REPORT ON THE 1ST HALF-YEAR 2014/15

1 MAY TO 31 OCTOBER 2014

SUCCESSFUL BUSINESS DEVELOPMENT

- Monthly in-place rent: EUR 4.74 per sqm
- Net profit: EUR 20.6 million
- Recurring FFO: EUR 41.3 million
- Fair value (standing investments): EUR 3.5 billion
- **Increase in forecast for Recurring FFO to approx. EUR 80–85 million for 2014/15**

BALANCED PROPERTY PORTFOLIO

- 52,467 standing investment units distributed almost equally between Austria and Germany, total floor area of 3.6 million sqm

THE BUWOG SHARE

- Dividend of EUR 0.69 per share for the financial year 2013/14 paid in October 2014
- Sound share price increase of approx. 19% (incl. dividend)

BUWOG group

CONTENT

BUWOG GROUP KEY FIGURES

EARNINGS DATA		H1 2014/15	FY 2013/14[1]
Net cold rent	in EUR million	85.2	116.5
Results of Asset Management	in EUR million	60.7	75.9
Results of Property Sales	in EUR million	17.6	34.0
Results of Property Development	in EUR million	4.4	4.9
EBITDA adjusted[2]	in EUR million	72.5	105.0
Revaluation results from Asset Management	in EUR million	35.2	42.7
Financial results[3]	in EUR million	-82.4	-9.2
EBT	in EUR million	28.7	131.5
Net profit	in EUR million	20.6	111.8
FFO	in EUR million	23.9	40.7
Recurring FFO	in EUR million	41.3	69.2
Total FFO	in EUR million	41.7	81.8
AFFO	in EUR million	35.7	75.5

ASSET AND FINANCIAL DATA		31 October 2014	30 April 2014	Change
Balance sheet total	in EUR million	4,041.6	3,355.3	20.5%
Equity ratio	%	37.2%	46.3%	-9.1 PP
Net financial liabilities	in EUR million	1,917.1	1,010.4	89.7%
Loan-to-value (LTV)	%	50.3%	35.9%	14.4 PP
EPRA Net Asset Value	in EUR million	1,719.4	1,714.3	-0.3%
Ø Interest rate on financial liabilities[3][4]	%	2.26%	2.45%	0.19 PP
Ø Term of financial liabilities[3][4]	years	14.7	14.6	0.1

SHARE DATA		31 October 2014	30 April 2014
Shares outstanding	Number of shares	99,613,479	99,613,479
Market capitalisation	in EUR million	1,473.3	1,314.9
Free float	%	51%	51%
Earnings per share[1][5]	in EUR	0.20	1.12
Recurring FFO per share[1][5]	in EUR	0.41	0.69
EPRA Net Asset Value per share[5]	in EUR	17.26	17.21
Enterprise value/adjusted EBITDA[5]	x	–	22.1

Since the BUWOG Group was only established at the end of April 2014, the key data do not include any comparative values for the first half of 2013/14.
Data on the 2013/14 financial year is provided for reference purposes.
The use of automated calculation systems may give rise to rounding differences.

1) The earnings data from previous periods are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) Results of operations adjusted for valuation effects from non-current assets held for sale (EUR 0.2 million)
3) Financial results are influenced by negative non-cash results from the valuation of derivatives at fair value through profit or loss (EUR -17.4 million) and by financial liabilities (EUR -40.7 million)
4) Based on the outstanding liability. The hedge for the mortgage loan (DGAG acquisition) and the refinancing of the convertible bond were still in progress as of the balance sheet date.
5) Based on 99,613,479 shares

KEY PROPERTY PORTFOLIO DATA

ASSET MANAGEMENT (STANDING INVESTMENTS)		31 October 2014	30 April 2014	Change
Number of units	Quantity	52,467	33,475	56.7%
Austria	Quantity	26,001	26,250	-0.9%
Germany	Quantity	26,466	7,225	266.3%
Total floor area	in sqm	3,640,506	2,491,290	46.1%
Austria	in sqm	1,992,454	2,012,137	-1.0%
Germany	in sqm	1,648,052	479,153	244.0%
Residential floor area in %	%	96.9%	97.1%	-0.2 PP
Annualised in-place rent[1]	in EUR million	198	123	60.7%
Austria	in EUR million	94	93	0.6%
Germany	in EUR million	104	30	247.2%
Monthly in-place rent[1]	in EUR pro sqm	4.74	4.31	9.9%
Austria	in EUR pro sqm	4.15	4.06	2.3%
Germany	in EUR pro sqm	5.42	5.34	1.6%
Development of in-place rent – like-for-like[2]	%	3.2%	1.8%	1.4 PP
Development in Austria – like-for-like	%	3.2%	1.9%	1.3 PP
Development in Germany – like-for-like	%	3.2%	1.6%	1,6 PP
Vacancy rate[3]	%	4.5%	4.8%	-0.3 PP
Austria	%	5.8%	5.0%	0.8 PP
Germany	%	2.9%	3.6%	-0.7 PP
Fair value[4]	in EUR million	3,532	2,526	39.8%
Austria	in EUR million	2,126	2,127	-
Germany	in EUR million	1,406	399	252.5%
Fair value[4]	in EUR per sqm	970	1,014	-4.3%
Austria	in EUR per sqm	1,067	1,057	1.0%
Germany	in EUR per sqm	853	834	2.3%
Net rental yield[5]	%	5.6%	4.9%	0.7 PP
Austria	%	4.4%	4.4%	-
Germany	%	7.4%	7.4%	-

		H1 2014/15	FY 2013/14
Maintenance costs	in EUR per sqm	4.8	10.6
CAPEX	in EUR per sqm	1.8	2.6

PROPERTY SALES		H1 2014/15	FY 2013/14
Units sold	Quantity	315	2,292
thereof Unit Sales	Quantity	267	553
thereof Block Sales	Quantity	48	1,739
Margin on fair value – Unit Sales	%	66%	54%
Margin on fair value – Block Sales	%	18%	11%

PROPERTY DEVELOPMENT		H1 2014/15	FY 2013/14
Completed total floor area	in sqm	20,299	30,663
thereof sold to third parties	in sqm	14,564	30,663
thereof transferred to investment portfolio	in sqm	5,735	-
Investments in property under construction	in EUR million	201	122

The use of automated calculation systems may give rise to rounding differences.
1) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
2) Comparison: 31 October 2014 vs. 31 October 2013 as well as 30 April 2014 vs. 30 April 2013 on a like-for-like basis
3) Based on sqm
4) Based on fair value as determined by a CBRE appraisal: 31 October vs. 30 April 2014
5) Annualised in-place rent (based on monthly in-place rent excluding utilities as of the balance sheet date) in relation to fair value

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS OF BUWOG AG

The first half of the 2014/15 financial year is now behind us and we are pleased to report to you on generally positive developments. BUWOG's strategy is working – and in a very sustainable way. The acquisition of the DGAG and Apollo property portfolios and the management platform in Germany, which we presented in our last reports, have led the BUWOG Group into a new dimension. Our portfolio contained exactly 52,467 units as of 31 October 2014, which is nearly 19,000 units more than at the end of 2013/14. The total floor area of over 3.6 million sqm is 46% higher than at the beginning of the current financial year. Based on the number of units, the BUWOG portfolio is now distributed almost equally between Austria and Germany. These developments demonstrate that we have kept the strategic promise made at the start of trading to substantially increase the share of properties in the high-return regions of Germany.

This strategy is also reflected in the development of our business during the first half of 2014/15 from 1 May to 31 October. Although the consolidation of the DGAG and Apollo property portfolios only had an effect on earnings as of 1 July, net cold rent totalled roughly EUR 85.2 million for the first half-year – which means we have already generated roughly three-fourths of the total rental income recorded in the previous financial year. Annualised in-place rent as of 31 October 2014 amounted to approx. EUR 198 million, which is EUR 75 million more than six months ago.

In terms of results, the BUWOG Group generated EUR 60.7 million in the Asset Management business area during the reporting period. The second quarter of 2014/15 was responsible for EUR 34.6 million of this total and reflected the full inclusion of the earnings from the recently acquired property portfolios. The Property Sales business area contributed EUR 17.6 million to Group results and continued the steady development of Unit Sales from the first quarter. The Property Development business area matched the previous year with results of EUR 4.4 million in the first half of 2014/15. The decline compared with the first quarter was caused by cyclical factors and will be, according to our estimates, more than offset during the last six months of this year. In total, the BUWOG Group recorded EBITDA adjusted of EUR 72.5 million for the reporting period. Financial results of EUR -82.4 million were influenced by interest expense as well as negative non-cash effects from the fair value measurement of derivatives (EUR -17.4 million) and financial liabilities (EUR -40.7 million) through profit or loss. Earnings before tax (EBT) amounted to EUR 28.7 million and net profit to EUR 20.6 million. The comparable values for the first quarter were EUR 8.2 million and EUR 6.2 million.

We use FFO indicators as the main criteria for evaluating the development of BUWOG's operating business because of the above-mentioned non-cash effects. Recurring FFO, which also serves as the benchmark for the dividend payment, amounted to EUR 41.3 million in the first half-year, compared with EUR 69.2 million in the full 12 months of 2013/14. In agreement with the BUWOG Group's business model, this figure does not include the proceeds from Block Sales. These proceeds are reported under total FFO, which equalled EUR 41.7 million for the reporting period, compared with EUR 81.8 million in the full 12 months of 2013/14.

These operating successes were supported by a variety of measures and synergy effects as well as a positive business environment. In the Asset Management business area, we increased in-place rent by 3.2% year-on-year on a like-for-like basis in the first half of 2014/15. This led to an improvement in the net rental yield to 5.6% as of 31 October 2014 (30 April 2014: 4.9%). The fair value underlying this calculation totalled EUR 3.5 billion, which is nearly 40% higher than on 30 April 2014. The vacancy rate was reduced from 4.8% at the end of April to 4.5% at the end of October 2014. Our goal for the remainder of this year is to continue this positive development and integrate the standing investment units in Germany under a common management platform.

Ronald Roos, CFO
Daniel Riedl, CEO

In the Property Sales business area, 267 apartments were sold through Unit Sales during the reporting period at a margin of 66% over fair value. A further 48 units were sold in the firm of Block Sales at a margin of roughly 18% over fair value. These transactions contributed approx. EUR 17.6 million to earnings.

The Property Development business area completed four new construction projects in Vienna with a total of 275 units during the first half of 2014/15, and a further 592 units are currently under construction. The investment volume in the development pipeline, including land reserves, totals EUR 1.5 billion. Cyclical effects related to the completion of these projects led to a decline in the results generated by this business area from EUR 6.8 million in the first quarter to EUR 4.4 million for the first half of 2014/15. We expect that these effects will be offset during the remainder of this financial year.

We would like to recall that BUWOG AG was established at the end of April 2014. Therefore, the key data do not include any comparative figures for the first quarter of 2013/14. Selected data on the 2013/14 financial year is provided for reference purposes.

In view of the successes achieved to date, we are increasing our target for Recurring FFO in 2014/15 from EUR 75 million to approx. EUR 80–85 million. Our plans for Asset Management still call for investments and maintenance of EUR 16 per sqm. The Property Sales business area should complete Unit Sales of roughly 500 apartments. The resulting proceeds will be invested to continue BUWOG's expansion in Germany if appropriate opportunities arise. The focus for Property Development lies on the continued realisation of the project pipeline in Vienna and Berlin.

A brief look at the development of the BUWOG share shows an increase in the share price from the initial listing date to the end of October 2014 of approx. 14%. Including the EUR 0.69 dividend paid in dividend October, that represents a return of approx. 19%.

We can assure you that the entire BUWOG team will do everything possible to support a further increase in the price of the BUWOG share through continued operating success and transparent, timely communications.

In conclusion, we would like to wish you a Happy Holiday Season and a good start into the New Year.

Best regards,

Daniel Riedl, FRICS – CEO

Ronald Roos – CFO

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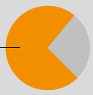
OVERVIEW OF THE BUWOG GROUP

The BUWOG Group has grown over a 60-year history to become the leading German-Austrian full-service provider in the residential property sector. The company's high-quality property portfolio comprises roughly 52,500 units, which are equally distributed between Austria and Germany. The entire value chain in the residential sector is covered by BUWOG's activities in the areas of Asset Management (sustainable portfolio management and administration), Property Sales (profitable sale of individual apartments and portfolios) and Property Development (planning and construction of new buildings). Since the end of April 2014, the shares of BUWOG AG have traded on the stock exchanges in Frankfurt, Vienna and Warsaw.

THE 3 PILLARS OF THE BUWOG GROUP BUSINESS MODEL

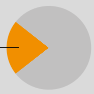
ASSET MANAGEMENT
- Generation of rental income from standing investments in Austria and Germany
- Optimisation through active management
- Further selective growth in Germany planed with approx. 2,000 – 4,000 units per year

Share of net operating income[1)]
74%



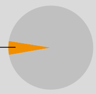
PROPERTY SALES
- Medium- to long-term sale potential of approx. 13,500 apartments through Unit Sales
- Realisation of attractive margins from Unit Sales in Austria
- Target for Unit Sales of approx. 500 apartments per year

Share of net operating income[1)]
21%



PROPERTY DEVELOPMENT
- Development projects for sale (Vienna/Berlin) and for investment portfolio (Vienna)
- Balanced project pipeline of approx. EUR 1.5 billion
- Focus on high profitability and risk minimisation

Share of net operating income[1)]
5%



RECURRING FFO
- Recurring FFO of EUR 41.3 million in first half of 2014/15
- Medium-term objective to distribute 60% to 65% as dividends

Strategic Block Sales in Austria
(up to 4,000 standing investment units)

TOTAL FFO
- Total FFO of EUR 41.7 million in first half of 2014/15

1) Net operating income before expenses that are not directly attributable to the business areas (EUR 14.1 million) and other operating income (EUR 3.6 million).



PROFITABLE VALUE CHAIN

A fully integrated business model clearly distinguished the BUWOG Group from its peers. The generation of high Recurring FFO, which allows for an attractive dividend policy as well as steady growth, is supported by three business areas: Asset Management, Property Sales and Property Development.

ASSET MANAGEMENT

Asset Management is responsible for the sustainable, optimised management of the standing investments. Most of the revenues are generated by the rental of apartments. The focus here is on increasing rental income and optimising maintenance costs. The BUWOG Group's portfolio includes nearly 52,500 units in Austria and Germany (roughly one-half in each country). In the key market locations in Austria and Germany, the BUWOG Group is represented with local teams (for details see page 10).

PROPERTY SALES

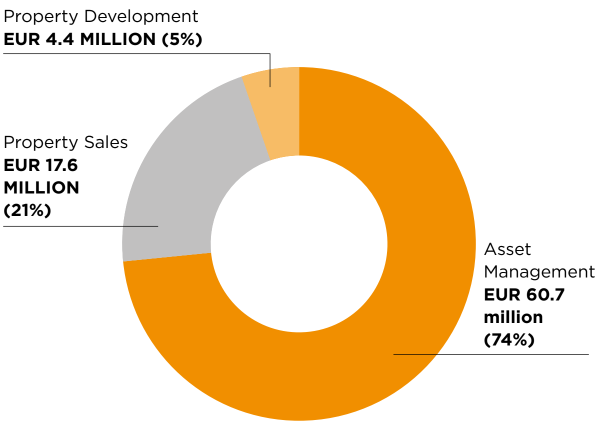
The business model for Property Sales has two components: Unit Sales and Block Sales (property and portfolio transactions). It is designed to continuously and profitably optimise the BUWOG Group's standing investment portfolio through the high-margin sale of individual apartments to owner-occupiers and cycle-optimised block sales to investors. In the first half of 2014/15, 267 apartments were sold through Unit Sales and 48 apartments through Block Sales (for details see page 15).

PROPERTY DEVELOPMENT

Property Development bundles the development of residential property projects for the BUWOG Group's own portfolio or for direct sale after completion. As a developer, the BUWOG Group has completed roughly 30,000 apartments in Austria since its founding. The property development business is concentrated in the heavily populated, economically strong capital cities of Vienna and Berlin. The company's development pipeline contained nearly 5,500 units (including roughly 700 sites as land reserves) with a total investment volume of approx. EUR 1.5 billion (for details see page 17).

HIGHLIGHTS
1ST HALF-YEAR 2014/15

OPERATING RESULTS[1] BY BUSINESS AREA



1) Results of operations before expenses not directly attributable to the business areas (EUR 14.1 million) and other operating income (EUR 3.6 million)

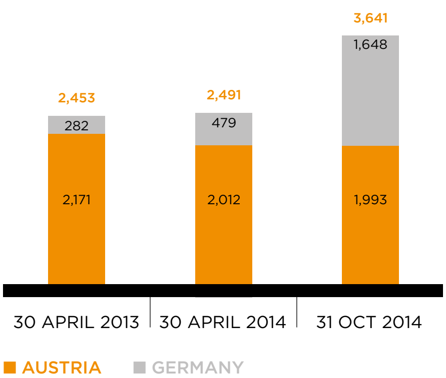
SUCCESSFUL BUSINESS DEVELOPMENT

- EBITDA adjusted of EUR 72.5 million
- Net profit of EUR 20.6 million
- Recurring FFO of EUR 41.3 million
- Increase in target for Recurring FFO to approx. EUR 80–85 million for the 2014/15 financial year
- LTV at 50.3% on lower end of 50% to 55% target corridor

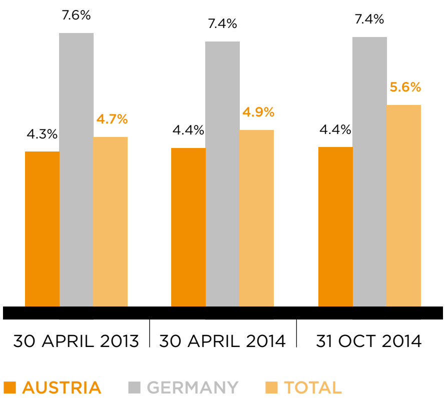
HIGHLIGHTS ASSET MANAGEMENT

- Property portfolio covers approx. 52,500 units or roughly 3.6 million sqm of total floor area as of 31 October 2014
- Increase in annualised in-place rent to approx. EUR 198 million as of 31 October 2014 with a net rental yield of 5.6% for the entire portfolio
- Active management of the standing investment portfolio leads, among others, to 3.2% like-for-like growth in in-place rent as of 31 October 2014 (year-on-year comparison).

TOTAL FLOOR AREA
in 1,000 sqm



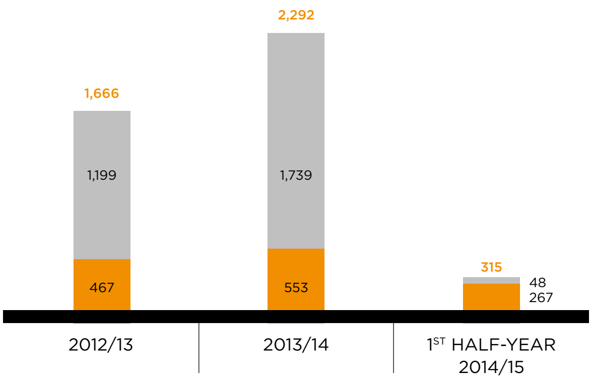
NET RENTAL YIELD
in %



HIGHLIGHTS PROPERTY SALES

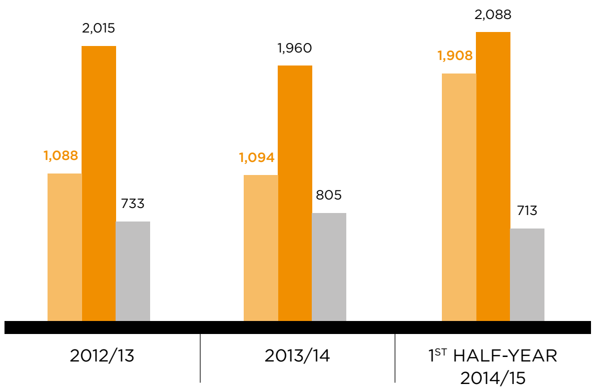
- Unit Sales: 267 units sold in the first half of 2014/15 (margin on fair value: approx. 66%).
- Block Sales: two properties with 48 units sold as part of portfolio optimisation (margin on fair value: approx. 18%).

NUMBER OF UNITS SOLD



AVERAGE PRICE REALISED

in EUR per sqm

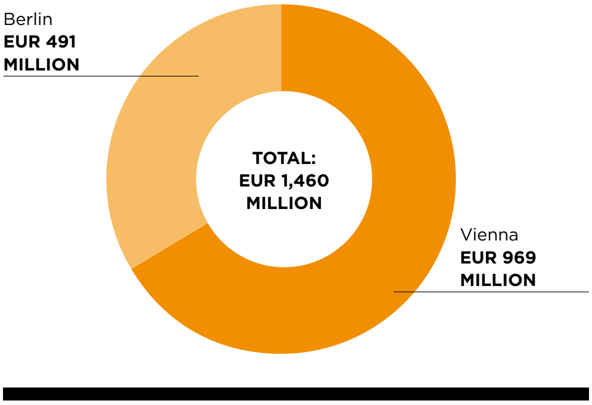


HIGHLIGHTS PROPERTY DEVELOPMENT

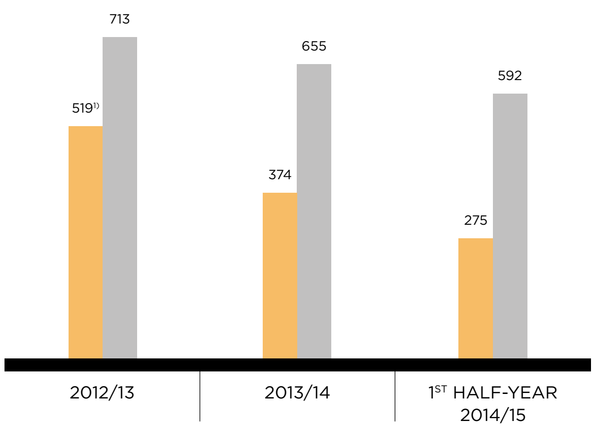
- 275 units completed in the first half of 2014/15
- 592 units with an investment volume of approx. EUR 201 million currently under construction
- Development pipeline (incl. land reserves) with an investment volume of approx. EUR 1.5 billion as of 31 October 2014

DEVELOPMENT PROJECTS

by location



PROPERTY DEVELOPMENT



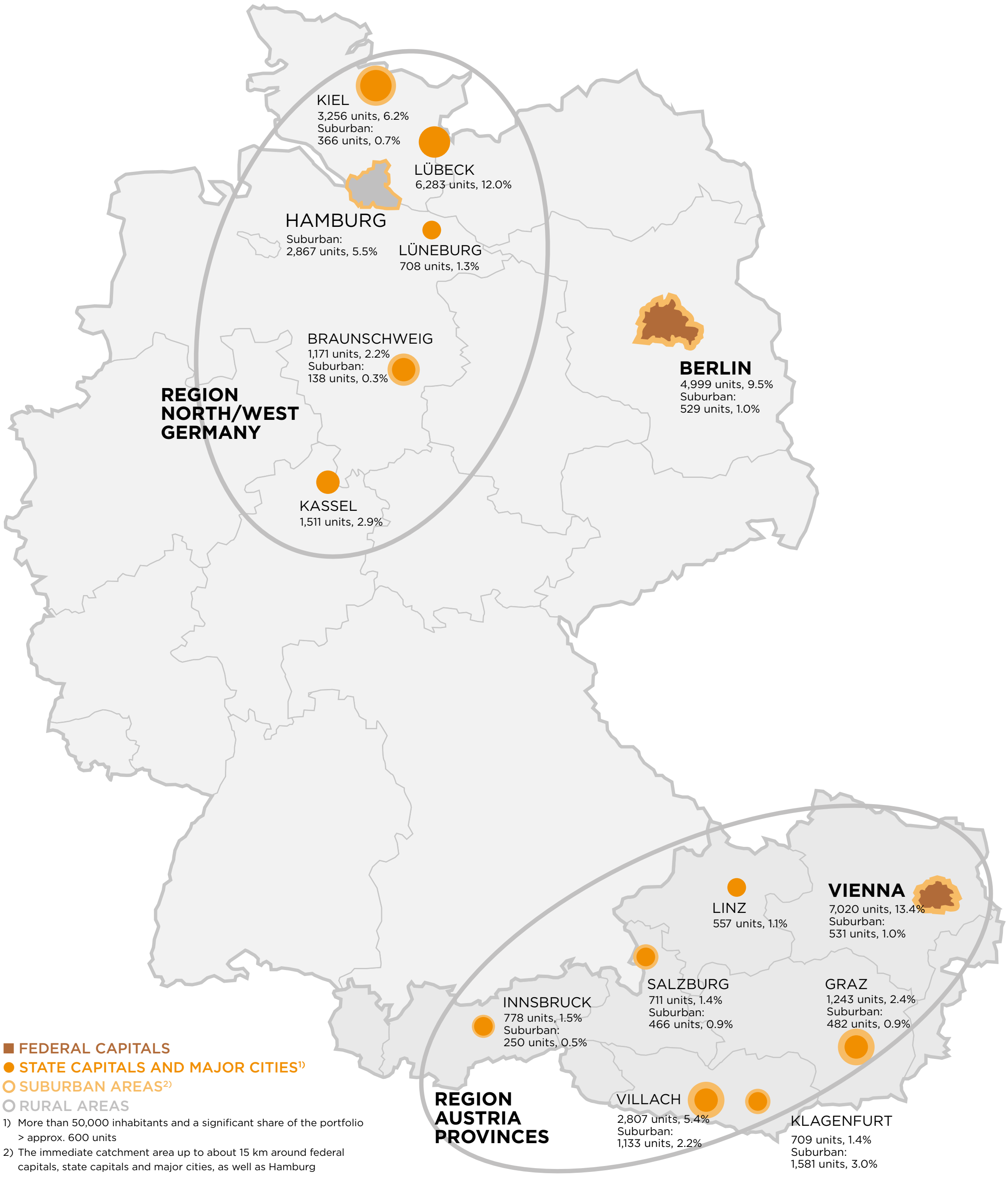
1) Additional 222 units of the Hellerpark geriatric center. Completed in 2013.

ASSET MANAGEMENT

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

As the largest business area in the BUWOG Group, Asset Management generated operating income (before expenses and other operating income not directly attributable to this business area) of EUR 60.7 million in the first half of 2014/15.

BUWOG STANDING INVESTMENT PORTFOLIO BY REGION AS OF 31 OCTOBER 2014
Number of units per site and percentage of total in %



■ FEDERAL CAPITALS
● STATE CAPITALS AND MAJOR CITIES[1)]
○ SUBURBAN AREAS[2)]
○ RURAL AREAS

1) More than 50,000 inhabitants and a significant share of the portfolio > approx. 600 units
2) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities, as well as Hamburg

Following the closing of the DGAG and Apollo portfolio acquisitions with roughly 19.200 units during the first quarter of 2014/15, the BUWOG Group's standing investment portfolio is now distributed almost equally between Austria and Germany. The capital cities of Vienna and Berlin form the regional focus: approx. EUR 1.3 billion or 38%, representing more than one-third of the standing investments of BUWOG Group based on fair value, are located in these two capital cities. The standing investments in provincial capitals and major cities (Braunschweig, Graz, Innsbruck, Kassel, Kiel, Klagenfurt, Linz, Lübeck, Lüneburg, Salzburg and Villach) as well as suburban areas, including the Hamburg region, represented approx. EUR 1.6 billion or 46% of fair value as of 31 October 2014. That means approx. EUR 2.9 billion, or 84%, of the fair value of BUWOG's standing investment portfolio is located in three regional clusters, all of which are very attractive in terms of their economic development, infrastructure and demographics.

STRUCTURE OF THE STANDING INVESTMENT PORTFOLIO BY GEOGRAPHIC CLUSTER

as of 31 October 2014

	Number of units	Total floor area in sqm	Annualised in-place rent[1] in EUR million	Monthly in-place rent[1] in EUR per sqm	Fair Value[2] in EUR million	Fair Value[2] in EUR per sqm	Net Rental Yield[3]	Vacancy rate[4]
Federal capitals	12,019	946,603	59	5.43	1,331	1,406	4.5%	4.1%
Vienna	7,020	614,594	36	5.19	1,008	1,640	3.6%	5.3%
Berlin	4,999	332,010	23	5.87	323	972	7.1%	1.7%
State capitals and major cities[5]	19,734	1,281,205	70	4.67	1,079	842	6.5%	2.8%
Suburban regions[6]	8,343	587,988	31	4.58	541	920	5.7%	4.8%
Rural areas	12,371	824,709	38	4.14	582	705	6.5%	7.3%
Total BUWOG Group	**52,467**	**3,640,506**	**198**	**4.74**	**3,532**	**970**	**5.6%**	**4.5%**
thereof Austria	26,001	1,992,454	94	4.15	2,126	1,067	4.4%	5.8%
thereof Germany	26,466	1,648,052	104	5.42	1,406	853	7.4%	2.9%

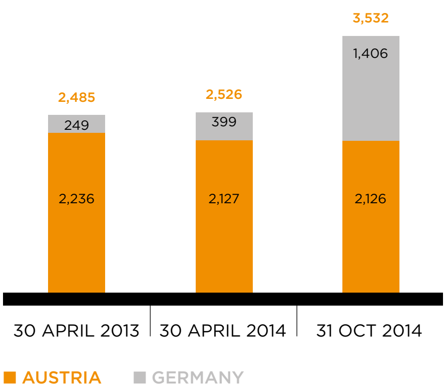
1) Based on monthly in-place rent (excluding utilities) as of reporting date
2) Based on fair value of standing investments as indicated in the CBRE appraisal from 31 October 2014
3) Annualised total in-place rent (based on monthly in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm
5) More than 50,000 inhabitants and a significant share of the portfolio > approx. 600 units
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities, as well as Hamburg

STRUCTURE OF THE STANDING INVESTMENT PORTFOLIO

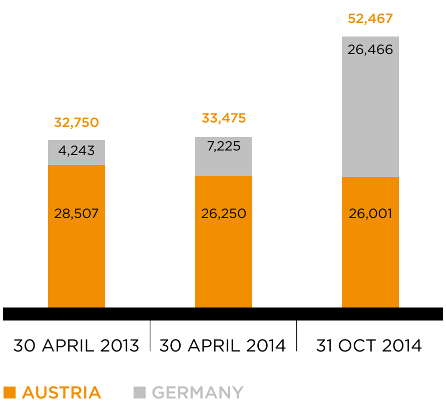
The BUWOG Group's standing investment portfolio comprised 52,467 units with approx. 3.6 million sqm of floor area as of 31 October 2014 and includes both subsidised and privately financed apartments. The 46% increase in floor area since 30 April 2014 resulted primarily from the closing of two acquisitions in the first quarter of 2014/15: the DGAG portfolio with approx. 18,000 units and the Apollo portfolio with approx. 1,200 units. In addition to other acquisitions in Germany, a number of cycle-optimised standing investment sales took place in Austria during the first half of the reporting year. These transactions involved 267 units and were concentrated in Vienna and in the provinces of Carinthia, Styria and Upper Austria as well as Block Sales of two properties with a 48 units.

FAIR VALUE

in EUR million



STANDING INVESTMENTS



The standing investment portfolio in Austria comprised 26,001 units with a total floor area of approx. 2.0 million sqm and a fair value of approx. EUR 2,126 million as of 31 October 2014. That represents a fair value per sqm of EUR 1,067. The monthly in-place rent equalled EUR 4.15 per sqm as of 31 October 2014 based on a vacancy rate (basis: total area) of 5.8%, whereby 2.8 percentage points were attributable to properties that were deliberately not re-let in preparation for Unit Sales. The vacancies also include 57 units with approx. 4,400 sqm, which were reclassified to standing investments following their completion in the first half of 2014/15 and are current in the process of rental. The net rental yield in the Austrian properties equalled 4.4% at the end of October 2014.

The property portfolio in Germany included 26,466 units with approx. 1.6 million sqm of floor area as of 31 October 2014. The fair value totalled approx. EUR 1,406 million on that date, which represents a fair value per sqm of EUR 853. The monthly in-place rent equalled EUR 5.42 per sqm at the end of the first half-year based on a vacancy rate (basis: total area) of 2.9%. The net rental yield in the German properties equalled 7.4% as of 31 October 2014.

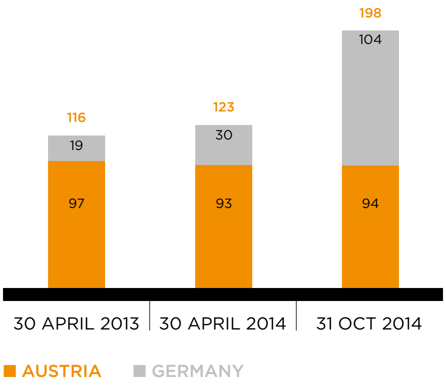
The external appraisal by CBRE as of 31 October 2014 included the re-evaluation of the amounts and resulted in positive revaluation results totalling EUR 35.2 million.

		BUWOG Group as of 30 April 2014	BUWOG Group as of 31 October 2014	Austria as of 31 October 2014	Germany as of 31 October 2014
Units	Quantity	33,475	52,467	26,001	26,466
Floor area	in sqm	2,491,290	3,640,506	1,992,454	1,648,052
Annualised in-place rent[1]	in EUR million	123	198	94	104
Monthly in-place rent[1]	in EUR pro sqm	4.31	4.74	4.15	5.42
Fair value[2]	in EUR million	2,526	3,532	2,126	1,406
Fair value[2]	in EUR pro sqm	1,014	970	1,067	853
Net rental yield[3]	%	4.9%	5.6%	4.4%	7.4%
Vacancy rate[4]	%	4.8%	4.5%	5.8%	2.9%

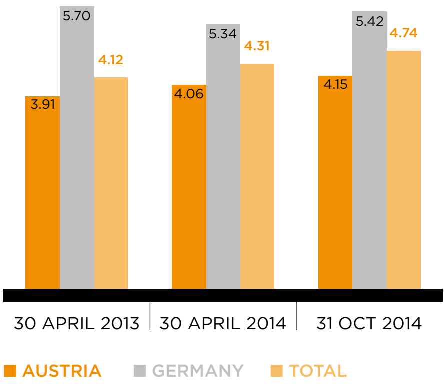
1) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
2) Based on the fair value of the standing investments in the CBRE appraisal dated 31 October 2014
3) Annualised in-place rent (based on monthly in-place rent, excluding utilities, as of the reporting date) in relation to fair value
4) Based on sqm

Through active asset management, the BUWOG Group works to continuously optimise the portfolio and the individual properties and, in this way, to safeguard the generation of cash flow and earnings over the long-term. The key success parameters have improved substantially in recent years and during the reporting period. The fair value of the portfolio rose from approx. EUR 2.5 billion as of 30 April 2014 to approx. EUR 3.5 billion at the end of the first half of 2014/15. The reporting period also brought an increase in annualised in-place rent from approx. EUR 123 million to approx. EUR 198 million and in the monthly in-place rent per sqm from EUR 4.31 to EUR 4.74. The net rental yield grew from 4.9% to 5.6%. The vacancy rate in the portfolio equalled 4.5% as of 31 October 2014, compared with 4.8% as of 30 April 2014. The increase of the vacancy rate over 31 July 2014 resulted chiefly from the addition of recently completed, standing investment units from the development portfolio in Vienna.

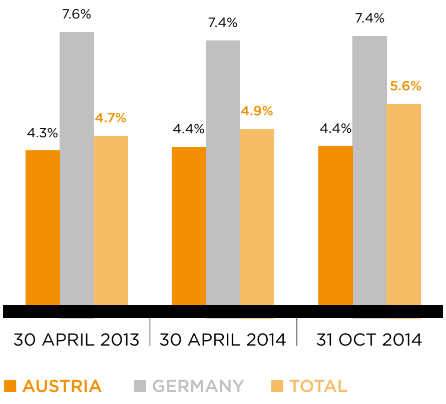
ANNUALISED IN-PLACE RENT
in EUR million



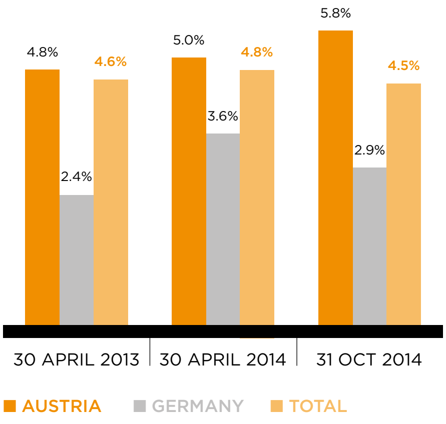
MONTHLY IN-PLACE RENT
in EUR per sqm



NET RENTAL YIELD
in %



VACANCY RATE
in %

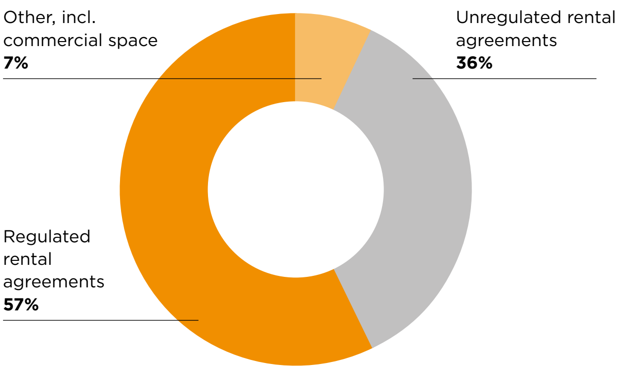


STRUCTURE OF RENTAL INCOME

The rental income recorded by the BUWOG Group is subject in part to legal regulations in Austria (e.g. the Austrian Non-profit Housing Act; Wohnungsgemeinnützigkeitsgesetz, WGG) and in Germany (the Schleswig-Holstein Housing Allowance Act; Wohnraumförderungsgesetz Schleswig-Holstein, §16 SHWoFG). Accordingly, the BUWOG Group distinguishes between the revenue generated by unregulated and regulated rental agreements and the revenue generated by other agreements (incl. commercial space). The following graph shows the distribution as of 31 October 2014.

Additional information on the legal regulations applicable in Austria and Germany is provided in the section on "BUWOG rental models" in the 2013/14 annual report.

PORTFOLIO STRUCTURE BY TYPE OF RENTAL AGREEMENT
Basis: in-place rent as of 31 October 2014

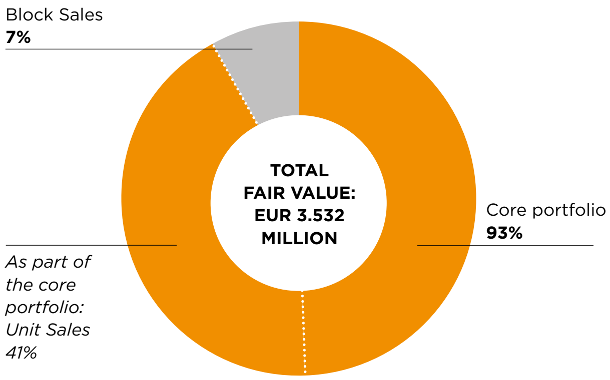


MEDIUM-TERM STRATEGY FOR THE STANDING INVESTMENT PORTFOLIO

The properties in BUWOG's standing investment portfolio are assigned to three clusters for medium- and long-term management: (a) the core portfolio, (b) the Unit Sales portfolio (current and planned sales of individual apartments) and (c) the Block Sales portfolio (the sale of apartment buildings or portfolios at favourable conditions over the medium-term to support the cycle-optimised adjustment of the portfolio). The cluster allocation is shown in the graph below.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE

as of 31 October 2014



STRATEGY AND OUTLOOK

The strategy defined by the BUWOG Group's Asset Management business area is to hold and develop a low-risk portfolio of properties with high occupancy at attractive locations in national and provincial capitals, major cities and the related suburban regions. The primary objective of this strategy is to safeguard the generation of stable cash flows.

BUWOG Focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
AUSTRIA/ GERMANY

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Asset Management

- Steady increase in rental income based on active asset management and higher occupancy
- Further improvement in cost efficiency for property management and maintenance
- Return-oriented expansion of the property portfolio in Germany with the goal of approx. 2,000 to 4,000 units per year
- Continuous optimisation of the standing investment portfolio through cycle-optimised Block Sales
- Property development for the portfolio in Vienna

BUWOG Strategy

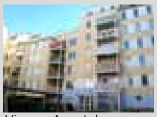
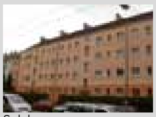
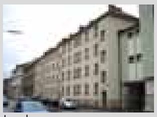
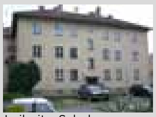
RISK MINIMISATION
Stable rental income
High occupancy

HIGH UPSIDE POTENTIAL
Portfolio optimisation

PROPERTY SALES

The Property Sales business model is covers two areas: Unit Sales (the sale of individual apartments to owner-occupiers) and Block Sales (the sale of buildings and portfolios to investors). These activities are designed to continuously optimise the profitability of the standing investment portfolio. The BUWOG Group pursues a clearly defined strategy in this business area. Individual vacant, generally subsidised units from the Unit Sales cluster, primarily at central locations in Austria, are sold over the medium- and long-term at attractive margins when BUWOG Group estimates that their full potential value has been reached. Block sales involve entire buildings or portfolios in rural areas, independent of the occupancy. These assets are sold to investors on a cycle-optimised basis when they are no longer in line with the regional orientation defined by the portfolio strategy.

The Property Sales generated results of operations (before expenses not directly attributable to this business area and other operating income of BUWOG Group) totalling approx. EUR 17.6 million in the first half of 2014/15. The earnings contribution from Unit Sales, which is considered part of BUWOG's Recurring FFO because it is sustainable and independent of the cycles, amounted to EUR 17.3 million. Block sales contributed EUR 0.2 million to Recurring FFO for the reporting period. In addition, two undeveloped land sites (pipeline projects) were sold during the second quarter of 2014/15 for proceeds of approx. EUR 0.1 million.

Cluster	Unit Sales	Block Sales
Portfolio examples	 Vienna, Zeillergasse  Vienna, Apostelgasse  Salzburg, Rudolf-Biebl-Strasse	 Leoben, Max-Tendler-Strasse  Leibnitz, Schulweg
Key facts	■ Sales to owner-occupiers, tenants and investors in selected regions ■ Optimal mix of internal and external sales channels ■ Track record with high profitability -> margins to fair value over 50% -> sustainable contribution to Recurring FFO	■ Sale of portfolios or properties ■ Cycle-optimised block sales in rural locations to optimise the portfolio ■ Optimal mix of internal and external sales channels
Contribution to Recurring FFO	✔ **Sustainable result from Unit Sales**	✘ **Opportunistic Block Sales with acceptable margins**

UNIT SALES

A total of 267 apartments from the Austrian portfolio were sold through Unit Sales in the first half of 2014/15. These transactions contributed EUR 17.4 million to Recurring FFO and had a margin of roughly 66% on fair value.

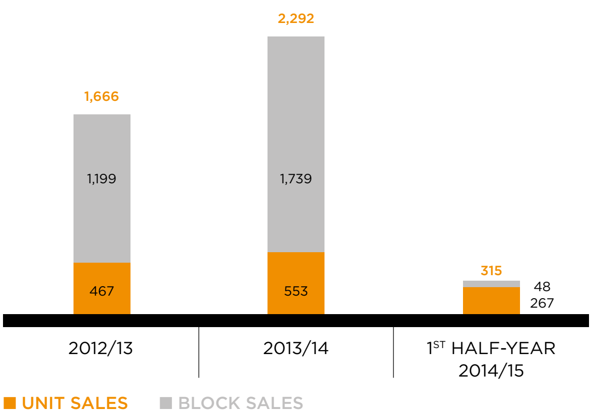
The strategic portfolio cluster Unit Sales comprised 13,541 units in Austria as of 31 October 2014: 5,757 in Vienna and 7,784 in the other Austrian provinces. Plans call for the sale of these units over the medium- and long-term.

BLOCK SALES (SALE OF BUILDINGS AND PORTFOLIOS)

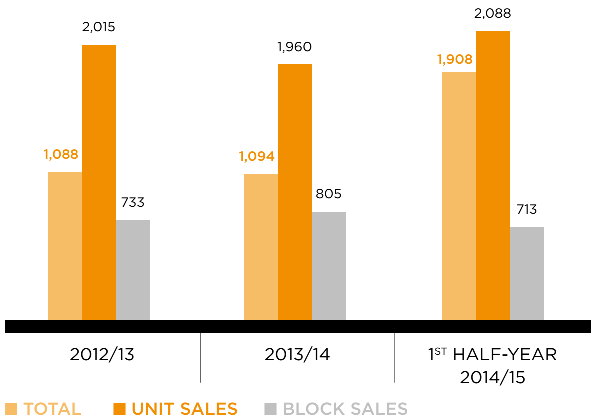
Residential units are allocated to Block Sales when they are not classified under the core portfolio or Unit Sales from a long-term profitability perspective and are not considered strategically relevant. This cluster included 3,955 units as of 31 October 2014: 539 in Vienna, 1,688 in Carinthia, 1,545 in the other Austrian provinces and 183 in Germany. For these properties, the medium-term sale to local private investors with a focus on sustainable yields and stable cash flow is more expedient than the sale of the individual units. These sales are designed to optimise the BUWOG Group's portfolio.

In the first half of 2014/15, 48 units were sold through two Block Sales. The margin on the corresponding fair value equalled roughly 18%. The Block Sales in 2013/14 and 2012/13 were characterised by large portfolio sales in the Austrian provinces of Upper Austria and Carinthia.

UNITS SOLD



AVERAGE PRICES ACHIEVED
in EUR per sqm



STRATEGY AND OUTLOOK

The BUWOG Group will continue its strategy of actively selling defined units in the coming years. The following graph shows the focal points of this strategy:

PROPERTY DEVELOPMENT

The BUWOG Group's Property Development business area is focused on the development of residential projects for the company's own portfolio or for direct sale after completion. These activities cover the entire property development value chain – from the purchase of land to planning and approval processes up to the completion and marketing of projects. The Property Development business area concentrates on the demographically and economically strong capital cities of Vienna and Berlin. Based on its many years of experience and excellent market knowledge, the BUWOG Group is one of the leading project developers in the residential sector of both cities.

The BUWOG Group's strategy in this business area is based on the market-oriented and continuous realisation of residential property development projects. The primary objective is not to generate volume, but to ensure high profitability in line with the respective risk situation. At the same time, the BUWOG Group is expanding its pipeline through the ongoing acquisition of attractive sites for future development opportunities. The location, project size, marketability and profitability represent the most important selection criteria for development projects.

The Property Development business area generated results of operations (before expenses not directly attributable to this business area and other operating income) of EUR 4.4 million in the first half of 2014/15 and thereby reached the level recorded for the full 12 months of 2013/14. The decline compared with the first quarter is attributable to the cyclical effects of completions. The company expects these effects will be offset during the remainder of this financial year. The earnings contribution from project development is a unique selling proposition of the BUWOG Group compared to other listed property companies, which focus mainly on renting and trading in apartments, but are generally not involved in development.

VARIOUS MARKET-ORIENTED DEVELOPMENT MODELS

The BUWOG Group uses various implementation models depending on the relevant market and demand situation (see the information in the management report starting on page 28), which are methodically analysed prior to project realisation. In the privately financed sector, residential projects are carried out for private and institutional investors, owner-occupiers and the company's own rental portfolio. The subsidised residential properties are sold as subsidised condominium apartments or rented out in keeping with the applicable subsidy regulations. These subsidised rental apartments are held in the BUWOG Group's investment portfolio for at least seven to ten years before they are sold through Unit Sales or Block Sales transactions (see the Property Sales business area starting on page 15).

An overview of the product development matrix based on the focus regions of Vienna and Berlin is provided on the following page.

Product Development Matrix

	Subsidised rental apartments	Subsidised owner-occupied apartments	Privately financed owner-occupied apartments	Investment apartments	Global exit
Vienna (3,865 units)	**Standing invest-ment portfolio** **Units:** 1,118 **Residential space:** 83,232 sqm  Rosa-Jochmann-Ring, 65 subsidised units, completed in 9/2014	**Regional customers** **Units:** 147 **Residential space:** 11,246 sqm  Wiener Strasse, Schwechat 44 units	**Regional customers** **Units:** 2,009 **Residential space:** 166,744 sqm  Pfarrwiesengasse, 131 units	**National customers** **Units:** 543 **Residential space:** 32,622 sqm  Universumstrasse, 50 units, completed in 6/2014	**Institutional investors and foundations** **Units:** 48 **Residential space:** 35,040 sqm  Boschstrasse, 41 units, completed in 5/2014
Berlin (1,592 units)			Owner-occupied apartments **Regional customers** **Units:** 1,540 **Residential space:** 141,094 sqm  Westendpark, 124 units		Global exit **Institutional investors and foundations** **Units:** 52 **Residential space:** 3,810 sqm  Scharnhorststrasse, 52 units
Total 5,457 units	The product development matrix comprises roughly 700 units that are allocated to land reserves.				

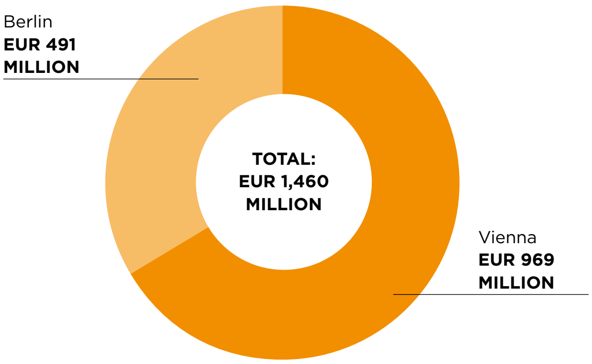
Vienna. Four new construction projects with a total of 275 units and 20,299 sqm of total floor area were completed during the first half of 2014/15. The new construction projects at Gombrichgasse (district 10), Boschstraße (district 19) und Universumstrasse (district 20) were completed and transfered during the first quarter of 2014/15. The new construction project at Rosa-Jochmann-Ring (district 11) with 99 units (including 65 subsidised rental units) was completed in September 2014.

The development pipeline in Vienna and the suburban areas included 3,865 units with an investment volume of approx. EUR 969 million as of 31 October 2014. Of this total, four projects in districts 3, 7 and 14 in Vienna and one project in Schwechat with a total of 138 units and an investment volume of approx. EUR 42 million are currently under construction.

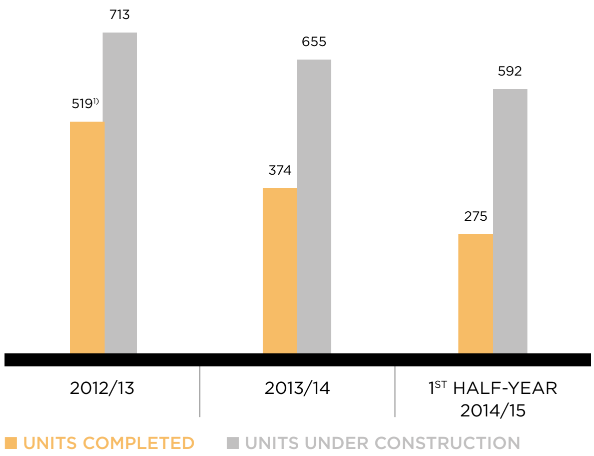
Berlin. The BUWOG Group is currently realising a number of projects in the emerging districts in the eastern area of this city and in the established western regions. The development pipeline in Berlin covered roughly 1,590 units with an investment volume of approx. EUR 491 million as of 31 October 2014. Of this total, four projects (two in Charlottenburg-Wilmersdorf, one in Berlin-Mitte and one in Berlin-Köpenick) with 454 units and an investment volume of approx. EUR 160 million are currently under construction. The large-scale Regattastrasse project will be realised in several stages, with construction starting at different times. Construction on the first section will begin in 2014/15 and further sections are scheduled to follow beginning in 2015/16.

The following overview shows the regional classification of the development projects as well as the units completed and the units under construction.

DEVELOPMENT PROJECTS
by location



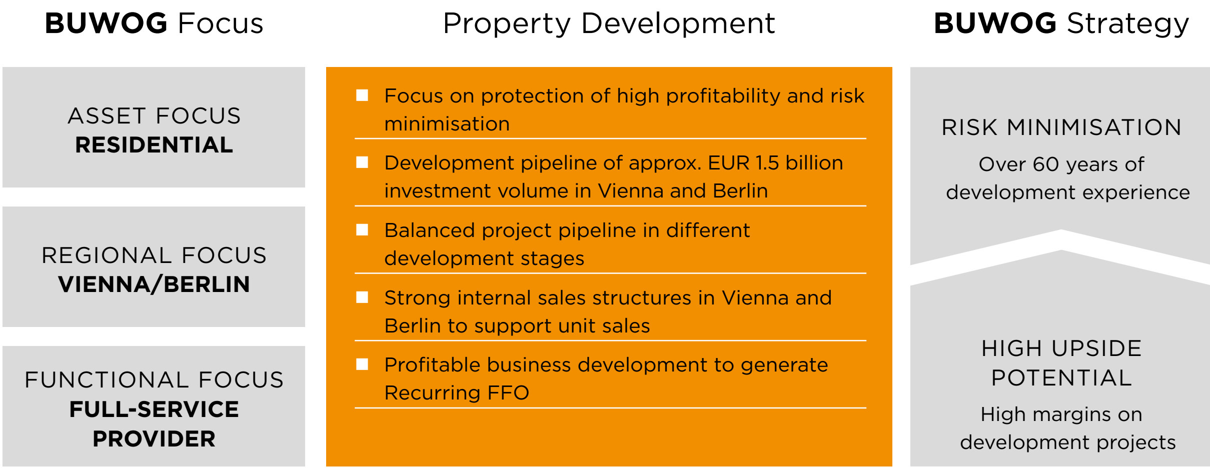
PROPERTY DEVELOPMENT



1) Additional 222 units of the Hellerpark geriatric center. Completed in fiscal year 2013.

STRATEGY AND OUTLOOK

The strategy of BUWOG Group in the Property Development business area is concentrated on the market-oriented, continuous realisation of residential property development projects in Vienna and Berlin. The most important elements of this strategy are shown on the following diagram.



INVESTOR RELATIONS

The positive development of the BUWOG Group was also reflected in the share price during the second quarter of the 2014/15 financial year. The closing price on the Vienna Stock Exchange equalled EUR 14.73 (excluding the EUR 0.69 dividend) on 31 October 2014. This represents an increase of 13.3% (or 18.6% including the dividend) over the opening price of EUR 13.00 on the Frankfurt Stock Exchange on 28 April 2014.

THE CAPITAL MARKET ENVIRONMENT

The international stock markets remained volatile throughout the reporting period, above all due to the political tensions in the Near East and the ongoing conflict between Russia and Ukraine. The DAX rose to a new high at the beginning of July 2014 supported by positive employment statistics from the USA and hopes that the European Central Bank (ECB) would continue its expansive monetary policy, but the further escalation of the political unrest led to a sharp downturn beginning in August. This trend was intensified by fears of financial difficulties on the part of Portuguese banks, negative economic indicators from Europe and weaker-than-expected macroeconomic reports from the USA. Positive effects were provided by hopes of a continuation of the US Federal Reserve's expansive monetary policy and positive business sector reports from the USA.

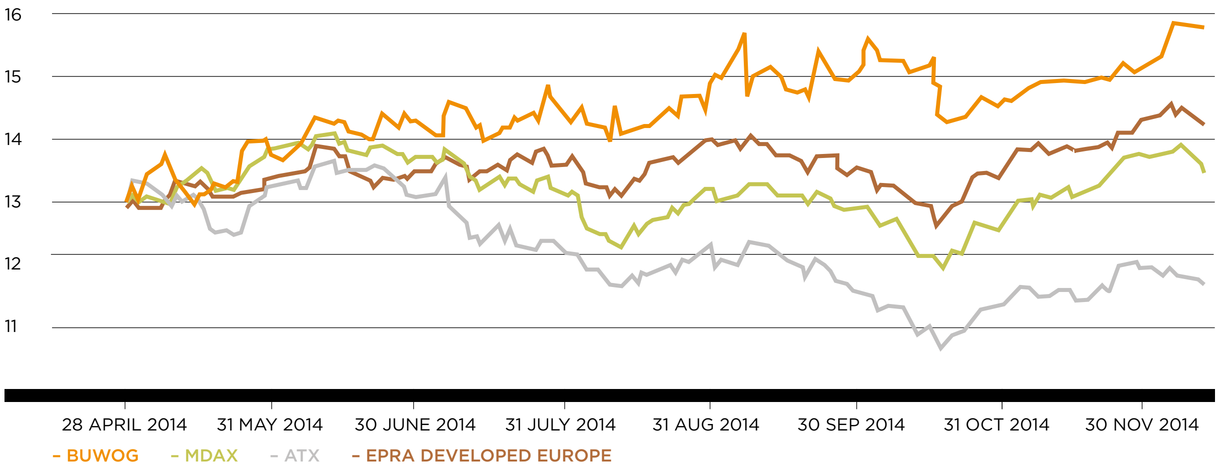
Against this backdrop, the German DAX index closed at 9,327 points on 31 October 2014, for a decline of 2.9% compared with 30 April 2014. The ATX – the leading index of the Vienna Stock Exchange, which has also included BUWOG AG since 22 September 2014 – lost 12.3% from May to October 2014 and closed at 2,215 points on 31 October 2014. The EURO STOXX 50 Index fell by 2.7% from May to the end of October 2014. The FTSE EPRA/NAREIT Developed Europe Index, which is also a benchmark index for BUWOG AG, rose by slightly more than 4% to 18.9 points during the reporting period.

DEVELOPMENT OF THE BUWOG SHARE

The BUWOG share started trading in Frankfurt on 28 April 2014 at an initial price of EUR 13.00. The closing price at the end of the reporting period on 31 October 2014 equalled EUR 14.73 after the deduction of the EUR 0.69 dividend that was paid on 23 October 2014. Roughly 30.6 million BUWOG shares (single-count) were traded in Frankfurt, Vienna and Warsaw between the initial listing date and the end of October. The resulting average daily turnover equalled 235,600 shares. Up to 31 October 2014 not a single closing price was lower than the initial share price of EUR 13.00. The price of the BUWOG share rose by 13.8% in Frankfurt (XETRA), 11.6% in Vienna and 5.4% in Warsaw from the initial listing date to 31 October. Including the dividend, this represents a return of 19.1% in Frankfurt (XETRA), 16.8% in Vienna and 10.5% in Warsaw.

BUWOG AG shares were granted fast-track entry into the FTSE EPRA/NAREIT Developed Europe Index on 7 May 2014 only a few days after the initial listing. This industry-specific index is recognised as a worldwide benchmark and is the most commonly used index for listed property companies. In June 2014, the BUWOG share was also included in the VÖNIX Sustainability Index, which features listed companies that are considered to be leaders in terms of their social and environmental performance. The BUWOG share was weighted at 25.1% in the IATX (Austrian real estate index) as of 31 October 2014, which represents the base value for options and futures contracts traded on the Vienna Stock Exchange and contains all real estate shares listed on the Vienna Prime Market. As of 22 September 2014 the BUWOG share was added to the ATX, the leading index of the Vienna Stock Exchange, where it is weighted at 2.4%.

BUWOG AG SHARE PERFORMANCE IN COMPARISON
indexed using opening price on BUWOG AG Share as of 28 April 2014, in EUR;
15 October 2014: ex dividend day, 23 October 2014: dividend payment of EUR 0.69/share



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)

SHAREHOLDER STRUCTURE

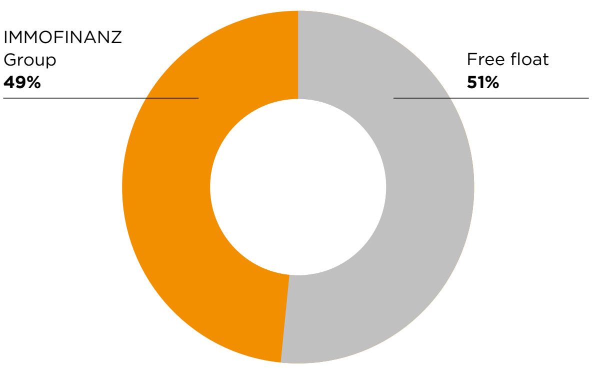
The spin-off and subsequent deconsolidation of BUWOG AG reduced the investment held by IMMOFINANZ AG to 49% of the 99,613,479 shares issued. On 10 September 2014 JP Morgan reported a stake in the share capital of BUWOG AG equal to 7.4% of the outstanding shares which, from an economic standpoint, is primarily related to the investment in IMMOFINANZ AG. Consequently, the free float of BUWOG AG can be classified at 51%. All reports of voting rights are published on a timely basis under www.buwog.com, and there were no other reports as of 31 October 2014.

The EUR 260 million, 3.5% convertible bond issued by BUWOG AG, which was subscribed in full by IMMOFINANZ AG before the BUWOG spin-off, is called by BUWOG AG after the end of the reporting period on 27 January 2015 at 101% of the nominal value. Any dilution for the shareholders of BUWOG AG from this convertible bond can therefore be excluded.

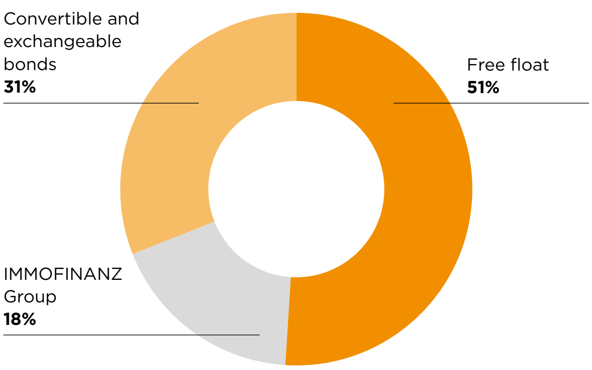
IMMOFINANZ AG issued an exchangeable bond (XS1108672988) for shares in BUWOG AG on 4 September 2014. This bond has a volume of EUR 375 million, a coupon of 1.5% per year and an exchange price of EUR 16.26 after the payment of the dividend for the 2013/14 financial year. The exchangeable bond was issued and will be redeemed at 100% of the nominal value. The bond has a term ending on 11 September 2019, with a put option on 11 September 2017. BUWOG AG expects the bond issued by IMMOFINANZ AG will have a positive influence on the liquidity of the BUWOG share. The full conversion of the exchangeable bond on 31 October 2014 would result in the transfer of approx. 23.1 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the bondholders. It would not lead to a dilution for the shareholders of BUWOG AG, but would further increase the liquidity of the BUWOG share.

IMMOFINANZ AG also issued two convertible bonds (CB 2017 XS0332046043 and CB 2018 XS0592528870) before the spin-off of BUWOG AG, which carry rights to the BUWOG shares previously existing and currently held by IMMOFINANZ AG. 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 based on the current exchange ratio, while the conversion of the CB 2018 would lead to the transfer of approx. 7.5 million BUWOG shares to the CB 2018 bondholders based on 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 and BUWOG shares. The full conversion of the exchangeable bond (XS1108672988) and the CB 2018 (XS0592528870) would, based on current information, lead to the transfer of a total of approx. 30.6 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the holders of the exchangeable bond and the CB 2018. This would increase the free float of the BUWOG share from the present level of roughly 51% to approx. 82%. These bonds do not represent a dilution risk for BUWOG shareholders.

SHAREHOLDER STRUCTURE OF BUWOG AG
as of 31 October 2014



PRO FORMA SHAREHOLDER STRUCTURE
After possible complete conversion of the IMMOFINANZ CB 2018 and the 2019 exchangeable bond



DIVIDEND POLICY

The Executive Board of BUWOG AG is committed, above all, to protecting the interests of its shareholders – and this commitment 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 approx. 60% to 65% of Recurring FFO to the Annual General Meeting of BUWOG AG. In line with this dividend policy and the earning power of the BUWOG Group, the Annual General Meeting of BUWOG AG on 14 October 2014 approved the recommendation by the Supervisory and Executive Boards to distribute a EUR 0.69 dividend per share for the successful 2013/14 financial year. That represents a return of approx. 4% on the company's EPRA Net Asset Value as of 30 April 2014 and 4.7% based on the closing share price on 31 October 2014. It also makes the BUWOG share one of the highest-yielding real estate shares in Europe. Based on the discount at the end of the reporting period in relation to the latest average target price of EUR 16.94 in the analysts' recommendations, the BUWOG share has a potential for a sound increase of 15.0%.

The dividend distributed for the 2013/14 financial year equalled EUR 0.69 per share. The Executive Board follows a continuous dividend policy and plans to recommend the payment of a higher dividend to the Annual General Meeting when the planned distribution rate of 60% to 65% is supported by Recurring FFO.

OTHER MAJOR RESOLUTIONS BY THE ANNUAL GENERAL MEETING

In addition to approving the recommended dividend, the Annual General Meeting of BUWOG AG on 14 October 2014 passed a resolution recommended by the Executive and Supervisory Boards with a substantial majority. This resolution authorises the Executive Board to issue convertible bonds with a nominal value up to EUR 390 million over the coming five years and is intended to give the company greater flexibility in financing future growth projects.

The Annual General Meeting of BUWOG AG also elected Oliver Schumy as the successor to Eduard Zehetner as a member of the Supervisory Board of BUWOG AG as of 1 May 2015, the date on which Eduard Zehetner is scheduled to resign from the Supervisory Board of BUWOG AG.

The creation of conditional capital for the granting of stock options to the members of the Executive Board (Long-Term Incentive Programme 2014) was also approved by the Annual General Meeting with a substantial majority. Within the framework of the Long-Term-Incentive Programme 2014 (LTI 2014), up to 720,000 stock options will be granted to the members of the Executive Board in the form of a base option and three further tranches. The number of options granted to the Executive Board will be based on the gradual reduction of the discount at which the BUWOG share is traded in relation to the respective EPRA NAV and will be distributed as follows:

	Base option	Bonus option Tranche 1	Bonus option Tranche 2	Bonus option Tranche 3	Total
Period	Start of the LTI 2014	FY 2014/15	FY 2015/16	FY 2016/17	
Target: increase in share price to EPRA NAV per share		85.0%	92.5%	100.0%	
Number of options CEO	75,000	100,000	130,000	175,000	**480,000**
Number of options CFO	50,000	50,000	60,000	80,000	**240,000**

Options will be allocated up to 30 April 2017 and may be exercised by the Executive Board from 1 May 2018 to 30 April 2019. The exercise price equals EUR 13.00, which represents the initial listing price of the BUWOG share on the Frankfurt Stock Exchange on 28 April 2014. A requirement for the exercise of the options by the Executive Board members is a self-financed investment in BUWOG shares equal to one-half of their respective gross fixed annual salary.

FINANCIAL CALENDAR

21 Jan 2015	Unicredit/Kepler Cheuvreux German Corporate Conference, Frankfurt am Main
29 Jan 2015	Vienna Stock Exchange/Erste Group: Austrian Day, London
19 Mar 2015	HSBC Real Estate Conference, Frankfurt am Main
31 Mar 2015	Publication of the nine-month report for the period from 1 May 2014 to 31 January 2015
30 Apr 2015	End of financial year 2014/15

ANALYST COVERAGE

Analyses by well-known financial institutions and research experts represent an important source of information and basis for decision-making, especially for institutional investors. BUWOG AG maintains a regular dialogue with these experts, and the following institutions currently publish analyses of BUWOG AG shares:

Institution	Date	Target price	Recommendation
Baader Bank	1 Sep 2014	EUR 14.70	Hold
Barclays	24 Jul 2014	EUR 17.00	Overweight
Berenberg	16 Dec 2014	EUR 17.50	Buy
Erste Bank	16 Sep 2014	EUR 17.80	Buy
HSBC	3 Nov 2014	EUR 18.70	Overweight
Kepler Cheuvreux	29 Sep 2014	EUR 17.50	Buy
Raiffeisen Centrobank	22 Oct 2014	EUR 15.35	Hold

As a member of EPRA, the leading European association of listed property companies, BUWOG is committed to upholding the association's standards for accounting transparency and underscores its credibility in striving for professionalism and excellence.

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CONSOLIDATED INTERIM MANAGEMENT REPORT

THE ECONOMIC ENVIRONMENT & DEVELOPMENT OF FINANCIAL MARKETS

ECONOMIC GROWTH STILL SHADOWED BY POLITICAL UNREST

The global economy continued to expand during autumn 2014, but only at a moderate pace. The United States and Great Britain remained on a recovery course, but the Euro zone has still not stabilised – in contrast to the outlook earlier this spring. The momentum in the worldwide economy is also expected to be restrained during the coming quarters because of the current risks and framework conditions. On the one hand, the problems on the real estate market in China and the consequences of the geopolitical conflict between Russia and Ukraine have had a negative effect on relations with the West. The so-called stress tests by the European Central Bank (ECB) also evaluated the quality of the assets held by Euro zone banks, but lending restrictions in a number of Euro zone countries would be tightened if older liabilities are not resolved in the near future. That would create further pressure on the European economy. The unusually low inflation rate in the Euro zone also represents a source of added risk. The real effects of these older liabilities are therefore higher than expected. On the other hand, the real financing costs for households and businesses increase when nominal interest rates do not fall as quickly as the inflation rate because of the zero interest barrier in the Euro zone. This type of deflation scenario is not expected to materialise in the Euro zone as long as there are no signs that medium-term and long-term inflationary expectations will decouple. Estimates by the European Commission point to an increase of 3.3% and 3.8% in global output as a percentage of real GDP during 2014 and 2015, respectively, after a plus of 3.1% in 2013.

ECONOMIC INDICATORS AT A GLANCE

	GDP growth rate 2013	Forecast GDP growth rate 2014	Forecast GDP growth rate 2015	Unemployment rate in Oct 2014	Annual inflation rate in Oct 2014	Gross national debt to GDP in 2013	Deficit/surplus to GDP in 2013
EU 28	0.0%	1.3%	1.5%	10.0%	0.7%	85.4%	-3.2%
Euro zone (18 countries)	-0.5%	0.8%	1.1%	11.5%	0.6%	90.9%	-2.9%
Austria	0.2%	0.7%	1.2%	5.1%	1.6%	81.2%	-1.5%
Germany	0.1%	1.3%	1.1%	4.9%	1.0%	76.9%	0.1%

Source: European Commission (November 2014)

SUBDUED CLIMATE IN EUROPE

Economic recovery in the Euro zone came to a halt in mid-2014. The gross domestic product stagnated at the first quarter level during the second quarter of 2014. Confidence indicators lead to the conclusion that economic activity will rise by only a slight margin during the second half of 2014, with recovery not expected before 2015. The latest calculations by the European Commission show GDP growth of 0.8% for the Euro zone and 1.3% for the EU 28 during 2014. A moderate increase of 1.1% and 1.5%, respectively, is forecasted for 2015. Despite the implementation of various measures by the ECB and the resulting improvement in monetary and financial conditions in the Euro zone, the tensions on the labour market have only eased to a limited extent. The European Commission is currently projecting a slight decline in the unemployment rate during 2014 from 10.8% to 10.3% in the EU 28 and from 11.9% to 11.6% in the EU 18.

In its December report, the ECB revised previous estimates for the development of inflation and the economy. The inflation rate is now expected to be lower than projected rate in September at 0.7% in 2015 and 1.3% in 2016. The growth forecasts for the Euro zone were reduced from 0.9% to 0.8% for 2014, from 1.6% to 1.0% for 2015 and from 1.9% to 1.5% for 2016.

GERMANY

The German economy remained stable in a difficult global environment with a modest increase of 0.1% from the second to the third quarter of 2014. Growth was slowed by uncertainty in the business and household sectors as a result of geopolitical risks, disappointment over the development of the Euro zone economy and national economic policies. The underlying condition of households and businesses can still be seen as good despite this latest stagnation – only the economic tailwinds have slowed. In contrast, the labour market has recently been characterised by positive developments. A long-term analysis by the Federal Employment Agency shows a steady high demand for labour in spite of the current sluggish growth. The conclusions in the autumn report issued by the economic research institutes involved in this joint analysis are similar to the European Commission. They reflect a substantial downward revision to the spring estimates, with growth of 1.3% in 2014 and slightly over 1.0% in 2015.

AUSTRIA

Given the high uncertainty over exports and lack of impulses from domestic demand, the Austrian economy also failed to gain speed during the second half of 2014. The economic indicators published by the Austrian National Bank show a GDP increase of only 0.1% and 0.2% over the respective previous quarter in the third and fourth quarters of 2014. The Austrian National Bank recently reduced its outlook for growth in 2014 from 1.6% in the June announcement to 0.8%. The European Commission's forecast for this same period points toward a slightly lower increase of 0.7%. Early economic indicators do not point toward any major signs of substantial recovery – or a stronger decline – in economic performance during the coming months. Forecasts call for only a slightly rise in private consumption in spite of the declining inflation rate, slight increase in real wages and further steady growth in employment.

DEVELOPMENTS ON THE FINANCIAL MARKETS

Developments on the European capital markets during the first half of BUWOG's 2014/15 financial year were influenced, above all, by the ongoing conflicts in Ukraine and the Arab countries as well as the monetary policy decisions by the European Central Bank (ECB).

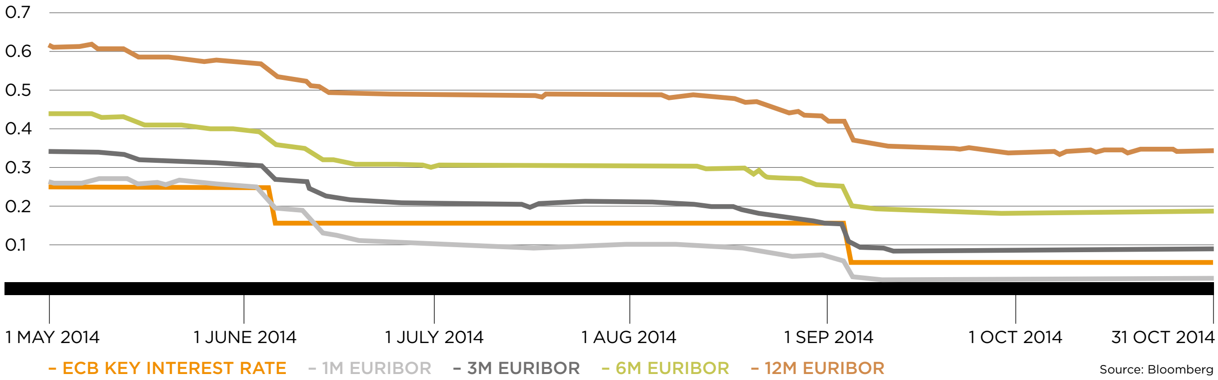
The ECB reduced the main refinancing rate for Euro system transactions by 10 basis points to 0.15% in June 2014 and announced a further cut to a new record low of 0.05% at the beginning of September 2014. The interest rates for the marginal lending facility and deposit facility were reduced to 0.30% and -0.20%, respectively. The ECB's goal in making these adjustments is to increase lending as a means of stimulating an economy that was faced with a low inflation rate of 0.4% as of 31 October 2014. One special feature of these latest measures is the introduction of negative interest rates for the deposit facility, which are intended to support increased bank lending to businesses and households. Another step includes the purchase of securitised loans and mortgage bonds. This will give financial institutions the option of outsourcing or selling their receivables from business and mortgage loans and using the proceeds, among others, for new lending.

DEVELOPMENT OF KEY INTEREST RATES

The reference interest rates (1-, 3-, 6- and 12-month EURIBOR) remained nearly stable in the months following the June 2014 interest rate cut, but fell substantially beginning in mid-August. For example, the 3-month EURIBOR declined by 28% to 0.15% from the end of July 2014 to the interest rate cut at the beginning of September and further to 0.086% by the end of October. The development of the 1-, 6- and 12-month EURIBOR shows a similar picture.

DEVELOPMENT OF EURIBOR REFERENCE INTEREST RATES

1 May to 31 October 2014, in %

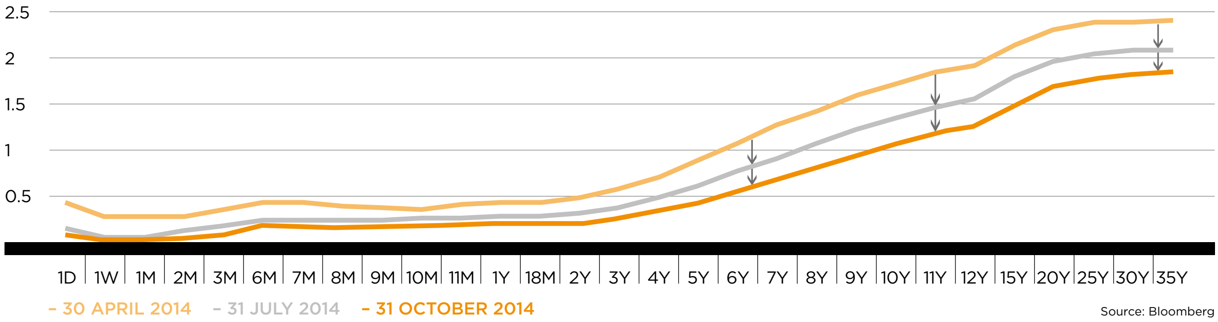


Long-term rates also fell to a new low during the reporting period. The SWAP curve flattened further during the second quarter of BUWOG's 2014/15 financial year, which made long-term financing available at substantially more favourable rates. The ten-year SWAP rate fell by a further 20% and the five-year SWAP rate by a further 30% within a period of three months. The reference interest rates declined by over 44% for the 12-month EURIBOR and by over 95% for the 3-month EURIBOR during the first half of 2014/15. The historically low interest rates and the introduction of negative interest on certain bank deposits have made conservative investments less attractive.

The results from the measurement of derivatives and the measurement of financial instruments at fair value through profit or loss are also influenced significantly by the flatter interest rate curve. Information concerning the effects on the BUWOG Group's earnings is provided in the "Analysis of the asset, financial and earnings position" on page 41.

DEVELOPMENT OF THE EUR-SWAP CURVE

30 April to 31 July and 31 October 2014, in %



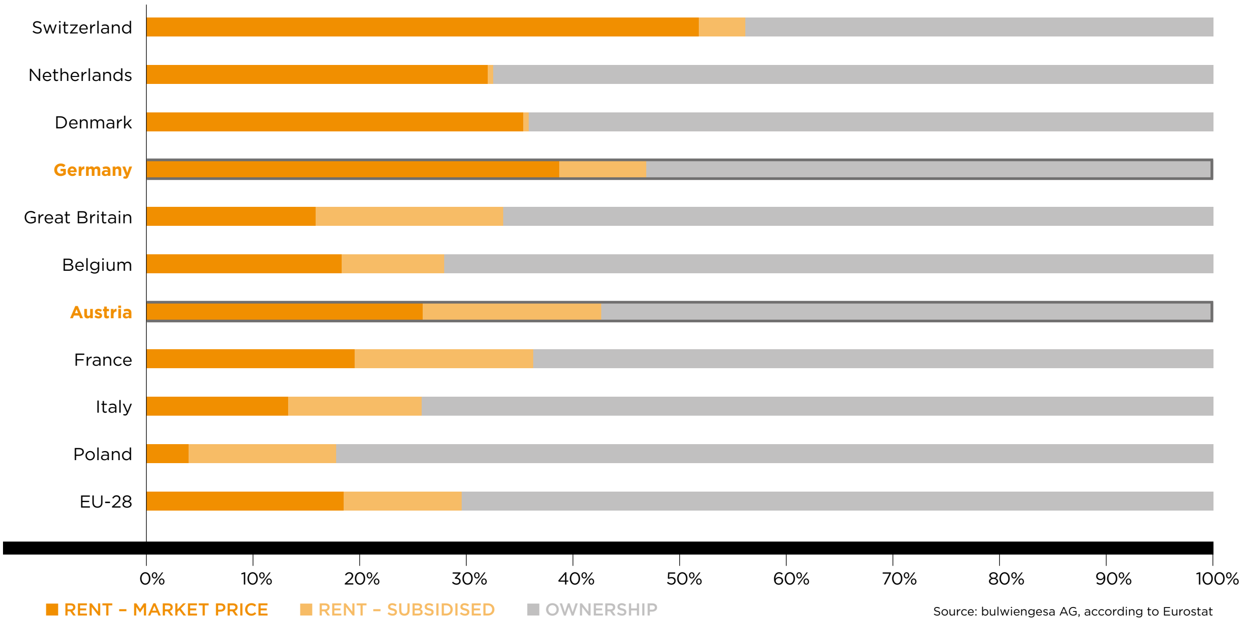
DEVELOPMENT OF THE PROPERTY MARKETS

THE HOUSING STRUCTURE IN EUROPE

The latest surveys by Eurostat on the housing structure in Europe show the following picture: roughly 20% of the population in the EU 28 live in rented, market-priced apartments, slightly over 10% in subsidised rental apartments and approx. 70% in their "own homes". However, the differences among the EU 28 countries are very different from a regional standpoint. This applies, above all, to the BUWOG Group's key core markets in Germany and Austria.

Germany is the largest single market in Europe with a population of nearly 81 million. Roughly 47% of the population live in rented housing, including nearly 8% in subsidised rental apartments. Consequently, the share of condominium apartments and owner-occupied houses is below the EU average. In Austria, the share of the population living in subsidised or market-priced rented housing with 43% is similar to Germany. That places Austria third in the EU 28 ranking. The subsidised or regulated segment comprises approx. 17%. Only 57% of all Austrians live in their "own home". The comparable figures for Poland and Italy are over 80% and over 70%, respectively.

HOUSING SITUATIONS IN EUROPE AS PER 2012



Source: bulwiengesa AG, according to Eurostat

THE RESIDENTIAL MARKET IN AUSTRIA

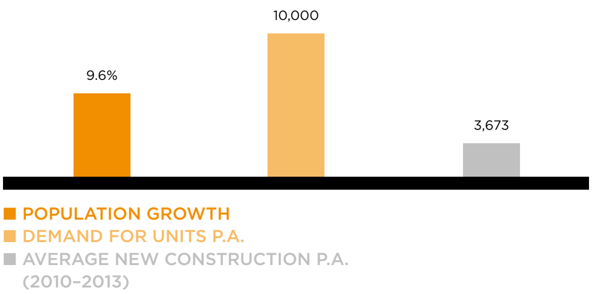
The Austrian population grew by 0.6% to slightly over 8.5 million in 2013, with roughly 3.7 million persons living in private households (Statistik Austria). More than one-third currently represent single person households – and the trend is rising rapidly. Rental apartments comprise more than 40% of all primary residences, although there are major regional differences. Rental apartments made up nearly 80% of the total market in Vienna in 2013, but the comparable figure for the other Austrian provinces ranged from 18% (Burgenland) to just under 34% in (Upper Austria and Salzburg). The main reason for the high tenant share in Vienna is the dominance of subsidised social housing on the rental market. The latest survey in 2013 placed nearly 60% of all rented apartments in this segment: 19% council apartments and 40% apartments subject to the regulations of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz, WGG).

Building permits were granted for roughly 27,000 apartments in Austria during the first half of 2014 according to Statistik Austria. The comparable figure for the full 12 months of 2013 is roughly 59,500 units and for the first half of 2013 roughly 29,000 units.

According to the rental index published by the Austrian Federal Economic Chamber in spring 2014, non-subsidised rents in Austria currently range from approx. EUR 5.8 per sqm in Carinthia to EUR 9.1 per sqm in Vienna. The prices for newly built owner-occupied apartments in Austria currently range from an average of EUR 1,580 per sqm in Burgenland to EUR 3,750 per sqm in Vienna according to the Austrian Federal Economic Chamber, whereby there are substantial differences depending on the location and furnishings.

Vienna. The residential market in Vienna has seen a significant increase in rental and property prices during recent years. This development is a result of the high demand for housing that has been driven by population growth and the trend to smaller households as well as the growing popularity of real estate investments in the form of rental apartments. Purchase prices are expected to grow moderately below the level of previous years over the medium-term, especially in the medium-priced segment. However, there is added potential for an increase in the lower price segment and, above all, in particularly good locations. Estimates by the market research institute bulwiengesa AG point to a 9.6% increase in the population by 2025, which implies that roughly 10,000 units of new housing will be required each year up to 2025. This is contrasted by the annual completion of almost 3,700 units on average over the past four years, whereby a peak level was reached in 2013 with nearly 8,200 units. In other words, the demand overhang in the housing sector will remain unchanged for the time being.

HOUSING INDICATORS VIENNA 2013 – 2025



Source: bulwiengesa AG, according to Statistik Austria

In addition to private developers, the city of Vienna is also attempting to address the housing shortage. A total of 7,300 subsidised units should be completed in 2014, which would substantially exceed the average level seen in recent years. An additional 20,000 units are currently in realisation, most of which are located at the former Aspern Airfield (Seestadt Aspern in district 22). The Vienna housing construction initiative has been presented as a success model for a special form of privately financed residential construction: low-cost loans by the city of Vienna allow for rental prices that are only slightly higher than the prices for subsidised housing construction. Roughly 650 units were developed as part of this initiative in 2014. Building permits were granted for approx. 4,500 apartments in Vienna during the first half of 2014, whereby this figure only includes new construction and not the units created through expansion, extension and conversion in existing buildings. The comparable figure for the first half of 2013 is approx. 5,600 units. Building permits were granted for 12,200 units in the full 12 months of 2013 which, in total, confirms the downward trend for 2014.

New construction projects in the heavily developed, popular inner city districts are only possible in isolated cases. This situation has shifted the focus to the creation of new residential space through the refurbishment and extension of existing buildings. Housing prices are also the highest in these districts: the realisable prices in district 1 range from approx. EUR 7,000 to EUR 29,000 per sqm, but start at EUR 2,200 per sqm in the outlying areas.

THE RESIDENTIAL MARKET IN GERMANY

A survey published by the Federal Statistical Office shows an increase in the German population from 80.5 million to 80.7 million in 2013. As in the two previous years, immigration has more than offset the steady decline in the birth rate. In 2013, the net migration balance was substantially higher than the two previous years with a plus 400,000. This development has been reflected in an increase in the number of households to roughly 40 million. The number of private households has grown to 4.7 million over the past 14 years, but the average household size has declined steadily since reunification: the average household had 2.27 persons in 1991, but only 2.02 in 2013. The Federal Statistical Office expects this trend will continue in the near future. The detailed analysis for 2013 shows 16.2 million units in the category of single-person households, 13.7 million units with two persons and 5.0 million units each with three, four or more persons. Eurostat surveys show that roughly 47% of the population lives in rented housing (thereof 39% at market-based rents and 8% at subsidised rents). This high share of rented housing and a population of roughly 81 million make Germany the largest rental market by far in Europe.

A report by the Council of Real Estate Experts (2014) indicates that new residential construction is currently benefiting the most from the favourable framework conditions. In addition to the low-interest environment, the population growth is driving the demand for housing – and therefore also rental prices – above all in larger cities. In contrast, new construction has been limited by the shortage of building sites in popular urban areas. Forecasts still see an increase of over 12% in the volume of new residential construction to approx. EUR 52 billion in 2014. The increase in 2013 equalled over 6%.

Agreement on rental price caps in Germany. Developments on the housing market in Germany have been reserved since the turn of the millennium, but rental prices in many regions of the country have risen substantially over the past five years due to the strong demand. Politicians consequently saw a need to intervene in the market. A so-called rental price cap was approved by the Federal Cabinet at the end of September 2014 and is intended to limit the increase in rents on the tense residential markets. The law is designed to meet to two major goals:

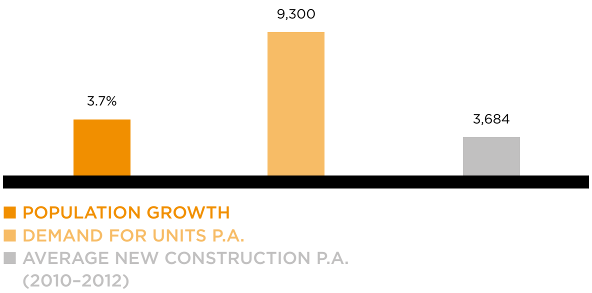
- The rental prices for re-letting are limited to a maximum of 10% over the local level.
- In areas with a particularly overextended housing market, the increase in rents on existing contracts is limited to 15% over four years.

The “alliance for affordable housing and construction”, an expert committee appointed by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) was asked to analyse the reasons for the housing shortage. Another specially appointed commission will deal with the development of construction costs and identify measures to safeguard new construction, especially in the middle and lower quality segments.

Berlin. As the federal capital and the largest city in Germany, Berlin is the setting for numerous cultural, scientific and political institutions. It also draws visitors like hardly any other city in Europe. Berlin is an extremely attractive location for government-related institutions, future-oriented companies, artists and creative people. The reunification and the termination of industrial subsidies led to a radical structural change in the capital, which has also had a negative effect on the housing market. However, there have been a number of positive signals since 2006. Demand is high, above all for locations in the south-east and south-west of the city and in the inner city districts where high-quality owner-occupied apartments are under construction. The rising demand has also led to higher prices in all segments of the rental market and, in turn, to a moderate increase in the construction of rental apartments. This trend is expected to continue based on a further rise in immigration and the number of households. Price levels that are low in global comparison also make Berlin a focal point for international investors.

Estimates by the market research institute bulwiengesa AG show that the population will grow by 3.7% by 2025. During the period from 2010 to 2012, an average of 3,700 apartments were completed each year. This output is contrasted by a forecasted need for 9,300 units per year by 2025. The demand overhang can therefore be expected to continue in the coming years.

HOUSING INDICATORS BERLIN 2013 – 2025



Source: bulwiengesa AG

The price level for newly constructed apartments rose by an average of nearly 8% year-on-year to EUR 10.80 per sqm in 2013. The average rent for re-letting equalled EUR 7.90 per sqm in 2013, or 4% higher than the previous year. A further, but less dynamic price development took hold on the Berlin rental market at the end of the third quarter of 2014. The purchase prices for owner-occupied apartments rose to an average of EUR 3,700 per sqm in 2013 and to slightly less than EUR 4,000 at the end of the third quarter of 2014. The respective resale prices equalled EUR 2,250 per sqm on average in 2013 and slightly under EUR 2,500 per sqm at the end of the third quarter of 2014.

REGION NORTH-WEST: DYNAMIC DEVELOPMENT ON THE RESIDENTIAL PROPERTY MARKET – CONTINUED STRONG DEMAND EXPECTED

The most important growth driver with a wide-ranging scope in northern Germany is the Free and Hanseatic City of Hamburg and the surrounding metropolitan region, which covers the southern part of Schleswig-Holsteins with the cities of Lübeck and Kiel in the north and the districts in the tri-city area of Bremen-Hamburg-Hannover with the university city of Lüneburg in the northern province of Lower Saxony in the south. Many of the developments on the property market in northern Germany are closely connected with the activities, economic success and interactions at the financial and infrastructure-political level in the Free and Hanseatic City of Hamburg, which also benefit the entire metropolitan region. One particularly important factor for the residential property market is the forecasted increase in the number of households over the coming years in the suburban areas of Hamburg, Hannover and Braunschweig. Projections by the market research institute bulwiengesa AG indicate an increase of more than 5% in the number of households by 2025: Braunschweig (6.8%), Kiel (6.2%), Lüneburg (5.6%) and Hamburg (5.2%). Lübeck und Kassel are expected to record sideward development.

DEVELOPMENT OF HOUSEHOLDS, RENTS AND PROPERTY PRICES

	Household in 2013 in 1,000	Growth rate of households 2013–2025	Residential space demand 2013–2025	Rent development (market) 2011–2025	Property prices development (market) 2011–2025	BUWOG units as % of total[1)]
Hamburg	992	5.2%	↑	4.7%	14.6%	5.5%
Lüneburg	87	5.6%	→	8.6%	11.4%	1.3%
Braunschweig	141	6.8%	→	8.2%	12.9%	2.5%
Kassel	104	-0.1%	→	6.2%	23.7%	2.9%
Lübeck	124	0.5%	→	9.8%	19.2%	12.0%
Kiel	138	6.2%	→	10.9%	14.1%	6.9%

1) State capitals and majorities as well as suburban regions as of 31 October 2014

Source: German Federal Office for Statistics, forecast bulwiengesa AG

The current volume of local construction can lead to a slight reduction in part of the demand overhang, but sufficient housing will not be available over the long-term. The effects can be seen in rising purchase prices and rents in the demand-oriented cities in the region north-west (see the table). Examples of these developments can be seen in Kiel, Lübeck and Lüneburg, which have recorded extremely positive development, especially in the past three years.

The residential property market in north-west Germany has shown very positive development in recent years compared with the national average. Purchase prices and rents rose by a substantial amount, above all during the last three years, in cities like Hamburg, but also in Kiel, Lübeck and Lüneburg. This region will also be characterised by a dynamic market environment in the future. Selected information on a number of key cities in the region north-west is provided below:

Hamburg. The Hanseatic City of Hamburg is the second largest city in Germany with a population of approx. 1.7 million. In addition to its maritime economy, Hamburg has established a position as an administrative and service centre based on its function as a city-state and as a popular tourism destination with a variety of cultural institutions and attractions. Official forecasts call for a continuation of the steady population growth up to 2025 and beyond. The rising population and number of households in recent years has led to a constant increase in the demand for housing, which has not been met by construction activity. The result has been a continuous increase in prices. The resulting growing interest in the suburbs on the part of potential buyers and tenants has led to a rise in purchase and rental prices in these areas. The future demand on the suburban housing market will also be heavily influenced by the situation on the housing market in Hamburg. There are signs that this dynamic development will continue up to 2025, whereby the surrounding communities will benefit to different degrees from the situation in the Hanseatic City. Locations that are not easily reached with public transportation will become less attractive. Demographic developments will also lead to a shift in demand – away from the single-family house to smaller residential units. According to bulwiengesa AG, population growth is forecasted up to 2025 in the Schleswig-Holstein communities of Glinde (8.8%), Henstedt-Ulzburg (2.3%), Reinbek (1.8%) and Norderstedt (+1.6%), while Wedel (-0.4%), Elmshorn (-0.5%) and Kaltenkirchen (-1.4%) can expect stagnation or a slight decline in the number of residents. As in the past year, the dynamic price development in areas surrounding the Hanseatic City of Hamburg also continued through the end of the third quarter of 2014. For example, rental prices in the Stormarn district increased in both the new construction segment (EUR 9.25 per sqm) and the re-letting segment (EUR 7.60 per sqm) during the third quarter of 2014. Similar developments can also be seen in the prices for owner-occupied apartments (new construction: EUR 2,800 per sqm, re-sale: EUR 1,850 per sqm).

Kiel. The future opportunities for the provincial capital of Schleswig-Holstein reflect a balanced mix of opportunities and risks. The population declined at the beginning of this century, but recent years have brought a turnaround. Kiel has successfully completed the transformation from an industrialised shipyard and marine city into a flourishing service centre and the functional hub of Schleswig-Holstein. This has also led to an increase in the number of potential tenants who are relocating from the suburbs into the city. The demand for housing has exceeded the supply for years – above all in good locations. The result over the past three years has been an increase of roughly 14% in rents and higher purchase prices. At the end of the third quarter of 2014, rents averaged EUR 9.30 per sqm in newly built properties and EUR 7.40 per sqm in re-let properties. A moderate rise in rents is also expected in the future.

Lübeck. As the second largest city in the northernmost German province, Lübeck is located directly in the catchment area of the Hamburg metropolitan region. Extensive water areas and the historical old city provide ideal locations for a large number of high-quality residential buildings throughout the entire city. The four universities also attract large numbers of students. Lübeck is therefore faced with a substantial demand overhang on the housing market. Rents have risen significantly in recent years, in both existing and new buildings. Average rents equalled EUR 8.90 per sqm in new buildings and EUR 7.00 per sqm in re-let apartments during the third quarter of 2014.

Lüneburg. This university city in northern Lower Saxony is one of the growth hubs in the Hamburg metropolitan region. The population has risen significantly over the past five years, among others due to the good traffic connections and location in the centre of the tri-city area of Bremen-Hamburg-Hannover. Demographic developments have also had a favourable influence on the housing market in Lüneburg, with rents increasing by roughly 14% over the past three years. This trend is expected to continue in the future. Average rents equalled slightly less than EUR 9.00 per sqm in new buildings and slightly over EUR 8.00 per sqm in re-let apartments during the third quarter of 2014.

Braunschweig. After Hannover, Braunschweig is the second largest city in Lower Saxony. It is the economic and cultural centre of the southeast region in this province and also serves as an administrative and service centre as well as a traditional university city. Braunschweig has recorded slight population growth since 2007, which is attributable to a positive migration balance. This growth is based, not least, on the wide-ranging university and research landscape. Forecasts for the years up to 2025 see a further increase in the population and a resulting rise of nearly 7% in the number of households. Rents have risen substantially in recent year, in both existing and new buildings. Average rents equalled EUR 8.70 per sqm in new buildings and EUR 6.20 per sqm in re-let apartments during the third quarter of 2014.

Kassel. The only major city in northern Hessen serves as the region’s cultural, administrative and economic centre. Kassel had a population of roughly 194,000 in 2013. The demographic forecast recently published by the municipal statistical office in Kassel projects an increase in the population over the coming years to over 200,000 by 2017. Kassel is growing through immigration from the structurally weak surrounding areas and educational migration from Germany and other countries as well as a healthy labour market. This former commercial and industrial location has developed into an attractive residential city in recent years. The limited supply is unable to meet the current sound demand for housing. The demand overhang is reflected in rising apartment prices and rents. Average rents equalled EUR 7.00 per sqm in new buildings and EUR 5.40 per sqm in re-let apartments during the third quarter of 2014, which represents an increase of roughly 12% (new construction) and 8% (re-letting) since 2011.

Source: bulwiengesa AG, unless indicated otherwise.

PORTFOLIO REPORT

The core business of BUWOG Group covers the rental of a diversified, risk-optimised and sustainable portfolio of standing investments (Asset Management), the unit sales of inventory apartments at attractive margins (Property Sales) and the development and construction of easily marketable residential projects with a focus on Vienna and Berlin (Property Development). These business activities are designed to maximise profitability along the entire value chain – from the in-house development of new construction projects to the optimisation of inventories through active asset management and the cycle-optimised sale of new construction projects and portfolio units

The following information is based on the portfolio values at the end of the first half of the 2014/15 financial year, i.e. 31 October 2014. The comparable prior year figures in brackets refer to the balance sheet date on 30 April 2014, unless indicated otherwise. Additional information on the balance sheet carrying values is provided under "Significant Accounting Policies" in section 2 of the notes to the BUWOG consolidated financial statements as of 30 April 2014.

The mid-year valuation of the residential properties, new construction projects and undeveloped land held by the BUWOG Group was carried out by the external, independent experts at CBRE Residential Valuation Germany as of 31 October 2014. The BUWOG Group arranges for an external valuation by CBRE as of the balance sheet dates on 30 April and 31 October. Additional information is provided in the section on property valuation (page 38) of this half-year report.

THE PROPERTY PORTFOLIO OF THE BUWOG GROUP

The structure of the portfolio report reflects the balance sheet classification of the investment properties – standing investments that generate rental income and pipeline projects (new construction projects and land reserves) – as well as investment properties under construction for the core portfolio, non-current properties held for sale (standing investments) and property inventories (projects under development and realisation).

The carrying amount (fair value) of the BUWOG Group's portfolio totalled EUR 3,818.1 million as of 31 October 2014 (EUR 2,820.5 million). Of this total, EUR 3,532.4 million (EUR 2,526.1 million) or 92.5% (89.5%) represent standing investments and non-current properties held for sale. The active new construction and development projects (inventories) have a combined carrying amount of EUR 146.6 million (EUR 155.1 million), which corresponds to 3.8% (5.5%) of the total portfolio.

The property portfolio of the BUWOG Group is reported on the balance sheet under non-current and current assets. The following tables reconcile the property assets reported as of 31 October 2014 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 31 October 2014 in EUR million

Non-current assets	3,647.4	Investment properties	3,635.4	**Standing investments**	**3,517.4**
				Pipeline projects	118.0
		Other tangible assets	8.1	Owner-occupied properties[1]	8.1
		Investment properties under construction	3.9	Build in inventory	3.9
Current assets	170.7	Non-current assets held for sale	24.1	**Standing investments**	**15.0**
				Pipeline projects	9.1
		Inventories	146.6	Development projects	146.6
Total portfolio BUWOG Group	**3,818.1**		**3,818.1**		**3,818.1**

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

PROPERTY PORTFOLIO BY FAIR VALUE
as of 31 October 2014

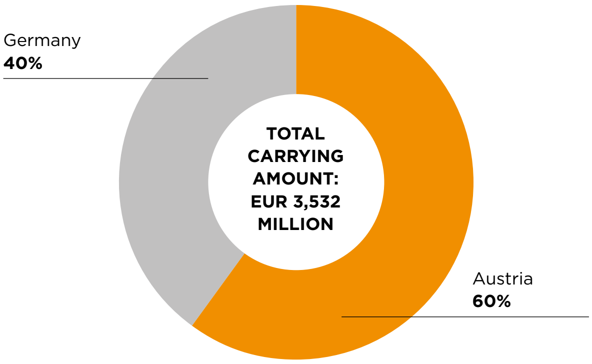
	Units	Units in EUR million	Pipeline projects in EUR million	Owner-occupied properties in EUR million	Build in inventory in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Austria	26,001	2,126.1	101.4	7.1	3.9	80.8	2,319.3	60.7%
Germany	26,466	1,406.3	25.7	1.0	-	65.8	1,498.8	39.3%
BUWOG Group	**52,467**	**3,532.4**	**127.1**	**8.1**	**3.9**	**146.6**	**3,818.1**	**100%**

INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group's standing investment portfolio in Austria and Germany comprised 52,467 units as of 31 October 2014 (33,475 units), which represent a fair value of EUR 3,532 million (EUR 2,526 million) or 93% (90%) of the total investment portfolio (incl. development projects). The standing investments are accounted for at fair value in accordance with IAS 40 and also include investment properties reclassified as held for sale in accordance with IFRS 5.

The standing investment portfolio of the BUWOG Group is located primarily in three regional clusters with over 83% of the fair value and over 76% of the units in the capital cities of Vienna and Berlin, in provincial capitals and major cities and in the respective suburban areas including Hamburg. The following graph shows the regional distribution of the fair value of the standing investments in BUWOG's two core markets:

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE
as of 31 October 2014



The DGAG and Apollo portfolios with a total of roughly 19,200 units were acquired and transferred for a total price of approx. EUR 942 million during the first quarter of 2014/15. The initial inclusion of both portfolios in the consolidated financial statements of the BUWOG Group, including the recognition of the related effects on the income statement and balance sheet, took place as of 1 October 2014. The fair values of these two portfolios were also determined by CBRE as part of the mid-year valuation. This appraisal resulted in an additional increase of EUR 8.3 million, which was recognised through profit or loss under revaluation results. In 2013/14, the purchase price was used as the carrying amount for these portfolios.

The average portfolio unit has nearly 70 sqm of usable space. The annualised contractual in-place rent for the standing investments as of 31 October 2014, including parking spaces, equalled EUR 198 million (EUR 123 million). This corresponds to an average in-place rent of EUR 4.74 per sqm (EUR 4.31 per sqm) and a net rental yield (annualised in-place rent in relation to fair value as of the balance sheet date) of approx. 5.6% (4.9%). The vacancy rate is determined on the basis of the usable space and amounted to 4.5% as of 31 October 2014 (4.8%). On a like-for-like basis (i.e. excluding the effects of changes in the portfolio and the new rental of vacancies), the rents generated by the BUWOG Group's portfolio properties rose approx. 3.2% over the level on 31 October 2013 during the first half of 2014/15 (increase in rents on a like-for-like basis in 2013/14: 1.8%).

The BUWOG Group invested approx. EUR 21.7 million in maintenance and refurbishments for new rentals and for value-increasing capital expenditure (CAPEX) in the first half of 2014/15 (2013/14 financial year: EUR 32.3 million). This corresponds to an average of EUR 6.6 per sqm (2013/14 financial year: EUR 13.2 per sqm). Maintenance investments amounted to EUR 15.7 million (2013/14 financial year: EUR 26.0 million), which corresponds to EUR 4.8 per sqm (2013/14 financial year: EUR 10.6 per sqm). CAPEX totalled EUR 6.0 million (2013/14 financial year: EUR 6.3 million) or EUR 1.8 per sqm (2013/14 financial year: EUR 2.6 per sqm). In line with its active asset management approach, the BUWOG Group continues to focus on sustainable, return-driven maintenance and CAPEX measures in order to realise opportunities for value appreciation in the portfolio properties.

SALE OF STANDING INVESTMENTS (PROPERTY SALES BUSINESS AREA)

Within the Property Sales business area, the sale of individual apartments (Unit Sales) represents a key source of sustainable revenues for the BUWOG Group. A total of 267 units were sold during the first half of 2014/15 (2013/14 financial year: 553 units) which generated proceeds of approx. EUR 45 million (2013/14 financial year: approx. EUR 83 million) and a margin of 66% on fair value (2013/14 financial year: 54%). The cycle-optimised portfolio adjustments included Block Sales in the form of two properties with 48 units in Styria (2013/14 financial year: 74 properties with approx. 1,700 units). The sale proceeds amounted to approx. EUR 2 million (2013/14 financial year: EUR 38 million) and resulted in a margin of 18% on fair value (2013/14 financial year: 11%). In addition, two undeveloped land sites (pipeline projects) were sold during the second quarter of 2014/15 for an earnings contribution of approx. EUR 0.1 million.

INVESTMENT PROPERTIES – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The balance sheet position "investment properties" not only includes standing investments, but also pipeline projects at fair value in accordance with IAS 40. Pipeline projects (held for value appreciation) are defined as undeveloped land reserves as well new construction projects in planning with a starting date more than 12 months after the balance sheet date. The BUWOG Group's project pipeline of as of 31 October 2014 had a carrying amount of EUR 118.0 million (EUR 120.5 million).

The pipeline projects also include a minor component (approx. 2%) of land reserves that are allocated to the Asset Management business area and resulted from previous acquisitions. Plans do not call for the development of properties on these sites. Two of the sites were sold during the reporting period and generated proceeds of approx. EUR 0.1 million.

OTHER TANGIBLE ASSETS

The carrying amount of other tangible assets totalled EUR 8.1 million (EUR 7.9 million). These assets consist primarily of the office buildings owned and occupied by BUWOG Group in Vienna, Hietzinger Kai 131, as well as in Villach, Tiroler Strasse 17, with a carrying amount of EUR 6.2 million.

INVESTMENT PROPERTIES UNDER CONSTRUCTION – BUILD IN INVENTORIES (ASSET MANAGEMENT BUSINESS AREA)

Investment properties under construction include subsidised rental properties in Austria that are currently under construction or whose construction will begin during 2014/15 within the framework of property development for the BUWOG core portfolio. These development projects had a combined carrying amount of EUR 3.9 million as of 31 October 2014 (EUR 10.9 million). The decline in the carrying amount of investment properties under construction is attributable to the completion of the new construction project at Rosa-Jochmann-Ring in Vienna with 65 subsidised rental units (total: 99 units) and the subsequent reclassification of these properties to standing investments.

NON-CURRENT ASSETS HELD FOR SALE – STANDING INVESTMENTS (ASSET MANAGEMENT & PROPERTY DEVELOPMENT BUSINESS AREAS)

The properties classified as "non-current assets held for sale" and accounted for in accordance with IFRS 5 represent properties for which specific sale plans had been approved as of 31 October 2014 and whose near-term sale is expected. The carrying amount of these properties totals EUR 24.1 million (EUR 15.0 million).

The properties classified as "non-current assets held for sale" comprise standing investments of EUR 15.0 million that are attributable to the Asset Management business area and pipeline projects of EUR 9.1 million that are attributable to the Property Sales business area.

INVENTORIES – DEVELOPMENT PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The development of subsidised or privately financed owner-occupied apartments and investment apartments for local customers and institutional investors and foundations is a key focus of the BUWOG Group's business activities. These properties form the product matrix within the Property Development business area. The regional focus generally lies on the markets in Vienna and Berlin, where the demand for owner-occupied apartments is strong.

These development projects, which are currently under construction or already completed, are reported as inventories under current assets on the balance sheet and accounted for at their production cost in accordance with IAS 2. The carrying amount of inventories as of 31 October 2014 equalled EUR 146.6 million (EUR 155.1 million). The development projects completed or still in sale as well as the development projects still under construction with transfer scheduled in the next twelve months have a combined carrying amount of approx. EUR 45.8 million (EUR 76.2 million) or 31.2% (approx. 49%) of the total inventories.

PROPERTY VALUATION

The consolidated financial statements of BUWOG Group as of 31 October 2014 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 regular appraisals of the Group's properties by independent experts. The valuation of the property portfolio follows 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 ongoing determination 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 investment properties, new construction projects and undeveloped land held by the BUWOG Group are appraised twice each year as of the balance sheet dates on 30 April and 31 October by the independent external experts at CBRE Residential Valuation Germany.

CBRE is one of the market leaders for the valuation of residential properties in Germany and Austria. In 2013 the company appraised roughly 940,000 residential units with a total volume of approx. EUR 54 billion. With nearly 44,000 employees in roughly 350 offices worldwide (excluding affiliated companies and subsidiaries), CBRE serves as a property service provider for a wide range of owners and investors.

CBRE uses a discounted cash flow (DCF) model to value the Austrian properties, which was specifically developed to reflect the distinctive characteristics of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetzes, WGG), particularly the cost-covering rent and the Burgenland indicative value -30%, as well as the sale of individual apartments from this portfolio. The modified model utilises detailed cash flows for a period of 80 years to take account of long-term subsidy periods, interest rate hikes and the expected proceeds from Unit Sales over the long-term. If the sale of apartments is the most commercially sound option for a property, the valuation also includes estimates for the sale of the individual units. The realisable sales proceeds are determined by the comparative-value method and included in the DCF model for the relevant periods.

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

CBRE valued the entire property portfolio of the BUWOG Group as of the balance sheet date on 31 October 2014. The fair value of the property portfolios and land has a direct influence on the net asset value (NAV) and therefore represents a material factor for evaluating the asset position of the BUWOG Group.

DEVELOPMENT OF THE FAIR VALUE OF THE PROPERTY PORTFOLIO IN THE FIRST HALF OF 2014/15

The CBRE appraisal report shows a substantial increase in the fair value of the BUWOG Group's property portfolio between the balance sheet dates on 30 April 2014 and 31 October 2014.

As of 31 October 2014, the fair value of the BUWOG Group's standing investments, as determined in accordance with IAS 40, totalled EUR 3,517.4 million (EUR 2,511.1 million) and the pipeline projects amounted to EUR 118 million (EUR 120.5 million). The total fair value of these two components was EUR 3,635.4 million (EUR 2,631.6 million). The revaluation of the properties as of 31 October 2014 led to an increase of EUR 35.2 million in investment properties (EUR 42.7 million). The development of the fair value of German properties was influenced by the sound development of the rental market and an increase in the number of new rental contracts. In Austria, the increase in fair value resulted mainly from the positive development of sale prices in the Unit Sales portfolio.

FINANCING

The BUWOG Group was able to refinance or extend the loans for various standing investments and development projects as scheduled during the second quarter of the 2014/15 financial year. Business activities were again financed at sustainably favourable conditions and the Recurring FFO available for dividends and investments was further improved.

The following table summarises the key financing parameters as of 31 October 2014:

FINANCING PARAMETERS

	Outstanding liability in EUR million	Share	Ø interest rate	Ø term in years
Bank liabilities[1)]	**1,159**	**54%**	**2.53%**	**11.9**
thereof Austria	542	25%	2.66%	14.6
thereof Germany[1)]	618	29%	2.42%	9.5
Local authorities/subsidised loans	**716**	**34%**	**1.36%**	**22.8**
thereof Austria	508	24%	1.40%	20.7
thereof Germany	207	10%	1.25%	28.0
Convertible bond[1)]	**260**	**12%**	**3.50%**	**5.0**
Total as of 31 October 2014[1)]	**2,135**	**100%**	**2.26%**	**14.7**

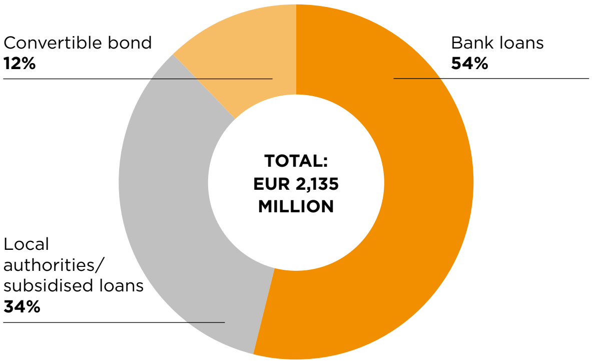
1) The hedging of the mortgage loan concluded in connection with the acquisition of the DGAG portfolio and the release of the full loan volume had not been concluded as of 31 October 2014. The redemption of the convertible bond is concluded per 19 January 2015. The weighted average nominal interest rate is expected to equal approx. 2.4% based on an average term of approx. 17 years after the conclusion of the hedge, the transfer of the remaining loan proceeds and the refinancing of the convertible bond.

FINANCING STRUCTURE

The financial liabilities of the BUWOG Group as of 31 October 2014 comprised liabilities to banks, liabilities to local authorities and subsidised loans as well as liabilities under a convertible bond. The outstanding financial liabilities are denominated solely in Euros and totalled approx. EUR 2,135 million as of 31 October 2014. This represents a loan-to-value ratio (LTV) of 50.3% based on the total carrying amount of the portfolio. Additional information on the calculation of LTV is provided in the section “Loan-to-value” on page 45.

As of 31 October 2014, 44% (basis: outstanding liability) of the financial liabilities represented low-interest subsidised loans or bank liabilities with annuity subsidies that are carried at fair value through profit or loss. Additional details are provided in the “Analysis of the asset, financial and earnings position” (page 41) and in section 1.2.2 of the consolidated financial statements as of 30 April 2014.

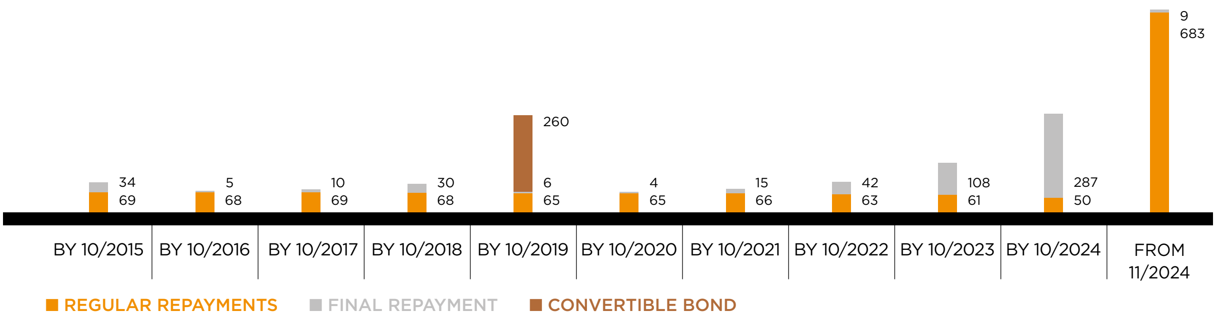
STRUCTURE OF THE OUTSTANDING FINANCIAL LIABILITIES
as of 31 October 2014



REPAYMENT STRUCTURE

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 safeguard its defensive risk profile. Most of the financing contracts are based on long-term agreements. The average residual term is approx. 14.7 years. The repayment structure by maturity is as follows:

MATURITY SCHEDULE
Basis p.a.: Outstanding liability in EUR million



INTEREST RATE STRUCTURE

In line with the long-term nature of the financing structure, roughly 72% of the Group's financing contracts were hedged against the risk of interest rate changes through fixed interest rate agreements and/or interest rate swaps as of 31 October 2014. The weighted average nominal interest rate equalled 2.26% as of that date.

The acquisition financing for the DGAG portfolio is presented as floating rate financing as of 31 October 2014. The hedge for this mortgage loan is expected to be concluded during the third quarter of the 2014/15 financial year. The redemption of the convertible bond is also concluded per 19 January 2015. The weighted average nominal interest rate is expected to equal approx. 2.4% based on an average term of approx. 17 years after the conclusion of the hedge, the transfer of the remaining loan proceeds and the refinancing of the convertible bond.

ANALYSIS OF THE ASSET, FINANCIAL AND EARNINGS POSITION

Since the BUWOG Group was only established in its current form at the end of April 2014, the following analysis of the financial and earnings position for the first half of 2014/15 is presented without comparable prior year data. Additional details are provided in the IFRS consolidated financial statements as of 30 April 2014.

EARNINGS POSITION

CONDENSED INCOME STATEMENT

in EUR million

	H1 2014/15	Q2 2014/15
Results of Asset Management	60.7	34.6
Results of Property Sales	17.6	9.3
Results of Property Development	4.4	-2.4
Other operating income	3.6	1.6
Expenses not directly attributable	-14.1	-7.3
Results of operations	72.3	35.6
Other revaluation results	38.8	24.5
Operating profit (EBIT)	111.1	60.1
Financial results	-82.4	-39.6
Earnings before tax (EBT)	28.7	20.5
Net profit	20.6	14.4
Net profit per share[1] in EUR	0.20	0.14

1) On the basis of 99,613,479 shares

In analysing the income statement, it should be noted that the acquisition of the DGAG property portfolio and the DGAG management platform closed on 27 June 2014 and 1 July 2014, respectively. The acquisition of the Apollo property portfolio also closed on 1 July 2014. The first quarter of 2014/15 only included the rental income from the DGAG and Apollo property portfolios for one month, while the second quarter of 2014/15 includes this rental income for the full three months. The resulting contribution to the results of asset management totalled EUR 17.3 million from the acquisition date to 31 October 2014.

The income from the Asset Management business area totalled EUR 60.7 million for the reporting period and comprised rental revenues of EUR 82.1 million from the standing investments, other rental income of EUR 3.1 million, operating costs charged to tenants (EUR 50.8 million) and other revenues (EUR 0.9 million). These items are contrasted by operating costs of EUR 50.5 million and other expenses of EUR 25.8 million directly attributable to the investment properties (thereof: maintenance costs of EUR 15.7 million).

MAINTENANCE AND INVESTMENT IN INVESTMENT PROPERTIES

	H1 2014/15
Maintenance in EUR million	15.7
Modernisation (CAPEX) in EUR million	6.0
Average total floor area in 1,000 sqm[1]	3,260.7
Maintenance in EUR per sqm	4.8
Investment (CAPEX) in EUR per sqm	1.8

1) Average weighted floor area taking into account increases and reductions from purchases and sales

In the first half of 2014/15, the Property Sales business area generated results of EUR 17.6 million from the sale of properties and the fair value adjustment of properties held for sale.

The following table shows the key parameters used to classify the properties under Unit Sales and Block Sales (sale of buildings and portfolios):

OVERVIEW OF PROPERTY SALES

	H1 2014/15
Sale of units in numbers	**315**
thereof Unit Sales	267
thereof Block Sales	48
Results as per income statement in EUR million[1)]	**17,6**
thereof Unit Sales in EUR million	17,3
thereof Block Sales in EUR million	0,2
Margin on fair value	**60%**
Margin on fair value – Unit Sales	66%
Margin on fair value – Block Sales	18%

1) Including income of EUR 0.1 million from the sale of land (pipeline projects)

The results generated by the Property Development business area totalled EUR 4.4 million in the first half of 2014/15 and thereby reached the level recorded for the full 12 months of 2013/14. The results from this business area were clearly positive in the first quarter at EUR 6.8 million, but the second quarter brought a loss of EUR 2.4 million. The decline compared with the first quarter is attributable to the cyclical effects of completions, which will be offset during the remainder of this financial year.

Expenses of EUR 14.1 million that are not directly attributable to this business areas consist mainly of personnel expenses (EUR 4.3 million) and legal, auditing and consulting costs (EUR 2.8 million). One important element of these expenses involved the development of the Group's corporate structure.

Other valuation results consist primarily of fair value adjustments (EUR 35.2 million) to the assets reported under investment properties on the balance sheet. Additional information is provided in the notes to the consolidated interim financial statements under section 5.4 Revaluation of investment properties.

Financial results of EUR -82.4 million include interest expense (EUR -26.5 million) as well as the negative non-cash results from the measurement of derivatives (EUR -17.4 million) and financial liabilities at fair value through profit or loss (EUR -40.7 million).

The financial liabilities carried at fair value represent low-interest subsidised loans and bank liabilities with annuity subsidies, which are related to property subsidies and tied to specific conditions (rental price restrictions), In order to avoid a difference between the carrying amount and the valuation of the properties ("capped" rental income due to the subsidies) and the financial liability, the decision was taken to carry these low-interest loans at fair value through profit or loss.

Given the high share of the loans carried at fair value (44% of the outstanding financial liabilities) and the flattening of the reference interest rate during the first half of 2014/15, the valuation as of 31 October 2014 led to negative non-cash results of EUR 40.7 million. The results from the fair value measurement of derivatives, which hedge floating rate financial liabilities with a nominal value of approx. EUR 420.1 million against interest rate risk, totalled EUR -17.4 million.

Information on the development of interest rates is provided under "The economic environment & development of financial markets" on page 25.

Transition to FFO. Funds From Operations (FFO) represents an essential management indicator for BUWOG. An explanation of the calculation methodology is provided in the IFRS consolidated financial statements as of 30 April 2014.

FFO
in EUR million

	H1 2014/15
Net profit	20.6
Results of Property Sales	-17.6
Other financial results[1]	57.7
Fair value adjustments of investment properties	-35.2
Fair value adjustments of properties under construction	0.0
Impairment losses/revaluations	-1.3
Deferred taxes	-0.4
Other	0.1
FFO	**23.9**
Unit Sales result[2]	17.4
Recurring FFO	**41.3**
Block Sales result[3]	0.5
Total FFO	**41.7**
CAPEX	-6.0
AFFO	**35.7**
Recurring FFO per share in EUR basic[4]	0.41
Total FFO per share in EUR basic[4]	0.41

1) Valuation of derivatives and financial liabilities as well as valuation of financial instruments at amortised cost.
2) Excluding a valuation effect of EUR 0.03 million from non-current assets held for sale
3) Excluding a valuation effect of EUR 0.16 million from non-current assets held for sale and including earnings of EUR 0.14 million from the sale of land (pipeline projects).
4) On the basis of 99,613,479 shares

ASSET POSITION

The analysis of the asset position as of 31 October 2014 reflects the closing of the acquisition for the DGAG portfolio and the management platform as well as the acquisition of the Apollo portfolio in the first quarter of 2014/15. The transferred assets and liabilities are included in the balance sheet as of 31 October 2014, Information on the acquisition of the DGAG portfolio and the DGAG management platform is provided in the notes under section 3.2 Business combinations.

CONDENSED BALANCE SHEET
in EUR million

	31 October 2014	30 April 2014	Change
Investment properties	3,635.4	2,631.6	38.1%
Investment properties under construction	3.9	10.9	-64.4%
Inventories	146.6	155.1	-5.5%
Non-current assets held for sale	24.1	15.0	60.1%
Intangible assets	4.1	1.7	>100.0%
Trade and other receivables	107.4	380.2	-71.8%
Other financial assets	17.7	17.1	3.4%
Deferred tax assets	4.4	1.5	>100.0%
Income tax receivables	2.0	1.4	38.3%
Cash and cash equivalents	88.0	132.9	-33.8%
Other tangible assets	8.1	7.9	3.5%
Assets	**4,041.6**	**3,355.3**	**20.5%**
Equity	1,503.6	1,552.1	-3.1%
Liabilities from convertible bonds	249.1	247.9	0.5%
Financial liabilities	1,748.7	1,136.0	53.9%
Trade and other liabilities	328.4	260.6	26.0%
Provisions	20.6	12.9	59.2%
Deferred tax liabilities	157.2	124.0	26.7%
Income tax liabilities	26.7	14.3	87.5%
Financial liabilities held for sale	7.3	7.4	-1.1%
Equity and liabilities	**4,041.6**	**3,355.3**	**20.5%**

Information on the investment properties, properties under construction, inventories and non-current assets held for sale is provided in the portfolio report, in the respective disclosures in the notes to the consolidated financial statements as of 30 April 2014 and in the notes to the consolidated interim financial statements as of 31 October 2014. The increase resulted chiefly from the acquisition of the DGAG and Apollo portfolios and from revaluation as of 31 October 2014. In the second quarter of 2014/15 the project Rosa-Jochmann-Ring with 65 subsidised units (total 99 units) was completed and reclassified from properties under construction to investment properties (EUR 8.6 million).

The increase in intangible assets is attributable primarily to the goodwill arising from a preliminary purchase price allocation. Details are provided in section 3.2 Business combinations in the notes to the consolidated interim financial statements as of 31 October 2014.

Trade and other receivables included a receivable from convertible bonds (EUR 260.0 million) as of 30 April 2014, which was paid during the first quarter of 2014/15. Additional information is provided in sections 6.2 Trade and other receivables and 6.4 Liabilities from convertible bonds in the notes to the consolidated interim financial statements.

Information on the development of cash and cash equivalents can be found in the section on “Financial position” in this management report.

The increase in financial liabilities to credit institutions was related chiefly to the acquisition and refinancing of the DGAG portfolio and the management platform.

The increase in the trade and other liabilities resulted primarily from the acquisition of the DGAG portfolio and the management platform as well as an increase in the negative market value of derivatives. This was contrasted by lower down-payments received on the sale of apartments (EUR -17.4 million).

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

EPRA NAV. EPRA NAV is calculated in accordance with the recommendations of the European Public Real Estate Association (EPRA). An explanation of the calculation methodology is provided in the IFRS consolidated financial statements as of 30 April 2014.

EPRA NAV
in EUR million

	31 October 2014	30 April 2014	Change
Equity before non-controlling interests	1,495.4	1,544.2	-3.2%
Goodwill	-2.9	-0.2	>100.0%
Inventories (carrying amount)	-146.6	-155.1	5.5%
Inventories (fair value)	160.9	167.6	-3.9%
Properties owned by BUWOG (carrying amount)	-6.2	-6.5	4.1%
Properties owned by BUWOG (fair value)	9.5	9.5	-
Positive market value of derivative financial instruments	0.0	0.0	-
Negative market value of derivative financial instruments	45.3	27.9	62.6%
Deferred tax assets on investment properties	-2.9	-2.6	-14.1%
Deferred tax liabilities on investment properties (adjusted)[1]	181.8	139.8	30.0%
Deferred taxes on property inventories	-3.9	-3.3	-21.1%
Deferred taxes on derivative financial instruments	-11.0	-6.9	-59.3%
EPRA NAV basic (balance sheet date)	**1,719.4**	**1,714.3**	**0.3%**
Total floor area	3,640,506	2,491,290	46.1%
EPRA NAV in EUR per sqm	**472.3**	**688.1**	**-31.4%**
EPRA NAV basic (balance sheet date)	**1,719.4**	**1,714.3**	**0.3%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,613,479	99,613,479	-
EPRA NAV per share in EUR basic (balance sheet date)	**17.26**	**17.21**	**0.3%**

1) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 30.5 million (prior year: EUR 29.5 million)

Loan-to-value (LTV). Net liabilities in relation to the fair value (carrying amount) of the BUWOG Group's portfolio (LTV) rose from 35.9% as of 30 April 2014 to 50.3%, but remain within the defined target corridor of 50% to 55%.

LOAN-TO-VALUE
(incl. sale of certain financing, financial amounts in EUR million)

	31 October 2014	30 April 2014	Change
Non-current financial liabilities	1,637.2	1,036.9	57.9%
Current financial liabilities	111.5	99.2	12.4%
Financial liabilities held for sale	7.3	7.4	-1.1%
Non-current liabilities from convertible bonds	248.9	0.0	n,a,
Current liabilities from convertible bonds	0.1	0.0	n,a,
Financial liabilities	**2,005.1**	**1,143.4**	**75.4%**
Cash and cash equivalents	-88.0	-132.9	33.8%
Net financial liabilities	**1,917.1**	**1,010.4**	**89.7%**
Investment properties	3,635.4	2,631.6	38.1%
Investment properties under construction	3.9	10.9	-64.4%
Non-current assets held for sale	24.1	15.0	60.1%
Inventories	146.6	155.1	-5.5%
Carrying amount overall portfolio	**3,810.0**	**2,812.7**	**35.5%**
Loan-to-value ratio	**50.3%**	**35.9%**	**40.1%**

The development of LTV resulted primarily from the acquisition and refinancing of the DGAG portfolio and the management platform.

The calculation of the loan-to-value ratio as of 30 April 2014 did not include the EUR 260 million convertible bond reported under non-current financial liabilities because the funds were transferred during the first quarter of 2014/15.

FINANCIAL POSITION

CONDENSED CASH FLOW STATEMENT
in EUR million

	H1 2014/15
Cash flow from operating activities	40.7
Cash flow from investing activities	-288.9
Cash flow from financing activities	203.2
Cash flow	**-44.9**

Cash flow from operating activities results primarily from rentals.

Cash flow from investing activities is negative, chiefly due to the acquisition of the DGAG portfolio, the DGAG management platform and the Apollo portfolio.

The positive cash flow from financing activities was related chiefly to the payment of the convertible bond receivable (EUR 260 million), which served as financing for the above acquisitions. This cash inflow was contrasted by the dividend of EUR 68.7 million for the 2013/14 financial year, which was paid in October 2014.

EXCURSUS: THE “BUWOG” SEGMENT OF IMMOFINANZ AG (H1 2013/14)

The following table shows the BUWOG Group as if it had existed during the reporting period from 1 May to 31 October 2013. It is expressly noted that the financial data presented below for the first half of 2013/14 was taken from the “BUWOG segment” in the segment report of the published interim financial statements of IMMOFINANZ AG as of 31 October 2013 (H1 2013/14). This financial data includes the results of the BUWOG segment of IMMOFINANZ AG, which was taken over by BUWOG AG at the end of April 2014 as part of a common control transaction by IMMOFINANZ AG. The BUWOG segment data taken from the IMMOFINANZ quarterly financial statements as of 31 October 2013 were not prepared by the BUWOG Group. The following presentation is provided for illustrative purposes only. It represents a hypothetical situation because of the underlying assumptions and does not reflect the historical situation of the BUWOG Group or indicate how the earnings position of BUWOG Group will develop in the future.

CONDENSED INCOME STATEMENT
in EUR million

	H1 2014/15	H1 2013/14	Change
Results of Asset Management	60.7	41.7	45.6%
Results of Property Sales	17.6	10.0	76.0%
Results of Property Development	4.4	6.7	-34.3%
Other operating income	3.6	1.8	100.0%
Results of operations before expenses not directly attributable	**86.3**	**60.1**	**43.6%**
Expenses not directly attributable	-14.1	-7.5	88.0%
Results of operations	**72.3**	**52.6**	**37.5%**

The increase in the results of asset management during the first half of 2014/15 resulted primarily from the acquisition of German property companies in 2013/14 and the DGAG and Apollo acquisitions in the first quarter of 2014/15. The results of asset management were negatively affected by the Unit and Block Sales in 2013/14 as well as the costs for the integration of the German companies in the first quarter of 2014/15.

The results of property sales increased year-on-year based on a higher share of Unit Sales (191 units in the first half of 2013/14 versus 267 units in the first half of 2014/15).

The lower results of Property Development in the first half of 2014/15 compared to the first half of 2013/14 was driven by cyclical effects of completion. The company expects these effects to be offset during the remainder of this financial year.

Other operating income for the first half of 2014/15 included a EUR 2.4 million liability commission charged to IMMOFINANZ AG.

The increase in costs not directly attributable is related chiefly to the costs for the development and expansion of BUWOG’s corporate structures (including an independent financial department) as well as legal and consulting fees related to the above-mentioned acquisitions.

OUTLOOK

BUWOG AG can look back on a successful first half-year in 2014/15 from an operational standpoint. In view of this sound development and including the planned year-on-year increase in investments and maintenance to EUR 16 per sqm, the Executive Board has raised the target for Recurring FFO in 2014/15 from EUR 75 million to approx. EUR 80–85 million.

SUBSEQUENT EVENTS

During the months of November and December two development projects in Vienna and Berlin were sold.

The BUWOG Group has entered into long-term credit agreements with two banks for a total of EUR 330.0 million in November 2014. The proceeds from these financing agreements will be used primarily to repay the convertible bond (EUR 260 million) issued in connection with the DGAG acquisition. The convertible bond will be called following the reporting period.

The annual general meeting of BUWOG AG on 14 October 2014 approved i.a. a conditional capital increase and the related amendments to the articles of association (§ 4 share capital and shares) allowingfor the granting of stock options to the members of the Executive Board (Long-Term-Incentive-Programme 2014). Based on this resolution, the Supervisory Board concluded an agreement for the Long-Term-Incentive Programme 2014 with the members of the Executive Board in December 2014. According to the conditions of the Long-Term-Incentive-Programme the term of the management contracts of Daniel Riedl and Ronald Roos were prolonged until 30 April 2017. The prolongation of the respective appointments by only three weeks in case of Daniel Riedl and only ten weeks in case of Ronald Roos appears reasonable to the Supervisory Board considering the fact that i.a. the period specified for the fulfillment of the terms of the third tranche of bonus options under the Long-Term-Incentive Programme 2014 as well as the requirement for the fulfillment of the self-investment commitment by the respective Executive Board member is linked to the conclusion of the company's financial year 2016/17. Furthermore, agreements with the Executive Board Members concerning potential early terminations of their appointment/employment are linked to 30 April 2017.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS BUWOG GROUP

CONTENT

CONSOLIDATED INCOME STATEMENT

in TEUR

	Notes	H1 2014/15	H1 2013/14	Q2 2014/15	Q2 2013/14
Residential rental income		82,114.8	0.0	47,709.4	0.0
Other rental income		3,075.6	0.0	1,296.1	0.0
Rental income		**85,190.4**	**0.0**	**49,005.5**	**0.0**
Operating costs charged to tenants		50,757.4	0.0	27,875.3	0.0
Other revenues		948.7	0.0	727.9	0.0
Revenues		**136,896.5**	**0.0**	**77,608.7**	**0.0**
Expenses directly related to investment property	5.1	-25,750.8	0.0	-15,512.1	0.0
Operating expenses		-50,456.2	0.0	-27,528.4	0.0
Results of Asset Management		**60,689.5**	**0.0**	**34,568.2**	**0.0**
Sale of properties		49,053.3	0.0	25,530.3	0.0
Carrying amount of sold properties		-49,053.3	0.0	-25,530.3	0.0
Expenses from property sales		-1,396.4	0.0	-739.0	0.0
Revaluation of properties sold	5.4	19,022.8	0.0	10,005.1	0.0
Results of Property Sales		**17,626.4**	**0.0**	**9,266.1**	**0.0**
Sale of real estate inventories		40,698.6	0.0	3,499.7	0.0
Cost of real estate inventories sold		-30,566.6	0.0	-2,582.2	0.0
Expenses from real estate inventories		-2,320.5	0.0	-1,331.9	0.0
Real estate development expenses		-3,397.1	0.0	-1,992.4	0.0
Revaluation of properties under construction	5.4	-15.4	0.0	-15.4	0.0
Results of Property Development		**4,399.0**	**0.0**	**-2,422.2**	**0.0**
Other operating income	5.2	3,626.6	0.0	1,560.0	0.0
Other not directly attributable expenses	5.3	-14,057.5	-3.8	-7,345.6	-3.6
Results of operations		**72,284.0**	**-3.8**	**35,626.5**	**-3.6**
Revaluation of investment properties	5.4	35,159.1	0.0	24,460.6	0.0
Gain from a bargain purchase	3.2	3,615.9	0.0	0.0	0.0
Other revaluation results		**38,775.0**	**0.0**	**24,460.6**	**0.0**
Operating profit (EBIT)		**111,059.0**	**-3.8**	**60,087.1**	**-3.6**
Financial results	**5.5**	**-82,357.3**	**-0.1**	**-39,584.1**	**-0.1**
Earnings before tax (EBT)		**28,701.7**	**-3.9**	**20,503.0**	**-3.7**
Income tax expenses	5.6	-8,501.7	0.0	-4,386.9	0.0
Deferred tax income/expenses	5.6	386.5	0.0	-1,721.7	0.0
Net profit		**20,586.5**	**-3.9**	**14,394.4**	**-3.7**
Thereof attributable to owners of the parent company		**20,311.9**	**-3.9**	**14,029.6**	**-3.7**
Share of non-controlling interests		**274.6**	**0.0**	**364.8**	**0.0**
Basic earnings per share in EUR	**5.7**	**0.20**	**0.00**	**0.14**	**0.00**
Diluted earnings per share in EUR	**5.7**	**0.20**	**0.00**	**0.14**	**0.00**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR

	H1 2014/15	H1 2013/14
Net profit	**20,586.5**	**-3.9**
Items which will not be reclassified to the income statement in the future	**0.0**	**0.0**
Actuarial gains and losses arising from defined benefit obligations	0.0	0.0
Income taxes attributable to items which will not be subsequently reclassified to the income statement	0.0	0.0
Total items which will not be reclassified to income statement in the future	**0.0**	**0.0**
Total comprehensive income	**20,586.5**	**-3.9**
Thereof attributable to owners of the parent company	**20,311.9**	**-3.9**
Share of non-controlling interests	**274.6**	**0.0**

CONSOLIDATED BALANCE SHEET

in TEUR

	Notes	31 October 2014	30 April 2014
Investment properties	6.1	3,635,401.0	2,631,573.5
Investment properties under construction	6.1	3,886.1	10,926.1
Other tangible assets		8,132.6	7,859.9
Intangible assets		4,128.2	1,699.3
Trade and other receivables	6.2	931.4	1,007.6
Other financial assets		17,652.0	17,078.0
Deferred tax assets		4,401.6	1,456.4
Non-current assets		**3,674,532.9**	**2,671,600.8**
Trade and other receivables	6.2	106,427.5	379,144.6
Income tax receivables		1,999.6	1,446.0
Non-current assets held for sale		24,078.8	15,036.0
Inventories		146,589.5	155,117.3
Cash and cash equivalents		88,012.8	132,947.4
Current assets		**367,108.2**	**683,691.4**
ASSETS		**4,041,641.1**	**3,355,292.2**
Share capital		99,613.5	99,613.5
Capital reserves		1,365,989.3	1,445,989.3
Accumulated other equity		-373.7	-373.7
Retained earnings		30,173.7	-1,064.3
		1,495,402.8	1,544,164.8
Non-controlling interests		8,212.9	7,938.5
Equity	**6.3**	**1,503,615.7**	**1,552,103.3**
Liabilities from convertible bonds	6.4	248,933.6	247,824.3
Financial liabilities	6.5	1,637,234.6	1,036,854.4
Trade and other liabilities	6.6	124,546.8	52,198.9
Tax liabilities		237.1	0.0
Provisions		6,232.9	2,170.0
Deferred tax liabilities		157,207.0	124,042.4
Non-current liabilities		**2,174,392.0**	**1,463,090.0**
Liabilities from convertible bonds	6.4	149.6	124.7
Financial liabilities	6.5	111,480.1	99,176.4
Trade and other liabilities	6.6	203,886.4	208,433.0
Tax liabilities		26,507.5	14,260.1
Provisions		14,330.9	10,744.3
Financial liabilities held for sale		7,278.9	7,360.4
Current liabilities		**363,633.4**	**340,098.9**
LIABILITIES		**4,041,641.1**	**3,355,292.2**

CONSOLIDATED CASH FLOW STATEMENT
in TEUR

	Notes	H1 2014/15	H1 2013/14
Earnings before tax		28,701.7	-3.9
Revaluation/depreciation/gain from a bargain purchase		-55,983.5	0.0
Gains/losses from disposal of non-current assets		-280.6	0.0
Temporary changes in the fair value of financial instruments		58,822.5	0.0
Income taxes paid		-2,028.2	0.7
Net interest		21,567.6	0.1
Results of deconsolidation	3.3	-292.2	0.0
Other non-cash income/expense		-88.5	0.1
Gross cash flow		**50,418.8**	**-3.0**
Receivables and other assets		7,116.7	0.0
Inventories		6,804.7	0.0
Trade payables		-10,426.6	-0.7
Provisions		2,104.6	2.5
Other liabilities		-15,320.2	-4.0
Cash flow from operating activities		**40,698.0**	**-5.2**
Acquisition of/Investments in investment property		-13,878.8	0.0
Acquisition of/Investments in property under construction		-1,543.8	0.0
Net cash outflow on acquisition of subsidiaries	3.2	-328,309.0	0.0
Acquisition of other tangible assets		-290.9	0.0
Acquisition of intangible assets		-135.2	0.0
Acquisition of financial investments		-1,821.5	0.0
Net cash outflow on disposal of subsidiary	3.3	-1,173.3	0.0
Disposal of non-current assets		56,270.5	0.0
Cash inflows from other financial assets		1,634.7	0.0
Interest received		386.4	0.0
Cash flow from investing activities		**-288,860.9**	**0.0**
Cash inflows from long-term financing		592,841.7	0.0
Cash inflows from capital increases/reserves		0.0	47.5
Cash inflows from short-term financing		703.4	0.0
Repayment of long-term financing		-560,908.7	0.0
Cash outflows for derivative financial instruments		-3,326.9	0.0
Interest paid		-17,347.8	0.0
Dividend	6.3	-68,733.3	0.0
Cash inflows for convertible bond		260,000.0	0.0
Cash flow from financing activities		**203,228.4**	**47.5**
Change in cash and cash equivalents		**-44,934.6**	**42.3**
Cash and cash equivalents at the beginning of the period		132,947.4	2.2
Cash and cash equivalents at the end of the period		88,012.8	44.5
Change in cash and cash equivalents		**-44,934.6**	**42.3**

STATEMENT OF CHANGES IN EQUITY

in TEUR

	Nominal capital	Capital reserves
Balance on 30 April 2013	**17.5**	**0.0**
Capital increase	17.5	0.0
Increase in reserves	0.0	30.0
Transactions with owners	**17.5**	**30.0**
Period result	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 October 2013	**35.0**	**30.0**

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
Changes in reserves	0.0	-80,000.0
Earnings of non-controlling interests related to put option	0.0	0.0
Transaction with owners	**0.0**	**-80,000.0**
Period result	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 October 2014	**99,613.5**	**1,365,989.3**

Accumulated other equity IAS 19r	Retained earnings	Total	Non-controlling interests	**Total equity**
0.0	**-23.6**	**-6.1**	**0.0**	**-6.1**
0.0	0.0	17.5	0.0	**17.5**
0.0	0.0	30.0	0.0	**30.0**
0.0	**0.0**	**47.5**	**0.0**	**47.5**
0.0	-3.9	-3.9	0.0	**-3.9**
0.0	**-3.9**	**-3.9**	**0.0**	**-3.9**
0.0	**-27.5**	**37.5**	**0.0**	**37.5**

Accumulated other equity IAS 19r	Retained earnings	Total	Non-controlling interests	**Total equity**
-373.7	**-1,064.3**	**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	80,000.0	0.0	0.0	**0.0**
0.0	-340.5	-340.5	0.0	**-340.5**
0.0	**10,926.2**	**-69,073.8**	**0.0**	**-69,073.8**
0.0	20,311.8	20,311.8	274.6	**20,586.4**
0.0	**20,311.8**	**20,311.8**	**274.6**	**20,586.4**
-373.7	**30,173.7**	**1,495,402.8**	**8,212.9**	**1,503,615.7**

1. GENERAL PRINCIPLES

BUWOG AG is an 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, which was established at the end of April 2014. Additional information on the establishment of the BUWOG Group is provided in the BUWOG consolidated financial statements as of 30 April 2014.

The business activities of the BUWOG Group cover the following areas:
- Asset Management (portfolio management and administration)
- Property Sales (the sale of individual apartments and portfolios) and
- Property Development (the planning and construction of residential buildings with a focus on Vienna and Berlin).

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

2. BASIS OF PREPARATION

The consolidated interim financial statements of BUWOG AG as of 31 October 2014 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in accordance with EC Regulation 1606/2002. These consolidated interim financial statements were prepared in accordance with the rules set forth in IAS 34.

Since the BUWOG Group was established at the end of April 2014, only the income, expenses and cash flows of BUWOG AG are presented for the comparison periods of the previous financial year in the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement that are included with these consolidated interim financial statements. The respective amounts for the BUWOG Group (BUWOG Bauen und Wohnen GmbH including its direct and indirect subsidiaries) are not included because the BUWOG Group was only taken over by BUWOG AG at the end of April in connection with a common control transaction by IMMOFINANZ AG. Additional information on the establishment of the BUWOG Group is provided in the consolidated financial statements as of 30 April 2014.

Information on the IFRS and significant accounting policies applied by BUWOG AG in preparing the consolidated interim financial statements is provided in the consolidated financial statements of BUWOG AG as of 30 April 2014.

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

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

2.1 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations require mandatory application beginning with the 2014/15 financial year:

FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
New standards and interpretations			
IFRS 10	Consolidated Financial Statements	12 May 2011 (11 December 2012)	1 May 2014
IFRS 11	Joint Arrangements	12 May 2011 (11 December 2012)	1 May 2014
IFRS 12	Disclosure of Interests in Other Entities	12 May 2011 (11 December 2012)	1 May 2014
Changes to standards and interpretations			
IAS 27	Separate Financial Statements	12 May 2011 (11 December 2012)	1 May 2014
IAS 27, IFRS 10, 12	Investment Entities	31 October 2012 (20 November 2013)	1 May 2014
IAS 28	Investments in Associates and Joint Ventures	12 May 2011 (11 December 2012)	1 May 2014
IAS 32	Requirements for Offsetting Financial Assets and Financial Liabilities	16 December 2011 (13 December 2012)	1 May 2014
IAS 36	Disclosures: Recoverable Amount Disclosures for Non-Financial Assets	29 May 2013 (19 December 2013)	1 May 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	27 June 2013 (19 December 2013)	1 May 2014
IFRS 10, 11, 12	Transition Guidance	28 June 2012 (11 December 2012)	1 May 2014

The initial application of the new standards and interpretations and the changes to existing standards and interpretations have no effect on the financial statements of the BUWOG Group.

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

IFRIC 21 Levies was adopted by the EU on 13 June 2014 and, consequently, does not require mandatory application by the BUWOG Group for the 2014/15 financial year. This interpretation is not expected to have any significant short-term effects on the consolidated financial statements of the BUWOG Group.

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

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

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

Standard	Content	Published by the IASB	Expected mandatory application for BUWOG
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 2017
Changes to standards and interpretations			
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11 September 2014	1 May 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014	1 May 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014	1 May 2016
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014	1 May 2016
IAS 19	Defined Benefit Plans: Employee Contributions	21 November 2013	1 May 2015
IAS 27	Equity Method in Separate Financial Statements	12 August 2014	1 May 2016
Various standards	Annual Improvements to IFRSs 2010–2012 Cycle	12 December 2013	1 May 2015
Various standards	Annual Improvements to IFRSs 2011–2013 Cycle	12 December 2013	1 May 2015
Various standards	Annual Improvements to IFRSs 2012–2014 Cycle	25 September 2014	1 May 2016

3. SCOPE OF CONSOLIDATION

In addition to BUWOG AG, these consolidated interim financial statements include 33 domestic and 72 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or can exercise legal or actual control.

3.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The following table shows the changes in the scope of consolidation for the BUWOG Group during the first half of 2014/15:

Scope of consolidation	Full consolidation
Balance on 30 April 2014	**89**
Initially consolidated companies	**19**
Deconsolidations	**-1**
Mergers	**-1**
Balance on 31 October 2014	**106**

3.2 BUSINESS COMBINATIONS (INITIAL CONSOLIDATIONS)

The following business combinations were recognised during the first half of 2014/15:

in TEUR	DGAG transaction	Apollo portfolio	Total
Cash transferred	313,954.3	53,439.2	**367,393.5**
Liability due to the rights of termination of the non-controlling interests	16,856.4	194.3	**17,050.7**
Consideration transferred	**330,810.7**	**53,633.5**	**384,444.2**
Investment properties	925,833.8	57,965.7	**983,799.5**
Other tangible assets	498.4	0.0	**498.4**
Receivables	157,199.6	0.0	**157,199.6**
Deferred tax assets	137.8	0.0	**137.8**
Cash and cash equivalents	29,084.4	0.0	**29,084.4**
Liabilities	-747,714.2	0.0	**-747,714.2**
Provisions	-6,827.0	0.0	**-6,827.0**
Deferred tax liabilities	-30,027.5	-716.3	**-30,743.8**
Fair value of identifiable net assets acquired	**328,185.3**	**57,249.4**	**385,434.7**
Consideration transferred (for 100%)	-330,810.7	-53,633.5	**-384,444.2**
Fair value of identifiable net assets acquired	328,185.4	57,249.4	**385,434.7**
Goodwill (-) / Gain from a bargain purchase (+)	**-2,625.3**	**3,615.9**	**990.5**
Consideration paid in cash	313,954.3[1)]	53,439.2	**367,393.5**
Less cash and cash equivalents balances acquired	-29,084.4	0.0	**-29,084.4**
Net cash outflow on acquisition of subsidiaries	**284,869.9**	**53,439.2**	**338,309.0**

1) TEUR 10,000 were deposited with the trustee prior to 30 April 2014

Acquisition of the DGAG portfolio and the management platform ("DGAG transaction")
The BUWOG Group completed the acquisition of the DGAG real estate portfolio with the closing on 27 June 2014 and the acquisition of the management platform with the closing on 1 July 2014. The acquisition of the various residential and commercial units was executed in the form of several share deals and led to the takeover of 19 companies held by Prelios DGAG Deutsche Grundvermögen GmbH, Kiel, Solaia Real Estate B.V., Amsterdam, G.O.II - Luxembourg One S.à.r.L., Luxembourg, and Prelios S.p.A., Milan.

The acquired residential property portfolio comprises roughly 18,000 units with approx. 1.09 million sqm of lettable space. The properties are located primarily in the German provinces of Schleswig-Holstein (approx. 990,000 sqm) and Lower Saxony (approx. 85,000 sqm), i.e. in the BUWOG Group's preferred growth region of North-West Germany. Around 40.0% of the housing stock in the portfolio is supported by government subsidies.

In connection with the acquisition of the DGAG portfolio, the BUWOG Group also purchased the residential asset and property management business (so-called "management platform"). This platform, which has roughly 300 employees, is closely connected with the DGAG portfolio from an economic standpoint. The acquisition of the management platform will ensure the smooth integration of the DGAG portfolio and allow the BUWOG Group to benefit from a highly qualified and experienced team of real estate experts. These specialists will assume responsibility for the administration and management of the BUWOG Group's entire German portfolio over the medium-term and complement the existing administrative structures. This will facilitate the realisation of synergy effects and support further cost-effective growth in the preferred regions in Germany. The acquisition of the management platform also covers the management activities for the approx. 33,000 German residential units owned by third parties which are currently serviced by this platform, in particular with respect to property and facility management, new and follow-up rentals and custodial services.

The BUWOG Group acquired 94.9% of the shares in the DGAG real estate portfolio companies under company law. Based on the put rights in the contracts for the acquired companies, the BUWOG Group recognised the preliminary purchase price paid by the minority shareholders (EUR 16.8 million) to the sellers under other non-current liabilities in accordance with IAS 32. This amount represents the fair value of the shares on the acquisition date. The put rights can be exercised at the earliest at the end of the day on 30 April 2021.

The acquisition of the real estate portfolio and the simultaneous acquisition of the residential asset and property management business is presented as a business combination in accordance with IFRS 3. Since all information required for the final presentation of the transaction – above all with regard to taxes and provisions – is still not available, preliminary values were determined and incorporated into the purchase price allocation. The respective carrying amounts of the investment properties were adjusted to reflect fair value during the second quarter of 2014/15 based on a 1 July 2014 appraisal.

The preliminary purchase price for the shares of the companies acquired through the DGAG transaction totals EUR 330.8 million for 100.0%. The final purchase price will be determined on the basis of audited financial statements agreed on by the parties and should be available by the end of 2014. In addition to the acquisition of shares and in connection with the closing, the BUWOG Group repaid shareholder loans (TEUR 64,296.9) granted by the sellers to various property companies before the acquisition and accepted loans of TEUR 138,262.1 granted by the property companies to the sellers. Financing of TEUR 431,923.6 provided by Deutsche Pfandbriefbank AG up to the takeover by the BUWOG Group was repaid at the closing. It was replaced by a TEUR 359,158.6 loan granted by Berlin Hyp AG, which will probably be increased to approx. EUR 400 million by the end of December 2014.

The valuation of the properties for the preliminary price allocation was based on an appraisal by an independent real estate expert (CBRE). The fair value of cash and cash equivalents corresponds to the carrying amount on the acquisition date. In addition, there is no difference between the carrying amount and the fair value of current assets and current liabilities. The receivables acquired are considered to be substantially recoverable. A net present value calculation based on current market parameters was used to determine the fair value of the low-interest financial liabilities. The calculation of deferred tax liabilities was based on a tax rate of 15.825%.

The DGAG portfolio has contributed TEUR 24,103.0 to residential rental income and TEUR 16,013.9 to the Results of Asset Management since the acquisition date. If the business combination had taken place at the beginning of the financial year (1 May 2014), the contribution to residential rental income would have equalled approx. TEUR 36,107.2 and the contribution to Results of Asset Management approx. TEUR 24,570.1.

Based on the preliminary data, the goodwill from the DGAG transaction resulted mainly (as a technical figure) from the mandatory recognition of deferred taxes at the nominal value based on the difference between the fair value and the tax base of the acquired real estate assets and from the synergies expected from the acquired management platform. The valuation of the investment properties as of 1 July 2014 led to a reduction of TEUR 2,690.1 in goodwill during the second quarter of 2014/15.

Acquisition of the "Apollo Portfolio"

The closing for the acquisition of the "Apollo Portfolio" took place on 1 July 2014. This portfolio consists of 1,206 units with a total lettable area of approx. 79,600 sqm. The properties are located primarily in Berlin-Kaulsdorf (614 units) and Strausberg, roughly 15 km east of Berlin (529 units).

The purchase price allocation included in these consolidated interim financial statements is preliminary and will be finalised during the current financial year. The valuation of the properties for the preliminary price allocation was based on an appraisal by an independent real estate expert (CBRE). The calculation of deferred tax liabilities was based on a tax rate of 15.825%.

The Apollo Portfolio has contributed TEUR 1,441.8 to residential rental income since the acquisition date. If the business combination had taken place at the beginning of the financial year (1 May 2014), the contribution to residential rental income would have equalled approx. TEUR 2,163.2.

Based on the preliminary data, the acquisition of the Apollo Portfolio resulted in a negative difference of TEUR 3,615.9. This reflects the fact that the Apollo transaction was concluded at a favourable price because of the insolvency proceedings involving the seller. The gain from this acquisition below market value ("bargain purchase") was recognised through profit or loss and recorded under other revaluation results.

3.3 DECONSOLIDATION

BUWOG Facility Management GmbH was sold during the first half of 2014/15. The deconsolidation covered the following assets and liabilities:

in TEUR	
Consideration received	**327.2**
Other tangible assets	0.2
Trade and other receivables	508.2
Cash and cash equivalents	1,500.6
Trade and other liabilities	-956.0
Provisions	-1,018.0
Assets and liabilities deconsolidated	**35.0**
Consideration received	327.2
Assets and liabilities deconsolidated	-35.0
Results of deconsolidation	**292.2**
Consideration received	327.2
Less cash and cash equivalents balances disposed of	-1,500.6
Net cash outflows from disposal of a subsidiary	**-1,173.4**

3.4 MERGER

C-I-D RealEstate GmbH was merged with the BUWOG – Projektholding GmbH during the second quarter of 2014/15.

4. SEGMENT REPORTING

The reportable segments of the BUWOG Group are classified according to regional criteria based on the location of the properties. Since the BUWOG Group was established at the end of April 2014, the prior year data for the earnings position (1 May 2013 – 31 October 2013) only includes the income and expenses of BUWOG AG. The BUWOG Group is not included in the prior year data because it was only taken over by BUWOG AG at the end of April in connection with a common control transaction by IMMOFINANZ AG. Additional information on the establishment of the BUWOG Group is provided in the consolidated financial statements as of 30 April 2014.

SEGMENTS
in TEUR

	Austria		Germany	
	H1 2014/15	H1 2013/14	H1 2014/15	H1 2013/14
Residential rental income	41,758.3	0.0	40,356.5	0.0
Other rental income	2,554.7	0.0	520.9	0.0
Rental income	**44,313.0**	**0.0**	**40,877.4**	**0.0**
Operating costs charged to tenants	25,120.7	0.0	25,636.7	0.0
Other revenues	558.8	0.0	389.9	0.0
Revenues	**69,992.5**	**0.0**	**66,904.0**	**0.0**
Expenses directly related to investment property	-12,096.5	0.0	-13,654.3	0.0
Operating expenses	-25,234.3	0.0	-25,221.9	0.0
Results of Asset Management	**32,661.7**	**0.0**	**28,027.8**	**0.0**
Sale of properties	49,053.3	0.0	0.0	0.0
Carrying amount of sold properties	-49,053.3	0.0	0.0	0.0
Expenses from property sales	-1,312.2	0.0	-84.2	0.0
Revaluation of properties sold	19,022.8	0.0	0.0	0.0
Results of Property Sales	**17,710.6**	**0.0**	**-84.2**	**0.0**
Sale of real estate inventories	40,170.3	0.0	528.3	0.0
Cost of real estate inventories sold	-30,251.7	0.0	-314.9	0.0
Expenses from real estate inventories	-1,329.8	0.0	-990.7	0.0
Real estate development expenses	-1,654.8	0.0	-1,742.3	0.0
Revaluation of properties under construction	-15.4	0.0	0.0	0.0
Results of Property Development	**6,918.6**	**0.0**	**-2,519.6**	**0.0**
Other operating income	665.9	0.0	351.2	0.0
Other not directly attributable expenses	-7,333.2	0.0	-4,649.9	0.0
Results of operations	**50,623.6**	**0.0**	**21,125.3**	**0.0**
Revaluation of investment properties	12,221.9	0.0	22,937.2	0.0
Gain from a bargain purchase	0.0	0.0	3,615.9	0.0
Other revaluation results	**12,221.9**	**0.0**	**26,553.1**	**0.0**
Operating profit (EBIT)	**62,845.5**	**0.0**	**47,678.4**	**0.0**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Net profit				
Segment investments	**11,848.2**	**0.0**	**3,574.4**	**0.0**
	31 October 2014	30 April 2014	31 October 2014	30 April 2014
Investment properties	2,203,424.5	2,208,613.7	1,431,976.5	422,959.8
Investment properties under construction	3,886.1	10,926.1	0.0	0.0
Other tangible assets	7,080.1	7,370.3	1,052.5	476.6
Non-current assets held for sale	24,078.8	15,036.0	0.0	0.0
Inventories	80,843.8	100,423.8	65,745.7	54,693.5
Segment assets	**2,319,313.3**	**2,342,369.8**	**1,498,774.7**	**478,130.0**

Total reportable segments		Holding company / Transition to consolidated financial statements		BUWOG Group	
H1 2014/15	H1 2013/14	H1 2014/15	H1 2013/14	H1 2014/15	H1 2013/14
82,114.8	0.0	0.0	0.0	82,114.8	0.0
3,075.6	0.0	0.0	0.0	3,075.6	0.0
85,190.4	**0.0**	**0.0**	**0.0**	**85,190.4**	**0.0**
50,757.4	0.0	0.0	0.0	50,757.4	0.0
948.7	0.0	0.0	0.0	948.7	0.0
136,896.5	**0.0**	**0.0**	**0.0**	**136,896.5**	**0.0**
-25,750.8	0.0	0.0	0.0	-25,750.8	0.0
-50,456.2	0.0	0.0	0.0	-50,456.2	0.0
60,689.5	**0.0**	**0.0**	**0.0**	**60,689.5**	**0.0**
49,053.3	0.0	0.0	0.0	49,053.3	0.0
-49,053.3	0.0	0.0	0.0	-49,053.3	0.0
-1,396.4	0.0	0.0	0.0	-1,396.4	0.0
19,022.8	0.0	0.0	0.0	19,022.8	0.0
17,626.4	**0.0**	**0.0**	**0.0**	**17,626.4**	**0.0**
40,698.6	0.0	0.0	0.0	40,698.6	0.0
-30,566.6	0.0	0.0	0.0	-30,566.6	0.0
-2,320.5	0.0	0.0	0.0	-2,320.5	0.0
-3,397.1	0.0	0.0	0.0	-3,397.1	0.0
-15.4	0.0	0.0	0.0	-15.4	0.0
4,399.0	**0.0**	**0.0**	**0.0**	**4,399.0**	**0.0**
1,017.1	0.0	2,609.5	0.0	3,626.6	0.0
-11,983.1	0.0	-2,074.4	-3.8	-14,057.5	-3.8
71,748.9	**0.0**	**535.1**	**-3.8**	**72,284.0**	**-3.8**
35,159.1	0.0	0.0	0.0	35,159.1	0.0
3,615.9	0.0	0.0	0.0	3,615.9	0.0
38,775.0	**0.0**	**0.0**	**0.0**	**38,775.0**	**0.0**
110,523.9	**0.0**	**535.1**	**-3.8**	**111,059.0**	**-3.8**
				-82,357.3	**-0.1**
				28,701.7	**-3.9**
				-8,115.2	0.0
				20,586.5	**-3.9**
15,422.6	**0.0**	**0.0**	**0.0**	**15,422.6**	**0.0**
31 October 2014	30 April 2014	31 October 2014	30 April 2014	31 October 2014	30 April 2014
3,635,401.0	2,631,573.5	0.0	0.0	3,635,401.0	2,631,573.5
3,886.1	10,926.1	0.0	0.0	3,886.1	10,926.1
8,132.6	7,846.9	0.0	13.0	8,132.6	7,859.9
24,078.8	15,036.0	0.0	0.0	24,078.8	15,036.0
146,589.5	155,117.3	0.0	0.0	146,589.5	155,117.3
3,818,088.0	**2,820,499.8**	**0.0**	**13.0**	**3,818,088.0**	**2,820,512.8**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Since the BUWOG Group was established at the end of April 2014, the prior year data for the consolidated income statement (1 May 2013 – 31 October 2013) only includes the income and expenses of BUWOG AG. The BUWOG Group is not included in the prior year data because it was only taken over by BUWOG AG at the end of April in connection with a common control transaction by IMMOFINANZ AG. Additional information on the establishment of the BUWOG Group is provided in the consolidated financial statements as of 30 April 2014. The absence of prior year data in the comments on the consolidated interim financial statements signifies that no corresponding comparative figures were available for BUWOG AG.

5.1 EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

in TEUR	H1 2014/15
Vacancies	-1,073.4
Maintenance	-15,683.8
Operating costs charged to building owners	-1,359.0
Other expenses from asset management	-4,046.8
Write-off of receivables from asset management	-774.9
Other expenses	-2,812.9
Total	**-25,750.8**

5.2 OTHER OPERATING INCOME

in TEUR	H1 2014/15
Insurance compensation	72.2
Income from derecognised liabilities	82.2
Gains/losses from deconsolidation	292.2
Guarantee commission	2,410.7
Miscellaneous	769.3
Total	**3,626.6**

5.3 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

in TEUR	H1 2014/15	H1 2013/14
Administration	-106.4	0.0
Legal, auditing and consulting fees	-2,847.8	-3.4
Advertising	-1,155.1	0.0
Amortisation and depreciation	-850.7	0.0
IT and communications	-1,254.7	0.0
Personnel expenses	-4,335.1	0.0
Guarantee commission related to acquisition of land and financial liabilities	-772.0	0.0
Cost of valuation reports	-546.5	0.0
Miscellaneous	-2,189.2	-0.4
Total	**-14,057.5**	**-3.8**

5.4 REVALUATION OF PROPERTIES

The revaluation gains and losses from 1 May to 31 October 2014 (H1 2014/15) are classified as follows:

in TEUR	Investment properties	Investment properties under construction	Properties sold
Revaluation gains	47,405.3	168.0	19,292.1
Impairment losses	-12,246.2	-183.4	-269.3
Total	**35,159.1**	**-15.4**	**19,022.8**

The revaluation gains from 1 May to 31 October 2014 (H1 2014/15) are classified as follows by country:

in TEUR	Investment properties	Investment properties under construction	Properties sold
Austria	21,277.8	168.0	19,292.1
Germany	26,127.5	0.0	0.0
Total	**47,405.3**	**168.0**	**19,292.1**

The revaluation losses recognised in the first half of 2014/15 are classified as follows by country:

in TEUR	Investment properties	Investment properties under construction	Properties sold
Austria	-9,055.9	-183.4	-269.3
Germany	-3,190.3	0.0	0.0
Total	**-12,246.2**	**-183.4**	**-269.3**

The fair value of the standing investments as of 31 October 2014 was determined by an external appraiser (CBRE).

5.5 FINANCIAL RESULTS

in TEUR	H1 2014/15
Financing costs	**-26,543.6**
Financing income	**2,859.2**
Valuation of derivative financial instruments	-17,444.5
Valuation of financial instruments at fair value through profit or loss (Fair Value Option)	-40,707.8
Other	-520.6
Other financial results	**-58,672.9**
Total	**-82,357.3**

The non-cash results from the measurement of derivatives, which are included under financial results, and the non-cash valuation results from financial instruments carried at fair value through profit or loss (fair value option) resulted from the continued flattening of the underlying interest rate curve during the first half of 2014/15.

5.6 INCOME TAXES

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

in TEUR	H1 2014/15
Income tax expenses	-8,501.7
Deferred tax expenses	386.5
Total	**-8,115.2**

5.7 EARNINGS PER SHARE

	H1 2014/15
Weighted average number of shares	99,613,479
Net profit excl. non-controlling interests in EUR	20,311,900
Basic earnings per share in EUR	**0.20**
Diluted earnings per share in EUR	**0.20**

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION

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

in TEUR	Investment properties	Investment properties under construction
Balance on 1 May 2014	**2,631,573.5**	**10,926.1**
Acquisitions through business combinations	983,799.5	0.0
Additions	13,878.8	1,543.8
Disposals	-49,053.3	0.0
Revaluation	54,181.9	-15.4
Reclassification	10,063.4	-8,568.4
Reclassification IFRS 5	-9,042.8	0.0
Balance on 31 October 2014	**3,635,401.0**	**3,886.1**

Details on revaluation results are provided in section 5.4 *Revaluation of properties.*

6.2 TRADE AND OTHER RECEIVABLES

in TEUR	31 October 2014	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Trade accounts receivable					
Rents receivable	5,304.9	5,304.9	0.0	0.0	4,582.0
Miscellaneous	5,127.6	5,127.6	0.0	0.0	3,339.0
Total trade accounts receivable	**10,432.5**	**10,432.5**	**0.0**	**0.0**	**7,921.0**
Other financial receivables					
Restricted funds	23,848.8	23,848.8	0.0	0.0	10,157.0
Receivables from convertible bond	0.0	0.0	0.0	0.0	260,129.4
Outstanding purchase price receivables - sale of properties	46,495.9	46,495.9	0.0	0.0	53,693.2
DGAG deposit	0.0	0.0	0.0	0.0	20,000.0
Miscellaneous	25,550.8	24,619.4	702.7	228.7	26,288.4
Total other financial receivables	**95,895.5**	**94,964.1**	**702.7**	**228.7**	**370,268.0**
Other non-financial receivables					
Tax authorities	1,030.9	1,030.9	0.0	0.0	1,963.2
Total other non-financial receivables	**1,030.9**	**1,030.9**	**0.0**	**0.0**	**1,963.2**
Total	**107,358.9**	**106,427.5**	**702.7**	**228.7**	**380,152.4**

Of the total miscellaneous other financial receivables, TEUR 17,479.7 (30 April 2014: TEUR 274,357.5, thereof TEUR 260,129.4 receivables from convertible bonds) represented other receivables due from IMMOFINANZ Group. The nominal value of the receivables from convertible bonds (TEUR 260,000.0) was paid in full by IMMOFINANZ AG in the first quarter of 2014/15.

6.3 EQUITY

A total dividend of EUR 68.7 million was distributed to shareholders during the reporting period. This distribution was based on a resolution of the annual general meeting of BUWOG AG on 14 October 2014, which called for the payment of a EUR 0.69 cash dividend per share for the 2013/14 financial year.

6.4 LIABILITIES FROM CONVERTIBLE BONDS

in TEUR	31 October 2014	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Convertible bond 2014 - 2019	249,083.2	149.6	248,933.6	0.0	247,949.0
Total	**249,083.2**	**149.6**	**248,933.6**	**0.0**	**247,949.0**

Detailed information on the liabilities from convertible bonds is provided in the consolidated financial statements as of 30 April 2014.

6.5 FINANCIAL LIABILITIES

The following table shows the composition and remaining terms of financial liabilities as of 31 October 2014:

in TEUR	31 October 2014	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Amounts due to financial institutions	1,097,029.3	84,581.3	221,244.9	791,203.1	690,950.5
thereof secured by collateral	994,756.6	66,112.8	203,447.0	725,196.8	569,348.2
thereof not secured by collateral	102,272.7	18,468.5	17,797.9	66,006.3	121,602.3
Amounts due to local authorities	651,567.1	26,799.3	107,498.5	517,269.3	444,988.2
Other financial liabilities	118.3	99.5	18.8	0.0	92.1
Total	**1,748,714.7**	**111,480.1**	**328,762.2**	**1,308,472.4**	**1,136,030.8**

The major conditions of financial liabilities as of 31 October 2014 are as follows:

CONDITIONS OF FINANCIAL LIABILITIES

	Currency	Interest rate fixed/floating	Average interest rate	Nominal value of remaining liability in TEUR	Balance in TEUR
Amounts due to financial institutions	EUR	fixed	3.41%	149,200.2	
(loans and advances)	EUR	floating	2.40%	1,010,021.8	
Total amounts due to financial institutions				**1,159,222.0**	**1,097,029.3**
Liabilities with local authorities	**EUR**	**fixed**	**1.36%**	**715,871.7**	**651,567.1**
Other					**118.3**
Total					**1,748,714.7**

6.6 TRADE AND OTHER LIABILITIES

in TEUR	31 October 2014	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Trade liabilities	**24,220.6**	**24,181.2**	**39.4**	**0.0**	**27,716.1**
Other financial liabilities					
Fair value of derivative financial instruments (liabilities)	45,312.0	1,035.9	3,984.9	40,291.2	27,867.6
Property management	3,002.5	3,002.5	0.0	0.0	2,341.1
Deposits and guarantees received	23,896.2	23,896.2	0.0	0.0	10,196.3
Prepayments received on apartment sales	10,893.7	10,893.7	0.0	0.0	28,276.5
Maintenance and improvement amounts received	29,316.9	5,862.6	16,940.9	6,513.4	26,004.9
Outstanding purchase prices (share deals)	2,196.9	2,196.9	0.0	0.0	2,122.6
Liabilities from financial contributions	109,702.2	109,702.2	0.0	0.0	110,970.1
Liabilities to "Versicherungsanstalt des Bundes und der Länder" (VBL Liabilities)	35,049.3	0.0	0.0	35,049.3	0.0
Miscellaneous	35,107.4	13,379.7	2,901.4	18,826.3	19,083.4
Total other financial liabilities	**294,477.1**	**169,969.7**	**23,827.2**	**100,680.2**	**226,862.5**
Other non-financial liabilities					
Tax authorities	7,238.4	7,238.4	0.0	0.0	5,320.1
Rental and lease prepayments	2,497.1	2,497.1	0.0	0.0	733.2
Total other non-financial liabilities	**9,735.5**	**9,735.5**	**0.0**	**0.0**	**6,053.3**
Total	**328,433.2**	**203,886.4**	**23,866.6**	**100,680.2**	**260,631.9**

The amounts due to IMMOFINANZ Group as of 31 October 2014 represented trade payables of TEUR 1,390.3 (30 April 2014: TEUR 19.5) with a remaining term of less than one year and miscellaneous other financial liabilities of TEUR 0.0 (30 April 2014: TEUR 3,330.4) with a remaining term of less than one year.

Within the framework of standard risk management processes, BUWOG started a review of possible follow-up expenses from the acquisition and reorganisation measures connected with the Group's establishment.

6.7 INFORMATION ON FINANCIAL INSTRUMENTS

6.7.1 Classification of financial instruments by IAS 39 categories

in TEUR		FA@FV/P&L				
	AFS	Fair Value Option	L&R	Non-FI		
ASSETS	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 31 October 2014	Fair value on 31 October 2014
Trade and other receivables	**0.0**	**0.0**	**106,328.0**	**1,030.9**	**107,358.9**	**107,358.9**
Trade accounts receivable	0.0	0.0	10,432.5	0.0	10,432.5	10,432.5
Other receivables	0.0	0.0	95,895.5	1,030.9	96,926.4	96,926.4
Other financial assets	**1.5**	**7,632.2**	**10,018.3**	**0.0**	**17,652.0**	**21,368.1**
Securities	1.5	0.0	0.0	0.0	1.5	1.5
Originated loans	0.0	7,632.2	10,018.3	0.0	17,650.5	21,366.6
Cash and cash equivalents	**0.0**	**0.0**	**88,012.8**	**0.0**	**88,012.8**	**88,012.8**
TOTAL ASSETS	**1.5**	**7,632.2**	**204,359.1**	**1,030.9**	**213,023.7**	**216,739.8**

	FL@FV/P&L					
	Fair Value Option	HFT	FLAC	Non-FI		
LIABILITIES	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 31 October 2014	Fair value on 31 October 2014
Liabilities from convertible bonds	**0.0**	**0.0**	**249,083.2**	**0.0**	**249,083.2**	**253,226.9**
Financial liabilities	**735,964.6**	**0.0**	**1,012,750.1**	**0.0**	**1,748,714.7**	**1,764,809.7**
Amounts due to financial institutions	111,829.9	0.0	985,199.4	0.0	1,097,029.3	1,112,218.5
Other financial liabilities	624,134.7	0.0	27,550.7	0.0	651,685.4	652,591.2
Trade and other liabilities	**0.0**	**45,312.0**	**273,385.7**	**9,735.5**	**328,433.2**	**328,433.2**
Trade liabilities	0.0	0.0	24,220.6	0.0	24,220.6	24,220.6
Derivatives	0.0	45,312.0	0.0	0.0	45,312.0	45,312.0
Miscellaneous other liabilities	0.0	0.0	249,165.1	9,735.5	258,900.6	258,900.6
TOTAL LIABILITIES	**735,964.6**	**45,312.0**	**1,535,219.0**	**9,735.5**	**2,326,231.1**	**2,346,469.8**

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

Classification of financial instruments by IAS 39 categories – previous year

in TEUR		FA@FV/P&L				
	AFS	Fair Value Option	L&R	Non-FI		
ASSETS	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 2014	Fair value on 30 April 2014
Trade and other receivables	**0,0**	**0,0**	**378.189,0**	**1.963,2**	**380.152,2**	**380.152,2**
Trade accounts receivable	0,0	0,0	7.921,0	0,0	7.921,0	7.921,0
Other receivables	0,0	0,0	370.268,0	1.963,2	372.231,2	372.231,2
Other financial assets	**46,7**	**8.332,8**	**8.698,5**	**0,0**	**17.078,0**	**23.171,2**
Securities	46,7	0,0	0,0	0,0	46,7	46,7
Originated loans	0,0	8.332,8	8.698,5	0,0	17.031,3	23.124,5
Cash and cash equivalents	**0,0**	**0,0**	**132.947,4**	**0,0**	**132.947,4**	**132.947,4**
TOTAL ASSETS	**46,7**	**8.332,8**	**519.834,9**	**1.963,2**	**530.177,6**	**536.270,8**

	FL@FV/P&L					
	Fair Value Option	HFT	FLAC	Non-FI		
LIABILITIES	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 2014	Fair value on 30 April 2014
Liabilities from convertible bonds	**0.0**	**0.0**	**247,949.0**	**0.0**	**247,949.0**	**247,974.5**
Financial liabilities	**524,411.2**	**0.0**	**611,619.6**	**0.0**	**1,136,030.8**	**1,140,929.5**
Amounts due to financial institutions	106,603.3	0.0	584,347.2	0.0	690,950.5	696,828.8
Other financial liabilities	417,807.9	0.0	27,272.4	0.0	445,080.3	444,100.7
Trade and other liabilities	**0.0**	**27,867.6**	**226,711.0**	**6,053.3**	**260,631.9**	**260,631.9**
Trade liabilities	0.0	0.0	27,716.1	0.0	27,716.1	27,716.1
Derivatives	0.0	27,867.6	0.0	0.0	27,867.6	27,867.6
Miscellaneous other liabilities	0.0	0.0	198,994.9	6,053.3	205,048.2	205,048.2
TOTAL LIABILITIES	**524,411.2**	**27,867.6**	**1,086,279.6**	**6,053.3**	**1,644,611.7**	**1,649,535.9**

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

The fair values were determined on the basis of recognised valuation methods. Additional information is provided in the consolidated financial statements as of 30 April 2014.

6.7.2 Fair value hierarchy of financial instruments

in TEUR

31 October 2014	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	7,632.2	7,632.2
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	0.0	111,829.9	111,829.9
Other financial liabilities	0.0	0.0	624,134.7	624,134.7
Held for trading derivatives	0.0	0.0	45,312.0	45,312.0

Hierarchy of financial instruments carried at fair value – previous year

in TEUR

30 April 2014	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities	0.0	0.0	46.7	46.7
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	0.0	8.332.8	8,332.8
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	0.0	106,603.3	106,603.3
Other financial liabilities	0.0	0.0	417,807.9	417,807.9
Held for trading derivatives	0.0	0.0	27,867.6	27,867.6

The following table shows the reconciliation of the opening and closing balances on 31 October 2014 for the financial instruments classified under level 3.

RECONCILIATION OF THE FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVEL 3
in TEUR

	Securities	Originated loans	Derivatives	Financial liabilities
Balance on 1 May 2014	**46.7**	**8,332.8**	**-27,867.6**	**-524,411.2**
Recognised in profit or loss	0.0	670.3	-17,444.5	-41,378.1
Additions through business combinations	0.0	0.0	0.0	-176,416.4
Additions/disposals	-45.2	-1,370.9	0.1	6,241.1
Balance on 31 October 2014	**1.5**	**7,632.2**	**-45,312.0**	**-735,964.6**

A change in the market interest rate influences the valuation of interest rate derivatives and financial liabilities which are related to real estate subsidies and measured at fair value. Under the net present value procedures based on the DCF method, which are also used to value derivatives and financial liabilities, the market value is determined by discounting future cash flows using current interest rate curves. An increase in interest rates leads to a higher discount factor and thereby to a reduction in the negative present value of a derivative or financial liability. Additional information is provided in the consolidated financial statements as of 30 April 2014.

The following table shows the market values and conditions of all derivative financial instruments purchased to hedge interest rate risk and held as of 31 October 2014:

DERIVATIVES

	Variable element	Market value as of 31 October 2014 in EUR	Reference value as of 31 October 2014 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%–3%					
Interest rate swap (HVB)	3-M-Euribor	-553,782	17,127,000	1.03	30.04.2021
Interest rate swap (HVB)	3-M-Euribor	-1,131,616	31,412,700	1.17	31.01.2023
Interest rate swap (Deka Bank)	3-M-Euribor	-207,777	3,840,000	1.39	31.12.2021
Interest rate swap (Deka Bank)	3-M-Euribor	-1,150,718	21,267,000	1.39	31.12.2021
Interest rate swap (LBB)	3-M-Euribor	-883,803	58,500,000	1.90	31.08.2015
Interest rate swap (HVB)	3-M-Euribor	-1,455,029	13,713,600	2.13	29.09.2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-2,620,080	22,500,000	2.50	31.12.2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-3,534,656	28,260,000	2.51	30.11.2036
Interest rate swap (Bank Austria)	6-M-Euribor	-2,958,983	23,550,000	2.51	30.11.2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-3,656,705	28,260,000	2.54	30.11.2036
Interest rate swap (BAWAG)	6-M-Euribor	-1,665,182	12,375,000	2.85	31.12.2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-2,924,507	15,457,000	2.99	30.03.2039
Number of derivatives: 12		**-22,742,839**	**276,262,300**		
Interest rate of 3%-4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-1,479,749	8,067,000	3.01	30.09.2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-4,243,782	25,464,000	3.09	30.09.2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-8,199,132	48,525,000	3.11	30.09.2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-4,509,436	26,689,000	3.11	30.09.2031
Interest rate swap (Bank Austria)	6-M-Euribor	-34,609	1,339,000	3.22	30.09.2015
Interest rate swap (Bank Austria)	6-M-Euribor	-23,629	4,823,000	3.26	30.12.2014
Interest rate swap (Bank Austria)	6-M-Euribor	-93,895	3,289,000	3.37	30.09.2015
Number of derivatives: 7		**-18,584,231**	**118,196,000**		
Interest rate above 4.5%					
Interest rate swap (Hypothekenbank Frankfurt)	3-M-Euribor	-3,984,931	25,690,000	4.58	30.06.2018
Number of derivatives: 1		**-3,984,931**	**25,690,000**		
Total derivatives: 20		**-45,312,000**	**420,148,300**	**2.51**	

The following discount rates were used to value financial liabilities:

DISCOUNT RATES
in %

	31 October 2014
Up to 30 April 2016	1.523%
Up to 30 April 2017	1.564%
Up to 30 April 2019	1.688%
Up to 30 April 2021	1.904%
Up to 30 April 2023	2.165%
Up to 31 October 2025	2.413%
Up to 30 April 2032	3.074%
As of 1 May 2032	3.279%

	30 April 2014
Up to 31 October 2015	1.744%
Up to 31 October 2016	1.794%
Up to 31 October 2018	2.081%
Up to 31 October 2020	2.441%
Up to 31 October 2022	2.774%
Up to 30 April 2025	3.052%
Up to 31 October 2031	3.740%
As of 1 November 2031	3.903%

7. TRANSACTIONS WITH RELATED PARTIES

Supervisory Board members Vitus Eckert and Rudolf Fries (Vice-Chairman of the Supervisory Board of IMMOFINANZ AG) are shareholders in the law firm of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden near Vienna. This law firm charged fees of EUR 19,738 for legal advice to BUWOG Group companies in the first half of 2014/15. The terms of these fees, especially the hourly rates, reflect standard market conditions.

Information on the de-domination agreement and other service relationships with IMMOFINANZ AG is provided in the consolidated financial statements as of 30 April 2014. The receivables and liabilities due from/to member companies of IMMOFINANZ Group are shown in sections 6.2 *Trade and other receivables* and 6.6 *Trade and other liabilities*.

8. SUBSEQUENT EVENTS AFTER 31 OCTOBER 2014

During the months of November and December two development projects in Vienna and Berlin were sold.

The BUWOG Group has entered into long-term credit agreements with two banks for a total of EUR 330.0 million in November 2014. The proceeds from these financing agreements will be used primarily to repay the convertible bond (EUR 260 million) issued in connection with the DGAG acquisition. The convertible bond will be called following the reporting period.

The annual general meeting of BUWOG AG on 14 October 2014 approved i.a. a conditional capital increase and the related amendments to the articles of association (§ 4 share capital and shares) allowing for the granting of stock options to the members of the Executive Board (Long-Term-Incentive-Programme 2014). Based on this resolution, the Supervisory Board concluded an agreement for the Long-Term-Incentive Programme 2014 with the members of the Executive Board in December 2014. According to the conditions of the Long-Term-Incentive-Programme the term of the management contracts of Daniel Riedl and Ronald Roos were prolonged until 30 April 2017. The prolongation of the respective appointments by only three weeks in case of Daniel Riedl and only ten weeks in case of Ronald Roos appears reasonable to the Supervisory Board considering the fact that i.a. the period specified for the fulfillment of the terms of the third tranche of bonus options under the Long-Term-Incentive Programme 2014 as well as the requirement for the fulfillment of the self-investment commitment by the respective Executive Board member is linked to the conclusion of the company's financial year 2016/17. Furthermore, agreements with the Executive Board Members concerning potential early terminations of their appointment/employment are linked to 30 April 2017.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that these consolidated interim financial statements as of 31 October 2014, which were prepared in accordance with the rules for interim financial reporting defined by International Financial Reporting Standards (IFRS) as adopted by the European Union, provide a true and fair view of the asset, financial and earnings position of the BUWOG Group. Furthermore, we confirm that the group management report provides a true and fair view of the development of business as well as the results of operations and position of the BUWOG Group during the first six months of the financial year and the principal opportunities and risks for the expected development of the BUWOG Group during the remainder of the financial year.

Vienna, 22 December 2014

The Executive Board of BUWOG AG

Daniel Riedl

Ronald Roos

IMPRINT

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