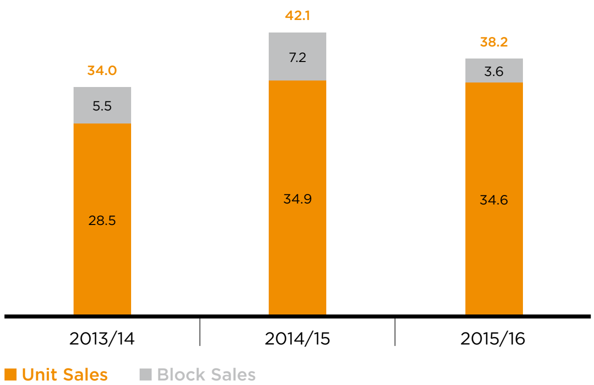


MARGIN ON FAIR VALUE



RESULTS OF PROPERTY SALES

in EUR million



UNIT SALES

High-margin unit sales have been the essential factor of success within Property Sales for over ten years. The objective is continued profit-orientated optimisation of the investment portfolio. In the current 2015/16 financial year a total of 635 units (previous year: 617 units) were sold in Unit Sales. At 623 units in the Austrian portfolio, the focus of sale was in the regions of Vienna (228 units), Carinthia (144 units), Styria (74 units), Upper Austria (51 units), Salzburg (49 units), Tyrol (46 units) and Lower Austria (30 units). 13 units were sold from the former DGAG portfolio in Germany in the region of Brunswick. A total profit contribution to Recurring FFO of EUR 34.6 million (previous year: EUR 34.9 million) was achieved. This corresponds to a slight decline of around 1% on the year. Despite an increase in the average sale price of EUR 2,108 per sqm obtained after EUR 2,023 per sqm the year before, the margin on fair value of around of around 57% (previous year: around 59%) showed a slight decline due to the disproportionate increases in fair value resulting from the external property valuation. BUWOG continues to look back on highly successful business performance in Unit Sales, in which it took full advantage of the favourable market conditions. G4-4

Unit sales in Austria are generally carried out in three steps. Based on an in-depth analysis of the overall portfolio, in the first step units suitable for medium- to long-term sale through Unit Sales are continually identified and assigned to that strategic portfolio cluster. In the second step, condominiums are created in the relevant properties. This division of the rental property into individual units that can be sold ensures that the acquisition and related obligations for the buyer can be legally, financially and administratively calculated through a clearly defined agreement. In the course of dividing up the property, the proportional value in use of the individual units with respect to the property as a whole is determined by means of a property appraisal by an expert. This value also defines the voting right of the individual property owners in questions regarding management and refurbishment. After the division of the property is complete, the next step is the sale of the individual units, preferably to owner-occupiers on the basis of tenant turnover. Around 25% of the units were sold directly to tenants of the respective units during the reporting year.

As of 30 April 2016 the Unit Sales cluster contained a total of 12,658 units, 6,032 units of which are in Vienna, 2,379 units in Carinthia and another 4,247 units in the rest of Austria.

UNIT SALES CLUSTER

as of 30 April 2016	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Gross rental yield[2]
Vienna	6,032	888	60%	1,766	3.2%
Carinthia	2,379	174	12%	960	4.5%
Rest of Austria	4,247	422	28%	1,330	3.6%
Total	**12,658**	**1,485**	**100%**	**1,482**	**3.5%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
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

G4-4

As of 30 April 2016, the Unit Sales cluster (current sales) included a total of 8,591 units, 4,103 of which were in Vienna, 1,312 in Carinthia and another 3,176 in the rest of Austria. These units are in the BUWOG Group's current sales programme in Austria.

UNIT SALES CLUSTER (CURRENT SALES)

as of 30 April 2016	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Gross rental yield[2]
Vienna	4,103	605	58%	1,768	2.9%
Carinthia	1,312	105	10%	1,045	4.4%
Rest of Austria	3,176	328	32%	1,342	3.4%
Total	**8,591**	**1,038**	**100%**	**1,511**	**3.2%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
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

As of 30 April 2016, the Unit Sales cluster (planned condominium conversions) included a total of 4,067 units, 1,929 of which were in Vienna, 1,067 in Carinthia and another 1,071 in the rest of Austria. These units were identified as marketable Unit Sales properties in attractive locations and will be transferred to the BUWOG Group's active sales programme in Austria after conversion to condominiums takes place.

UNIT SALES CLUSTER (PLANNED CONDOMINIUM CONVERSIONS)

as of 30 April 2016	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Gross rental yield[2]
Vienna	1,929	283	63%	1,761	3.7%
Carinthia	1,067	69	15%	855	4.7%
Rest of Austria	1,071	94	21%	1,289	4.2%
Total	**4,067**	**447**	**100%**	**1,419**	**3.9%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
2) Annualised in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

Examples of transactions in Unit Sales in Austria during the 2015/16 financial year can be found below: G4-4

AUHOFSTRASSE, 1130 VIENNA

30 units totalling 2,272 sqm at an average price of EUR 2,803 per sqm, remaining total floor area 10,743 sqm at an average monthly rent of EUR 3.48 per sqm

MAROLTINGERGASSE, 1160 VIENNA

11 units totalling 856 sqm at an average price of EUR 2,307 per sqm, remaining total floor area 5,733 sqm at an average monthly rent of EUR 3.12 per sqm

FORSTHAUSGASSE, 1200 VIENNA

10 units totalling 750 sqm at an average price of EUR 2,350 per sqm, remaining total floor area 8,090 sqm at an average monthly rent of EUR 2.90 per sqm

ALTE-POST-STRASSE, 8020 GRAZ

28 units totalling 2,275 sqm at an average price of EUR 1,690 per sqm, remaining total floor area 15,159 sqm at an average monthly rent of EUR 5.51 per sqm

KAPLANHOFSTRASSE, 4020 LINZ

17 units totalling 975 sqm at an average price of EUR 1,792 per sqm, remaining total floor area 5,735 sqm at an average monthly rent of EUR 3.14 per sqm

URBAN-GÖRTSCHACHER-STRASSE, 9500 VILLACH

16 units totalling 1,004 sqm at an average price of EUR 1,402 per sqm, remaining total floor area 4,449 sqm at an average monthly rent of EUR 2.98 per sqm

KOSCHATSTRASSE, 9400 WOLFSBERG

10 units totalling 711 sqm at an average price of EUR 1,738 per sqm, remaining total floor area 3,217 sqm at an average monthly rent of EUR 5.12 per sqm

WALSER STRASSE, 5071 WALS

7 units totalling 530 sqm at an average price of EUR 2,300 per sqm, remaining total floor area 1,724 sqm at an average monthly rent of EUR 5.95 per sqm

BLOCK SALES

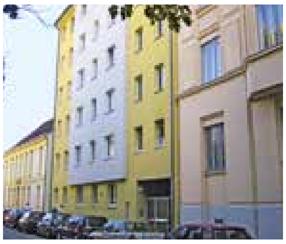
The BUWOG Group's property portfolio currently focuses on urban locations of the capital cities of Vienna and Berlin as well as other regional capitals and major cities in Austria and Northern Germany. In the 2015/16 financial year, as part of the implementation of the "capital recycling" strategy, selective block sales were carried out in Austria to optimise and consolidate the portfolio and the funds obtained invested in a selection of core German regions with higher yields. In 2015/16 a total of 484 units were sold in the regions of Lower Austria (151 units), Salzburg (111 units), Styria (110 units), Carinthia (53 units), Vienna (49 units) and Tyrol (6 units) as well as from the German portfolio in Berlin (4 units). A profit contribution to total FFO of EUR 3.6 million (EUR 7.2 million) and a margin on fair value of around 14% (26%) were achieved. The decline in the margin compared to the previous year is explained by the streamlining of the portfolio through sales as well as the sale of retail packages not relevant for the core business and with low margins to avoid high maintenance costs and follow-up rental risks due to less attractive conditions. The average block sale price in the last financial year came to EUR 907 per sqm, putting it above the previous year's level of EUR 805 per sqm.

Examples of several transactions in the 2015/16 financial year can be found below:

K.-H.-WAGGERL-STRASSE, 5640 BAD GASTEIN

19 units with a total floor area of 1.032 sqm.
Sale price EUR 0.6 million (average sale price per sqm EUR 567).
Sale in July 2015

ANTONSGASSE, 2500 BADEN



37 units with a total floor area of 3,368 sqm.
Sale price EUR 3.1 million (average sale price per sqm EUR 920). Sale in October 2015

GRUNDGASSE, 9300 ST. VEIT AN DER GLAN

53 units with a total floor area of 4,433 sqm.
Sale price EUR 4.9 million (average sale price per sqm EUR 1,096).
Sale in October 2015

HAUPTSCHULSTRASSE, 5500 BISCHOFSHOFEN

92 units with a total floor area of 4,165 sqm.
Sale price EUR 2.9 million (average sale price per sqm EUR 684).
Sale in April 2016

G4-4 In the strategic cluster for Block Sales, BUWOG bundles together properties and their units which in view of their location outside the core strategic regions and their profitability are not suitable for the core portfolio or Unit Sales for the long term. As of 30 April 2016, the cluster for Block Sales contained a total of 3,245 units, 1,639 units of which were in Carinthia, 1,020 in the rest of Austria and 498 units in Vienna as well as 88 units in Germany (Brandenburg). For these selected Block Sales properties a medium-term sale mainly to local private and institutional investors is planned as part of optimising and consolidating the portfolio for the purpose of enhancing the regional focus of BUWOG's portfolio as a whole.

BLOCK SALES CLUSTER

as of 30 April 2016	Number of units	Fair value[1] in EUR million	Share of fair value	Fair value per sqm in EUR	Gross rental yield[2]
Vienna	498	72	37%	1,596	4.6%
Carinthia	1,639	82	42%	668	5.9%
Rest of Austria	1,020	39	20%	541	7.0%
Germany	88	2	1%	455	9.3%
Total	**3,245**	**196**	**100%**	**797**	**5.7%**

1) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
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 Brandenburg.

VALUE DRIVERS AND SUCCESS FACTORS

The business performance of the Property Sales business is subject to transaction-related fluctuations that can be triggered, in particular, 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, the properties are located outside of the core strategic regions or the achievable sales revenue, particularly for Unit Sales, 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 shaped by macroeconomic indicators such as the interest rate and trends in real income or the propensity to consume. Other important factors of influence and success are outlined below.

ACHIEVING ADDED VALUE THROUGH INVESTMENTS

Due to existing development regulations, in the case of particular properties it is possible to convert the top floors prior to the planned sale, which allows additional space to be created without incurring land costs. As a rule, a top floor conversion is carried out in combination with an extensive refurbishment or modernisation of existing standing investments. In the 2015/16 financial year in Vienna there was a project on Samhaberplatz in the 14th district with a top floor conversion for 36 units totalling 2,764 sqm as well as a combined refurbishment of a portfolio building under construction. The sale of the newly created condominiums on the top floor is nearly concluded, and the sale of the portfolio units is planned in Unit Sales for when the refurbishment is finished. 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. These properties are transferred to Unit Sales ten years after being converted into condominiums and therefore represent attractive long-term income and a contribution to Recurring FFO from future property sales.

ACTIVE MARKETING

The units assigned to the Unit and Block Sales clusters are sold via the company's own sales team developed in the last two years and through a selection of 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 units are offered mainly in metropolitan areas or regions with a high recreational value such as near the Carinthian lakes. Whole properties and smaller portfolios are mainly put on the market where the investor interest is locally based and unit sales are only realised over a more extended period.

STRATEGY AND OUTLOOK

The BUWOG Group will continue its strategy of actively selling defined units in subsequent years. Part of this strategy is a yield-orientated shift with Germany as the focus of acquisition and the optimisation of the investment portfolio through the regional focus on a selection of socio-demographically attractive core regions. As of 30 April 2016, a total of 12,658 units were assigned to the Unit Sales cluster, 8,591 of which have already been turned into condominiums and 3,157 units assigned to the Block Sales cluster. The focus of the two clusters is primarily in Vienna (6,530 units) and Carinthia (4,018 units).

The fair values of the Unit and Block Sales clusters total EUR 1.7 billion or EUR 1,347 per sqm; together they show a gross rental yield of 3.7%. The fair values are determined twice per year by the independent appraiser CBRE. In addition to the discounted rental income for a specified period, consideration is given to the potential sale prices of the individual apartments and planned sales based on the expected turnover as well as legal regulations in the relevant properties.

Around 600 units are to be sold annually from the Unit Sales cluster in the next few years. Due to the current market and demand situation, rising average sales revenue per sqm as well as margins of currently more than 50% can be achieved if the unit sale occurs with privatised housing facilities built with subsidies.

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	MINIMISE RISK Ongoing Unit Sales
REGIONAL FOCUS **AUSTRIA**	■ Long-term income from Unit Sales, primarily to owner-occupiers as a result of turnover --> High contribution to Recurring FFO	
FUNCTIONAL FOCUS **FULL-SERVICE PROVIDER**	■ Planned unit sales of 500 to 600 units per year	HIGH UPSIDE POTENTIAL High margins through the sale of vacant units
	■ Strong track record with high margins in Unit Sales in Austria	
	■ Margins from Block Sales significantly higher than the market value in recent years	

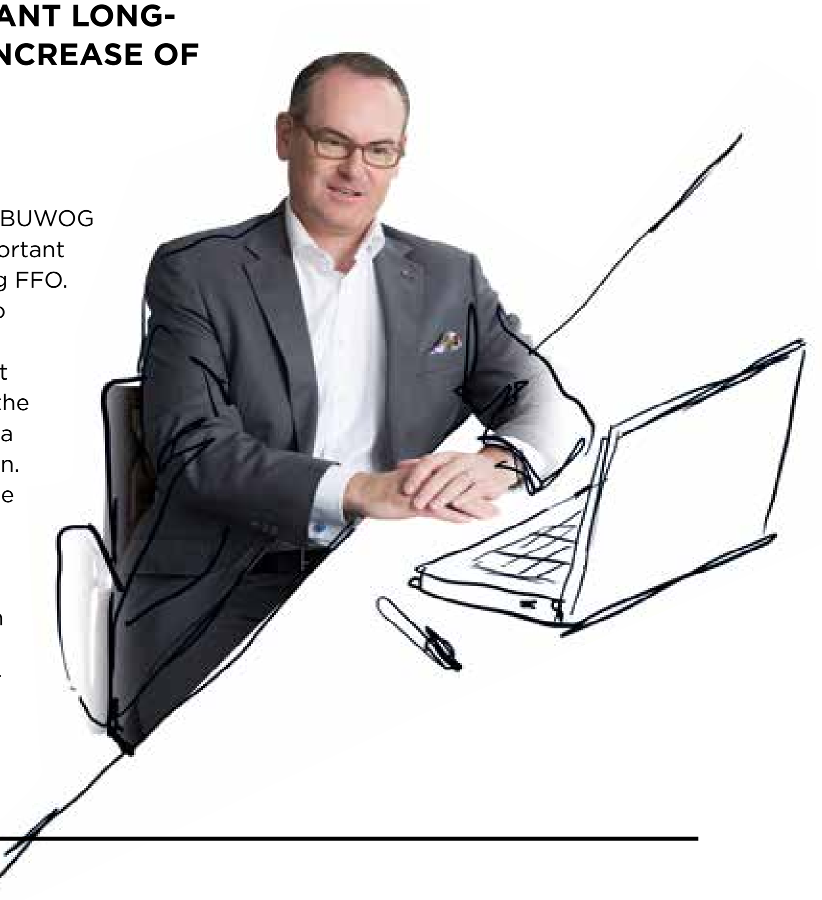
The fair value of the Unit Sales strategic cluster was EUR 1.5 billion as of 30 April 2016. On the basis of the sales margins on fair value attained in the past, the BUWOG Group's property portfolio can be expected to include a significant margin effect as a result of unit sales and therefore a contribution to Recurring FFO.

Under continued favourable market conditions there are also plans to sell around 400 units per year from the Block Sales cluster. These transactions are aimed primarily at the timely sale of properties outside the core strategic regions defined in the federal and regional capitals in Austria and Germany. They are to help optimise and consolidate the portfolio further.

"UNIT SALES ARE AN ATTRACTIVE BOOST FOR MARGINS AND AN IMPORTANT LONG-TERM FACTOR FOR A STEADY INCREASE OF RECURRING FFO."

Herwig Teufelsdorfer, COO

"Unit Sales remains an important pillar of the BUWOG Group's business model and is extremely important for achieving a steadily high level of Recurring FFO. In Block Sales the regional focus and portfolio optimisation in Austria was continued in the reporting year as well. The department of Unit Sales for Austria created at the beginning of the financial year provides greater efficiency and a clearer line of responsibility in the organisation. The portfolio in Austria will also continue to be analysed for properties that can be privatised to also generate funds in the future through high-margin unit sales for BUWOG that are then reinvested in attractive new construction projects for property sales and for the company's own investment portfolio as well as for attractive portfolio acquisitions and are used for the dividend."




BUWOG

“SKYTOWER”, GERHARD-BRONNER-STRASSE, VIENNA, AUSTRIA

PROPERTY DEVELOPMENT

In the Property Development business the BUWOG Group carries out attractive development projects for its own portfolio as well as residential properties for sale, focusing on the demographically and economically strong cities of Vienna, Berlin and Hamburg. 420 units in total were completed in the 2015/16 financial year. The contribution to the result originating from Property Development was EUR 21.4 million (previous year: EUR 12.5 million). BUWOG's project pipeline as of the reporting date on 30 April 2016 included 8,121 units with a total investment volume of EUR 2.5 billion.

"Uferkrone", Berlin-Köpenick

Property

"Skytower", 1100 Vienna

"52 Grad Nord" – "Seefeld 1",
1st construction stage, Berlin-Grünau

"Westendpark",
Berlin-Charlottenburg

"52 Grad Nord" – overall project, Berlin-Grünau

"7Central", 1070 Vienna

Development

"Quartier am Pankepark", Berlin-Mitte

"52 Grad Nord" – partial project "Ankerviertel", Berlin-Grünau

ADDED VALUE THROUGH PROJECT DEVELOPMENT

G4-4

The BUWOG Group is one of the largest and leading project development companies in Austria with over 35,000 apartments constructed throughout the company's 65-year history. In the Berlin developer market, operations began in 2012 with the acquisition of an experienced team of employees and several projects in various stages of development as well as land plots. At around 100,000 sqm, the biggest project is the waterfront property on Regattastrasse ("52 Grad Nord") in Berlin-Köpenick. BUWOG focuses its property development activity in the two capital cities of Vienna and Berlin due to the strength of their demographic and economic parameters and to the many years of experience and excellent knowledge of the market there. Since April 2016 it has also focused on the new location Hamburg.

In April 2016 bulwiengesa AG published the ranking of Berlin residential project developers, in which the BUWOG Group is the second largest residential developer in Berlin measured in planned floor area. The pipeline in Berlin as of the reporting date was 3,243 units. As in previous years, in Vienna the BUWOG Group ranks first for project and apartment numbers in the bulwiengesa market study "Neubauprojekte Eigentumswohnungen/Vorsorge wien 2016", which addresses the construction of new condominiums and buy-to rent properties. The development pipeline in Vienna totalled 3,599 units in 31 projects as of the reporting date.

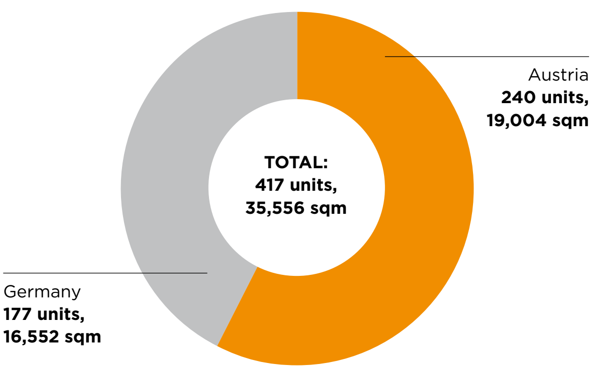
In Property Development, various types of development projects are pursued depending on the respective market and demand situation, which is analysed prior to project development and implementation. In the privately financed sector, development projects are built mainly for private and institutional investors and owner-occupiers. In the subsidised housing sector in Vienna the apartments are rented following construction in accordance with the subsidy guidelines. These subsidised rentals are generally transferred to the BUWOG Group's own portfolio for at least ten years, where they either remain in the core portfolio or are sold by Property Sales with a focus on margin, depending on the strategy (details in the chapter *Property Sales* on page 72ff).

OVERVIEW OF THE 2015/16 FINANCIAL YEAR

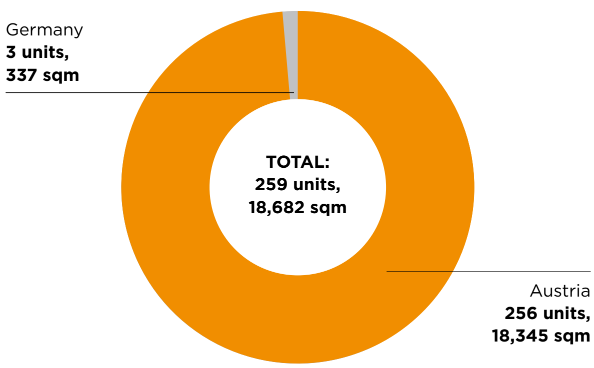
In the 2015/16 financial year, Property Development generated a very strong operating result of EUR 21.4 million and therefore exceeded the previous year by a significant 72%. With this contribution to profit from development, the BUWOG Group has achieved a unique selling proposition with respect to other listed property companies that focus mainly on renting and selling, but have not established 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 growth in value.

In the 2015/16 financial year a total of 420 units with 36,225 sqm total floor area were completed in six projects in Vienna and Berlin. Of these, a total of 365 units (87%) were sold and recognised in profit or loss (188 in Vienna, 177 in Berlin). Another 52 units completed in previous years were also handed over to buyers, through which the BUWOG Group recognised a total of 417 units in profit or loss in the 2015/16 financial year.

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

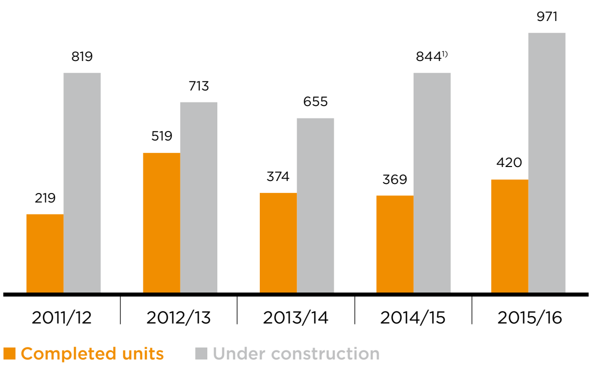


UNITS TRANSFERRED TO BUYERS 2014/15
Number of units and sqm



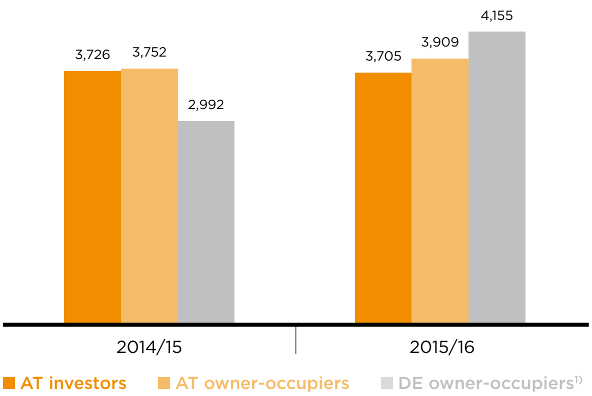
In the property markets in Vienna and Berlin there is a notable price difference depending on location and fixtures and fittings. This is clarified by the chart of the average sale prices, which is based on 417 units handed over to buyers (240 in Vienna, 177 in Berlin) in the financial year. While in Germany privately financed condominiums were sold exclusively to owner-occupiers, in Austria sales were made to owner-occupiers and to investors. The sale price for a buy-to-rent bought by an investor excludes value-added tax. Of the 240 units handed over to buyers in Austria, investors accounted for 59 and owner-occupiers for 181. In the previous year a total of 259 units were handed over to buyers (256 in Austria, 3 in Germany). In Austria, of the 256 units in total 101 were handed over to owner-occupiers and 155 to investors.

COMPLETED UNITS AND UNDER CONSTRUCTION
as of 30 April



1) Current position as of 30 June 2015

AVERAGE SALE PRICE
in EUR per sqm



1) In Germany no units were sold to investors during this period.

As of the reporting date on 30 April 2016, a total of 12 projects with 971 units were under construction. Of these, eight projects with 590 units are being carried out in Vienna as well as four projects in Berlin with 381 units (thereof two projects with several construction phases). Compared to the last reporting date on 30 June 2015, the BUWOG Group increased the number of units under construction again by around 15.

G4-4

PRODUCT DEVELOPMENT MATRIX

The product development matrix is divided into several categories and classifies the BUWOG Group's pipeline of development projects. As of 30 June 2016, the pipeline in Vienna included a total of 8,121 units, of which the segments of subsidised lets with 2,294 units and privately financed condominiums with 5,749 units constituted the largest shares. The segment of privately financed condominiums in Vienna is simultaneously suitable as buy-to rent apartments for national customers (capital investors), opening up another lucrative sales channel for BUWOG. The sale price of a buy-to-rent apartment is without value-added tax (net), as the buyer acquires it as a business person. This means that in Austria the BUWOG Group also reports the cost of buy-to-rent properties sold as net costs, as the value-added tax can be deducted. Subsidised condominium construction is no longer pursued as a strategic approach.

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

PRODUCT DEVELOPMENT MATRIX as of 30 April 2016

	Subsidised and privately financed rentals	Privately financed condominiums	Global exit
Vienna 3,599 units	**Investment portfolio** Units: 1,260 Total floor area: 93,179 sqm  “Am Otterweg”, 89 subsidised units of 120 total units	**Regional customers** Units: 2,323 Total floor area: 173,841 sqm  Pfarrwiesengasse, 85 units	**Institutional investors and foundations** Units: 16 Total floor area: 34,256 sqm  Lindengasse, 30 units
Berlin 3,243 units	**Investment portfolio** Units: 730 Total floor area: 58,527 sqm  “52 Grad Nord” – partial project “Ankerviertel”, Berlin-Grünau, 86 units	**Regional customers** Units: 2.469 Total floor area: 217,301 sqm  “Westendpark”, 112 units	**Institutional investors and foundations** Units: 44 Total floor area: 3,500 sqm  “Geyer-Medienhöfe”, 44 units
Hamburg 1,279 units	**Investment portfolio** Units: 304 Total floor area: 18,225 sqm	**Regional customers** Units: 957 Total floor area: 76,545 sqm	**Institutional investors and foundations** Units: 18 Total floor area: 5,400 sqm
Total 8,121 units	These 8,121 units do not include the 378-unit “MGC-Plaza” project in Vienna because the signing took place after the balance sheet date as of 30 April 2016. The current development pipeline thus includes approximately 8,500 units.		

EXPANSION OF DEVELOPMENT ACTIVITIES TO HAMBURG

In Vienna and Berlin the BUWOG Group is very successfully implementing its unique selling proposition consisting of the development business and Asset Management in the selected demographically strong metropolitan areas, as studies by bulwiengesa AG and others show. With the establishment of Hamburg as a new development location, this strategy is now being consistently expanded. Combined with the strategy for future construction in the company’s own portfolio in Germany, the BUWOG Group will be able to enhance the quality of its portfolio through new builds, while profiting from their efficiency in ongoing business. G4-4

With the expansion of its development activities to Hamburg at the end of the 2015/16 financial year, the BUWOG Group is represented in the three biggest German-speaking cities in Asset Management and in the development business.

In addition to the attractive socio-demographic prospects of the German export champion, Hamburg was also selected as a new development location on the basis of the outstanding market expertise and contacts in the city which the BUWOG Group acquired through its previous Hamburg activities, particularly in asset management, property management and in sales. In addition to the current local team, now the BUWOG Group is also establishing a Hamburg-based development unit in order to acquire and carry out additional development projects in the city.

In April 2016 the BUWOG Group successfully acquired a plot of land on which the first Hamburg residential project with over 1,200 planned units will be carried out. The premises purchased is part of the "Schleusengraben" development area and is located very centrally in the Hamburg district of Bergedorf. In Hamburg's overall momentum of growth and influx, the city is looking increasingly toward the east, and the "Bergedorf axis" with its dynamic development projects and significant site potential is benefiting enormously from this. A mixed urban quarter is to be built in Bergedorf. As a partner to this part of the city, BUWOG will develop housing to own and to rent. A central aspect of the planning in Bergedorf is to develop an energy-efficient and sustainable model quarter. The projected total investment costs for this come to around EUR 465 million. After procurement of planning permission, BUWOG expects around five years of construction time until the new district of the city is fully completed.

EXPANSION OF COMPANY STRATEGY TO INCLUDE DEVELOPMENT-TO-HOLD APPROACH IN GERMANY

Strong increases in price and intense competition were also reported in the German and Austrian property market in the last financial year. Among other things, this has resulted in the growing difficulty of yield-orientated portfolio acquisitions. At the same time, there is continuing strong demand for housing not met by the supply, particularly in metropolitan areas. In the context of this as well as the over 60 years of experience in residential property development and local market presence, BUWOG has also expanded the development-to-hold strategy to Germany. For this new construction the company expects calculated yields based on the planned annual net in-place rent to total investment costs of 4.5%, which is equivalent to a multiplier of 22. Thus the yield is above the purchase yields for standing investments currently customary on the Berlin real estate market. In addition, this expanded strategy enables a reduction of the due diligence risk with respect the acquisition of investment portfolios, savings on ancillary costs for acquisitions for estate agents and property transfer taxes and an enhancement of portfolio quality through new construction in the Berlin and Hamburg locations, while increasing efficiency in the ongoing Asset Management business.

"52 Grad Nord" – partial project "Ankerviertel", Berlin-Grünau

G4-4

The development pipeline envisions the construction of around 1,000 units for its own investment portfolio in Berlin and Hamburg. As the first project for this, an 86-unit section of the "52 Grad Nord" development on Regattastrasse in Berlin-Grünau in the "Ankerviertel" district is under construction. Completion and transfer to Asset Management is expected in April 2018. Furthermore, the strategy for building rental units and transferring them to the BUWOG Group's own investment portfolio is being intensively pursued at the Hamburg location. The "Stuhlrohrquartier" property acquired in Hamburg-Bergedorf in April 2018 is envisaged as a pioneering project in this respect. Moreover, the acquisition of additional land plots for development is analysed on a continuous basis, further advancing the strategy to construct rental units for the company's own portfolio.

PROPERTY DEVELOPMENT – FROM THE IDEA TO THE APARTMENT

The success of the BUWOG Group in the business area of Property Development is based primarily on clearly defined selection criteria, in addition to the decades of experience and extensive expertise of the relevant employees. The success of a profitable development project is already decided by the selection of suitable land and also depends heavily on the timely implementation of the project in line with market conditions as well as 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 Property Development's overall yield. Recognition in the income statement occurs on completion and transfer to the buyers.

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

Overview of project development process

Of all the listed market players in the housing industry, BUWOG has the strongest focus on property development. The majority of necessary decisions along the entire value chain are made using standardised processes without ignoring the respective market and project features. This therefore ensures a high level of efficiency and a reduction of the relevant risks. This chart illustrates the most important processes and targets that are crucial for building a new residential property.

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

1. Project concept/analytical stage

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

INTERDEPENDENCIES OF PROJECT DEVELOPMENT

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

Property

Idea
Room layout, use, urban development

Capital
User, investor, financing

Location
Environment, infrastructure, economic strength

7. Completion of transfer and guarantee

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


"Am Otterweg", 1220 Vienna

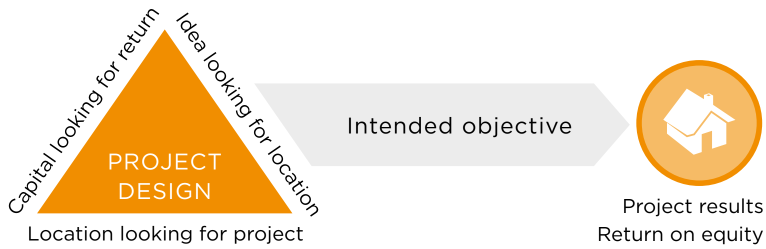

"Sky 6", 1100 Vienna


"Skytower", 1100 Vienna

Residual units reported in the real estate inventories, which are units that have been completed but not yet exploited, are actively and selectively marketed by the BUWOG Group sales team.

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

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

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

5. Marketing

Key to success in project development

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

6. Project execution

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

“Skytower”, 1100 Vienna

“Am Otterweg”, 1220 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, Berlin and Hamburg, and a close-knit network of partners along the entire value chain. As a result of the transaction security due not least to the size of the company and its positive image, the constructive cooperation with the competent authorities and the expertise of the relevant employees, BUWOG currently has a sufficient and attractive pipeline for future development projects. Potential project opportunities are analysed by internal procurement staff whose task is to actively evaluate land plots not yet on the market in order to ensure a competitive edge and, potentially, a lower purchase price.

On the Viennese housing market, the BUWOG Group benefits in particular from its land reserves and from a well-prepared and structured project pipeline which has been built up over the last few years and undergoes continuous expansion. The 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 level of urban density, as a result of its leading market position and extensive connections, the BUWOG Group also identifies and takes advantage of these opportunities and is also focusing on new urban development projects such as Seestadt Aspern and the area surrounding the new Vienna Central Station.

The opportunities for densification and top-floor expansions are also analysed on a continuous basis by Asset Management for the BUWOG portfolio in Vienna and developed and consistently implemented in cooperation with Property Development. The properties built are sold individually to end customers as condominiums at attractive margins.

Due to open spaces and demolition projects that have arisen for historic reasons, in Berlin new large-scale development projects occur more frequently than in Vienna, even in central locations and districts. As in Vienna, the Berlin housing market also benefits from the continuous increase in the number of inhabitants by around 40,000 people each year and the trend toward single households (details can be found in the *Management Report* on page 147ff). Recently, new construction activity in Berlin has risen significantly, and even municipal housing companies have once again begun constructing new builds after a pause for many years. The supply of new housing (around 10,000 residential units) is far from able to meet the growing demand for sophisticated housing. As a consequence of the attractive housing market, land prices have already risen sharply and, together with the higher requirements for building quality, have led to an considerable increase in the cost of housing overall. The Berlin model of cooperative land development that was initiated to enable low-cost living even in new buildings is a regulating policy instrument that will curb the number of new development projects. The BUWOG Group is very well positioned in the Berlin market with a large development pipeline. With the company’s attractive development projects in the medium price segment, BUWOG is also well positioned to take advantage of the significant and steadily growing demand in the future.

DEVELOPMENT PROJECTS IN VIENNA

The BUWOG Group completed 243 residential units in five development projects in Vienna in the 2015/16 financial year. On the reporting date on 30 April 2016 a total of eight development projects with 590 units were under construction. The construction of a further ten development projects with 1,387 units is scheduled to begin in the 2016/17 financial year. A selection of development projects can be found below.

"SKY 6" AT THE VIENNA CENTRAL STATION, 1100 VIENNA (COMPLETED IN FY 2015/16)

Gombrichgasse, 1100 Vienna

- 44 privately financed condominiums and buy-to-rent apartments
- Total floor area: 2,715 sqm
- Apartment sizes from 49 sqm to 153 sqm
- Sale prices from EUR 3,200 per sqm to EUR 4,100 per sqm
- Start of construction December 2014
- Completion April 2016

BUWOG completed the second residential construction project in spring 2014, following the Gombrichgasse 3 project completed in the last financial year in the urban development area near Vienna Central Station. 44 apartments of various sizes and 45 parking spaces were built. The complex stands out due to its location in the vibrant new district of the city and its proximity to Vienna's city centre.

"SKYTOWER" AT VIENNA CENTRAL STATION, 1100 VIENNA (COMPLETED IN FY 2015/16)

- 1129 privately financed condominiums and buy-to-rent apartments, plus two commercial units
- High-rise tower with 18 floors
- Total floor area: 10,883 sqm
- Apartment sizes from 51 sqm to 176 sqm
- Sale prices from EUR 3,400 per sqm to EUR 4,800 per sqm
- Start of construction December 2014
- Completion April 2016

The new district around the new central train station combines the advantages of a central location, a variety of shopping facilities and favourable transport links with the benefits of landscaped grounds. 129 apartments and 210 underground parking spaces were built.

Gerhard-Bronner-Strasse, 1100 Vienna

"ALANOVA" IN 2320 SCHWECHAT (COMPLETED IN FY 2015/16)

Wiener Strasse, 2320 Schwechat

- 43 privately financed condominiums and one commercial unit
- Total floor area: 3,542 sqm
- Apartment sizes from 52 sqm to 123 sqm
- Sale prices from EUR 2,700 per sqm to EUR 3,500 per sqm
- Start of construction October 2013
- Completion July 2015

In July 2015 BUWOG completed a high-quality residential construction project just a few metres from Vienna's city limits. 44 units and 67 parking spaces were built.

"AM OTTERWEG" 1220 VIENNA (UNDER CONSTRUCTION OR PARTIALLY COMPLETED IN FY 2015/16)

- 120 units in total, 89 units of which are subsidised rentals and 31 privately financed condominiums
- Of these condominiums, 24 units were completed in April 2016
- Total floor area: 10,212 sqm
- Apartment sizes from 48 sqm to 128 sqm
- Sale prices from EUR 3,000 per sqm to EUR 3,700 per sqm
- Start of construction March 2015
- Completion of entire project 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 Lake Schilloch. The project includes 120 units and 108 parking spaces.

Otterweg, 1220 Vienna

PFARRWIESENGASSE, 1190 VIENNA (UNDER CONSTRUCTION)

Pfarrwiesengasse, 1190 Vienna

- 85 privately financed condominiums
- High-quality condominium units
- Total floor area: 10,127 sqm
- Apartment sizes from 62 sqm to 231 sqm
- Sale prices from EUR 4,800 per sqm to EUR 11,000 per sqm
- Start of construction August 2015
- Completion planned for April 2017

In addition to high-quality apartments, penthouses and urban villas, the exclusive project offers extras such as a concierge service, wine cellar and pool as well as its own spa and wellness area. 85 units and 139 parking spaces are being built.

"SOUTHGATE" 1120 VIENNA (UNDER CONSTRUCTION)

- 242 units in total, 78 units of which are subsidised rentals and 164 privately financed condominiums
- Two construction sites with a total of six structures
- Total floor area: 19,956 sqm
- Apartment sizes from 44 sqm to 130 sqm
- Sale prices from EUR 2,800 per sqm to EUR 4,400 per sqm
- Start of construction June 2015
- Completion of entire project planned for September 2017

On two construction sites and as part of the Vienna Housing Initiative, the BUWOG Group is building 78 subsidised rentals and 164 privately financed condominiums that are also suitable as buy-to-rent apartments. 242 apartments and 209 parking spaces are being built.

Sagedergasse, 1120 Vienna

DEVELOPMENT PROJECTS IN BERLIN

In Berlin the BUWOG Group is currently developing and carrying out several housing projects in the traditionally popular locations and in aspiring districts with potential for development and value growth. On the reporting date on 30 April 2016 a total of four development projects with 381 units were under construction. The construction of a further five development projects with 1,101 units is scheduled to begin in the 2016/17 financial year. A selection of important projects in various stages of development can be found below.

"QUARTIER AM PANKEPARK" (COMPLETED IN FY 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
- Start of construction August 2013
- Handover to an institutional investor in May 2015 as part of a global exit

Scharnhorststrasse, 10115 Berlin-Mitte

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

"GERVIN & WILMERS" (UNDER CONSTRUCTION AND PARTIALLY COMPLETED IN FY 2015/16)

Gervinusstrasse,
10629 Berlin-Charlottenburg

- 77 condominiums and 45 parking spaces
- Three commercial units on the ground floor
- Of these condominiums, 71 units were completed as of April 2016
- 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
- Start of construction March 2014
- Planned completion August 2016

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

"WESTENDPARK" (UNDER CONSTRUCTION AND PARTIALLY COMPLETED IN FY 2015/16)

- 112 condominiums and 144 parking spaces in 11 classically elegant urban villas
- Of these condominiums, 52 units were completed as of April 2016
- Total floor area: 12,613 sqm
- Apartment sizes from 73 sqm to 141 sqm
- Sale prices from EUR 3,420 per sqm to EUR 5,060 per sqm
- Start of construction March 2014
- Planned completion in final construction phase in December 2017

The high-quality two- to five-room apartments have large windows and south-facing balconies, terraces or private gardens. The project is located directly next to a suburban train station with short journeys into the city and has an excellent recreational value due to its proximity to Havel, Grunewald and the Olympiapark.

Tharauer Allee,
14055 Berlin-Charlottenburg

"UFERKRONE" – LINDENSTRASSE (UNDER CONSTRUCTION)

Lindenstrasse, 12555 Berlin-Köpenick

- High-quality urban villas at the waterfront on the River Spree
- 198 condominiums and 170 underground parking spaces
- Total floor area: 20,051 sqm
- Apartment sizes from 51 sqm to 193 sqm
- Sale prices from EUR 2,260 per sqm to EUR 5,030 per sqm
- Start of construction September 2014
- Planned completion of final construction phase in 2021

198 units in 12 buildings are being built on this waterfront property in Berlin's eastern district of Köpenick, some located directly on the River Spree. The charming old town centre of Köpenick is in very close proximity. The project features a sophisticated individual design and outdoor facilities plan per building.

"52 GRAD NORD" – OVERALL PROJECT (IN PLANNING OR PARTIALLY UNDER CONSTRUCTION)

- 924 units and 743 parking spaces
- Of these, 402 units will go to BUWOG's own portfolio
- Start of construction in partial phases August 2015
- "Seefeld I", "Seefeld II Torhaus" as well as "Ankerviertel" under construction
- Planned completion of overall project 2024

This approximately 100,000 sqm waterfront site is located in the Berlin's developing southeast in the district of Treptow-Köpenick, not far from the future capital city airport BER. At this waterfront location on Langer Lake at the Dahme tributary, a new residential district featuring day care centres and small commercial units will be built in several phases from 2015 to 2024. The first phase, "Seefeld I", encompasses 114 units along the central private waterfront area at the heart of the district.

Regattastrasse, 12527 Berlin-Grünau

Regattastrasse, 12527 Berlin-Grünau

"52 GRAD NORD" – PARTIAL PROJECT "SEEFELD I" (UNDER CONSTRUCTION)

- 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
- Start of construction August 2015
- Planned completion August 2017 with "Seefeld I"

The first phase of construction being carried out for the overall project "52 Grad Nord – Waterfront Living in Berlin-Grünau" is "Seefeld I". "Seefeld I" stands out due to its varied, target group-orientated products, differentiated architecture and the high level of recreational quality in the open areas. As a unique selling proposition, each apartment has a view of the water.

LAND ACQUISITIONS

CRITERIA FOR ACQUIRING LAND

For over 60 years the BUWOG Group has been constructing multifloor housing for a variety of target groups in attractive locations such as Vienna, Berlin and Hamburg. The focus is on developing multifloor properties on large tracts of land. In addition to cost and marketing advantages, such properties also provide the chance to design the residential environment based on individual qualities of the district including energy-related concepts. That means small-scale luxury projects are not the focus of BUWOG Group. In Germany, the connection to water is a particular priority for BUWOG's development projects. Such projects include, for example, "52 Grad Nord" on the Langer See by the tributary of the River Dahme, "Europa-City" directly on the canal, "Uferkrone" and "Fließstraße, Berlin-Köpenick" directly on the River Spree, and the property acquired in April on the Schleusengraben canal in Hamburg. As part of the strategy to build rental apartments for the company's own portfolio, Property Development is focusing on purchasing land with the option to build affordable rentals in residential areas that will be attractive in the medium term.

For the BUWOG Group, the decision-making basis for land acquisitions involves certain minimum criteria. For land designated for later sale, a TIC margin of at least 10% or an interest on equity employed of at least 15% is sought. At the same time, an equity interest rate averaging 8% on the calculated equity share and which also forms a risk buffer is considered. For properties to be built and designated for renting in the company's own portfolio, a rental yield of 4.5% is sought. The acquisition of properties takes place with and without zoning.

LAND ACQUISITIONS IN THE 2015/16 FINANCIAL YEAR

As part of intensifying the Property Development business area, in the 2015/16 financial year BUWOG acquired eight new land plots – five in Berlin, one in Hamburg and two in Vienna. The construction of over 3,600 rental apartments and condominiums at a calculated total investment volume of EUR 1.2 billion is planned in these areas. For five of these properties the transfer of benefits and encumbrances took place during the financial year. The transfer of benefits and encumbrances also took place for two properties acquired in previous financial years. In July 2016, thus after the balance sheet date for the 2015/16 financial year, another land acquisition was finalised in Vienna – for the planned construction of around 380 apartments to rent and condominiums.

Entry in the Hamburg market was successfully achieved with the agreement signed in April 2016 on the acquisition of the "Stuhlrohrquartier" in Hamburg with an approximately 47,000 sqm plot of land on which the construction of around 1,200 units is planned.

Through the land acquisitions in the 2015/16 financial year, the BUWOG Group expanded its development pipeline to a calculated total investment volume of EUR 2.5 billion. This is equivalent to an increase of around 82% and therefore illustrates the successful intensification of this business area.

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

LAND PURCHASES IN VIENNA, BERLIN AND HAMBURG IN FINANCIAL YEAR 2015/16

	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1)]	Fair value 30 April 2016 in EUR million[2)]
"Lichtenhain", Lückstrasse, Berlin-Lichtenberg, Germany	04/2015	08/2015	209	17,581	66.9	15.6
"Europa-City", Heidestrasse, Berlin-Mitte, Germany	07/2015	02/2016	202	14,930	81.7	23.7
"Spreequartier", Fließstrasse, Berlin-Köpenick, Germany	10/2015	12/2015	792	64,200	276.2	32.9
"Wohnen am Sechshauserpark", Pfeiffergasse, 1150 Vienna, Austria	12/2015	12/2015	224	13,700	47.4	11.9
"Harzer Strasse", Harzer Strasse, Berlin-Neukölln, Germany	12/2015	12/2015	202	20,750	72.4	15.7
"Mariendorfer Weg", Mariendorfer Weg, Berlin-Neukölln, Germany[3)]	02/2016	05/2016	561	44,160	182.9	–
"Stuhlrohrquartier" Weidenbaumsweg, Hamburg-Bergedorf, Germany[3)]	04/2016	06/2016	1,279	100,170	464.5	–
"Vorgartenstrasse", Vorgartenstrasse, 1020 Vienna, Austria[3)]	04/2016	05/2016	165	12,420	29.3	–
Total (as of 30 April 2016)			**3,634**	**287,911**	**1,221.3**	**99.8**
"MGC-Plaza", Döblerhofstrasse, 1030 Vienna, Austria[4)]	07/2016	–	378	28,205	93.2	–
Total (incl. acquisitions after 30 April 2016)			**4,012**	**316,116**	**1,314.5**	**99.8**

1) Total investment volume including calculated interests of 8% on equity
2) Projects without closing in FY 2015/16 without book value due to not existing valuation
3) Closing after 30 April 2016
4) Signing after 30 April 2016, closing expected in December 2016
Project "Schulzestrasse" in Berlin-Pankow, which was acquired in Q1 2015/16, was sold as of end of April 2016 with an margin on book value of approx. 33%.

Moreover, the benefits and encumbrances were transferred for two additional properties in the 2015/16 financial year. The purchase agreement was signed for these properties in the current financial year.

	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1)]	Fair value 30 April 2016 in EUR million[2)]
"Windmühlgasse" Windmühlgasse, 1060 Vienna, Austria	07/2013	04/2016	77	5,000	33.9	15.1
"Seestadt Aspern" Janis Joplin Promenade, 1220 Vienna, Austria	11/2013	09/2015	239	19,823	58.1	6.6
Total			**316**	**24,823**	**92.0**	**21.7**

1) Total investment volume including calculated interests in average of 8% on equity on the calculated equity share

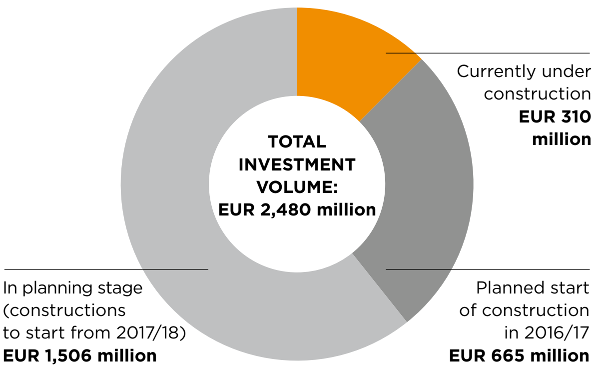
STRATEGY AND OUTLOOK

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

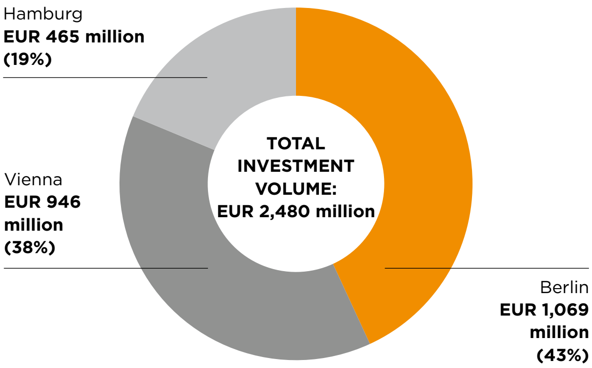
As of 30 April 2016, the development pipeline included 49 development projects in total with 8,121 planned units. BUWOG expects these to be realised within the next five years. The total investment volume calculated for this is EUR 2.5 billion, 38% of which is allocated to Austria and 62% to Germany. Compared to 30 June 2015, the total investment volume has risen by 82% and therefore reflects the intensification of this business area.

As of the reporting date, a total of 12 projects with around 970 units (30 June 2015: 844 units) were under construction. The total investment volume calculated for these projects is around EUR 310 million. In the 2016/17 financial year construction is expected to begin on another 15 projects including around 2,500 units at a calculated total investment volume of around EUR 665 million. Scheduled construction start dates for carrying out development projects depend on the procurement of planning permission through the public authorities. As a result, there may be deviations in the planned implementations.

DEVELOPMENT PROJECTS
by implementation stage, as of 30 April 2016

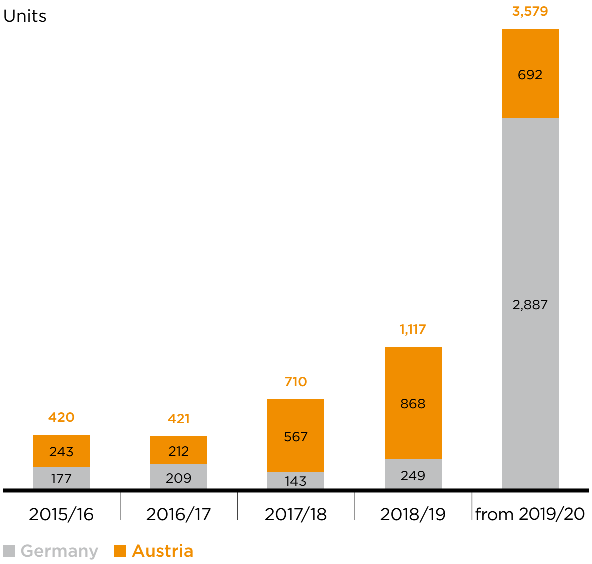


DEVELOPMENT PROJECT
by location, as of 30 April 2016



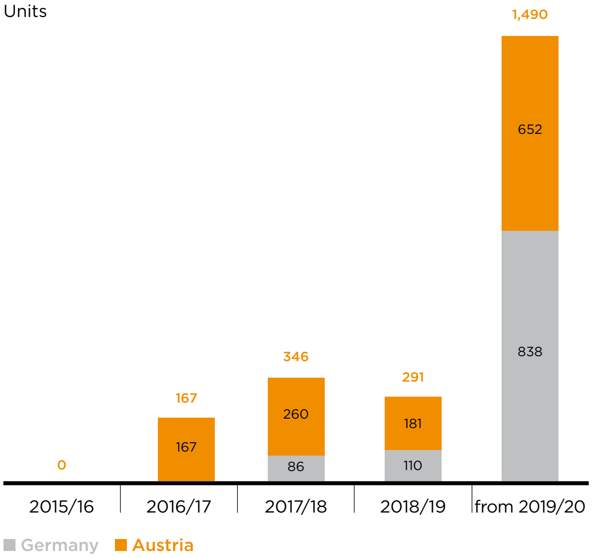
COMPLETION FOR SALE

Units



COMPLETION FOR PORTFOLIO

Units



As of the reporting date of 30 April 2016, the BUWOG Group's development pipeline included a total of 49 new construction projects. These projects are either planned or being built as pure rental properties for the company's own portfolio, pure condominium properties for sale or as mixed properties (renting and owning).

The charts above illustrate the development pipeline's planned completion times by the regions of Germany and Austria. They are also a clear reflection of the intensification of the Property Development business with the significant increase in completions over time as well as the establishment of construction within the portfolio in Germany. This also forms the foundation for a continued high level of profitability in the coming financial years. In Project Development there may be delays as a result of unforeseeable factors of influence such as extended approval processes resulting from bureaucracy. The completion times may therefore change.

In the coming 2016/17 financial year the completion of 379 units is planned in Austria, 167 of which will be transferred to the company's own portfolio to rent and 212 units which are intended for sale to owner-occupiers and investors. For Germany, BUWOG is planning to complete 209 units designated for sale in the 2016/17 financial year.

OUTLOOK FOR VIENNA

Vienna remains one of the fastest-growing cities in the European Union and is the second-largest city in the German-speaking world. The above-average population growth (an annual influx of approximately 43,000 persons) is causing demand for housing to continue to grow in greater Vienna; only few apartments remain empty. There is above-average demand primarily in the urban development areas such as those surrounding Vienna Central Station and the Nordbahnhof railway station in Floridsdorf in connection with the expansion of the underground and in the Donaustadt district. The gap between supply and demand on the Vienna housing market is bigger than it has been in decades. With an estimated construction output of 10,000 apartments per year in Vienna and an average household size of two persons, there is a shortage in supply of at least 11,000 apartments in the federal capital with the current level of population growth. Household sizes also continue to decrease and higher growth in one-person households is projected compared to the increase in multiple-person households. Over two million people are projected to live in Vienna in 2023; for 2035 more than one million households are forecast.

Despite the strong competition and a low supply of suitable properties for housing, in Vienna development projects were secured in good locations as well as in urban development areas. In addition to urban development areas such as Vienna Central Station (Belvedere district), Nordbahnhof and Seestadt Aspern, the BUWOG Group is carrying out a large number of development projects, first and foremost in the populous districts outside of the Vienna beltway and in specific cases within it.

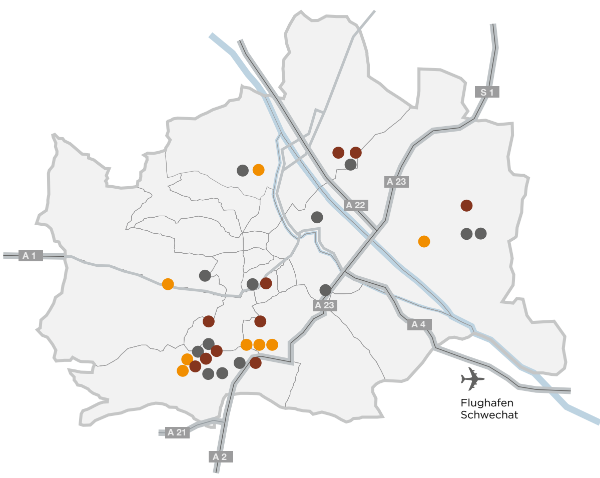
Despite the low supply on the Viennese property market, BUWOG managed to secure several plots of land in which to carry out additional residential construction projects. In the 2016/17 financial year, BUWOG will continue or commence construction of 1,977 units as part of 18 development projects. The total investment volume calculated for this is around EUR 509 million. As of the reporting date on 30 April 2016, another 1,622 units were also in planning. Their realisation will begin in the 2016/17 financial year.

In the current project pipeline no units are planned for the properties in the category of land reserves, as they are located outside Vienna, thus not the strategic focus of the BUWOG Group.

PROGRESS OF DEVELOPMENT PROJECTS IN VIENNA

as of 30 April 2016	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction	8	590	52,418	177.3
Planned construction start in 2016/17	10	1,387	106,987	331.3
In planning stage (construction to start from 2017/18)	13	1,622	141,871	437.6
Land reserves[1)]	4	–	–	–
Total[2)]	**35**	**3,599**	**301,276**	**946.2**

1) Outside Vienna: Mödling, Salzburg, Innsbruck
2) These 3,599 units do not include the 378-unit "MGC-Plaza" project in Vienna because the signing took place after the balance sheet date as of 30 April 2016. The current development pipeline thus includes approximately 3,977 units.



● Currently under construction
● Planned construction start FY 2016/17
● In planning stage (construction to start from FY 2017/18)

OUTLOOK FOR BERLIN

In Berlin, the BUWOG Group is carrying out several development projects in the prosperous districts in the east of the city and in the established western districts. In the 2016/17 financial year, the construction of a total of 1,480 units will be continued or begun as part of nine development projects. The investment volume calculated for this is around EUR 466 million. The "52 Grad Nord" project on Regattastrasse in Berlin-Köpenick will be completed in several stages with various start dates. The first phase of construction will begin in August of the 2015/16 financial year. As of the reporting date on 30 April 2016, a further 1,761 units were also in planning. Their realisation will begin in the 2017/18 financial year.

Despite the strong competition and low supply of suitable land for housing, in Berlin development projects were secured at an early stage in very good locations as well as in urban development areas.

During the reporting period, BUWOG sold two development properties at an early stage of development in Berlin for a purchase price of EUR 19.8 million. This type of land sale only succeeds when the implementation of a concept of use has greater opportunities outside of BUWOG's core business. BUWOG is reinvesting the resulting liquidity in, among other things, the acquisition of new land plots.

PROGRESS OF DEVELOPMENT PROJECTS IN BERLIN

as of 30 April 2016	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction[1]	4	381	37,868	132.3
Planned construction start in 2016/17[2]	5	1,101	97,420	333.6
In planning stage (construction to start from 2017/18)[2]	4	1,761	144,040	603.5
Land reserves	–	–	–	–
Total	**13**	**3,243**	**279,328**	**1,069.4**

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 197 units of 291 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 Seefeld I with 114 units started in the 2015/16 financial year.

● Currently under construction
● Planned construction start FY 2016/17
● In planning stage (construction to start from FY 2017/18)

OUTLOOK FOR HAMBURG

In Hamburg, the BUWOG Group entered the market in the 2015/16 financial year and since then has been building a new Hamburg development unit, in addition to the local team that was already present. Additional projects are to be acquired and carried out in the city.

Population growth in Germany is concentrated especially in the seven top cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart), and since the year 2000 has increased by a total of around 800,000 people, resulting in an additional demand for housing. In addition to the attractive socio-demographic prospects, the choice of Hamburg as a new development location was made due to the outstanding market expertise and contacts in the city BUWOG has acquired through its previous activities.

The first development project was secured shortly after entry in the Hamburg market. This development project includes a total of 1,279 units. The investment volume calculated for this is around EUR 465 million. The "Stuhlrohrquartier" project in Hamburg-Bergedorf is being carried out in several stages with various start dates for construction; the first construction stage is likely to begin in the 2018/19 financial year.

PROGRESS OF DEVELOPMENT PROJECTS HAMBURG

as of 30 April 2016	Number of projects	Number of units	Floor area in sqm	Total investment volume in EUR million
Currently under construction	–	–	–	–
Planned construction start in 2016/17	–	–	–	–
In planning stage (construction to start from 2017/18)	1	1,279	100,170	464.5
Land reserves	–	–	–	–
Total	**1**	**1,279**	**100,170**	**464.5**

● In planning stage (construction to start from FY 2017/18)

“THE BUWOG GROUP’S DEVELOPMENT PIPELINE WAS EXPANDED AGAIN IN THE 2015/16 FINANCIAL YEAR.”

Andreas Holler, B.Sc.,
Head of Property Development Austria

“We’re rejuvenating our portfolio and ensuring continuous additions with attractive developments in Vienna, in which rentals are also being built in the company’s own portfolio as, for example, “Am Otterweg”, or in “Southgate”, the biggest Austrian project at present. On a competitive market we’ve acquired new properties such as the one on Pfeiffergasse in Vienna or, shortly after the reporting period, a property in the Nordbahnhof urban development area. We’ve continued our story of success with the prestigious “Skytower” project at the other major urban development area in Vienna, the Vienna Central Station.”

ACTIVE MARKETING AT AN EARLY STAGE

Internal marketing experts, the BUWOG Group’s own sales team as well as a selection of leading external agents are responsible for the timely marketing of the apartments for sale or to rent (subsidised rents) in Austria. The knowledge of current market demand gained from this provides valuable conclusions concerning the focus and development of new construction projects, particularly with respect to various target group requirements. Due to the general increase in housing costs, greater emphasis has been placed, for example, on more compact floor plans over the last few years. Options for flexible use with adjustable floor plans and the ability to adapt to changing requirements for different life stages are becoming increasingly important.

Energy-efficient buildings with coordinated building technology, high-quality fixtures and fittings as well as spacious common areas are important factors for the decision-making process of future tenants or owners. Convenient underground car parks, charging stations for electric cars and bikes as a contribution to climate protection, large open spaces (balconies, terraces, etc.) and modern soundproofing and lifestyle baths are additional amenities that play a significant role in the project’s success.

Early marketing successes with high pre-sale ratios achieved ideally before the start of construction also reduce the period of financing, the financing costs and the risk of residual portfolios. The revenue from the sale is only recognised to profit or loss after the unit has been sold, its construction is completed and after it has been handed over to the buyer. The current objective is to sell approximately 80% of the units developed by the BUWOG Group directly to third parties, while the remaining 20% of the rental units being built are intended for BUWOG’s own portfolio for longer-term rentals or for Unit Sales. In the 2015/16 financial year in Vienna, the BUWOG Group had new construction projects underway including “Otterweg” with 89 units, “Sagedergasse” with 78 units as well as “Breitenfurter Strasse 239” with 100 units being built as subsidised rentals. With a total of 267 rentals, these projects will be transferred to the company’s own portfolio on completion.

TAILORED PROJECT FINANCING

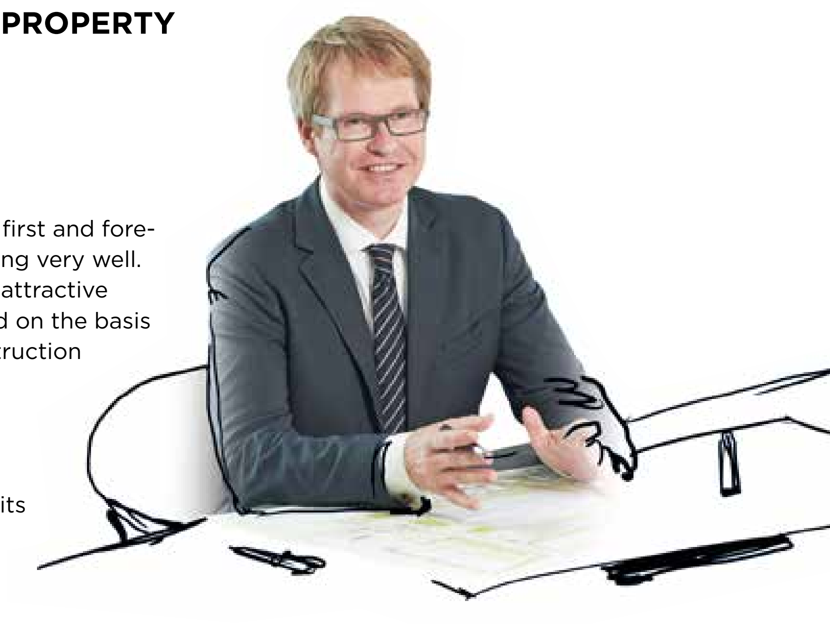
Basically, the BUWOG Group finances the expenditures for purchasing land plots or projects for demolition and for planning and approval procedures from its own resources. Tailored project financing agreements are concluded to cover building costs. The financing for subsidised projects in Austria to be added to the BUWOG portfolio as rental properties is provided at an average of 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. The financing contribution is as much as EUR 500 per sqm of total floor area and “expires” over a period of 100 years, thus the amount to be repaid to the tenant on moving out is reduced by 1% per year.

The state loan and bank debt are carried as liabilities in the balance sheet during the execution phase based on the respective building progress. The equity employed is gradually reduced through purchase price receipts and borrowing once a pre-sales ratio 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 subsidies are used in Austria once the associated requirements such as the upper limit for land unit values can be met and project planning or ability to exploit the subsidised units is economically feasible. These requirements are generally met by projects in the outer districts of Vienna.

Due to the lack of attractive subsidy models in Germany, the BUWOG Group in Berlin is currently focused on developing and building privately financed condominiums to be sold on an individual basis. Rental apartments are also built for sale to institutional investors as a global exit.

"BY EXPANDING THE BUWOG GROUP'S DEVELOPMENT ACTIVITIES TO HAMBURG, THE COMPANY HAS MADE A SIGNIFICANT MARK IN GERMANY AS A RESIDENTIAL PROPERTY DEVELOPER."
Alexander Happ,
Head of Property Development Germany



"The major new construction projects in Berlin, first and foremost "52 Grad Nord" in Köpenick, are progressing very well. At the same time, the BUWOG Group acquired attractive new properties in the 2015/16 financial year, and on the basis of the housing which is completed, under construction and in planning, BUWOG is already the number two residential property developer, according to a current study by bulwiengesa. A milestone is the expansion of Property Development to Hamburg, where we are planning over 1,000 units in Bergedorf. The BUWOG Group's strategy for Hamburg is aimed at growth and long-term orientation."

BUWOG focus	Property Development	**BUWOG** strategy
ASSET FOCUS **RESIDENTIAL**	Strategy for differentiation from peer group and creation of added value through project development	MINIMISE RISK 65 years of development experience
REGIONAL FOCUS **VIENNA/BERLIN/ HAMBURG**	Securing high profitability and minimising risk are priorities	HIGH UPSIDE POTENTIAL High margins on development projects
FUNCTIONAL FOCUS **FULL-SERVICE PROVIDER**	Development pipeline in Vienna, Berlin and Hamburg with an investment volume of around EUR 2.5 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 and for strengthening the own portfolio	

INVESTOR RELATIONS

The BUWOG Group's Executive Board and Investor Relations team handle the information requirements of shareholders with transparent communication and extensive reporting on the company's development. In addition to numerous roadshows for institutional investors and analysts, BUWOG also took part in information events for private shareholders. The positive performance of the BUWOG share acknowledges and encourages us in our commitment.

- Share price increase of around 41% to EUR 18.38 from initial listing until 30 April 2016
- Coverage by ten financial institutions
- Recommendation at the Annual General Meeting to distribute a dividend of EUR 0.69 for the 2015/16 financial year

"WESTENDPARK, BERLIN-CHARLOTTENBURG", GERMANY


Sukoring, Kiel-Suchsdorf

Burgenlandstrasse, Villach

Lechweg, Kiel

Investor Relations

Auf dem großen Ruhm, Reinbek

Hauptplatz, Seeboden

CAPITAL MARKET ENVIRONMENT

The situation on the European capital markets during the reporting period from 1 May 2015 to 30 April 2016 was influenced by a variety of factors that had an adverse effect on the rate of global economic expansion and investor confidence. The international stock markets and their indices ranged from volatile to in decline during the reporting period beginning in June 2015. The primary reasons for this were the weak economic data from China in connection with the devaluation of the yuan, the Volkswagen emissions scandal, the unclear economic effects of the refugee crisis and simmering geopolitical uncertainties such as the Syrian conflict and impending "Brexit". Due to the fear of a global economic downturn, the stock exchanges had not recovered yet in the first quarter of 2016 and continue to remain unstable.

After the DAX reached an all-time high of 12,375 points in April 2015, it moved sideways as a result of the significant swings before declining again below the threshold of 10,000 points due to growing concerns about the further development of the Chinese economy. At the end of 2015, the DAX reached the level of 10,743 points, influenced by of the increase in the key interest rate in the USA and hope for an expansion of the ECB bond-buying programme. However, the growing uncertainty about the United Kingdom remaining in the European Union and negative economic data from China, which were only partly set off by the stabilisation of the oil prices and favourable economic data coming from the USA, led to a decline to 10,038 points on 29 April 2016. For the reporting period that means a decline of 13.6%.

By comparison, the ATX fell in the reporting period somewhat more moderately by around 11%, closing at the end of April 2016 at 2,329 points. Another comparative index, the MDAX, suffered a loss of around 2% and declined from 20,541 points to 20,101 points. The Immobilien ATX (IATX), which includes the shares of five other Austrian real estate companies in addition to those of BUWOG AG, also fell by around 2% to 229 points. At the European level, the EPRA Developed Europe property index reported a loss of around 3% and fell from 2,217 points to 2,142 points. Thus with much lower losses than, for instance, the DAX or ATX, the property indices demonstrate that investors still perceive the economic climate in the real estate industry as relatively secure.

After the balance sheet date, the "Brexit" referendum conducted on 23 June 2016 with the narrow majority vote in favour of the United Kingdom's exit from the European Union led to considerable uncertainty on the international stock exchanges. The European as well as global capital markets reacted initially with significant losses. One day following the vote the British pound and the euro suffered serious downturns with respect to the US dollar. The initial declines in share prices on the stock markets important for BUWOG recovered for the most part in the course of July. The extent to which the United Kingdom's exit from the European Union will impact the capital markets and global economic growth in the long term remains to be seen. Further details on the development of the macroeconomic environment and the financial markets can be found in the relevant chapters in the Management Report.

Since 22 September 2014 the BUWOG share has been listed in the ATX, in which it has a weighting of around 5%. In the IATX, which is used as a reference value for options and futures contracts traded on the Vienna Stock Exchange and reflects all of the real estate shares listed on the Vienna Prime Market, the BUWOG share is currently weighted at around 26%. Furthermore, since 7 May 2014 the BUWOG share has been listed in the sector-specific FTSE EPRA/NAREIT Developed Europe Index, which is a globally recognised benchmark and the most frequently used index for listed real estate companies. Since June 2014 the BUWOG share has also been listed in the VÖNIX Sustainability Index, which comprises listed companies that are leaders in social and environmental performance. Admission to the GPR 250 index, which includes the 250 biggest and most liquid property companies in the world, took place on 21 September 2015.

For the successful IPO as part of the spin-off in April 2014 and the positive performance of the BUWOG share, on 17 September 2015 in Warsaw an international jury presented BUWOG AG with the CEE Capital Market Award in the category "Top Foreign Company Listing on a CEE Stock Exchange" in cooperation with consulting firm PwC. After the reporting period ended, a jury from ÖVFA presented BUWOG AG with the third place Vienna Stock Exchange Award 2016 in the main category "ATX" for its performance in financial reporting, investor relations, strategy and corporate management as well as corporate governance and sustainability. This award is also an incentive for us for the future.

DEVELOPMENT OF THE BUWOG SHARE

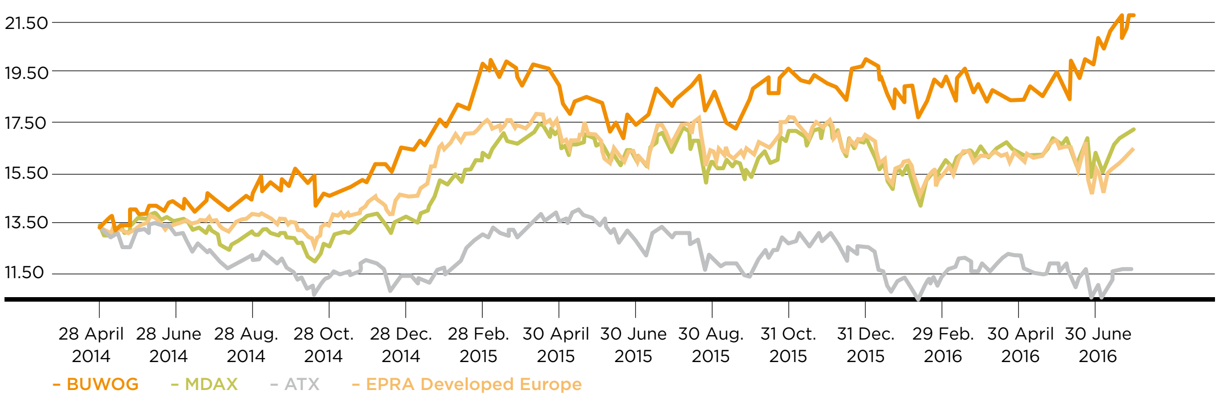
Since its listing in April 2014 with an initial price of EUR 13.00, the BUWOG share has traded steadily above this price, showing relatively low volatility and a consistent net increase in value. Supported by the generally positive development of the real estate sector, with a closing price of EUR 18.38 on 29 April 2016, the BUWOG share price had risen by roughly 41% since its initial listing, significantly outperforming the relevant benchmark indices. Including the dividends of EUR 0.69 per share distributed in October 2014 and October 2015, during the reporting period BUWOG AG shareholders participated in total growth of more than EUR 674 million or around 52% since the initial listing.

In the reporting period from 1 May 2015 to 30 April 2016, the BUWOG share price rose by just 1%. Including the dividend of EUR 0.69 per share distributed in October 2015, this still resulted in a return of 5%. As of the reporting date on 30 April 2016, the BUWOG AG share traded slightly below the EPRA NAV per share of EUR 20.18, at EUR 18.38. The performance of the share suffered in the reporting period due particularly to the overhang risk perceived increasingly by investors as a result of major shareholder IMMOFINANZ AG's publicly documented intention to sell. Thus during the reporting year, the IMMOFINANZ GROUP sold share packages at a total volume of 18.5 million shares as a result of two placements on the market, part of which occurred at a discount on the respective relevant share price.

Contrary to the general trends on the capital market, BUWOG AG's share price increased slightly after the reporting date on 30 April 2016, and was influenced especially positively by an announcement from IMMOFINANZ AG on 9 June 2016 that through a sale to the Sapinda Group it would dispose of all of its remaining stake in BUWOG, apart from the shares intended to service the convertible bonds it had issued. Subsequently, and likewise after the reporting period, the Sapinda Group then sold all of the stake in BUWOG it had acquired shortly before by floating it on the capital market at a discount of around 7% of the BUWOG share's closing price on 19 July 2016 (which implied a sale price of EUR 20.25). This led the day afterward to an approximately 4% adjustment in share price, which then rapidly stabilised.

With an EPRA NAV of EUR 20.18 per share at the end of the reporting year and a share price of EUR 21.69 as of 29 July, the BUWOG share is currently the only listed Austrian property share trading at a premium on the EPRA NAV. Influenced by a change in the shareholder structure, since the end of the reporting period the BUWOG AG share price has developed positively, consistently listing around or above the EPRA NAV per share as of the reporting date. The sideways development after the balance sheet date (see chart) was influenced by current trends on the capital market and was commensurate with the relevant sector indices. After the reporting date, the share price continued to rise, listing at EUR 21.69 on 29 July 2016. This corresponds to a premium on EPRA NAV per share of 7.6%.

COMPARATIVE PERFORMANCE OF THE BUWOG SHARE
compared with opening prices on 28 April 2014, in EUR



Since 28 April 2014 the BUWOG AG share has been listed on the Frankfurt Stock Exchange (Prime Standard) and on the stock exchanges in Vienna (ATX) and Warsaw (Main Market). 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 peer group. 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.

SHARE DATA

		30 April 2016	30 April 2015	Change
Share price	in EUR	18.38	18.09	1.6%
Shares issued as of the balance sheet date (excl. treasury shares)	Number of shares	99,773,479	99,613,479	0.2%
Market capitalisation	in EUR million	1,833.8	1,802.0	1.8%
Free float[2]	%	71%	51%	20 PP
Earnings per share[1]	in EUR	2.37	0.40	>100.0%
Recurring FFO per share[1]	in EUR	1.00	0.92	8.4%
EPRA net asset value per share[1]	in EUR	20.18	17.79	13.4%

1) Base for earnings data: 99,650,556 shares (weighted average) previous year: 99,613,479 shares. Base for asset data: 99,773,479 shares (reference date) previous year: 99,613,479 shares
2) On the balance sheet date free float amounts to 71%. After balance sheet date the free float amounts to 90% in July.

REFERENCE DATA FOR THE BUWOG SHARE

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

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

ENTERPRISE VALUE/EBITDA ADJUSTED

	2015/16	2014/15	Change
Share price in EUR	18.38	18.09	1.6%
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,613,479	0.2%
Market capitalisation in EUR million[1]	1,861.7	1,667.5	11.6%
Net financial liabilities in EUR million	1,963.4	1,483.5	32.3%
Enterprise Value in EUR million	**3,825.1**	**3,151.0**	**21.4%**
EBITDA adjusted in EUR million	174.3	158.6	9.9%
Enterprise value/EBITDA adjusted	**21.9**	**19.9**	**10.5%**

1) On the basis of VWAP (Volume Weighted Average Price) according to Bloomberg (1 May 2015 to 30 April 2016) = EUR 18.66 (previous period: EUR 16.74)

SHAREHOLDER STRUCTURE

As of the reporting date on 30 April 2016 the investment of IMMOFINANZ AG in BUWOG AG equalled 28.6% of the 99,773,479 shares issued at the time. 71.4% of the BUWOG shares were in free float on the reporting date. Now (July 2016) around 90% of the BUWOG shares are in free float. These shares are held largely by national and international institutional investors as well as by private Austrian investors.

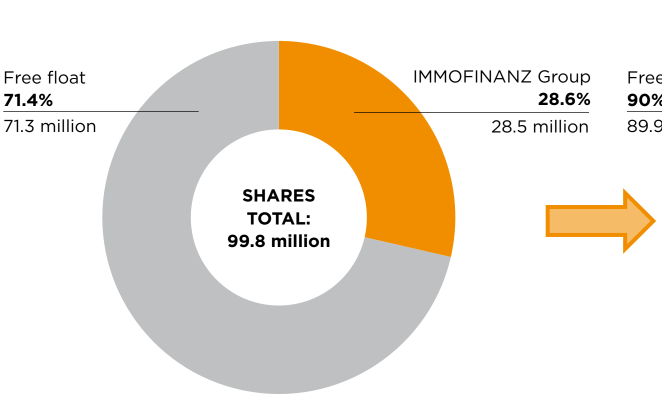
During and after the reporting period the shareholder structure of BUWOG AG changed fundamentally as a result of several transactions by the shareholder IMMOFINANZ AG.

First, in September 2015 IMMOFINANZ AG repurchased an exchangeable bond (XS1108672988) placed on 4 September 2014 for the shares it held in BUWOG AG. The bondholders had two options: to receive a cash payment plus a premium, or the delivery of the eligible number of shares based on the terms of the issue plus a premium. This bond had a nominal volume of EUR 375.0 million, a coupon of 1.5% p.a. and an exchange price of EUR 16.26 after payment of the dividend for the 2013/14 financial year. Therefore, the conversion price was substantially lower than the market price of the BUWOG share. The exchangeable bond was scheduled for redemption on 11 September 2019, with a put option on 11 September 2017. The full conversion of the exchangeable bond on the due date would have resulted in the transfer of 23.1 million BUWOG shares previously existing and currently held by IMMOFINANZ AG. With the repurchase of the exchangeable bond, IMMOFINANZ AG regained free disposal over these shares and subsequently placed 8.5 million of them on the market on 15 September 2015 through an accelerated bookbuilding process. A further 1.8 million BUWOG shares were transferred to the bondholders who chose to receive the delivery of shares. Thus the repurchase of the exchangeable bond by IMMOFINANZ AG and the subsequent share placement increased BUWOG AG's free float to 61.3%. IMMOFINANZ held 38.5 million BUWOG shares after completion of this transaction.

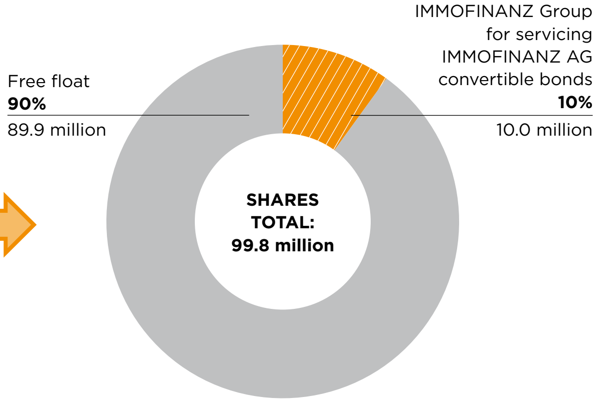
IMMOFINANZ AG then placed around 10 million BUWOG shares in an accelerated bookbuilding process on 9 March 2016. The sale price was EUR 17.10 per share, which represents a discount of 8.9% to the closing price of the BUWOG share on that date. IMMOFINANZ AG generated gross proceeds of around EUR 171 million with this sale. Following the completion of this transaction on 14 March 2016 and therefore on the reporting date, IMMOFINANZ AG held 28.5 million BUWOG shares. Thus BUWOG AG's free float was roughly 71.4% on the reporting date.

Following the balance sheet date, IMMOFINANZ AG sold 18.5 million of the 28.5 million BUWOG shares it still held to the Sapinda Group on 9 June 2016. The price of EUR 19 per share – which is a total of around EUR 352 million – was 3.5% above the closing price of the share on the Vienna Stock Exchange, which was EUR 18.36, on 8 June 2016. Thus IMMOFINANZ AG reduced its stake of around 28% to 10%. The remaining 10.0 million BUWOG shares are intended for the proportional servicing of convertible bonds issued by IMMOFINANZ. The Sapinda Group sold the stake it had acquired shortly before on 19 July 2016 through a placement on the capital market at a share price of EUR 20.25, which was equal to a customary market discount of around 7% on the Vienna Stock Exchange closing price of EUR 21.69. Thus around 90% of the BUWOG AG shares are now in free float, which has resulted in the share's increased liquidity on the markets.

SHAREHOLDER STRUCTURE AS OF 30 APRIL 2016



SHAREHOLDER STRUCTURE AS OF 20 JULY 2016



The specific features of IMMOFINANZ AG'S two convertible bonds (WA 2017 XS0332046043 and WA 2018 XS0592528870), in the scope of whose conversion IMMOFINANZ AG is required to transfer the BUWOG shares that previously existed and which IMMOFINANZ AG currently holds, include the following: in the event of conversion, IMMOFINANZ AG is required to transfer the BUWOG shares, as they were issued prior to the spin-off of BUWOG AG from IMMOFINANZ AG. While the conversion of the CB 2017 would lead to the transfer of roughly 0.1 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the bondholders on the basis of the current exchange ratio, the conversion of the CB 2018 would lead to the transfer of 7.7 million BUWOG shares to the CB 2018 bondholders on the basis of the current exchange ratio. However, the conversion of the CB 2017 (XS0332046043) appears highly unlikely at the present time due to the current price of the IMMOFINANZ AG and BUWOG AG shares. The full conversion of the CB 2018 (XS0592528870) would, based on current information, lead to the transfer of 7.7 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the bondholders. This would increase the free float of the BUWOG share from the present level of roughly 90% to approximately 98%. BUWOG's future dividend payments can result in an increase of the number of shares to be transferred by IMMOFINANZ AG to the convertible bondholders such that following conversion as much as 100% of the BUWOG shares would be classified as free float. These bonds do not represent a dilution risk for BUWOG shareholders.

During the reporting period the number of shares increased by a total of 120,000 shares to the current level of 99,773,479 as a result of exercising options in connection with the long-term incentive programme of former Executive Board member Dr Ronald Roos at the beginning of 2016. This led to a commensurate increase in share capital of TEUR 120.0 and capital reserves of TEUR 1,440.0.

INVESTOR RELATIONS ACTIVITIES

Intensive 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 top priority for BUWOG AG. As a member of the leading European association of listed property companies, EPRA, BUWOG is committed to its standards governing the transparency of accounts, and underscores its credibility by pursuing its demand for professionalism and excellence. The present Annual Report aims for the first time to achieve the gold standards of EPRA.

As part of the efforts to establish BUWOG AG in the capital markets, members of the Executive Board and the employees from the Investor Relations & Corporate Finance departments took advantage of a total of around 220 meetings with investors for the purpose of presenting the company in the form of individual one-on-ones, small group discussions at roadshows and conferences as well as investor calls. In the context of this, BUWOG AG was represented locally, on more than one occasion, in Amsterdam, Berlin, Boston, Chicago, Den Haag, Denver, Frankfurt, Innsbruck, London, Munich, New York, Paris, Stegersbach, Warsaw, Vienna, Zurich and Zürs. Moreover, numerous 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 subsidiary in Berlin as well as to gain insight into BUWOG AG's property portfolio and current development projects during property tours and site visits.

Communication with private investors is also of great importance for BUWOG AG. BUWOG AG's employees and the members of the Executive Board regularly publish up-to-date background articles in the company blog at *http://blog.buwog.com.* 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 on the capital market are 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 share price	Recommendation
Baader Bank	25 July 2016	EUR 25.00	Buy
Bank of America Merrill Lynch	3 March 2016	EUR 21.50	Buy
Barclays	3 June 2015	EUR 22.70	Overweight
Berenberg	3 May 2016	EUR 22.00	Buy
Deutsche Bank	17 May 2016	EUR 23.00	Buy
Erste Bank	1 October 2015	EUR 21.50	Accumulate
HSBC	15 July 2016	EUR 32.90	Buy
Kepler Cheuvreux	21 June 2016	EUR 22.00	Buy
M.M. Warburg Bank	30 March 2016	EUR 21.70	Buy
Raiffeisen Centrobank	29 March 2016	EUR 20.30	Hold

The average target share price in the published research reports is EUR 23.26, which is 7.2% above the share price on 29 July 2016 (EUR 21.69).

DIVIDEND POLICY

The Executive Board of BUWOG AG is committed, above all, to protecting the interests of its shareholders – and this includes providing an appropriate return on their investment from the cash flows generated by the company. Over the long term, the Executive Board plans to recommend the payment of dividends equalling approximately 60% to 65% of Recurring FFO to the Annual General Meeting of BUWOG AG. The Executive Board is aiming for a dividend that reflects the distribution made in October 2014 and October 2015, i.e. EUR 0.69 per share, until the defined payout ratio is reached. A further increase in the dividend would then reflect the growth in the company's Recurring FFO. The previous dividend of EUR 0.69 per share represents a return of 3.4% of the company's EPRA Net Asset Value as of the reporting date on 30 April 2016 and a return of 3.2% on the closing price on 29 July 2016, which was EUR 21.69, or 3.7% of the volume-weighted average price (VWAP) of the financial year of EUR 18.66. That makes the BUWOG share one of the highest-yielding real estate shares in Europe and also offers shareholders potential for growth through a possible increase in the property portfolio and higher income, above all through the business area of Property Development.

INVESTMENT STORY AT A GLANCE

HIGH-QUALITY RESIDENTIAL PORTFOLIO IN AUSTRIA AND GERMANY

- Portfolio of around 51,100 units with a fair value of EUR 3.7 billion
- Geographic focus of the portfolio structure on Germany and Austria, two of the most stable housing markets in Europe
- More than 80% of the investment portfolio (based on fair value) in urban locations in the capital cities of Berlin and Vienna as well as other regional capitals and big cities in Austria and North Germany, including their catchment areas

UNIQUE BUSINESS MODEL WITHIN THE PEER GROUP

- Fully integrated business model along the entire residential property chain with the three business areas of Asset Management, Property Sales and Property Development for the company's own portfolio and for sale
- As a result, high Recurring FFO generated with simultaneous increase in portfolio quality through consolidation and growth in socio-demographically attractive markets

CONSERVATIVE LEVERAGE PROFILE AS BASIS FOR FURTHER GROWTH

- Consistently low Loan-to-Value of no more than 50%
- Very low average interest rate of 2.19%
- Considerably long-term average residual maturity of 15.9 years for external financing with interest rate hedging for 13.4 years
- Pronounced diversification of financing partners
- Around 85% of financial liabilities hedged against interest rate risks

LIQUID SHARE WITH ATTRACTIVE DIVIDEND YIELD

- Mark capitalisation of EUR 1.8 billion as of 30 April 2016, with stock exchange listings in Frankfurt, Vienna and Warsaw
- Around 90% of the shares currently in free float
- Planned dividend payout of EUR 0.69 per share for the 2015/16 financial year corresponds to a dividend yield of 3.7% on the volume-weighted average share price of EUR 18.66 for the reporting year
- Medium-term payout ratio of around 60% to 65% of Recurring FFO in the interest of a predictable and continuous dividend policy
- Member of the ATX, the FTSE EPRA/NAREIT Developed Europe Index and the VÖNIX (Austrian Sustainability Index)

FINANCIAL CALENDAR

31 August 2016	Publication of the Annual Report for 2015/16
1–2 September 2016	Capital Markets Day, Berlin
6–8 September 2016	EPRA Annual Conference 2016, Paris
13–14 September 2016	Bank of America Merrill Lynch 2016 Global Real Estate Conference, New York
19–21 September 2016	Berenberg and Goldman Sachs Fifth German Corporate Conference, Munich
20–22 September 2016	Baader Investment Conference, Munich
28 September 2016	Publication of the Q1 Report for 2016/17
29 September 2016	Société Générale Pan European Real Estate Conference, London
4 October 2016	Record date for the Annual General Meeting
10–14 October 2016	Erste Investor Conference, Stegersbach
14 October 2016	Annual General Meeting of BUWOG AG, Stadthalle Vienna
17 October 2016	Ex-dividend date
18 October 2016	Record date for dividend
19 October 2016	Dividend payment date
5–8 December 2016	Berenberg European Corporate Conference, Surrey, UK
21 December 2016	Publication of the H1 Report for 2016/17
22 March 2017	Publication of the 9M Report for 2016/17

CONTACT

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

“WITH AROUND 90% OF OUR SHARES NOW IN FREE FLOAT, OUR CORPORATE FINANCE TOOL BOX HAS SIGNIFICANTLY EXPANDED AND WE’RE OPTIMISTIC IN OUR ANTICIPATION OF FURTHER GROWTH.”

Holger Lueth,
Head of Corporate Finance & Investor Relations

“I thank all of the BUWOG Group employees for their support, for without their commitment to operations and a balanced financing structure, successful efforts on the capital market and creating value for our shareholders is impossible. I thank our shareholders and financing partners for their trust and cooperation. The work for and with our shareholders is of utmost priority for us, and we will also continue to actively communicate with them in the current financial year.”

LICHTENHAIN, LÜCKSTRASSE, BERLIN-LICHTENBERG

CORPORATE GOVERNANCE REPORT

in acc. with Section 243b of the Austrian Commercial Code

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

Milesistrasse, Villach

Corporate

Mösslacherstrasse, Velden

Kleiststrasse, Brunswick

Industriestrasse, Knittelfeld

Governance Report

Bornhoevedstrasse, Lübeck

My notes on the Corporate Governance chapter

Bellegardegasse, 1220 Vienna

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

G4-DMA

The Executive and Supervisory Boards of BUWOG AG are committed to compliance with the rules of the Austrian Corporate Governance Code, which is recognised on the Vienna Stock Exchange. BUWOG shares 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. The Austrian Corporate Governance Code is the applicable set of regulations because the company's registered office is located in Vienna. This code was first introduced in 2002 by the Austrian Working Group for Corporate Governance as a regulatory framework for the sustainable, long-term management and control of listed Austrian stock corporations and the European stock corporations (SEs) listed and registered in Austria. The latest version of the code can be accessed at www.corporate-governance.at and at www.buwog.com (under investor relations). The version of the code applicable to the 2015/16 financial year was issued in January 2015 and comprises a total of 83 rules which are classified under L, C and R categories. "L-Rules" (legal requirements) are based on mandatory statutory provisions. Deviation from the "C-Rules" (comply or explain) must be explained or justified to achieve compliance with the code. The "R-Rules" are recommendations and non-compliance does not require disclosure or justification.

DEVIATIONS FROM C-RULES

All L-Rules were met in 2015/16. The deviations from the C Rules are explained as follows:

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

Explanation/reasons for deviation: The older contracts with the members of the Executive Board did not include any explicit provisions for such cases. This currently applies to the Executive Board contract with Herwig Teufelsdorfer. The preparation of the contract for Andreas Segal and the contract extension for Daniel Riedl reflect this requirement through the addition of an appropriate repayment clause. In general, all Executive Board contracts determine that variable remuneration components may only be paid out on the basis of objective and transparent amounts from the audited annual financial statements or – in the case of so-called soft targets – after an evaluation by the Remuneration Committee on the extent of target attainment. The manipulation of indicators by the Executive Board is not possible due to the assessment system used by the Supervisory Board – apart from circumstances involving accounting fraud and the related legal consequences. Nevertheless, the company reserves the right to require the repayment of variable remuneration paid out without justification.

C-Rule 38. According to this rule, the Supervisory Board must define a profile that reflects the company's business focus and situation and use this profile to appoint the Executive Board members based on a pre-defined appointment procedure. The Supervisory Board must ensure that no member of the Executive Board has been legally convicted of a crime that could lead to doubts over his or her professional reliability as a member of that body. In addition, the Supervisory Board must place an appropriate focus on succession planning.

Explanation/reasons for deviation: Due to the resignation of Ronald Roos on short notice and by mutual consent, it was in the interests of the company and shareholders that the Supervisory Board appoint a successor as quickly as possible. Accordingly, the normal appointment procedures with an executive search and the selection and evaluation of potential candidates were not followed because the Supervisory Board was already acquainted with Andreas Segal. Nonetheless, this appointment was only made after careful consideration and function-related, joint discussions with the Remuneration and Nominating Committee and the full Supervisory Board.

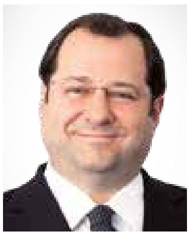
ANNUAL GENERAL MEETING

All decisions of fundamental importance are taken at the annual general meeting (AGM) of BUWOG AG including, above all, decisions on the use of profit, the release of the Executive and Supervisory Boards from liability and the election of the auditor as well as decisions on capital measures. BUWOG arranges for a representative to assist shareholders in exercising their voting rights. In addition, shareholders may be represented by a proxy. Each share is entitled to one vote. In accordance with the Austrian Stock Corporation Act *(Aktiengesetz)* and the Austrian Corporate Governance Code, AGMs are convened at least 28 days before an ordinary annual general meeting and at least 21 days before an extraordinary general meeting. Two AGMs were held during the reporting year. In order to improve the protection for shareholders, the extraordinary AGM on 8 June 2015 approved a number of amendments to the articles of association including a reduction in the threshold for mandatory offers to 20% and an increase in the number of Supervisory Board members from the previous five to six shareholder representatives. A sixth member was then elected to the Supervisory Board. The second AGM of BUWOG AG was held on 13 October 2015. The relevant documents for the annual general meetings are published on the company's website and are also available after each annual general meeting together with the voting results.

EXECUTIVE BOARD

The Executive Board of BUWOG AG had three members as of 30 April 2016. Daniel Riedl was appointed to the Executive Board following the conversion of Artemis GmbH into BUWOG AG by resolution of the extraordinary general meeting on 27 November 2013. In accordance with a decision by the Supervisory Board on 10 April 2014, he was appointed as chairman of the Executive Board for a term of three years. A circulatory Supervisory Board resolution dated 16 November 2014 extended his appointment to 30 April 2017. This appointment was further extended to 28 April 2021 at the Supervisory Board meeting on 28 April 2016 and Mr. Riedl's contract was revised. The Supervisory Board appointed Ronald Roos to the Executive Board on 17 February 2014 and subsequently defined rules of procedure for this corporate body. Ronald Roos resigned from the Executive Board as of 9 December 2015. In a meeting on 22 June 2015, the Supervisory Board of BUWOG AG appointed Herwig Teufelsdorfer to the Executive Board as of 1 July 2015 for a period of three years. Through a resolution on 9 December 2015, the Supervisory Board appointed Andreas Segal to the Executive Board of BUWOG AG as of 1 January 2016 for a period of four years and also appointed him as Deputy CEO. The areas of responsibility of the individual Executive Board members are described below.

DANIEL RIEDL, FRICS, CEO



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

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

ANDREAS SEGAL, DEPUTY CEO, CFO

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

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

HERWIG TEUFELSDORFER MRICS, COO

Born on 17 March 1969, appointed from 1 July 2015 to 30 June 2018
Responsible for property management in Austria and Germany, portfolio management & transactions, quality assurance and complaint management.

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

RONALD ROOS, CFO

Born on 20 January 1968, appointed from 17 February 2014 to 30 April 2017,
resigned from the Executive Board as of 9 December 2015.

INDEPENDENCE OF THE EXECUTIVE BOARD

The members of the Executive Board are required to take 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 Executive Board colleagues. Persons serving on the Executive Board may only accept appointments to the supervisory bodies of non-Group companies with the consent of the BUWOG Supervisory Board. None of the Executive Board members currently holds a position of this type. The legal prohibition on competition was not revoked.

RESPONSIBILITIES OF THE EXECUTIVE BOARD

	Responsibilities	First appointed on	Appointed up to	Functions on other corporate bodies
Daniel Riedl, FRICS **CEO**	– Development AT & DE – Marketing & Communications – Human Resources & Organisation – Legal – Internal Audit & Process and Project Management – Compliance	27 November 2013	28 April 2021	None
Andreas Segal, Deputy CEO **CFO**	– Accounting & Taxes – Controlling & Risk Management – Corporate Finance & Investor Relations – Central Procurement – IT	1 January 2016	31 December 2019	None
Herwig Teufelsdorfer, MRICS **COO**	– Property Management AT & DE – Transactions & Portfolio Management – Quality Assurance & Complaint Management	1 July 2015	30 June 2018	None

SUPERVISORY BOARD

The Supervisory Board of BUWOG AG monitors the management of the company by the Executive Board and provides support, in particular, for decisions of fundamental importance. In accordance with a resolution of the extraordinary general meeting of BUWOG AG on 15 May 2014, the Supervisory Board initially had five members: Vitus Eckert, Eduard Zehetner, Klaus Hübner, Volker Riebel and Jutta A. Dönges. The following constituent Supervisory Board meeting elected Vitus Eckert as chairman of the Supervisory Board and Eduard Zehetner as vice-chairman. Mr. Zehetner resigned from the Supervisory Board and, consequently, also from his position as vice-chairman as of 30 April 2015. He was succeeded by Oliver Schumy as of 1 May 2015, who was also elected vice-chairman of the Supervisory Board.

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

The extraordinary general meeting of BUWOG AG on 8 June 2015 approved an increase in the number of Supervisory Board members from five to six. This general meeting was asked to and subsequently elected Stavros Efremidis as the sixth member of the Supervisory Board.

Five meetings of the Supervisory Board, three meetings of the Audit Committee and five meetings of the Personnel and Nominating Committee were held during the reporting year. At the meeting on 28 April 2016, the Supervisory Board discussed the questionnaire and the results of its self-evaluation.

RESPONSIBILITIES OF THE SUPERVISORY BOARD

	Responsibilities	First elected/ appointed on	Appointed up to	Mandates/functions in other Austrian and foreign companies
Vitus Eckert	– Chairman of the Supervisory Board – Chairman of the Audit, Strategy and Personnel Committees – Independent as per C-Rules 53 and 54 Corp. Gov. Code	27 November 2013	AGM 2019	– Chairman of the supervisory board of STANDARD Medien AG – Chairman of the supervisory board of Vitalis Food GmbH – Chairman of the supervisory board of Ankerbrot AG – Chairman of the supervisory board of “Anker Snack & Coffee” Gastronomiebetriebs GmbH – Vice-chairman of the supervisory board of Adolf Darbo AG – Vice-chairman of the supervisory board of S. Spitz GmbH – Member of the supervisory board of St. Ambrosius AG – Member of the executive board of Bronner Familien-Privatstiftung – Member of the executive board of Darbo Familien-Privatstiftung – Member of the executive board of Simacek Privatstiftung – Member of the executive board of NAOMI Privatstiftung
Oliver Schumy	– Vice-Chairman of the Supervisory Board – Vice-Chairman of the Audit, Strategy and Personnel Committees – Independent as per C-Rules 53 and 54 Corp. Gov. Code	1 May 2015	AGM 2019	– CEO of IMMOFINANZ AG
Klaus Hübner	– Member of the Supervisory Board – Member of the Audit and Personnel Committees – Financial expert – Independent as per C-Rules 53 and 54 Corp. Gov. Code	7 March 2014	AGM 2019	– Member of the supervisory board of WT-Akademie GmbH – President of the Chamber of Austrian Chartered Accountants (KWT)
Volker Riebel	– Member of the Supervisory Board – Member of the Strategy Committee – Independent as per C-Rules 53 and 54 Corp. Gov. Code	15 May 2014	AGM 2019	– Vice-chairman of the supervisory board of ARBIREO Capital GmbH – Managing director and share-holder of Carpe Diem GmbH
Jutta Dönges	– Member of the Supervisory Board – Independent as per C-Rules 53 and 54 Corp. Gov. Code	15 May 2014	AGM 2019	– Chairwoman of the management board of the Federal Agency for Financial Market Stabilisation (FMSA) – Member of the administrative board of FMS Wertmanagement AöR
Stavros Efremidis	– Member of the Supervisory Board – Independent as per C-Rules 53 and 54 Corp. Gov. Code	8 June 2015	AGM 2019	– CEO of WCM Beteiligungs- und Grundbesitz-AG – Managing director of Invivo Capital GmbH
Elisabeth Manninger	– Member of the Supervisory Board – Member of the Audit and Strategy Committees	2 June 2014 Appointed by the Wage Employees Works Council		None
Markus Sperber	– Member of the Supervisory Board – Member of the Audit and Strategy Committees	2 June 2014 Appointed by the Salaried Employees Works Council		None
Raphael Lygnos	– Member of the Supervisory Board	2 June 2014 Appointed by the Salaried Employees Works Council		None

VITUS ECKERT

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

Other supervisory board functions: chairman of the supervisory board of STANDARD Medien AG, Vienna, and the supervisory board of Vitalis Food GmbH, Linz; the supervisory board of Ankerbrot AG, Vienna, 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; executive board functions: member of the executive board of Bronner Familien-Privatstiftung, Vienna, Darbo Familien-Privatstiftung, Stans, Simacek Privatstiftung, Vienna, and NAOMI Privatstiftung, Oberwaltersdorf.

Vitus Eckert is an attorney and partner of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden.

OLIVER SCHUMY

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

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

KLAUS HÜBNER

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

Other supervisory board functions: member of the supervisory board of WT-Akademie GmbH
Other functions: president of the Chamber of Austrian Chartered Accountants (KWT)

VOLKER RIEBEL

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

Other supervisory board functions: vice-chairman of the supervisory board of ARBIREO Capital GmbH in Frankfurt am Main
Other functions: managing director and shareholder of Carpe Diem GmbH, Düren

JUTTA DÖNGES

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

Jutta Dönges is chairwoman of the management board of the Federal Agency for Financial Market Stabilisation (FMSA) and a member of the administrative board of FMS Wertmanagement AöR.

STAVROS EFREMIDIS

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

Executive board functions: CEO of WCM Beteiligungs- und Grundbesitz-AG in Frankfurt
Other functions: managing director of Invivo Capital GmbH in Berlin

ELISABETH MANNINGER

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

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established three committees:

AUDIT COMMITTEE

- Vitus Eckert, Chairman
- 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 the management report, the consolidated financial statements and the group management report, the recommendation for the distribution of profit and the corporate governance report. Other duties include the 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 2015/16 financial year which ended on 30 April 2016, the Audit Committee met three times. The first meeting was held on 27 August 2015 and focused on preparations for the audit of annual financial statements and the use of profit for 2014/15. The meeting on 13 October 2015 dealt with the Internal Audit Department's activity report. The third meeting took place on 28 April 2016, whereby the agenda included the audit schedule for 2015/16, the Internal Audit activity report and planning for the Internal Audit reviews in 2016/17.

Legal regulations and the Austrian Corporate Governance Code require the Audit Committee to have at least one financial expert. This expert is Klaus Hübner. Two Works' Council members were also appointed to the Audit Committee.

STRATEGY COMMITTEE

- Vitus Eckert, Chairman
- Oliver Schumy, Vice-Chairman
- Volker Riebel
- Elisabeth Manninger
- Markus Sperber

The Strategy Committee is responsible for regularly evaluating the Group's strategy and advising the Executive Board on related issues. It assesses strategic opportunities for development, with the aim of improving the BUWOG Group's long-term competitive position and increasing the sustainable creation of value for shareholders. Accordingly, this committee monitors relevant market events, reviews opportunities for future development and monitors the growth of the BUWOG Group with regard to decisions on investment, disinvestment and restructuring measures. The Strategy Committee met twice during 2015/16. The first meeting was held on 3 September 2015 and focused on the strategic positioning of the BUWOG Group. The second meeting took place on 27 April 2016 and included a presentation and assessment of the BUWOG Group's current strategy as well as a discussion on liquidity planning and financing options.

PERSONNEL AND NOMINATING COMMITTEE

- Vitus Eckert, Chairman
- Oliver Schumy, Vice-Chairman
- Klaus Hübner

The Personnel and Nominating Committee submits proposals to the full Supervisory Board for the appointment of members to vacant positions on the Executive and Supervisory Boards and deals with succession planning issues. It also addresses the remuneration of the Executive Board members and the terms of their employment contracts. The Personnel and Nominating Committee took its decisions in the form of circulatory resolutions with preceding telephone conferences five times during 2015/16. A resolution on 16 June 2015 involved a proposal to the Supervisory Board, calling for the appointment of Herwig Teufelsdorfer to the Executive Board. On 29 July 2015, a resolution was passed to define the non-target-based annual variable bonuses (STI) for the Executive Board in 2015/16. The committee members took a decision on 19 August 2015 concerning the target attainment of the Executive Board members for the STI in the previous financial year. On 30 November 2015 a recommendation was made to the full Supervisory Board to appoint Andreas Segal as Deputy CEO and Chief Financial Officer, and on 27 April 2016 a recommendation was made to extend the Executive Board contract with Daniel Riedl as Chief Executive Officer.

SUPERVISORY BOARD COMMITTEES

Audit Committee	Strategy Committee	Personnel and Nominating Committee
Vitus Eckert, Chairman	Vitus Eckert, Chairman	Vitus Eckert, Chairman
Oliver Schumy, Vice-Chairman	Oliver Schumy, Vice-Chairman	Oliver Schumy, Vice-Chairman
Klaus Hübner	Volker Riebel	Klaus Hübner
Elisabeth Manninger	Elisabeth Manninger	
Markus Sperber	Markus Sperber	

INDEPENDENCE OF THE SUPERVISORY BOARD

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

The Chairman of the Supervisory Board, Vitus Eckert, is a partner in Eckert Fries Prokopp Rechtsanwälte GmbH, based in Baden bei Wien. This law firm charged fees of EUR 34,129.55 for legal advice to BUWOG Group companies in 2015/16. The terms of these fees, above all the hourly rates, reflect standard market conditions.

A close relative of a Supervisory Board member purchased a condominium from the BUWOG Group at a standard market price in 2015/16.

There are no other contracts within the scope of L-Rule 48 between members of the Supervisory Board and BUWOG AG or its subsidiaries in which a member of the Supervisory Board has a significant economic interest. The members of the Supervisory Board have defined C-Rule 53 of the Austrian Corporate Governance Code and the guidelines included in Annex 1 of the code as the criteria for their independence. All members have declared their independence in accordance with these criteria. 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 C-Rule 54 of the code in that they do not represent any shareholders with holdings of more than 10% or the interests of such shareholders within the meaning of this rule. 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 C-Rule 53 of the Austrian Corporate Governance Code, a Supervisory Board member is considered to be independent if he/she has no professional or personal relationships with the company or its Executive Board that could constitute a material conflict of interest and therefore be likely to influence the member's behaviour. The Supervisory Board of BUWOG AG has adopted the following guidelines, which are defined in Annex 1 to the Austrian Corporate Governance Code, as the criteria for evaluating the independence of its members:

- The Supervisory Board member may not have been a member of the Executive Board or a key employee of the company or a subsidiary of the company during the past five years.
- The Supervisory Board member may not presently have or, in the previous year, had any business relations with the company or a subsidiary of the company of a scope material for that Supervisory Board member. This also applies to business relationships with companies in which the Supervisory Board member holds a significant financial interest, but does not include positions on Group corporate bodies. The approval of individual transactions by the Supervisory Board in accordance with L-Rule 48 does not automatically result in qualification as not independent.
- The Supervisory Board member may not have been an auditor of the company or a shareholder or employee of the examining audit company during the previous three years.
- The Supervisory Board member may not be an executive board member in another company in which an Executive Board member serves on the supervisory board.

- The Supervisory Board member may not serve on this body for more than 15 years. This criterion does not apply to Supervisory Board members who are shareholders with an entrepreneurial interest or who represent the interests of such shareholders.
- The Supervisory Board member may not be a close family member (direct descendant, spouse, life partner, parent, uncle/aunt, brother/sister, nephew/niece) of an Executive Board member or a person in one of the positions described above.

DE-DOMINATION AGREEMENT BETWEEN IMMOFINANZ AG AND BUWOG AG

The shares in BUWOG AG held by IMMOFINANZ AG and its subsidiaries, i.e. 28.57% as of 30 April 2016, are subject to contractual voting right restrictions based on the de-domination agreement concluded between the two companies. Details on the content of this agreement are provided in the management report under *Information on capital.* This agreement is also available on the internet at www.buwog.com under the menu point "Investor Relations". In the annual general meetings of BUWOG AG, IMMOFINANZ AG only exercised the voting rights arising from its BUWOG shares in the election of Vitus Eckert and Oliver Schumy to the Supervisory Board. The other four members were elected without the exercise of voting rights by IMMOFINANZ AG.

COOPERATION BETWEEN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

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

REMUNERATION OF THE EXECUTIVE BOARD

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

FIXED REMUNERATION COMPONENT

The members of the Executive Board receive a fixed gross annual salary, which is paid in 14 equal instalments on the customary payment dates. In addition to this fixed remuneration, the Executive Board members receive non-cash compensation in the form of a company car and Andreas Segal also receives housing. A payment equal to 10% of the respective fixed salary each year is made to a defined contribution pension plan on behalf of each Executive Board member. Details on this plan are provided in the notes to the consolidated financial statements. Directors' and officers' liability (D&O) insurance with coverage of EUR 25 million has been arranged for the management bodies of BUWOG AG. This insurance does not include any deductible for the involved managers. Fidelity insurance was been arranged with a coverage amount of EUR 15 million and a deductible of EUR 500,000 per claim. The two insurance contracts are linked to provide combined coverage.

TARGET-BASED ANNUAL VARIABLE BONUS (STI)

The STI ranges from 37.5% to 100% of the fixed salary depending on the Executive Board member and is calculated in accordance with following stipulations: An annual target is set in advance in agreement with the Personnel and Remuneration Committee of the Supervisory Board, with targets defined in both qualitative and quantitative categories. These targets include Recurring FFO per share and earnings before tax per share at a weighting of 40% each, while other individual targets comprise 20% of the STI. A component equal to 80% of the target-based bonus is accounted for by including 1/14 with each regular salary payment. The final amount of the STI is set by the Supervisory Board or the Remuneration Committee after the approval of the annual financial statements. It is announced in writing no later than four weeks after receipt of the audited annual financial statements and paid out, after the deduction of partial payments, with the next salary payment. Any excess must be repaid by the Executive Board member, and the payments on account for the following financial year are reduced equally. In accordance with Section 77 of the Austrian Stock Corporation Act, the variable remuneration approved by the Supervisory Board may not exceed the annual net profit recorded by the company. The Supervisory Board may also grant the members of the Executive Board a special bonus for exceptional performance in a financial year. The contracts with all members of the Executive Board include a change of control clause that defines their entitlements in the event of premature termination. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or two years at most. In 2014/15 the target for Recurring FFO was substantially exceeded at 130%, while the target for profit before tax, after an adjustment for the effects from the repayment of the convertible bond, was missed at 78%. The individual targets – here, above all, the integration of DGAG and the positioning of BUWOG on the capital market – were met in full by Daniel Riedl and Ronald Roos. Therefore, the target attainment equalled 100% and the STI is to be paid out in full after the deduction of payments on account. Herwig Teufelsdorfer was appointed to the Executive Board as COO as of 1 July 2015. He receives annual fixed remuneration of TEUR 250.0 as well as variable remuneration between EUR 0.0 and TEUR 250.0. Andreas Segal was appointed to the Executive Board of BUWOG AG as Deputy CEO and CFO from 1 January 2016 to 31 December 2019. He receives annual fixed remuneration of TEUR 450 as well as variable remuneration between EUR 0.0 and TEUR 250.0.

EXECUTIVE BOARD REMUNERATION

	Daniel Riedl				Andreas Segal[1]		
in TEUR	2015/16	2015/16 (Min.)	2015/16 (Max.)	2014/15	2015/16	2015/16 (Min.)	2015/16 (Max.)
Fixed remuneration	720.0	720.0	720.0	720.0	150.0	150.0	150.0
Remuneration in kind	9.6	9.6	9.6	8.6	7.2	7.2	7.2
Pension fund contributions	72.0	72.0	72.0	72.0	12.9	12.9	12.9
Total fixed remuneration	**801.6**	**801.6**	**801.6**	**800.6**	**170.1**	**170.1**	**170.1**
Short-term incentive	270.2	0.0	270.2	270.0	83.3	0.0	83.3
Total variable remuneration	**270.2**	**0.0**	**270.2**	**270.0**	**83.3**	**0.0**	**83.3**
Termination benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total remuneration	**1,071.8**	**801.6**	**1,071.8**	**1,070.6**	**253.4**	**170.1**	**253.4**

	Herwig Teufelsdorfer[2]			Ronald Roos[3]			
in TEUR	2015/16	2015/16 (Min.)	2015/16 (Max.)	2015/16	2015/16 (Min.)	2015/16 (Max.)	2014/15
Fixed remuneration	208.3	208.3	208.3	178.6	178.6	178.6	250.0
Remuneration in kind	8.2	8.2	8.2	19.3	19.3	19.3	28.6
Pension fund contributions	19.6	19.6	19.6	0.0	0.0	0.0	0.0
Total fixed remuneration	**236.1**	**236.1**	**236.1**	**197.9**	**197.9**	**197.9**	**278.6**
Short-term incentive	208.3	0.0	208.3	166.7	0.0	166.7	250.0
Total variable remuneration	**208.3**	**0.0**	**208.3**	**166.7**	**0.0**	**166.7**	**250.0**
Termination benefits	0.0	0.0	0.0	673.5	673.5	673.5	0.0
Total remuneration	**444.4**	**236.1**	**444.4**	**1,038.1**	**871.4**	**1,038.1**	**528.6**

1) Member of the Executive Board since 1 January 2016
2) Member of the Executive Board since 1 July 2015
3) Member of the Executive Board until 9 December 2015

LONG-TERM INCENTIVE PROGRAMME (LTIP)

The AGM on 14 October 2014 approved 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). These options for the purchase of BUWOG shares are intended to link part of the variable remuneration for the Executive Board members to the performance of the BUWOG share, 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 BUWOG shareholders.

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

The options can, in principle, only be exercised after a waiting period of four financial years, i.e. for the first time in the fifth financial year after the start of the programme (i.e. 2018/19). These rights may be exercised earlier in certain cases related to the premature termination of an Executive Board member's contract. This is possible, among others, for basic options and bonus options whose performance targets have been met when the Executive Board contract is terminated due to change of control. Ronald Roos chose to exercise this right on the premature termination of his Executive Board contract in mutual agreement with the company during December 2015. At that time, the conditions had been met for the exercise of the basic option for the purchase of 50,000 BUWOG shares and the performance targets had been met for the first tranche of the bonus option for the purchase of 50,000 BUWOG shares and the second tranche for the purchase of 60,000 BUWOG shares. In accordance with the terms of the LTIP 2014, Ronald Roos exercised all possible options for the purchase, in total, of 160,00 BUWOG shares during the period from 26 January 2016 to 15 February 2016. The transferred BUWOG shares were serviced from conditional capital as defined in Section 159 (2) no. 3 of the Austrian Stock Corporation Act. The targets for the exercise of bonus tranche three for the purchase of 80,000 BUWOG shares by Ronald Roos were not met prior to his resignation and can no longer be fulfilled. Therefore, option rights for the purchase of 480,000 BUWOG shares within the context of the LTIP 2014 can still be exercised by Daniel Riedl.

An additional retention period is not foreseen for the BUWOG shares purchased through the exercise of options (C-Rule 28 of the Austrian Corporate Governance Code). The term of office for Daniel Riedl on the Executive Board, which originally ended at the end of the 2016/17 financial year, was extended to 28 April 2021. The stock options can be exercised from 1 May 2018 to 30 April 2019 (inclusive).

The allocation of the exercisable options and the performance targets as of the balance sheet date are shown in the following overview:

ALLOCATION OF OPTIONS AND PERFORMANCE TARGETS

Type	Basic options	Bonus options tranche 1	Bonus options tranche 2	Bonus options tranche 3	Total
Period	Start	1st year FY 2014/15	2nd year FY 2015/16	3rd year FY 2016/17	–
NAV 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%
Target share price	achieved	achieved	achieved	not achieved[2]	–

1) Share price on five trading days over the NAV as of the previous balance sheet date
2) Achieved after the balance sheet date 30 April 2016

The estimated value of the options granted within the context of the LTIP 2014 and still eligible for exercise totalled EUR 2.6 million as of 30 April 2016.

Expenses of TEUR 553.8 for the long-term incentive programme were recorded for the members of the Executive Board in 2015/16 (2014/15: TEUR 1,180.1). Of this total, TEUR 460.9 (2014/15: TEUR 763,2) are attributable to the stock options for Daniel Riedl and TEUR 92.9 (2014/15: TEUR 416.8) to the stock options for Ronald Roos (member of the Executive Board up to 9 December 2015). Additional details on the long-term incentive programme for the Executive Board members are provided in section 6.12.2 of the notes under *Share-based remuneration*.

REMUNERATION OF THE SUPERVISORY BOARD

In accordance with a resolution of the AGM on 13 October 2015, the members of the Supervisory Board received remuneration of TEUR 195.0 for the 2014/15 financial year in addition to the reimbursement of their expenses.

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

REMUNERATION OF THE SUPERVISORY BOARD – BASIC
per year in EUR

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

This results in the following distribution for the 2014/15 financial year:

REMUNERATION OF THE SUPERVISORY BOARD – 2014/15

Remuneration in EUR	Chairman Vitus Eckert	Vice-chairman Eduard Zehetner	Member Jutta Dönges	Member Klaus Hübner	Member Volker Riebel
Fixed remuneration	60,000		30,000	30,000	30,000
Audit Committee	10,000			5,000	
Strategy Committee	10,000				5,000
Personnel Committee	10,000			5,000	
Total	**90,000**	1)	**30,000**	**40,000**	**35,000**
Total FY 2014/15					**195,000**

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

The above amounts for the 2014/15 financial year were paid out in 2015/16. The members of the Supervisory Board have not yet received any remuneration for the 2015/16 financial year. The AGM on 14 October 2016 will decide on the remuneration of the Supervisory Board for the 2015/16 financial year. The consolidated financial statements include provisions of TEUR 295 for this remuneration (see note *7.8.3 Information on corporate bodies and remuneration* to the *consolidated financial statements*).

COMPLIANCE

In accordance with the Austrian Stock Exchange Act and the Austrian Issuer Compliance Directive, the Executive Board issued a compliance guideline that is directed to preventing the misuse and dissemination of insider and compliance-relevant information. The rules of this compliance guideline apply to all employees of the BUWOG Group and to the members of the Supervisory Board. The Executive Board views this guideline as a way to ensure equal treatment for all shareholders, prevent conflicts of interest and represent the interests of all stakeholder groups.

BUWOG organises regular training courses to familiarise managers, people working in confidentiality areas and all other employees with the provisions of this compliance guideline and to create a greater awareness for the need to treat confidential information responsibly. Blackout periods and trading bans are implemented before sensitive company events, such as the publication of quarterly and annual results. A compliance officer and deputy were also appointed; they report directly to the Executive Board. Adherence to the compliance guideline is confirmed by continuous monitoring. BUWOG has also issued an anti-corruption guideline as well as an e-learning tool for anti-corruption training which is based on the UN Global Compact's online e-learning tool. This anti-corruption guideline also requires mandatory compliance by all employees of the BUWOG Group. Business partners have not been involved proactively in anti-corruption prevention to date.

The compliance officers report regularly, and at least four times each year, to the Executive Board and at least once each year to the Supervisory Board on adherence to the compliance guideline and efforts to fight corruption in the company.

MEASURES TO SUPPORT WOMEN

BUWOG AG offers equal compensation, equal opportunities for promotion and equal working conditions to male and female employees. As of 30 April 2016, women held 32.36% of all management positions. Jutta Dönges was appointed by the extraordinary general meeting as the first women to the Supervisory Board of BUWOG AG. As of 30 April 2016, women accounted for 55% of the total BUWOG workforce. Coaching measures focused on specialised professional training and personal development are currently offered to further increase the percentage of women in management positions. As part of human resource measures, a home office scheme was adopted to improve the work-life balance and opportunities for part-time work with challenging responsibilities are offered after parental leave.

DIRECTORS' DEALINGS

In accordance with Section 48d (4) of the Austrian Stock Exchange Act, members of management and persons closely related to these mangers are required to report all purchases and sales of BUWOG shares to the Financial Market Authority. These transaction reports are disclosed on the BUWOG 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 related parties) as of 30 April 2016

Daniel Riedl	75,000 shares
Andreas Segal	–
Herwig Teufelsdorfer	3,423 shares
Ronald Roos (as of 31 December 2015)	13,849 shares

NUMBER OF BUWOG SHARES – SUPERVISORY BOARD
(including related parties) as of 30 April 2016

Vitus Eckert	8,136 shares
Oliver Schumy	–
Klaus Hübner	10,000 shares
Volker Riebel	–
Jutta Dönges	–
Stavros Efremidis	–

INTERNAL AUDIT

C-Rule 18 of the Austrian Corporate Governance Code requires the installation of an internal audit function as a separate staff department reporting to the Executive Board. The Audit Committee of the Supervisory Board receives at least one report each year on the audit schedule and the results of these reviews. The Audit Committee meeting on 28 April 2016 acknowledged and approved the audit plan for 2016/17 unanimously.

EXTERNAL EVALUATION

BUWOG AG arranged for an audit of its compliance with the provisions of the Austrian Corporate Governance Code in 2014/15 by Deloitte Audit Wirtschaftsprüfungs GmbH. The report on the external evaluation of this compliance is available for download at www.buwog.com under the menu item Investor Relations/Corporate Governance/Reports. An external evaluation is not planned for 2015/16.

DEAR LADIES AND GENTLEMEN

The Supervisory Board of BUWOG AG can look back on a challenging and profitable year in 2015/16 and, in the following, I would like to describe a number of the highlights.

THE BUWOG SHARE

The price of the BUWOG share rose by only 1.6% to EUR 18.38 from the start of the financial year on 1 May 2015 to the closing date on 30 April 2016. This limited increase again placed the BUWOG share at a slight discount to the EPRA Net Asset Value – approx. 9% on 30 April 2016 – after a longer period of time. It reflected the market's uncertainty over the effects of IMMOFINANZ's announced intention to further reduce its BUWOG holding. However, the uncertainty disappeared following IMMOFINANZ's sale of an 18.6% investment in BUWOG to the Sapinda Group and the subsequent resale of this package on the market. The BUWOG share then traded at EUR 21.69 and a slight premium of approx. 8% to the EPRA Net Asset Value per share on 29 July 2016.

CHANGES ON THE SUPERVISORY BOARD

Eduard Zehetner resigned from the Supervisory Board of BUWOG AG as of 30 April 2015, parallel to his resignation as chief executive officer of IMMOFINANZ AG. The annual general meeting on 14 October 2014 elected Oliver Schumy to the Supervisory Board, effective as of 1 May 2015. At the following Supervisory Board meeting, Oliver Schumy accepted his election as vice-chairman of the BUWOG Supervisory Board. In the extraordinary general meeting on 8 June 2015, Stavros Efremidis was elected to the Supervisory Board as the six member.

CHANGES ON THE EXECUTIVE BOARD

At the Supervisory Board meeting on 22 June 2015, Herwig Teufelsdorfer was appointed to the Executive Board as of 1 July 2015 with responsibilities covering portfolio management, asset management, property management, transactions and property sales. Ronald Roos resigned from the Executive Board of BUWOG AG as of 9 December 2015. The Supervisory Board then appointed Andreas Segal as Deputy CEO and CFO of BUWOG AG as of 1 January 2016. This appointment was also connected with the reorganisation of responsibilities between Daniel Riedl (who is now responsible for development in AT, development in DE, marketing & communications, human resources & organisation, legal and internal audit & process and project management) and Andreas Segal (who is responsible for corporate finance & investor relations, accounting & taxes, controlling & risk management, IT and procurement).

CHANGES IN THE ARTICLES OF ASSOCIATION

Recent developments in other listed real estate companies led to a decision by the Supervisory and Executive Boards to increase the protection for shareholders and, in this connection, to the convening of an extraordinary general meeting of BUWOG AG on 8 June 2015. The agenda included, among others, voting on amendments to the articles of association – in particular on a reduction in the control threshold for mandatory offers to 20%, an increase in the number of Supervisory Board members (shareholder representatives) from the previous five to six and the election of Stavros Efremidis as the sixth member of the Supervisory Board. The shareholders approved all proposals by a large majority.

SHAREHOLDER STRUCTURE

IMMOFINANZ AG issued a voting rights announcement on 11 March 2016 to confirm the sale of shares and a remaining holding of 28,503,782 BUWOG shares together with its subsidiaries, which represented approx. 28.57% of the share capital of BUWOG AG. This transaction increased BUWOG's free float to 71.43%.

On 10 June 2016 IMMOFINANZ AG announced a further decrease in the relevant share of its voting rights in BUWOG AG to approx. 9.98%. This reduction resulted from the sale of 18,542,434 BUWOG shares to SAPINDA S.à.r.l., which subsequently held 18.59% of the voting rights. SAPINDA S.à.r.l. issued a voting rights announcement on 20 July 2016 indicating that it had reduced its holding to 0.00%. That increased BUWOG's free float to the current level of roughly 90%.

THE COMPANY

BUWOG entered the Hamburg project development market in April 2016 with the purchase of a development site covering roughly 42,700 sqm in Hamburg-Bergedorf (and plans for more than 1,000 units). Hamburg is an ideal location for BUWOG to expand its property development activities. This step into a further "Big 7" city in Germany was long in preparation, but the Bergedorf project is exactly the right size for entry into the Hamburg development market with a major residential project.

Vitus Eckert
Chairman of the Supervisory Board

A number of project development sites were also acquired in Berlin and Vienna during the past financial year, which led to the substantial expansion of the property development pipeline. Additional information can be found under *Land acquisitions*.

As the Supervisory Board, we will continue to pursue the strategic development of the BUWOG Group in close coordination with the Executive Board. Our primary goals are to strengthen property development and evaluate further acquisitions in Germany at responsible financial conditions. You will be informed in detail of our progress in these efforts through BUWOG's regular reporting. Information on the composition, activities and remuneration of the Supervisory Board, its committees and the Executive Board is provided in the corporate governance report. This report also includes an extensive description of BUWOG's corporate governance tools.

The Executive Board presented the Supervisory Board with the following documents: the annual financial statements for 2015/16, which were prepared in accordance with the Austrian Commercial Code *(Unternehmensgesetzbuch)*, and the management report; the consolidated financial statements for 2015/16, which were prepared in accordance with International Financial Reporting Standards (IFRS), and the group management report; the Executive Board's recommendation for the distribution of profit; and the corporate governance report for 2015/16. The annual financial statements for 2015/16 and the management report as well as the consolidated financial statements for 2015/16 and the group management report were audited by Deloitte Audit Wirtschaftsprüfungs GmbH and each awarded an unqualified opinion. The annual financial statements and the consolidated financial statements as well as the auditor's reports were discussed in detail by the Audit Committee in the presence of the auditor's representatives and the Executive Board and reviewed in accordance with Section 96 of the Austrian Stock Corporation Act *(Aktiengesetz)*. Following this examination and discussion, the members of the Audit Committee unanimously agreed to recommend the unqualified acceptance of these documents to the Supervisory Board. The Supervisory Board accepted the annual financial statements as of 30 April 2016, which are considered approved in accordance with Section 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board supports the Executive Board's proposal to the annual general meeting for the distribution of a dividend of EUR 0.69 per share, or a total of approx. EUR 68.8 million, for the 2015/16 financial year. That corresponds to roughly 3.4% of the EPRA Net Asset Value and represents a return of 3.8% based on the closing share price as of 30 April 2016. Plans call for a dividend equalling roughly 60% to 65% of Recurring FFO over the medium-term, which should provide an attractive return for shareholders and also safeguard 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 the employees of the BUWOG Group for their outstanding commitment. I would also like to thank you, the BUWOG shareholders, for your trust and invite you to continue to accompany the BUWOG Group in the future.

Sincerely,

Vitus Eckert
Chairman of the Supervisory Board

Vienna, 25 August 2016

SUKORING, KIEL, GERMANY

GROUP MANAGEMENT REPORT

Meisenweg, Villach

Group Management Report

Am Hohenmoor, Kaltenkirchen

Ossiacher Zeile, Villach

Meierholz, Wendeburg

Kaiserebersdorfer Strasse, Vienna

Pfeifengrasweg, Lübeck

GENERAL ECONOMIC ENVIRONMENT

MODERATE GROWTH IN THE GLOBAL ECONOMY

The global economy remained on a moderate growth course in 2015 and, according to estimates by the World Bank, will still be faced with fundamental challenges in 2016. The main influencing factors during the reporting year included the downturn in the Chinese economy, the worldwide decline in the demand for raw materials, the negative economic effects of refugee flows and the threatening “Brexit”. However, weaker growth in the emerging countries was contrasted by stronger development in the industrial states. Forecasts by the World Bank indicate that the worldwide growth of 2.4% in 2015 should be followed by an increase of 2.9% in 2016 and 3.1% in 2017. The USA is expected to see moderate recovery with a GDP increase of 2.7% in 2016 and 2.4% in 2017 (2015: +2.5%). On 23 June 2016 the electorate in the United Kingdom voted in favour of an exit from the European Union, but the effects of this “Brexit” on the global economy are still uncertain. Initial estimates by the European Central Bank (ECB) show that growth in the Eurozone should be 0.3% to 0.5% lower than originally forecasted.

ECONOMIC INDICATORS AT A GLANCE

	GDP growth rate 2015 in %	Forecast growth rate 2016 in %	Forecast growth rate 2017 in %	Unemployment rate April 2016 in %	Annual inflation rate April 2016 in %	Gross national debt to GDP 2015 in %	Change in gross national debt from previous year in PP
EU-28	2.0	1.8	1.9	8.7	–0.2	85.2	–1.8
Eurozone (19 member countries)	1.7	1.6	1.8	10.2	–0.2	90.7	–1.4
Austria	0.9	1.5	1.6	5.8	0.6	86.2	2.3
Germany	1.7	1.6	1.6	4.2	–0.3	71.2	–4.7

Source: European Commission, Eurostat

RESERVED DEVELOPMENT IN EUROPE

According to calculations by the European Commission in spring 2016, the economy in the 28 EU member states continued its reserved development with an average increase of 2.0% in 2015. The forecasts for 2016 and 2017 point to somewhat slower GDP growth of 1.8% and 1.9%, respectively. Development is expected to be positive in all of the member states during 2017, but with individual differences. The unemployment rate in the EU-28 is projected to decline from 9.4% in 2015 to 8.9% in 2016 and 8.5% in 2017. The low oil price was responsible for a drop in the inflation rate to zero in the Eurozone and in the EU-28 during 2015. An increase in energy prices and the resulting rise in consumer inflation is not expected before the second half of 2016. The European Commission is forecasting an inflation rate of 3.0% and 1.5%, respectively, for the 28 EU member states in 2016 and 2017.

The Eurozone economy was generally more stable than in recent years with a 1.7% GDP increase in 2015, and the European Commission is expecting similar results of 1.6% and 1.8% for 2016 and 2017. A favourable economic climate and moderate wage growth should support the continued positive development of the labour market at a modest pace. Labour market reforms and fiscal policies in several member states will play an important role in job creation, and the unemployment rate in the Eurozone is expected to decline to 10.3% in 2016 and to 9.9% in 2017 (2015: 10.9%). The inflation rate is projected to equal 0.2% in 2016 and 1.4% in 2017 according to the European Commission.

STABLE GROWTH IN AUSTRIA

Despite the slower global growth and less favourable framework conditions, the Austrian economy is expected to follow the 0.9% increase in 2015 with accelerated, robust growth of 1.5% in 2016 and 1.6% in 2017. The positive development of the Austrian economy in 2015 was supported, above all, by public and private sector spending. Investment activity (+0.7% in 2015), rising public and private consumption, not least due to the additional expenditures for refugees, as well as the 2015/16 wage tax reform will be the main drivers for the projected improvement in growth over the coming years.

Both the export and import sectors recorded an increase in 2015, but made only a minor contribution to growth. The unemployment rate calculated in accordance with international standards rose slightly from 5.7% at the end of April 2015 to 5.8% one year later. However, the European Commission is predicting an increase in unemployment to 5.9% in 2016 and 6.1% in 2017. The annual inflation rate, based on the consumer price index, is expected to remain near the 2015 level (0.8%) at 0.9% in 2016, before nearly doubling in 2017.

The investment sentiment in the Austrian business sector remained reserved. Gross investment as a per cent of GDP fell from 22.4% in the previous year to 22.3%.

ECONOMIC RECOVERY IN GERMANY

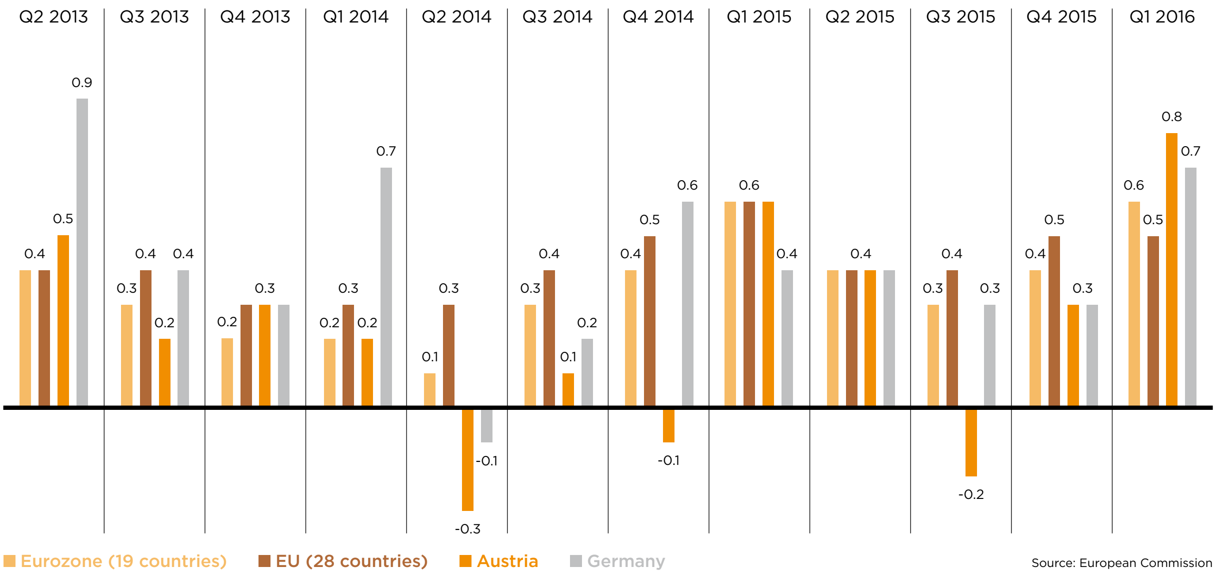
The German economy continued its steady development during the second half of 2015, in spite of the instable global environment. The main driver for this growth was strong consumption by private households, which gained further support from the substantial drop in oil prices, continuing low inflation rate and the strong income increase that followed the introduction of a minimum wage. In its spring forecast, the European Commission is projecting real GDP growth of 1.6% in 2016 and 1.6% in 2017 (2015: 1.7%). The domestic economy was comparatively subdued in January 2016 despite stable unemployment of only 4.6% in 2015 and low inflation of 0.1%. The unemployment rate had fallen to 4.2% as of 30 April 2016, but the Commission is expecting a slight rise to 4.6% in 2016 and 4.7% in 2017. The inflation rate is forecasted to increase only slightly to 0.3% in 2016, before quintupling in 2017.

The inflation rate is expected to equal 0.3% in 2016 and rise to 1.5% in 2017. The German economy remains robust with an intact growth scenario, despite a decline in exports to China and the "VW exhaust gas affair".

There has been a recent improvement in the investment sentiment among German companies, which should be reflected in an increasing contribution to economic growth over the coming years. The above-average increase in the German GDP led to a year-on-year decline in the share attributable to gross investments from 19.3% to 18.8%.

DEVELOPMENT OF REAL GDP

in comparison to the previous quarter, in %



Source: European Commission

GROUP MANAGEMENT REPORT

DEVELOPMENT OF THE PROPERTY MARKETS

The strategic focal points of the BUWOG Group are the Asset Management, Property Development and Property Sales of residential properties in Germany and Austria. These residential property markets are described more closely in the following section, whereby the main emphasis is on the core regions that are particularly important for BUWOG's portfolio.

RESIDENTIAL MARKET – AUSTRIA

Estimates by CBRE indicate that the transaction volume for real estate deals across all asset classes in Austria rose from nearly EUR 3 billion in 2014 to a record high of approx. EUR 3.8 billion in 2015, with investors' interest concentrated primarily on office and retail properties. The transaction volume in the residential sector reflected this upward trend with an increase from approx. EUR 1.3 billion in the previous year to approx. EUR 1.4 billion in 2015. Investments were also characterised by substantially higher prices and a resulting decline in yields.

The Austrian residential market has been influenced by population growth, a further reduction in the average household size and ongoing urbanisation for a number of years. The population rose by 1.3% year-on-year to roughly 8.7 million at the end of 2015 – or 116,000 more than at the end of 2014. The strongest growth was recorded in Vienna with an increase of 2.4% (30,600 residents), followed by Lower Austria and Upper Austria with an increase of just under 17,000 residents each. Above-average growth was again recorded in Salzburg, Tyrol and Vorarlberg (from 1.3% to 1.5%).

According to Statistik Austria, the average ownership rate on the Austrian housing market is comparatively low in international comparison at only 58%. There is a differentiation between rural areas with high ownership (e.g. Burgenland with 80%) and urban regions, above all Vienna, where 79% of the population lives in rented housing. The higher share of rentals in the metropolitan areas is explained, above all, by the significant share of subsidised and social housing with low net cold rent, which is a result of the government's "affordable housing" policy. A survey by Statistik Austria shows that roughly 60% of all households in rented properties live in council housing or cooperative apartments that are subject to the Austrian Non-Profit Housing Act *(Wohnungsgemeinnützigkeitsgesetz)*. The average rent (net cold rent plus operating costs) in Austria equalled EUR 7.1 per sqm (Carinthia EUR 5.7 per sqm, Styria EUR 6.7 per sqm, Vienna EUR 7.5 per sqm due to the high share of subsidised rent-controlled housing and Tyrol EUR 7.9 per sqm) according to Statistik Austria. The average energy costs for electricity, warm water and heating in Austria amounted to roughly EUR 122 per month. Privately-owned apartments are normally owner-occupied with only 5% rented for investment purposes, primarily because of the relatively strong tenant protection laws and tax incentives for home ownership that are limited in international comparison.

2015 – OVERVIEW OF THE RESIDENTIAL MARKET IN AUSTRIA

	Vienna	Tyrol	Salzburg	Carinthia	Styria	Upper Austria
Population in 1,000	1,840.2	739.1	545.8	560.5	1,232.0	1,453.9
Average household size (number of people)	2.00	2.30	2.28	2.22	2.27	2.31
Average rent for new construction in EUR per sqm 1)	10.8	10.7	9.5	7.3	7.8	7.9
Average sale price for new construction in EUR per sqm 1)	4,050	3,686	4,380	2,309	3,023	2,788
Number of apartments approved for construction	12,118	-	-	-	-	-
Number of completed apartments 2)	6,463	-	-	-	-	-

1) Data are based on the respective provincial capitals.
2) Data as of year-end 2014

The available data do not support the calculation of a vacancy rate by province or provincial capital. According to the rent tables published by the Austrian Economic Chambers *(Wirtschaftskammer Österreich)* in spring 2016 (2015 data), non-regulated rental prices at average locations in the Austrian provincial capitals currently range from EUR 6.5 per sqm in St. Pölten to EUR 10.7 per sqm in Innsbruck. These prices generally remained stable in comparison with the previous year and only declined by EUR 0.2 per sqm in Salzburg and Graz. The prices for new condominium apartments in Austria range from an average of EUR 1,600 per sqm in Eisenstadt to EUR 4,380 per sqm in Salzburg. Details on the rents and purchase prices in Vienna are provided in the following section.

The Austrian residential market has been influenced for many years by a steady increase in the population, a further decline in the average household size and continuing urbanisation. The population growth in 2014 and 2015 was substantially higher than forecasted, and the rising number of recognised refugees is expected to result in a further increase during 2016. The number of newly completed apartments rose to roughly 7,000 in 2015, but will not be sufficient to cover the current demand. This additional demand is originating, above all, in the lower and middle price segment because the population growth is driven by immigrants with low income and minimal assets. Vienna benefits from a larger supply of subsidised, non-profit and city-owned apartments, but the available and newly created capacity is reaching its limits. The Austrian Parliament passed an amendment to the Austrian Non-Profit Housing Act at the end of 2015, which took effect on 1 January and 1 July 2016. A brief summary of the most important effects of this amendment on the BUWOG Group is provided under *Asset Management*.

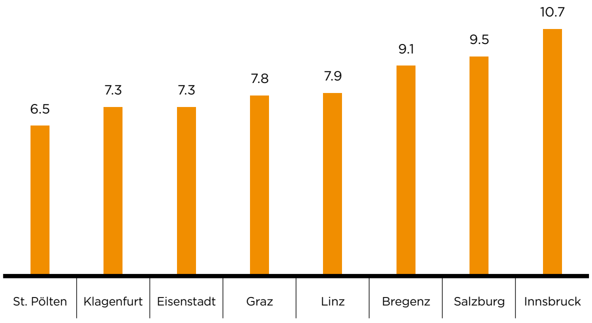
Building permits were issued for 64,500 apartments in 2015, which represents a year-on-year increase of 5.5%. The growth rates were particularly high in Vienna (+19.5%), Salzburg (+12.4%), Tyrol (+10.8%) and Burgenland (+10.6%), while Upper Austria recorded a substantial decline of 8.8%. The most recent data on completions is based on 2014, when nearly 51,000 units were built in Austria – or roughly the same level as in the previous year. Construction activity was strongest by far in Upper Austria (slightly more than 10,000 apartments), followed by Lower Austria (approx. 9,000), Styria (approx. 8,000) and Vienna (6,500).

The growth in building permits was supported, above all, by the residential construction measures approved by the government in March 2015. The assumption of EUR 500 million in liabilities is designed to stimulate the construction of roughly 30,000 residential units over the next five years. The 2015/16 tax reform substantially increased the cost of property transactions beginning in 2016, and advance purchases were responsible for a considerable increase in the transaction volume during 2015. Approximately 16,000 real estate transactions closed during that year, including roughly 12,500 for apartments. The 2016 calendar year is expected to bring a considerable slowdown.

Vienna. The population in Vienna grew to approx. 1.84 million at the beginning of 2016, and current forecasts point to a continuation of this upward trend with an increase to two million in 2023. Statistics show roughly 870,000 private households at the end of 2014, with nearly 395,000 single person households and 475,000 multi-person households. According to a joint study on the Vienna housing market by the BUWOG Group and EHL *(Erster Wiener Wohnungsmarktbericht 2016)*, Vienna should have more than one million private households in 2035. The residential market in Vienna is characterised by high building density in the inner city districts, with few unbuilt areas for new construction projects. The steady population growth and resulting strong demand for housing have created a situation where even large projects with several thousand residential

AVERAGE NET-IN-PLACE RENT IN SELECTED MAJOR AUSTRIAN CITIES

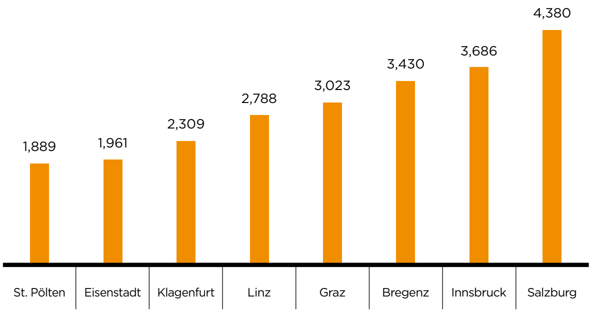
in EUR per sqm, average figures for new builds and relet



Source: Austrian Economic Chambers

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

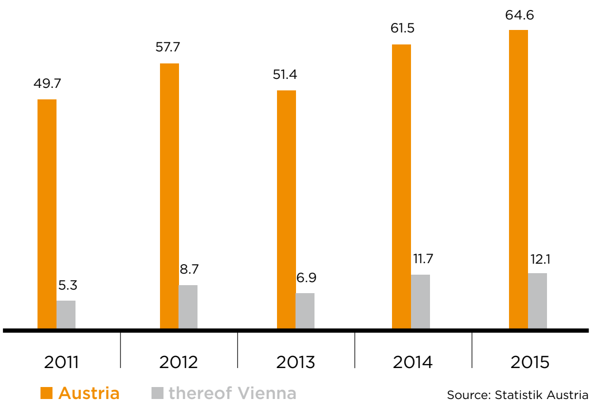
in EUR per sqm



Source: Austrian Economic Chambers

NEW APARTMENT APPROVALS

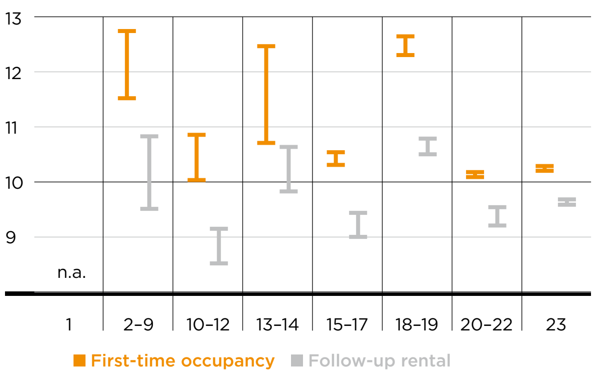
in Austria and Vienna, in 1,000



Source: Statistik Austria

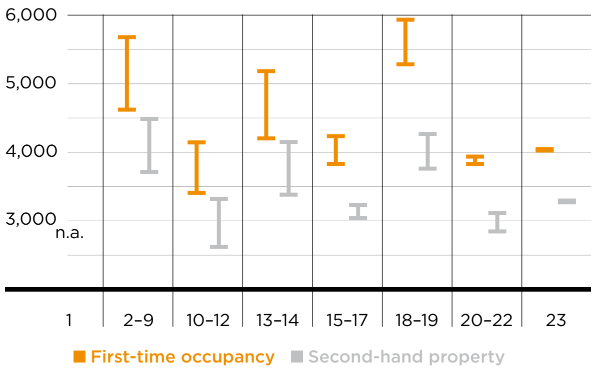
units – e.g. the projects near the new central railway station (10th district) or at Aspern airport (22nd district) – will only provide slight relief for Vienna's rental market. bulwiengesa's 2015 ranking of new constructions projects for condominiums and investment apartments confirms BUWOG's leading position in Vienna. Details on property development can be found on pages 77ff. In this market environment, the increase in the value of existing apartments and the realisation of new construction based on BUWOG's project pipeline will become even more important.

RENTAL PRICE LEVEL VIENNA
by district in EUR per sqm



Source: BUWOG Group/EHL

PURCHASE PRICE LEVEL VIENNA
by district in EUR per sqm



Source: BUWOG Group/EHL

The Vienna rental market saw a further increase in demand during 2015, which was reflected in higher prices for existing apartments due to the still low level of new construction (completions in 2015: 7,000 new apartments). The most important criteria for apartment rentals are connections to the transport infrastructure as well as the location and specific features of the property.

There are still significant price differences in the condominium segment of the Vienna residential market which – similar to the rental segment – are dependent on the location of the property. The 2016 real estate price index published by the Austrian Economic Chambers (January 2015 data) shows realisable prices for first-time occupancy ranging from EUR 3,750 per sqm to EUR 14,000 per sqm in the first district, but a decline to slightly less than EUR 2,400 per sqm in the outlying areas. The charts on the left show the price levels for rental and condominium apartments, aggregated by district and classified by new construction and existing units, based on the above-mentioned study by the BUWOG Group and EHL.

RESIDENTIAL MARKET – GERMANY

Residential properties retained their status as one of the preferred asset investment classes on the German real estate market in 2015/16. A CBRE Market View on the residential property investment market in Germany indicated that residential portfolio transactions set new records in 2015 after a strong year in 2014. Transactions in residential portfolios (> 100 units) on the German market totalled approx. EUR 23.5 billion during the 2015 calendar year. The momentum and strong demand for real estate investments is attributable to the current interest rate policies of the European Central Bank (ECB), which is continuing to supply the financial markets with sufficient liquidity at historically low rates, and investors' search for attractive, stable investment opportunities with sound yields. Berlin remained a focal point for national and international investors, followed by the major cities in Bavaria and Hesse. The market was unable to duplicate the 2015 momentum during the first calendar quarter of 2016 due to a shortage of residential portfolios on the transaction market and reached a level of EUR 2.3 billion. The current strong demand has also led to a substantial increase in the market prices for average units and the average purchase price per square metre. The increase in real estate purchase prices was significantly higher than the development of rental prices and led to a yield compression combined with a sharp rise in purchase price multipliers and a decline in the purchase yields for residential portfolios. In particular, the low level of new construction and rising migration to the top German cities led to the continuation of the current rental and purchase price trends at a high level. The recent market situation has led to growing interest by national and international investors in completed development projects. This demand pressure on market prices is expected to continue during the coming year.

Germany has seen steady population growth for a number of years, with an increase from 81.2 million at year-end 2014 to 81.8 million as of 30 September 2015 according to surveys by the Federal Statistical Office

(Statistisches Bundesamt). The growth through internal relocation and immigration from other countries is concentrated primarily on the country's top locations. The population in the top seven cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart) has risen by nearly 800,000 in total since 2000. The resulting need for roughly 500,000 additional housing units has led to declining vacancies in real estate portfolios (approx. 3.0% in Germany), rising rental prices and a growing demand for new construction.

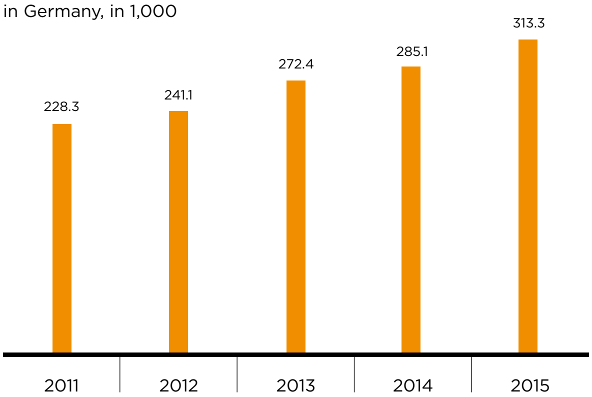
The strongest population growth has been recorded in the states of Berlin, Hamburg, Baden-Württemberg, Hesse and Bavaria. A study by Postbank *(Wohnatlas 2016 – Leben in der Stadt)* shows the highest population growth (including refugee effects) at the top three locations – Berlin, Potsdam and Hamburg – in the forecast for 2030. This study also sees a connection between the demographic trend and the highest price increases in these three cities. According to Postbank, the rising demand for low-cost housing has led to a shortage of subsidised apartments and, in turn, to a search for alternatives with a greater focus on more expensive rental apartments. This has been reflected in an increase in rents and greater demand for condominiums, which is now driving the prices in this category. Postbank is forecasting a continuation of the upward price trends. The number of households in Germany has recently risen slightly to the current level of approx. 40.2 million, or an average household size of two persons. At the end of 2014 the country had 16.4 million single-person households (40.8%) and 13.8 million two-person households (34.4%). An analysis by age category shows the following ranking: 8.2 million 45 to 55 year-old main income earners (20.4%), 6.6 million persons in the 55 to 65 age group (16.4%) and 6.2 million persons in the 35 to 45 age group (15.5%). Roughly 55% of all German households live in rented apartments, with the rest owning their homes. The share of households in rented apartments is particularly high in the singles/single parent plus children segment (> 70%). Rental apartments average 70 sqm in size, while condominiums are considerably larger at an average of 120 sqm.

Estimates by the Council of Real Estate Experts *(Rat der Immobilienweisen)* in their 2016 spring report show a more moderate year-on-year increase in rents across Germany during 2015. This general trend was accompanied by further upward movements, especially in the major cities, which are expected to continue because of the strong immigration and internal migration.

The increase in the purchase prices for real estate was substantially higher than the development of rents during 2015 according to this report. The price increase amounted to 7.2% in western Germany and 6.2% in eastern Germany (excluding Berlin). Real estate experts see these shifts as part of the normal cycles on the German real estate market, and there are no signs of a real estate bubble to date. Real estate prices are rising faster than the population and economic growth. In 2015 the inflation rate in Germany fell by 0.6 percentage points year-on-year to a low 0.3%.

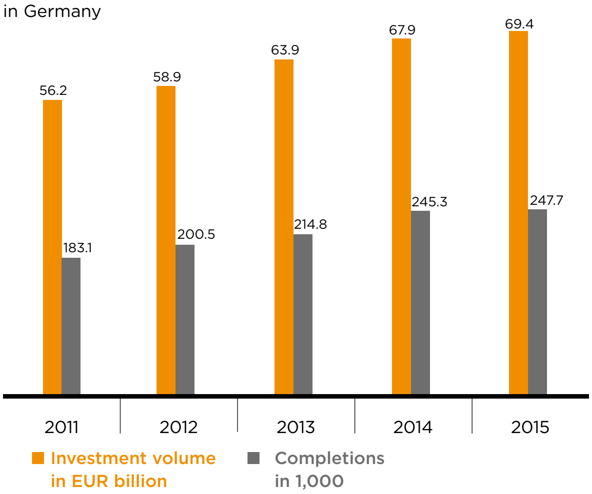
The Federal Statistical Office reports a 9.8% increase in the number of building permits over the previous year to roughly 313,000 in 2015, which represents a total floor area of approx. 33.0 million sqm. The completions in Germany during 2015 covered 245,300 apartments with approx. 27 million sqm of total floor area, whereby the related costs are estimated at approx. EUR 69.4 billion. In its May 2015 housing market forecast, the Federal Institute for Building, Urban Affairs and Spatial Development *(Bundesinstitut für Bau-, Stadt- und Raumforschung)* estimates new construction requirements for the entire country at 230,000 apartments annually up to

NEW RESIDENTIAL APPROVALS
in Germany, in 1,000



Source: Statistisches Bundesamt, Germany

COMPLETED APARTMENTS
in Germany



Source: Statistisches Bundesamt, Germany

2030. Additional new construction of approx. 272,000 apartments per year up to 2020 is seen as necessary to meet the very strong demand. However, the current level of construction and the increase in building permits for new construction will be unable to meet the demand for housing caused by migration to the major cities. That represents a necessary increase of roughly 25,000 units per year over the number of apartments completed in 2015.

Introduction of the rental price cap in Germany. Rental prices have increased significantly on the housing market in Germany over the past five years, mainly as a result of higher demand. The growing pressure on politicians to intervene in tight housing markets resulted in a cap on rent increases, which was approved by the German Federal Cabinet at the end of September 2014, adopted by the Parliament on 5 March 2015 and took effect on 1 June 2015. The state governments are authorised to designate areas as tight housing markets by means of a legal ordinance for a maximum period of five years. The city-states of Berlin, Bremen and Hamburg and nearly 300 cities in Baden-Württemberg, Bavaria, Hesse, North Rhine-Westphalia, Rhineland-Palatinate and Schleswig-Holstein had implemented the rental price cap by the end of 2015. New rentals in areas with this cap were subject to the following restrictions:

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

This regulation has been in force in Berlin since June 2015 and in Hamburg since July 2015: the rents for newly concluded contracts are limited to 10% over the normal rent for the area; in cases where the previous rent was higher, that represents the cap. The rental price cap has also been in effect at a number of locations in Schleswig-Holstein and Kassel since November 2015 and could follow in Brunswick, Lüneburg and Buchholz during the second half of 2016. The percentage of BUWOG's portfolio in Germany that is currently subject to the cap on rent increases – or could be subject to this cap in the near future – is estimated at up to 32% (previous year: 11%) of the standing investments. The comparable figure for the entire BUWOG portfolio is estimated at 17%, compared with 6% as of 30 April 2015. Research by CBRE indicates that neither a simple nor a qualified rental price index is available for most of the cities. Consequently, there is no clear basis for determining the comparable local rent as the basis for new contracts.

2015 – OVERVIEW OF THE RESIDENTIAL MARKET IN GERMANY

	Berlin	Hamburg	Kiel	Lübeck	Brunswick
Population in 1,000	3,520	1,780	246	219	253
Ø household size	1.8	1.8	1.7	1.8	2.1
Ø rent in standing investment apartments in EUR per sqm	9.0	10.2	7.0	6.9	7.2
Vacancy rate in %	1.5	0.7	1.7	1.4	2.0
Ø purchase price for new construction in EUR per sqm	3,850	3,720	2,800	2,550	2,350
Number of apartments approved for construction	22,365	8,600	-	-	-
Number of completed apartments	10,722	8,500	-	-	-

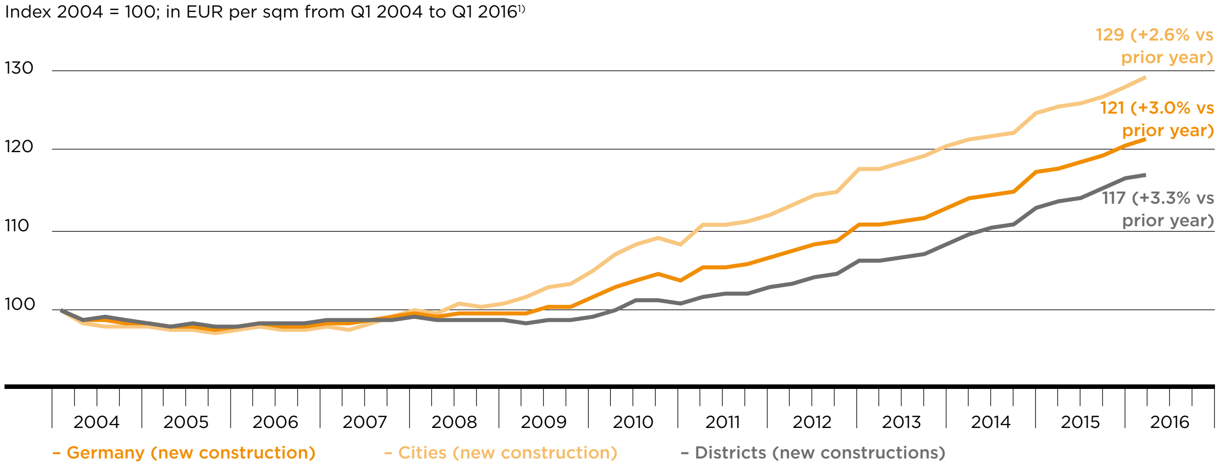
Data as at end of 2015

Berlin. With approx. 3,520,000 residents at the end of 2015 according to the Berlin-Brandenburg Statistical Office, Berlin is the largest city in Germany as well as the seat of the federal government and the country's capital. The number of inhabitants rose by nearly 50,000 in 2014, for the largest increase in the country. The number of private households totalled 2.0 million, including 1.1 million single person households and 0.6 million two person households. The average household size is 1.8 persons. The latest demographic forecast for Berlin by the Berlin-Brandenburg Statistical Office projects an increase in the population to approx. 3.8 million in 2030. Berlin is one of Europe's most important centres for politics, media, culture and science. With nearly 29 million overnight stays and 12 million guests in 2014, tourism is a major factor and growth driver for the local economy. The structural changes that resulted from the reunification process have attracted numerous companies from the media and communications industry, biotechnology and the creative sector and created an interesting and increasingly international environment for start-ups. The unemployment rate is slightly below 11%. but significantly higher than the national average of 7%. However, the per capita purchasing power reflects the national average of approx. EUR 22,000. Berlin also enjoys an outstanding reputation as a hub for science, research and medicine due to the large number of universities, colleges, research institutes and health providers like Charité and Vivantes. These institutions attract a large number of national and international students (140,000) who add to the city's cultural diversity. Berlin's internationality and openness is also influenced to a significant degree by the many international agencies and their staffs.

Economic and demographic developments have had a major influence on the housing market in Berlin and driven the growth of the city's project development market. More than 22,400 building permits were issued for new apartments in 2015, which represent an 18% increase over the previous year. Completions amounted to 10,700 units, for a year-on-year increase of 22%. According to bulwiengesa, Berlin remains the largest trading development market in Germany with eight million sqm of space in development projects. The latest bulwiengesa study ranks the BUWOG Group second among the residential development companies in Berlin based on the housing space completed and under construction or in planning. The number of apartments totalled 1.9 million at year-end 2015. In view of the steady population growth, prospering economy and

DEVELOPMENT OF NET IN-PLACE RENT

Index 2004 = 100; in EUR per sqm from Q1 2004 to Q1 2016[1)]

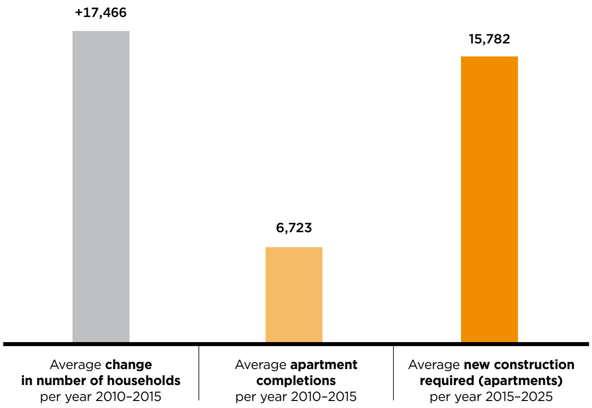


1) For new apartments of 60–80 sqm with higher quality fittings, excluding Berlin

Source: empirica-price database

low vacancy rate of 1.5%, there are no indications of an improvement in the tense situation on the Berlin housing market despite the recent substantial expansion of new construction. Building rights approvals are currently delayed by a lack of personnel resources in the city's planning agencies and the regulations defined by the Berlin model for cooperative site development. These regulations establish numerous requirements for investors as well as the assumption of costs for site development, the creation of places in day care facilities and elementary schools as well as residential areas with restrictions on rental prices and property use (approx. 25% of apartments). Calculations by the Federal Institute for Building, Urban Affairs and Spatial Development indicate that the annual demand for new construction will exceed 17,000 units from 2015 to 2020, compared with completions of only 10,700 in 2015. The volume of residential construction has averaged 4,300 apartments per year since 2009. A report by prognos points to an undersupply of 173,000 apartments in Berlin during the analysis period from 2013 to 2030. This discrepancy explains the increase in rents and ownership prices that began in 2010 and has continued since that time. The prices for newly built residential buildings rose by a further 2.3% in 2015, in particular due to sound order levels in the regional construction companies. The increase in construction costs since 2010 has exceeded 14% (according to the Berlin-Brandenburg Statistical Office). This price increase has also influenced the costs for maintenance and cosmetic repairs to existing buildings, which rose by 3% over the previous year. The prime rents for newly constructed apartments currently range up to EUR 15 per sqm according to a report by CBRE and Berlin Hyp *(Wohnmarktreport Berlin 2016)*. The median level for quoted rents equalled EUR 8.99 per sqm in 2015 based an average apartment size of 64 sqm. Berlin is divided into regions with different price levels: in centrally located, popular areas like Berlin-Mitte up to EUR 18 per sqm, in Friedrichshain-Kreuzberg up to EUR 18 per sqm, in Charlottenburg-Wilmersdorf up to EUR 16 per sqm and in Pankow up to EUR 16 per sqm or an average quoted price of EUR 11 per sqm in these districts. In contrast, quoted rents in the outlying districts of Marzahn-Hellersdorf or Spandau are much lower at an average of EUR 6, resp. EUR 7 per sqm. An even stronger upward trend has been noted in the prices for newly built condominiums: in Berlin-Mitte peak purchase prices have exceeded EUR 10,000 per sqm and average nearly EUR 4,000 per sqm across all market segments, while the comparable value for Spandau is much lower at only EUR 1,600 per sqm. The city-wide average for all market segments is roughly EUR 3,000 per sqm, which is roughly 10% higher than 2014.

HOUSING INDICATORS BERLIN



Source: Statistical Office Berlin-Brandenburg

Treptow-Köpenick, Berlin's largest district in geographic terms, has approx. 245,000 inhabitants – and the trend is increasing. The BUWOG Group is currently carrying out two major construction projects in this district (the "52 Grad Nord" and "Uferkrone" projects). The district has large lake and forest areas – water and green spaces as well as nature and landscape conservation areas account for nearly 70% of the 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. That points to strong demand for residential construction, especially in view of the opening of the new airport.

Hamburg and Schleswig-Holstein region. The Hanseatic city Hamburg is the second largest city in Germany with a current population of 1,780,000 that is growing steadily. In addition to the maritime economy, Hamburg is also well established as an administrative and service centre through its role as a city-state. Numerous cultural institutions and tourist attractions also make it the third most popular tourism destination in the country. Official forecasts by the city of Hamburg *(Demografie-Konzept 2030)* assume steady population growth to roughly 1,854,000 in 2030. The increase in the number of inhabitants and households due to the city's high quality of life has led to a steadily expanding demand overhang on the housing market in recent years. The result has been a marked increase in prices, since construction activity has failed to keep pace with rising demand.

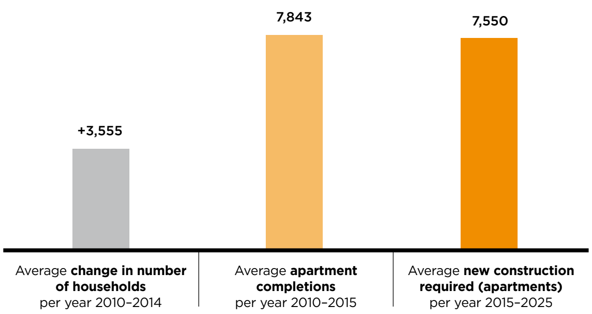
The strong momentum on the Hamburg housing market has led to steady growth in the volume of development projects in recent years. The BUWOG Group entered this development market with the purchase of a 42,700 sqm site in Hamburg-Bergedorf to continue the expansion of its Property Development business area in line with the expected dynamic market trends and very robust socio-demographic framework. According to the Hamburg – Schleswig-Holstein Statistical Office, the number of new apartments completed in Hamburg during 2015 rose by 22% year-on-year to approx. 8,500. The resulting total floor space amounts to more than 756,000 sqm. Building permits were granted for 8,600 new apartments in Hamburg during 2015, which represent a decline of 20% compared with the previous year.

The current very strong demand for housing has led to a situation where, according to CBRE, the vacancy rate has fallen below 1%. Average quoted rents equalled EUR 10.23 per sqm in 2015 based on an average apartment size of 65 sqm, and peak rents exceeded EUR 19.00 per sqm in HafenCity and the areas near the Alster. The lowest quoted rents averaged EUR 7.2 per sqm and were recorded in Mümmelmannsberg. According to bulwiengesa, the purchase price for new apartments in Hamburg currently equals EUR 4,150 per sqm, with peak values of over EUR 9,000 per sqm realised in Altona and Hamburg-Mitte.

The demand for apartments is focused on the central and inner city areas in popular residential districts. However, there is also a growing interest in development areas with larger units at less central locations – for example, the former "Glasbläserhöfe" factory grounds in Hamburg-Bergedorf, where the BUWOG Group is planning a new construction project with over 1,000 units. This trend has also contributed to the increase in rental and purchase prices.

There are currently no signs of weakness in the strong demand for housing in Hamburg.

HOUSING INDICATORS HAMBURG



Source: Statistical Office of Northern Germany

Hamburg surrounding area. The demand on the Hamburg residential market will continue to have a positive effect on the surrounding communities in the future. This will also be reflected in an increase in rents due to the steady growth in the number of residents and households. Quoted rents for new and existing properties in the greater Hamburg area have risen steadily in recent years. The most important urban centres in this administrative district include Ahrensburg as well as Reinbek and Glinde, where the BUWOG Group holds standing investments. Average rents range from EUR 8.50 to 9.00 per sqm. In the Segeberg district, the average rent for apartments was EUR 8.96 per sqm, although higher rents can be realised depending on the proximity to Hamburg. The largest cities in this region include Norderstedt with 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 capital city and largest metropolitan area in the state of Schleswig-Holstein, Kiel is considered a traditional commercial hub with a focus on engineering and shipping. It is also an important university city with over 25,000 students. The population declined at the turn of the millennium, but has begun to increase in recent years. Kiel has successfully completed the transformation from a highly industrialised shipyard and naval city into a thriving service cluster and the functional centre of Schleswig-Holstein. This has led to an increase in the number of potential tenants looking to relocate from the surrounding areas to the state capital. According to the Kiel Statistical Office, the population grew from 242,000 in 2014 to 246,269 at the end of 2015 and the number of households rose from 141,000 to 143,863. The average household had 1.7 persons at the end of 2015 and 81,879 are single households. The demand for housing has outpaced the supply for many years – especially in good locations. Building permits were issued for only 449 new apartments in 2015 (2014: 616), and the current market situation is reflected in a vacancy rate of less than 2%.

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

Lübeck. As the second largest city in Germany's northernmost state, Lübeck is located in the direct catchment area of the Hamburg metropolitan region. Expansive stretches of water and a historic centre provide optional locations for attractive residential areas throughout the city. Moreover, the four universities attract large numbers of students. The economy is broadly diversified in sectors ranging from the food industry to trade, services and logistics. The port of Lübeck plays a major role in the economy; based on the cargo handled, it is Germany's largest Baltic Sea port.

The population has risen steadily since 2010 (212,112 inhabitants) according to the Lübeck Statistical Office and totalled 218,523 at the end of 2015. The average household size is less than two persons based on 120,890 households, including 62,151 single households. Building permits were issued for 792 apartments in 2015, which did not substantially ease the tense housing situation. The average quoted rent equalled EUR 6.94 per sqm according to CBRE based on an average apartment size of 59 sqm. The vacancy rate has been lower than 2.0% for years. After an extended period of stability, the purchase prices for condominiums have increased during the past three years. The average price for new condominiums equalled roughly EUR 3,000 for newly built condominiums and EUR 1,800 for resales.

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

Region Brunswick–Hannover region. Brunswick is the second largest city in Lower Saxony after Hanover with its 550,000 residents. The per capita purchasing power of these two cities exceeds the national average at EUR 23,200 and EUR 22,600, respectively. Brunswick is the economic and cultural centre of the south-eastern region of Lower Saxony. It is also an administrative and service hub and a traditional university town. The population has grown slightly since 2007 and totalled 252,768 at the end of 2015 (2014: 249,500) according to the Brunswick Statistical Office. This positive development is due, not least, to a broad-based university and research landscape and close proximity to the Volkswagen Group in Wolfsburg. Quoted rents rose by 16% from 2012 to 2015 from a low basis and averaged EUR 7.16 per sqm based on an average apartment size of 65 sqm. The purchase prices for condominiums followed this development with a lag, but have risen to EUR 3,200 per sqm for new units and to EUR 2,200 per sqm for resales. The vacancy rate was recently reported at 2.0% based on a total market of over 137,000 residential units.

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

GENERAL REFERENCES AND SOURCES

Statistik Austria, the 2016 real estate price index (values for 2015) published by the Austrian Economic Chambers and the Austrian National Bank served as the sources of data on Austria. Data was also obtained from a study published by the BUWOG Group in cooperation with EHL *(Erster Wiener Wohnungsmarktbericht)*.

Information from the Federal Statistical Office and comparable provincial agencies was used to obtain consistent and comparable data on Germany. Property-specific data was taken from the CBRE market reports, unless indicated otherwise.

DEVELOPMENTS ON THE FINANCIAL MARKETS

INTEREST RATES AND REFINANCING IN AUSTRIA AND GERMANY

Review of the financial markets in 2015/16

- Historic decision to cut the key interest rate to zero
- Further interest rate reductions to an all-time low
- Refugee crisis challenges Europe
- ESM aid programme for Greece

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

The Greek crisis has also had a major influence on the capital markets for several years. Based on the efforts of the Greek government, financial assistance was provided through the ESM support programme to cover obligations to creditors (above all, the ECB).

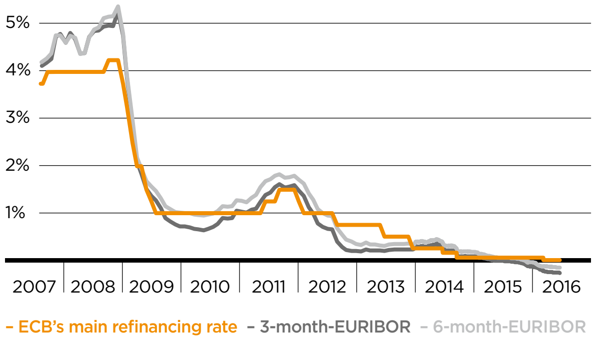
In addition to these developments, the capital markets were influenced by the ECB's interest rate policy decisions during the reporting year. The key interest rate was cut to a historic low of 0.00% in March. On 23 June 2016, the electorate in the United Kingdom voted in favour of an exit from the European Union ("Brexit") and the ECB's zero-interest policy is now expected to continue as a result of this decision.

DEVELOPMENT OF KEY INTEREST RATES

The ECB's key interest rate equalled 0.05% at the beginning of the reporting year in May 2015. As a result of the economic situation in Europe and the continuing low inflation, the European Central Bank reduced this rate to 0.00% on 10 March 2016. The three-month EURIBOR reached a low of –0.252% on 26 April 2016, and the six-month EURIBOR fell to -0.144% on 25 April 2016. The first weeks after the end of BUWOG's 2015/16 financial year brought new historic lows on an almost weekly basis.

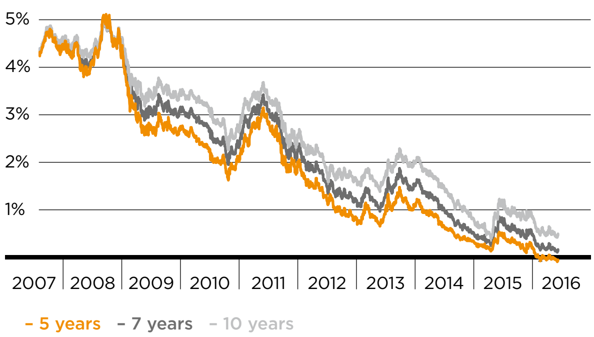
Long-term swap rates trended sharply downward throughout the entire reporting year. On 29 February 2016, the five-year swap reached a low of -0.030% and on 20 April 2016 the 10-year swap equalled 0.501%. Both swap rates failed to recover after the end of the reporting year, not least due to the UK's decision to leave the European Union. The development of swap rates is particularly important for the BUWOG Group in the fair value measurement of financial liabilities and derivatives (non-cash effect) and for the hedging of interest rate risks (cash effect). Details on the effects on the BUWOG Group's financial results are provided in the following sections of this management report under *Financing* and *Asset, financial and earnings position*.

ECB MAIN REFINANCING RATE VS. EURIBOR
1 May 2007 to 30 April 2016



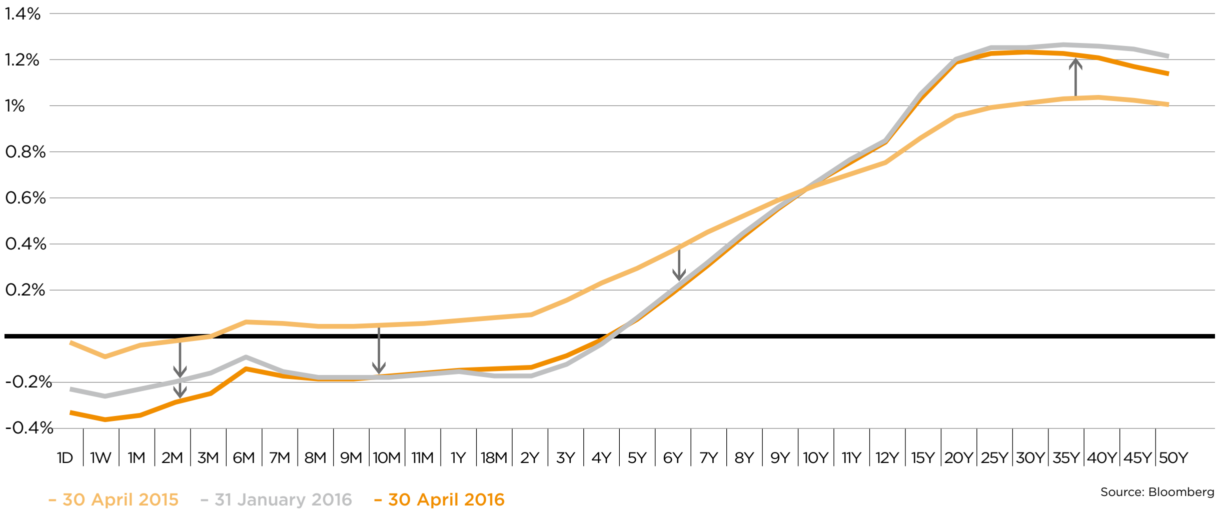
Source: Bloomberg

EURO SWAP RATES
1 May 2007 to 30 April 2016



Source: Bloomberg

DEVELOPMENT EUR SWAP CURVE
Comparison 30 April 2015 – 31 January 2016 – 30 April 2016



Source: Bloomberg

THE ECB'S MONETARY MEASURES

At its meeting on 10 March 2016, the ECB decided to introduce a new series of four targeted long-term refinancing operations ("TLTRO II") starting two months later in June. These credit lines will have a maturity of four years as well as conditions that reflect the negative deposit rate and are intended to provide credit institutions with a further incentive to increase commercial lending. The QE programme launched by the ECB at the beginning of 2015 to stimulate the economy and raise inflation to the Maastricht target of nearly 2% was also expanded by a further EUR +240 billion (December 2015: EUR +360 billion) to approx. EUR 1.74 trillion and extended for at least six months to spring 2017. Another measure involved instructions to the Eurosystem to begin its corporate sector purchase programme (CSPP) in June 2016 and carry out the first purchases in the new series of long-term refinancing transactions.

DEVELOPMENT OF FINANCING PARAMETERS

The BUWOG Group sees financing for the real estate industry in Austria and Germany as generally secure at the present time due to the strong demand for capital investments by the banking sector. The increased capital adequacy requirements for banks defined by Basel II and Basel III place the focus on coverage eligibility for the financing of standing investments. This leads to slightly more favourable refinancing costs for the banks, but also to a lower Loan-to-Value ratio and, in turn, to higher capital requirements for real estate investments. Sufficient financing is also available for development projects, although lending conditions have tightened significantly in recent years through covenants and reporting requirements imposed by banks. The main determining factors for the decision-making process are location and cost security through the appointment of a general contractor with fixed price and completion guarantees as well as verifiable pre-letting. In summary, sufficient financing is available – but under stricter lending conditions.

PORTFOLIO REPORT

The BUWOG Group's core activities include the rental and management of a diversified, risk-optimised and sustainably oriented portfolio of standing investments (Asset Management), Unit Sales and Block Sales from the portfolio at the highest possible margins (Property Sales) and the development and construction of attractive and highly marketable projects with a focus on Vienna, Berlin – and now also on Hamburg (Property Development). The objective is to maximise profitability along the entire value chain – from the in-house development of new projects to the optimisation of the portfolio through active Asset Management and the cycle-optimised sale of new projects and standing investment units.

The following information is based on the values as of 30 April 2016, the balance sheet date for the 2015/16 financial year. Comparative figures in parentheses refer to the values as of 30 April 2015, unless otherwise indicated. Information on carrying amounts is provided in the consolidated financial statements under note 2 *Accounting Policies*.

THE BUWOG GROUP'S PROPERTY PORTFOLIO

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

The fair value of the BUWOG Group's portfolio totalled EUR 4,142.0 million as of 30 April 2016 (30 April 2015: EUR 3,846.2 million). Standing investments represent the major component at EUR 3,716.3 million (EUR 3,558.0 million) or 89.7% (92.5%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 217.3 million (EUR 197.6 million) or 5.2% (5.1%) of the carrying amount of the entire portfolio. The pipeline projects have a combined fair value of EUR 168.7 million (EUR 68.6 million) or 4.1% (1.8%). The carrying amount of the new buildings, which are reported as investment property under construction and are designated for BUWOG's portfolio, amounted to EUR 33.0 million (EUR 14.6 million) or 0.8% (0.4%). The other tangible assets, which include properties used directly by the BUWOG Group, total EUR 6.7 million (EUR 7.4 million) or 0.2% (0.2%).

The property portfolio of the BUWOG Group is classified under non-current and current assets on the balance sheet. The following charts reconcile the balance sheet values as of 30 April 2016 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 30 April 2016 in EUR million

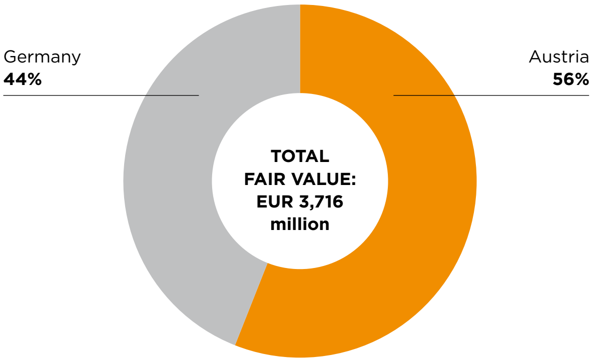
Non-current assets	**3,924.7**	Investment properties	3,885.0	**Standing investments**	**3,716.3**
				Pipeline projects	168.7
		Other tangible assets	6.7	Properties used by the BUWOG Group[1]	6.7
		Investment properties under construction	33.0	Construction for the BUWOG portfolio	33.0
Current assets	**217.3**	Non-current assets held for sale	0.0	**Standing investments**	**0.0**
				Pipeline projects	0.0
		Real estate inventories	217.3	Development projects	217.3
Total portfolio BUWOG Group	**4,142.0**		**4,142.0**		**4,142.0**

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

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

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2016



PROPERTY PORTFOLIO BY FAIR VALUE

as of 30 April 2016	Units	Standing investments in EUR million	Pipeline projects in EUR million	Properties used by the BUWOG Group in EUR million[1)]	Construction for BUWOG portfolio in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Germany	27,072	1,651.2	101.3	0.7	0.0	89.8	1,843.1	44.5%
Austria	23,986	2,065.1	67.4	6.0	33.0	127.5	2,298.9	55.5%
BUWOG Group	**51,058**	**3,716.3**	**168.7**	**6.7**	**33.0**	**217.3**	**4,142.0**	**100.0%**

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

INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating regular rental income. The property portfolio in Austria and Germany included 51,058 standing investment units (51,671), which had a fair value of EUR 3,716.3 million as of 30 April 2016 (EUR 3,558.0 million) and represented 90% of the total property portfolio (incl. development projects). The standing investment portfolio is carried at fair value in accordance with IAS 40, whereby the indicated values also include assets classified as held for sale in accordance with IFRS 5.

Three portfolios in Germany with a total of 532 units were acquired for approx. EUR 36.5 million and successfully integrated in 2015/16.

PORTFOLIO TRANSACTIONS IN FY 2015/16

	Acquired on
150 units in Brunswick	1 January 2016
108 units in Schleswig-Holstein	1 January 2016
274 units in Hamburg/Kiel	1 February 2016

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

Vienna and Berlin as well as the provincial and state capitals, major cities and related suburban regions (incl. Hamburg) represented the locations for 85% of the fair value of the BUWOG Group's standing investment portfolio and 77% of the standing investment units as of 30 April 2016.

The average unit in the BUWOG Group's standing investment portfolio has approx. 69 sqm. The annualised contractual net in-place rent of the portfolio, including parking spaces, totalled EUR 201.2 million as of 30 April 2016 (EUR 198.2 million). That represents an average net in-place rent of EUR 4.92 per sqm (EUR 4.81 per sqm) and a gross rental yield (annualised net in-place rent in relation to fair value as of 30 April) of 5.4% (5.6%). The vacancy rate is calculated on the basis of the total floor space and equalled 3.4% as of 30 April 2016 (4.2%).

On a like-for-like basis – i.e. after the deduction of the effects of portfolio transactions and the inclusion of changes in vacancies – the increase in rents totalled 1.6% (3.3%) for BUWOG's portfolio. The like-for-like rental growth equalled 2.7% (3.4%) in the German portfolio and 0.3% (2.9%) in the Austrian portfolio.

BUWOG invested EUR 54.8 million in its Austrian and German properties during 2015/16 (EUR 50.4 million) for ongoing maintenance, to prepare apartments for new rentals, for contributions to maintenance reserves in properties designated for privatisation and for major maintenance and modernisation measures. That corresponds to EUR 15.4 per sqm (EUR 14.7 per sqm). Investments in regular maintenance totalled EUR 36.6 million (EUR 33.1 million) or EUR 10.3 per sqm (EUR 9.7 per sqm), and capitalised investment costs amounted to EUR 18.2 million (EUR 17.3 million) or EUR 5.1 per sqm (EUR 5.0 per sqm). The capitalisation ratio for investment costs equalled 33% (34%) of total investments. As part of its active Asset Management approach, the BUWOG Group continues to focus on sustainable, yield-oriented property management and optimisation to realise opportunities to increase value, improve the properties and boost rental income.

PORTFOLIO OVERVIEW STANDING INVESTMENTS BY LOCATION

as of 30 April 2016	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	11,636	912,775	59	5.52	1,444	1,582	4.1%	2.8%
Vienna	6,643	581,087	35	5.15	1,024	1,762	3.4%	3.8%
Berlin	4,993	331,688	24	6.16	420	1,267	5.8%	1.0%
State capitals and major cities[5]	19,789	1,278,576	74	4.93	1,189	930	6.2%	2.1%
Suburban regions[6]	8,030	563,231	31	4.76	537	954	5.8%	3.9%
Rural areas	11,603	777,691	37	4.27	546	702	6.9%	6.1%
Total BUWOG Group	**51,058**	**3,532,273**	**201**	**4.92**	**3,716**	**1,052**	**5.4%**	**3.4%**
thereof Germany	27,072	1,684,879	112	5.68	1,651	980	6.8%	2.1%
thereof Austria	23,986	1,847,394	89	4.20	2,065	1,118	4.3%	4.7%

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 2016
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm
5) More than 50,000 inhabitants and a significant share of the portfolio
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

The BUWOG Group's standing investments are assigned to one of three clusters for portfolio management: (a) the core portfolio, (b) the Unit Sales portfolio (current and planned property sales) and (c) the Block Sales portfolio (individual properties and portfolios) where the sale of properties over the medium-term is part of an opportunistic approach to optimise and concentrate the portfolio. In accordance with the strategic portfolio cluster, the core holdings represent 95% of BUWOG's portfolio. The cluster allocation is shown in the following table:

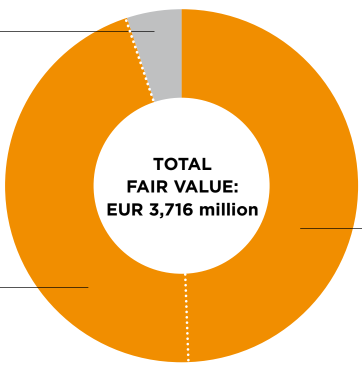
PORTFOLIO SPLIT BY STRATEGY CLUSTER

as of 30 April 2016		Core portfolio	Unit Sales	Block Sales	Total portfolio
Standing investments	Quantity	35,155	12,658	3,245	**51,058**
Total floor area	in sqm	2,285,039	1,001,838	245,396	**3,532,273**
Monthly net in-place rent[1]	in EUR per sqm	5.20	4.46	4.06	**4.92**
Fair value[2]	in EUR million	2,036	1,485	196	**3,716**
Fair value[2]	in EUR per sqm	891	1,482	797	**1,052**
Gross rental yield[3]	%	6.8%	3.5%	5.7%	**5.4%**
Vacancy rate per cluster	by sqm	2.7%	4.3%	6.5%	**3.4%**

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
3) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 30 April 2016

Block sales
5%
Properties and portfolios for sale within the scope of portfolio optimisation



As part of the core portfolio:
Unit Sales
40%
Privatisation properties for current and planned single-apartment sales

Core portfolio
95%
Investment properties for long-term lease and optimisation

SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)

Unit Sales are the main driver for sustainable revenues and contributions to Recurring FFO in the BUWOG Group's Property Sales business area. This process basically involves the sale of subdivided units (individual apartments) in two forms: rented units are sold to the current tenants and units vacant due to tenant turnover are sold to owner-occupiers.

A total of 635 units were sold in 2015/16 (617): 622 units from the Austrian portfolio and 13 units from the German portfolio. These sales contributed EUR 34.6 million (EUR 34.9 million) to Recurring FFO and had a margin on fair value of 57% (59%).

Block Sales covering 484 units (604) were carried out to adjust and concentrate the portfolio in 2015/16. The earnings contribution from Block Sales is not part of Recurring FFO and is only included in Total FFO. It amounted to EUR 3.6 million (EUR 7.2 million) with a margin on fair value of 14% (26%).

INVESTMENT PROPERTY – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The balance sheet position investment property covers standing investments and pipeline projects which are carried at fair value in accordance with IAS 40. Pipeline projects are defined as undeveloped land reserves and new projects in planning whose construction is scheduled to start more than six months after the balance sheet date. BUWOG reviews these projects regularly for development and realisation options. The decision parameters include the availability of building permits, the progress of construction, the legal situation, the amount of equity previously invested by the BUWOG Group, the availability of bank financing, the level of pre-letting or sales, the expected margin, the margins achievable on alternative projects, project-specific factors and, not least, the macroeconomic environment.

The pipeline projects recognised on BUWOG's balance sheet had a carrying amount of EUR 168.7 million as of 30 April 2016 (EUR 68.6 million).

PIPELINE PROJECTS FAIR VALUE

as of 30 April 2016	Property Development new building projects starting > 6 months in EUR million	Property Development land reserves in EUR million	Property Development non-current assets held for sale in EUR million	Asset Management land reserves in EUR million	Total pipeline projects in EUR million	Share in total pipeline
Germany	100.7	0.0	0.0	0.7	101.3	60.1%
Austria	60.8	4.1	0.0	2.4	67.4	39.9%
Total	**161.5**	**4.1**	**0.0**	**3.1**	**168.7**	**100.0%**

OTHER TANGIBLE ASSETS

The other tangible assets had a combined carrying amount of EUR 6.7 million (EUR 7.4 million). These assets consist primarily of office properties occupied by the BUWOG Group in Vienna (Hietzinger Kai 131) and Villach (Tiroler Strasse 17), which have a carrying amount of EUR 5.4 million (EUR 6.0 million).

INVESTMENT PROPERTY UNDER CONSTRUCTION – CONSTRUCTION FOR THE PORTFOLIO (ASSET MANAGEMENT BUSINESS AREA)

Investment property under construction includes subsidised rental properties in Austria that are currently under construction or whose construction will begin within the next six months as part of development for BUWOG's core portfolio. The BUWOG Group has long-standing experience in the construction of subsidised rental properties for its own portfolio in Austria. The carrying amount of these development projects totalled EUR 33.0 million as of 30 April 2016 (EUR 14.6 million). In 2015/16 construction started on three new projects: "Am Otterweg" with 120 units – including 89 subsidised rental units, "Southgate" with 242 units – including 78 subsidised rental units and "Breitenfurter Strasse 239" with 131 units – including 100 subsidised rental units.

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

The properties classified as non-current assets held for sale and accounted for in accordance with IFRS 5 were covered by specific plans as of 30 April 2016 which make their sale likely in the near future. The carrying amount of these properties amounted to EUR 0.0 million as of 30 April 2016 because none of the properties met the criteria for reclassification under IFRS 5 (30 April 2015: EUR 5.8 million).

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

The development of subsidised or privately financed condominiums and investment apartments (investors) for local customers and institutional investors and foundations is an important part of BUWOG's business activities. Details on the product development matrix can be found on page 88. The markets in Vienna and Berlin with their strong demand for condominiums represent the main regional focus – together with Hamburg, which has been designated as the third development location. The principle selection criteria for development projects are the location, the size of the project, its marketability and the expected profitability.

Development projects completed or currently under construction are reported on the balance sheet as real estate inventories (current assets) and accounted for at amortised cost or the lower net realisable value in accordance with IAS 2. The fair value of the real estate inventories totalled EUR 217.3 million as of 30 April 2016 (EUR 197.6 million).

PROPERTY VALUATION

The consolidated financial statements of the BUWOG Group as of 30 April 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), which include the application of the fair value method. The determination of fair value requires the regular appraisal of the investment properties by independent experts. The valuation of the property portfolio reflects the Best Practice Recommendations of the European Public Real Estate Association (EPRA) for the application of the fair value method as defined in IFRS. The BUWOG Group views the calculation and transparent presentation of fair value as an important internal controlling instrument, which also allows for a realistic external assessment of its property assets.

The standing investments, new construction projects and undeveloped land held by the BUWOG Group are valued by an independent external appraiser, CBRE Residential Valuation Germany, as of the reporting dates on 30 April and 31 October. The fair value of the standing investments as of the reporting dates on 31 July and 31 January is measured and adjusted by BUWOG.

CBRE is one of the market leaders for real estate appraisals in Germany and Austria. The company valued roughly 870,000 residential units with a total volume of approx. EUR 50 billion in 2015. With approx. 70,000 employees in nearly 400 offices throughout the world (excluding affiliated companies and subsidiaries), CBRE serves as a property service provider for owners as well as private and institutional investors.

CBRE uses a discounted cash flow (DCF) model to value the Austrian real estate holdings. This model was adapted to reflect the special features of the Austrian Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*), in particular, cost-covering rent and the Burgenland guideline -30%, and the Unit Sales from these holdings. The parameters for Austria include long-term subsidy periods, interest rate hikes and the long-term revenues realisable from Unit Sales in the form of detailed cash flows over period of 80 years. If the sale of individual apartments is the most economically feasible option, the property is valued according to estimated sale potential of the individual units. The recoverable revenue on the sale is determined by applying the sales comparison approach and included in the DCF model on an accrual basis.

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

Additional information on the valuation process and methods is provided in the consolidated financial statements under note *2.4.2 Investment property and properties under construction*.

CBRE had valued the entire property portfolio of the BUWOG Group as of 30 April 2016. The fair values of these properties and land have a direct influence on the Net Asset Value (NAV) and therefore represent an important factor for evaluating the financial position of the BUWOG Group.

DEVELOPMENT OF PROPERTY VALUES IN 2015/16

The external appraisal prepared by CBRE indicated that the fair value or BUWOG's properties had risen significantly year-on-year as of 30 April 2016 owing to fair value adjustments totalling EUR 190.8 million (EUR 105.7 million).

The fair value of the standing investments recognised at fair value in accordance with IAS 40 (excluding property held for sale; standing investments in accordance with IFRS 5) amounted to EUR 3,716.3 million as of 30 April 2016 (30 April 2015: EUR 3,552.2 million). The fair value of the pipeline projects totalled EUR 168.7 million (EUR 68.6 million). For the BUWOG Group, this resulted in a total fair value of EUR 3,885.0 million (previous year: EUR 3,620.8 million). The fair value adjustments in 2015/16 equalled EUR 190.8 million (EUR 105.7 million).

The positive development of fair value was influenced, above all, by a high yield compression – with an above-average increase in the purchase price for apartment buildings and portfolios in relation to the growth in rents – at the core locations of BUWOG's properties in Germany. This situation reflects the continuing strong demand by German and foreign investors for apartment purchases which, according to the current point of view, is not expected to weaken. In order to also develop a reasonable forecast for this trend in the future, BUWOG Group intends to commission an additional appraisal of the German property portfolio by CBRE as of 31 July 2016. The increase in the fair value of the German property portfolio is also influenced by favourable developments on the rental market and the related substantial improvement in new leases, especially in BUWOG's core regions.

The increase in the fair value of the Group's Austrian properties resulted primarily from the upward trend in purchase prices on the real estate market and the resulting positive influence on selling prices for the Unit Sales cluster in high-demand regions. The fair value of the strategic Unit Sales cluster equalled EUR 1,485 million as of 30 April 2016. The previous sales margins on fair value support the assumption that the sale of individual apartments will continue to have a significant effect on margins and, in this way, make an important contribution to the Recurring FFO generated by the Group's property portfolio.

The following section summarises the fair value adjustments in the regional clusters. The highest fair value increase in the German standing investment portfolio was recorded in Berlin with approx. EUR 81.0 million and resulted chiefly from the continuing strong yield compression. In the state capitals/major cities, substantial positive fair value adjustments were recorded to the properties in Lübeck (EUR 25.9 million), Kiel (EUR 12.6 million), Lüneburg (EUR 6.2 million) and Brunswick (EUR 5.3 million) and in the regions surrounding Hamburg (EUR 6.3 million). The increase in the fair value of the Austrian properties was concentrated on the Unit Sales properties in Vienna at approx. EUR 45.3 million, Innsbruck (EUR 11.6 million) and Salzburg (EUR 5.0 million). Negative fair value adjustments were recorded in Villach (EUR –4.1 million), the regions surrounding Villach and Klagenfurt (EUR –5.2 million) and structurally weaker rural locations in Austria (EUR –15.8 million), above all due to the effects of the amendment to the Austrian Non-Profit Housing Act.

FAIR VALUE ADJUSTMENTS BY REGIONAL CLUSTER

as of 30 April 2016	Fair value adjustments[1] in EUR million	Number of units	Monthly net in-place rent[2] in EUR per sqm	Fair value[3] in EUR million
Federal capitals	126.3	11,636	5.52	1,444
Vienna	45.3	6,643	5.15	1,024
Berlin	81.0	4,993	6.16	420
State capitals and major cities[4]	67.9	19,789	4.93	1,189
Suburban regions[5]	12.2	8,030	4.76	537
Rural areas	–15.6	11,603	4.27	546
Total BUWOG Group	**190.8**	**51,058**	**4.92**	**3,716**
thereof Germany	141.6	27,072	5.68	1,651
thereof Austria	49.2	23,986	4.20	2,065

The positive and negative fair value adjustments are shown as a net amount in the above table.
1) Fair value adjustments of FY 2015/16 according to CBRE valuation reports as of 30 April 2016 and 30 April 2015
2) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
3) Based on fair value of standing investments according to CBRE valuation reports as of 30 April 2016
4) More than 50,000 inhabitants and a significant share of the portfolio
5) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

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

Rental prices have increased significantly on the housing market in Germany over the last five years, mainly as a result of higher demand. The growing pressure on politicians to intervene in tight housing markets resulted in a cap on rent increases, which was approved by the German Federal Cabinet at the end of September 2014, adopted by the Parliament on 5 March 2015 and took effect on 1 June 2015. The state governments are authorised to designate areas as tight housing markets by means of a legal ordinance for a maximum period of five years. New rentals in areas with this cap were subject to the following restrictions:

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

This regulation has been in force in Berlin since June 2015 and in Hamburg since July 2015: the rents for newly concluded contracts are limited to 10% over the normal rent for the area; in cases where the previous rent was higher, that represents the cap. The rental price cap has also been in effect at a number of locations in Schleswig-Holstein and Kassel since November 2015 and could also follow in Brunswick, Lüneburg and Buchholz during the second half of 2016.

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

The rental price cap has an influence on the potential for increasing the prices for new rentals when the realisable market rent for a particular apartment was not reached before the cap was implemented. Apartments rented for the first time after extensive modernisation – which is not defined more precisely – are not covered by the cap. In order to further utilise the available opportunities, BUWOG's investments in existing apartments are focused on units where there is still a substantial difference between the rental price cap and the market rent.

In addition to the rental price cap, the Ministry of Justice has proposed a second set of reforms to the rental law amendment. It includes a reduction from 11% to 8% in the modernisation premium that can be used to transfer the costs of these measures to tenants as well as numerous other rules for rent increases after modernisation.

The transaction market remains robust despite the growing regulation of the residential rental sector. Completions are unable to keep pace with the growing number of households in the attractive regional housing markets with comparatively high increases in rents and purchase prices. This has depressed vacancy rates to historic lows. At the same time, the economic environment is very positive with low and declining unemployment, new record levels of employees in jobs covered by social security and an improvement in purchasing power based on the expanding economy.

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

The consequences for the valuation of BUWOG's properties in Germany include an increase in the purchase price parameters (yield compression) which more than offsets the negative effects of the rental price cap at a number of locations as well as fair value adjustments in Germany that reached EUR 141.6 million in 2015/16 (EUR 68.4 million).

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

The Austrian Parliament passed an amendment to the Austrian Non-Profit Housing Act at the end of 2015, which took effect on 1 January and 1 July 2016. This amendment includes, among others, the following major changes:

Restructuring of the maintenance and improvement contribution (*Erhaltungs- und Verbesserungsbeitrag*): The basic contribution equals EUR 0.43 per sqm and is collected from tenants as part of the rent. Similar to the increased maintenance and improvement contribution, the basic contribution will now also be subject to repayment. Maintenance and improvement contributions collected but not used by 30 June 2016 fall under the repayment obligation as of 1 July 2016. These funds must be repaid to tenants if they are not used for maintenance within 20 years (previously 10 years). The extension of the period after which the collected maintenance and improvement contribution must be repaid allows for more targeted investments in the building substance.

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

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

The valuation of the BUWOG Group's Austrian properties was therefore influenced by the negative effects of the amendment to the Austrian Non-Profit Housing Act as well as very positive effects from the further increase in their sale potential due to the rising prices for condominiums and the related effects on the fair value of the Unit Sales portfolio. The fair value adjustments to the Austrian property portfolio totalled EUR 49.2 million in 2015/16 (EUR 37.3 million).

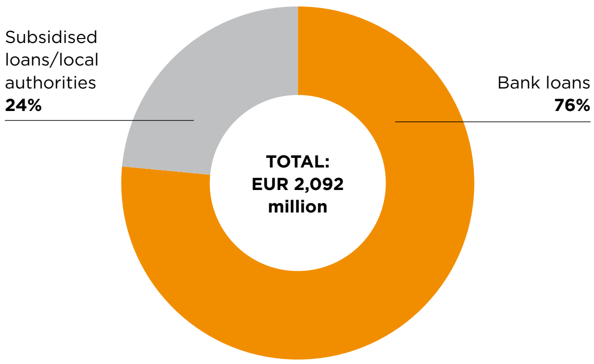
FINANCING

The BUWOG Group successfully arranged refinancing for standing investments and extended working capital lines with a total volume of EUR 61 million[1)] and an average interest rate of 1.61% in 2015/16. Activities during the reporting year also involved the acquisition of land in Austria and Germany and the subsequent financing of development projects. Financing for development projects with a total volume of approx. EUR 208 million[2)] and an average interest rate of 1.37% was concluded during the reporting year. The Group was generally able to utilise the favourable interest rate and market environment to negotiate new interest conditions. However, current interest rate levels will have little effect on BUWOG's business in the near future because of the longer terms of the existing financing agreements. The weighted average nominal interest rate rose from 2.14% to 2.19% during the reporting year due to (1) annuity hikes on long-term Austrian subsidised loans and (2) floor agreements on hedged underlying transactions as a result of the current negative reference interest rates.

FINANCING STRUCTURE

BUWOG's financial liabilities include liabilities to credit institutions and liabilities to local authorities in Germany and Austria. The remaining financial liabilities, which are exclusively denominated in Euros, amounted to approx. EUR 2,092 million as of 30 April 2016. The adjacent chart provides an overview of the BUWOG Group's financing structure as of 30 April 2016.

STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES
as of 30 April 2016



RESIDENTIAL CONSTRUCTION SUBSIDIES

A distinctive element of BUWOG's financing are the subsidised loans provided by financial institutions and regional authorities in Austria and Germany, which account for 37% of the outstanding financial liabilities. A major component of the Group's construction projects in Austria was supported by the public sector through residential construction subsidies. In Germany, the BUWOG Group took over existing subsidised loans for housing construction and modernisation (in particular, based on the Schleswig-Holstein Housing Promotion Act *(Schleswig-Holsteinisches Wohnraumförderungsgesetz)*) in connection with the acquisition of the DGAG property portfolio. As of 30 April 2016, liabilities to development banks were reclassified to amounts due to financial institutions and the comparable data was adjusted accordingly. The residential construction subsidies granted to the BUWOG Group can be classified according to the following criteria:
- Provincial/state subsidies for construction and refurbishment
- Types of subsidies: annuity subsidies, construction cost subsidies or direct loans

The subsidies are defined in the residential construction statutes of the respective provinces or states. Despite wide-ranging differences in these legal provisions, the laws governing residential construction subsidies are based on several fundamental principles:
- Rents must cover costs during and after the term of the subsidy, especially in Austria
- Certain restrictions, such as temporary constraints on sale, are required to secure the residential construction subsidies.
- The misuse of subsidies can result in sanctions, in particular early repayment.

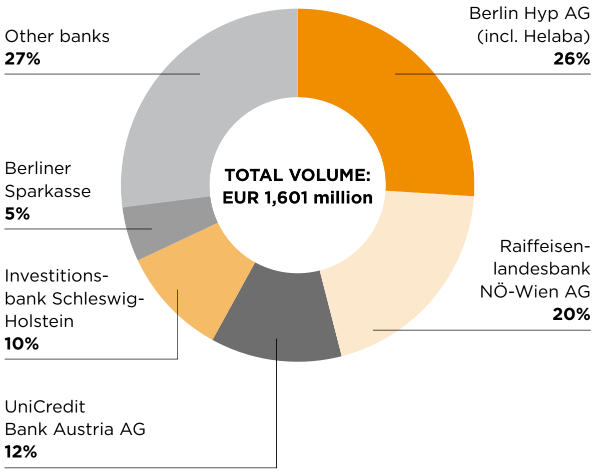
The above-mentioned criteria also form the basis for the terms of the subsidised loans granted to the BUWOG Group, which had an average interest rate of 1.50% as at 30 April 2016. The subsidised loans generally carry fixed interest rates and include annuity increases or graduated interest-rate agreements, which are known at the time the contract is signed and generally passed on in the form of rent increases. Annuity increases in the province of Carinthia took effect during the last quarter of 2015/16 (housing subsidy 1991) and led to an increase in the interest payments due to the Austrian regional authorities.

1) As of 30 April 2016, EUR 17 million had not been transferred because the disbursement requirements must still be met.
2) As of 30 April 2016, EUR 41 million had not been transferred because the disbursement requirements must still be met.

FINANCING PARTNERS AND REPAYMENT STRUCTURE

BUWOG benefits from long-standing business relations with more than 50 financial institutions in Austria and Germany. Its most relevant contract partners are Berlin Hyp, Raiffeisenlandesbank NÖ-Wien, Unicredit Bank Austria, Investitionsbank Schleswig-Holstein and Berliner Sparkasse. The diversification of financing among various lenders allows the Group to avoid dependency and creates broad access to a wide range of funding sources.

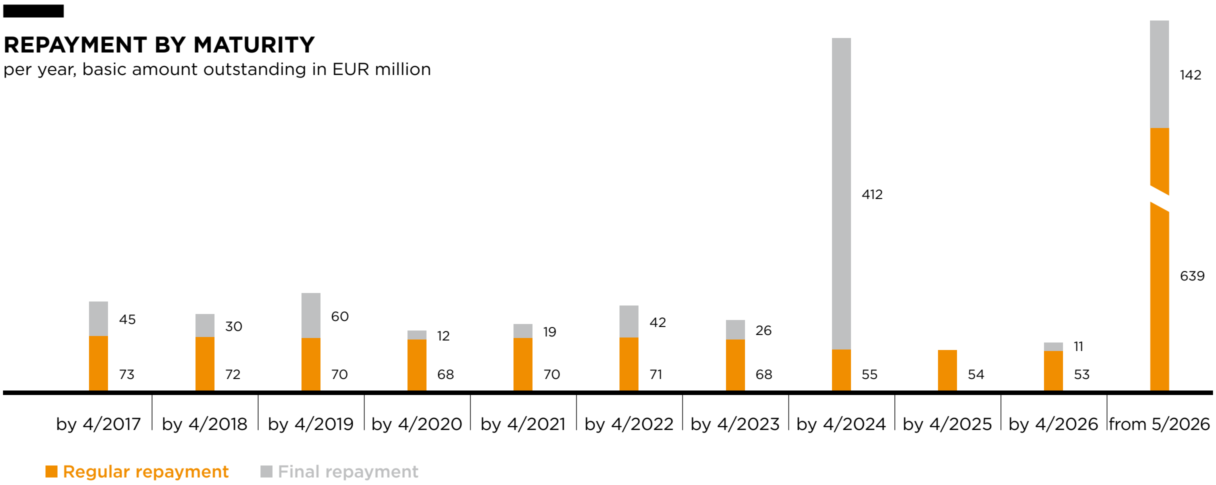
KEY FINANCING PARTNERS (BANKS)
as of 30 April 2016



In keeping with the long-term nature of its core business, the BUWOG Group works to develop and maintain a long-term, balanced financing structure to protect its defensive risk profile. Most of the financing contracts are based on long-term agreements. The average remaining term is 15.9 years and the average fixed interest period 13.4 years.

The repayment structure by maturity is shown below:

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



The following table summarises the key financing parameters as of 30 April 2016 and could include rounding differences.

FINANCING PARAMETERS

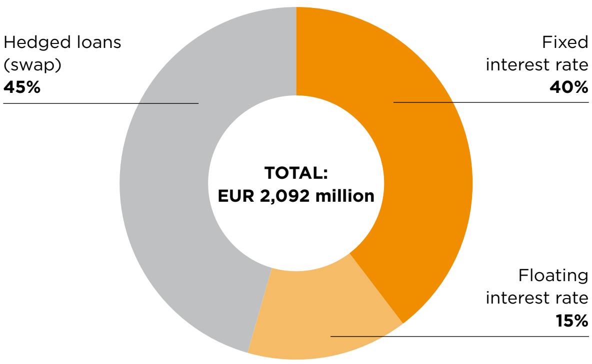
	Outstanding liability in EUR million	Share	Ø Interest rate	Ø term in years
Bank liabilities	**1,601**	**76%**	**2.40%**	**14.4**
thereof Austria	800	38%	2.28%	17.3
thereof Germany	800	38%	2.53%	11.4
Local authorities	**492**	**24%**	**1.49%**	**20.9**
thereof Austria	466	22%	1.54%	20.0
thereof Germany	26	1%	0.74%	37.9
Total	**2,092**	**100%**	**2.19%**	**15.9**

BUWOG's Loan-to-Value ratio (LTV) equalled 47.6% as of 30 April 2016. Further details on the calculation of the LTV can be found under *Loan-to-value* in the section on *Asset, Financial and Earnings Position*.

INTEREST RATE STRUCTURE

In accordance with the long-term nature of BUWOG's financing structure, 85% of the financing contracts are hedged against interest rate risk through fixed interest rate agreements and/or interest rate swaps. The weighted average nominal interest rate equals 2.19%, whereby the increase over the previous year resulted from annuity hikes on subsidised loans in Austria and floor agreements for financing hedged with swaps. The hedged financing has a particularly high exposure to the current negative development of reference interest rates because BUWOG must make up the interest rate difference on the derivatives when reference interest rates are negative.

INTEREST RATE STRUCTURE
as of 30 April 2016



DERIVATIVES

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

The BUWOG Group held derivatives with a notional amount of EUR 953 million as of 30 April 2016. Of the total financial liabilities, 46% are hedged against interest rate risk through swaps. Floor agreements for underlying hedged transactions with a volume of EUR 484 million have led to an increase in interest expense. Further details on derivatives can be found in the consolidated financial statements under note *7.2.5 Interest rate risk*.

ASSET, FINANCIAL AND EARNINGS POSITION

The following information on the asset, financial and earnings position is based on the 2015/16 financial year (reporting year) and the 2014/15 financial year (preceding period) and can include rounding differences. The disclosures and information as of the prior year's balance sheet date (30 April 2015) and for the comparable prior year period are presented in parentheses. The term Net Operating Income (NOI) per business area is used in the following as a synonym for the earnings generated by each business area.

The Asset Management business area recorded positive development in 2015/16 based on the steady pursuit of an active asset management strategy. Annualised net cold rent rose by 1.5% to over EUR 200 million and the vacancy rate fell from 4.2% to 3.4%. The NOI in this business area increased by 6.1% to EUR 136.1 million.

The Property Sales business area continued the successful trend in Unit Sales with a further increase to 635 standing investment units. The high margin on fair value of 57% remained nearly constant at the prior year level. Block Sales covered 484 (604) units and were lower than the previous year for cyclical reasons. The NOI from this business area totalled EUR 38.2 million (EUR 42.1 million).

The Property Development business area remained dynamic throughout the reporting year and already reflects the successful intensification of these activities. The number of completed units rose to 421 and the earnings contribution increased significantly by 72%. As of 30 April 2016, the development pipeline had grown by 60% to approx. EUR 2.5 billion or nearly 8,121 units. The number of units currently under construction also increased substantially to 971.

EARNINGS POSITION

G4-EC1

CONDENSED INCOME STATEMENT

in EUR million	2015/16	2014/15	Change
NOI Asset Management	136.1	128.3	6.1%
NOI Property Sales	38.2	42.1	–9.2%
NOI Property Development	21.4	12.5	71.6%
Other operating income	7.5	7.8	–3.8%
Expenses not directly attributable	–33.0	–32.2	–2.4%
Results of operations	**170.3**	**158.5**	**7.5%**
Other valuation results	178.8	110.0	62.6%
Operating profit (EBIT)	**349.1**	**268.5**	**30.0%**
Financial results	–41.0	–216.9	81.1%
Earnings before tax (EBT)	**308.2**	**51.6**	**>100.0%**
Net profit	**239.9**	**40.7**	**>100.0%**
Net profit per share[1] in EUR	**2.37**	**0.40**	**>100.0%**

1) Based on 99,650,556 shares (weighted average), previous year: 99,613,479 shares

GROUP MANAGEMENT REPORT

Asset Management. The income recorded by the Asset Management business area consists of net cold rent of EUR 187.4 million (EUR 177.4 million) from residential properties and other rental income of EUR 12.0 million (EUR 10.3 million) which results primarily from the rental of office, retail and parking areas. These two items comprise the indicator "net in-place rent" and represent the revenue contribution by Asset Management to the BUWOG Group's total revenue. The income from Asset Management also includes operating costs passed on to tenants and third-party management revenues of EUR 107.9 million (EUR 104.9 million) as well as other revenues of EUR 0.1 million (EUR 0.9 million). These revenues are contrasted by operating expenses and expenses from third-party management amounting to EUR 106.1 million (EUR 102.6 million) and expenses directly related to investment properties totalling EUR 65.1 million (EUR 62.7 million), which include maintenance costs of EUR 36.6 million for BUWOG's own portfolio (EUR 33.1 million)

The NOI generated by Asset Management increased 6.1% year-on-year to EUR 136.1 million in 2015/16 (EUR 128.3 million). This improvement was supported, above all, by higher rents realised on new rentals and the reduction of vacancies in the standing investment portfolio. The positive development of results in Germany from EUR 59.7 million in the previous year to EUR 76.0 million was based primarily on an increase in rental income due to a decline in vacancies and higher prices for new rentals. It also reflected the cost savings and synergy effects from the integration of the management platform taken over in connection with the acquisition of the DGAG portfolio. In addition, the rental income and expenses for the DGAG and Apollo property portfolios were only included for ten months in the previous year, but for the full 12 months in 2015/16. The results generated by Asset Management in Austria were lower than the previous year due to the sale of rental apartments and increased maintenance expenditures.

OVERVIEW OF ASSET MANAGEMENT

G4-EC1

in EUR million	2015/16	2014/15	Change
Residential rental income	187.4	177.4	5.7%
Other rental income	12.0	10.3	16.1%
Rental revenues	**199.4**	**187.7**	**6.2%**
Operating costs charged to tenants and third party property management revenues	107.9	104.9	2.9%
Other revenues	0.1	0.9	-90.1%
Revenues	**307.3**	**293.5**	**4.7%**
NOI Asset Management	**136.1**	**128.3**	**6.1%**
NOI margin Asset Management	**68.2%**	**68.0%**	**0.2 PP**

The following table shows the classification of maintenance costs and modernisation expenditures (CAPEX). Maintenance costs represent an expense item on the income statement, while modernisation expenditures (CAPEX) increase the carrying amount of the standing investments.

MAINTENANCE AND INVESTMENT IN INVESTMENT PROPERTIES

	2015/16	2014/15	Change
Maintenance and investment in EUR million	54.8	50.4	8.7%
Maintenance in EUR million1)	36.6	33.1	10.7%
Modernisation (CAPEX) in EUR million	18.2	17.3	5.0%
Modernisation (CAPEX)	33.1%	34.3%	-1.2 PP
Average total floor area in 1,000 sqm2)	3,551.3	3,424.2	3.7%
Maintenance and investment in EUR per sqm	**15.4**	**14.7**	**5.2%**
Maintenance in EUR per sqm	10.3	9.7	6.7%
Investment (CAPEX) in EUR per sqm	5.1	5.0	2.3%

The use of automated calculation systems may give rise to rounding differences.
1) Maintenance costs of own real estate portfolio (excl. rental of leased real estate EUR 0.3 million)
2) Average weighted floor area taking into account increases and reductions from purchases and sales

Property Sales. The Property Sales business area generated NOI of EUR 38.2 million (EUR 42.1 million) from the sale of properties and fair value adjustments to properties held for sale. The results recorded by Unit Sales reflected the previous year despite a slight decline in the margin on fair value. The earnings contribution from Block Sales was lower than the previous year due to the sale of three supermarket units and properties in structurally weak regions, which were sold in accordance with the portfolio optimisation and concentration.

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

OVERVIEW OF PROPERTY SALES

G4-EC1

	2015/16	2014/15	Change
Sales of units in numbers	**1,119**	**1,221**	**–8.4%**
thereof Unit Sales	635	617	2.9%
thereof Block Sales	484	604	–19.9%
Revenues Property Sales in EUR million	**129.8**	**133.8**	**–3.0%**
thereof Unit Sales in EUR million	99.2	98.2	1.0%
thereof Block Sales in EUR million	30.6	35.6	–14.0%
NOI Property Sales in EUR million	**38.2**	**42.1**	**–9.3%**
thereof Unit Sales in EUR million	34.6	34.9	–1.0%
thereof Block Sales in EUR million	3.6	7.2	–49.6%
NOI margin Property Development on fair value	**44%**	**48%**	**-4.1 PP**
Margin on fair value – Unit Sales	57%	59%	-2.2 PP
Margin on fair value – Block Sales	14%	26%	-12.5 PP

Property Development. Activities in the Property Development business area were very successful in 2015/16. In year-on-year comparison, revenues rose from EUR 85.2 million to EUR 162.0 million and earnings nearly doubled from EUR 12.5 million to EUR 21.4 million. Results in Austria amounted to EUR 10.1 million (EUR 12.1 million) and were influenced by the full or partial completion of the "Sky6", "Skytower" and "Otterweg" projects. The completions in Germany covered the full or partial completion of the "Gervin&Wilmers", "Quartier am Pankepark" and "Westendpark" projects as well as the sale of two sites in Berlin before the start of construction with a sound contribution of EUR 6.8 million to earnings. In total, Germany made a substantial contribution of EUR 11.4 million to Group earnings for the reporting year (EUR 0.4 million). The BUWOG Group underscored its successful strategic focus on this business area in 2015/16 with a solid improvement in NOI, a clear focus on attractive locations like Berlin and Vienna and the expansion of property development activities through market entry in Hamburg.

OVERVIEW OF PROPERTY DEVELOPMENT

	2015/16	2014/15	Change
Sold units	**417**	**259**	**61.0%**
thereof Germany	177	3	>100,0%
thereof Austria	240	256	-6.3%
Revenues Property Development in EUR million	**162.0**	**85.2**	**90.2%**
thereof Germany in EUR million[1)]	88.6	16.6	>100,0%
thereof Austria in EUR million	73.5	68.6	7.1%
NOI Property Development in EUR million	**21.4**	**12.5**	**71.6%**
thereof Germany in EUR million	11.4	0.4	>100,0%
thereof Austria in EUR million	10.1	12.1	-16.8%
NOI margin Property Development	**13.2%**	**14.7%**	**-1.5 PP**
thereof Germany	12.8%	2.4%	10.4 PP
thereof Austria	13.7%	17.6%	-3.9 PP

The use of automated calculation systems may give rise to rounding differences.
1) The revenues of Property Development include EUR 19.8 million (EUR 15.6 million) of revenues from the sale of two land sites.

G4-EC1

Expenses not directly attributable. Expenses that are not directly attributable to the business areas amounted to EUR 33.0 million (EUR 32.2 million). They consist primarily of personnel expenses totalling EUR 14.4 million (EUR 11.2 million), legal, auditing and consulting fees of EUR 4.9 million (EUR 5.9 million) and IT and communication costs of EUR 3.9 million (EUR 3.5 million). The expenses for advertising and marketing rose only slightly year-on-year to EUR 2.9 million in 2015/16 (EUR 2.7 million). The minor increase over the previous year in expenses not directly attributable resulted, above all, from the general growth in the workforce and projects related to the Group-wide introduction of SAP ERP.

Other valuation results. This position consists primarily of fair value adjustments totalling EUR 190.8 million (EUR 105.7 million) to investment properties. It also includes a negative effect of EUR 12.0 million from the inclusion of the maintenance and improvement contribution. Additional details are provided in the consolidated financial statements under notes 5.7 *Fair value adjustments* and 5.8 *Recognition of maintenance and improvement contributions*.

Financial results. Financial results of EUR -41.0 million include cash financing expenses of EUR -48.6 million, non-cash results of EUR +2.6 million from the fair value measurement of derivatives through profit or loss and the assumption of EUR +9.4 million in financial liabilities and debt. This position also includes non-cash valuation effects of EUR -1.5 million from financial instruments carried at amortised cost.

The financial liabilities measured at fair value represent low-interest subsidised loans and bank liabilities with annuity subsidies that are related to financial support for properties and connected with certain conditions (rent control). 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 taken to value these low-interest loans at fair value through profit or loss. Given the contrary development of the reference interest rate, the valuation as of 30 April 2016 led to positive non-cash results of EUR +9.4 million. The results from the fair value measurement of the derivatives which hedge floating interest liabilities with a notional value of EUR 953.1 million against changes in interest rates totalled EUR +2.6 million.

These non-cash valuation effects have no influence on Recurring FFO. Information on the development of interest rates is provided in the management report under *Overall economic environment* and *Development of the financial markets*.

G4-EC1

ADJUSTED EBITDA

in EUR million	2015/16	2014/15	Change
Results of operations	170.3	158.5	7.5%
Impairment losses/revaluations	4.0	2.6	54.7%
Adjustment to fair value of investment properties under construction	0.0	-1.0	>100.0%
Adaption IFRS 5 previous year	0.0	-1.5	100.0%
EBITDA adjusted[1]	**174.3**	**158.6**	**9.9%**
EBITDA Asset Management	**115.7**	**109.2**	**6.0%**
EBITDA Property Sales	**37.7**	**40.0**	**-5.9%**
thereof Unit Sales	34.1	34.3	-0.7%
thereof Block Sales	3.6	5.7	-37.0%
EBITDA Property Development	**20.9**	**9.4**	**>100.0%**

1) Results of operations adjusted to account for valuation effects and deferred periods (IFRS 5)

Reconciliation with FFO. The key performance indicator used by the BUWOG Group is Funds From Operations (FFO), whereby a differentiation is made between Recurring FFO (which excludes the results of Block Sales), Total FFO (which includes the results of Block Sales) and AFFO (which is adjusted for capitalised value-enhancing measures, CAPEX). Recurring FFO reflects the sustainable, experience-based business model of the BUWOG Group, which consists of Asset Management, Property Development and Property Sales (excluding the results of Block Sales). Net profit for the year is the starting point for the calculation shown in the following table.

FFO

in EUR million	2015/16	2014/15	Change
Net profit	239.9	40.7	>100.0%
Results of Property Sales	-38.2	-42.1	9.2%
Other financial results	-7.1	171.1	>-100.0%
Fair value adjustments of investment properties[1]	-190.8	-106.7	-78.8%
Impairment losses/revaluations	1.8	-1.8	>100.0%
Deferred taxes	50.2	0.2	>100.0%
Maintenance and improvement contributions received	12.0	0.0	n.a.
Guarantee commission	-3.1	-5.0	37.9%
Other[2]	0.2	0.4	-46.4%
FFO	**64.8**	**56.8**	**14.1%**
Unit Sales result	34.6	34.9	-1.0%
Recurring FFO	**99.4**	**91.7**	**8.4%**
Block Sales result[3]	3.6	5.7	-36.3%
Total FFO	**103.0**	**97.4**	**5.8%**
Recurring FFO per share in EUR basic[1]	**1.00**	**0.92**	**8.4%**
Total FFO per share in EUR basic[1]	**1.03**	**0.98**	**5.8%**
Recurring FFO	**99.4**	**91.7**	**8.4%**
CAPEX	-18.2	-17.3	-5.0%
AFFO	**81.2**	**74.4**	**9.2%**

1) Includes fair value adjustments of investment properties EUR 190.8 million (EUR 105.7 million) and investment properties under construction EUR 0.0 million (EUR 1.0 million)
2) Includes, among others, the following: non-recurring expenses of EUR +2.2 million for special projects related to the Group-wide implementation of an ERP system, reorganisation expenses of EUR +0.9 million, expenses for stock options (as part of other expenses not directly attributable), other operating income of EUR -2.0 million from the refund of real estate transfer tax and income from the reversal of a liability. In the previous year, FFO was adjusted for income from derecognized liabilities and refunds of penalties.
3) Excl. valuation effect from assets held for sale of EUR 1.5 million previous year
4) Basis for earnings data: 99,650,556 shares (weighted average) previous year 99,613,479 shares/excluding non-controlling interests: RFFO EUR 0.96 (EUR 0.91)/Total FFO EUR 1.00 (EUR 0.97)

The BUWOG Group recorded a substantial year-on-year increase of 8.4% in Recurring FFO to EUR 99.4 million in 2015/16 and thereby reached the forecasted corridor of EUR 98.0 to EUR 100.0 million. This improvement resulted, above all, from strong growth in the Property Development business area with a contribution of EUR 11.8 million to FFO. The 9.2% increase in AFFO over the previous year to EUR 81.2 million resulted from effects in Recurring FFO as well as a slightly higher capitalisation rate. In order to improve comparability within the real estate branch, AFFO is now derived directly from Recurring FFO.

Other financial results of EUR 8.6 million (EUR 164.7 million) were adjusted for results of EUR -2.1 million (EUR 3.0 million) from the valuation of financial liabilities at amortised cost and results of EUR 0.6 million (EUR -1.1 million) from other financial assets valued at amortised cost to develop the total amount of EUR 7.1 million (EUR 171.1 million).

Impairment losses/revaluations include EUR 1.8 million (EUR 1.8 million) of depreciation, amortisation and impairment losses to tangible and intangible assets as well as expenses of EUR 2.2 million (EUR 0.7 million) from the valuation of real estate inventories. These deductions were contrasted by an adjustment of EUR -2.2 million (EUR 0.0 million) for discontinued projects. Also included here are the gains from a bargain purchase, which were not realised during the reporting year (EUR -4.3 million). The maintenance and improvement contribution represents a non-recurring effect from the enactment of an amendment to the Austrian Non-Profit Housing Act as of 1 January 2016. Our analysis indicates that, under this amendment, all maintenance and improvement contributions collected but not used up to 30 June 2016 must be classified as repayable as of 1 July 2016.

The position "other" includes non-recurring, not directly attributable reorganisation expenses as well as non-recurring special effects. The contrary effects from expenses of EUR 0.6 million (EUR 1.1 million) for share-based remuneration agreements and other non-recurring income of EUR –0.5 million (EUR 0.0 million) from Property Development are also included here.

ASSET POSITION

CONDENSED BALANCE SHEET

G4-EC1

in EUR million	30 April 2016	30. April 2015[1]	Change
Investment property	3,885.0	3,620.8	7.3%
Investment property under construction	33.0	14.6	>100.0%
Other tangible assets	6.7	7.4	-9.6%
Intangible assets	9.4	7.0	34.7%
Trade and other receivables	181.9	150.6	20.8%
Other financial assets	19.6	18.9	3.9%
Deferred tax assets	5.4	7.1	-23.7%
Non-current assets held for sale	0.0	5.8	-100.0%
Income tax receivables	3.3	2.0	64.1%
Real estate inventories	217.3	197.6	10.0%
Cash and cash equivalents	82.5	149.2	-44.7%
Assets	**4,444.1**	**4,180.8**	**6.3%**
Equity	1,700.0	1,524.3	11.5%
Financial liabilities	2,052.7	2,105.4	-2.5%
Trade payables and other liabilities	422.9	343.8	23.0%
Income tax liabilities	47.6	31.1	52.8%
Provisions	13.2	16.6	-20.4%
Deferred tax liabilities	207.8	159.3	30.5%
Financial liabilities held for sale	0.0	0.4	-100.0%
Equity and liabilities	**4,444.1**	**4,180.8**	**6.3%**

1) The comparative figures were adjusted (see note 1.3 to the consolidated financial statements).

Information on investment property, investment property under construction, real estate inventories and non-current assets held for sale is provided in the portfolio report and in the notes to the consolidated financial statements. A detailed analysis of the development of the BUWOG Group's equity can be found under *Development of Group Equity*. The year-on-year increase in intangible assets resulted, above all, from the capitalisation of software used by the Group.

Trade and other receivables increased year-on-year due to a prepayment for the purchase of land in Berlin. Additional information is provided in the consolidated financial statements under note *6.5 Trade and other receivables*. Information on the development of cash and cash equivalents can be found under *Financial position* in this management report.

Trade and other liabilities were higher than the previous year chiefly due to the purchase of land for EUR 33.0 million, an increase of EUR 20.7 million in prepayments related to the sale of apartments and an increase in other liabilities.

EPRA Net Asset Value (EPRA NAV). Net Asset Value is calculated in accordance with the Best Practice Policy Recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV concept is used to present the fair value of net assets on a long-term basis and to give investors an impression of a company's sustainable asset position. Further details are provided under EPRA performance indicators in this management report.

G4-EC1

EPRA NAV

in EUR million	30 April 2016	30 April 2015	Change
EPRA NAV basic (balance sheet date)	**2,013.2**	**1,771.9**	**13.6%**
Total floor area	3,532,273	3,581,028	-1.4%
EPRA NAV in EUR per sqm	**569.9**	**494.8**	**15.2%**
EPRA NAV basic (balance sheet date)	**2,013.2**	**1,771.9**	**13.6%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,613,479	0.2%
EPRA NAV per share in EUR basic (balance sheet date)	**20.18**	**17.79**	**13.4%**

1) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 31.8 million (prior year: EUR 30.7 million)

Loan-to-Value (LTV). Net liabilities in relation to the fair value (carrying amount) of the BUWOG Group's portfolio (LTV) fell from 51.0% as of 30 April 2015 to 47.6% as of 30 April 2016. This decline was based on the increase in property assets following the appraisal as of 30 April 2016. Contrary effects included, among others, the dividend payment.

LOAN-TO-VALUE RATIO

in EUR million	30 April 2016	30 April 2015	Change
Non-current financial liabilities	1,947.0	2,016.0	-3.4%
Current financial liabilities	105.7	89.4	18.1%
Financial liabilities held for sale	0.0	0.4	-100.0%
Financial liabilities	**2,052.7**	**2,105.8**	**-2.5%**
Cash and cash equivalents	-82.5	-149.2	44.7%
Net financial liabilities	**1,970.1**	**1,956.6**	**0.7%**
Investment properties	3,885.0	3,620.8	7.3%
Investment properties under construction	33.0	14.6	>100.0%
Non-current assets held for sale	0.0	5.8	-100.0%
Inventories	217.3	197.6	10.0%
Carrying amount overall portfolio	**4,135.3**	**3,838.8**	**7.7%**
Loan-to-value ratio	**47.6%**	**51.0%**	**-3.4 PP**

FINANCIAL POSITION

CONDENSED CASH FLOW STATEMENT

in EUR million	2015/16	2014/15	Change
Cash flow from operating activities	158.0	103.9	52.0%
Cash flow from investing activities	–62.9	–251.2	74.9%
Cash flow from financing activities	–161.7	163.5	>–100%
Cash flow	**–66.6**	**16.2**	**>–100%**

G4-EC1

Cash flow from operating activities amounted to EUR 158.0 million (EUR 103.9 million) and resulted primarily from ongoing cash flow generated by the Asset Management business area, the reduction of net current assets and an increase in prepayments received on apartment sales.

Cash flow from investing activities totalled EUR -62.9 million (EUR –251.2 million). The year-on-year increase in cash outflows for the purchase of investment property and investments in new construction projects was largely offset by cash inflows from the sale of non-current assets. The negative cash flow from investing activities in the previous year was influenced by the acquisition of the DGAG real estate portfolio.

The negative cash flow from financing activities of EUR -161.7 million (EUR 163.5 million) resulted, above all, from interest payments and the payment of the EUR 68.7 million dividend. Repayments of EUR 163.4 million and the pay-out of loans totalling EUR 108.3 million also contributed to the decline in cash flow from financing activities. The positive cash flow from financing activities in the previous year reflected the increase in long-term financing for the DGAG transaction.

"CONTROLLING IS THE INTERFACE BETWEEN THE OPERATING AREAS, ACCOUNTING, INVESTOR RELATIONS, TOP MANAGEMENT AND THE EXECUTIVE BOARD."

Martin Puckl,
Head of Controlling

"Controlling was restructured and expanded during the past year and is now responsible for operating and central controlling activities as well as corporate reporting and financial analytics, risk management and sustainability. Our job is to ensure transparency and the further development of the indicators relevant for management, to plan strategic projects in the individual business areas and monitor their realisation, to supply data and analyses for continuous efficiency improvement and cost optimisation and – in the end – to make BUWOG's success measurable."

OVERVIEW OF EPRA PERFORMANCE INDICATORS

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

OVERVIEW OF EPRA PERFORMANCE INDICATORS

in EUR million	2015/16
EPRA NAV basic (balance sheet date)	2,013.2
EPRA NAV per share in EUR basic (balance sheet date)	20.18
EPRA NNNAV	1,929.8
EPRA NNNAV per share in EUR	19.34
EPRA earnings	48.74
EPRA net initial yield	4.6%
EPRA vacancy rate	3.1%
EPRA cost ratio (including direct vacancy costs)	45.8%
EPRA cost ratio (excluding direct vacancy costs)	43.8%

EPRA NET ASSET VALUE (EPRA NAV)/NNNAV

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

In accordance with the EPRA concept, deferred taxes on investment property are included because of the intention to hold these assets. BUWOG's business model also covers the regular sale of individual apartments and properties, and the addition of deferred taxes is therefore adjusted to reflect potential property sales within a certain period of time. Goodwill is also deducted.

EPRA Triple NAV is derived from EPRA NAV, whereby the fair values of derivative financial instruments, financial liabilities and deferred taxes are deducted. The resulting EPRA NNNAV represents the fair value of a property company.

In 2015/16, the EPRA NAV rose substantially year-on-year by 13% to EUR 2.0 billion, respectively to EUR 20.18 per share. This increase was based primarily on the significant improvement in net profit.

EPRA NAV AND EPRA NNNAV

in EUR million	30 April 2016	30 April 2015	Change
Equity before non-controlling interests	1,685.9	1,515.4	11.2%
Goodwill	-5.6	-5.6	0.0%
Real estate inventories (carrying amount)	-217.3	-197.6	-10.0%
Real estate inventories (fair value)	250.5	212.6	17.8%
Properties owned and used by BUWOG (carrying amount)	-5.4	-6.0	9.0%
Properties owned and used by BUWOG (fair value)	10.3	9.5	8.4%
Positive market value of derivative financial instruments	0.0	0.0	-
Negative market value of derivative financial instruments	67.9	70.5	-3.7%
Deferred tax assets on investment properties	-0.4	-1.0	61.2%
Deferred tax liabilities on investment properties (adjusted)[1]	249.9	195.4	27.9%
Deferred taxes on real estate inventories	-9.3	-4.1	>-100%
Deferred taxes on derivative financial instruments	-13.3	-17.2	22.7%
EPRA NAV basic (balance sheet date)	**2,013.2**	**1,771.9**	**13.6%**
Total floor area	3,532,273	3,581,028	-1.4%
EPRA NAV in EUR per sqm	**569.9**	**494.8**	**15.2%**
EPRA NAV basic (balance sheet date)	**2,013.2**	**1,771.9**	**13.6%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,613,479	0.2%
EPRA NAV per share in EUR basic (balance sheet date)	**20.18**	**17.79**	**13.4%**
EPRA NAV basic (balance sheet date)	**2,013.2**	**1,771.9**	**13.6%**
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	-67.9	-70.5	3.7%
Fair value of financial liabilities	-28.8	-21.8	-32.4%
Deferred taxes on derivative financial instruments	13.3	17.2	-22.7%
EPRA NNNAV	**1,929.8**	**1,696.8**	**13.7%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,613,479	0.2%
EPRA NNNAV per share in EUR	**19.34**	**17.03**	**13.5%**

1) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 31.8 million (prior year: EUR 30.5 million)

EPRA EARNINGS PER SHARE (EPS)

EPRA earnings per share represent the recurring earnings from core operating activities. This indicator includes adjustments, above all, for valuation effects and the results of Property Sales and Property Development after the deduction of the proportional share of expenses not directly attributable. The EPRA EPS equalled EUR 0.49 in 2015/16.

in EUR million	2015/16
Net profit (attributable to owners of the parent company)	236.3
Fair value adjustments of investment properties and properties under construction[1]	-178.8
Results of Property Sales	-37.4
Results of Property Development	-17.6
Taxes on Property Sales and Property Development	14.7
Valuation of financial instruments	-12.0
Deferred taxes in relation to EPRA adjustments	36.6
Share of non-controlling interests in relation to EPRA adjustments	6.9
EPRA earnings	**48.7**
Weighted average number of shares (basic)	99,650,556
Basic EPRA EPS in EUR	**0.49**
Weighted average number of shares (diluted)	99,849,153
Diluted EPRA EPS in EUR	**0.49**

1) 2015/16 incl. maintenance and improvement contributions received

EPRA NET INITIAL YIELD

The EPRA net initial yield equals the annualised net cold rent as of the reporting date, adjusted for non-recoverable property expenses, divided by the fair value of the standing investment portfolio, including assets held for sale and estimated ancillary purchase costs as of the reporting date. This indicator describes the net initial yield that a third party would realise on a purchase from the portfolio, taking into account any ancillary acquisition costs and non-recoverable property expenses from the portfolio. The BUWOG Group's net initial yield for 2015/16 equalled 4.6%.

		BUWOG Group as of 30 April 2016	Austria as of 30 April 2016	Germany as of 30 April 2016
Fair value standing investments[1]	in EUR million	3,716	2,065	1,651
Non-current assets held for sale	in EUR million	0	0	0
Fair value standing investments (net)	**in EUR million**	**3,716**	**2,065**	**1,651**
Acquisition costs[2]	in EUR million	296	147	149
Fair value standing investments (gross)	**in EUR million**	**4,012**	**2,212**	**1,800**
Annualised net in-place rent[3]	in EUR million	201	89	112
Not recoverable costs[4]	in EUR million	15	4	11
Annualised net in-place rent (net)	**in EUR million**	**186**	**84**	**102**
Net initial yield	**%**	**4.6%**	**3.8%**	**5.6%**

1) Based on the fair value of standing investments according to CBRE valuation reports as of 30 April 2016
2) Expected ancillary acquisition costs on the fair value standing investments for real transfer tax, brokerage fees and notaries according to CBRE valuation report
3) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
4) Based on expenses directly related to investment property (see page 248 table 5.1.3) adjusted by expenses for maintenance and asset management, write-offs of receivables from asset management, marketing expenses and distribution allowance

EPRA VACANCY RATE

The EPRA vacancy rate shows the relationship between the market rental value of vacant space and the estimated market rental value of the entire portfolio as of the balance sheet date. The EPRA vacancy rate for the BUWOG Group equalled 3.1% as of 30 April 2016.

as of 30 April 2016	Number of units	Market rent in EUR million[1]	Market rent vacant units in EUR million[1]	EPRA vacancy rate
Total BUWOG Group	**51,058**	**255.1**	**7.9**	**3.1%**
thereof Austria	23,986	125.9	5.4	4.3%
thereof Germany	27,072	129.2	2.5	1.9%

1) Based on market rent (excluding utilities) per month as of the balance sheet date annualised

EPRA COST RATIO

The EPRA cost ratio represents the ratio of operating and administrative expenses to gross rental income and is an indicator of cost efficiency. Increasing rental income and declining property expenses and general costs lead to an improvement in the EPRA cost ratio. In order to provide a more transparent presentation of the EPRA cost ratio, an adjustment was made for maintenance costs because they are dependent on the maintenance strategy and capitalisation rules. The EPRA cost ratio for 2015/16 equalled 45.8%.

EPRA COST RATIO

in EUR million	2015/16
Expenses directly related to investment property	65.1
Share of expenses not directly attributable - Asset Management[1]	28.4
Net service charge costs/fees	–1.7
Management fees less actual/estimated profit component	0.0
Other revenues	–0.1
Share of joint venture expenses	0.0
Depreciation of investment property	0.0
Land l ease fees	–0.7
Service charges recovered through rents (but not separately invoiced)	0.0
EPRA Costs (including direct vacancy costs)	**91.02**
Direct vacancy costs	–4.0
EPRA Costs (excluding direct vacancy costs)	**87.04**
Rental Income	199.4
Land lease fees	–0.7
Gross rental Income	**198.72**
EPRA Cost ratio (including direct vacancy costs)	**45.8%**
EPRA Cost ratio (excluding direct vacancy costs)	**43.8%**
Adjustment maintenance[1]	36.6
EPRA Costs adjusted by maintenance (including direct vacancy costs)	**54.4**
EPRA Costs adjusted by maintenance (excluding direct vacancy costs)	**50.4**
EPRA Cost ratio adjusted by maintenance (including direct vacancy costs)	**27.4%**
EPRA Cost ratio adjusted by maintenance (excluding direct vacancy costs)	**25.4%**

1) Maintenance costs of own real estate portfolio (excl. rental of leased real estate EUR 0.3 million)

"THE ACCOUNTING AND TAX GROUPS ALSO SUCCESSFULLY DEMONSTRATED THEIR HIGH-LEVEL COMPETENCE AND QUALITY AWARENESS DURING THE 2015/16 FINANCIAL YEAR."

Sven Frieske,
Head of External Accounting & Taxes

"The BUWOG Group has a well-coordinated and highly experienced team in the financial accounting, accounting, tax and consolidation departments. Detailed technical and country-specific expertise is available at the company's locations in Vienna, Berlin, Kiel and Hamburg. At the same time, I value the strong skills of my staff in working constructively with BUWOG's specialist departments to solve common challenges. One important milestone was the successful implementation of the new SAP system in Germany, which will allow the entire BUWOG Group to work with a single system in the future. That will help us to optimise the efficiency and quality of work processes over the long-term."

SUSTAINABLE MANAGEMENT

G4-32

Sustainability in all of its manifestations and in its three categories of economic, environmental and social responsibility has always been of enormous importance for the BUWOG Group and is viewed as a foundation of its company culture. Only by bringing these categories into balance with one other and by considering the interests of all stakeholders in equal measure can the company's long-term success be secured. This also includes transparent reporting on BUWOG's sustainability activity and non-financial performance indicators, which were already given significant emphasis in previous annual reports. Following the international trend, this year's sustainability reporting will be orientated for the first time toward the Global Reporting Initiative (GRI). The aim of such reporting is to guarantee transparency and facilitate the comparability of our sustainability activity with those of other market players. The present report was modelled after the current version, the GRI G4, and in accordance with the GRI's "Core" option. At the end of the report there is a *GRI-G4 Content Index*, which provides an overview of the GRI aspects (including page numbers) addressed in the annual report.

REPORTING PERIOD AND BOUNDARIES

G4-18 G4-30 G4-28 G4-31 G4-29

The sustainability reporting is carried out in accordance with the GRI Guidelines Version 4 and published in various chapters as part of this annual report. The report is directed at all BUWOG Group stakeholders and others interested in BUWOG's social, economic and ecological performance. The focus of the reporting is primarily on BUWOG's scope of consolidation, whereby the data of the present report is drawn from BUWOG's activities in Austria and Germany in the 2015/16 financial year (reporting period 1 May 2015 to 30 April 2016). The last sustainability report was published as part of BUWOG's 2014/15 Annual Report on 31 August 2015 and not yet orientated toward the GRI Guidelines. For this reason, the scope as well as boundaries of the report have changed and focus on the GRI G4 Guidelines compared to the previous year's report. More data was generated from Germany in the last financial year than in the previous year. An example is the customer survey, which was conducted this time in Austria and Germany.

G4-23

Due to the peculiarities of gathering data for several indicators in the Energy Management System (EnMS), the energy data from Austria is largely drawn from the 2014 calendar year. More precise information can be found in the section *Process Energy Management*.

CONTACT

G4-31

Sustainability is understood as an interdisciplinary and interregional issue at the BUWOG Group. The contact for corporate reporting and for sustainability reporting is Udo Welz.

Contact:
Udo Welz
Head of Corporate Reporting & Financial Analytics
nachhaltigkeit@buwog.com

CLIMATE PROTECTION AND ENERGY MANAGEMENT

G4-15

In Austria, the BUWOG Group has been a partner of the klima:aktiv programme since 2007 and a pioneer of company climate protection within the "klima:aktiv pakt2020" since 2011. This makes it one of 12 Austrian companies and the only real estate company that has voluntarily but bindingly committed to reaching the Austrian climate targets by 2020 (basis 2005). In close cooperation with the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, BUWOG is the only residential property company which is one of the pioneers for climate compatible business activity and, in fulfilling this role, extends far beyond the legal requirements and specifications. With refurbishments and the construction of new properties as well as with the operation of the buildings managed by BUWOG, targeted measures generate maximum effects and lasting success in the interest of sustainability. The basis for the analysis and planning of such measures is comprehensive data on energy consumption, which BUWOG gathers on a regular basis. This procedure distinguishes the Group from many other companies in the property sector.

klimaaktiv
pakt2020

AMBITIOUS OBJECTIVES

In the property business, the sustainability category of environment is typically quite important. Thus the company's well-defined energy policy includes the implementation of an energy management system certified in accordance with ISO 50001, which allows for the efficient control of consumption and planning for measures. G4-15 The energy assessment that is part of the annual "klima:aktiv pakt 2020" report and the auditing of the energy management system by external parties ensure that the company's climate protection measures are regularly updated and assess whether the specified objectives have been reached. To ensure that its energy efficiency objectives are met, the BUWOG Group endeavours to make clearly defined technological, organisational and behavioural provisions on the basis of an action plan. In addition, the various energy consumption figures are also measured, recorded and analysed on a regular basis, and the employees 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 of the BUWOG Group in the area of environment is to support the Austrian energy and climate targets in the scope of the klima:aktiv pakt2020 agreement together with the Federal Ministry of Agriculture, Forestry, Environment and Water Management. On the basis of the 2005 figures, the following apply until 2020:
- Greenhouse gas emissions are to be reduced by 16%
- Energy efficiency is to be increased by 20%
- 34% of the total energy demand is to be met by renewable energy sources

These are the minimum targets of the BUWOG Group in its programme to optimise energy consumption.
As part of the sustainability strategy BUWOG has also set additional targets in the area of environment:

SUSTAINABILITY TARGETS OF THE BUWOG GROUP IN AUSTRIA (BY 2020)

Area of activity	Target value 2014	Actual value 2014	Target value 2020
Max. **greenhouse gas emissions** (CO_2) in tonnes per year	46,144	32,647	**44,993**
Energy efficiency in kWh/sqm per year	114.6	100.94	**107.7**
Percentage of **renewable energy in total consumption** in %	30.6	38.3	**34.0**
Percentage of **renewable energy in the vehicle fleet** in %	7.0	5.9	**10.2**

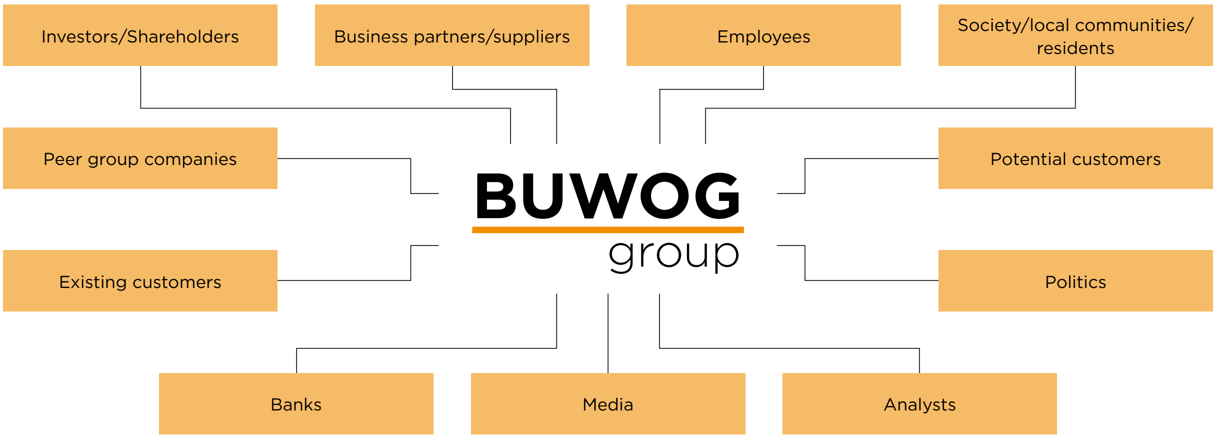
In addition to the programme and pact partnership with klima:aktiv, the BUWOG Group is also involved in organisations and associations that deal, among other things, with sustainability in the real estate business. G4-16 These include, for instance, ÖVI, Fiabci, RICS and ZIA. Furthermore, BUWOG and its managers are members in the following groups: Aktienforum, ÖCI, Initiative Corporate Governance der deutschen Immobilienwirtschaft e.V., Institut für Revision Österreich – IIA Austria, IMMOBES, Call Center Forum, AGEV, AGW, ARGE-SH Arbeitsgemeinschaft für zeitgemäßes Bauen GmbH, ASHW Arbeitsgemeinschaft Schleswig-Holsteinischer Wohnungsunternehmen, BPM, BVI Bundesfachverband der Immobilienverwalter, DSAG, the GdW Hauptverband Bundesverband deutscher Wohnungsunternehmen, Haus & Grund Kiel, FGW Forschungsgesellschaft für Wohnen, Bauen und Planen, PRVA, Unternehmensverband Kiel, and the VNW Verband norddeutscher Wohnungsunternehmen.

Targets that are just as detailed are currently being drafted in the area of social responsibility. In view of the specifics of BUWOG's business model, developing targets for the category of environmental sustainability was prioritised first.

In the course of the 2016/17 financial year these social targets will be elaborated upon and integrated into the sustainability reporting of the future.

THE BUWOG GROUP STAKEHOLDERS

G4-25 The drafting of the sustainability reporting involved the systematic identification of stakeholder groups and their interests as well as the subsequent prioritisation of stakeholders. An internal written survey conducted beforehand on the challenges of sustainability that are relevant for the BUWOG Group and the sustainability services the company provides served as an important basis of the reporting. When establishing the content of its sustainability reporting, BUWOG made an intensive effort to determine and prioritise the company's stakeholders and the importance of the individual aspects of sustainability. With the help of the survey, G4-DMA the essential internal and external stakeholders were prioritised, as follows: investors/shareholders, business partners/suppliers, employees, society/local communities/residents, peer group companies, potential customers, existing customers, policymakers, banks, media and analysts. The weighting was directed, on the G4-24 one hand, toward the influence of the stakeholder groups on the aspects of sustainability and, on the other, toward the degree of influence which the aspects of sustainability have on these stakeholder groups.



As part of a multilevel materiality assessment, which for the current sustainability report was only carried out internally as an interdepartmental written survey, BUWOG was able to determine factors of influence which are important for it. A more comprehensive online survey of stakeholders is planned for the sustainability reporting in the current 2016/17 financial year. The sustainability issues that are important for the BUWOG Group and the relevant stakeholders will also be integrated into the annual customer and employee surveys in the long term.

As part of the materiality assessment, a pre-selection within the aspects prescribed by the GRI was conducted as, for example, the materiality of the "Economic Performance" aspect is evident for a listed company and this aspect has a critical influence on all external and internal stakeholders. On the other hand, aspects such as "Indigenous Rights" were not listed in the survey or weighting because this aspect does not apply in the countries in which the BUWOG Group operates (Austria and Germany). In the method applied to produce the materiality assessment, BUWOG employees assessed the materiality or influence of GRI aspects from the perspective of internal and external stakeholders. The following factors of influence were identified within the organisation as essential for the entire BUWOG Group and all locations in which it operates:

G4-19 G4-20 Construction and refurbishment, construction materials, biodiversity, equality of opportunity, energy management and emissions, integration of new employees, IT security, career opportunities and employee promotion, customer communication and satisfaction, human rights and social engagement.

Communication with BUWOG Group stakeholders. The BUWOG Group is in continuous direct and indirect contact with its stakeholders, whereby its channels of communication are adapted to the needs and interests of the respective stakeholder group and therefore vary. In addition to personal meetings, the company communicates with and informs stakeholders through online newsletters, internet-based information platforms (project-related websites) as well as reports and presentations. The following chart illustrates the most important communication tools that serve the dialogue with customers:

TOOLS FOR STAKEHOLDER COMMUNICATION

G4-26

Investors/shareholders	Roadshows, annual general meeting, presentations, annual and quarterly reports, global conferences, telephone conferences, Investor Day, homepage, corporate news, ad-hoc press releases, blog, guest lectures, property tours, annual Capital Market Day
Business partners/suppliers	Trade fairs, conferences, feedback discussions, annual report, homepage, blog
Employees	Employee events, regular internal information events (“BUWOG Orangerie” and “BUWOG Café”), intranet platform (“BUWOG net”), regular department and Executive Board newsletters, Welcome Day, appraisal interviews, employee handbook “glücklich arbeiten”, homepage, blog, weekly departmental meetings, blog, property tours
Society/local communities/ residents	Notices, press releases, information events for residents, citizens meetings, homepage, blog (dialogue blogs for separate projects with a high level of resident communication), magazine “Frischluft”
Peer group companies	Conferences, trade fairs, professional and trade associations
Potential customers	Homepage, blog, brochures/folders, advertising placements, posters, building site information, showrooms, press releases, magazine “Frischluft”, Open House Day, trade fair appearances, service centre
Existing customers	Service centre, tenant meetings, owner meetings, district management, complaint management, customer surveys, service hotline, concierge service offices, tenant consultation day, welcome folders for new customers, signs, postal communication, Open House Day, tenant party
Politics	Annual and quarterly reports, press releases, conferences, individual talks
Banks	Individual talks, annual and quarterly reports, presentations, conferences, property tours
Media	Press, press conferences, interviews, press videos, press travel, homepage, blog, presentations, lectures
Analysts	Telephone conferences, annual and quarterly reports, homepage, blog, conferences, guest lectures, presentations, corporate news, ad-hoc press releases, individual talks, property tours

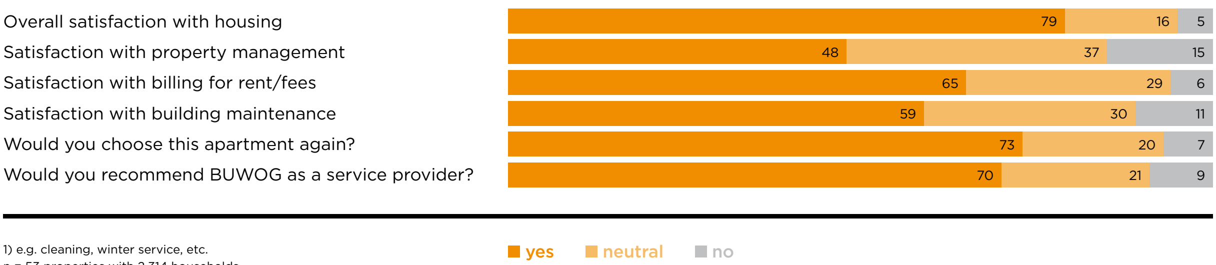
CUSTOMER COMMUNICATION

Customer surveys. Surveys on general satisfaction with the housing as well as customer satisfaction with BUWOG as a lessor or seller have been carried out since 2006. Not only were customers from Austria surveyed in the 2015/16 financial year, but also residents of BUWOG properties from the portfolio in Germany. During the 2015/16 reporting period a total of 44 residential facilities (65 properties) with 2,960 householders took part in the customer survey – of these 2,148 households in 53 properties in Austria and 812 households in 12 properties in Germany. The average response rate was 42%. In terms of subject, the questions were broken down into the areas of “overall satisfaction with housing”, “service centre”, “new build”, “refurbished property”, resident relations” and “interest in buying”.

CORE RESULTS OF THE CUSTOMER SURVEY

in %

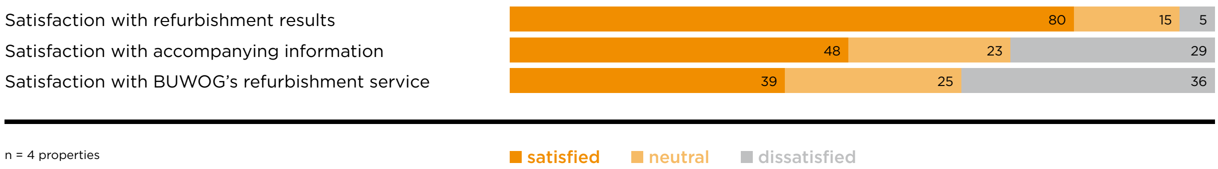
G4-PR5



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

Customer satisfaction with refurbishments. The satisfaction with a major refurbishment that was recently carried out in four properties was surveyed in the reporting period. The result shows a very high level of satisfaction with the result of the refurbishment overall, and the personal quality of life improved as a result of the refurbishment for 86% of the participating households, significantly so for precisely one half of the them. The assessment of the executing companies, the start of the refurbishment and the interim and final cleaning were for the most part very positive. There was criticism of the accompanying service and information from BUWOG, however. The results have remained largely unchanged over the years. Thus the BUWOG Group sees its major responsibility here as implementing more communication measures with major refurbishments. In the current financial year the BUWOG Group is reorganising its service structure, aiming at closer customer relations as well as ongoing improvement of digitalisation (e.g. tenant app).

CUSTOMER SATISFACTION WITH REFURBISHMENTS
in %



ENVIRONMENTAL PERFORMANCE INDICATORS

MANAGEMENT APPROACH

G4-DMA

Economic relevance of environmental aspects. The BUWOG Group is convinced that activities and investments in the area of environment are not only important for the ecosystem and society, but also pay off in economic terms – for customers and for BUWOG itself. Environmental, social and economic aspects of sustainability are therefore intertwined. An example of this is the investment programme in BUWOG's German portfolio, where a modernisation programme for a total volume of around EUR 57 million has been underway since the 2015/16 financial year. The areas of focus of the investment programme lie in energy modernisation measures. These include façade and rooftop insulation, replacing windows and upgrading the heating systems. These measures will lower energy consumption and CO_2 emissions and will therefore benefit the residents in 1,300 units in the long term. At the same time, the value of these properties will grow and it will be possible for BUWOG to raise the rents in them. In new rentals and in new property sales (to own and to rent), BUWOG is convinced that its sustainability activity will be profitable economically and will create an advantage over the competition. For example, a current study by leading Austrian property portal willhaben.at concluded that in the search for property the issue of sustainability was rated by 26% of those surveyed as very important and by 42% as rather important. According to the study, more than four out of ten Austrians are prepared to pay an additional 11% or even more for sustainable housing. For just under a tenth ecological housing is even worth an increase in price of over 40%.

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 in Austria begins to collect data from the previous calendar year, while 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 is 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 EnMS process year is closed with the external audit, which also takes place in June.

Data collection, which begins in March, runs throughout the entire 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 for the most part to the 2014 calendar year.

G4-EN7

Building and refurbishing. 430 units in 21 properties of the BUWOG Group Austria were thermally rehabilitated in 2014. The quantitative effects are assumed to be 1,384 MWh and are calculated based on the rehabilitated residential floor area of 34,595 sqm and an average savings of 40 kWH/sqm. In 11 complexes energy efficiency measures were undertaken on heating systems (system replacement, insulation, etc.). The potential is estimated to be 10% of the previous year's consumption of the optimised properties. This is around 332 MWh/a for 2014.

The refurbishment of buildings to optimise energy consumption also involves an assessment of lighting in common areas 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 common areas 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 (on the basis of the Austrian renewable electricity label UZ 46).

To improve the microclimatic conditions, the BUWOG Group is increasingly investing in rooftop and façade greening for new buildings and refurbishments. This contributes significantly to the prevention of heat island effects in densely built-up areas.

Three new e-cars for the BUWOG fleet in Germany

In addition to measures in construction and refurbishment, company measures to conserve energy are also a part of the BUWOG Group's sustainability programme. In line with the global electric mobility trend, BUWOG is building an increasing number of charging stations for cars and electric bicycles in its new construction projects in Austria. In addition, BUWOG is stepping up its focus on electric cars in its Austrian as well as German fleet. Three new electric cars were purchased in Kiel and Lübeck in the 2015/16 financial year. In the current 2016/17 financial year six hybrid vehicles will be added to the Austrian fleet and used at the Vienna, Graz, Innsbruck, Salzburg and Villach locations.

Construction materials. With new construction projects the BUWOG Group pays special attention to the sustainability of the materials used. Aiming to minimise pollutants, for construction projects in Austria BUWOG only uses products in accordance with the guidelines of the ÖkoKauf Wien procurement initiative as well as coolants whose ingredients such as CFC, HCFC and HFC are not released in production or processing. Sealants, sanitary and electrical installations can only be installed using non-halogenic materials in accordance with guidelines followed by the BUWOG Group. Moreover, wood preservation materials that contain solvents and organic halogenic substances are not permitted for use in wall and top-floor conversions. When preparing the specifications, contractors are instructed to take environmental aspects into account when submitting offers or selecting products and to consult the ÖkoKauf Wien criteria for this. G4-EN20

The following itemisation of projects completed in the 2015/16 financial year provides an exemplary overview of the materials used:

- For the "Skytower" project at the new Vienna Central Station, 16,270 cbm of concrete, 2,096 t of steel, 5,849 sqm of polystyrene insulation (16 cm), 312 sqm (10 cm) and 1,535 sqm (16 cm) of mineral insulation, 2,612 sqm of glazing and 6,700 of aluminium were installed.

- For "Sky6", the second project at the Vienna Central Station, 3,280 cbm of concrete, 470 t of steel, 2,055 sqm of polystyrene insulation (16 cm), 132 sqm (16 cm) or 160 sqm (18 cm) of mineral insulation, 795 sqm of glazing and 20 sqm of aluminium were needed.

- For the "Am Otterweg" project (terraced housing) 1,510 cbm of concrete, 175 t of steel, 1,741 sqm of polystyrene insulation, 119 sqm of mineral insulation and 286 sqm of glazing were used.

- For the "Quartier am Pankepark" project in Berlin, the following materials were used: 4,050 cbm of concrete, 410 t of steel, 640 cbm of polystyrene insulation, 25 cbm of mineral insulation and 814 sqm of glazing.

In the scope of the klima:aktiv partnership, paper consumption is also measured for the Austrian office locations and communicated to the Federal Ministry of Agriculture, Forestry, Environment and Water Management. In the 2015/16 financial year a total of 87,625 sheets of paper, 81,625 of them size A4 and 6,000 of them size A3 and of various grades were used at Austrian office locations. G4-EN1

For BUWOG's business operations on location in Austria last year the necessary energy for fleet management totalled 571 MWh for transport (fleet), 705 MWh for heating (administration) and 405 MWh for electricity (administration).

G4-EN3

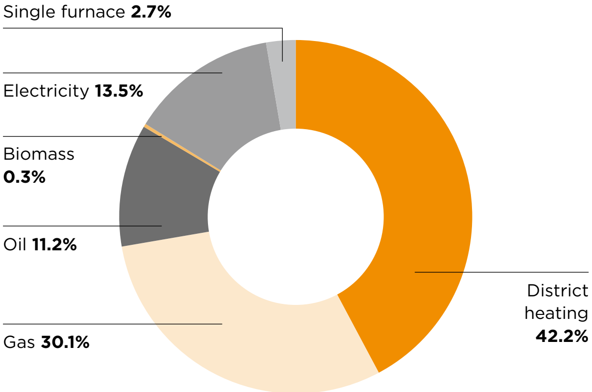
For its office locations as well as for the electricity demand in the common areas of apartment complexes in Austria BUWOG purchases a specified contingent of certified green electricity. This electricity is certified in accordance with the Austrian environmental seal UZ46 and is an electricity product, 100% of which originates from renewable energy sources, all of it free of CO_2 emissions.

The energy consumption from using the buildings managed by BUWOG consists of energy provided to the households for heat as well as electricity to operate the common areas and any offices, and electrical heating.

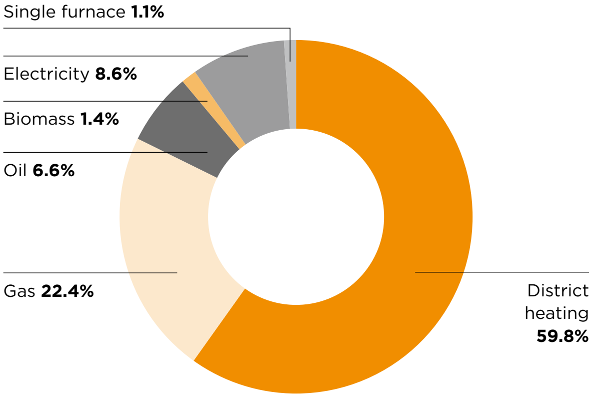
The energy consumption of the portfolio of the residential buildings which BUWOG manages in Austria consists of 164,300 MWh for heat and 34,996 MWh for electricity. Of this, the share of renewable energy is approximately 40%, 44,270 MWh for heat and 33,904 MWh for electricity.

In the period from 2005 to 2014 the share of district heating in the heating provided was successfully increased from 42% to 60%. This has resulted in a more environmentally compatible form of heating, as individual furnaces, electricity, biomass, oil and gas are used to a lesser extent.

DISTRIBUTION OF ENERGY SOURCES HEAT CONSUMPTION 2005



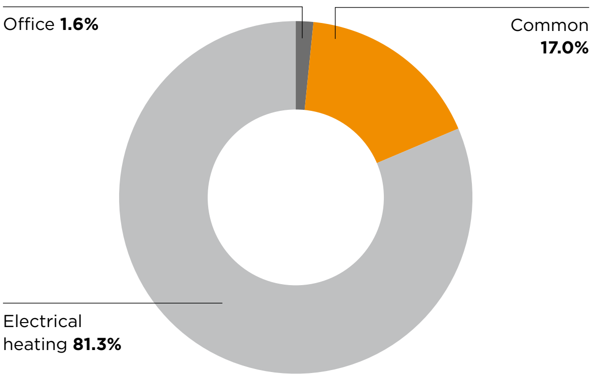
DISTRIBUTION OF ENERGY SOURCES HEAT CONSUMPTION 2014



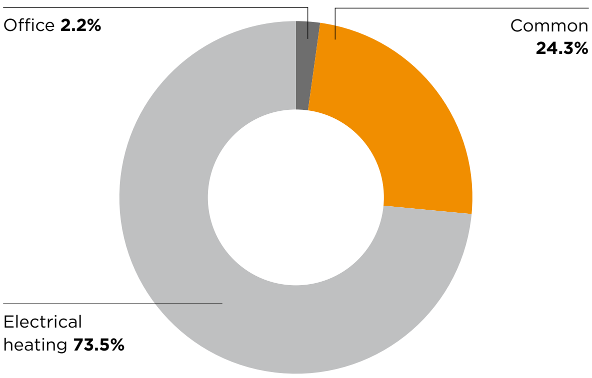
G4-EN4

During the period from 2005 to 2014 the share of electrical heating systems in the consumption of electricity overall was successfully reduced from 81% to 74%.

DISTRIBUTION OF ELECTRICITY CONSUMPTION 2005



DISTRIBUTION OF ELECTRICITY CONSUMPTION 2014



Energy intensity (Austria). The energy intensity in 2014 for electricity and heat with respect to floor area was as follows:

- Administrative locations: 1,276 MWh/6,665 sqm = 0.1914 MWh/sqm = 191.4 KWh/sqm
- Property portfolio: 199,296 MWh/1,987,984 sqm = 0.1002 MWh/sqm = 100.2 KWh/sqm

Numerous measures have been undertaken to improve energy intensity. As of the 2016/17 financial year, planners and consultants contracted by BUWOG have had to consider basic concepts of minimising and optimising energy consumption in construction and operation as well as expenditures for the occupancy and operating costs, and make specific reference to them in the respective project planning and descriptions. G4-EN5
This results in written targets for the heating and primary energy demand as well as for the carbon dioxide emissions and total energy efficiency factor for the building to be planned.

Reduction of energy consumption (Austria). The continuous reduction of total energy consumption is the focus of BUWOG energy management. In the period from 2013 to 2014 there was a reduction of energy consumption totalling 10.5%. This is equivalent to 20.925 MWh of energy. G4-EN6

BIODIVERSITY

The preservation of habitat and biodiversity is an important aspect in planning and operating the BUWOG Group's new construction projects. None of our projects have a negative impact on nature conservation areas or endangered species. On development projects the company cooperates with Vienna's Municipal Department for Environmental Protection (MA22) to take important nature conservation concerns into consideration in BUWOG projects and to select suitable construction sites. G4-DMA

Examples are the Meischlgasse and Erlaaer Strasse projects in the 23rd district of Vienna, which are in planning and for which an inspection by the landscaper and MA22 took place. The result of the inspection assessed the potential for important habitat structures (reproduction and resting sites) for protected species as limited and showed no expectation of higher-value resources to be protected.

Nesting aids and an urban gardening concept are planned at the Meischlgasse project.

In the Meischlgasse project in the 23rd district of Vienna, species associated with the buildings are to be "supported" with nest aids. Subject to strict protection in Vienna, such species include the common swift. The projects specifically offer this endangered species, which benefits from buildings, a habitat to live and breed in order to support nature within the city and proactively integrate non-human life into an urban setting. Support for establishing pollinating insects (wood blocks for settling wild bees) is embraced by the project's predominant theme of "urban gardening" and makes the integration of culture and nature a noticeable and positive experience. G4-EN12

In addition to energy efficiency, with BUWOG properties emphasis is also placed on the design of the ecological habitat. In numerous properties there are extensive green areas available as a natural habitat for flora and fauna (succession areas). Furthermore, rooftop garden areas ensure the delayed runoff of rainwater into the sewer systems, make a significant contribution to the microclimate at the project location and ensure a greater sense of comfort in the properties due to the natural cooling function. Examples for the use of rooftop gardens are our projects "Sky 6" and "Skytower":

Gombrichgasse 3, 1100 Vienna – "Sky6"
- Rooftop garden areas: 240 sqm
- Garden areas among the buildings: 101 sqm

Gerhard-Bronner-Strasse 1, 1100 Vienna – "Skytower"
- Rooftop garden areas: 360 sqm
- Garden areas among the buildings: 420 sqm

G4-EN13

RESEARCH AND DEVELOPMENT

In the 2015/16 financial year the BUWOG Group was involved in the following R&D projects:
– "Innovative system concepts for the power-generating rooftop garden of the future"

SOCIAL PERFORMANCE INDICATORS

MANAGEMENT APPROACH

G4-DMA

Responsibility toward employees and society define management's understanding of future-orientated leadership. Within the BUWOG Group in the 2015/16 financial year and beyond, the process of transformation initiated with the listing in 2014 is part of the day-to-day efforts of the managers with their employees. The internal processes, structural organisation and IT environment were or are being adapted to the new challenges on an ongoing basis. In order to prepare employees for the changed requirements and to retain them at the company, the focus in the reporting year was on human resources development. In addition to training (for instance on the Austrian Non-Profit Housing Act, the German Condominium Act as well as other real estate-specific issues), the programme specifically included the needs of the "managers' curriculum" designed by BUWOG. During an eight-day workshop featuring a total of four modules the agenda included, first and foremost, self-reflection as well as communication and conflict behaviour for managers. In each two-day module there was sufficient time to get to know one another better and to develop a management network.

The efforts in earlier years to make employees from the company's own ranks fit for management positions and to promote them paid off in the 2015/16 reporting year. Nearly all new team and department manager positions were filled internally. In addition to the aforementioned modules, the new managers received a start-up module in which they were informed about the role of the manager and the new responsibilities including conducting appraisal interviews. In the scope of the budgeting process, external and internal benchmarks were drawn upon and the existing bonus system simplified. All guidelines and company agreements in Austria were updated and adapted for the present day.

The following targets and measures were defined by Human Resources Management & Organisation for the future and will be continually adapted and developed:

TARGETS AND MEASURES IN HUMAN RESOURCES MANAGEMENT & ORGANISATION

Targets	Implementation/measure	Time frame
Targeted human resources development measures	Group-wide training plan based on the results of the appraisal interviews in which individual training measures are defined to achieve personal targets	2016
Company-wide expert curriculum	Professional and personality development training for experts as an alternative to the management track for the retention and further development of key employees	2017
Optimisation of job descriptions	Job descriptions are adapted on the basis of continuous process optimisation measures	2017/18
Optimised HR-IT	Uniform data retention for Austria and Germany in order to provide managers a management cockpit with HR indicators on strategic leadership	2016/17
Cascading of company strategy	Four-part event series on information and further development of strategic company targets in the individual business areas, beginning with the Executive Board members and managers and including a major group event with all employees	2017

EMPLOYEES

G4-DMA

Successful together. A strong team is and remains the central factor of success for the BUWOG Group. BUWOG considers the qualifications, participation and motivation of its employees an essential factor of the company's success. The employee survey in the 2014/15 financial year produced valuable findings. Efforts were made to tackle deficits and opportunities for improvement with the help of employee feedback. The desire for more information for the employees as well as more regular communication with managers were some of what was expressed in the employee survey. Consequently, all managers and all employees were asked to communicate openly. Through the introduction of regular manager and employee meetings taking place monthly or weekly, employees are encouraged to ask questions and request information. A further measure to accommodate employee wishes was the complete redesign of the BUWOG intranet under the name "BUWOG net", which went online in November 2015 for all employees and is a permanent start page for the web browser. In the intranet departments introduce themselves and there is a BUWOG dictionary called "BUWOG ABC", which is organised by location and to which important information pertaining to everyday life at work is added. The Human Resources & Organisation department provides transparent information about human resources issues, and the works councils in Austria and Germany also have their own main section in the intranet, as does Internal Audit, Compliance as well as Process and Project Management.

At BUWOG there is a Works Council in both Austria and Germany which communicates on an equal basis with the Executive Board and departmental management, negotiates company agreements and advocates for employee concerns. All relevant issues are discussed in regular meetings. In both countries there are legal provisions that govern the deadlines and reporting obligations for the Works Council (in Germany: German Works Constitution Act). In Austria, the Works Council must be informed in advance of plans for restructuring measures (Section 109 Austrian Labour Constitution Act). Furthermore, the negotiation of a social plan is compulsory in the event of company changes (Section 109 and Section 97 (1) No. 4 Austrian Labour Constitution Act). If there are employer terminations of contract, the Works Council is to be informed seven days prior to announcement so that it can make a statement (objection) within the seven-day deadline (Section 105 Austrian Labour Constitution Act).

In addition to these legal regulations, employees are informed about company-relevant decisions by the Executive Board and management in the event series "BUWOG Orangerie" and "BUWOG Café" via e-mail and internal newsletters or personally via the BUWOG intranet. G4-LA4

Integration of new employees. On the "Welcome Days" that take place regularly new colleagues get an overall view of the BUWOG Group and have the chance to get to know managers from various areas and departments who inform them about their various areas of activity and initiate dialogue with the new employees.

IT security. The completion of basic IT training is obligatory for all new employees. In addition, since the 2015/16 financial year, all BUWOG employees have been required to take a course on IT security measures. In addition to these informational events, which are carried out by external IT security experts, in the BUWOG intranet a separate area on the subject of IT security has been set up, where information is provided about the latest security issues dealing with IT systems (e.g. choosing the right passwords, protecting customer data, etc.). The BUWOG Group not only has its own data protection officer, but also an IT security partner. The Internal Audit department also provides information to employees and instructs them via the intranet and other internal communication channels about risks arising from the internet. BUWOG Group's Internal Audit department continually identifies various aspects of cybercrime and social engineering (e.g. "fake president frauds" or such attacks aimed at financial theft) as well as potential defence and response measures. It is recommended to employees to remain vigilant and to notify Internal Audit in the event of suspicion, as the damage is generally irreparable after the fraud has taken place.

Internal Audit conducts regular IT security audits to assess the security level of the IT infrastructure as well as to identify security weaknesses at an early stage. Penetration tests, wireless security checks, mobile security checks, physical security tests make it possible for sustainable IT security improvement measures to be taken, thereby minimising or eliminating risks in a proactive manner.

Career with the BUWOG Group. The BUWOG team is characterised by a high level of personal responsibility, motivation, flexibility and professionalism. As an expression of the high regard for employees and to support their continuous development, each year appraisal interviews are held which include the definition of clear targets and where employees receive feedback from managers on their performance the previous year and can give feedback themselves and indicate the further training in which they are interested for the coming year. With the aim of promoting the skills of employees their personal development, desired training and general personal development opportunities within the BUWOG Group are also discussed. Taking place annually in the first quarter of the financial year, these appraisal interviews are carried out by managers at all BUWOG locations in Austria and Germany with all BUWOG Group employees. G4-LA11

Personalised training plans in the form of individual courses or group workshops have high priority, as they contribute to enhancing professional qualifications as well as to team development. The training offered ranges from subject-specific seminars on topics such as the Austrian Non-Profit Housing Act to personality development seminars based on the Process Communication Model®. G4-LA10

In Germany as well as in Austria the budget for further training measures (internal and external) per employee was an average of EUR 1,200 or 2.5 days in the 2015/16 reporting year. G4-LA9

G4-HR1

Human rights. As a company operating exclusively in Austria and Germany, all operations are subject to Austrian or German law, including all of the basic rights that are guaranteed. The BUWOG Group is aware of the importance of human rights. For this reason it is self-evident to accept and uphold human rights and to integrate them into everyday life at the company.

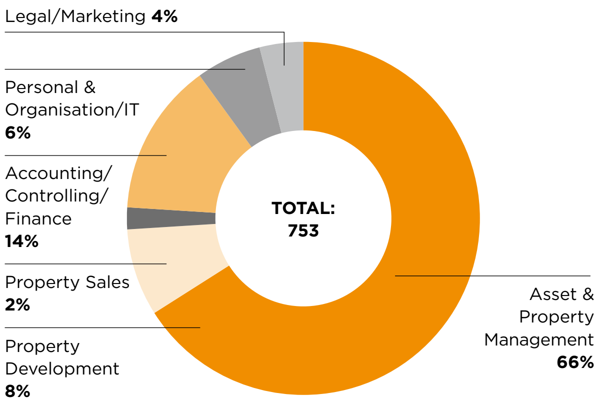
Facts and figures. As of 30 April 2016 753 people and 717 full-time equivalents were employed in the fully consolidated companies of the BUWOG Group, 675 of them salaried employees and 42 of them hourly employees. Last year the number of employees as of the reporting date was 717.

The average age of BUWOG employees is approximately 42 years. The BUWOG Group thus offers an attractive mix of experience – around 31% with more than 10 years' service to the company – and young employees. The core activities of the BUWOG Group include Asset Management, Property Development, Property Sales, which together are responsible for 75% of the total full-time equivalent workforce. The following charts illustrate the distribution of employees by regional assignment and by operational area.

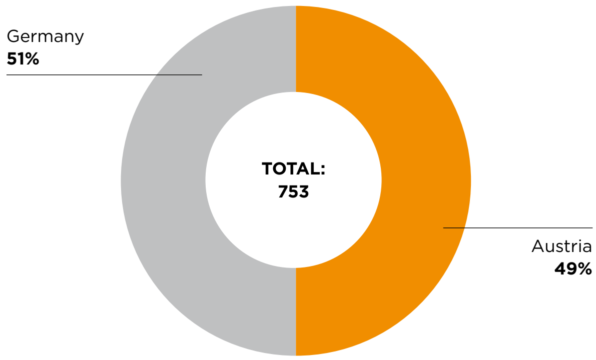
G4-10

G4-LA12

EMPLOYEES
as of 30 April 2016 area of activity



EMPLOYEES
as of 30 April 2016 by region



Exclusive interns, apprentice, parental leave, executive board etc.

G4-LA3

In the 2015/16 financial year 16 employees took parental leave, three of them men (19%). In the same financial year six employees returned from parental leave. All returnees were still employed in the company at the end of the reporting year.

G4-EC5
G4-11

Equality of opportunity. A central concern of the company is the equality of opportunity between women and men. The proportion of women in the total workforce is currently 55% and 53% among the salaried employees. 32% of management positions are also held by women. In this respect the company has taken a pioneering role. The salaries of all employees at the BUWOG Group are above the collective bargaining agreement and orientated toward market level.

G4-LA1

New hires and exits. In the 2015/16 financial year 146 employees were newly hired, 97 employees in Austria (66%) and 51 employees in Germany (34%). Of these 80 were women (55%) and 66 men (45%). In the 2015/16 financial year a total of 102 employees left the company, 60 of them women (59%) and 42 men (41%). The fluctuation thus totals 14%. Of these 60 exits (59%) were accounted for by locations in Austria and 42 exits (41%) to locations in Germany.

G4-LA2

Promoting social cohesion. BUWOG employees are characterised by a high level of commitment and outstanding sense of motivation. It is therefore important to company managers to promote and support the sense of well-being employees have at work through group activities such as the annual business run, department activities and property tours in which employees are shown portfolio and new projects. These activities strengthen the sense of cohesiveness. The staff are kept informed of current internal issues 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. At BUWOG the type of employment makes no difference; all employees, whether full or part time, are entitled to the same company services.

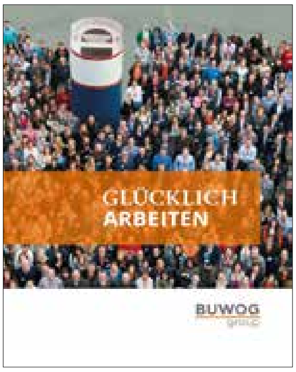
Below is an overview of the selection of services for BUWOG employees (Austria): lunch at a reduced price, contribution for the purchase of eyewear for the computer screen, training allowances (repayment agreement), free refreshments including mineral water, tea, coffee and fruit, health days, in-house health check (incl. important vaccinations) as well as massages during working hours (BUWOG provides a quarter hour of working time). The company agreement regulates issues such as the 38-hour week, flexitime, teleworking and a contribution to the voluntary pension. The collective agreement (real estate managers),which is effective for all employees also regulates continued remuneration in the event of an incapacity to work and special payments such as holiday and Christmas pay.

At the German BUWOG Group locations there is also complimentary mineral water, tea, coffee and fruit as well as allowances for lunches offered at the major locations in Kiel and Berlin. A contractual partner who supports BUWOG in questions concerning occupational safety and protection carries out inspections pertaining to occupational safety, risk assessments in technical areas and a vision test every two years. Health-related services also include the contribution for the necessary eyewear for computer screens or the procurement of adjustable desks, as needed.

The promotion of health is a key component of BUWOG's activities for its employees. In addition to a company physician, occupational psychologists and safety officers, the BUWOG Group also holds a Health Day twice a year on which experts lecture on the topics of exercise/ergonomics, nutrition and employee psychology. BUWOG also provides employees the opportunity to receive a medical check-up.

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

Principles and key skills. In addition to company agreements and concepts which the BUWOG Group communicates to new employees for instance on the Welcome Days (the group-wide event for new employees where they learn about BUWOG's general principles and can get involved themselves) or to all employees, for instance, at employee events, BUWOG also publishes an employee handbook called "glücklich arbeiten", which managers give to every employee at every location. In a playful manner, it includes the key skills which (are meant to) make BUWOG employees stand out as well as BUWOG's mission statement with respect to its employees. It stipulates that discrimination and isolation on the basis of gender, religion and sexual orientation have no place at BUWOG. The key BUWOG skills developed by the Executive Board and managers, assisted by Human Resources & Organisation, include: entrepreneurialism, vision, cost awareness, feedback, further development, solution orientation, customer orientation, a sense of collectiveness, creativity and commitment. G4-56



Cover of the BUWOG employee handbook

In the annual appraisal interview with management, employees are asked to provide an assessment of how they scale their level with certain skills. Management also assesses where the employee stands in specific key skill areas and, in the event of deviations, a concept is development together so the employee can improve his or her skills.

In the interest of transparent communication, key skills as well as the entire employee handbook are publicly available for applicants and those interested in a job at: https://www.buwog.com/de/karriere (in German).

Systematic pursuit of the principle of equal treatment, flexitime and teleworking opportunities are pillars in the work-life balance of employees at the BUWOG Group. The company also offers attractive social benefits, a pension system, a retirement plan and various employee benefits.

Job safety is also important to BUWOG. The high degree of importance attached to occupational protection and safety is reflected at the German locations in the company's close cooperation with external consultants (B.A.D.), who support and monitor compliance with all necessary protection and safety measures. In Austria, the BUWOG Group had four security officers, two fire officers, 18 first responders and 18 evacuation assistants at the Vienna location during the reporting period. BUWOG's safety committee (in Austria) included 11 persons (BUWOG employees) and three external staff (occupational physicians and psychologists, security staff).

G4-LA5

Health, sports and measures promoting a sense of social cohesion are an ideal fit for the BUWOG Group. BUWOG employees regularly take part in the Vienna business run, the team run at the Berlin Zoo, the Dragon Boat Cup and in various football tournaments. The company supports the athletes in their training and in the competitions.

When a metro closure recently caused problems on the way to work for most of the employees at BUWOG's headquarters in Vienna, at the initiative of the Works Council the company decided to purchase 25 bicycles which can be used between the headquarters and the metro station for business travel and joint excursions, also after the metro is open again. An expert for bicycle health gave employees an introduction on the issue of "travelling to work by bicycle".

CEO Daniel Riedl, Markus Sperber and Raphael Lygnos of the Austrian Works Council and Martina Wimmer, Head of Human Resources & Organisation, present the new BUWOG bicycles.

Cascading process to strategise for the future. At the beginning of each calendar year, the members of the Executive Board meet to decide on a location for discussing strategies and to plan the BUWOG Group's path for the coming financial year. After this initial discussion, top management comprising the division managers and the Executive board are invited to a workshop, where they collaborate 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, of course, on strengthening relationships between the managers as well.

For the first time, the department managers were supported in their managerial activity by an additional two-day workshop with external support. The aim of this measure was to break down the strategic thinking into the operational business together with division heads and team leaders in order to ensure the best possible level of information and implementation.

Every second year there is an employee event for all BUWOG Group employees from Austria and Germany. The aim of this two-day get-together is for colleagues from other BUWOG locations to get to know one another, to network internally and, in the interest of "best practice" thinking, to learn from one another. At these major events, the employees have the chance to experience the Executive Board in talks and in personal conversation and to familiarise themselves with the BUWOG Group's strategy. A wide range of information, for instance on the current status of individual development projects or big company projects such as the group-wide introduction of SAP, is accompanied by an appealing entertainment programme featuring excursions and playful elements. Together with the joint celebrations, the employee events are also a reward to employees for their efforts. The experiences from previous employee events that took place in

Loipersdorf and Hamburg have shown that such events strengthen the sense of cohesion within the BUWOG Group and encourage the identification of the employees with the company. The success of these events also benefits employer branding. The next major employee event is planned for May 2017 in Vienna.

Companies for families. Shortly after the end of the 2015/16 financial year, the BUWOG Group joined the "Companies for Families" network of the Federal Ministry of Families and Youth (BMFJ) in order to reinforce the discussion and support of making career and family even more compatible.

THE BUWOG GROUP'S SOCIAL COMMITMENT

In the last financial year the BUWOG Group supported mothers and children in crisis situations in the scope of a fundraising campaign. To this end, BUWOG Group dispensed again with Christmas presents for business partners in 2015 in order to provide EUR 20,000 in support for the Caritas "MUKI-mobil" project. "MUKI-mobil" is an ongoing service of the Caritas organisation Haus Immanuel, through which homeless mothers and their children can find a new home and receive extensive assistance and counselling for their difficult life situation.

This year the BUWOG Group is supporting the Caritas MUKI-mobil project

Women's shelters. Sustainable social commitment is important for the BUWOG Group. In Vienna and in Villach the BUWOG Group supports the women's shelter organisations "Wiener Frauenhäuser" and "Frauenhaus Villach". As part of a cooperation, two apartments in Vienna and one in Villach are provided to local partners 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 organisation, particularly for women with children. Each of the three apartments provided by the BUWOG Group has three rooms and is furnished.

Refugee housing. When the countries of Austria and Germany, where BUWOG operates, were confronted with strong influxes of refugees as a result of the numerous global crises and humanitarian catastrophes, BUWOG formed an internal task force on the issue and a refugee coordinator, who also had a broad range of experience in the area, was appointed in the company. There was a search to see which apartments in the portfolio were especially suitable for refugees. In Austria the focus of the flats rented to organisations providing services to refugees during the reporting period was in the provinces of Carinthia and Styria, though in Vienna and Salzburg refugees also found a new place to live in BUWOG apartments. A total of 36 apartments were provided to organisations providing services to refugees in Austria in the 2015/16 financial year. Sixteen of these apartments are in Vienna, six in Lower Austria, two in Salzburg and twelve in Carinthia. In Germany, the respective city or municipality is generally the lessor of apartments for refugees, with whom BUWOG pursues a positive and constructive dialogue. In the German portfolio during the reporting year there were around 110 apartments rented to asylum seekers or municipalities and communities who accommodated them in the cities of Kiel, Lübeck, Ratzeburg and the surrounding areas. The BUWOG Group supported the undertaking of the study on the role of the real estate business in relation to the current refugee crisis in Austria by the IIÖ – Institut für Immobilienökonomie, it was part of a variety of events and also aims to approach the issue of integrating refugees in a solution-oriented manner in the future. However, within the BUWOG Group there is currently no expansion of activity in the segment of refugee apartments planned.

Support of art and culture. The BUWOG Group is the proud sponsor of the Vienna State Opera and the Theater an der Wien (incl. new artists of the Chamber Opera) as well as the Salzburg Festival. Sponsoring the charity concert at the Vienna Musikverein during the reporting year allowed BUWOG to support the organisation immo-humana (an association for mothers in need of housing), which the proceeds from the classical concert night benefited. The Easter concert by "Bach Consort Vienna" at the Klosterneuburg Monastery was also supported by the BUWOG Group. In the current 2016/17 financial year the BUWOG Group is the primary sponsor of the exhibition "Beton" at the Kunsthalle Wien, in which 30 international artists address the subject of concrete as a construction material. As a long-time partner of the Architekturzentrum Wien (AzW), the BUWOG Group promotes dialogue on architecture and supports AzW exhibitions, events and publications (in the reporting year, for instance, the German-language work "Architektur in Österreich im 20. und 21. Jahrhundert"). Art-in-architecture has been an important factor in the long history of BUWOG as well. Art is viewed as an integral component of BUWOG's housing culture.

The project for artworks on the façade of the BUWOG residential buildings and the BUWOG Group headquarters on Hietzinger Kai was launched during the reporting period. Just after the reporting period, in May 2016, an initial, temporary artwork by Sabine Bitter and Helmut Weber was attached to company headquarters. In cooperation with the Austrian Architectural Foundation, artists from Austria and Germany were invited to develop concepts for façade displays, which take an artistic approach to the subjects of architecture, construction and housing.

Artwork "Habitat, or How We Want to Live" on the façade of BUWOG's headquarters

"MARKETING AND COMMUNICATION CONTRIBUTE TO SUSTAINABILITY."

Ingrid Fitzek, Head of Marketing & Communication

"I'm delighted we could support the BUWOG Group's sustainability activity in the 2015/16 financial year and make a contribution to sustainable company management with our marketing and communication tools. In addition to many others, these include informing our customers and increasing their awareness about issues such as energy and water conservation. During the reporting period for our BUWOG corporate blog we obtained a contributor from the Austrian Energy Agency, who blogs about energy tips. The start of sustainability reporting on the basis of GRI is an exciting process for me and my communication team."

G4-16

BUWOG AG IN THE VÖNIX SUSTAINABILITY INDEX

VÖNIX INDEX·16/17 MEMBER

Since June 2014 BUWOG AG has been included in the VÖNIX Sustainability Index (VÖNIX), a capitalisation-weighted price index consisting of listed Austrian companies which are leaders in social and environmental performance. The VÖNIX Sustainability Index is reviewed annually, the participating companies subjected to a recent sustainability assessment. The VÖNIX auditors were persuaded again by BUWOG AG's performance in the current reporting year, which is why BUWOG AG will also remain a member of the VÖNIX Sustainability Index in the 2016/17 financial year as well.

RISK AND OPPORTUNITY REPORTING

As a real estate owner and developer, the BUWOG Group is exposed to a variety of risks which, at the same time, can also represent opportunities. A strong and effective risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes. Risk management therefore not only covers risk control, but also the systematic handling of the related opportunities.

G4-2

G4-14

The Group-wide risk management process is intended to support rational decisions in dealing with risks and opportunities. BUWOG views risk as an event with an estimated probability of occurrence that could lead to a result with an estimated probability of a negative outcome. In contrast, opportunities have corresponding positive effects. The following section refers only to "risk management" and "risk" to improve readability. Both outcomes are addressed by the monitoring and control measures implemented in the BUWOG Group.

Risk management from BUWOG's point of view is understood to mean a systematic, value-based and success-oriented approach for the analysis and handling of risks. The Group-wide risk management system is structured according to the COSO framework and includes the following components: risk identification, risk analysis, risk assessment, risk control and risk monitoring. The related activities take place within a scheduled programme, but also include ad-hoc activities.

The integral parts of the Group-wide risk management system include the related organisational guideline as well as the use of ADONIS software and the accompanying manual. They merge the various subject areas of risk management, the internal control system (ICS) and process management in a systemic, analysable manner. The following commentary generally refers to the above-mentioned organisational guideline.

The risk appetite of a company indicates its willingness to accept a certain degree of risk, with regard to both quantity and quality. Security considerations for shareholders and customers take priority for the BUWOG Group, which leads to a principal risk aversion as the basis for risk management.

The most important risk factors can be summarised under financial risks and market/property-specific risks. The major financial risks result from fluctuations in interest rates as well as negative changes in the credit standing or liquidity of customers and business partners. Information on the financial risk factors is provided in the consolidated financial statements under note *7.2 Financial risk management*. Market- and property-specific risks arise from micro- and macroeconomic events and developments at the individual property level and include market price risk as well as the competitive situation and transaction risk.

RESPONSIBILITY

The Executive Board is responsible for defining the risk policy, creating an awareness of risk, developing the risk strategy and an appropriate risk infrastructure and also for the operation of risk management. The risk report is presented to the Executive Board at its meetings.

The risk manager is responsible for the development and detailed design of the risk management system, for monitoring and reporting on the risk strategy defined by the Executive Board and for establishing the procedures used to quantify risk, determine the appropriateness of risk and create the general standards for risk management. The risk manager was a member of the Process/Project/Risk Management Department in 2015/16, but risk management will be integrated in the Controlling Department during 2016/17.

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PROCEDURES

Risks are classified on the basis of their organisational relationships – through risk categories – and their material scope of influence – through various types of risk. The risk categories form the upper level of this classification, while the types of risk represent subordinate elements assigned to these categories.

The risk management process begins with the identification of risks (risk identification). In the next step, the risks are analysed (risk analysis) and then assessed with regard to the estimated probability of occurrence and estimated potential damage (risk assessment). Measures are then defined for the management or control of these risks (risk control) and for subsequent monitoring (risk monitoring).

Recurring Funds From Operations (RFFO) is an important property-specific indicator, which is ideally suited for inclusion in the assessment of risks and the possible results. The calculation of the effects in Euros is therefore based on budgeted Recurring FFO (additional information on this indicator can be found under *Strategy and Success Factors*).

Parallel to the above-mentioned activities, risks are continuously monitored and communicated. The communication and information exchange with internal and external stakeholders takes place, as far as necessary and feasible, in every phase of the risk management process.

Risk identification and analysis can be quantitative, semi-quantitative or qualitative, depending on the circumstances. A qualitative analysis is often carried out first to determine the general scope of risk and to identify the most important risks.

The scheduled programme covers the Group-wide functioning of risk management. It involves the periodic, systematic identification of risk and provides a uniform basis for risk reporting to management.

The ad-hoc reporting process in risk management accompanies and completes the scheduled programme. It covers the “gaps” in the quarterly risk assessment.

REPORTING

A report on the material risks with immediate need for action is submitted to the corporate Controlling Department each quarter and is also attached to the monthly report to the Executive Board. In addition to the scheduled programme, the ad-hoc process is also important to allow for the communication of risks to the Executive Board outside the regular reporting periods. The status of measures represents the indicator for the progress of actions to address risks.

Reports on material risks with an immediate need for action are evaluated by the risk manager and then sent directly to the Executive Board by email.

In accordance with legal regulations, the Executive Board is responsible for risk reporting to the Supervisory Board.

The documented risks form the basis for the relevant sections in the annual report. The included risk report is prepared by the risk manager with the assistance of the major risk owners.

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MARKET RISK AND PROPERTY-SPECIFIC RISKS

The development of real estate markets is heavily dependent on economic growth and macroeconomic trends. These risks are related to micro- and macroeconomic developments in the German-speaking countries and to developments on the global financial and investment markets. The resulting effects on market prices, market rents and yields also play an important role.

In addition to the typical risks facing property owners – which BUWOG minimises through insurance coverage for the individual properties – the company is also exposed to property-specific risks. These risks are related, above all, to the location of the properties, their architecture and the structural condition of the buildings, but also to the direct competitive environment and local socio-economic factors. The BUWOG Group minimises these risks, among others, through the use of controlling instruments to support Asset Management in the regular appraisal of the properties and the quality of their locations as well as the attractiveness of the individual markets based on key indicators. The results of property management are also regularly discussed and evaluated at meetings between Asset Management, property controlling, management and the Executive Board. Detailed budgets at the individual property level, medium-term forecasts and variance analyses provide support for management in the monitoring of business results. Properties whose location, quality and/or competitive position do not meet the portfolio requirements are sold over the medium term.

The strategic goal to identify, and possibly sell, properties with lower fungibility and replace them with properties in more "liquid" markets was also pursued during the reporting year.

The BUWOG Group is exposed to market risk, in particular from changes in the supply and demand for rental properties. These fluctuations have a direct impact on both rental income and vacancy rates and are ultimately reflected in property prices. BUWOG works to optimise its real estate investments based on the following strategy: the residential offering in the standing investment portfolio is diversified according to regional and product-specific criteria; new construction projects follow a differentiated product line approach; and the active management of properties incorporates the Group's long-standing, extensive knowledge of the regional markets. Market risk is also reduced by matching rents to the respective properties and locations within legal limits.

Detailed market studies are prepared on a regular basis and analysed in connection with reports from 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 investments, sales and project planning, and thereby also on the Group's medium-term forecasts. The acquisition process used by the BUWOG Group includes appropriately tiered due diligence audits together with independent experts, which are intended to identify any such risks in advance and designed to evaluate all risks related to legal, tax, economic, technical and social issues.

Acquisition/project development risk. Acquisition and development activities are connected, above all, with 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, which are intended to identify and evaluate any such risks in advance. The BUWOG Group does not purchase properties that fail to meet its high quality standards. G4-2

There is a residual risk that important information with a possible negative impact on the economic assumptions (e.g. incomplete information in the due diligence reports) only becomes available after the completion of acquisition activities. In addition, market conditions may change in an unforeseen direction.

Development projects are exposed to increased risks in the form of schedule and construction cost overruns as well as the success of sales and rentals. The BUWOG Group minimises these risks by regularly monitoring costs and schedules through variance analyses. A risk analysis system has been implemented for the project development business to identify risks and counter their potential effects on a timely basis. Additional information is provided in the consolidated financial statements under note *7.2.2 Default/credit risk*.

Property valuation risk. The BUWOG Group uses the fair value model for property valuation, as is customary in the real estate sector. Properties are carried at the value that would be received in an exchange between knowledgeable, willing and independent business partners. BUWOG's properties are valued semi-annually by external appraisers. The values determined by these experts are heavily dependent on the applied calculation method and the underlying assumptions. Consequently, any change in the underlying assumptions can lead to material fluctuations in the value of a property. For example: a change in the assumed occupancy rate, market price or future investment costs of a property will have a direct effect on the resulting profitability and the fair value of the property. Even minor changes in the underlying assumptions, e.g. due to economic or property-specific considerations, can have a material impact on the net profit of the BUWOG Group. G4-14

REGULATORY, TAX AND LEGAL RISKS

G4-2
G4-14

Legal risks. As a property owner and developer, the BUWOG Group is also exposed to a variety of legal risks. They include, among others, risks related to the purchase or sale of properties and risks arising from legal disputes with tenants or other contract partners.

Tenancy and housing regulations, building codes and civil, tax and environmental laws are particularly important for BUWOG's business operations. The Group therefore follows regulatory changes and supreme court rulings with particular interest to allow for timely response to any binding changes in general legal conditions.

The outcome of pending actions under civil and administrative law or out-of-court settlements with tenants, contractors and development partners cannot be predicted with certainty. There is a risk that judicial or administrative decisions or settlements may lead to costs that could have an unexpected influence on the results of the BUWOG Group. The risks associated with the properties and undeveloped land owned by the Group are minimised by building insurance and/or property liability insurance.

The risks for the BUWOG Group from the cap on rent increases in Germany are related primarily to the prices for new rentals and are discussed below. Rental prices on the German housing market have risen significantly over the past five years, chiefly due to increased demand. The growing pressure on politicians to intervene in tight housing markets led to a cap on rent increases which was approved by the German Federal Cabinet at the end of September 2014. The prices for new rental contracts cannot exceed the comparable standard rent for the area more than 10% or, if the previous rent was higher, the new rent is capped at the previous level. This regulation has been in force in Berlin since June 2015 and in Hamburg since July 2015. The rental price cap has also been in effect at a number of locations in Schleswig-Holstein and Kassel since November 2015 and could follow in Brunswick, Lüneburg and Buchholz during the second half of 2016. The percentage of BUWOG's German portfolio that is currently subject to the cap – or could come under these rules in the near future – is estimated at up to 32% (previous year: 11%) of the standing investment units. The comparable figure for BUWOG's entire portfolio is estimated at 17% of the units, compared with 6% as of 30 April 2015.

The implementation of the rental price cap does not create any substantial negative effects for the BUWOG Group. The related effects have been integrated in full in the Group's multi-year planning.

Tax risks. Tax audits for previous years are still in progress or have not yet started for a number of BUWOG Group companies. These audits may result in additional tax payments.

Two Austrian subsidiaries, BUWOG Bauen und Wohnen Gesellschaft mbH, Vienna, and BUWOG Süd GmbH, Villach, have filed appeals against the new corporate income tax assessments issued in connection with recent tax audits (BUWOG Bauen und Wohnen Gesellschaft mbH for 2001–2011 and BUWOG Süd GmbH for 2004 to 2011). These proceedings are currently pending. The conflicting legal opinions held by the companies and the tax authorities involve the valuation of the subsidised loans when the companies became subject to unlimited tax liability following the termination of their non-profit status.

The limits on the deductibility of interest expense for the determination of income taxes could also lead to additional tax payments for BUWOG's German companies in the future.

Changes in shareholder and/or organisational structures could result in a property transfer tax liability or the inability to utilise loss carryforwards. The recognition of deferred taxes on loss carryforwards could be limited or eliminated by fundamental changes in tax regulations, which would lead to expenses at an amount equal to the impairment losses on the related deferred tax assets.

Political and regulatory risks. The BUWOG Group is exposed to general risks arising from changes in legislation or other regulations (including tenancy law, construction law, environmental law and tax law). As BUWOG's operations are limited to Austria and Germany, and these types of changes do not normally occur unexpectedly or over the short term, there is usually sufficient time to react.

OTHER RISKS

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

Integration risk. The risks associated with the acquisition of property portfolios and their integration into the BUWOG Group are identified during the due diligence process and reflected in the purchase price negotiations.

These risks are mainly financial and legal or relate to the integration of the portfolio into the BUWOG Group. The acquired portfolios also carry an inherent risk connected with their future financial performance, which can be influenced by market and property-specific factors. It is also conceivable that potential problems may not be identified during the due diligence process and are therefore not reflected in the purchase price, or assumptions made during the due diligence process are overly optimistic and result in the payment of an excessive purchase price.

The integration of existing organisational structures is associated with a variety of risks: earnings could fail to meet budgeted expectations; synergies may not materialise as planned; the increased integration workload could lead to unscheduled costs; or the integration could take longer and be more expensive than originally planned. The BUWOG Group addresses these risks by involving both internal and external experts from all relevant disciplines in the due diligence process and by preparing detailed business plans based on their findings. To further reduce this risk, the BUWOG Group engages experienced integration managers who prepare detailed integration plans and coordinate and implement the related processes.

Organisational risks. The BUWOG Group has issued guidelines and implemented processes to avoid the risks associated with acquisitions, project development and investments. These guidelines and processes regulate the general conditions and approval levels for investments (property acquisitions, property development projects and ongoing investment activities) and minimise or eliminate the major strategic and property-specific risks. Approval levels are defined in a comprehensive Group guideline, which regulates the authorisation limits for individual employees up to the members of the Executive Board. In certain cases, the approval of the Supervisory Board is also required. G4-2 G4-14

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. The process landscape represents the starting point for the evaluation of the ICS at the process level. It covers individual business processes in which the logical order of various work steps is described. The individual ICS controls are integrated into this process landscape in line with the risks associated with the individual process steps. In 2015/16 the Process/Project Management Department continued to develop and optimise the BUWOG Group's ICS and implemented new software to map processes, risks and controls.

BASIS OF THE ICS

The ICS comprises a wide range of coordinated methods and measures to protect assets and to ensure the accuracy and reliability of data for accounting and financial reporting. All relevant process steps, activities and decisions are equipped with controls. The control environment includes internal directives and guidelines, among others for the application of the dual control principle, transparency, documentation requirements, authorisation and procurement rules as well as the communication of basic values by management. The ICS also supports compliance with the corporate policies defined by the Executive Board. The goal is to meet internal and regulatory requirements and ensure that corporate processes and controls remain efficient.

CONTROL ENVIRONMENT

The control environment at the Group level forms the general framework for the design and implementation of internal control activities. The most important components are statutory regulations, the standards and guidelines issued by the BUWOG Group (e.g. the authorisation guideline), clear management and organisational structures and the communication of basic values by management.

The process landscape forms the starting point for the evaluation of the ICS at the process level. Special process management and ICS software was used to integrate controls into the various processes in line with the major 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 BUWOG'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 the Group Controlling Department for correctness, plausibility and completeness, the integration of preventive and detective monitoring in processes as well as the automation of key controls through specific system settings in the financial accounting software.

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 to BUWOG's management.

MONITORING BY INTERNAL AUDIT

The BUWOG Group's Internal Audit Department monitored compliance with and the effectiveness of the ICS in 2015/16.

In accordance with C-Rule 18 of the Austrian Corporate Governance Code, Internal Audit was established as a separate staff department of the Executive Board of BUWOG AG and reports directly to the CEO. It supports the Executive and Supervisory Boards in fulfilling their control and monitoring responsibilities and is also responsible for the related audit activities throughout the Group.

All companies, business areas and processes in the BUWOG Group were subject, without limitation, to review by the Internal Audit Department during the reporting year. The associated rights and obligations and the provisions governing audit activities were defined in a Group-wide organisational guideline (Rules of Procedure for Internal Audit).

The Internal Audit Department carried out independent and objective reviews based on a risk-oriented annual audit plan approved by the Executive Board and Supervisory Board. These reviews focused primarily on the correctness of business processes, the effectiveness of the ICS and opportunities to improve efficiency.

The results of the audits were reported to the Executive Board on a regular basis and to the Audit Committee of the Supervisory Board twice during the reporting year. The recommendations and measures defined by these reports were followed by monitoring to ensure the implementation of agreed improvements.

In addition to its primary audit functions, Internal Audit is increasing its focus on consulting services. The main objectives for internal consulting are to identify opportunities for improvement, to recommend changes (innovation and initiative function) and to support the implementation of suggestions for improvement.

"INTERNAL AUDIT AND CONSULTING SERVICES, THE OPTIMISATION OF BUSINESS PROCESSES AND FUTURE-ORIENTED MONITORING AND MANAGEMENT FUNCTIONS MAKE UP OUR CONTRIBUTION TO ACHIEVING CORPORATE GOALS."

Kevin Töpfer,
Head of Internal Audit & Process/Project Management

"In 2015/16, I was asked to take over the Process and Project Management Department in addition to my responsibilities as the head of Internal Audit. The combination of these corporate functions makes it possible to utilise synergies between the two areas. This integrated approach is optimal for a number of reasons: it supports the identification of process risks and weaknesses in the internal control system and the implementation of the right controls in process design as well as the development of ideas for sustainable process optimisation – which, all together, support the creation of specially designed solutions for the BUWOG Group. Our goal is to also be an important success factor for the implementation of BUWOG's strategy in the future as a competent business and sparring partner."

INFORMATION ON CAPITAL

The share capital of BUWOG AG totalled EUR 99,773,479.00 as of 30 April 2016 (30 April 2015: EUR 99,613,479.00). It is divided into 99,773,479 zero par value bearer shares (30 April 2015: 99,613,479 shares) with voting rights, each of which represents a proportional share of EUR 1.00 in share capital. All of these shares are zero par value bearer shares which entitle the holders to participate in the annual general meeting and to exercise voting rights and other shareholder rights in accordance with applicable legal regulations. Each bearer share is entitled to one vote.

All of the company's shares (ISIN AT00BUWOG001) are admitted for trading on the regulated market of the Frankfurt Stock Exchange and for official trading on the Vienna Stock Exchange. BUWOG shares are also listed in the main market *(Rynek podstawowy)* of the Warsaw Stock Exchange (regulated markets within the meaning of Section 1 (2) of the Austrian Stock Exchange Act, *Börsegesetz*).

The change in the number of shares during the reporting year resulted from the issue of 160,000 new shares from conditional capital pursuant to Section 159 (2) no. 3 of the Austrian Stock Corporation Act *(Aktiengesetz)* in connection with the exercise of stock options based on the terms of the long-term incentive programme 2014 (see the following section for details). The issue of these subscription shares increased share capital by a total of EUR 160,000.00 in accordance with Section 167 of the Austrian Stock Corporation Act.

OWNERSHIP STRUCTURE

According to a voting rights' announcement dated 11 March 2016, IMMOFINANZ AG, together with its subsidiaries, held 28,503,782 BUWOG shares on that date, which represented an investment of approx. 28.57% in the share capital of BUWOG AG. The de-domination agreement between IMMOFINANZ AG and BUWOG AG defines certain restrictions for IMMOFINANZ in the exercise of voting rights attaching to these BUWOG shares, which are discussed below.

Voting rights announcements after the end of the reporting year on 9 June 2016 and 13 June 2016 indicated that IMMOFINANZ AG had transferred the ownership of 18,542,434 BUWOG shares to Sapinda Invest S.à.r.l. IMMOFINANZ AG therefore held 9,961,348 BUWOG shares, representing approx. 9.98% of the total voting shares of BUWOG AG, after the transfer of ownership took effect. Through a voting rights announcement on 20 July 2016, Sapinda Invest S.à.r.l. confirmed that it had sold this investment and therefore held no further shares of BUWOG AG.

JPMorgan Chase & Co. issued a voting rights announcement on 8 September 2015 to report that it, together with companies under its control, held 4,890,368 BUWOG shares, representing 4.90% of the total voting shares of BUWOG AG.

In accordance with a voting rights announcement dated 29 March 2016, BlackRock, Inc., together with companies under its control, holds a relevant investment of 4,038,388 BUWOG shares. These shares represent approx. 4.04% of the total voting shares of BUWOG AG.

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 concluded a de-domination agreement that establishes limitations on voting rights for the BUWOG shares held by the IMMOFINANZ Group. This de-domination agreement limits the number of Supervisory Board members who can be appointed by IMMOFINANZ in order to prevent majority decisions by these appointees, even if there is a change in the number of members on the Supervisory Board. The Supervisory Board of BUWOG AG currently consists of six shareholder representatives, whereby IMMOFINANZ exercised its voting rights in the election of Oliver Schumy and Vitus Eckert to the Supervisory Board. IMMOFINANZ is also not permitted 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.

IMMOFINANZ AG has not had a controlling influence over the business or financial decisions of the BUWOG Group since the spin-off in April 2014. The IMMOFINANZ Group and the BUWOG Group have been two separate corporations since the spin-off.

No other restrictions on voting rights or shares with control rights. The Executive Board is unaware of any agreements between shareholders pursuant to Section 243a (1) no. 2 of the Austrian Commercial Code that limit voting rights or the transfer of shares.

There are no shares with special control rights as defined in Section 243a (1) no. 4 of the Austrian Commercial Code.

BUWOG AG does not have a share participation programme for employees. Therefore, no information is provided on the control of voting rights pursuant to Section 243a (1) no. 5 of the Austrian Commercial Code.

There are no requirements that are not derived directly from legal regulations regarding the appointment and dismissal of members of the Executive Board and Supervisory Board or concerning the amendment of the company's articles of association pursuant to Section 243a (1) no. 6 of the Austrian Commercial Code.

TREASURY SHARES

Authorisation of the Executive Board to purchase treasury shares. The annual general meeting of BUWOG AG on 8 June 2015 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase treasury shares in accordance with Section 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of the company's share capital, also with repeated exercise of the 10% limit. The shares may be repurchased over stock exchange or off-market, whereby the proportional subscription rights of shareholders can be excluded. This authorisation is valid for a period of 30 months beginning on the date of the resolution.

Authorisation of the Executive Board to sell treasury shares. The annual general meeting of BUWOG AG on 8 June 2015 also authorised the Executive Board, with the consent of the Supervisory Board, to sell treasury shares in a manner other than over the stock exchange or through a public offering in accordance with Section 65 (1b) of the Austrian Stock Corporation Act. These shares may be sold or used for any legal purpose, whereby the proportional subscription rights of shareholders are excluded (exclusion of subscription rights). This authorisation is valid for a period of five years beginning on the date of the resolution.

As of 30 April 2016, neither BUWOG AG nor any of the companies under its control held treasury shares.

AUTHORISED CAPITAL

The annual general meeting on 7 March 2014 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to Section 169 of the Austrian Stock Corporation Act, to increase the company's share capital by up to EUR 21,582,922.00 through the issue of up to 21,582,922 new shares in exchange for cash or contributions in kind, with the exclusion of subscription rights. This authorisation is valid until 25 March 2019. Share capital may be increased on the basis of this authorisation under the following conditions:

- (i) if the capital increase takes place in exchange for cash contributions and the number of shares issued do not exceed 10% of the company's share capital,
- (ii) for contributions in kind,
- (iii) to service a greenshoe option or
- (iv) for the settlement of peak amounts

Authorisation to issue new convertible bonds. The annual general meeting of BUWOG AG on 14 October 2014 authorised the Executive Board to issue convertible bonds with a total nominal amount of up to EUR 390,000,000. These bonds may carry exchange and/or subscription rights for up to 19,922,696 bearer shares in the company; they may be issued with or without the exclusion of subscription rights and in one or more tranches. This annual general meeting also approved a conditional capital increase of EUR 19,922,696 in accordance with Section 159 of the Austrian Stock Corporation Act to service the exchange or subscription rights of the holders of convertible bonds issued on the basis of this authorisation.

CHANGE OF CONTROL PROVISIONS

Some of the existing financing agreements require joint consent to be reached on the continuation of the credit arrangement in the event of a change of control.

The employment contracts with the members of the Executive Board contain change of control clauses that could lead to the termination of a contract. The company and the members of the Executive Board have concluded compensation agreements that will take effect in the event of a public takeover bid. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or two years at most.

There are no such agreements for the members of the Supervisory Board or for employees.

LONG-TERM INCENTIVE PROGRAMME 2014 (STOCK OPTIONS FOR MEMBERS OF THE EXECUTIVE BOARD)

The annual general meeting of BUWOG AG on 14 October 2014 approved a conditional capital increase (Section 159 (2) no. 3 of the Austrian Stock Corporation Act) for the granting of stock options to the members of the Executive Board of BUWOG AG, Daniel Riedl and Ronald Roos, as part of the 2014 long-term incentive programme (2014 LTIP).

These two Executive Board members were granted a total of 720,000 options under the under the 2014 LTIP, which entitle them to purchase BUWOG shares at an exercise price of EUR 13.00 per share. This exercise price equals the price of the BUWOG share on the Frankfurt Stock Exchange at the time of the initial listing on 28 April 2014. The 2014 LTIP uses this price as the starting point for BUWOG's independence following the spin-off from IMMOFINANZ AG. The stock options comprise basic options and three tranches of bonus options. The vesting period for the bonus options is dependent on the achievement of performance targets for the particular financial year based on the relevant stock price in relation to the EPRA NAV per share and rewards the work of the Executive Board to reduce the implied discount to the book value at the time of the IPO. It ensures that the 2014 LTIP creates a balance between the interests of shareholders and the Executive Board members.

The LTIP 2014 requires a personal investment in BUWOG shares equal to 50% of the participating Executive Board member's gross annual fixed salary. This investment is to be accumulated over a period of three financial years beginning in 2014/15. The company is entitled to use conditional capital (Section 159 (2) no. 3 of the Austrian Stock Corporation Act), authorised capital (Section 169 of the Austrian Stock Corporation Act) or treasury shares to supply the BUWOG shares to be transferred on the exercise of the options.

The options can, in principle, only be exercised after a vesting period of four financial years, i.e. for the first time in the fifth financial year after the start of the programme (2018/19). These rights may be exercised earlier in certain cases related to the premature termination of an Executive Board member's contract. This is possible, among others, for basic options and bonus options whose performance targets have been met when the Executive Board contract is terminated due to a change of control (also see the above comments on change of control). Ronald Roos chose to exercise this right on the premature termination of his Executive Board contract upon mutual agreement with the company during December 2015. At that time, the conditions had been met for the exercise of the basic option for the purchase of 50,000 BUWOG shares and the performance targets had been met for tranche one of the bonus option for the purchase of 50,000 BUWOG shares and tranche two for the purchase of 60,000 BUWOG shares. In accordance with the terms of the LTIP 2014, Ronald Roos exercised all possible options for the purchase, in total, of 160,00 BUWOG shares during the period from 26 January 2016 to 15 February 2016. The transferred BUWOG shares were serviced from conditional capital as defined in Section 159 (2) no. 3 of the Austrian Stock Corporation Act. The targets to exercise bonus tranche three for the purchase of 80,000 BUWOG shares by Ronald Roos were not met prior to his resignation and can no longer be fulfilled. Therefore, option rights for the purchase of 480,000 BUWOG shares are still outstanding within the context of the LTIP 2014.

An additional retention period is not foreseen for the BUWOG shares purchased through the exercise of options (C-Rule 28 of the Austrian Corporate Governance Code). The term of office for Daniel Riedl on the Executive Board, which was originally scheduled to end at the end of the 2016/17 financial year, was extended to 28 April 2021. The stock options can be exercised from 1 May 2018 to 30 April 2019 (including these two dates).

The allocation of the exercisable options and the performance targets as of the balance sheet date are shown in the following overview:

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 target[1)]		85.0%	92.5%	100.0%	–
Daniel Joachim Riedl (CEO)	75,000	100,000	130,000	175,000	480,000
% rate	16%	21%	27%	36%	100%
Share price target	achieved	achieved	achieved	not achieved[2)]	–

1) Share price on five trading days over the NAV as of the previous balance sheet date.
2) Achieved after the balance sheet date 30 April 2016

The options granted under the LTIP 2014 which were eligible for exercise as of 30 April 2016 had an estimated value of EUR 2.6 million on that date.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

Amendments to the articles of association and the (premature) dismissal of Supervisory Board members must be approved by the majorities defined by law in accordance with Section 21 of the Articles of Association.

In accordance with the Articles of Association of BUWOG AG, the person chairing the respective meeting casts the deciding vote in the event of a tie in voting on the Supervisory Board. The same applies to the election of members to and the dismissal of members from the Executive Board.

OUTLOOK

CURRENT SITUATION

The BUWOG Group again met the guidance for operating results by generating Recurring FFO of EUR 99.4 million in 2015/16 (guidance: EUR 98 to 100 million).

The 2015/16 financial year was influenced, above all from an operational standpoint, by the intensification of activities in the Property Development business area. The acquisition of eight sites was successfully concluded during the reporting year, which substantially expanded the pipeline and created the foundation for high profitability in the coming business years. The designation of Hamburg as a new development location and the realisation of future construction projects for BUWOG's own portfolio in Germany will further improve the overall portfolio quality by adding new properties in the socio-demographically attractive locations of Berlin and Hamburg. These steps will also increase the efficiency of business operations. As in the previous financial year, plans call for shareholders to benefit from this successful development. The Executive Board will therefore make a recommendation to the annual general meeting in October 2016, calling for the payment of a dividend EUR 0.69 per share for the 2015/16 financial year.

The BUWOG Group increased Recurring FFO by 8.4% to EUR 99.4 million during 2015/16, whereby EUR 11.8 million were generated by the Property Development business area.

In the Asset Management business area, the steady pursuit of an active asset management strategy supported an increase of 1.5% in annualised net cold rent to over EUR 200 million and a substantial reduction in the vacancy rate from 4.2% to 3.4% (2.2% excl. vacancies in apartments designated for Unit Sales). Rents rose by 2.7% on a like-for-like basis in Germany and by 0.3% in the more regulated Austrian market. The fair value of the standing investments, as determined by the external appraiser CBRE, was influenced by the continuing yield compression, especially in Germany, and increased by 4.5% to EUR 3.7 billion as of 30 April 2016.

The Property Sales business area continued its successful Unit Sales programme with an increase to 635 standing investment units. The high margin on fair value of 57% realised from these sales remained nearly constant in year-on-year comparison. The strategic concentration of the Austrian portfolio was reflected in the sale of 484 standing investment units in various properties and portfolios at a margin on fair value of 14%. These excellent margins also reflect the solid quality of the portfolio as seen by the market.

Activities in the area of Property Development remained dynamic throughout the reporting year and have already started to reflect the increased focus on this business. The number of completed units rose to 421, and the earnings contribution increased by a sound 72%. The development pipeline was expanded substantially by 60% to approx. EUR 2.5 billion, or 8,121 units, as of 30 April 2016. The number of units under construction also increased significantly and now totals 971 units.

The success of BUWOG's operating business is also reflected in valuation effects and EBITDA (adjusted for shifts between reporting periods), which increased by 9.9% to EUR 174.3 million. Net profit rose to a new record high of EUR 239.9 million and reflects BUWOG's solid operational growth as well as the strong value appreciation of EUR 190.8 million determined by the external appraiser CBRE in connection with the revaluation of property assets.

The average interest rate on financial liabilities remained at a very low 2.19% in 2015/16, and the average fixed interest rate period was the longest in branch comparison at roughly 13 years. With an LTV of 47.6% in 2015/16, BUWOG also met its goal to sustainably reduce this ratio to a level below 50%.

OUTLOOK ON 2016/17

In both Germany and Austria, the core markets of the BUWOG Group, public and private consumption will make an important contribution to the 1.6% economic growth forecasted for the 2016 and 2017 calendar years. These two economies should therefore prove to be unusually robust and outpace the EU average in spite of numerous negative factors that include slower growth in China, the uncertain consequences of the "Brexit" decision in the UK, the continuation of sanctions against Russia, the unstable security situation and the unresolved refugee crisis as well as industrial scandals like the Volkswagen Group's "Diesel Gate". German companies, in particular, are continuing to benefit on the global market from the extremely low interest rate environment and low raw material costs that have resulted from the sharp drop in oil prices.

The property markets in Germany and Austria are characterised by steady high demand and high price levels with a resulting yield compression. The long-term trend in both countries points towards increasing urbanisation and a focus on individual metropolitan regions with strong economies and social structures. In particular, the core markets defined by BUWOG – Berlin, Hamburg and Vienna – and their catchment areas are recording above-average growth in the number of households as well as an undersupply of new housing. This is driving rents and the prices for building sites and housing, which will benefit BUWOG in all three business areas.

The financial markets, at least in Europe, show no signs of a trend reversal from the ECB's current low interest policy. On the contrary, the weeks after the end of the reporting year brought a decline in key reference interest rates (e.g. the six-month Euribor) to new historic lows. An increase in interest rate levels is also unlikely due to the continuing weak economic climate in South-East Europe. The BUWOG Group has a sound financing position with an above-average remaining term of 16 years for its financial liabilities and an average fixed interest rate period of roughly 13 years.

The Executive Board also expects a generally stable regulatory environment with attractive economic fundamentals in 2016/17, in particular following the expected implementation of new provisions to Austrian tenancy regulations (i.e. the amendment to the Austrian Non-Profit Housing Act). High priority is also placed on creating the basis for future growth in economically strong times, for example through a comparatively low LTV that remains below 50% over the long-term. Another focal point involves the improvement of the portfolio quality through geographic concentration on the strongest socio-demographic locations in the target regions of Germany and through the new strategy to build for the company's own portfolio at locations in Berlin and Hamburg. The BUWOG Group is also working on further efficiency improvements. The installation of the new SAP system in Germany will be followed by implementation in Austria during 2016/17 and will lead, above all, to an improvement in organisational processes. The Executive Board expects a further increase in profitability from the introduction of a new capitalisation guideline, which was developed together with the auditors based on a best practice analysis.

Recurring FFO and development of the individual business areas. For the first time, the Executive Board is issuing its guidance for Recurring FFO as a component of (i) Asset Management and Unit Sales and (ii) Property Development. The guidance for the 2016/17 financial year will therefore make the different risk profiles of the business areas more transparent and give investors the opportunity to evaluate their holdings according to their own risk assessment. The information on the Recurring FFO from Asset Management and Unit Sales does not include any expected future growth in the portfolio.

In Asset Management and Unit Sales, the Executive Board is expecting Recurring FFO of at least EUR 90 million in 2016/17 based on the assumption of like-for-like growth of 2.5% to 3.0% in rents and constant high-margin Unit Sales with a volume of roughly 600 standing investment units. In the Property Development business area, the Executive Board expects a contribution of at least EUR 13 million to Recurring FFO in 2016/17 based on the projected completion of roughly 420 units for sale. A positive contribution of at least EUR 5 million to Recurring FFO is also expected from the application of a new capitalisation policy based on best practice guidelines.

The funds released by Block Sales in strategically unimportant regions in Austria will be reinvested in the BUWOG Group's attractive core markets in Germany, where an increase of approx. 3,000 standing investment units is targeted based on the further expansion of the project development pipeline in Berlin, Hamburg and Vienna.

SUBSEQUENT EVENTS

Information on relevant events occurring after the balance sheet date on 30 April 2016 is provided in the consolidated financial statements under note *7.7. Subsequent events*.

Vienna, 24 August 2016

The Executive Board of BUWOG AG

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

CONSOLIDATED FINANCIAL STATEMENTS BUWOG GROUP

"UFERKRONE", BERLIN-KÖPENICK, GERMANY

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CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	2015/16	2014/15[1]
Residential rental income		187,385.5	177,360.9
Other rental income		11,988.2	10,326.3
Rental income	**5.1.1**	**199,373.7**	**187,687.2**
Operating costs charged to tenants and third party property management revenues		107,873.8	104,875.0
Other revenues		93.8	949.3
Revenues	**5.1.2**	**307,341.3**	**293,511.5**
Expenses directly related to investment property	5.1.3	–65,103.6	–62,685.6
Operating expenses and expenses from third party property management	5.1.4	–106,146.1	–102,557.0
Results of Asset Management	**5.1**	**136,091.6**	**128,268.9**
Sale of properties		129,782.9	133,835.4
Carrying amount of sold properties		–129,782.9	–133,835.4
Other expenses from property sales		–4,156.0	–4,330.7
Fair value adjustments of properties sold and held for sale	5.7	42,346.5	46,393.8
Results of Property Sales	**5.2**	**38,190.5**	**42,063.1**
Sale of real estate inventories		162,034.2	85,176.5
Cost of real estate inventories sold		–124,000.8	–60,697.8
Other expenses from sale of real estate inventories		–9,898.6	–4,890.9
Other real estate development expenses		–7,298.7	–8,777.1
Fair value adjustments of properties under construction	5.7	–8.0	1,015.2
Results of properties sold and held for sale		614.5	672.8
Results of Property Development	**5.3**	**21,442.6**	**12,498.7**
Other operating income	5.4	7,515.7	7,809.2
Other not directly attributable expenses	5.5	–32,953.4	–32,173.2
Results of operations		**170,287.0**	**158,466.7**
Fair value adjustments of investment properties	5.7	190,809.0	105,685.2
Maintenance and improvement contributions received	5.8	–11,964.4	0.0
Gain from a bargain purchase	5.9	0.0	4,334.2
Other valuation results		**178,844.6**	**110,019.4**
Operating profit (EBIT)		**349,131.6**	**268,486.1**
Financing costs		–51,053.5	–55,221.6
Financing income		1,447.8	2,979.6
Other financial results		8,637.5	–164,682.6
Financial results	**5.10**	**–40,968.2**	**–216,924.6**
Earnings before tax (EBT)		**308,163.4**	**51,561.5**
Income tax expenses	5.11	–18,036.9	–10,711.4
Deferred tax income/expenses	5.11	–50,189.0	–177.0
Net profit		**239,937.5**	**40,673.1**
Thereof attributable to owners of the parent company		**236,258.1**	**39,749.9**
Thereof attributable to non-controlling interests		**3,679.4**	**923.2**
Basic earnings per share in EUR	**5.12**	**2.37**	**0.40**
Diluted earnings per share in EUR	**5.12**	**2.37**	**0.40**

1) The comparable prior year figures were adjusted (see note 1.3).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	2015/16	2014/15
Net profit	**239,937.5**	**40,673.1**
Items which will not be reclassified to the income statement in the future		
Remeasurement of defined benefit obligations	301.3	–1,014.9
Income taxes attributable to items which will not be subsequently reclassified to the income statement	–15.3	91.8
Total items which will not be reclassified to income statement in the future	**286.0**	**–923.1**
Total comprehensive income	**240,223.5**	**39,750.0**
Thereof attributable to owners of the parent company	**236,544.1**	**38,826.8**
Thereof attributable to non-controlling interests	**3,679.4**	**923.2**

CONSOLIDATED BALANCE SHEET

in TEUR	Notes	30 April 2016	30 April 2015[1)]
Investment property	6.1	3,885,043.7	3,620,762.6
Investment property under construction	6.2	32,964.8	14,578.0
Other tangible assets	6.3	6,693.6	7,401.4
Intangible assets	6.4	9,445.7	7,011.6
Trade and other receivables	6.5	30,442.8	3,389.8
Other financial assets	6.6	18,377.9	17,073.8
Deferred tax assets	6.7	5,386.8	7,060.7
Non-current assets		**3,988,355.3**	**3,677,277.9**
Trade and other receivables	6.5	151,458.4	147,171.4
Income tax receivables	6.8	3,258.1	1,985.7
Other financial assets	6.6	1,225.4	1,789.0
Non-current assets held for sale	6.9	0.0	5,849.6
Real estate inventories	6.10	217,253.7	197,572.8
Cash and cash equivalents	6.11	82,540.1	149,153.2
Current assets		**455,735.7**	**503,521.7**
ASSETS		**4,444,091.0**	**4,180,799.6**
Share capital		99,773.5	99,613.5
Capital reserves		1,299,643.1	1,297,169.4
Accumulated other equity		–1,010.8	–1,296.8
Retained earnings		287,477.2	119,952.4
		1,685,883.0	1,515,438.5
Non-controlling interests		14,075.8	8,861.7
Equity	**6.12**	**1,699,958.8**	**1,524,300.2**
Financial liabilities	6.14	1,947,004.0	2,015,986.6
Trade payables and other liabilities	6.15	122,708.2	115,056.5
Tax liabilities	6.17	81.1	157.9
Provisions	6.16	6,375.7	6,862.0
Deferred tax liabilities	6.7	207,806.2	159,276.1
Non-current liabilities		**2,283,975.2**	**2,297,339.1**
Financial liabilities	6.14	105,657.8	89,437.6
Trade payables and other liabilities	6.15	300,211.3	228,713.2
Tax liabilities	6.17	47,476.8	30,956.8
Provisions	6.16	6,811.1	9,694.6
Financial liabilities held for sale	6.9	0.0	358.1
Current liabilities		**460,157.0**	**359,160.3**
EQUITY AND LIABILITIES		**4,444,091.0**	**4,180,799.6**

1) The comparable prior year figures were adjusted (see note 1.3).

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	2015/16	2014/15
Earnings before tax (EBT)	308,163.4	51,561.5
Fair value adjustments/depreciation/gain from a bargain purchase	–227,792.9	–150,432.0
Gains/losses from disposal of non-current assets	131.5	160.7
Gain/loss on the fair value measurement of financial instruments	–12,014.7	148,251.4
Income taxes received/paid	14,635.6	–2,938.6
Net financing costs	49,605.7	52,242.0
Dividend income	–375.5	0.0
Debt settlement expense convertible bond	0.0	13,139.5
Results of deconsolidation	0.0	–1,889.9
Other non-cash income/expense	16,120.0	3,870.9
Gross cash flow	**148,473.1**	**113,965.5**
Changes in:		
Trade and other receivables	–7,947.8	4,442.2
Real estate inventories	–8,945.8	–166.7
Trade payables	–4,070.9	–6,348.9
Provisions	–3,072.2	5,326.2
Prepayments received on the sale of apartments	20,698.6	–13,770.0
Miscellaneous other liabilities	12,860.7	491.8
Cash flow from operating activities	**157,995.7**	**103,940.1**
Acquisition of/Investments in investment property incl. prepayments	–161,026.2	–30,931.5
Acquisition of/Investments in property under construction	–16,483.1	–3,179.1
Net cash outflow on acquisition of subsidiaries	0.0	–329,306.1
Acquisition of other tangible assets	–373.4	–656.7
Acquisition of intangible assets	–2,516.9	–823.7
Net cash flow on disposal of subsidiary	0.0	11,357.2
Disposal of non-current assets	111,652.9	98,472.7
Cash inflows from other financial assets	4,558.2	3,182.6
Interest received	872.0	676.0
Dividend income	375.5	0.0
Cash flow from investing activities	**–62,941.0**	**–251,208.6**
Cash inflows from long-term financing	108,251.0	957,908.9
Cash inflows from capital increases	2,080.0	0.0
Cash inflows/outflows from short-term financing	6,910.3	–43,322.0
Cash outflows for long-term financing	–163,364.3	–600,397.8
Cash outflows for derivative financial instruments	–14,528.0	–8,801.6
Interest paid	–32,283.5	–34,818.6
Payments of dividends	–68,733.3	–68,733.3
Repayment of liability to Versicherungsanstalt des Bundes und der Länder (VBL)	0.0	–35,761.3
Cash inflows for convertible bond	0.0	260,000.0
Cash outflows for convertible bond	0.0	–262,600.0
Cash flow from financing activities	**–161,667.8**	**163,474.3**
Change in cash and cash equivalents	**–66,613.1**	**16,205.8**
Cash and cash equivalents at the beginning of the period	149,153.2	132,947.4
Cash and cash equivalents at the end of the period	82,540.1	149,153.2
Change in cash and cash equivalents	**–66,613.1**	**16,205.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Share capital	Capital reserves
Balance on 30 April 2015	**99,613.5**	**1,297,169.4**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	553.7
Capital increase	160.0	1,920.0
Increase in scope of consolidation	0.0	0.0
Transactions with owners	**160.0**	**2,473.7**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 30 April 2016	**99,773.5**	**1,299,643.1**

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
Transactions with owners	**0.0**	**–148,819.9**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 30 April 2015	**99,613.5**	**1,297,169.4**

	Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	Total equity
	-1,296.8	**119,952.4**	**1,515,438.5**	**8,861.7**	**1,524,300.2**
	0.0	-68,733.3	-68,733.3	0.0	**-68,733.3**
	0.0	0.0	553.7	0.0	**553.7**
	0.0	0.0	2,080.0	0.0	**2,080.0**
	0.0	0.0	0.0	1,534.7	**1,534.7**
	0.0	**-68,733.3**	**-66,099.6**	**1,534.7**	**-64,564.9**
	0.0	236,258.1	236,258.1	3,679.4	**239,937.5**
	286.0	0.0	286.0	0.0	**286.0**
	286.0	**236,258.1**	**236,544.1**	**3,679.4**	**240,223.5**
	-1,010.8	**287,477.2**	**1,685,883.0**	**14,075.8**	**1,699,958.8**

	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	**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**

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 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 consolidated statement of changes in equity and the notes. The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentages.

1.2 CONFORMITY WITH IFRS

1.2.1 Statement of compliance with IFRS

The consolidated financial statements of the BUWOG Group as of 30 April 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of § 245a of the Austrian Commercial Code.

IFRS include the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and IFRS Interpretations Committee (IFRIC).

1.2.2 Initial application of standards and interpretations

The following new or revised standards and interpretations required mandatory application in 2015/16:

INITIALLY APPLIED STANDARDS AND INTERPRETATIONS

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 initial application of IFRIC 21 resulted in the recognition of liabilities totalling TEUR 3,709.9 (30 April 2015: TEUR 3,531.5) to the taxation authorities and other public authorities and, subsequently, to an increase of the same amount in receivables from accrued property taxes. Details on the change in comparative information resulting from the initial application of IFRIC 21 is provided in note 1.3 *Change in comparative information*.

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 application of these changes had no impact on the consolidated financial statements of the BUWOG Group.

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 application of these changes had no impact on the consolidated financial statements of the BUWOG Group.

1.2.3 Standards and interpretations adopted by the EU, but not yet applied

The following new or revised standards and interpretations had been adopted by the EU as of the balance sheet date, but did not require mandatory application in the financial year ending on 30 April 2016 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
Changes to standards and interpretations			
IAS 1	Disclosure Initiative	18 December 2014 (18 December 2015)	1 May 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014 (24 November 2015)	1 May 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014 (2 December 2015)	1 May 2016
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014 (23 November 2015)	1 May 2016
IAS 27	Equity Method in Separate Financial Statements	12 August 2014 (18 December 2015)	1 May 2016
Various standards	Annual Improvements to IFRSs 2012–2014 Cycle	25 September 2014 (15 December 2015)	1 May 2016

IAS 1 *Disclosure Initiative*

This revision is intended to provide more precise information on the use of judgment in presenting disclosures and thereby improve the transparency and comparability of financial statements. The changes apply to financial years beginning on or after 1 January 2016. The application of these changes will have no impact on the consolidated financial statements of the BUWOG Group.

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.

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.

These changes are not expected to have a material effect on the consolidated financial statements of the BUWOG Group.

1.2.4 Standards and interpretations announced, but not yet adopted by the EU

The following changes or revisions to standards and interpretations had been announced as of the balance sheet date, but have not yet been adopted by the EU and are therefore not applicable:

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

Standard	Content	Published by the IASB	Expected mandatory application for BUWOG
New standards and interpretations			
IFRS 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
IFRS 16	Leases	13 January 2016	1 May 2019
Changes to standards and interpretations			
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	11 September 2014	[1]
IFRS 10, IFRS 12, IAS 28	Investment Entities: Application of Consolidation Exemption	18 December 2014	1 May 2016
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19 January 2016	1 May 2017
IAS 7	Disclosure Initiative	29 January 2016	1 May 2017
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	12 April 2016	1 May 2018

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

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 measured 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/Clarifications to 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. Moreover, the IASB announced changes to IFRS 15 *Revenue from Contracts with Customers* on 12 April 2016. These changes clarify various rules in IFRS 15 and simplify the transition to the new standard. The BUWOG Group is currently evaluating the effects of this standard and the related changes on the consolidated financial statements.

IFRS 16 Leases
The new IFRS 16 *Leases* regulates the recognition, measurement and disclosure requirements for leases and replaces IAS 17 *Leases* and the related interpretations.

This standard provides lessees with a single accounting model. It requires the lessee to report all assets and liabilities arising from the lease arrangement on the balance sheet unless the term equals 12 months or less or the leased item is a low-value asset. An option is provided for each of these two latter cases. Lessors continue to differentiate between finance leases and operating leases. Consequently, the accounting model defined by IFRS 16 does not differ significantly from IAS 17 *Leases*.

The BUWOG Group is currently evaluating the effects of this standard on the 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 currently holds no shares in associates or joint ventures, the changes in this standard will have no effect on the consolidated financial statements.

IFRS 10, IFRS 12, IAS 28 *Investment Entities: Application of Consolidation Exemption*
These changes involve issues related to the application of the consolidation exemption for investment entities. The BUWOG AG is not classified as an investment entity, and these changes are therefore not expected to have any effect on the consolidated financial statements.

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

IAS 7 *Disclosure Initiative*
This revision to IAS 7 expands the required disclosures on the change in financial liabilities. Therefore, it will lead to additional disclosures in the consolidated financial statements of the BUWOG Group.

1.3 CHANGE IN COMPARATIVE INFORMATION

A change in internal reporting (see below) led to adjustments between two sub-positions under rental income (residential rental income and other rental income):

CONSOLIDATED INCOME STATEMENT

in TEUR	2014/15 Reported	Adjustments	2014/15 Adjusted
Rental income			
Residential rental income	180,658.9	–3,298.0	**177,360.9**
Other rental income	7,028.3	3,298.0	**10,326.3**

The initial application of IFRIC 21 led to an increase of TEUR 3,531.5 in trade and other receivables (Other non-financial receivables – Accrued property taxes) and trade payables and other liabilities (Other non-financial liabilities – Tax and other public authorities). The current portion of the originated loans (i.e. with a due date of 12 months or less) included under other financial assets was reclassified to current assets. In addition, (accrued) liabilities of TEUR 13,033.7, which were previously reported under current provisions, were reclassified to trade payables and other liabilities (Other financial liabilities – Miscellaneous). In addition, accruals of TEUR 2,099.0 that were previously recorded under tax liabilities were reclassified to provisions.

CONSOLIDATED BALANCE SHEET

in TEUR	30 April 2015 Reported	Adjustments	30 April 2015 Adjusted
Non-current assets			
Other financial assets	18,862.8	–1,789.0	17,073.8
Current assets			
Trade and other receivables	143,639.9	3,531.5	147,171.4
Other financial assets	0.0	1,789.0	1,789.0
Current liabilities			
Trade payables and other liabilities	212,148.0	16,565.2	228,713.2
Tax liabilities	33,055.8	–2,099.0	30,956.8
Provisions	20,629.3	–10,934.7	9,694.6

In accordance with a change in internal reporting, selected amounts from the comparable prior period were reclassified within rental income (between residential rental income and other rental income) in the Segment Germany for segment reporting purposes to improve comparability with the reporting period. This adjustment also led to a reclassification on the income statement (see above).

SEGMENT REPORTING

in TEUR	2014/15 Reported	Adjustments	2014/15 Adjusted
Segment Germany			
Residential rental income	94,531.4	–3,298.0	91,233.4
Other rental income	990.8	3,298.0	4,288.8

1.4 CHANGE IN LEGAL REGULATIONS

The Austrian Parliament passed an amendment to the Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*) at the end of 2015, which was published on 28 December 2015. The basic maintenance and improvement contribution (*Erhaltungs- und Verbesserungsbeitrag*) of EUR 0.43 per sqm (*EVB I*), which is collected from tenants as a component of their rent, will also be refundable in the future. This reflects the treatment previously applied to the supplementary maintenance and improvement contribution (*EVB II*). The basic contribution must be refunded to tenants to the extent it is not used within 20 years (previously 10 years) for maintenance measures. Whether the basic maintenance and improvement contributions (*EVB I*) collected but not used up to 30 June 2016 will be considered repayable as of 1 July 2016 is currently the subject of discussion by legal experts. BUWOG recorded the previously unrecognised maintenance and improvement contributions (TEUR 11,964.4) as a liability as of 30 April 2016 in view of the enacted law. The corresponding expense is reported as a separate position under other valuation results on the income statement (see note 5.8 *Maintenance and improvement contributions received*).

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared on a historical cost basis, with the exception of the following: certain properties, financial instruments and employee benefits. These latter items are recorded at fair value as of the balance sheet date. Detailed information is provided under the respective accounting policies.

Historical cost is generally based on the fair value of the consideration paid for the asset on the acquisition date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. This definition applies regardless of whether the price was directly observable or estimated using a valuation method.

Fair value is not always available as a market price and must frequently be determined on the basis of various valuation parameters. Fair value is categorised into different hierarchy levels, depending on the availability of observable parameters and the importance of these parameters in determining fair value in its entirety:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

In the BUWOG Group, reclassifications between the various levels in the IFRS 13 fair value hierarchy are made at the end of the financial year in which the change occurred.

2.2 CONSOLIDATION METHODS

2.2.1 Consolidation principles

The financial statements of all domestic and foreign companies included in the consolidated financial statements (see note 2.2.2 *Fully consolidated companies*) were converted to IFRS and, in the case of business combinations, revalued (see note 2.2.3 *Business combinations (initial consolidations)*). The recognition and measurement principles applied by all companies included in the consolidated financial statements were standardised and adjusted to conform to the options elected by the BUWOG Group. The financial statements of all fully consolidated companies were prepared as of the same balance sheet date as the consolidated financial statements.

All receivables and liabilities, revenues, other income and expenses from the provision of goods and services between 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.

Acquired property companies or acquired assets and assumed liabilities can represent businesses from the view point of the BUWOG Group. Assessing whether investment properties constitute a business as defined in IFRS 3 involves discretionary judgment and regularly requires a detailed analysis of the acquired operations and structures, particularly with regard to property management.

In a business combination, BUWOG Group obtains control over one (or more) business(es) as part of an asset deal or share deal. The acquisition method is used to account for these transactions. The consideration transferred in the form of the acquisition cost is compared with the proportionate fair value of the identifiable net assets acquired in order to identify any difference. A positive difference is treated as goodwill. A negative difference initially leads to a reassessment by the acquirer of the carrying amounts of the acquired items and the subsequent recognition of any remaining negative difference in profit or loss. In this process, non-controlling interests are valued at the proportional share of revalued net assets. The use of the acquisition method to account for the purchase of property companies can lead to goodwill because of the obligation to record deferred tax liabilities on the difference between the fair value and the tax base of the investment property acquired. This goodwill normally results as a technical figure (additional details on the impairment testing of goodwill are provided in note 2.4.8 *Impairment*).

2.2.4 Structural changes

The BUWOG Group defines a structural change as a change in ownership interests between shareholder groups, i.e. between the BUWOG Group (the shareholders) and non-controlling shareholders, without the attainment or loss of control. Increases or decreases in ownership interests that maintain control over a subsidiary are accounted for as equity transactions between shareholders. The carrying amounts of assets and liabilities, including initially recognised goodwill, remain unchanged; the structural changes have no effect on the income statement or on the statement of comprehensive income. Differences between the proportional carrying amount of the respective equity, which corresponds to the transfer of interests in the subsidiary that results in a structural change, and the fair value of the consideration received are recognised directly in equity.

2.2.5 Deconsolidations

When a subsidiary is sold or the BUWOG Group otherwise loses control, it is no longer be included in the consolidated financial statements. The income and expenses of the deconsolidated subsidiary are included in the consolidated financial statements of the BUWOG Group up to the date on which control is lost.

The deconsolidation involves the offset of the disposed assets and transferred liabilities against the fair value of the consideration received. The subsequent gain or loss on deconsolidation is reported under the respective segment results (Asset Management, Property Sales or Property Development).

Any retained interest in the former subsidiary is measured at 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 recognition

Results of Asset Management

Asset Management covers the BUWOG Group's traditional rental business. The main source of revenue is rental income from the BUWOG Group's portfolio of residential properties in 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.

The Austrian Non-Profit Housing Act (*Section 14d Wohnungsgemeinnützigkeitsgesetz*) also allows for the collection of a maintenance and improvement contribution (*Erhaltungs- und Verbesserungsbeitrag, EVB*) to finance the cost of maintenance work and useful improvements. The maintenance provisions and reserves related to the basic contribution were previously eliminated during the IFRS revaluation because they did not represent an obligation toward the tenants or a receivable; the claim to these funds was not based on a specific maintenance operation, but only arose in connection with the future rental of a property. However, the basic contribution is now refundable in the future following an amendment to the Austrian Non-Profit Housing Act (WGG-amendment) which was passed at the end of 2015. The basic contributions which were collected but not used were therefore recognised under other financial liabilities in the consolidated financial statements as of 30 April 2016. Further details on the amendment to the Austrian Non-Profit Housing Act are provided in note 1.4 *Change in legal regulations*. An supplementary 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 supplementary contribution 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 recognition. The transfer of economic ownership is defined as the transfer of the significant risks and opportunities and the transfer of control. Other expenses allocated to the results of Property Sales are recognised as incurred and include all personnel and operating expenses directly related to the sale process for a property or property company.

The results of Property Sales also include adjustments to the fair value of property sold in the financial year and investment property held for sale.

Results of Property Development

The results of Property Development include the revenues from the sale of real estate inventories and the related production costs, with the transfer of economic ownership representing the date of recognition. The transfer of economic ownership is defined as the transfer of the significant risks and opportunities and the transfer of control. Contracts for the sale of real estate inventories that are concluded “off plan” or during the construction stage fall under the scope of application of IAS 18 if the criteria listed in IFRIC 15 are met. An agreement for the construction of property is only viewed as a construction contract that falls under the scope of application of IAS 11 when the buyer is able to define the main planning elements before the start of construction and/or to define changes in the main structural elements after construction has started (independent of whether the buyer decides to exercise this right). IAS 11 is applied if the buyer has this right. IAS 18 is applied to all of the BUWOG Group’s development projects at the present time.

Other expenses allocated to the results of Property Development are recognised as incurred and include all personnel and operating expenses directly related to the development of a property. Income from the sale of real estate inventories is reported under the results of Property Development, whereby revenue is recognised when the significant opportunities and risks of ownership are transferred. In the event of a sale, the related production costs are recorded as a disposal under the production cost of sold real estate inventories.

The results of Property Development also include adjustments to the fair value of investment property under construction and impairment losses recognised to real estate inventories during the financial year. Furthermore this position also includes the proceeds from the sale of undeveloped land that was originally purchased for development.

2.4.2 Investment property and property under construction

Investment property and investment property under construction include land, buildings or parts of buildings that are held to generate rental income or to realise a long-term increase in value, and are not used in production or for other administrative purposes or sold as part of the company's ordinary business activities. Land purchased as a site for the construction of investment property is classified as investment property on the date of acquisition.

In accordance with IAS 40, investment property is measured at cost at the time of recognition; subsequent valuation is based on the fair value model.

Acquisition costs include the initial costs incurred for the purchase as well as the costs arising at a later date for the expansion, partial replacement and/or conservation of a property. The costs for everyday repairs are not capitalised. Subsequent ancillary acquisition costs are a) measures that represent identifiable, rent-supporting maintenance which lead to an increase in the rent when the property is re-let and are not classified as routine maintenance; or b) measures that involve modernisation or planned maintenance which increase the economic benefits of the property for BUWOG. The amount capitalised is limited to the fair value of the property.

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 property 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 (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 property, investment property under construction, sold investment property and held for sale investment property are recognised in the income statement. These items are reported under fair value adjustments of investment property, investment property under construction, sold investment property and held for sale investment property (valuation 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 PARAMETERS STANDING INVESTMENTS

Input parameters 2015/16	Unit	Vienna	Austria other	Berlin	Germany other
Current rent	EUR p.a.	36,378,740	57,402,372	24,048,553	87,858,690
Market rent[1)]	EUR p.a.	51,665,738	74,319,090	27,239,393	102,300,366
Proportion of portfolio publicity subsidised, by rentable space[2)]		74.30%	73.69%	1.90%	34.67%
Current rent	EUR/sqm	5.21	3.78	6.04	5.41
Market rent	EUR/sqm	7.40	4.89	6.84	6.29
Market rent increase	p.a.	–	–	1.31%	0.94%
Current vacancy rate residential space[3)]		3.19%	5.42%	1.48%	2.69%
Structural vacancy rate[4)]		–	–	0.96%	1.61%
Maintenance costs	EUR/sqm p.a.	18.37	18.83	10.48	9.94
Re-letting costs[5)]	EUR/sqm	–	–	105.76	69.73
Administrative costs	EUR/unit	–	–	202.66	252.91
Discount rate		5.09%	5.80%	5.53%	5.88%
Capitalisation rate		–	–	4.39%	5.00%
Proportion of individual apartments held for sale, by area		84.09%	38.87%	–	–
Sale price potential[6)]	EUR/sqm	2,113	1,469	–	–

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%	–	–
Sales price potential[6)]	EUR/sqm	2,004	1,361	–	–

1) In the valuation model, the market rent in Austria represents the cap for the actual rent in regulated contracts when debt annuities are adjusted above the market level (so-called annuity hikes). The market rent is also relevant for the valuation of unregulated rental contracts in Austria.
2) Including commercial areas; excluding garages and parking spaces
3) The vacancy rate in Vienna is based primarily on apartments in the Unit Sales portfolio, which are offered for sale in vacant condition.
4) The DCF model for the Austrian portfolio does not include a structural vacancy rate. The actual vacancy rate is reduced over 2, 3 or 10 years, depending on the type of vacancy.
5) The DCF model for the Austrian portfolio includes EUR 25/sqm to EUR 500/sqm for the conversion of cost-covering rent to an appropriate rental rate and EUR 35/sqm for the re-letting of space at reasonable rents and free rates.
6) This approach is only used for apartments in the Unit Sales portfolio.

An increase in rents per square meter would lead to an increase in fair value, whereas a reduction would lead to a decrease in fair value.

A decline in the (structural) vacancy rate, discount rate, capitalisation rate, maintenance costs per square meter, re-letting costs per square meter and administrative costs per unit would result in an increase in fair value. Conversely, an increase in these input parameters would lead to a decrease in fair value.

The following table shows the input factors for undeveloped sites and vacant buildings, which were valued using the sales comparison approach:

INPUT PARAMETERS UNDEVELOPED LAND

Input parameters 2015/16		Size of land in sqm	Value of land/sqm in EUR
Austria	Total	205,744	327.66
	Min.	350	11.81
	Max.	28,236	8,066.24
Germany	Total	158,072	641.18
	Min.	81	3.88
	Max.	59,730	3,599.51
Total	Total	363,816	463.88
	Min.	81	3.88
	Max.	59,730	8,066.24

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

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 property is presented in note 7.4 *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, direct subsidies for bank loans or construction cost subsidies. These low-interest loans and subsidies represent government grants for specific properties and are generally connected with obligations to meet certain requirements (e.g. rent control based on the Austrian Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*) or the Austrian Housing Construction Subsidy Act (*Wohnbauförderungsgesetz*), see note 6.1.2 *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 to classify below-market rate loans at fair value through profit and loss (fair value option) on initial recognition in accordance with IAS 39.9b (i). This eliminates any inconsistency arising from the interest rate benefit on the government grant and the below-market interest rate on the loan (IAS 20.10A). The application of the fair value option is evaluated on the receipt of each government grant and decided individually in each case. The results from the subsequent valuation of financial liabilities are reported under other financial results.

Current interest subsidies from public sources are recognised to profit or loss in the financial year in which interest from the subsidised financing is incurred. Construction cost subsidies are recognised to profit or loss when all related conditions are met.

2.4.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of assets whose acquisition or development requires a significant amount of time are generally capitalised as part of the cost. These borrowing costs are reduced by any income from the temporary investment of funds that were borrowed specifically for the acquisition of the qualified asset. The borrowing costs attributable to real estate inventories under development are capitalised as incurred.

IAS 23 does not require the application of this accounting rule if the acquired or developed assets are measured at fair value. As the BUWOG Group applies the fair value model to the subsequent measurement of investment property, the borrowing costs on construction are not capitalised for properties recognised in accordance with IAS 40.

2.4.6 Other tangible assets

In accordance with IAS 16, tangible assets not covered by IAS 40 are carried at cost less accumulated depreciation and recognised impairment losses. Acquisition or production cost includes all expenses incurred to bring the asset to the location and condition necessary for it to be capable of operating in the intended manner. Depreciation is calculated on a straight-line basis beginning in the month of acquisition.

Ordinary straight-line depreciation on depreciable tangible assets is based on the following useful lives:

USEFUL LIVES OTHER TANGIBLE ASSETS

	Useful life in years
Administrative buildings (own use)	50
Other tangible assets	4–10

The useful lives of the various assets and the depreciation method are reviewed regularly in agreement with IAS 16 to ensure they reflect the expected development of the economic value in use of the tangible asset.

2.4.7 Other intangible assets

Intangible assets are carried at cost less amortisation in accordance with IAS 38. With the exception of goodwill, all intangible assets held by the BUWOG Group have a finite useful life and are amortised on a straight-line basis over their useful lives (pro rata temporis). Goodwill is not reduced through scheduled amortisation.

Ordinary straight-line amortisation is based on the following useful lives:

USEFUL LIVES OTHER INTANGIBLE ASSETS

	Useful life in years
Other intangible assets	3–5

In addition, other intangible assets are tested in accordance with IAS 36 when there is an indication of impairment.

The BUWOG Group has no internally generated intangible assets or capitalised trademarks.

2.4.8 Impairment

Tangible and intangible assets are tested for impairment as required by IAS 36 when there is any indication that they may be impaired. Independent of this practice, goodwill and intangible assets with an indefinite useful life must be tested annually for signs of impairment. The impairment test is performed at the cash-generating unit level if cash inflows cannot be directly allocated to a specific asset and individual valuation is therefore not possible. Cash-generating units represent the smallest group of assets to which independent cash inflows can be allocated. A cash-generating unit may not be larger than an operating segment defined in accordance with IFRS 8. IAS 36 defines the recoverable amount as the relevant benchmark for impairment testing. The recoverable amount equals the higher of fair value less costs to sell and the value in use.

Fair value less costs to sell represents the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction at normal market conditions between knowledgeable and willing parties, less the costs to sell; the costs to sell are incremental costs directly attributable to the sale of an asset or cash-generating unit.

The value in use represents the present value of the estimated future cash flows that are expected to arise from the continuing use of an asset or cash-generating unit. Cash flows relevant to the valuation must be based on reasonable and justifiable assumptions. As a rule, the value in use is determined by using a net present value method; the discounted cash flow (DCF) method is used here.

If the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, the difference is recognised as an impairment loss. An impairment loss calculated in accordance with the above principles must then be allocated to the assets in the cash-generating unit as follows: first, the carrying amount of the goodwill in the cash-generating unit is written down; any remaining difference is allocated to the other assets in the cash-generating unit in proportion to their carrying amount. An impairment loss is not allocated to an individual asset if a separate fair value less costs to sell would fall below a separately determined value in use or zero.

If there is an indication that the reasons for impairment no longer exist or have decreased, the impairment loss is reversed to the carrying amount that would have been determined (net of amortisation or depreciation) if the impairment loss had not been recognised in prior years. An impairment loss recognised to goodwill may not be reversed.

When companies are acquired as part of a share deal, the accounting rules defined by IFRS 3 Business Combinations are applied (see note 2.2.3 *Business combinations (initial consolidations)*). The use, if necessary, of the acquisition method leads to goodwill as a technical figure because of the obligation to record deferred tax liabilities on the difference between the fair value and the tax base of the investment property acquired. This goodwill must be tested annually for indications of impairment. The cash-generating units primarily represent individual properties, property portfolios or groups of cash-generating units that benefit from synergies resulting from the combination (for further information on impairment testing, see note 6.4.1 *Goodwill*).

2.4.9 Trade and other receivables

Receivables and other financial assets are generally classified as loans and receivables (L&R) in accordance with IAS 39 and carried at amortised cost. Recognisable individual risks are reflected in corresponding valuation adjustments.

Information on the distinction between financial and non-financial assets is provided under the definition of financial instruments in note 7.1 *Information on financial instruments*.

2.4.10 Other financial assets

The other non-current financial assets consist primarily of originated loans.

Originated loans are generally classified as loans and receivables (L&R) in accordance with IAS 39 and carried at amortised cost. An exception to this practice is formed by assumed liabilities related to low-interest government loans, which were transferred to the buyers in connection with property sales and now represent receivables for BUWOG. Management has taken the decision to classify these receivables at fair value through profit or loss (fair value option).

Other financial assets are derecognised when the right to receive payments from the financial asset expires or is transferred and the Group has principally transferred all benefits related to ownership. Gains and losses on financial assets classified at fair value through profit or loss are recognised as incurred and reported on the income statement under other financial results.

2.4.11 Income taxes

Income taxes comprise both current and deferred taxes. Current and deferred taxes are recognised to the income statement, unless they are related to items that are recognised either in other comprehensive income or directly in equity. In these cases the current or deferred taxes are also recognised in other comprehensive income or directly in equity. If current or deferred taxes result from the initial recognition of a business combination, the tax effects on the accounting for the business combination are included.

Current tax expense is based on taxable income for the year. Taxable income differs from net income as reported on the consolidated statement of comprehensive income due to income and expenses that are only taxable or tax deductible in later years or are never taxable or tax deductible. The reconciliation of income taxes to the theoretical tax expense is presented in note 5.11 *Income taxes*.

Deferred taxes are recognised for existing differences between the carrying amounts of assets and liabilities in the IFRS consolidated financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are only recognised when it is probable that positive taxable income will be available to utilise the deductible temporary differences. Deferred tax assets and deferred tax liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor net income.

Deferred tax liabilities are recognised on taxable temporary differences arising from investments in subsidiaries unless the BUWOG Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of the deferred tax assets is reviewed each year at the balance sheet date and reduced if it is no longer probable that sufficient taxable income will be available to utilise the claim in full or in part.

Deferred taxes are measured using the tax rates that are expected to apply to temporary differences when they are reversed and at the tax rates that were enacted or substantively enacted at the balance sheet date.

The measurement of deferred taxes reflects the tax consequences arising from the BUWOG Group's expectations for the recognition of the carrying amounts of assets or the settlement of liabilities at the reporting date.

Deferred tax assets and deferred tax liabilities are offset when taxes are levied by the same authority and a legal claim exists to offset current tax assets against current tax liabilities.

2.4.12 Non-current assets and liabilities held for sale

IFRS 5 requires the classification of non-current assets and disposal groups containing assets and liabilities as held for sale if they can be sold in their present condition and their sale is highly probable within 12 months due to an intention to sell. If the relevant criteria are no longer met, the assets or disposal groups are reclassified to the original balance sheet positions.

Non-current assets held for sale and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell. Exceptions to this IFRS 5 measurement rule are investment properties which are measured in accordance with the fair value model as well as financial assets and deferred taxes. These non-current assets are only subject to the provisions for separate disclosure under IFRS 5.

2.4.13 Real estate inventories

Real estate inventories represent assets that are held for sale during the ordinary course of business, or are in the process of production for such sale, or take the form of materials or supplies to be consumed in the production process or in the rendering of services.

The business activities of the BUWOG Group as a real estate company comprise the acquisition and rental as well as the best possible commercial utilisation of assets to optimise asset management. The properties held for sale by the BUWOG Group do not fall within the scope of application of IAS 40 Investment Property, and are therefore accounted for as real estate inventories in accordance with IAS 2.

Real estate inventories are capitalised at acquisition or production cost, including borrowing costs, (see note 2.4.5 *Borrowing costs*) and measured at the lower of carrying amount and net realisable value (in part determined through an expert opinion) as of the balance sheet date. The acquisition or production cost of real estate inventories includes all purchase and processing costs as well as other expenses incurred to bring the asset to the current location and condition. Net realisable value is determined as the estimated selling price less any outstanding production costs and costs to sell.

2.4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, funds in transit and deposits with financial institutions with a term of up to three months. These items are carried at the value applicable on the relevant balance sheet date. In addition, other financial receivables include bank deposits with limitations over their disposal (blocked cash deposits). The cash and cash equivalents relevant for the consolidated cash flow statement consist solely of liquid funds (cash on hand, funds in transit and deposits with financial institutions that have a term of up to three months).

2.4.15 Share-based remuneration agreements

The fair value of 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 Financial liabilities, trade payables and other liabilities

Financial liabilities are initially recognised at their fair value less directly attributable transaction costs. Fair value generally corresponds to the amount of funds received. Any difference (premium, discount or other difference) between the amount received and the repayment amount is allocated over the term of the financing according to the effective interest rate method and recorded under financial results.

Financial liabilities are generally classified as financial liabilities measured at amortised cost (FLAC) in accordance with IAS 39 and are measured using the effective interest rate method. With regard to low-interest government loans and financial liabilities to banks with annuity subsidies that are related to subsidies for properties, management has taken the decision to classify these items at fair value through profit and loss (fair value option).

Each subsidised loan is evaluated at the time of initial 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 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 payables and other liabilities are derecognised when the payment obligations expire or are transferred and the BUWOG Group has transferred all material risks and opportunities connected with the liability.

Financial assets and liabilities are only offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the financial instruments on a net basis or to settle the relevant financial liability simultaneously with the recognition of the involved financial asset.

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 note 7.2.5 *Interest rate risk*. Information on the conditions and market value of financial liabilities is provided in notes 6.14 *Financial liabilities* and 7.2.5 *Interest rate risk*.

2.4.17 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.

2.4.18 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 remeasurements – are recognised in other comprehensive income. Remeasurements recognised in other comprehensive income represent part of equity and are not subsequently reclassified to the income statement. The service cost and net interest expense are reported on the income statement under personnel expenses.

Contributions to defined contribution pension plans are recognised as personnel expenses when they become due and payable (see note 5.6 *Personnel expenses*). The BUWOG Group has no payment obligations above and beyond these contributions.

2.5 JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in accordance with IFRS requires the use of judgments and assumptions for future developments by the management of BUWOG AG. These judgments and assumptions can have a significant influence on the recognition and value of assets and liabilities, the disclosure of other obligations as of the balance sheet date and the reporting of income and expenses for the financial year.

- Accounting for business combinations using the acquisition method standardised in IFRS 3 is dependent on whether a business is acquired. Assessing whether acquired investment properties constitute a business as defined in IFRS 3 is discretionary and regularly requires a detailed analysis of the acquired operations and structures, particularly with regard to property management. The application of the acquisition method involves the recognition of the transaction costs as expenses, the full recognition of the tax liabilities on temporary differences between the fair value of the acquired property asset and its tax base, and the annual impairment testing of the resulting goodwill. The acquisition method is not applied if the acquisition does not represent a business. In this case, the acquisition costs, including transaction costs, are allocated to the assets acquired and liabilities assumed in accordance with their fair values; tax liabilities are not recognised ("initial recognition exemption") and there is no goodwill.

- In some cases, the BUWOG Group receives low-cost loans to finance development projects. These low-cost loans represent public subsidies for the respective property and are generally connected with the obligation to meet certain subsidy conditions (e.g. rent control). Since the fair value of these properties is based only on the cash flows from this lower rental income, the properties have a lower fair value than if market-based rents were charged. In order to avoid an inconsistency between the initial recognition and the carrying amount of the properties and the related financial liability, BUWOG management has – in accordance with IAS 39.9b (i) – taken the discretionary decision to initially recognise below-interest loans at fair value through profit or loss (fair value option) and thereby avoid any inconsistency that would otherwise arise from the interest benefit created by the below-market interest rate on the loan (IAS 20.10A).

The following assumptions carry a significant risk that may lead to a material adjustment in the value of assets and liabilities during the next financial year:

- The fair value of the BUWOG Group's investment property, investment property under construction and investment property held for sale and the net realisable value of real estate inventories are determined on the basis of appraisals prepared by independent property experts. Most of these appraisals include the use of discounted cash flow (DCF) models, specifically through discounting the expected future cash flows from the respective properties. The preparation of these appraisals involves the use of assumptions, e.g. for the applied discount rate, expected occupancy, outstanding construction costs and/or future development of rental prices. One characteristic of discounted cash flow models is their sensitivity to the underlying assumptions and parameters. For example, a reduction in the applied discount rate without any changes to the other assumptions or parameters will lead to an increase in the value of the respective property. In contrast, a reduction in the expected occupancy rate or the expected rental prices without any changes to the other assumptions or parameters will lead to a decline in the value of the respective property. The assumptions and parameters relevant to the valuation are determined through a careful process as of each balance sheet date based on the best possible estimates of the current market environment by management and the appraisers. These estimates are updated as of every balance sheet date, which could lead to substantial fluctuations in the fair value of the properties (see notes 6.1. *Investment property* and 6.2 *Investment property under construction*).

- The net realisable value of real estate inventories is calculated in part on the basis of the expected sale proceeds minus the estimated costs for completion and sale. These calculations are updated at every balance sheet date, which could lead to substantial fluctuations in the net realisable value of the properties (see note 6.10 *Real estate inventories*).

- The impairment testing of intangible assets, goodwill and tangible assets is based on forward-looking assumptions. The determination of the recoverable amount or value in use of an asset for an impairment test involves the use of numerous assumptions, e.g. concerning future surplus cash flows and the discount rate. These surplus cash flows reflect the latest estimates available at the time the financial statements are prepared (see notes 6.3 *Other tangible assets* and 6.4 *Intangible assets*).

- Alternative financial valuation methods are used in the valuation of financial instruments for which there is no active market. The valuation parameters used to establish fair value are based in part on forward-looking assumptions (see note 7.1.3 *Hierarchy of fair values of financial instruments*).

- The valuation of existing severance payment obligations includes the use of assumptions for the interest rate, retirement age, life expectancy, employee turnover and future salary and wage increases (see note 2.4.18 *Employee benefits*).

- The determination of the fair value of stock options granted within the framework of share-based remuneration agreements is based on observable market parameters that include the risk-free interest rate, share price and implicit volatility (see note 6.13 *Share-based remuneration agreements*).

- The recognition of deferred tax assets, in general, and of tax assets on tax loss carryforwards, in particular, is based on the expectations of the BUWOG Group's management concerning the availability of sufficient future taxable income. The accounting decision on the recognition or impairment of deferred taxes is based on assumptions concerning the timing of the reversal of deferred tax liabilities and on the latest tax planning data in a five-year planning period (see note 6.7 *Deferred tax assets and deferred tax liabilities*).

- The valuation of provisions is based on best estimates, which are in part made by external experts. The valuation of provisions is based, in particular, on past experience, the probable outcome of legal disputes and tax litigation, future cost trends, interest rate assumptions, etc. (see note 6.16 *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 note 7.6.1 *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 35 domestic and 86 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or is capable of exercising legal or constructive control.

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3.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The scope of consolidation changed as follows during the 2015/16 financial year:

DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

Scope of consolidation	Full consolidation
Balance on 30 April 2015	**111**
Initially included	12
Mergers	–1
Balance on 30 April 2016	**122**

An overview of the BUWOG Group companies is presented at the end of the notes.

3.2 INITIAL CONSOLIDATIONS

The following subsidiaries were initially included in the BUWOG Group's scope of consolidation in 2015/16:

INITIAL CONSOLIDATIONS

Segment	Country	Headquarters	Company	Direct stake	Consolidation date
Founding/acquisition of companies without businesses					
Germany	DE	Berlin	aptus Heidestraße GmbH	100.00%	31 July 2015
Austria	AT	Vienna	BUWOG – Deutschland II GmbH	100.00%	31 August 2015
Austria	AT	Vienna	BUWOG Seeparkquartier Holding GmbH (formerly: aspern Seestadt U-Bahnquartier Baufeld 1 Holding GmbH)	99.98%	30 September 2015
Austria	AT	Vienna	BUWOG Seeparkquartier GmbH (formerly: aspern Seestadt U-Bahnquartier Baufeld 1 Entwicklungs-GmbH)	99.98%	30 September 2015
Germany	DE	Kiel	BUWOG – Flensburg Umland GmbH	100.00%	30 September 2015
Germany	DE	Kiel	BUWOG – Hamburg-Süd GmbH	100.00%	31 October 2015
Germany	DE	Kiel	BUWOG – Kiel Meimersdorf GmbH	100.00%	31 October 2015
Austria	AT	Vienna	BUWOG – Pfeiffergasse 3-5 GmbH	99.98%	31 January 2016
Germany	LU	Luxembourg	Indian Ridge Investments S.A.	94.84%[1)]	31 January 2016
Germany	DE	Berlin	BUWOG – Harzer Straße Development GmbH	100.00%	31 January 2016
Germany	DE	Berlin	BUWOG – Mariendorfer Weg Development GmbH	100.00%	30 April 2016
Germany	DE	Berlin	BUWOG – Weidenbaumsweg Development GmbH	100.00%	30 April 2016

1) See note 7.7 *Subsequent events* for information on the purchase of the remaining company shares.

3.3 STRUCTURAL CHANGES

CHAPINES Vermögensverwaltungsgesellschaft mbH was merged with BUWOG – Lübeck Hanse III GmbH during the reporting year.

STRUCTURAL CHANGES

Segment	Country	Headquarters	Company	Direct stake before	Direct stake after
Mergers					
Germany	DE	Kiel	CHAPINES Vermögensverwaltungsgesellschaft mbH	94.9%	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 property, investment property under construction, other tangible assets, non-current assets held for sale and real estate inventories, which are classified into current and non-current components in accordance with the balance sheet allocation. Investments in non-current segment assets include additions to investment property, investment property under construction and other tangible assets. Segment liabilities are not allocated.

The development of financial results and taxable results in the Group is monitored and managed centrally; there is no internal reporting at the operating segment level. The accounting policies applied by the reportable segments correspond to the accounting policies described in the sections under note 2 *Accounting policies*.

4.2 RECONCILIATION OF SEGMENTS TO GROUP DATA

There are no material transactions between the segments, and the elimination of intersegment amounts is therefore not presented separately. Centrally provided services are allocated to the individual segments based on the actual costs. Service companies that only work for a specific segment are allocated to that segment. The column “transition to the consolidated financial statements” includes the holding companies and non-operating companies that cannot be allocated to a specific segment as well as the elimination of immaterial intersegment transactions.

4.3 INFORMATION ON KEY CUSTOMERS

The BUWOG Group had no individual customers who were responsible for 10.00% or more of Group revenues in the reporting year or the previous year.

4.4 SEGMENT REPORT

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

The following table presents the segment assets as of 30 April 2016 and 30 April 2015 classified by regional criteria.

SEGMENTS

in TEUR	Austria 2015/16	Austria 2014/15[1]	Germany 2015/16	Germany 2014/15[1]
Residential rental income	83,246.8	86,127.5	104,138.7	91,233.4
Other rental income	6,173.9	6,037.5	5,814.3	4,288.8
Rental income	**89,420.7**	**92,165.0**	**109,953.0**	**95,522.2**
Operating costs charged to tenants and third party property management revenues	48,260.9	48,884.1	59,612.9	55,990.9
Other revenues	68.0	585.9	25.8	444.1
Revenues	**137,749.6**	**141,635.0**	**169,591.7**	**151,957.2**
Expenses directly related to investment property	–28,190.3	–23,932.8	–36,913.3	–38,752.7
Operating expenses and expenses from third party property management	–49,494.7	–49,042.9	–56,651.4	–53,514.1
Results of Asset Management	**60,064.6**	**68,659.3**	**76,027.0**	**59,690.4**
Sale of properties	127,874.4	133,525.7	1,908.5	309.7
Carrying amount of sold properties	–127,874.4	–133,525.7	–1,908.5	–309.7
Other expenses from property sales	–4,061.2	–4,324.5	–94.8	–6.2
Fair value adjustments of properties sold and held for sale	41,915.9	46,317.8	430.6	76.0
Results of Property Sales	**37,854.7**	**41,993.3**	**335.8**	**69.8**
Sale of real estate inventories	73,452.8	68,568.2	88,581.4	16,608.3
Cost of real estate inventories sold	–54,232.0	–51,980.1	–69,768.8	–8,717.7
Other expenses from sale of real estate inventories	–4,763.6	–2,082.3	–5,135.0	–2,808.6
Other real estate development expenses	–5,003.4	–4,100.2	–2,295.3	–4,676.9
Fair value adjustments of properties under construction	–8.0	1,015.2	0.0	0.0
Results of properties sold and held for sale	614.5	672.8	0.0	0.0
Results of Property Development	**10,060.3**	**12,093.6**	**11,382.3**	**405.1**
Other operating income	1,125.0	1,622.0	3,170.4	1,156.8
Other not directly attributable expenses	–5,747.6	–4,912.1	–10,372.8	–13,038.8
Results of operations	**103,357.0**	**119,456.1**	**80,542.7**	**48,283.3**
Fair value adjustments of investment properties	49,235.6	37,270.3	141,573.4	68,414.9
Maintenance and improvement contributions received	–11,964.4	0.0	0.0	0.0
Gain from a bargain purchase	0.0	0.0	0.0	4,334.2
Other valuation results	**37,271.2**	**37,270.3**	**141,573.4**	**72,749.1**
Operating profit (EBIT)	**140,628.2**	**156,726.4**	**222,116.1**	**121,032.4**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Deferred tax income/expenses				
Net profit				
Investments in non-current segment assets	**62,774.6**	**15,938.1**	**123,389.7**	**18,829.2**
	30 April 2016	30 April 2015	30 April 2016	30 April 2015
Investment property	2,132,466.7	2,128,519.0	1,752,577.0	1,492,243.6
Investment property under construction	32,964.8	14,578.0	0.0	0.0
Other tangible assets	5,924.5	6,698.6	729.4	702.8
Non-current segment assets	**2,171,356.0**	**2,149,795.6**	**1,753,306.4**	**1,492,946.4**
Non-current assets held for sale	0.0	5,090.0	0.0	759.6
Real estate inventories	127,483.2	119,368.6	89,770.5	78,204.2
Current segment assets	**127,483.2**	**124,458.6**	**89,770.5**	**78,963.8**
Segment assets	**2,298,839.2**	**2,274,254.2**	**1,843,076.9**	**1,571,910.2**

1) The comparable prior year figures were adjusted (see note 1.3).

Total reportable segments		Holding company/Transition to consolidated financial statements		BUWOG Group	
2015/16	2014/15	2015/16	2014/15[1)]	2015/16	2014/15[1)]
187,385.5	177,360.9	0.0	0.0	187,385.5	177,360.9
11,988.2	10,326.3	0.0	0.0	11,988.2	10,326.3
199,373.7	**187,687.2**	**0.0**	**0.0**	**199,373.7**	**187,687.2**
107,873.8	104,875.0	0.0	0.0	107,873.8	104,875.0
93.8	1,030.0	0.0	-80.7	93.8	949.3
307,341.3	**293,592.2**	**0.0**	**-80.7**	**307,341.3**	**293,511.5**
-65,103.6	-62,685.5	0.0	0.0	-65,103.6	-62,685.6
-106,146.1	-102,557.0	0.0	0.0	-106,146.1	-102,557.0
136,091.6	**128,349.7**	**0.0**	**-80.7**	**136,091.6**	**128,268.9**
129,782.9	133,835.4	0.0	0.0	129,782.9	133,835.4
-129,782.9	-133,835.4	0.0	0.0	-129,782.9	-133,835.4
-4,156.0	-4,330.7	0.0	0.0	-4,156.0	-4,330.7
42,346.5	46,393.8	0.0	0.0	42,346.5	46,393.8
38,190.5	**42,063.1**	**0.0**	**0.0**	**38,190.5**	**42,063.1**
162,034.2	85,176.5	0.0	0.0	162,034.2	85,176.5
-124,000.8	-60,697.8	0.0	0.0	-124,000.8	-60,697.8
-9,898.6	-4,890.9	0.0	0.0	-9,898.6	-4,890.9
-7,298.7	-8,777.1	0.0	0.0	-7,298.7	-8,777.1
-8.0	1,015.2	0.0	0.0	-8.0	1,015.2
614.5	672.8	0.0	0.0	614.5	672.8
21,442.6	**12,498.7**	**0.0**	**0.0**	**21,442.6**	**12,498.7**
4,295.4	2,778.8	3,220.3	5,030.3	7,515.7	7,809.2
-16,120.4	-17,950.9	-16,833.0	-14,222.3	-32,953.4	-32,173.2
183,899.7	**167,739.4**	**-13,612.7**	**-9,272.7**	**170,287.0**	**158,466.7**
190,809.0	105,685.2	0.0	0.0	190,809.0	105,685.2
-11,964.4	0.0	0.0	0.0	-11,964.4	0.0
0.0	4,334.2	0.0	0.0	0.0	4,334.2
178,844.6	**110,019.4**	**0.0**	**0.0**	**178,844.6**	**110,019.4**
362,744.3	**277,758.8**	**-13,612.7**	**-9,272.7**	**349,131.6**	**268,486.1**
				-40,968.2	**-216,924.6**
				308,163.4	**51,561.5**
				-18,036.9	-10,711.4
				-50,189.0	-177.0
				239,937.5	**40,673.1**
186,164.3	**34,767.3**	**47.3**	**0.0**	**186,211.6**	**34,767.3**
30 April 2016	30 April 2015	30 April 2016	30 April 2015	30 April 2016	30 April 2015
3,885,043.7	3,620,762.6	0.0	0.0	3,885,043.7	3,620,762.6
32,964.8	14,578.0	0.0	0.0	32,964.8	14,578.0
6,653.9	7,401.4	39.7	0.0	6,693.6	7,401.4
3,924,662.4	**3,642,742.0**	**39.7**	**0.0**	**3,924,702.1**	**3,642,742.0**
0.0	5,849.6	0.0	0.0	0.0	5,849.6
217,253.7	197,572.8	0.0	0.0	217,253.7	197,572.8
217,253.7	**203,422.4**	**0.0**	**0.0**	**217,253.7**	**203,422.4**
4,141,916.1	**3,846,164.4**	**39.7**	**0.0**	**4,141,955.8**	**3,846,164.4**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 RESULTS OF ASSET MANAGEMENT

5.1.1 Rental income

The rental income from the investment properties represents the rents defined for the reporting year by the respective agreements. Other rental income includes the revenues from offices, commercial areas, retail space and parking.

5.1.2 Revenues

Revenues are presented by country in the segment report, which represents an integral part of these consolidated financial statements (see note 4. *Segment reporting*).

Revenues (from asset management) consist of rental income from residential properties, other rental income (see note 5.1.1 *Rental income*), operating costs charged to tenants, revenue from the management of third party properties and other revenues.

The operating costs charged to tenants reflect expenses incurred by the BUWOG Group for properties rented to third parties. These costs comprise personnel expenses for property management, purchased services such as waste disposal, electricity, insurance, taxes and duties as well as the costs for common areas and equipment or facilities like elevators and gardens.

Operating costs charged to tenants and revenue from the management of third party properties of TEUR 107,873.8 (2014/15: TEUR 104,875.0) correspond to operating expenses and third party management costs of TEUR 106,146.1 (2014/15: TEUR 102,557.0) (also see note 5.1.4 *Operating expenses and expenses from third party property management*). Revenues from the management of third party properties totalled TEUR 12,916.6 in 2015/16 (2014/15: TEUR 12,186.0).

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	2015/16	2014/15
Maintenance	–36,857.0	–34,091.6
Expenses from asset management	–9,166.3	–8,927.4
Owners expenses	–10,357.1	–8,167.9
Vacancies	–3,984.7	–3,161.9
Write-off of receivables from asset management	–1,951.5	–4,937.7
Other expenses	–2,787.0	–3,399.1
Total	**–65,103.6**	**–62,685.6**

Maintenance covers expenses related to the repair and upkeep of investment properties, which do not lead to an increase in fair value.

Expenses from asset management include personnel and operating costs related to the rental and management of properties.

Owners expenses include the costs of electricity and property management attributable to the investment properties as well as other costs that cannot be passed on to tenants.

Vacancies represent operating costs for non-occupied properties that must be carried by the BUWOG Group as the owner.

The write-off of receivables from asset management represents the increase of valuation allowances 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 106,146.1 (2014/15: TEUR 102,557.0) for the reporting year and include TEUR 23,187.7 (2014/15: 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 note 5.1.2 *Revenues*).

5.2 RESULTS OF PROPERTY SALES

The results of Property Sales total TEUR 38,190.5 (2014/15: TEUR 42,063.1) and comprise TEUR 34,560.6 (2014/15: TEUR 34,879.6) from Unit Sales and TEUR 3,629.9 (2014/15: TEUR 7,183.5) from Block Sales.

The position "sale of properties" represents the proceeds from Unit Sales (sale of individual apartments) and Block Sales (sale of individual properties or portfolios). It corresponds to the fair value of the properties sold on the transaction date. Consequently, this position is contrasted by equal carrying amount disposals.

The gain or loss on the sale of investment properties is reported under "fair value adjustments of properties sold and held for sale".

Other expenses from property sales include the personnel and other expenses directly related to the sale of individual apartments and block sales, e.g. staff salaries and brokers' fees.

5.3 RESULTS OF PROPERTY DEVELOPMENT

The results of Property Development include the proceeds from the sale of real estate inventories less related property development costs. This position also includes the proceeds from the sale of undeveloped land that was originally purchased for development.

Other expenses from the sale of real estate inventories cover the personnel and operating costs directly related to the sale of these inventories as well as TEUR 2,205.1 (2014/15: TEUR 691.5) for the measurement of the inventory properties (see note 6.10 *Real estate inventories*). This amount also includes write-downs of TEUR 2,232.1 recognised to discontinued projects (expenses not caused directly, but made worthless by the discontinuation).

Other real estate development expenses of TEUR 7,298.7 (2014/15: TEUR 8,777.1) include TEUR 5,563.0 (2014/15: 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.

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	2015/16	2014/15
Refund of property transfer tax	2,012.5	0.0
Guarantee commission	3,098.7	4,990.3
Gains/losses from deconsolidation	0.0	292.2
Miscellaneous	2,404.5	2,526.7
Total	**7,515.7**	**7,809.2**

The guarantee commission was received from a member company of the IMMOFINANZ Group (see note 7.1.4 *Collateral*). The gains/losses from deconsolidation in 2014/15 are related to the deconsolidation of BUWOG Facility Management GmbH.

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	2015/16	2014/15
Personnel expenses	–14,395.7	–11,172.3
Legal, auditing and consulting fees	–4,991.0	–5,853.0
IT and communications	–3,883.3	–3,525.8
Advertising and Marketing	–2,931.2	–2,735.9
Amortisation and depreciation	–1,782.2	–1,880.1
Cost of valuation reports	–444.6	–1,087.5
Guarantee commission related to acquisition of land	–431.9	–547.4
Miscellaneous	–4,093.5	–5,371.2
Total	**–32,953.4**	**–32,173.2**

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.

Legal, audit and consulting fees are related primarily to auditing and tax advising as well as acquisition consulting, other legal and consulting work and expenses for special projects.

The expenses for advertising and marketing result from general public relations.

Amortisation and depreciation include the scheduled amortisation of other intangible assets and the scheduled depreciation of tangible assets.

The miscellaneous expenses reported in the above table consist primarily of travel expenses, rental and leasing payments, motor vehicle costs, operating costs for properties used by the BUWOG Group, various taxes and duties and the remuneration for the Supervisory Board (also see note 7.8.3 *Information on corporate bodies and remuneration*).

5.6 PERSONNEL EXPENSES

Personnel expenses for the employees of the BUWOG Group comprise the following:

PERSONNEL EXPENSES

in TEUR	2015/16	2014/15
Wages	–902.0	–1,228.8
Salaries	–37,670.7	–30,088.5
Expenses for legally required social security and other employee-related expenses	–9,915.4	–7,614.1
Expenses for defined contribution plans		
Contributions to employee severance compensation funds	–250.4	–202.6
Contributions to pension funds	–470.9	–418.9
Expenses for defined benefit plans		
Pensions	–80.2	–116.4
Severance compensation	–102.5	–132.7
Expenses for share-based payments	–553.7	–1,180.1
Other personnel expenses	–1,832.7	–1,599.7
Total	**–51,778.5**	**–42,581.8**
Thereof in Results of Asset Management	–28,483.4	–23,794.6
Thereof in Results of Property Sales	–1,422.6	–1,701.4
Thereof in Results of Property Development[1)]	–7,476.8	–5,913.5
Thereof in Other not directly attributable expenses	–14,395.7	–11,172.3

1) Personnel expenses included in Results of Property Development before capitalisation

The expenses for defined contribution plans in Austria consist primarily of contributions to employee severance compensation funds. These contributions are related to employment relationships that began after 31 December 2002. For these employees, contributions equalling 1.53% of the respective salary or wage are made to a severance compensation fund. The BUWOG Group also makes contributions to pension funds in Austria and Germany based on contractual agreements.

The following table shows the average number of employees (full-time equivalent, FTE) in the companies included in the consolidated financial statements for 2015/16 and 2014/15:

NUMBER OF EMPLOYEES

	2015/16	2014/15
Wage employees	45	57
Salaried employees	657	549
Total	**702**	**606**

5.7 FAIR VALUE ADJUSTMENTS OF PROPERTIES

The fair value adjustments of properties includes all adjustments (increases and decreases) to the fair value of the properties carried on the balance sheet.

The gains and losses from fair value adjustments recognised in 2015/16 and 2014/15 are as follows:

FAIR VALUE ADJUSTMENTS OF PROPERTIES

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Revaluation gains	252,802.2	124,266.3	255.4	1,523.5	42,480.9	46,709.0
Impairment losses	–61,993.2	–18,581.1	–263.4	–508.3	–134.4	–315.2
Total	**190,809.0**	**105,685.2**	**–8.0**	**1,015.2**	**42,346.5**	**46,393.8**

The gains from fair value adjustments recognised in 2015/16 and 2014/15 are classified by country as follows:

GAINS FROM FAIR VALUE ADJUSTMENTS OF PROPERTIES

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Austria	108,550.0	54,772.0	255.4	1,523.5	42,050.3	46,633.0
Germany	144,252.2	69,494.3	0.0	0.0	430.6	76.0
Total	**252,802.2**	**124,266.3**	**255.4**	**1,523.5**	**42,480.9**	**46,709.0**

The losses from fair value adjustments recognised in 2015/16 and 2014/15 are classified by country as follows:

LOSSES FROM FAIR VALUE ADJUSTMENTS OF PROPERTIES

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Austria	–59,314.4	–17,501.7	–263.4	–508.3	–134.4	–315.2
Germany	–2,678.8	–1,079.4	0.0	0.0	0.0	0.0
Total	**–61,993.2**	**–18,581.1**	**–263.4**	**–508.3**	**–134.4**	**–315.2**

5.8 MAINTENANCE AND IMPROVEMENT CONTRIBUTIONS RECEIVED

The maintenance and improvement contributions collected from tenants up to 30 April 2016 are reported as liabilities under this position. Additional details are provided in note 1.4 *Change in legal regulations*.

5.9 GAIN FROM A BARGAIN PURCHASE

This position includes the negative differences recognised through profit or loss from the acquisition of subsidiaries. No negative differences were recognised through profit or loss in 2015/16. 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.

5.10 FINANCIAL RESULTS

Financial results are classified as follows:

FINANCIAL RESULTS

in TEUR	2015/16	2014/15
Cash financing costs	–48,598.7	–48,513.3
Current interest accruals	–374.4	–3,670.8
Gain/loss on financial liabilities carried at amortised cost	–2,068.2	–3,039.6
Other non-cash financing costs	–12.2	2.1
Financing costs	**–51,053.5**	**–55,221.6**
Cash financing income	872.0	788.4
Current interest accruals	–0.7	1,049.0
Gain/loss on other financial assets carried at amortised cost	576.5	1,142.2
Other non-cash financing income	0.0	0.0
Financing income	**1,447.8**	**2,979.6**
Valuation of derivative financial instruments	2,619.1	–42,663.6
Valuation of financial instruments at fair value through profit or loss (fair value option)	9,395.5	–105,587.8
Debt settlement expense convertible bonds	0.0	–13,139.5
Dividend income	375.5	0.0
Other	–3,752.6	–3,291.7
Other financial results	**8,637.5**	**–164,682.6**
Financial results	**–40,968.2**	**–216,924.6**

Cash financing costs of TEUR 48,598.7 (2014/15: TEUR 48,513.3) consist of the following: TEUR 32,283.5 (2014/15: TEUR 34,818.6) of interest paid, TEUR 14,528.0 (2014/15: TEUR 8,914.0) of cash outflows for derivative financial instruments and TEUR 1,787.2 (2014/15: TEUR 4,780.7; thereof guarantee provisions of TEUR 4,496.8) of cash outflows for other financing expenses.

Cash financing income of TEUR 872.0 (2014/15: TEUR 788.4) comprises interest of TEUR 872.0 (2014/15: TEUR 676.0) received on financial investments and cash inflows of TEUR 0.0 (2014/15: TEUR 112.4) from derivative financial instruments.

The interest expense on financial instruments that are not carried at fair value totalled TEUR 22,339.6 (2014/15: TEUR 28,630.3). The interest income on financial instruments that are not carried at fair value amounted to TEUR 1,308.9 (2014/15: TEUR 2,641.3).

In 2015/16 financing costs were reduced by borrowing costs of TEUR 501.4 (2014/15: TEUR 573.1) which were capitalised for real estate inventories under development. The weighted average cost of these borrowings equalled 1.20% (2014/15: 2.37%).

The valuation of derivative financial instruments includes income of TEUR 11,929.9 (2014/15: 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) are attributable to the different development of the underlying interest rate curve in 2015/16 and the comparable prior year period.

5.11 INCOME TAXES

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

INCOME TAXES

in TEUR	2015/16	2014/15
Income tax expenses	–18,036.9	–10,711.4
Deferred tax income/expenses	–50,189.0	–177.0
Total	**–68,225.9**	**–10,888.4**

The following table reconciles calculated income tax expense with the actual income tax expense reported on the income statement:

TAX RECONCILIATION

in TEUR	2015/16	%	2014/15	%
Earnings before tax	**308,163.4**		**51,561.5**	
Income tax expense at 25% tax rate	**–77,040.9**	**25.0%**	**–12,890.4**	**25.0%**
Effect of different tax rates	17,317.4	–5.6%	7,280.6	–14.1%
Impairment losses to goodwill/reversal of negative goodwill	0.0	0.0%	1,083.6	–2.1%
Loss carryforwards and deferred taxes not recognised	–4,773.1	1.5%	–4,811.2	9.3%
Non-deductible income and expenses	–1,748.8	0.6%	–1,113.3	2.2%
Effects related to other periods	–1,218.6	0.4%	–937.7	1.8%
Other non-temporary differences	–761.9	0.2%	500.0	–1.0%
Effective tax rate	**–68,225.9**	**22.1%**	**–10,888.4**	**21.1%**

The deferred taxes not recognised in 2015/16 and 2014/15 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.

5.12 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 2015/16 financial year.

EARNINGS PER SHARE

	2015/16	2014/15
Weighted average number of shares (basic)	99,650,556	99,613,479
Diluting effect stock options	198,597	75,576
Weighted average number of shares (diluted)	99,849,153	99,689,055
Net profit excl. non-controlling interests in EUR	236,258,100	39,749,900
Basic earnings per share in EUR	**2.37**	**0.40**
Diluted earnings per share in EUR	**2.37**	**0.40**

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

6.1 INVESTMENT PROPERTY

6.1.1 Fair value

Detailed information on the development of the fair value of investment property 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 note 2.4.2 *Investment property and investment property under construction*. The development of the fair value of investment property is shown below:

INVESTMENT PROPERTY BY SEGMENT

in TEUR	Austria	Germany	Total
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
Fair value adjustments	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**
Balance on 1 May 2015	**2,128,519.0**	**1,492,243.6**	**3,620,762.6**
Additions	43,023.3	123,143.0	166,166.3
Disposals	–122,784.4	–1,148.9	–123,933.3
Fair value adjustments	91,151.5	142,004.0	233,155.5
Reclassification	–7,442.7	–3,664.7	–11,107.4
Balance on 30 April 2016	**2,132,466.7**	**1,752,577.0**	**3,885,043.7**

The additions to investment property in 2015/16 and 2014/15 can be classified as follows:

ADDITIONS INVESTMENT PROPERTY BY SEGMENT

in TEUR	Austria	Germany	Total
Additions 2015/2016			
Modernisation (CAPEX)	8,070.2	10,089.6	18,159.8
Other additions	34,953.1	113,053.4	148,006.5
Total	**43,023.3**	**123,143.0**	**166,166.3**
Additions 2014/2015			
Modernisation (CAPEX)	7,425.6	9,851.6	17,277.2
Other additions	5,014.6	8,639.7	13,654.3
Total	**12,440.2**	**18,491.3**	**30,931.5**

The other additions in 2015/16 consist primarily of property assets that do not represent a business in the sense of IFRS 3.

The disposals in 2015/16 resulted chiefly from the sale of individual properties and property portfolios (Block Sales) covering 484 units (Austria: 480 units; Germany four units) and 33,404 sqm (Austria: 33,047 sqm; Germany: 357 sqm) and the sale of individual apartments (Unit Sales) covering 635 units (Austria: 622 units; Germany: 13 units) and 46,825 sqm (Austria: 46,024 sqm; Germany: 801 sqm). Most of the reclassifications involve the allocation of properties to real estate inventories.

The carrying amount of investment properties pledged as collateral for long-term financing amounted to TEUR 3,582,923.0 (30 April 2015: TEUR 3,456,627.2). The corresponding secured liabilities totalled TEUR 1,882,130.9 (30 April 2015: TEUR 1,978,168.6).

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 note 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 because BUWOG – Bauen und Wohnen Gesellschaft mbH and BUWOG – Süd GmbH (formerly: ESG Wohnungsgesellschaft mbH Villach) were non-profit organisations up to April 2001. The cost-covering principle defined by this law states that the monthly rent may not be higher or lower than the total of production cost, the related financing, ongoing facility management costs and various other components.

Legal regulations previously permitted the use of the Burgenland benchmark less 30% in place of a cost-covering rent to determine the new price when apartments were re-let. This benchmark last equalled EUR 3.50 per sqm and included both of the maintenance and improvement contributions. The amendment to the Austrian Non-Profit Housing Act replaced the previous benchmark price with a new indexed value of EUR 1.75 per sqm as of 1 July 2016. In contrast to the previous legal regulation, an indexed maintenance and improvement contribution may be also collected in line with the age of the building, but up to a maximum of EUR 2.00 per sqm. Administrative expenses, a default component on rents and imputed interest on the equity invested by the company to finance the land can also be charged in addition to regular operating costs. Rental revenues in Austria will not increase substantially over the coming years because of the restrictions defined by the Austrian Non-Profit Housing Act.

The regulations governing rent increases for freely financed residential construction in Germany were previously limited to existing rental agreements. Under Section 558 (1) to (3) of the German Civil Law Code (*Bürgerliches Gesetzbuch*), the increase in rents up to the customary local level is capped at a maximum of 20% over a three-year period (and to a maximum of 15% in a number of provinces). Another relevant regulation is Section 559 (1) to (3) of the German Civil Law Code, which deals with rental increases after modernisation and defines the allowed increase per year as 11% of the funds spent on the apartment.

As of 1 June 2015 the provinces were authorised to slow rent increases through the introduction of new legal regulations. Berlin, Hamburg, North Rhine-Westphalia, Baden-Württemberg, Brandenburg, Bremen, Hesse, Rhineland-Palatinate, Schleswig-Holstein, Thuringia and Bavaria (each at the city, district or community level) have already introduced such laws and further 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 Section 559 (1) to (3) of the German Civil Law Code still apply.

The definition of "extensive renovation" is still the focus of legal uncertainty. According to the German Federal Ministry of Justice and Consumer Protection, renovation is considered extensive when "the investments reach roughly one-third of the cost for a comparable new apartment" (approx. EUR 700–800/sqm). Many market participants and courts also doubt that the use of local rental statistics as the basis for determining local rent levels will stand up to scientific evaluation. Indications are that a second set of laws can be expected.

The BUWOG Group's investment properties in Germany are subject to further restrictions under rental laws, among others from the Schleswig-Holstein Housing Allowance Act (*Schleswig-Holsteinischer Wohnraum-förderungsgesetz*). 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 with Section 16 of this Housing Allowance Act (which provides options for rental price increases pursuant to Section 558 of the German Civil Law Code), increases of up to 9% in 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 2016, EUR 50.6 million in rental income was earned during the first three months of the 2016/17 financial year (2015/16: EUR 48.5 million).

Expenses totalling TEUR 78.0 were incurred in 2015/16 for properties that did not generate any revenue in that financial year (2014/15: TEUR 175.0).

6.2 INVESTMENT PROPERTY UNDER CONSTRUCTION

The development of the fair value of investment property under construction is shown in the following table:

INVESTMENT PROPERTY UNDER CONSTRUCTION

in TEUR	Austria	Germany	Total
Balance on 1 May 2014	**10,926.1**	**0.0**	**10,926.1**
Additions	3,179.1	0.0	3,179.1
Fair value adjustments	1,015.2	0.0	1,015.2
Reclassification	–542.4	0.0	–542.4
Balance on 30 April 2015	**14,578.0**	**0.0**	**14,578.0**
Balance on 1 May 2015	**14,578.0**	**0.0**	**14,578.0**
Additions	19,612.8	0.0	19,612.8
Fair value adjustments	–8.0	0.0	–8.0
Reclassification	–1,218.0	0.0	–1,218.0
Balance on 30 April 2016	**32,964.8**	**0.0**	**32,964.8**

The additions reported under this position represent capitalised construction costs. As of 30 April 2016, investment property under construction with a carrying amount of TEUR 29,496.0 (30 April 2015: 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 2015/16:

OTHER TANGIBLE ASSETS

in TEUR	Other tangible assets
Cost as of 1 May 2015	**19,285.8**
Additions	432.5
Disposals	–207.0
Reclassification	8.3
Cost as of 30 April 2016	**19,519.6**
Accumulated depreciation as of 1 May 2015	**–11,884.4**
Disposals	61.7
Reclassification	–8.3
Depreciation for the year	–995.0
Accumulated depreciation as of 30 April 2016	**–12,826.0**
Carrying amount as of 30 April 2016	**6,693.6**

OTHER TANGIBLE ASSETS – PREVIOUS YEAR

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
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**

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 note 5.5 *Other not directly attributable expenses*). No impairment losses or revaluations were recognised to other tangible assets in 2015/16 and 2014/15. As of 30 April 2016 a property used by the BUWOG Group with a carrying amount of TEUR 3,574.4 (30 April 2015: TEUR 4,029.3) was assigned as collateral for liabilities.

6.4 INTANGIBLE ASSETS

Intangible assets comprise the following:

INTANGIBLE ASSETS

in TEUR	30 April 2016	30 April 2015
Goodwill	5,644.5	5,644.5
Other intangible assets	3,801.2	1,367.1
Total	**9,445.7**	**7,011.6**

6.4.1 Goodwill

Information on the accounting policies applied to goodwill is provided in note 2.2.3 *Business combinations (initial consolidations)* and note 2.4.8 *Impairment*.

The development of goodwill in 2015/16 and 2014/15 is as follows:

GOODWILL

in TEUR	Goodwill
Balance on 1 May 2014	**239.7**
Addition through initial consolidation	5,404.8
Balance on 30 April 2015	**5,644.5**
Balance on 1 May 2015	**5,644.5**
Balance on 30 April 2016	**5,644.5**

The additions to goodwill in 2014/15 resulted in full from the DGAG transaction 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 2016 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 2015	**8,939.8**
Additions	3,221.3
Cost as of 30 April 2016	**12,161.1**
Accumulated amortisation as of 1 May 2015	**–7,572.7**
Amortisation for the year	–787.2
Accumulated amortisation as of 30 April 2016	**–8,359.9**
Carrying amount as of 30 April 2016	**3,801.2**

OTHER INTANGIBLE ASSETS – PREVIOUS YEAR

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 amortisation as of 1 May 2014	**–6,745.8**
Disposals	5.0
Amortisation for the year	–831.9
Accumulated amortisation as of 30 April 2015	**–7,572.7**
Carrying amount as of 30 April 2015	**1,367.1**

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 2015/16 and 2014/15.

In 2015/16 and 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 accounts receivables, other financial and non-financial receivables:

TRADE AND OTHER RECEIVABLES

in TEUR	30 April 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade accounts receivable			
Rents receivable	4,454.5	4,454.5	0.0
Miscellaneous	2,849.6	2,849.6	0.0
Total trade accounts receivable	**7,304.1**	**7,304.1**	**0.0**
Other financial receivables			
Restricted funds	36,236.5	36,236.5	0.0
Outstanding purchase price receivables – sale of properties	98,538.0	98,538.0	0.0
Miscellaneous	3,434.4	2,176.5	1,257.9
Total other financial receivables	**138,208.9**	**136,951.0**	**1,257.9**
Other non-financial receivables			
Tax authorities	3,493.4	3,493.4	0.0
Prepayments made for land purchases	29,184.9	0.0	29,184.9
Accrued property taxes	3,709.9	3,709.9	0.0
Total other non-financial receivables	**36,388.2**	**7,203.3**	**29,184.9**
Total	**181,901.2**	**151,458.4**	**30,442.8**

TRADE AND OTHER RECEIVABLES – PREVIOUS YEAR

in TEUR	30 April 2015[1]	Thereof remaining term under 1 year[1]	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
Accrued property taxes	3,531.5	3,531.5	0.0
Total other non-financial receivables	**4,430.2**	**4,430.2**	**0.0**
Total	**150,561.2**	**147,171.4**	**3,389.8**

1) The comparable prior year figures were adjusted (see note 1.3).

The restricted funds included in other financial receivables represent bank deposits with limitations on disposal.

Other financial receivables include TEUR 10.9 (30 April 2015: TEUR 20,181.6) due from IMMOFINANZ Group.

The outstanding purchase price receivables from the sale of properties generally reflect the lengthy time required for the registration of real estate sales in the land register.

IFRS 7.37 requires an analysis of the contractual maturity of financial instruments that are past due but not impaired as of the reporting date as well as an analysis of the individual financial instruments that are considered to be impaired as of the reporting date. This analysis is shown below:

ANALYSIS OF AGE STRUCTURE

in TEUR	Carrying amount 30 April 2016	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	Impairment loss/ value allowance
Rents receivable	4,454.5	636.4	1,583.5	8,313.7	–6,079.1
Miscellaneous	2,849.6	2,849.6	0.0	0.0	0.0
Other financial receivables	138,208.9	138,208.9	0.0	0.0	0.0
Total	**145,513.0**	**141,694.9**	**1,583.5**	**8,313.7**	**–6,079.1**

FINANCIAL INSTRUMENTS PAST DUE BUT NOT IMPAIRED

in TEUR	Carrying amount 30 April 2016	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	1,583.5	1,583.5	0.0	0.0	0.0
Total	**1,583.5**	**1,583.5**	**0.0**	**0.0**	**0.0**

1) The column "overdue up to 3 months" also includes receivables that are due immediately.

ANALYSIS OF AGE STRUCTURE – PREVIOUS YEAR

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 – PREVIOUS YEAR

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.

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 2015/16. Therefore, the balance sheet only includes these receivables at the expected collection amount. The valuation adjustments recognised through profit or loss amounted to TEUR 1,944.2 for the reporting year (2014/15: TEUR 4,995.3).

The valuation allowances consist solely of individual allowances.

The following table shows the change in valuation allowances recognised through profit or loss, classified by category of receivable:

VALUATION ALLOWANCES

in TEUR	2015/16	2014/15
Trade accounts receivable	–1,944.1	–4,937.7
Other financial receivables	–0.1	–57.6
Total impairment losses	**–1,944.2**	**–4,995.3**

6.6 OTHER FINANCIAL ASSETS

The components of other financial assets are shown below:

OTHER FINANCIAL ASSETS

in TEUR	30 April 2016	30 April 2015[1)]
Securities	2.1	1.5
Originated loans	19,601.2	18,861.3
Total	**19,603.3**	**18,862.8**
Thereof current	1,225.4	1,789.0
Thereof non-current	18,377.9	17,073.8

1) The comparable prior year figures were adjusted (see note 1.3).

The originated loans consist primarily of loans to buyers of apartments, whereby 86% (30 April 2015: 88%) of these loans are secured by mortgages. The respective interest rates range from 0% to 6% (30 April 2015: 0% to 6%).

6.7 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as of 30 April 2016 and 30 April 2015 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 2016		30 April 2015	
in TEUR	Assets	Liabilities	Assets	Liabilities
Investment property	388.8	281,741.8	1,002.6	226,060.5
Other financial assets and miscellaneous assets	32,900.4	1,510.8	34,214.8	2,028.4
Total	**33,289.2**	**283,252.6**	**35,217.4**	**228,088.9**
Other liabilities and provisions	17,372.2	841.9	13,218.1	6,799.3
Financial liabilities	21,562.1	3,278.0	26,246.1	2,380.7
Total	**38,934.3**	**4,119.9**	**39,464.2**	**9,180.0**
Tax loss carryforwards	12,729.6	0.0	10,371.9	0.0
Deferred tax assets and deferred tax liabilities	**84,953.1**	**287,372.5**	**85,053.5**	**237,268.9**
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	–79,566.3	–79,566.3	–77,992.8	–77,992.8
Net deferred tax assets and deferred tax liabilities	**5,386.8**	**207,806.2**	**7,060.7**	**159,276.1**

Deferred tax assets are recognised for tax loss carryforwards and temporary differences when it is probable that sufficient taxable income will be available to utilise these tax loss carryforwards in the foreseeable future (within five years). Deferred tax assets are also recorded in cases where an equal amount of deferred tax liabilities had been recognised and these obligations relate to the same tax subject and taxation authority, and the deferred tax assets and deferred tax liabilities are assumed to reverse at the same.

The recognition of deferred tax assets by group companies that recorded losses for the reporting period is dependent on future taxable profits which are higher than the earnings effects from the reversal of existing taxable temporary differences. These deferred tax assets amount to TEUR 5,127.0 (30 April 2015: TEUR 923.2).

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 –15.3 (30 April 2015: TEUR 91.8).

Deferred taxes were not recognised for tax loss carryforwards of TEUR 122,956.9 (2014/15: TEUR 69,356.8). These tax loss carryforwards have an indefinite term.

Temporary differences of TEUR 1,823.3 (30 April 2015: 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 2015/16	Applicable tax rate 2014/15
Germany[1]	15.825%–32.275%	15.825%–31.925%
Austria	25.000%	25.000%

1) The tax rate in Germany can vary and is dependent on the company's headquarters and liability under trade tax.

Information on group taxation in Austria

Through a group and tax assessment agreement, BUWOG - Süd GmbH (formerly: ESG Wohnungsgesellschaft mbH Villach) (head of the group) and 17 additional Austrian companies (group members) included in the consolidated financial statements joined together into a corporate group pursuant to Section 9 of the Austrian Corporate Tax Act (*Körperschaftsteuergesetz*). The group was effectively established during the 2013/14 financial year and was expanded as of 1 May 2014 to include two Austrian companies. One company was sold and consequently left the group; at the end of the 2015/16 financial year, the tax group consisted of the head company and 18 other companies.

A corporate group pursuant to Section 9 of the Austrian Corporate Tax Act was established as of 1 May 2014 between BUWOG AG (head of the group) and Parthica Immobilien GmbH, GENA SECHS Immobilienholding GmbH, GENA ZWEI Immobilienholding GmbH, BUWOG – Bauen und Wohnen Gesellschaft mbH and Quinta Immobilienanlagen GmbH (group members).

The group and tax assessment agreement regulates tax settlements between the head company and the members of the tax group. If earnings are positive, the member company must pay a positive tax charge equal to 25.00% of taxable profit to the head of the group. If a group member records a tax loss in a financial year, this loss is registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. There is no need for a tax charge to the extent that tax losses are offset. If losses are on record when the group is terminated or a group member withdraws, the head of the tax group must make a settlement payment to the group member equal to the present value of the (theoretical) future tax relief.

6.8 TAX REFUND CLAIMS

Tax refund claims equalled TEUR 3,258.1 as of 30 April 2016 (30 April 2015: TEUR 1,985.7) and relate mainly to refund claims for corporate income tax.

6.9 NON-CURRENT ASSETS AND NON-CURRENT LIABILITIES HELD FOR SALE

The classification of investment property as held for sale assumes a high probability of sale within 12 months of the balance sheet date. In other words, the Executive Board or Supervisory Board has approved the sale and the contract has already been signed or is expected to be signed soon after the balance sheet date.

Non-current assets classified as held for sale amounted to TEUR 0.0 as of 30 April 2016 (30 April 2015: TEUR 5,849.6). The liabilities classified as held for sale totalled TEUR 0.0 as of 30 April 2016 (30 April 2015: TEUR 358.1).

6.10 REAL ESTATE INVENTORIES

Real estate inventories had a carrying amount of TEUR 217,253.7 as of 30 April 2016 (30 April 2015: TEUR 197,572.8). Reversals of write-downs of TEUR 202.3 (2014/15: TEUR 1,997.5 (Austria: TEUR 202.3 (2014/15: TEUR 1,997.5); Germany: TEUR 0.0 (2014/15: TEUR 0.0) and write-downs of TEUR 2,407.4 (2014/15: TEUR 2,689.0) (Austria: TEUR 2,407.4 (2014/15: TEUR 2,689.0); Germany: TEUR 0.0 (2014/15: TEUR 0.0)) were recognised during the reporting year. The write-downs of TEUR 2,407.4 include expenses of TEUR 2,232.1 for projects that will not be continued. Write-downs were recorded to the production cost of real estate inventories with a carrying amount of TEUR 46,778.5 (30 April 2015: TEUR 51,637.5). The reversals of write-downs of TEUR 202.3 in 2015/16 (2014/15: TEUR 1,997.5) generally involved projects in progress whose value had increased due to the receipt of the construction permit and the progress of work. Real estate inventories include a carrying amount of TEUR 120,647.3 (30 April 2015: TEUR 114,175.5) which will presumably be realised after 12 months. As of 30 April 2016 real estate inventories with a carrying amount of TEUR 142,252.3 (30 April 2015: TEUR 70,121.6) were pledged as collateral for liabilities.

6.11 CASH AND CASH EQUIVALENTS

The balance sheet as of 30 April 2016 shows cash and cash equivalents of TEUR 82,540.1 (30 April 2015: TEUR 149,153.2), which include TEUR 4,991.2 (30 April 2015: TEUR 0.0) that are designated for construction financing. In addition, other financial receivables include bank deposits whose use is restricted (see note 6.5 *Trade and other receivables*).

6.12 EQUITY

The development of equity in BUWOG AG during the 2015/16 and 2014/15 financial years is shown on the consolidated statement of changes in equity, which represents an integral part of the consolidated financial statements as of 30 April 2016.

The share capital of BUWOG AG totalled EUR 99,773,479.00 as of 30 April 2016 (30 April 2015: EUR 99,613,479.00) and is divided into 99,773,479 (30 April 2015: 99,613,479) zero par value shares. All shares are fully paid. The appropriated capital reserves of BUWOG AG totalled EUR 873,923,312.44 as of 30 April 2016 (30 April 2015: EUR 872,003,312.44) and may only be used to cover a balance sheet loss. Ronald Roos, a former member of the Executive Board, exercised 160,000 options during the reporting year. This led to an increase of EUR 160,000.00 in share capital and EUR 1,920,000.00 in appropriated capital reserves.

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 or Supervisory and Executive Board decide on approval by the annual general meeting (see note 7.8 *Relations 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 Section 159 (2) no. 3 of the Austrian Stock Corporation Act (*Aktiengesetz*) through the issue of up to 720,000 new bearer shares.

For information on capital management, see note 7.3 *Capital management*.

The Executive Board will propose a dividend distribution of EUR 0.69 per share for the 2015/16 financial year to the annual general meeting on 14 October 2016. A dividend of EUR 0.69 per share was paid for the 2014/15 financial year.

Non-controlling interests increased by TEUR 1,534.7 through the acquisition of a 94,8% stake in Indian Ridge Investment S.A. The purchase of the shares in Indian Ridge Investment S.A. does not represent a business combination, but principally involves a single identifiable asset (land in Berlin, Schöneweide, Treptow-Köpenick district).

6.13 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 the Supervisory Board and the members of the Executive Board Daniel Riedl and Ronald Roos. The key parameters of the Long-Term Incentive Programme 2014 are presented in the following table:

LONG-TERM INCENTIVE PROGRAMME 2014

	Basis options	Bonus options Tranche I	Bonus options Tranche II	Bonus options Tranche III
Number of granted options				
Daniel Riedl	75,000	100,000	130,000	175,000
Ronald Roos (Member of Executive Board up to 9 December 2015)	50,000	50,000	60,000	-[1)]
Exercise conditions – bonus options				
Duration of target achievement	The share price equals or exceeds the target price on at least five trading days in the respective period.			
Period		FY 2014/15	FY 2015/16	FY 2016/17
Share price target[2)]		85% of the EPRA NAV as of 30 April 2014	92,5% of the EPRA NAV as of 30 April 2015	100% of the EPRA NAV as of 30 April 2016
Exercise period	The Executive Board members may only exercise these options between 1 May 2018 and 30 April 2019 and only if their Executive Board position or contract remains intact. Different exercise conditions apply for certain circumstances connected with the termination of the Executive Board position or contract.			
Other conditions	In addition, the bonus options in Tranches II and III can only be exercised when EPRA NAV for the period is higher than EPRA NAV as of 30 April 2014. Another requirement for the exercise of the bonus options is that the share price target was reached during the Executive Board member's term of office.			
Exercise conditions – basis options				
	The basis options are not tied to any further exercise conditions and are therefore considered earned on the granting date (16 December 2014).			
Own investment				
	A further requirement of the option scheme is an own investment in shares of BUWOG AG equal to 50% of the Executive Board member's gross annual salary for the 2014/15 financial year. This own investment can be built up over a period of three years and must be held until the options are exercised.			
Exchange ratio/exercise price				
	Each option entitles the holder to purchase one BUWOG share for an exercise price of EUR 13.00 per share.			

1) Tranche III of the bonus options granted to Ronald Roos are no longer exercisable because he resigned from the Executive Board on 9 December 2015.
2) The calculation of EPRA NAV is based on the same method used for the IFRS consolidated financial statements of BUWOG AG as of 30 April 2014.

The number of issued stock options developed as follows in 2015/16 and in 2014/15:

DEVELOPMENT OF ISSUED STOCK OPTIONS

	Daniel Riedl		Ronald Roos (Member of Executive Board up to 9 December 2015)	
	Number of stock options	Exercise price in EUR	Number of stock options	Exercise price in EUR
Balance on 1 May 2014	**0**		**0**	
Issue	480,000	13.0	240,000	13.0
Balance on 30 April 2015	**480,000**		**240,000**	
Balance on 1 May 2015	**480,000**		**240,000**	
Exercise	0	0.0	–160,000	13.0
Forfeiture	0	0.0	–80,000	13.0
Balance on 30 April 2016	**480,000**		**0**	

The stock options outstanding as of 30 April 2016 have an exercise price of EUR 13.00 (30 April 2015: EUR 13.00) per share and a weighted average remaining term of 3.0 years (30 April 2015: 4.0 years).

The stock options exercised in 2015/16 led to the issue of 160,000 shares at a price of EUR 13.00 per share. The weighted average share price on the exercise date equalled EUR 18,51. No stock options were exercised in 2014/15.

A Monte Carlo simulation is used to calculate the fair value of the issued stock options. The following parameters, which are observable on the market, were used to calculate this fair value:

STOCK OPTION PARAMETERS

Risk free interest rate p.a.	0.329%
Stock price at 16 December 2014	15.382
Implicit volatility p.a. at 16 December 2014	15.223%

The fair value of the stock options issued but not yet exercised totalled EUR 1,413,614.30 (30 April 2015: EUR 2,128,952.56) on the granting date and EUR 2,647,800.00 on 30 April 2016 (30 April 2015: EUR 4,103,100.00).

The total cost of the share-based remuneration agreements in 2015/16 is reported in note 5.6 *Personnel expenses*.

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 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Amounts due to financial institutions	1,581,672.7	83,869.2	322,110.4	1,175,693.1
thereof secured by collateral	1,502,009.2	79,988.8	301,483.2	1,120,537.2
thereof not secured by collateral	79,663.5	3,880.4	20,627.2	55,155.9
Amounts due to local authorities	470,891.8	21,691.3	90,737.6	358,462.9
Other financial liabilities	97.3	97.3	0.0	0.0
Total	**2,052,661.8**	**105,657.8**	**412,848.0**	**1,534,156.0**

FINANCIAL LIABILITIES – PREVIOUS YEAR

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	1,596,308.2	67,347.7	260,156.5	1,268,804.0
thereof secured by collateral	1,513,816.8	61,602.4	243,164.0	1,209,050.4
thereof not secured by collateral	82,491.4	5,745.3	16,992.5	59,753.6
Amounts due to local authorities	509,003.0	21,993.1	88,795.2	398,214.7
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**

The liabilities of TEUR 183.747,6 to development banks will be reported under amounts due to financial institutions as of 30 April 2016 (previously reported under amounts due to local authorities). The comparable prior year amount of TEUR 187,919.7 was reclassified.

Of the total amount due to financial institutions and local authorities, EUR 46.7 million are due during the first quarter of 2016/17 (due in the first quarter of 2015/16: EUR 41.0 million).

The major conditions of the financial liabilities as of 30 April 2016 and 30 April 2015 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	2.27%	337,921.8	
	EUR	floating	1.31%	1,262,599.0	
Total amounts due to financial institutions				**1,600,520.8**	**1,581,672.7**
Amounts due to local authorities	**EUR**	**fixed**	**1.49%**	**491,668.5**	**470,891.8**
Other					**97.3**
Total					**2,052,661.8**

CONDITIONS OF FINANCIAL LIABILITIES – PREVIOUS YEAR

	Currency	Interest rate fixed/floating	Average interest rate	Nominal value of remaining liability in TEUR	Balance in TEUR
	EUR	fixed	2.03%	281,659.0	
	EUR	floating	1.38%	1,341,567.0	
Total amounts due to financial institutions				**1,623,226.0**	**1,596,308.2**
Amounts due to local authorities	**EUR**	**fixed**	**1.40%**	**519,677.9**	**509,003.0**
Other					**113.0**
Total					**2,105,424.2**

The fair value of the financial liabilities shown in the above table totals TEUR 2,081,482.9 (30 April 2015: TEUR 2,127,198.8). The present value calculation was based on the following discount rates, which reflect market interest rates as of 30 April 2016 and 30 April 2015.

DISCOUNT RATES

in %	30 April 2016
Up to 31 October 2017	0.200%
Up to 31 October 2018	0.350%
Up to 31 October 2020	0.730%
Up to 31 October 2022	1.130%
Up to 31 October 2024	1.800%
Up to 31 October 2027	2.380%
Up to 31 October 2033	2.750%
As of 1 November 2033	2.900%

DISCOUNT RATES – PREVIOUS YEAR

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%

The discount rate was increased by 0.50% for the DGAG portfolio companies that were acquired in 2014/15.

The BUWOG Group did not violate any financial covenants connected with bank financing during the 2015/16 or 2014/15 financial years.

6.15 TRADE PAYABLES AND OTHER LIABILITIES

The following table shows the composition and classification of trade payables and other financial and non-financial liabilities by remaining term as the balance sheet date:

TRADE PAYABLES AND OTHER LIABILITIES

in TEUR	30 April 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year
Trade payables	**20,103.5**	**20,103.5**	**0.0**
Other financial liabilities			
Fair value of derivative financial instruments (liabilities)	67,912.1	0.0	67,912.1
Property management	13,965.6	13,965.6	0.0
Deposits and guarantees received	28,808.1	28,808.1	0.0
Maintenance and improvement amounts received	43,588.0	8,559.6	35,028.4
Outstanding purchase prices (share deals)	3,220.6	3,220.6	0.0
Outstanding purchase prices (acquisition of properties)	32,025.6	32,025.6	0.0
Liabilities from financial contributions	104,007.0	104,007.0	0.0
Miscellaneous	65,760.0	45,992.3	19,767.7
Total other financial liabilities	**359,287.0**	**236,578.8**	**122,708.2**
Other non-financial liabilities			
Tax and other public authorities	8,323.9	8,323.9	0.0
Prepayments received on apartment sales	35,205.1	35,205.1	0.0
Total other non-financial liabilities	**43,529.0**	**43,529.0**	**0.0**
Total	**422,919.5**	**300,211.3**	**122,708.2**

TRADE PAYABLES AND OTHER LIABILITIES – PREVIOUS YEAR

in TEUR	30 April 2015[1)]	Thereof remaining term under 1 year[1)]	Thereof remaining term over 1 year
Trade payables	**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	10,786.1	10,786.1	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	49,812.8	28,997.8	20,815.0
Total other financial liabilities	**295,816.1**	**180,786.2**	**115,029.9**
Other non-financial liabilities			
Tax and other public authorities	9,977.3	9,977.3	0.0
Prepayments received on apartment sales	14,506.5	14,506.5	0.0
Total other non-financial liabilities	**24,483.8**	**24,483.8**	**0.0**
Total	**343,769.7**	**228,713.2**	**115,056.5**

1) The comparable prior year figures were adjusted (see note 1.3).

Maintenance and improvement amounts received from the tenants are recognised to profit or loss when the related work is performed.

In Austria, financial contributions are collected from the tenants in subsidised apartments; these contributions, less a usage-related deduction, are returned at the end of the lease. The refunded amount is then collected from the new tenants when the apartments are re-let. The leases for these apartments are generally open-ended, but can be cancelled by the tenant at any time. The liabilities arising from the financial contributions are therefore recognised at their nominal value and reported as current liabilities.

Miscellaneous other financial liabilities of TEUR 0.0 with a remaining term of less than one year were due to the IMMOFINANZ Group as of 30 April 2016 (30 April 2015: TEUR 31.5).

Miscellaneous other financial liabilities consist primarily of accrued liabilities (in particular accruals for services and maintenance) as well as liabilities arising from existing cancellation rights held by non-controlling interests.

6.16 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 2016	30 April 2015[1)]
Employee benefits	6,375.7	6,862.0
Provisions for pensions	4,205.2	4,684.9
Provisions for severance payments	2,121.8	2,127.3
Provisions for long-service bonuses	48.7	49.8
Other provisions	6,811.1	9,694.6
Total	**13,186.8**	**16,556.6**
Thereof current	6,811.1	9,694.6
Thereof non-current	6,375.7	6,862.0

1) The comparable prior year figures were adjusted (see note 1.3).

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 2016	30 April 2015
Discount rate	1.90%	1.30%
Salary increases	2.00%	2.00%
Pension increases	1.75%	1.75%
Remaining life expectancy according to mortality tables	Klaus Heubeck 2005-G	Klaus Heubeck 2005-G

The net obligations from defined benefit pension plans were taken over as part of the DGAG transaction in 2014/15 and developed as follows in 2015/16:

PROVISIONS FOR PENSIONS

	2015/16			2014/15		
in TEUR	Present value of the obligations (DBO)	Fair value of the plan assets	Net obligation	Present value of the obligations (DBO)	Fair value of the plan assets	Net obligation
Balance on 1 May	**4,960.9**	**–276.0**	**4,684.9**	**0.0**	**0.0**	**0.0**
Liabilities assumed in a business combination	0.0	0.0	0.0	4,195.2	–259.3	3,935.9
Total changes in the scope of consolidation	**0.0**	**0.0**	**0.0**	**4,195.2**	**–259.3**	**3,935.9**
Current service cost	21.3	0.0	21.3	10.7	0.0	10.7
Interest cost/-income	62.7	–3.8	58.9	112.4	–6.7	105.7
Total expenses for pensions	**84.0**	**–3.8**	**80.2**	**123.1**	**–6.7**	**116.4**
Remeasurements	–275.4	–3.2	–278.6	836.0	–10.0	826.0
Contributions of the employer	0.0	–12.6	–12.6	0.0	0.0	0.0
Payments	–268.7	0.0	–268.7	–193.4	0.0	–193.4
Total other	**–544.1**	**–15.8**	**–559.9**	**642.6**	**–10.0**	**632.6**
Balance on 30 April	**4,500.8**	**–295.6**	**4,205.2**	**4,960.9**	**–276.0**	**4,684.9**
Thereof current			0.0			0.0
Thereof non-current			4,205.2			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 2016	30 April 2015
Discount rate	0.90%	1.30%
Salary increases	2.00%	2.00%
Turnover (salaried employees)	7.90%	7.90%
Turnover (wage employees)	15.70%	15.70%
Remaining life expectancy according to mortality tables	Pagler & Pagler AVÖ 2008-P	Pagler & Pagler AVÖ 2008-P

The present value of the obligations arising from defined benefit severance compensation plans developed as follows in 2015/16:

PROVISIONS FOR SEVERANCE COMPENSATION

in TEUR	2015/2016 Present value of the obligations (DBO)	2014/2015 Present value of the obligations (DBO)
Balance on 1 May	**2,127.3**	**2,170.0**
Disposals from deconsolidation	0.0	–70.2
Total changes in the scope of consolidation	**0.0**	**–70.2**
Current service cost	75.0	71.1
Interest cost	27.5	61.6
Total expenses for severance payments	**102.5**	**132.7**
Remeasurement of the obligation	–22.7	188.9
Payments	–85.3	–294.1
Total other	**–108.0**	**–105.2**
Balance on 30 April	**2,121.8**	**2,127.3**
Thereof current	0.0	0.0
Thereof non-current	2,121.8	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 remeasurement recorded under other comprehensive income in accordance with IAS 19R comprise the following:

REMEASUREMENTS

in TEUR	2015/16	2014/15
Pensions		
Remeasurements of the obligation		
from changes to demographic assumptions	0.0	0.0
from changes to financial assumptions	–340.4	846.7
Experience adjustments	65.0	–10.7
Remeasurements of the plan assets		
Return on plan assets excluding interest income	–3.2	–10.0
Total remeasurements pensions	**–278.6**	**826.0**
Severance payments		
Remeasurements of the obligation		
from changes to demographic assumptions	–6.3	38.5
from changes to financial assumptions	50.7	162.7
Experience adjustments	–67.1	–12.3
Total remeasurements severance payments	**–22.7**	**188.9**
Total remeasurements	**–301.3**	**1,014.9**

For information on the tax effects related to the remeasurement of the pension and severance compensation provisions, see note 6.7 *Deferred tax assets and deferred tax liabilities*.

The amount of the provisions for pensions and severance compensation is significantly influenced by the selection of the actuarial parameters. The following section presents sensitivity analyses that show the effects resulting from changes in a single parameter, whereby all other parameters are held constant. However, a complete lack of correlation between these parameters is unlikely. The projected unit credit method as defined in IAS 19 is used to calculate both the original obligation and the changed obligation. A change of +/-0.5% points in the indicated parameter changes the obligation as follows:

SENSITIVITY ANALYSIS

in TEUR	Change in parameter	Present value of obligation (DBO) 30 April 2016 Increase in parameter	Present value of obligation (DBO) 30 April 2016 Decrease in parameter	Present value of obligation (DBO) 30 April 2015 Increase in parameter	Present value of obligation (DBO) 30 April 2015 Decrease in parameter
Pensions					
Discount rate	+/–0.5%	4,248.2	4,781.3	4,660.5	5,296.6
Salary increase	+/–0.5%	4,504.4	4,497.4	4,965.3	4,956.7
Pension increase	+/–0.5%	4,749.4	4,271.8	5,253.9	4,692.2
Severance payments					
Discount rate	+/–0.5%	2,058.9	2,188.5	2,064.2	2,193.9
Salary increase	+/–0.5%	2,182.2	2,064.2	2,167.8	2,069.4

The following table shows the average remaining term of the defined benefit pension and severance compensation obligations as of 30 April 2016 and 30 April 2015:

AVERAGE REMAINING TERM

in Years	30 April 2016	30 April 2015
Pensions		
Germany	11.8	12.7
Severance payments		
Austria	6.2	6.2

The following table shows the due dates of the expected benefit payments:

PAYMENT ANALYSIS

in TEUR	30 April 2016 Pensions	30 April 2016 Severance payments	30 April 2015 Pensions	30 April 2015 Severance payments
Year 1	285.3	241.8	280.2	230.9
Year 2 through 5	1,088.2	1,005.8	1,079.2	977.8
Starting in year 6	1,188.0	1,303.2	1,201.1	1,453.2

6.16.3 Other provisions

The other provisions developed as follows:

OTHER PROVISIONS

in TEUR	Other provisions[1)]
Balance on 1 May 2014	**1,100.6**
Addition to scope of consolidation	2,829.8
Additions	6,197.6
Release	–1.3
Use	–432.1
Balance on 30 April 2015	**9,694.6**
Balance on 1 May 2015	**9,694.6**
Additions	1,806.9
Release	–386.0
Use	–4,308.1
Reclassification	3.7
Balance on 30 April 2016	**6,811.1**

1) The comparable prior year figures were adjusted (see note 1.3).

Other provisions consist chiefly of provisions for legal disputes, legally required maintenance and miscellaneous provisions. All of these other provisions are classified as current, which indicates that they are expected to result in cash outflows during the next financial year.

6.17 TAX LIABILITIES

Tax liabilities totalled TEUR 47,557.9 as of 30 April 2016 (30 April 2015: TEUR 31,114.7; the comparative data were adjusted (see note 1.3 *Change in comparative information*)) and relate primarily to corporate income tax obligations.

7. OTHER INFORMATION

7.1 INFORMATION ON FINANCIAL INSTRUMENTS

Financial instruments is a collective term used to represent financial assets and financial liabilities. A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. One or more companies may serve as the contract partner. This definition covers securities, receivables, liabilities, equity instruments and derivatives, regardless of whether the obligation is conditional or unconditional.

7.1.1 Classes and categories of financial instruments

IFRS 7.6 requires the breakdown of financial instruments by classes as well as the reconciliation of these classes with the line items shown on the balance sheet. Since the reporting company is entitled to define these classes, they generally differ from the categories defined by IAS 39 for the measurement of financial instruments.

Accordingly, similar financial instruments are grouped together in a single class. The classes are also defined to facilitate reconciliation with the line items shown on the balance sheet. These factors led to the definition of the following classes in these consolidated financial statements: trade accounts receivable, other receivables, other financial assets and cash and cash equivalents (asset classes) as well as liabilities with financial institutions, other financial liabilities, trade payables, 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 payables and other liabilities” can contain both financial instruments and non-financial assets/liabilities (e.g. tax receivables), the column “Non-FI” allows for a full reconciliation with the balance sheet line items.

CLASSIFICATION OF FINANCIAL INSTRUMENTS BY IAS 39 CATEGORIES

in TEUR

ASSETS	AFS Fair value not recognised in profit or loss	FA@FV/P&L Fair value option Fair value recognised in profit or loss	L&R Amortised cost	Non-FI Not within the scope of IFRS 7	Carrying amount on 30 April 2016	Fair value on 30 April 2016
Trade and other receivables	**0.0**	**0.0**	**145,513.0**	**36,388.2**	**181,901.2**	**181,901.2**
Trade accounts receivable	0.0	0.0	7,304.1	0.0	7,304.1	7,304.1
Other receivables	0.0	0.0	138,208.9	36,388.2	174,597.1	174,597.1
Other financial assets	**2.1**	**11,465.2**	**8,136.0**	**0.0**	**19,603.3**	**23,045.0**
Securities	2.1	0.0	0.0	0.0	2.1	2.1
Originated loans	0.0	11,465.2	8,136.0	0.0	19,601.2	23,042.9
Cash and cash equivalents	**0.0**	**0.0**	**82,540.1**	**0.0**	**82,540.1**	**82,540.1**
TOTAL ASSETS	**2.1**	**11,465.2**	**236,189.1**	**36,388.2**	**284,044.6**	**287,486.3**

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

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

CLASSIFICATION OF FINANCIAL INSTRUMENTS BY IAS 39 CATEGORIES – PREVIOUS YEAR

in TEUR

ASSETS	AFS Fair value not recognised in profit or loss	FA@FV/P&L Fair value option Fair value recognised in profit or loss	L&R Amortised cost[1)]	Non-FI Not within the scope of IFRS 7[1)]	Carrying amount on 30 April 2015[1)]	Fair value on 30 April 2015
Trade and other receivables	**0.0**	**0.0**	**146,131.0**	**4,430.2**	**150,561.2**	**150,561.2**
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	4,430.2	143,274.9	143,274.9
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**	**4,430.2**	**318,577.2**	**322,828.7**

LIABILITIES	FL@FV/P&L Fair value option Fair value recognised in profit or loss	FL@FV/P&L HFT Fair value recognised in profit or loss	FLAC Amortised cost[1)]	Non-FI Not within the scope of IFRS 7[1)]	Carrying amount on 30 April 2015[1)]	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	295,028.4	0.0	1,301,279.8	0.0	1,596,308.2	1,616,080.0
Other financial liabilities	481,957.3	0.0	27,158.7	0.0	509,116.0	511,118.8
Trade payables and other liabilities	**0.0**	**70,531.2**	**248,754.7**	**24,483.8**	**343,769.7**	**343,769.7**
Trade payables	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	225,284.9	24,483.8	249,768.7	249,768.7
Financial liabilities held for sale	**169.9**	**0.0**	**188.2**	**0.0**	**358.1**	**358.1**
TOTAL LIABILITIES	**777,155.6**	**70,531.2**	**1,577,381.4**	**24,483.8**	**2,449,552.0**	**2,471,326.6**

AFS: available for sale
FA@FV/P&L: financial assets at fair value through profit or loss
FL@FV/P&L: financial liabilities at fair value through profit or loss
HFT: held for trading
L&R: loans and receivables
FLAC: financial liabilities measured at amortised cost
Non-FI: non-financial assets/liabilities
1) The comparable prior year figures were adjusted (see note 1.3).

The fair values shown in the above tables are determined by applying recognised financial valuation methods (see note 7.1.3 *Hierarchy of fair values of financial instruments*).

Trade accounts receivable are generally considered to be current or are recorded net of any necessary valuation allowances and, for this reason, fair value reflects the carrying amount. The same applies to cash and cash equivalents.

The fair value of other receivables also approximates the carrying value, since any necessary impairment losses have already been deducted.

The carrying amount of the originated loans included in other financial assets corresponds, with the exception of accepted liabilities, to the amortised cost. The fair value of the accepted liabilities represents the present value.

The amounts due to financial institutions generally reflect amortised cost. Liabilities of TEUR 37,281.9 (30 April 2015: TEUR 5,166.7) due to financial institutions were deducted from cash and cash equivalents based on a settlement agreement. Liabilities to banks with annuity subsidies are measured at fair value through profit or loss (see note 2.4.16 *Financial liabilities, trade payables and other liabilities*).

Other financial liabilities consist primarily of amounts due to local authorities. These items are measured at fair value through profit or loss (see note 2.4.4 *Government grants*) or, in the case of market-based interest rates, at amortised cost.

The fair value of miscellaneous other liabilities and trade payables basically corresponds to the carrying amount. The carrying amount of the liabilities held for sale generally reflects the fair value.

The fair values of all assets and liabilities not carried at fair value on the balance sheet represent level 3 on the fair value hierarchy. Information on the valuation methods and input factors is provided in note 7.1.3 *Hierarchy of fair values of financial instruments*.

The recognition and measurement principles are described in note 2. *Accounting policies*.

7.1.2 Net gains and losses

IFRS 7.20 (a) requires the disclosure of net gains and losses for each category of financial instrument defined in IAS 39.9. This information is provided in the following table:

NET GAINS AND LOSSES

2015/16

in TEUR		Measurement at fair value	Impairment loss/value allowance	Income from disposals/ repurchase	Other gains/losses	Net gain/loss
AFS	**Fair value not recognised in profit or loss**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	Thereof recognised to the income statement	0.0	0.0	0.0	0.0	0.0
	Thereof recognised directly in equity	0.0	0.0	0.0	0.0	0.0
FA@FV/P&L	**Fair value through profit or loss**	**343.6**	**0.0**	**–6.2**	**0.0**	**337.4**
	Thereof fair value option	343.6	0.0	–6.2	0.0	337.4
	Thereof HFT	0.0	0.0	0.0	0.0	0.0
L&R	**Amortised cost**	**0.0**	**–1,944.2**	**–185.2**	**576.5**	**–1,552.9**
FL@FV/P&L	**Fair value through profit or loss**	**11,671.0**	**0.0**	**0.0**	**0.0**	**11,671.0**
	Thereof fair value option	9,051.9	0.0	0.0	0.0	9,051.9
	Thereof HFT	2,619.1	0.0	0.0	0.0	2,619.1
FLAC	**Amortised cost**	**0.0**	**0.0**	**538.5**	**–277.4**	**261.1**

NET GAINS AND LOSSES – PREVIOUS YEAR

2014/15

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
HFT: held for trading
L&R: loans and receivables
FL@FV/P&L: financial liabilities at fair value through profit or loss
FLAC: financial liabilities measured at amortised cost

7.1.3 Hierarchy of fair values of financial instruments

The following section includes an analysis of the financial instruments carried at fair value.

HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

in TEUR

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

HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE – PREVIOUS YEAR

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	295,028.4	295,028.4
Other financial liabilities	0.0	0.0	481,957.3	481,957.3
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

The following table provides a reconciliation of the financial instruments measured in accordance with level 3 from the beginning to the ending amounts as of 30 April 2016:

RECONCILIATION OF FINANCIAL INSTRUMENTS

in TEUR	Securities	Originated loans	Derivatives	Financial liabilities	Financial liabilities held for sale
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
Not recognised in profit or loss	0.0	0.0	0.0	0.0	0.0
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**
Balance on 1 May 2015	**1.5**	**9,565.9**	**0.0**	**–776,985.7**	**–169.9**
Recognised in profit or loss	0.0	343.6	0.0	9,051.9	0.0
Additions/Disposals	0.6	1,555.7	0.0	50,802.8	169.9
Transfer to Level 2	0.0	–11,465.2	0.0	717,131.0	0.0
Balance on 30 April 2016	**2.1**	**0.0**	**0.0**	**0.0**	**0.0**

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

VALUATION METHODS AND INPUT FACTORS

Level	Financial instruments	Valuation method	Significant input factors
2	Originated loans	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default
2	Derivatives (interest-rate swaps)	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default
2	Loans and financial liabilities @ FV	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default
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 reflects the interest conditions available to the BUWOG Group and consists of a reference interest curve and a credit spread specific to the BUWOG Group. The discount rates correspond to an interest curve that is based on a Euro interest rate swap curve which extends over terms ranging up to 60 years. Based on the applicable discount rate, a credit spread matching the maturity is added as a premium. This credit spread represents the borrower's premium over the reference interest rate and also reflects the risk profile of the financing and the credit standing of the borrower together with the probability of default (debt value adjustment). Up to and including 30 April 2015, the BUWOG Group derived the applied credit spreads from current financing offers for long-term standing investments because this method better reflected the risk profile of the long-term, relatively low risk financing than the CDS model for the entire BUWOG Group. In this connection, it should be noted that the risk profile for the entire BUWOG Group not only covers the financing for standing investments, but also the financing for development projects with a comparatively higher specific risk. Due to a change in the data base – and the lack of long-term financing offers for a comparable number and volume of standing investments – the credit spread for the BUWOG Group was also calculated with the Bloomberg function DRSK for the valuation of financial liabilities as of 30 April 2016. This function uses current parameters for listed companies to develop a potential five-year CDS model and to transfer this indicator to the various terms with CDS modelling. Since the input parameters used to determine the CDS spreads are now observable on the market, financial liabilities were reclassified from level 3 to level 2 on the IFRS 13 fair value hierarchy as of 30 April 2016. If representative financing based on appropriate volumes and the number of different financing partners is available for standing investments as of a future balance sheet date, the credit spreads will again be derived from these financing offers.

For net present value methods, an increase in the discount interest rate or the credit spread results in a decrease in the fair value, while a decrease in these input factors increases the fair value. Information on the applied discount rates is provided in note 6.14 *Financial liabilities*.

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

The following three parameters are required to calculate the Credit Value Adjustment (CVA) and the Debt Value Adjustment (DVA): Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Probability of Default is derived from the Credit Default Swap spreads (CDS spreads) of the relevant counterparty. 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 the same 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. The Bloomberg function DRSK was used to calculate a separate Probability of Default for the BUWOG Group. This function uses current parameters from listed companies to determine a potential five-year CDS model. The calculation of the BUWOG-specific CDS was based on various parameters that include market capitalisation and share price volatility. The BUWOG-specific CDS was then allocated proportionately to the various terms based on the CDS model and, in this way, used to match the respective maturities. Since the significant input parameters used to develop the CDS spread are observable on the market, the derivatives were allocated to level 2 on the fair value hierarchy as of 30 April 2016.

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 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.

7.1.4 Collateral

The individual companies normally provide collateral for loans related to financing, and every company or property is responsible for the related debt service. As security for the loan, the lending bank receives a package of collateral that can be used to satisfy the receivable in the event the loan is called. This package can include the following types of collateral:
– Mortgage on the land or the land and building
– Pledge of shares in the respective company
– Pledge of receivables from rental agreements
– Pledge of receivables from the sale of apartments
– Pledge of bank accounts

The conditions, type and scope of collateral is defined on an individual basis (for each company and property) and is dependent on the financing volume and the amount and term of the loan. Additional information on collateral is provided in note 7.2.3. *Capital market and financing risk*.

The shares in BUWOG – Bauen und Wohnen Gesellschaft mbH, which were pledged in favour of Raiffeisenlandesbank Oberösterreich as collateral for a loan granted to a member company of the IMMOFINANZ Group in connection with the original acquisition of BUWOG – Bauen und Wohnen Gesellschaft mbH, were released in December 2015. The BUWOG Group charged the IMMOFINANZ Group a normal market liability commission for granting this collateral through the pledge of shares.

The BUWOG GmbH shares were pledged to the Republic of Austria in connection with the repayment of federal loans granted during the course of the acquisition in 2004; the use of the pledge is not expected.

The BUWOG Group had issued bank guarantees of EUR 36.7 million as of 30 April 2016 (30 April 2015: EUR 46.0 million) as security for prepayments by apartment buyers, for guarantee obligations and for the acquisition of property.

7.2 FINANCIAL RISK MANAGEMENT

7.2.1 General information

IFRS 7.31 requires the disclosure of information that enables the users of financial statements to evaluate the nature and extent of risks arising from financial instruments to which the company is exposed as of the balance sheet date.

As a real estate owner and developer, the BUWOG Group is exposed to a variety of risks which, at the same time, can also represent opportunities. A strong and effective risk management process ensures the timely identification of developments that could endanger the realisation of strategic and operating goals and also allows for the inclusion of important information in decision-making processes. Risk management therefore not only covers risk control, but also the systematic handling of the related opportunities.

Active risk management is practiced in all areas of the BUWOG Group. In order to meet the demands on a professional risk management system, special software is used for the administration of the risks and related control mechanisms. This provides the framework for a standardised, verifiable and systematic approach. Internal guidelines, reporting systems and an internal control system (ICS) allow for the monitoring, evaluation and control of risks related to the operating business. These tools have been established throughout the company and are optimised continuously. Risk management takes place at all levels in the BUWOG Group and is the responsibility of the Executive Board. The BUWOG Group has also further optimised the ICS to support the early identification and monitoring of risk (see the management report for a description of the ICS). Internal auditors evaluate the functioning and efficiency of the ICS.

The risk process identifies and analyses risks at the company level and in the operating units on a quarterly basis, whereby 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 identifiable risks and related measures or controls are reported quarterly to the Executive Board. This routine risk management process is accompanied by ad-hoc risk management activities, which round out the continuous risk monitoring and control.

The most significant risk factors are financial risks and market/property-specific risks. Further details on market- and property-specific risks can be found in the management report. The major financial risk factors result from changes in the interest landscape and in the credit standing and solvency of customers and business partners.

7.2.2 Default/credit risk

In accordance with IFRS 7.36, a company must disclose the following information for each class of financial instruments: the maximum exposure to credit risk as of the balance sheet date, excluding any credit enhancements; a description of the collateral received and any credit enhancements; and information on the carrying amount of the financial assets whose contract terms were amended and which would have been classified as past due or impaired under the previous contract terms. In accordance with IFRS 7.B9, the impairments losses recognised in accordance with IAS 39 must be deducted from the gross carrying amount of the financial assets. The remaining amount represents the maximum credit risk. Collateral and other credit enhancements are not included in this calculation, but only disclosed separately (IFRS 7.36[b]). Default/credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the BUWOG Group incurs financial damages as a result. This risk is minimised by the regular monitoring of overdue balances, the settlement of purchase price payments through trustees and, in some cases, through the provision of (mortgage) collateral in favour of the company. Default risks are reflected in appropriate valuation adjustments.

The risk of default on rents receivable is low because tenants are generally required to provide security deposits (for residential properties: cash deposits). The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have good credit ratings. Despite the high quality of its financing partners, the BUWOG Group intends to increase its monitoring of their credit standing in the future. This approach reflects the significant volumes of funds invested with banks due to the Group's business model as well as the regulatory changes planned for the banking sector in the EU.

7.2.3 Capital market and financing risk

The ability to obtain refinancing on the capital markets is an important strategic factor for the BUWOG Group. Significant fluctuations on these markets can limit the availability of equity and/or debt. In order to minimise the refinancing risk, the BUWOG Group works to maintain a balance between equity and debt and distributes bank financing over various terms, thus ensuring a balanced maturity profile. 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 2016, the BUWOG Group had unused working capital credit lines of TEUR 28,000.0 (30 April 2015: TEUR 40,000.0). Additional unused credit lines of TEUR 127,718.3 (30 April 2015: TEUR 150,479.9) from construction financing are also available and are released in accordance with the progress of construction.

In order to eliminate the risks arising from non-compliance with capital market regulations, the BUWOG Group issued a compliance policy following its public listing in 2013/14. This policy is designed to ensure the fulfilment of all capital market obligations and, above all, prevent the misuse or distribution of insider information.

Measures implemented for this purpose included the establishment of a compliance organisation and the definition of authorisations and responsibilities for the compliance officer. Permanent and, where necessary, temporary areas of confidentiality were established and blackout periods and/or trading bans were specified and notified to people working in these areas.

7.2.4 Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term (five-year) plan, an annual budget with monthly segmentation and monthly revolving liquidity reports that include variance analyses. Day-to-day cash management combined with regular extensive reporting to the BUWOG Group's management ensures that operating obligations are met, funds are optimally invested and the necessary flexibility is maintained for short-term acquisition opportunities.

The BUWOG Group also uses long-term financing which takes the financial capability of the properties (interest coverage ratio and/or debt service coverage ratio) and their fair values (loan-to-value ratio) into account (see note 7.3 *Capital management*). To avoid cost overruns and the resulting excess outflow of liquidity, the BUWOG Group routinely monitors budgets and the progress of construction on all development projects and maintenance work.

With regard to the term structure of liabilities, see note 6.14 *Financial liabilities* and 6.15 *Trade payables and other liabilities*.

The imminent outflow of funds from legal risks is continuously monitored by the legal department in consultation with the operating units and the Corporate Finance & Investor Relations Department.

The following table shows a term analysis of non-derivative and derivative financial liabilities based on contractually defined nominal (not discounted) cash outflows.

CASH OUTFLOWS

in TEUR	Carrying amount on 30 April 2016	Outflows of funds under 1 year	Outflows of funds between 1 and 5 years	Outflows of funds over 5 years
Amounts due to financial institutions	1,581,672.7	123,946.3	433,049.1	1,441,017.1
thereof secured by collateral	1,502,009.2	119,020.6	404,148.6	1,374,895.8
thereof not secured by collateral	79,663.5	4,925.7	28,900.5	66,121.3
Amounts due to local authorities	470,891.8	22,290.8	96,337.2	521,892.9
Miscellaneous	311,575.7	256,779.6	27,907.0	26,889.1
Total non-derivative financial liabilities	**2,364,140.2**	**403,016.7**	**557,293.3**	**1,989,799.1**
Derivative financial instruments (liabilities)	67,912.1	15,309.3	48,182.1	16,278.8
Total derivative financial liabilities	**67,912.1**	**15,309.3**	**48,182.1**	**16,278.8**
Financial liabilities held for sale	**0.0**	**0.0**	**0.0**	**0.0**
Total	**2,432,052.3**	**418,326.0**	**605,475.4**	**2,006,077.9**

CASH OUTFLOWS – PREVIOUS YEAR

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	1,596,308.2	95,514.0	350,114.9	1,473,960.6
thereof secured by collateral	1,513,816.8	90,457.3	329,137.4	1,406,813.2
thereof not secured by collateral	82,491.4	5,056.7	20,977.5	67,147.4
Amounts due to local authorities	509,003.0	22,909.6	97,287.4	554,902.0
Miscellaneous	248,867.7	203,883.0	20,864.2	24,120.5
Total non-derivative financial liabilities	**2,354,178.9**	**322,306.6**	**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	**2,425,068.2**	**336,877.1**	**517,640.0**	**2,115,387.0**

Other financial liabilities include financing contributions of TEUR 104,007.0 (30 April 2015: TEUR 107,958.7). These contributions are refunded to the tenant at the end of the lease and collected from the next tenant when the apartment is re-let.

The generation of liquidity from the operating business represents a central element of the BUWOG Group's strategy. Processes to evaluate opportunities for optimisation or a further reduction in operating costs are continuously developed and improved. Internal procurement guidelines for the operating businesses, above all in the area of property services, and construction and facility management, form an important part of these cost reduction and optimisation measures.

7.2.5 Interest rate risk

The BUWOG Group is exposed to the risk of interest rate changes in German-speaking regions. Interest rates increases can have a negative impact on Group earnings by raising the cost of existing floating rate loans. A change in interest rates has a direct influence on the BUWOG Group's financial results through its impact on floating rate loans. The BUWOG Group uses fixed interest rate financing contracts and derivative financial instruments (swaps) to limit the risk associated with rising interest rates – which would lead to higher interest expenses and adversely impact financial results. Based on the floating rate financing that is not hedged with derivative financial instruments, an increase/decrease of one percentage point in the interest rate as of the balance sheet date would have led to an increase/decrease of EUR 2.9 million/EUR –1.1 million (2014/15: EUR 1.8 million/EUR –1.6 million) in interest expense. The derivative financial instruments are recognised at fair value as standalone (rather than hedging) transactions, and any changes in the fair value therefore have a direct impact on financial results. Fair value hedge accounting and cash flow hedge accounting as described in IAS 39.71ff are not applied since the requirements are not met. In addition, the cost-covering rent stipulated for the predominant, but decreasing, part of the residential portfolio reduces interest rate risk because these interest changes can be offset through the rent defined by the Austrian Non-Profit Housing Act.

Derivative financial instruments are recognised and measured at fair value. Derivative financial instruments with a negative fair value are recorded in the consolidated balance sheet under other financial liabilities (see note 6.15 *Trade payables and other liabilities*). Changes in the fair values of derivatives, which are used exclusively for financing purposes, are recognised through profit or loss and included in financial results.

The classification of financial liabilities by type of interest rate is shown in the following table:

FIXED/FLOATING INTEREST RATE

in TEUR	30 April 2016	30 April 2015
Fixed interest financial liabilities	817,247.4	786,503.8
Variable interest financial liabilities	1,235,317.1	1,318,807.3
Total interest-bearing financial liabilities	**2,052,564.5**	**2,105,311.1**

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 2016 in EUR	Reference value as of 30 April 2016 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%-3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	–6,440,057	193,757,340	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–6,299,086	187,205,160	0.72	30 April 2024
Interest rate swap (Bank Austria)	3-M-Euribor	–4,059,060	103,425,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,698,361	131,962,500	0.99	2 January 2025
Interest rate swap (HVB)	3-M-Euribor	–867,304	16,600,000	1.03	30 April 2021
Interest rate swap (HVB)	3-M-Euribor	–2,015,319	30,443,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–276,675	3,718,500	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,532,393	20,593,000	1.39	31 December 2021
Interest rate swap (HVB)	3-M-Euribor	–1,728,009	13,265,400	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,375,973	21,000,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	–4,604,689	26,971,188	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,148,167	22,475,990	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,876,309	26,971,188	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,821,993	11,250,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,677,916	14,902,000	2.99	30 September 2039
Number of derivatives: 15		**–46,421,311**	**824,540,666**		
Interest rate of 3%-4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,792,025	7,777,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,696,460	24,210,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–7,985,933	46,136,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,392,284	25,375,000	3.11	30 September 2031
Number of derivatives: 4		**–18,866,702**	**103,498,000**		
Interest rate above 4.5%					
Interest rate swap (Euro Hyp)	3-M-Euribor	–2,624,088	25,060,000	4.58	30 June 2018
Number of derivatives: 1		**–2,624,088**	**25,060,000**		
Total derivatives: 20		**–67,912,101**	**953,098,666**	**1.43**	

DERIVATIVES – PREVIOUS YEAR

	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)	3-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**	

The reference value forms the basis value for derivatives outstanding as of the balance sheet date. The fair value represents the amount the respective company would receive or be required to pay if the transaction were settled as of the balance sheet date.

A change in the market interest rate influences the valuation of interest rate derivatives and financial liabilities that are associated with property subsidies and recognised at fair value. Net present value methods based on the DCF model, which are also used to value interest rate derivatives and financial liabilities, determine fair value by discounting future cash flows with current discount curves. These discount curves consist of a reference interest rate curve and a BUWOG-specific interest premium (credit spread) (see note 7.1.3 *Hierarchy of fair values of financial instruments*). Increasing (decreasing) interest rates result in a higher (lower) discount factor and a reduction (increase) in the negative fair value of the derivatives or financial liabilities. Sensitivity analyses are used to illustrate the risk associated with interest rate fluctuations. They show the effects of changes in the market interest rates on fair values, interest payments, interest income and interest expenses.

The following sensitivity analysis shows the impact of a change in the interest level on the market values of interest derivatives (interest swaps). A change of 10, 25 or 50 basis points in the interest rate is assumed.

INTEREST RATE RISK FOR DERIVATIVES

in TEUR

Sensitivity analysis 2015/16	Negative fair value 30 April 2016	Interest rate scenarios +/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–67,912.1	+3,269.5	+13,905.4	+31,833.3
Change in negative fair value on decrease in interest rate	–67,912.1	–10,622.4	–20,935.5	–38,161.4

Sensitivity analysis 2014/15	Negative fair value 30 April 2015	+/–10 BP	+/–25 BP	+/–50 BP
Change in negative fair value on increase in interest rate	–70,531.3	+5,307.3	+18,366.1	+39,629.5
Change in negative fair value on decrease in interest rate	–70,531.3	–12,464.8	–26,070.3	–49,287.7

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 2015/16	Fair value 30 April 2016	Interest rate scenarios +/–50 BP	+/–100 BP
Change in fair value on change in interest rate	–717,130.9	+/–37,523.7	+/–70,812.5

Sensitivity analysis 2014/15	Fair value 30 April 2015	+/–50 BP	+/–100 BP
Change in fair value on change in interest rate	–776.985,7	+/–41,189.9	+/–79,087.7

Details on the conditions of financial liabilities are provided in note 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 are therefore exposed to no risk or only limited risk.

7.3 CAPITAL MANAGEMENT

The goal of BUWOG's Executive Board is to protect the Group's liquidity over the short-, medium- and long-term. Hedging instruments such as swaps are used to manage liquidity, above all when interest rates are low. In addition, BUWOG's target calls for a sustainable Loan-to-Value ratio (LTV) of less than 50%.

DEBT-EQUITY-RATIO

in TEUR	30 April 2016	30 April 2015[1)]
Debt	2,744,132.2	2,656,499.4
Equity	1,699,958.8	1,524,300.2
Debt equity ratio	**161.4%**	**174.3%**

1) The comparable prior year figures were adjusted (see note 1.3).

The following table shows the calculation of the loan-to-value ratio:

LOAN-TO-VALUE

in TEUR	30 April 2016	30 April 2015
Long-term financial liabilities	1,947,004.0	2,015,986.6
Short-term financial liabilities	105,657.8	89,437.6
Liabilities held for sale	0.0	358.1
Less cash and cash equivalents	–82,540.1	–149,153.2
Total net financial liabilities	**1,970,121.7**	**1,956,629.1**
Investment property	3,885,043.7	3,620,762.6
Investment property under construction	32,964.8	14,578.0
Non-current assets held for sale	0.0	5,849.6
Real estate inventories	217,253.7	197,572.8
Total investment property	**4,135,262.2**	**3,838,763.0**
LTV	**47.6%**	**51.0%**

The BUWOG Group is not subject to any minimum capital requirements defined by external sources. There were no changes in the Group‘s capital management approach during the reporting year.

7.4 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 note 2.4.2 *Investment property and property 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 OF INVESTMENT PROPERTY

	30 April 2016			30 April 2015		
in TEUR	Total	Austria	Germany	Total	Austria	Germany
Investment property	**3,885,043.7**	**2,132,466.7**	**1,752,577.0**	**3,620,762.6**	**2,128,519.0**	**1,492,243.6**
Less undeveloped land (pipeline projects)	–168,766.4	–67,414.0	–101,352.4	–68,624.9	–40,691.6	–27,933.3
Plus fair value of non-current assets held for sale	0.0	0.0	0.0	5,849.6	5,090.0	759.6
Basis for sensitivity analysis	**3,716,277.3**	**2,065,052.7**	**1,651,224.6**	**3,557,987.2**	**2,092,917.4**	**1,465,069.9**

If the input parameters for the undeveloped land (see note 2.4.2 *Investment property and property under construction*) were to change, the carrying value would change accordingly.

The following table shows the per cent change in the value of investment property based on the values included in the sensitivity analysis as a result of changes in the parameters.

SENSITIVITY ANALYSIS: AUSTRIA

in TEUR

Sensitivity analysis 2015/16 – parameters	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate	2,065,052.7	+25	–3.1%	2,001,092.8
		–25	3.3%	2,133,200.3
Sale price potential	2,065,052.7	+10%	2.4%	2,114,734.1
		–10%	–7.6%	1,907,203.1

Sensitivity analysis 2014/15 – parameters	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: GERMANY

in TEUR

Sensitivity analysis 2015/16 – parameters	Original value	Change in % points/in %	Change in value	Fair value after change in value
Discount rate/exit cap rate	1,651,224.6	+25	–5.0%	1,568,578.1
		–25	5.6%	1,743,323.2
Inflation	1,651,224.6	+25	–0.6%	1,641,998.5
		–25	0.6%	1,660,419.8
Market rent	1,651,224.6	+10%	9.7%	1,811,416.6
		–10%	–10.5%	1,477,344.6
Market rent increase	1,651,224.6	+25	12.3%	1,853,793.1
		–25	–5.1%	1,566,295.1

Sensitivity analysis 2014/15 – parameters	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

Explanations of the parameters used:

Discount rate/exit cap rate: The DCF model for the Austrian portfolio does not include an exit cap rate, only the discount rate is changed. In the DCF model for the German portfolio, 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 several properties with a total of 88 units in non-core areas of Brandenburg. Therefore the sale price potential is not simulated.

Inflation: The inflation rate in the Austrian portfolio was not simulated. Over 80% of the rental income generated by BUWOG's Austrian properties reflects subsidised prices (cost-covering rent and Burgenland benchmark -30%). Maintenance costs (maintenance and improvement contribution) represent the major component of the rent and a transitory item for the publicly subsidised properties in this country.

Market rents: Over 80% of the rental income in 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 rent increases 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: Over 80% of the rental income generated by BUWOG's Austrian properties reflects subsidised prices (cost-covering rent and Burgenland benchmark -30%). Maintenance costs (maintenance and improvement contribution) represent the major component of the rent and a transitory item for the publicly subsidised properties in this country. The simulation of maintenance costs in the DCF model for the German portfolio is generally less sensitive. Therefore, maintenance costs were not simulated.

7.5 LEGAL, TAX, POLITICAL AND REGULATORY RISKS

7.5.1 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 minimises the risks for buildings and undeveloped land under its ownership through building insurance, resp. property liability insurance.

The risks for the BUWOG Group from the cap on rent increases in Germany are related primarily to the prices for new rentals and are discussed below. Rental prices on the German housing market have risen significantly over the past five years, chiefly due to increased demand. The growing pressure on politicians to intervene in tight housing markets led to a cap on rent increases which was approved by the German Federal Cabinet at the end of September 2014. The prices for new rental contracts cannot exceed the comparable standard rent for the area more than 10% or, if the previous rent was higher, the new rent is capped at the previous level. This regulation has been in force in Berlin since June 2015 and in Hamburg since July 2015. The rental price cap has also been in effect at a number of locations in Schleswig-Holstein and Kassel since November 2015 and could follow in Brunswick, Lüneburg and Buchholz during the second half of 2016. The percentage of BUWOG's German portfolio that is currently subject to the cap – or could come under these rules in the near future – is estimated at up to 32% (previous year: 11%) of the standing investment units. The comparable figure for BUWOG's entire portfolio is estimated at 17% of the units, compared with 6% as of 30 April 2015.

The implementation of the rental price cap does not create any substantial negative effects for the BUWOG Group. The related effects have been integrated in full in the Group's multi-year planning.

7.5.2 Tax risks

Tax audits for previous years are still in progress or have not yet started for a number of BUWOG Group companies. These audits may result in additional tax payments.

The two Austrian subsidiaries, BUWOG – Bauen und Wohnen GmbH, Vienna, and BUWOG – Süd GmbH, Villach, (formerly: ESG Wohnungsgesellschaft mbH Villach), have filed appeals against the corporate income tax assessments for 2001–2011 (BUWOG) resp. 2004–2011 (BUWOG – Süd GmbH), 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 limits on the deductibility of interest expense for the determination of income taxes could also lead to additional tax payments for the German Group companies in the future.

Changes in shareholder and/or organisational structures could result in a property transfer tax liability or the inability to utilise loss carryforwards. The recognition of deferred taxes on loss carryforwards could be limited or eliminated by fundamental changes in tax regulations, which would lead to expenses at an amount equal to the impairment losses on the related deferred tax assets.

Risks that could lead to an outflow of resources are accounted for in accordance with IAS 37 Provisions or IAS 12 Income Taxes. In order to minimise tax risks, the BUWOG Group relies on its tax departments in Germany and Austria and on the services of well-known external consultants.

7.5.3 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.

7.6 FINANCIAL OBLIGATIONS

7.6.1 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 note 2.4.17 *Provisions*) and the initially recognised amount less accumulated amortisation in accordance with IAS 18. For practical reasons the information concerning the uncertainty of the amount and the maturity breakdown according to IAS 37.86(b) was omitted (also see note 7.1.4 *Collateral*).

7.6.2 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

	2015/16		2014/15	
in TEUR	Real estate inventories	Investment property under construction	Real estate inventories	Investment property under construction
Austria	71,557.0	20,477.0	42,030.0	12,000.0
Germany	32,144.0	0.0	54,832.0	0.0
Total	**103,701.0**	**20,477.0**	**96,862.0**	**12,000.0**

The following table shows the current obligations arising from outstanding construction costs for investment property under construction and real estate inventories for 2015/16 and 2014/15:

OUTSTANDING CONSTRUCTION COSTS – DETAILS

Outstanding construction costs 2015/16	Number of properties	Carrying amount in TEUR	Carrying amount in %	Outstanding construction costs in TEUR	Planned rentable/ sellable space in sqm	Expected fair value after completion in TEUR
Austria	8	71,555.8	54.4%	92,034.0	52,807	204,078.0
Germany	4	60,005.3	45.6%	32,144.0	43,689	149,880.0
Total	**12**	**131,561.1**	**100.0%**	**124,178.0**	**96,496**	**353,958.0**

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**

7.6.3 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 2016	30 April 2015
Less than 1 year	4,365.7	3,900.6
Less than 5 years	17,500.5	17,481.9
Over 5 years	0.0	0.0

Expenses of TEUR 4,058.2 (2014/15: 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 62,000.0 as of 30 April 2016. The purchase price could increase up to TEUR 80,000.0 depending on the total floor space reserved for residential purposes according to the development plan. As of 30 April 2015 obligations for the acquisition of investment properties amounted to TEUR 16,829.7.

In addition, the BUWOG Group had obligations of TEUR 5,839.1 (30 April 2015: TEUR 7,838.4) for maintenance in the investment properties.

7.7 SUBSEQUENT EVENTS

7.7.1 Purchase of land for development projects

The transfer of rights and obligations took place after the balance sheet date in the first quarter of 2016/17 for land purchased during 2015/16 in Hamburg-Bergedorf ("Stuhlrohrquartier" project), Berlin-Neukölln ("Mariendorfer Weg" project) and Vienna ("Vorgartenstrasse" project). An agreement was also concluded for the purchase of land on Döblerhofstrasse in Vienna ("MGC-Plaza" project).

7.7.2 Progress on portfolio adjustments

The BUWOG Group is continuing its strategic portfolio adjustments. The sale of properties in Vorarlberg and Burgenland has now been followed by the evaluation of the sale of a Tyrolian portfolio. A two-step bidding process was started to identify the best bidder. If the expected sale price is realised, the transaction should close during the current calendar year. An estimate of the related financial effects is not possible at the present time.

7.7.3 Acquisition of company shares

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

7.7.4 Change in voting rights

The sale and transfer of 18,542,434 BUWOG shares by IMMOFINANZ AG to Sapinda Invest S.à.r.l. (see note 7.8.2 *Relations with IMMOFINANZ AG*) was followed by the subsequent resale of these shares by Sapinda Invest S.á.r.l. as indicated in a voting rights notification on 20 July 2016. Consequently, Sapinda Invest S.à.r.l. no longer holds any shares of BUWOG AG.

7.8 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.

7.8.1 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 34,129.55 (2014/15: EUR 37,855.29) for legal advising provided to the BUWOG Group companies in 2015/16. The terms of these fees, above all the hourly rates, reflect standard market conditions.

In 2015/16 a close relative of a member of the Supervisory Board purchase an apartment from the BUWOG Group. The purchase price reflected the market level.

7.8.2 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. IMMOFINANZ AG has had no controlling influence over the business and financial policy decisions of the BUWOG Group since the spin-off, and the IMMOFINANZ Group and the BUWOG Group have been two independent corporate groups since that date.

According to a voting rights announcement issued by IMMOFINANZ AG on 11 March 2016, the company held 28,503,782 BUWOG shares, together with its subsidiaries, as of 30 April 2016. This investment represents approx. 28.57% of the share capital of BUWOG AG. Free float therefore equalled 71.43% as of 30 April 2016.

Voting rights announcements after the end of the reporting year on 9 June 2016 and 13 June 2016 indicated that IMMOFINANZ AG had sold and transferred 18,542,434 BUWOG shares to Sapinda Invest S.à.r.l. After the closing of this transaction, IMMOFINANZ AG still held 9,961,348 BUWOG shares, representing approx. 9.98% of the voting rights of BUWOG AG.

A BUWOG subsidiary purchased a 7.3% investment in each of two IMMOFINANZ Group companies from IMMOWEST Beteiligungs GmbH at a market-based price. The companies are located in Germany.

Up to December 2015 there were still a number of guarantees issued on behalf of IMMOFINANZ Group (for additional details, see note 7.1.4 *Collateral*). The related guarantee commissions received in 2015/16 totalled TEUR 3,098.7 (2014/15: TEUR 4,990.3).

Expenses of TEUR 3,598.6 were incurred in 2014/15 for guarantees provided by the IMMOFINANZ Group on behalf of the BUWOG Group. These guarantees were terminated during April 2015.

A number of reciprocal delivery and service relationships remained in effect between the BUWOG Group and IMMOFINANZ AG through 31 December 2015. These relationships generally involve payroll accounting and financial management. Service agreements were concluded to precisely define the scope of services to be performed by the BUWOG Group and by IMMOFINANZ AG and define standard market prices for these services.

Information on receivables and liabilities involving IMMOFINANZ Group companies is provided in notes 6.5 *Trade and other receivables*, 6.14 *Financial liabilities* and 6.15 *Trade payables and other liabilities*.

Transactions between fully consolidated subsidiaries are eliminated during the consolidation and are not explained in detail.

7.8.3 Information on corporate bodies and remuneration

Executive Board
- Daniel Riedl – CEO
- Andreas Segal – Deputy CEO, CFO (since 1 January 2016)
- Herwig Teufelsdorfer – COO (since 1 July 2015)
- Ronald Roos (up to 9 December 2015)

Supervisory Board
- Vitus Eckert – Chairman
- Oliver Schumy – Vice-Chairman (since 1 May 2015)
- Klaus Hübner – Member
- Volker Riebel – Member
- Jutta Dönges – Member
- Stavros Efremidis – Member (since 8 June 2015)
- Elisabeth Manninger – Member
- Markus Sperber – Member
- Raphael Lygnos – Member

The members of the Executive Board and Supervisory Board held a total of 96,559 BUWOG shares as of 30 April 2016 (30 April 2015: 193,317 shares).

Remuneration for the Executive Board of BUWOG AG
The total Executive Board remuneration for the 2015/16 and 2014/15 financial years is as follows:

EXECUTIVE BOARD REMUNERATION

	Daniel Riedl				Andreas Segal[1]		
in TEUR	2015/16	2015/16 (Min.)	2015/16 (Max.)	2014/15	2015/16	2015/16 (Min.)	2015/16 (Max.)
Fixed remuneration	720.0	720.0	720.0	720.0	150.0	150.0	150.0
Remuneration in kind	9.6	9.6	9.6	8.6	7.2	7.2	7.2
Pension fund contributions	72.0	72.0	72.0	72.0	12.9	12.9	12.9
Total fixed remuneration	**801.6**	**801.6**	**801.6**	**800.6**	**170.1**	**170.1**	**170.1**
Short-term incentive	270.2	0.0	270.2	270.0	83.3	0.0	83.3
Total variable remuneration	**270.2**	**0.0**	**270.2**	**270.0**	**83.3**	**0.0**	**83.3**
Termination payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total remuneration	**1,071.8**	**801.6**	**1,071.8**	**1,070.6**	**253.4**	**170.1**	**253.4**

	Herwig Teufelsdorfer[2]			Ronald Roos[3]			
in TEUR	2015/16	2015/16 (Min.)	2015/16 (Max.)	2015/16	2015/16 (Min.)	2015/16 (Max.)	2014/15
Fixed remuneration	208.3	208.3	208.3	178.6	178.6	178.6	250.0
Remuneration in kind	8.2	8.2	8.2	19.3	19.3	19.3	28.6
Pension fund contributions	19.6	19.6	19.6	0.0	0.0	0.0	0.0
Total fixed remuneration	**236.1**	**236.1**	**236.1**	**197.9**	**197.9**	**197.9**	**278.6**
Short-term incentive	208.3	0.0	208.3	166.7	0.0	166.7	250.0
Total variable remuneration	**208.3**	**0.0**	**208.3**	**166.7**	**0.0**	**166.7**	**250.0**
Termination payments	0.0	0.0	0.0	673.5	673.5	673.5	0.0
Total remuneration	**444.4**	**236.1**	**444.4**	**1,038.1**	**871.4**	**1,038.1**	**528.6**

1) Member of the Executive Board since 1 January 2016
2) Member of the Executive Board since 1 July 2015
3) Member of the Executive Board up to 9 December 2015

Long-Term Incentive Programme for the Executive Board of BUWOG AG
The expenses for the Long-Term Incentive Programme for the Executive Board members totalled TEUR 553.7 in 2015/16 (2014/15: TEUR 1,180.1) and included TEUR 460.9 (2014/15: TEUR 763.2) for the stock options for Daniel Riedl and TEUR 92.8 (2014/15: TEUR 416.8) for the stock options for Ronald Roos (member of the Executive Board up to 9 December 2015). Additional details on this programme are provided in note 6.13 *Share-based remuneration agreements*.

Remuneration for the Supervisory Board of BUWOG AG
The members of the Supervisory Board received remuneration of TEUR 195.0 related to the 2014/15 financial year. A provision of TEUR 295.0 was recognised for remuneration related to the 2015/16 financial year. The annual general meeting on 14 October 2016 will be asked to approve this remuneration.

7.9 AUDITOR'S FEES

The fees charged by Deloitte Austria during the 2015/16 financial year comprise TEUR 262.0 (2014/15: TEUR 258.5) for the audit of the separate and consolidated financial statements, TEUR 146.8 (2014/15: TEUR 130.2) for other assurance services and TEUR 913.5 (2014/15: TEUR 14.0) for other consultancy services.

8. GROUP COMPANIES OF BUWOG AG

The following list of Group companies was prepared pursuant to Section 245a (1) Austrian Commercial Code in conjunction with Section 265 (2) of the Austrian Commercial Code and includes the fully consolidated subsidiaries of BUWOG AG.

Company	Country	Headquarters	Interest in capital 30 April 2016	Interest in capital 30 April 2015
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 Development GmbH	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 – Lindenstraße Development GmbH	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 Development GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Regattastraße Verwaltungs GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Scharnhorststraße 26-27 Development GmbH	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%
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%
BUWOG – Süd GmbH (formerly: 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%
Tempelhofer Feld GmbH für Grundstücksverwertung	DE	Berlin	94.54%	94.54%
Zieglergasse 69 Immobilienprojekt GmbH	AT	Vienna	99.98%	99.98%

Company	Country	Headquarters	Interest in capital 30 April 2016	Interest in capital 30 April 2015
P & U Büro- und Wohnparkerrichtungsges.m.b.H.	AT	Vienna	99.98%	99.98%
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 Development GmbH	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%	100.00%
BUWOG – Hausmeister GmbH	DE	Kiel	100.00%	100.00%
BUWOG – Berlin II GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Braunschweig I GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Hamburg Umland I GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Hamburg Umland II GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Herzogtum Lauenburg GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Kiel II GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Kiel III GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Kiel IV GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Kiel V GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Lübeck Hanse I GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Lübeck Hanse II GmbH	DE	Kiel	94.90%	94.90%
BUWOG – Lübeck Hanse III GmbH	DE	Hamburg	94.90%	94.90%
BUWOG – Lübeck Hanse IV GmbH	DE	Kiel	94.90%	94.90%
PRE Andromeda Real Estate GmbH i.L.	DE	Kiel	94.90%	94.90%
PRE Aries Real Estate GmbH i.L.	DE	Kiel	94.90%	94.90%
CHAPINES Vermögensverwaltungsgesellschaft mbH	DE	Kiel	–	94.90%
PRE Aquarius Real Estate GmbH i.L.	DE	Kiel	100.00%	100.00%
BUWOG – Braunschweig II GmbH	DE	Hamburg	100.00%	100.00%
BUWOG – Heidestraße Development GmbH	DE	Berlin	100.00%	100.00%
BUWOG – Goethestraße GmbH	DE	Berlin	100.00%	100.00%
Blitz B14-347 GmbH	DE	Berlin	90.00%	90.00%
Blitz B14-348 GmbH	DE	Berlin	90.00%	90.00%
BUWOG – Schulzestraße Development GmbH	DE	Berlin	100.00%	100.00%
BUWOG – Lückstraße Development GmbH	DE	Berlin	100.00%	100.00%
aptus Heidestraße GmbH	DE	Berlin	100.00%	–
Indian Ridge Investments S.A.	LU	Luxembourg	94.84%	–
BUWOG – Harzer Straße Development GmbH	DE	Berlin	100.00%	–
BUWOG – Mariendorfer Weg Development GmbH	DE	Berlin	100.00%	–
BUWOG – Weidenbaumsweg Development GmbH	DE	Berlin	100.00%	–
BUWOG Seeparkquartier Holding GmbH (formerly: aspern Seestadt U-Bahnquartier Baufeld 1 Holding GmbH)	AT	Vienna	99.98%	–

Company	Country	Headquarters	Interest in capital 30 April 2016	Interest in capital 30 April 2015
BUWOG Seeparkquartier GmbH (formerly: aspern Seestadt U-Bahnquartier Baufeld 1 Entwicklungs-GmbH)	AT	Vienna	99.98%	–
BUWOG – Pfeiffergasse 3-5 GmbH	AT	Vienna	99.98%	–
BUWOG – Deutschland II GmbH	AT	Vienna	100.00%	–
BUWOG – Flensburg Umland GmbH	DE	Kiel	100.00%	–
BUWOG – Hamburg-Süd GmbH	DE	Kiel	100.00%	–
BUWOG – Kiel Meimersdorf GmbH	DE	Kiel	100.00%	–

The consolidated financial statements were completed and signed by the Executive Board of BUWOG AG on 24 August 2016 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, 24 August 2016

The Executive Board of BUWOG AG

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

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of BUWOG AG, Vienna, comprising of the consolidated balance sheet as of April 30, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended, and the notes.

Management's Responsibility for the Consolidated Financial Statements
The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements under section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility
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 Austrian Standards on Auditing. These principles require the application of International Standards on Auditing. Those standards require that we comply with the ethical requirements and 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 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, 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements under section 245a UGB.

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 Group'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 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 are appropriate.

Vienna, 24 August 2016

Deloitte Audit Wirtschaftsprüfungs GmbH

Nikolaus Schaffer
(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 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, 24 August 2016

The Executive Board of BUWOG AG

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

GRI-G4 CONTENT INDEX

In the BUWOG Group's Sustainability Report for 2015/16 the guidelines of the Global Reporting Initiative (GRI) are orientated toward Version G4. It was produced in alignment with the "Core" option.

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	Omissions	Description
Strategy and Analysis			
G4-1	p. 25–27		Statement from the most senior decision-maker
G4-2	p. 20-27, 32-33, 63, 198-202		Key impacts, risk and opportunities relating to sustainability
Organisational Profile			
G4-3	BUWOG Group		Name of the organisation
G4-4	p. 17-19, 38-42, 48-51, 74-79, 86-89		Primary brands, products and services
G4-5	Vienna		Location of the organisation's headquarters
G4-6	p. 32, 36		Relevant countries
G4-7	p. 36		Nature of ownership and legal form
G4-8	p. 38, 48-49		Markets served
G4-9	p. 36, 49		Scale of the organisation
G4-10	p. 193		Employee information
G4-11	p. 193		Collective bargaining agreements
G4-12	p. 32		Suppliers
G4-13	None		Significant changes during the reporting period
G4-14	p. 198-202		Precautionary principle
G4-15	p. 183–184		External charters, principles, initiatives
G4-16	p. 184, 197		Memberships
Identified Material Aspects and Boundaries			
G4-17	p. 244		List of the entities included in the organisation's consolidated financial statements
G4-18	p. 183		Process for defining the report content
G4-19	p. 185		List of all material aspects
G4-20	p. 185		Aspect boundary within the organisation
G4-21		No external stakeholder survey was carried out in the initial report	Aspect boundary outside the organisation
G4-22		Effects of restatements of information provided in previous reports on the aspects of sustainability at the BUWOG Group could not be identified.	Restatements of information provided in previous reports, and the reasons for such restatements
G4-23	p. 183	As this is the first report orientated toward the GRI Guidelines, there are no new formulations or changes.	Significant changes in the scope and aspect boundaries
Stakeholder Engagement			
G4-24	p. 185		Stakeholder groups
G4-25	p. 185	No external stakeholder survey was carried out in the initial report	Basis for identification and selection of stakeholders
G4-26	p. 186		Approach to stakeholder engagement including frequency
G4-27		As no external stakeholders were involved in the materiality assessment for this year's sustainability reporting, there is also no mention of the most important stakeholder issues or a response from the company to these.	Key stakeholder topics and concerns

General Standard Disclosures	Page	Omissions	Description
Report Profile			
G4-28	p. 183		Reporting period
G4-29	p. 183		Date of most recent previous report
G4-30	p. 183		Reporting cycle
G4-31	p. 183		Contact for questions regarding the report
G4-32	p. 183		"In accordance" with the GRI and selected index
G4-33		A full audit of the non-financial content by external auditors will not take place in the scope of the BUWOG Group's sustainability reporting on the basis of GRI Core	External assurance for the report
Governance			
G4-34	p. 37	Governance structure of the organisation	Governance structure of the organisation
Ethics and Integrity			
G4-56	p. 32, 194		The organisation's values, principles, standards and norms of behaviour

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page	Omissions	Description

Category: Economic

Material aspect: Economic Performance			
G4-DMA	p. 32		Report on the management approach
G4-EC1	p. 171-178		Direct economic value generated and distributed
Material aspect: Market Presence			
G4-DMA	p. 191		Report on the management approach
G4-EC5	p. 193		Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation

Category: Environmental

Material aspect: Materials			
G4-DMA	p. 187		Report on the management approach
G4-EN1	p. 188		Materials used by weight or volume
Material aspect: Energy			
G4-DMA	p. 187		Report on the management approach
G4-EN3	p. 189		Energy consumption within the organisation
G4-EN4	p. 189		Energy consumption outside of the organisation
G4-EN5	p. 190		Energy intensity
G4-EN6	p. 190		Reduction of energy consumption
G4-EN7	p. 187		Reductions in energy requirements of products and services
Material aspect: Biodiversity			
G4-DMA	p. 190		Report on the management approach
G4-EN12	p. 190		Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
G4-EN13	p. 190		Habitats protected or restored
Material aspect: Emissions			
G4-DMA	p. 187		Report on the management approach
G4-EN20	p. 188		Emissions of ozone-depleting substances
Material aspect: Compliance			
G4-DMA	p. 122		Report on the management approach
G4-EN29	No fines in the reporting period		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
Material aspect: Environmental Grievance Mechanism			
G4-DMA	p. 187		Report on the management approach
G4-EN34	No grievances in the reporting period		Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms

DMA and Indicators	Page	Omissions	Description
Sub-Category: Society			
Sub-Category: Labour Practices and Decent Work			
Material aspect: Employment			
G4-DMA	p. 191		Report on the management approach
G4-LA1	p. 193		Total number and rates of new employee hires and employee turnover by age group, gender and region
G4-LA2	p. 193		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
G4-LA3	p. 193		Return to work and retention rates after parental leave, by gender
Material aspect: Labour-Management Relations			
G4-DMA	p. 191		Report on the management approach
G4-LA4	p. 192		Minimum notice periods regarding operational changes, including whether these are specified in collective agreements
Material aspect: Occupational Health and Safety			
G4-DMA	p. 191		Report on the management approach
G4-LA5	p. 195		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes
Material aspect: Training and Education			
G4-DMA	p. 191		Report on the management approach
G4-LA9	p. 192		Average hours of training per year per employee by gender, and by employee category
G4-LA10	p. 192		Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
G4-LA11	p. 192		Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
Material aspect: Diversity and Equal Opportunity			
G4-DMA	p. 191		Report on the management approach
G4-LA12	p. 193		Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
Sub-Category: Human Rights			
Material aspect: Investments			
G4-DMA	p. 191		Report on the management approach
G4-HR1	p. 193		Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
Material aspect: Non-Discrimination			
G4-HR3	No incidents of discrimination in the reporting period		Total number of incidents of discrimination and corrective actions taken
Material aspect: Human Rights Grievance Mechanisms			
G4-DMA	p. 122		
G4-HR12	No grievances during the reporting period		Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms
Sub-Category: Product Responsibility			
Material aspect: Product and Service Labelling			
G4-DMA	p. 185		Report on the management approach
G4-PR5	p. 186		Results of surveys measuring customer satisfaction

GLOSSARY

Acquisition cost method. A method to account for investment properties, based on the respective acquisition or production costs less accumulated depreciation (also see IAS 40 and fair value method)

Ad-hoc press release. A corporate press release that could influence the share price. These announcements are published by stock corporations in the form of ad-hoc press releases as required by Section 48d of the Austrian Stock Corporation Act and are designed to ensure that all market participants are provided with the same information.

AGEV (Arbeitgebervereinigung für Unternehmen aus dem Bereich EDV und Kommunikationstechnologie e.V.). An association which represents the economic and social interests of freelancers working in the IT and communication technology areas

Amount in dispute. An expression used in legal proceedings, which refers 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 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

BPM (Bundesverband der Personalmanager e.V.). German federal association of personnel managers

Business segment. Part of a corporate group; BUWOG Group has two segments: Austria and Germany

CAPEX. Abbreviation for capital expenditure; value-increasing investments in properties

Cash flow. The inflows and outflows of liquid funds during a reporting period

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. Guidelines to 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 creates a financial liability for a company and guarantees the owner the right to exchange the bond for a fixed number of common shares in the company

Corporate governance. The general term for corporate management (e.g. management and control).

Coupon. Entitles the holder to receive dividends or interest

Coverage. The analysts who evaluate and assess the company

DAX (Deutscher Aktienindex). German stock 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 concluded a de-domination agreement. This agreement restricts IMMOFINANZ's ability to exercise its voting rights from BUWOG shares and guarantees BUWOG's independence.

Deferred taxes. A balance sheet item to account for differences between the annual financial statements prepared according to IFRS and the financial statements prepared for tax purposes

Development. Development and new construction projects cover property developed and constructed by BUWOG

Discounted cash flow method. See explanatory note in the consolidated annual financial statements under Valuation methods

Discount rate. The interest rate used to discount future cash flows (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

DSAG. German-language SAP user group

Earnings per share. Net profit divided by the average number of shares outstanding

EBITDA. Earnings before interest, tax, depreciation and amortisation (on tangible and intangible assets)

EBIT. Earnings before interest and tax

EBT. Earnings before tax

ECB. European Central Bank

Enterprise value (EV). The value of a company

EPRA. European Public Real Estate Association

EPRA Best Practice Policy. Recommendations made by the EPRA to increase transparency

EPRA/NAREIT. Developed European share index category

EPRA NAV. The Net Asset Value of the BUWOG Group calculated according to EPRA principles (see related comments) adjusted for non-controlling interests, derivatives and deferred taxes.

Equity. The amount of a company's assets remaining after the deduction of all liabilities

EuroStat. Statistical agency of the European Union

Euro Stoxx 50. Stock index of the 50 largest listed companies in Europe

Fair value. The amount for which an asset can be exchanged or a debt settled (fair value of a liability) between knowledgeable, willing parties and independent business partners

FFO (Funds from Operations). An operating ratio which, particularly in the real estate sector, is an indicator of a company's profitability. Net profit or loss is adjusted, above all, to account for non-cash effects.

FFO Yield. Profitability indicator that compares FFO with NAV to show the return generated in a financial year

Fiabci. Fédération Internationale des Administrateurs de Biens Conseils Immobiliers

Free float. Shares owned by a large number of investors that are in circulation on the market

Full consolidation. A consolidation method under which the assets and liabilities of a subsidiary company are incorporated into the Group financial statements in their entirety

Gross margin. The income generated by a property after the deduction of management costs (depreciation, operating costs etc.)

IAS. International Accounting Standards

IAS 40. The International Accounting Standard that regulates the accounting and valuation of investment properties. It provides an option to apply the fair value method or the acquisition cost method (also see acquisition and fair value models)

IATX. Sectoral index for property values in the ATX

ICS. Internal control system

IFRIC (International Financial Reporting Interpretations Committee). Sub-group of the International Accounting Standards Committee Foundation (IASCF) that deals with the interpretation of IFRS and IAS accounting standards

IFRS (International Financial Reporting Standards). International accounting standards

IMMOEBS. Association of the alumni and supporters of the post-graduate and masters programs in real estate economy at the European Business School and University of Regensburg

Interest coverage ratio. Indicator that compares earnings to interest payments

Investment properties. See explanatory notes in the consolidated financial statements under 6.1

ISDA. Standard framework agreement of the International Swaps and Derivatives Association (ISDA) for international trade with over-the-counter derivatives

ISIN. International Security Identification Number

IVA (Österreichischer Interessenverband für Anleger). Austrian Shareholders Association

Like-for-like approach. The change in rental income adjusted for new acquisitions, sales and vacancies during the reference period

LTV (Loan-to-value). The book value of financial obligations less liquid funds in relation to the book value of real estate assets

Margin on fair value. Gross margin generated by a managed property in relation to its fair value

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 EPRA Indicators

NAV per share. NAV divided by the number of shares as of the reporting date

Net cold rent = rental income excluding operating and other ancillary costs

Net 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.

ÖVI (Österreichischer Verband der Immobilienwirtschaft). Austrian real estate association

Property Development. Covers the acquisition of land as well as the development and construction of marketable properties. Property Development services represent a business area of the BUWOG Group.

Property Management. Organisational unit for the management, administration and supervision of properties

Property portfolio. All investment properties owned by the BUWOG Group, see Portfolio report

Property Sales. Property Sales/trade covers the sale of properties and represent a business area of the BUWOG Group.

Property valuation. Property appraisal carried out by external experts. The BUWOG Group properties are appraised by external experts as of 30 April and 31 October.

PRVA (Public Relations Verband Austria). Austrian public relations association

Recurring FFO. Sustainable FFO (see comments above) with contributions from Asset Management, Unit Sales and Property Development

RICS. Royal Institution of Chartered Surveyors

Scope of consolidation. 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 the shares of BUWOG AG from the Group's former parent company, IMMOFINANZ AG

Stock performance. The development of a share price during a specific period

Stock units: Property assets that are held to generate rental revenue

Unit Sales. Sale of individual apartments to third parties or tenants

Volume Weighted Average Price (VWAP). The amount paid per share for a negotiable instrument for a certain period. It is calculated based on the volume and prices of all transactions during the relevant period.

Voting right. The right to vote at the annual general meeting

Yield. The relationship between the return on an investment and the amount of the investment

Yield Compression. A situation where the increase in the market value of a property is accompanied by declining yields

ZIA (Zentraler Immobilien Ausschuss). A German real estate industry association that was founded in 2006

FINANCIAL CALENDAR

31 August 2016	Publication of the Annual Report for 2015/16
1–2 September 2016	Capital Markets Day, Berlin
6–8 September 2016	EPRA Annual Conference 2016, Paris
13–14 September 2016	Bank of America Merrill Lynch 2016 Global Real Estate Conference, New York
19–21 September 2016	Berenberg and Goldman Sachs Fifth German Corporate Conference, Munich
20–22 September 2016	Baader Investment Conference, Munich
28 September 2016	Publication of the Q1 Report for 2016/17
29 September 2016	Société Générale Pan European Real Estate Conference, London
4 October 2016	Record date for the Annual General Meeting
10–14 October 2016	Erste Investor Conference, Stegersbach
14 October 2016	Annual General Meeting of BUWOG AG, Stadthalle Vienna
17 October 2016	Ex-dividend date
18 October 2016	Record date for dividend
19 October 2016	Dividend payment date
5–8 December 2016	Berenberg European Corporate Conference, Surrey, UK
21 December 2016	Publication of the H1 Report for 2016/17
22 March 2017	Publication of the 9M Report for 2016/17

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