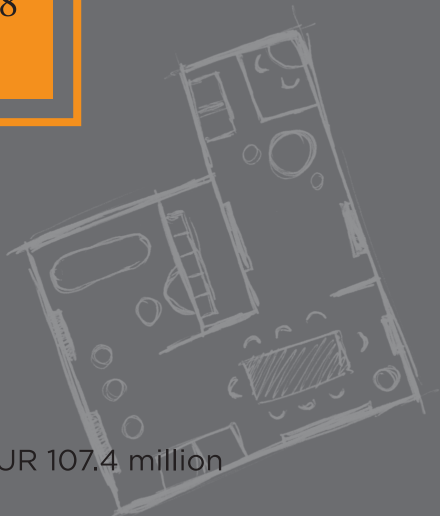
# REPORT ON THE FIRST THREE QUARTERS OF 2017/18

1 MAY 2017 – 31 JANUARY 2018

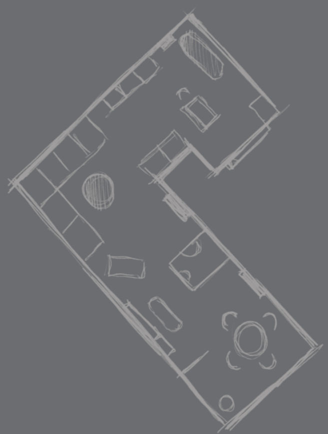


**Successful business development**

- Year-on-year increase of 25.7% in Recurring FFO to EUR 107.4 million
- Improvement in EPRA NAV per share to EUR 25.02
- Earnings contribution of EUR 40.4 million from Property Development significantly stronger than the first three quarters of the previous year
- Forecast for Recurring FFO remains unchanged at a minimum of EUR 125 million in 2017/18 financial year.

**Profitable property portfolio and strong development pipeline**

- Increase in monthly net cold rent to EUR 5.28 pro sqm
- Development pipeline of 10,684 units



BUWOG group

# CONTENT



# KENNZAHLEN BUWOG GROUP

| EARNINGS DATA | | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|---|
| Net cold rent | in EUR million | 159.2 | 155.4 | 2.4% |
| Results of Asset Management | in EUR million | 119.6 | 114.1 | 4.8% |
| Results of Property Sales | in EUR million | 37.9 | 38.6 | -1.7% |
| Results of Property Development | in EUR million | 40.4 | 7.5 | >100.0% |
| EBITDA[1] | in EUR million | 152.3 | 128.9 | 18.1% |
| Fair value adjustments of investment properties | in EUR million | 148.6 | 277.2 | -46.4% |
| Financial results[2] | in EUR million | -53.8 | -47.9 | -12.3% |
| EBT | in EUR million | 255.9 | 364.3 | -29.7% |
| Net profit | in EUR million | 211.1 | 292.3 | -27.8% |
| Earnings per share[3] | in EUR | 1.87 | 2.87 | -34.8% |
| FFO | in EUR million | 72.0 | 54.5 | 32.0% |
| Recurring FFO | in EUR million | 107.4 | 85.4 | 25.7% |
| Recurring FFO per share[3] | in EUR | 0.97 | 0.86 | 13.2% |
| Total FFO | in EUR million | 111.7 | 85.4 | 30.7% |
| AFFO | in EUR million | 70.5 | 59.1 | 19.2% |

| ASSET AND FINANCIAL DATA | | 31 January 2018 | 30 April 2017 | Change |
|---|---|---|---|---|
| Balance sheet total | in EUR million | 5,371.4 | 5,019.7 | 7.0% |
| Equity ratio | in % | 45.2% | 39.8% | 5.4 PP |
| Cash and cash equivalents | in EUR million | 285.8 | 211.4 | 35.2% |
| Net financial liabilities | in EUR million | 1,907.9 | 2,040.2 | -6.5% |
| Loan-to-value (LTV) | in % | 39.5% | 44.1% | -4.6 PP |
| EPRA net asset value | in EUR million | 2,808.2 | 2,384.8 | 17.8% |
| Ø Interest rate on financial liabilities | in % | 1.78% | 1.78% | 0.0 PP |
| Ø Term of financial liabilities | years | 11.0 | 11.8 | -0.8 |

| SHARE DATA | | 31 January 2018 | 30 April 2017 | Change |
|---|---|---|---|---|
| Share price | in EUR | 28.90 | 24.79 | 16.6% |
| Shares issued as of the balance sheet date (excl. treasury shares) | Number of shares | 112,245,164 | 99,773,479 | 12.5% |
| Market capitalisation | in EUR million | 3,243.9 | 2,473.4 | 31.2% |
| Free float[4] | in % | 100% | 95% | 5.0 PP |
| EPRA Net Asset Value per share[3] | in EUR | 25.02 | 23.90 | 4.7% |

The use of automated calculation systems may give rise to rounding differences.
1) Results of operations adjusted to account for valuation effects and deferred periods (IFRS 5). For more details please go to chapter *Asset, financial and earnings position*.
2) Financial results are influenced by non-cash results from the valuation of financial liabilities at fair value trough profit or loss (EUR -0.3 million) and by derivative financial instruments (EUR -11.4 million).
3) Basis for earnings data: 110,753,984 shares (99,773,479) weighted average. Basis for asset data: 112,245,164 shares (previous year: 99,773,479) in both cases as of the balance sheet date
4) For more detail please go to chapter *Investor Relations*.

# KEY PROPERTY PORTFOLIO DATA

| ASSET MANAGEMENT (STANDING INVESTMENTS) | | 31 January 2018 | 30 April 2017 | Change |
|---|---|---|---|---|
| Number of units | Quantity | 48,806 | 49,597 | -1.6% |
| Germany | Quantity | 27,212 | 27,151 | 0.2% |
| Austria | Quantity | 21,594 | 22,446 | -3.8% |
| Total floor area[1] | in sqm | 3,362,570 | 3,418,784 | -1.6% |
| Germany | in sqm | 1,695,872 | 1,690,258 | 0.3% |
| Austria | in sqm | 1,666,698 | 1,728,526 | -3.6% |
| Annualised net in-place rent[2] | in EUR million | 205 | 205 | 0.1% |
| Germany | in EUR million | 120 | 116 | 3.0% |
| Austria | in EUR million | 85 | 89 | -3.7% |
| Monthly net in-place rent[2] | in EUR per sqm | 5.28 | 5.18 | 1.9% |
| Germany | in EUR per sqm | 6.03 | 5.85 | 3.1% |
| Austria | in EUR per sqm | 4.49 | 4.50 | -0.2% |
| Development of net in-place rent – like-for-like[3] | in % | 2.1% | 4.5% | -2.4 PP |
| Germany – like-for-like | in % | 3.6% | 3.2% | 0.4 PP |
| Austria – like-for-like | in % | -0.6% | 6.3% | -6.9 PP |
| Vacancy rate[4] | in % | 3.6% | 3.4% | 0.2 PP |
| Germany | in % | 2.4% | 1.9% | 0.5 PP |
| Austria | in % | 4.8% | 4.9% | -0.1 PP |
| Fair value[5] | in EUR million | 4,084 | 3,942 | 3.6% |
| Germany | in EUR million | 2,181 | 1,997 | 9.2% |
| Austria | in EUR million | 1,903 | 1,945 | -2.2% |
| Fair value[5] | in EUR per sqm | 1,215 | 1,153 | 5.3% |
| Germany | in EUR per sqm | 1,286 | 1,182 | 8.8% |
| Austria | in EUR per sqm | 1,142 | 1,125 | 1.5% |
| Gross rental yield[6] | in % | 5.0% | 5.2% | -0.2 PP |
| Germany | in % | 5.5% | 5.8% | -0.3 PP |
| Austria | in % | 4.5% | 4.6% | -0.1 PP |

| | | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|---|
| Maintenance expense[7] | in EUR per sqm | 5.9 | 5.5 | 6.4% |
| Capitalization of modernisation work (CAPEX)[7] | in EUR per sqm | 10.9 | 7.5 | 46.2% |

| PROPERTY SALES | | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|---|
| Units sold | Quantity | 959 | 515 | 86.2% |
| thereof Unit Sales | Quantity | 504 | 514 | -1.9% |
| thereof Block Sales | Quantity | 455 | 1 | >100.0% |
| Margin on fair value – Unit Sales | in % | 64% | 56% | 7.7 PP |
| Margin on fair value – Block Sales | in % | 18% | 6% | 11.9 PP |

| PROPERTY DEVELOPMENT | | 31 January 2018 | 30 April 2017 | Change |
|---|---|---|---|---|
| Units under construction | Quantity | 2,331 | 1,472 | 58.4% |
| Total investment volume | in EUR million | 3,075 | 2,932 | 4.9% |

| | | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|---|
| Completed units | Quantity | 406 | 329 | 23.4% |
| thereof defined for sale to third parties | Quantity | 270 | 163 | 65.6% |
| thereof defined to transfer to investment portfolio | Quantity | 136 | 166 | -18.1% |

The use of automated calculation systems may give rise to rounding differences.
1) Residential floor area approx. 97%
2) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
3) Comparison: 31 January 2018 vs. 31 January 2017 as well as 30 April 2017 vs. 30 April 2016 on a like-for-like basis (without changes of the portfolio and including effects of vacant units)
4) Based on sqm; vacancy adjusted by vacancy of unit sales amounts 2.4%
5) Based on fair value of standing investments according to CBRE valuation as of 31 October 2017 minus Sales, plus CAPEX and additions
6) Annualised net in-place rent (based on monthly net in-place rent excluding utilities as of the balance sheet date) in relation to fair value
7) Retrospective adjustment of figures of Full Year 2015/16 due to the implementation of changed capitalisation policy by Q1 2016/17 according to IAS 8 (see chapter 2.4 *consolidated financial statements*)

# DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS OF BUWOG AG

When we look back on the successful first nine months of the 2017/18 financial year, we see a clear confirmation of our strategy. BUWOG increased Recurring FFO by a significant 25.7% year-on-year to EUR 107.4 million during this period. This improvement was underscored, above all, by strong results of EUR 40.4 million from Property Development.

The EPRA Net Asset Value, which primarily illustrates our sustainable asset positions, has increased from EUR 23.90 per share to EUR 25.02 per share since 30 April 2017. In addition, the equity ratio rose by 5.4 percentage points to 45.2% following the EUR 305.6 million cash capital increase with subscription rights that was carried out at the beginning of June. Two of our key indicators remained low as of 31 January 2018: the average interest rate on financial liabilities at 1.78% and the loan-to-value ratio at 39.5%.

The earnings contribution from Asset Management amounted to EUR 119.6 million for the first three quarters. The monthly net in-place rent per square metre improved slightly to EUR 5.28, with like-for-like rental growth equalling 2.1%. The gross rental yield equalled 5.0% and the vacancy rate 3.6% (2.4%, excl. vacancies required for unit sales).

Earnings in the Property Sales business area totalled EUR 37.9 million for the reporting period. These results were supported, in particular, by Unit Sales of 504 apartments at a high margin of 64% on fair value.

The Property Development business area, which clearly distinguishes BUWOG from its competitors, was further intensified and generated strong net operating income of EUR 40.4 million in the first nine months of 2017/18. Earnings were influenced, above all, by transfers from the exclusive "Pfarrwiesengasse 23" and "Southgate" projects in Vienna, the "Seefeld I" project in Berlin and the Töllergasse projects in Vienna. A total of 313 units were transferred and recognised to income during the reporting period. As of 31 January 2018, the development pipeline held 10,684 units.

Our capital market communications in recent months were decisively shaped by the voluntary public takeover offer made by Vonovia SE to the shareholders and bondholders of BUWOG AG. On 18 December 2017, the Executive Board of BUWOG AG and the Management Board of Vonovia SE signed an agreement in principle for the business combination of the two companies. Vonovia SE published the offer documents on 5 February 2018, i.e. after the end of the reporting period, which were then evaluated carefully by the Executive Board and Supervisory Board of BUWOG AG. The shareholders and convertible bondholders of BUWOG AG had the opportunity to accept this offer starting on 5 February 2018. On 13 February 2018, the Executive Board and Supervisory Board of BUWOG AG issued well-founded opinions on the offer and, after detailed examination, separately concluded that the offer price of EUR 29.05 per BUWOG share and the consideration offered to the convertible bondholders were appropriate from a financial viewpoint. The BUWOG Executive Board places high priority on transparent communications in this matter. Following numerous individual meetings with institutional investors, shareholders and convertible bondholders, an information event was held in Vienna for private shareholders on 27 February 2018 which was also attended by representatives of the Austrian Shareholder Association (Interessenverband für Anleger, IVA) and Vonovia SE.

Vonovia SE announced the final results of the first offer period on 15 March 2018: the takeover offer was accepted for a total of 82,844,967 BUWOG shares, or 73.8% of all shares issued by BUWOG. The offer was also accepted for 2,988 BUWOG convertible bond certificates, which represent 99.6% of the total nominal value. The successful offer in the first acceptance period was automatically followed by a three-month extension period which will end at 5 pm on 18 June 2018. Further details on the takeover offer are provided under Investor Relations on page 26.

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

Our forecast for the 2017/18 financial year remains intact, with Recurring FFO expected to total at least EUR 125 million. In the Asset Management business area, the BUWOG Group is working to improve the quality of its portfolio through a modernisation programme with a volume of approximately EUR 55 million and a regional focus on Berlin, Lübeck and Kiel. Plans for the Property Sales business area include annual Unit Sales of approximately 600 units. Activities in the Property Development business area will continue to focus on the steady realisation of our pipeline projects – "develop-to-hold" as well as "develop-to-sell" – in Berlin, Hamburg and Vienna.

After the end of the reporting period, the Supervisory Board of BUWOG AG reached an agreement with Deputy CEO and CFO Andreas Segal over his early resignation from the Executive Board. Andreas Segal, who was appointed Deputy CEO and CFO of BUWOG AG on 1 January 2016, resigned from the Executive Board of BUWOG AG by mutual agreement as of 26 March 2018.

**Daniel Riedl, CEO:**
*"We see the results of the takeover offer as a mandate for BUWOG and Vonovia to jointly pursue their successful growth course in the future. Together with Vonovia, we will continue the strategic development of BUWOG's integrated business model and its high-quality property portfolio."*

In conclusion, we would like to thank our shareholders for their confidence and the entire BUWOG team for their enthusiasm and dedication – which made these many accomplishments possible.

Best regards,

Daniel Riedl
CEO

Herwig Teufelsdorfer
COO

# OVERVIEW OF THE BUWOG GROUP

The BUWOG Group is the leading German-Austrian full-service provider in the residential property sector and can now look back on roughly 67 years of experience. An integrated business model differentiates BUWOG from its peer group through a broad and deep value chain and the optimal integration of its three business areas.

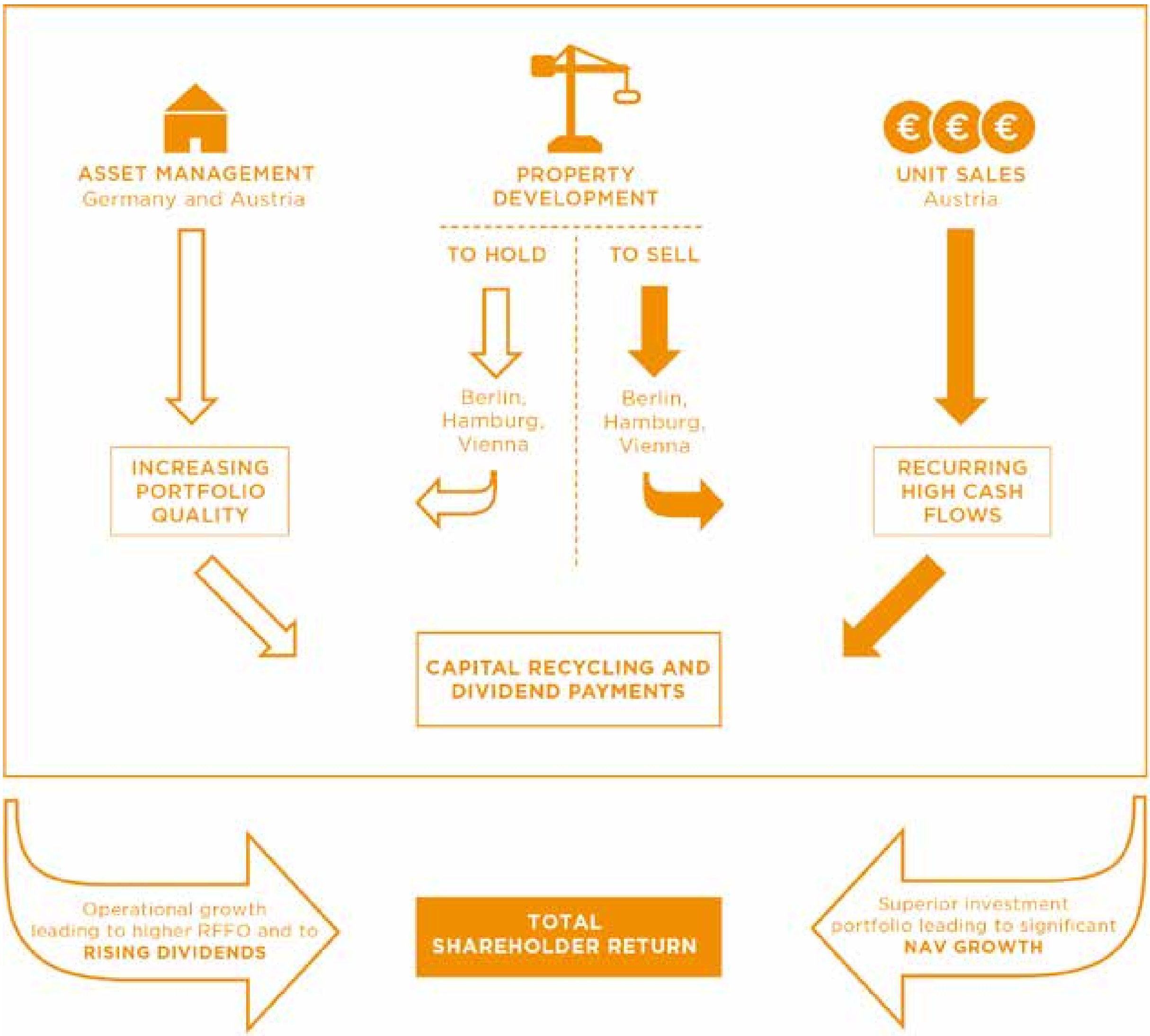
- The value-oriented, sustainable management of a standing investment portfolio with 48,806 units in Germany and Austria (Asset Management)
- The development of residential properties in the three largest German-speaking cities – Berlin, Hamburg and Vienna – for immediate sale or transfer to the BUWOG portfolio (Property Development)
- High-margin units sales in Austria (Unit Sales)

Full integration along the entire real estate value chain with clearly defined, standardised and industrialised processes makes it possible for the BUWOG Group to optimally utilise market cycles and generate sustainable, high profitability.

The BUWOG business model combines continuous Asset Management with the high profitability from Property Development, in contrast to companies that concentrate solely on real estate investments. The funds generated by Asset Management and Unit Sales are “recycled”, among others, for investments in the company’s own portfolio, for new and existing development projects and for the acquisition of real estate portfolios in Germany.

BUWOG’s overriding strategic goal is to continuously increase the value of the company while, at the same time, protecting the capacity for high profit distributions based on strong cash flows. An attractive financing structure with a low average interest rate and an acceptable debt level are also essential components of the company’s strategy. Further details on BUWOG’s strategy are provided in the 2016/17 annual report beginning on page 33.

The generation of high Recurring FFO, which allows for an attractive dividend policy and also supports a steady growth course, is based on the three business areas: Asset Management, Property Sales and Property Development.

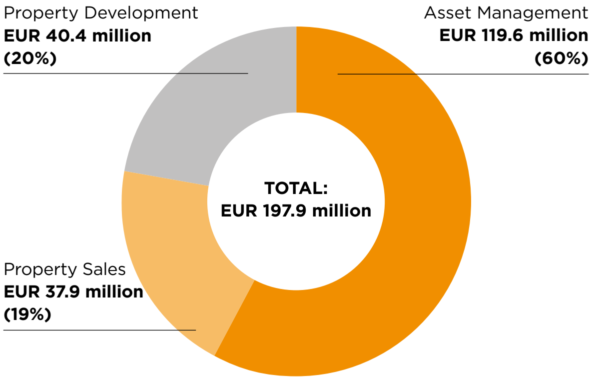


# HIGHLIGHTS FIRST THREE QUARTERS OF 2017/18

## SUCCESSFUL BUSINESS DEVELOPMENT

- Intensification of Property Development reflected in substantial earnings growth to EUR 40.4 million
- Year-on-year increase of 25.7% in Recurring FFO to EUR 107.4 million
- Strong net profit of EUR 211.1 million
- Increase of 4.7% in EPRA NAV per share to EUR 25.02
- LTV at low 39.5%
- Successful cash capital increase raises equity ratio by 5.4 percentage points to 45.2%

**OPERATING RESULTS[1) ]BY BUSINESS AREA**

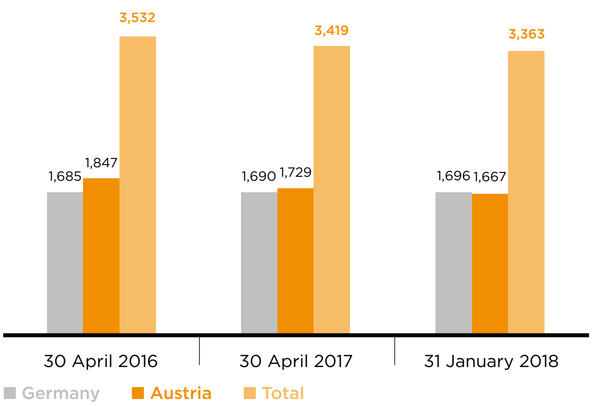



1) Results of operations before expenses not directly attributable to the business areas (EUR 39.1 million) and other operating income (EUR 2.4 million).

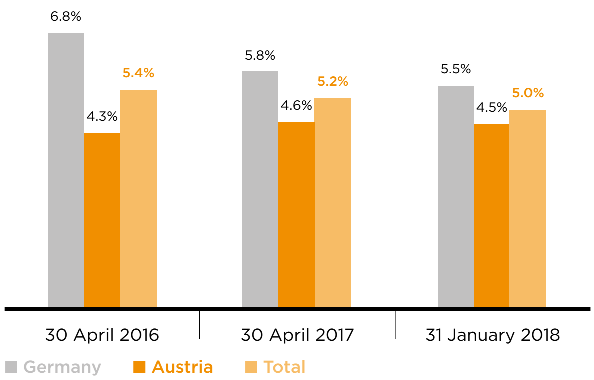
## HIGHLIGHTS ASSET MANAGEMENT

- Property portfolio of 48,806 units with approx. 3.4 million sqm of total floor area as of 31 January 2018
- Monthly net in-place rent of EUR 5.28 per sqm
- Growth of 2.1% in net in-place rent on a like-for-like basis
- Vacancy rate remains low at 3.6% -> 2.4% excl. vacancies required for unit sales
- Fair value of standing investments totals approx. EUR 4.1 billion

**TOTAL FLOOR AREA**
in 1,000 sqm



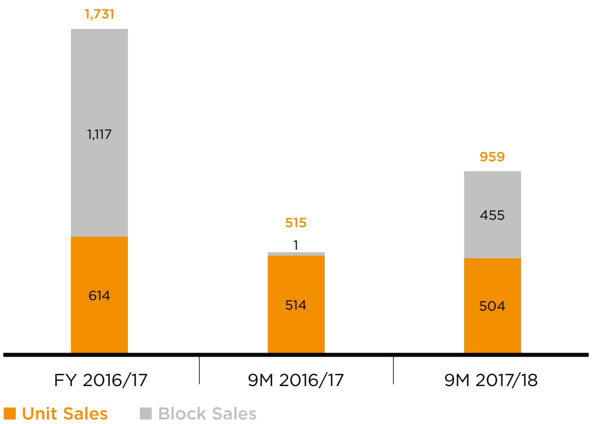

**GROSS RENTAL YIELD**
in %



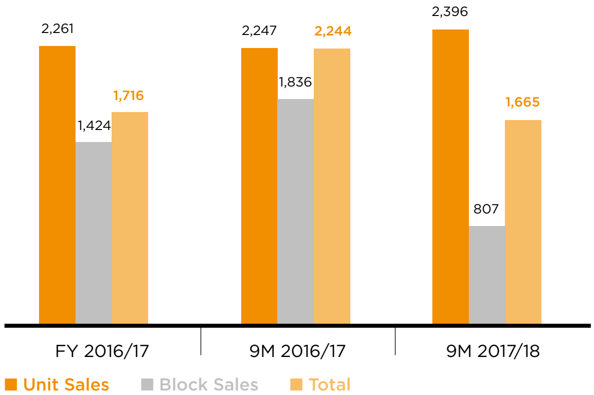
# HIGHLIGHTS PROPERTY SALES

- Successful Unit Sales of 504 apartments at a margin of roughly 64% on fair value
- High future potential for individual apartment sales: the strategic Unit Sales cluster covers 11,121 apartments with a fair value of approx. EUR 1.4 billion
- Sale of 959 standing investment units with a margin of roughly 50% on fair value
- Unit Sales and Block Sales clusters total 13,431 units with a fair value of approx. EUR 1.5 billion

### UNITS SOLD



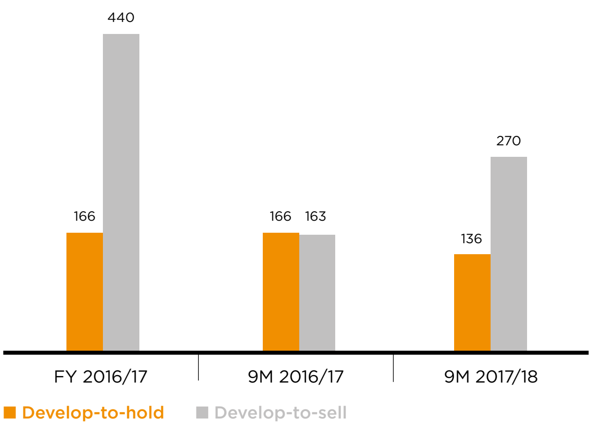

### AVERAGE PRICES REALISED
in EUR per sqm



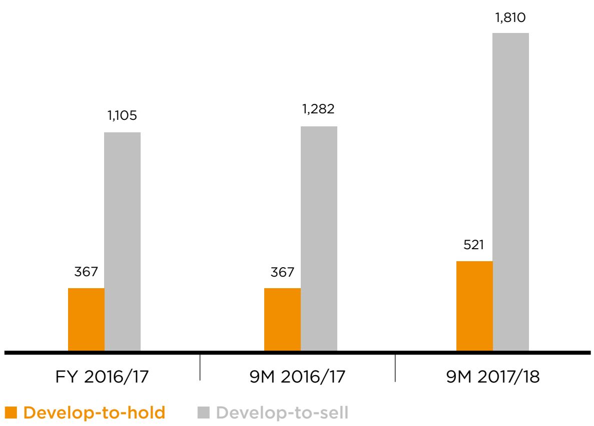

# HIGHLIGHTS PROPERTY DEVELOPMENT

- Development pipeline with 10,684 units – 4,003 for develop-to-hold and 6,681 for develop-to-sell
- 2,331 units currently under construction, 41% more than the first three quarters of the previous year
- Completion of 406 units in the first nine months of 2017/18, including 136 for develop-to-hold and 270 for develop-to-sell

### COMPLETED UNITS



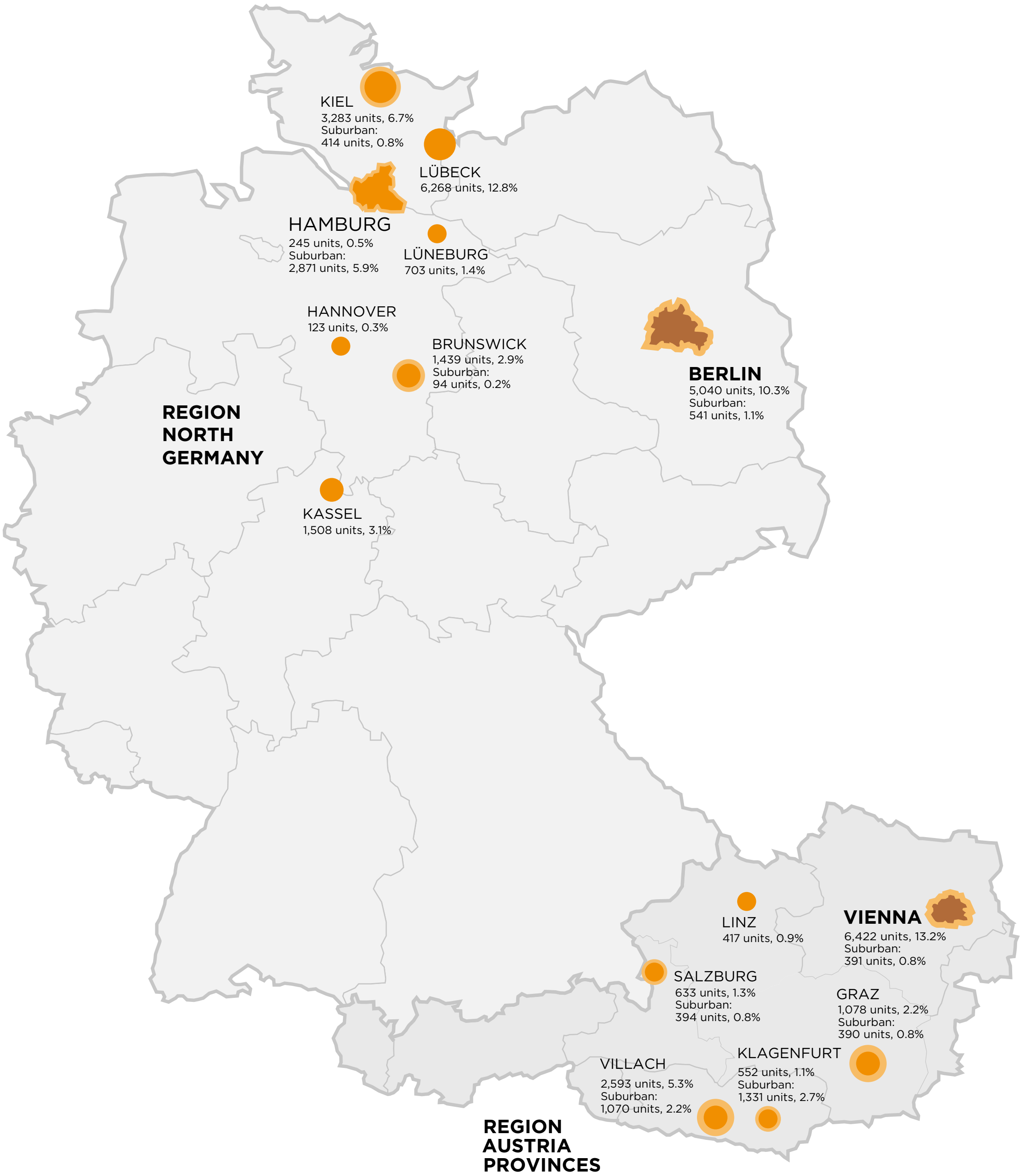

### UNITS UNDER CONSTRUCTION



# ASSET MANAGEMENT

BUWOG's Asset Management business area covers the rental and sustainable management of standing investments in Germany and Austria. The related activities also include the optimisation and increase in the value of these properties through maintenance and investments as well as the coordination of all owner-related internal and external services.

**BUWOG INVESTMENT PORTFOLIO BY REGION AS OF 31 JANUARY 2018**
Number of units per location and percentage of the total portfolio




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

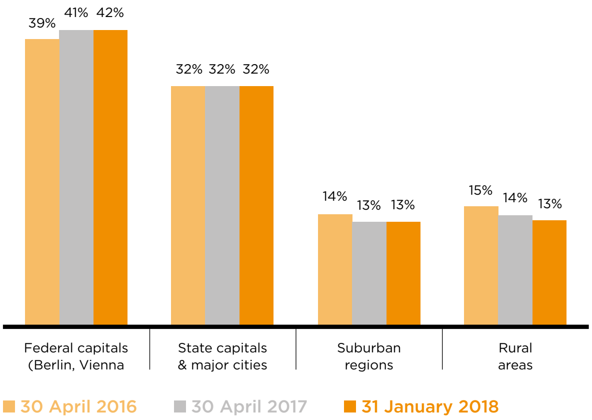
1) More than 50,000 inhabitants and a significant share of the portfolio
2) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

Asset Management, the largest business area in the BUWOG Group, generated operating income (before expenses and other operating income not directly attributable to this business area) of EUR 119.6 million in the first three quarters of 2017/18 (9M 2016/17: EUR 114.1 million).

The BUWOG Group's standing investment portfolio comprised 48,806 units as of 31 January 2018. The portfolio is classified in four geographical clusters within these two countries: federal capitals, state/ provincial capitals & major cities, suburban regions and rural areas. The capital cities of Vienna and Berlin form the regional focus with a combined fair value of approximately EUR 1.7 billion or 42% of the total fair value at the end of the reporting period. The standing investments in the state and provincial capitals and in the major cities and surrounding regions represented approximately EUR 1.8 billion or 45% of the total fair value. In other words, approximately EUR 3.5 billion or 87% of BUWOG's standing investment portfolio based on fair value is located in urban regions which are very attractive in terms of their economic development, infrastructure and demographics.

## FAIR VALUE

by geographic cluster (total: approx. EUR 4.1 billion)




## KEY FIGURES PROPERTY PORTFOLIO

| as of 31 January 2018 | Number of units | Total floor area in sqm | Annualised net in-place rent[1] in EUR million | Monthly net in-place rent[1] in EUR per sqm | Fair value[2] in EUR million | Fair value[2] in EUR per sqm | Gross rental yield[3] | Vacancy rate[4] |
|---|---|---|---|---|---|---|---|---|
| Federal capitals | 11,462 | 900,834 | 61 | 5.82 | 1,697 | 1,884 | 3.6% | 3.3% |
| Vienna | 6,422 | 564,773 | 35 | 5.41 | 1,044 | 1,849 | 3.4% | 4.0% |
| Berlin | 5,040 | 336,061 | 26 | 6.50 | 653 | 1,943 | 3.9% | 2.2% |
| State capitals and major cities[5] | 18,842 | 1,207,220 | 76 | 5.39 | 1,313 | 1,088 | 5.8% | 2.8% |
| Suburban regions[6] | 7,496 | 520,512 | 31 | 5.10 | 529 | 1,016 | 5.8% | 3.6% |
| Rural areas | 11,006 | 734,003 | 38 | 4.52 | 545 | 742 | 6.9% | 5.3% |
| **Total BUWOG Group** | **48,806** | **3,362,570** | **205** | **5.28** | **4,084** | **1,215** | **5.0%** | **3.6%** |
| thereof Germany | 27,212 | 1,695,872 | 120 | 6.03 | 2,181 | 1,286 | 5.5% | 2.4% |
| thereof Austria | 21,594 | 1,666,698 | 85 | 4.49 | 1,903 | 1,142 | 4.5% | 4.8% |

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 31 October 2017 minus sales plus CAPEX and additions
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm
5) More than 50,000 inhabitants and a significant share of the portfolio
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

## KEY DATA ON THE STANDING INVESTMENT PORTFOLIO AS OF 31 JANUARY 2018

The BUWOG Group's standing investment portfolio comprised 48,806 units as of 31 January 2018, which have a total floor area of approximately 3.4 million sqm and a fair value of approximately EUR 4.1 billion or EUR 1,215 per sqm. The monthly net in-place rent in the standing investment portfolio amounted to EUR 5.28 per sqm as of 31 January 2018 based on a vacancy rate (basis: total floor area) of 3.6%, and the gross rental yield equalled 5.0%.

The property portfolio in Germany included 27,212 standing investment units as of 31 January 2018, which have a total floor area of approximately 1.7 million sqm and a fair value of EUR 2.2 billion or EUR 1,286 per sqm. The monthly in-place rent equalled EUR 6.03 per sqm based on a vacancy rate (basis: total floor area) of 2.4%. The gross rental yield in the German properties equalled 5.5% at the end of the reporting period.

The standing investment portfolio in Austria comprised 21,594 units with a total floor area of approximately 1.7 million sqm and a fair value of approximately EUR 1.9 billion, or EUR 1,142 per sqm, as of 31 January 2018. The monthly net in-place rent equalled EUR 4.49 per sqm as of that date based on a vacancy rate (basis: total area) of 4.8%, whereby 2.4% of the vacancies were attributable to apartments in the Unit Sales cluster. The gross rental yield in the Austrian properties equalled 4.5% at the end of January 2018.

## OVERVIEW OF THE STANDING INVESTMENT PORTFOLIO BY SEGMENT

| | | BUWOG Group as of 30 April 2017 | BUWOG Group as of 31 January 2018 | Austria as of 31 January 2018 | Germany as of 31 January 2018 |
|---|---|---|---|---|---|
| Number of units | Quantity | 49,597 | 48,806 | 21,594 | 27,212 |
| Total floor area | in sqm | 3,418,784 | 3,362,570 | 1,666,698 | 1,695,872 |
| Annualised net in-place rent[1] | in EUR million | 205 | 205 | 85 | 120 |
| Monthly net in-place rent[1] | in EUR per sqm | 5.18 | 5.28 | 4.49 | 6.03 |
| Fair value[2] | in EUR million | 3,942 | 4,084 | 1,903 | 2,181 |
| Fair value[2] | in EUR per sqm | 1,153 | 1,215 | 1,142 | 1,286 |
| Gross rental yield[3] | in % | 5.2% | 5.0% | 4.5% | 5.5% |
| Vacancy rate | per sqm | 3.4% | 3.6% | 4.8% | 2.4% |

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 31 October 2017 minus sales plus CAPEX and additions
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value

In the first three quarters of 2017/18, the BUWOG Group expanded the standing investment portfolio in Germany by concluding a purchase agreement for one property each in Berlin and Hannover with a total of 37 units. The contract was also signed for the acquisition of an extensive property portfolio with residential and commercial properties in the metropolitan regions of Hannover and Bremen and in the cities of Kiel, Lübeck and Lüneburg. This transaction covers 693 residential units, 32 commercial units and 386 parking spaces. The transfer of rights and obligations is expected to take place in May.

## ACQUISITIONS FOR THE STANDING INVESTMENT PORTFOLIO

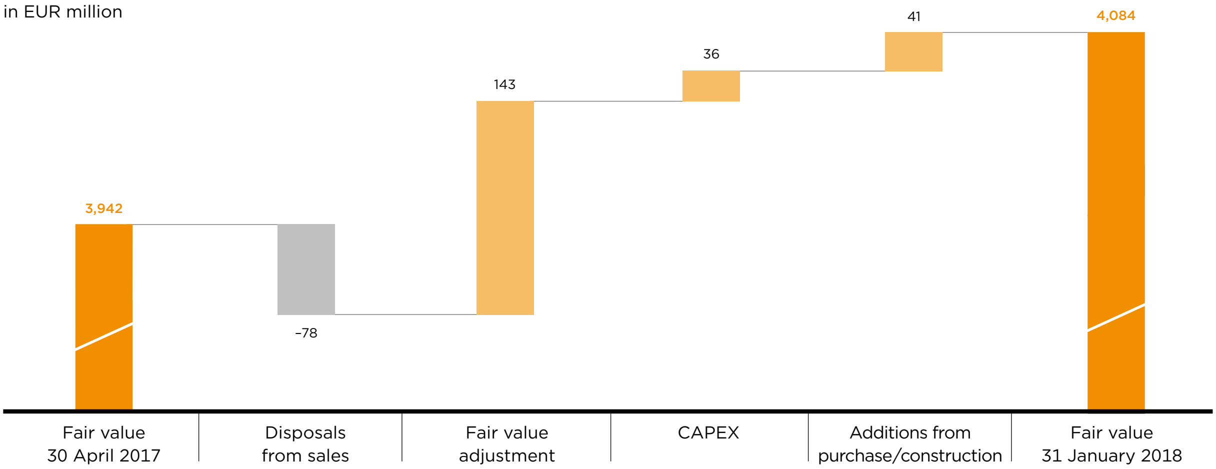
| | | Number of units | Total floor area in sqm | Annualised net in-place rent[1] in EUR thousand | Monthly net in-place rent[1] in EUR per sqm | Fair value[2] in EUR per sqm | Gross rental yield[3] | Vacancy rate[4] |
|---|---|---|---|---|---|---|---|---|
| Hannover | State capitals and major cities | 23 | 2,151 | 179 | 6.94 | 1,664 | 5.0% | 0.0% |
| Jahnstrasse | Federal capitals | 14 | 1,100 | 53 | 8.49 | 2,727 | 1.8% | 52.5% |
| **Total I (Closing as per 31 January 2018)** | | **37** | **3,251** | **232** | **7.23** | **2,024** | **3.5%** | **17.7%** |
| Hamburg | Suburban region | 37 | 2,195 | 180 | 6.85 | 1,503 | 5.5% | 0.0% |
| Hannover, Bremen, Kiel/ Lübeck/Lüneburg | Several locations | 725 | 41,294 | 3,429 | 7.36 | 1,772 | 4.7% | 6.0% |
| **Total II (including acquisitions after 31 January 2018)** | | **799** | **46,740** | **3,841** | **7.33** | **1,777** | **4.6%** | **6.5%** |

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to purchase price
4) Based on sqm

## DEVELOPMENT OF THE FAIR VALUE OF THE STANDING INVESTMENT PORTFOLIO

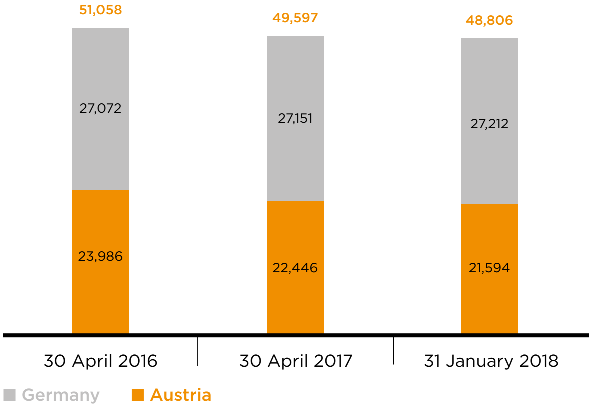
The development of fair value was based on the fair value of EUR 3,942 million as of 30 April 2017, which was adjusted to reflect properties sold and purchased, capitalised modernisation expenditures and fair value adjustments resulting from the external appraisals for the first half-year 2017/18. As of 31 January 2018, the fair value of BUWOG's standing investment portfolio totalled EUR 4,084 million. The following graph shows the development of fair value since 30 April 2017.

### DEVELOPMENT OF FAIR VALUE STANDING INVESTMENT PORTFOLIO
in EUR million



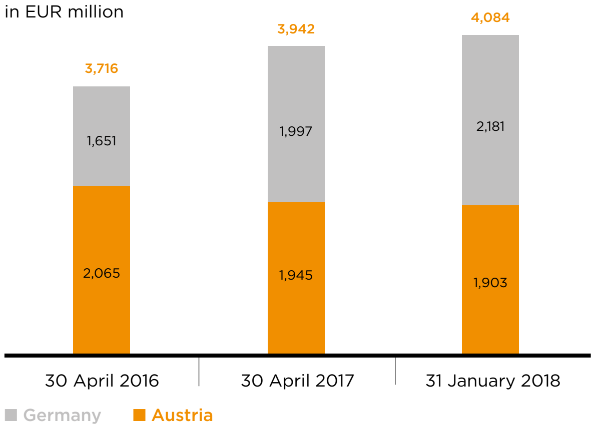

The values in the above graph are not scaled. The use of automated calculation systems may give rise to rounding differences.

## NUMBER OF UNITS




## FAIR VALUE STANDING INVESTMENTS

in EUR million



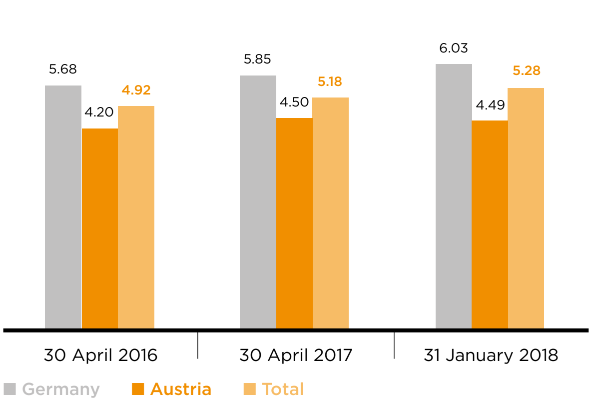

## ANNUALISED NET IN-PLACE RENT

Annualised net in-place rent rose from EUR 205.1 million as of 30 April 2017 to EUR 205.2 million as of 31 January 2018. In Austria, this indicator declined by EUR 3.3 million from EUR 88.7 million as of 30 April 2017 to EUR 85.4 million. The reduction is attributable primarily to unit and block sales and to a legally required change in the rental model applied to a large standing investment in Vienna following the repayment of all external financing. In Germany, the annualised net in-place rent increased by EUR 3.5 million over the level on 30 April 2017 to EUR 119.8 million. The positive development in the German portfolio was also reflected in an improvement in the monthly net in-place rent from EUR 5.85 to EUR 6.03 per sqm. The monthly in-place rent in the Austrian properties declined from EUR 4.50 to EUR 4.49 per sqm due to the above-mentioned effects.

BUWOG's gross rental yield equalled 5.0% as of 31 January 2018 (30 April 2017: 5.2%), whereby the different development of the yields in Germany (5.5%; 30 April 2017: 5.8%) and Austria (4.5%; 30 April 2017: 4.6%) is directly related to the above-mentioned effects from the fair value adjustments in Germany and the rental increases in Austria.

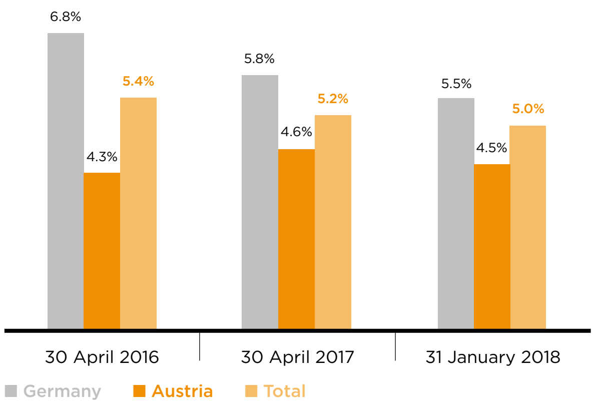
## NET IN-PLACE RENT PER MONTH

in EUR per sqm




## GROSS RENTAL YIELD

in %

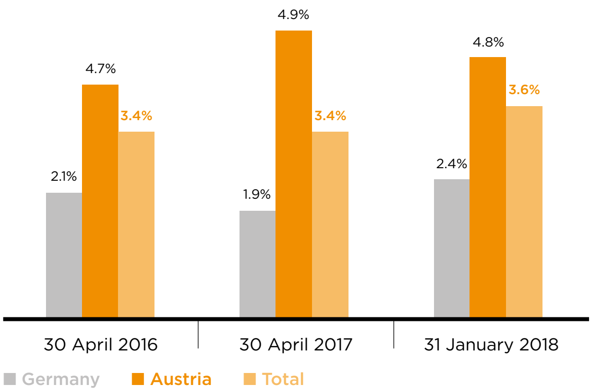



## DEVELOPMENT OF VACANCIES

The vacancy rate in the BUWOG properties, based on total floor area, increased over the level on 30 April 2017 to 3.6% as of 31 January 2018. After an adjustment of 1.2% for the vacancies required for the strategic Unit Sales cluster (30 April 2017: 1.2%), the adjusted vacancy rate (i.e. excluding the vacancies in apartments designated for Unit Sales) equalled only 2.4% (30 April 2017: 2.2%). The vacancy rate in the German portfolio rose to 2.4% for seasonal reasons (30 April 2017: 1.9%). It has remained stable at a low level, above all, due to the active rental of modernised vacant apartments in the core regions of Lübeck, Kiel, Kassel and Berlin. In Berlin, the BUWOG Group also benefited from the ongoing strong demand for rental apartments.

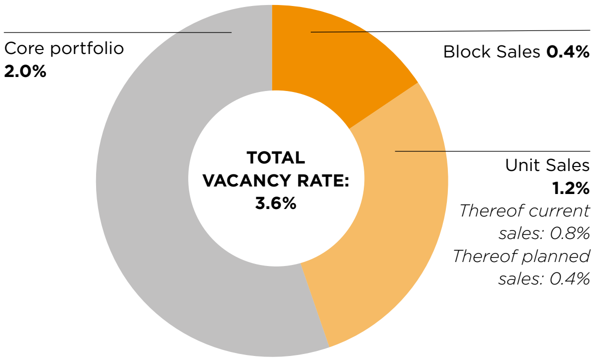
In the Austrian portfolio, the vacancy rate declined to 4.8% as of 31 January 2018 (30 April 2017: 4.9%). It equalled 4.0% in BUWOG's Vienna properties, whereby 3.5% are attributable to the apartments held vacant in preparation for strategic Unit Sales. The adjusted vacancy rate for the core properties in Vienna currently equals 0.5%. The vacancy rate in Carinthia remained nearly stable in comparison with 30 April 2017 at 5.8%, whereby 1.5% are attributable to the strategic Unit Sales cluster.

### VACANCY RATE




### VACANCY RATE BY STRATEGIC CLUSTER

Basis total floor area, as of 31 January 2018




## LIKE-FOR-LIKE RENTAL GROWTH

A like-for-like analysis of BUWOG's standing investment portfolio – i.e. excluding the effects of changes in the portfolio (in other words, portfolio transactions) and including the effects of changes in vacancies – shows an increase of 2.1% in rental income as of 31 January 2018 (30 April 2017: 4.5%). The calculation of the increase in rents is based on 99.4% of all standing investment units held by the BUWOG Group.

The like-for-like growth in rental income from the German properties equalled 3.6% (30 April 2017: 3.2%) and resulted primarily from the conclusion of new leases at higher rents and increases in the rents generated by standing investments in Lübeck, Kassel, Berlin and Lüneburg. Like-for-like rents in the Austrian portfolio declined by 0.6% year-on-year in the first three quarters of 2017/18 (30 April 2017: increase of 6.3%). This reduction resulted from a legally required change in the rental model applied to a large standing investment property in Vienna following the repayment of all external financing. BUWOG also intends to take full advantage of the opportunities to increase rents in specific portfolio properties in Germany and Austria in the future, depending on the feasibility in the respective regional rental market and legal restrictions arising from the rent models.

### LIKE-FOR-LIKE RENTAL GROWTH BY RENTAL AGREEMENT

| as of 31 January 2018 | Number of units | Occupied floor area in sqm 31 January 2017 | Net in-place rent per month in EUR million[3] 31 January 2017 | Occupied floor area in sqm 31 January 2018 | Net in-place rent per month in EUR million[3] 31 January 2018 | Like-for-like rental growth |
|---|---|---|---|---|---|---|
| Unregulated rental agreements Germany | 17,845 | 1,024,205 | 5.9 | 1,023,807 | 6.1 | 3.5% |
| Regulated rental agreements Germany | 8,892 | 567,577 | 3.1 | 568,182 | 3.3 | 3.9% |
| **Total Germany** | **26,737** | **1,591,783** | **9.0** | **1,591,989** | **9.4** | **3.6%** |
| Unregulated rental agreements Austria (incl. reasonable rents pursuant to WGG and MRG)[1] | 1,681 | 130,634 | 0.7 | 128,584 | 0.7 | 1.5% |
| Regulated rental agreements Austria (incl. other provisions under WGG)[2] | 19,579 | 1,416,360 | 5.8 | 1,397,415 | 5.7 | -0.8% |
| **Total Austria** | **21,260** | **1,546,993** | **6.5** | **1,525,999** | **6.4** | **-0.6%** |
| Other (incl. commercial) | 514 | 96,599 | 0.7 | 105,076 | 0.7 | 2.6% |
| **Total BUWOG Group** | **48,511** | **3,235,375** | **16.3** | **3,223,064** | **16.5** | **2.1%** |

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

Details on the various legal regulations governing the determination of rents for BUWOG's standing investment portfolio in Germany and Austria and the structure of rental income is provided under *Asset Management – The Investment Portfolio's Rent Models* in the 2016/17 annual report on pages 55ff.

## MAINTENANCE AND MODERNISATION

The BUWOG Group invested a total of EUR 56.7 million in its portfolio properties in Germany and Austria during the first nine months of 2017/18 (9M 2016/17: EUR 45.5 million). These funds were directed to reactive maintenance, to prepare apartments for new rentals, for contributions to maintenance reserves in properties designated for privatisation and for major maintenance and modernisation measures (including the special CAPEX programme). That corresponds to an average of EUR 16.8 per sqm (9M 2016/17: EUR 12.9 per sqm). Non-capitalisable maintenance expenses amounted to EUR 19.9 million (9M 2016/17: EUR 19.2 million) or EUR 5.9 per sqm (9M 2016/17: EUR 5.5 per sqm), while the capitalisable modernisation measures (CAPEX) totalled EUR 36.9 million (9M 2016/17: EUR 26.3 million) or EUR 10.9 per sqm (9M 2016/17: EUR 7.5 per sqm). The resulting capitalisation rate equalled 65.0% (9M 2016/17: 57.8%) of the total expenditures. A special CAPEX programme with a volume of EUR 55 million was launched in Germany during 2016/17 and covered a total of EUR 25.4 million by the end of the first three quarters of 2017/18 (2016/17 financial year: EUR 8.3 million). Details on this special CAPEX programme in Germany are provided under *Asset Management* in the 2016/17 annual report on page 65.

### MAINTENANCE AND MODERNISATION

| | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| **Total maintenance expense and modernisation in EUR million** | **56.7** | **45.5** | **24.8%** |
| Maintenance expense in EUR million | 19.9 | 19.2 | 3.4% |
| Capitalisation of modernisation work (CAPEX) in EUR million | 36.9 | 26.3 | 40.5% |
| **Capitalisation rate in %** | **65.0%** | **57.8%** | **7.2 PP** |
| Average total floor space in 1,000 sqm [1] | 3,383 | 3,516 | -3.8% |
| **Total maintenance expense and modernisation in EUR per sqm** | **16.8** | **12.9** | **29.8%** |
| Maintenance expense in EUR per sqm | 5.9 | 5.5 | 7.5% |
| Capitalisation of modernisation work (CAPEX) in EUR per sqm | 10.9 | 7.5 | 46.0% |

The use of automated calculation systems may give rise to rounding differences.
1) Average weighted total floor space, including increases from acquisitions and reductions from sales

**BUWOG** focus

ASSET FOCUS
**RESIDENTIAL**

REGIONAL FOCUS
**GERMANY/AUSTRIA**

FUNCTIONAL FOCUS
**FULL-SERVICE PROVIDER**

Asset Management

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

**BUWOG** strategy

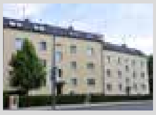
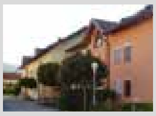
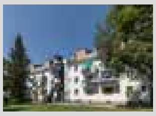
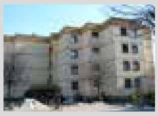
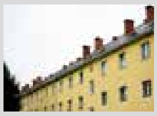
MINIMISE RISK
Stable rental income
High occupancy rates

HIGH UPSIDE POTENTIAL
Portfolio optimisation

# PROPERTY SALES

The Property Sales business model is based on Unit Sales and Block Sales. Its primary goal is the profitable optimisation and streamlining of BUWOG's standing investment portfolio through the high-margin sale of individual units, individual properties and portfolios. Through the high-margin sale of apartments from the Austrian portfolio, the Property Sales business area makes a steady, sizeable contribution to Recurring FFO and generates significant cash flows. These liquid assets are invested in further growth through the acquisition of properties for the Asset Management business area and additional land for new construction projects by the Property Development business area.

The Property Sales business area generated results of operations (before expenses not directly attributable to this business area and other operating income of BUWOG Group) totalling EUR 37.9 million in the first nine months of 2017/18 (9M 2016/17: EUR 38.6 million).

| | Unit Sales | Block Sales |
|---|---|---|
| Examples from the portfolio |  Vienna, Stranzenberggasse  Hallein, Pfarrhofgutweg  Vienna, Rettichgasse |  Villach, Jakob-Ghon-Allee  Villach, Frühlingstrasse  Leoben, Schellhofgasse |
| Key facts | ▪ Sale in selected regions, primarily to owner-occupiers as a result of turnover<br>▪ High profitability<br>– Margins on fair value >50%<br>– Long-term contribution to Recurring FFO<br>– High liquidity inflow<br>▪ Optimal mix of internal and external sales channels | ▪ Sale of portfolios or properties in strategically less relevant areas, mainly rural regions<br>▪ Portfolio consolidation and optimisation through profitable and cycle-optimised sales<br>▪ Optimal mix of internal and external sales channels |
| Contribution to **Recurring FFO** | ✔ **Long-term contribution to profit from ongoing unit sales** | ✘ **Opportunistic block sales with adequate margins** |

## UNIT SALES

A total of 504 units were sold during the first three quarters of 2017/18 (9M 2016/17: 514 units) at a margin of roughly 64% on fair value (9M 2016/17: 56%). The margin on fair value represents the NOI from Unit Sales after the deduction of all external transaction costs and directly attributable personnel and operating expenses in relation to the book value of the sold units (i.e. the carrying amount as reported on the income statement minus the fair value adjustments of sold properties). The 498 units sold from the Austrian portfolio were located primarily in Vienna (219 units), Carinthia (118 units) and Salzburg (58 units). Six units were sold from the German portfolio. The average sale price rose substantially from EUR 2,247 per sqm in the first three quarters of the previous year to EUR 2,396 per sqm in the first three quarters of 2017/18.

The Unit Sales portfolio cluster contained 11,121 units as of 31 January 2018 (31 January 2017: 11,267 units), which are all located in Austria and identified as suitable for individual sale over the medium- and long-term. Of these units, 6,134 are located in Vienna, 1,962 in Carinthia and 3,025 in the other Austrian provinces where BUWOG is active. The fair value of the Unit Sales portfolio cluster amounted to approximately EUR 1.4 billion as of 31 January 2018 (31 January 2017: EUR 1.4 billion) with a gross rental yield of 3.5% (31 January 2017: 3.6%).

The Property Sales business area is focused on the long-term, profitable optimisation of the standing investment portfolio through high-margin Unit Sales in Austria. This safeguards sustainable and significant earnings contributions to Recurring FFO and the generation of free cash flow for the internal financing of further growth.

**BUWOG** focus

ASSET FOCUS
**RESIDENTIAL**

REGIONAL FOCUS
**AUSTRIA**

FUNCTIONAL FOCUS
**FULL/SERVICE PROVIDER**

Unit Sales

- Sustainable sales proceeds from Unit Sales, largely from vacancies to third parties for their own direct use
  -> high contribution to Recurring FFO
  -> high liquidity inflow
- Strong track record with high margins in Unit Sales in Austria
- Planned sale of around 600 units per year
- High medium- and long-term sales potential for 11.121 units in Unit Sales
- Sustainability of the sales pipeline for Unit Sales through the develop-to-hold strategy with around 100 to 200 units per year

**BUWOG** strategy

MINIMISE RISK

Ongoing Unit Sales

HIGH UPSIDE POTENTIAL

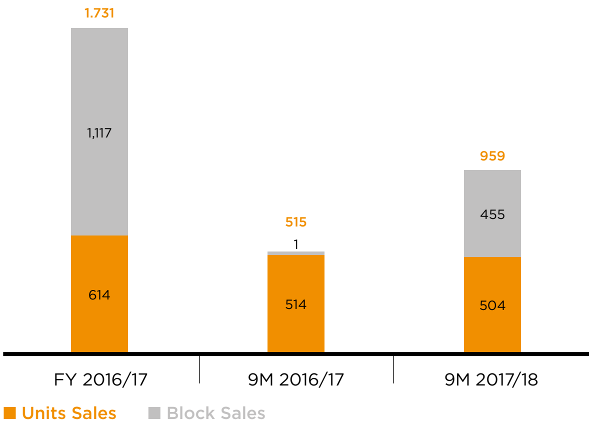
Continuing high margins through sales

## BLOCK SALES

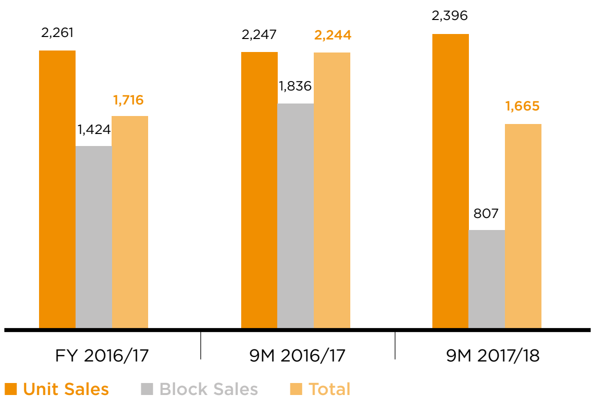
BUWOG's property portfolio is focused on urban locations in the capital cities of Vienna and Berlin as well as regional capitals and major cities in northern Germany. As part of the "capital recycling" strategy, selected block sales are carried out to optimise and consolidate the portfolio. The resulting liquid funds are then invested in selected core regions of Germany in order to generate higher returns. In the first nine months of 2017/18, 455 units were sold at a margin of roughly 18% on fair value (9M 2016/17: 6%). Additional details can be found under *Sale of portfolio properties* on page 32 in the consolidated interim management report.

The strategic Block Sales cluster included 2,310 units as of 31 January 2018 (31 January 2017: 4,183 units), whereby 1,487 units area located in Carinthia, 722 in the other Austrian provinces and 101 in Vienna.

**UNITS SOLD**




**AVERAGE SALE PRICE**
in EUR per sqm



# PROPERTY DEVELOPMENT

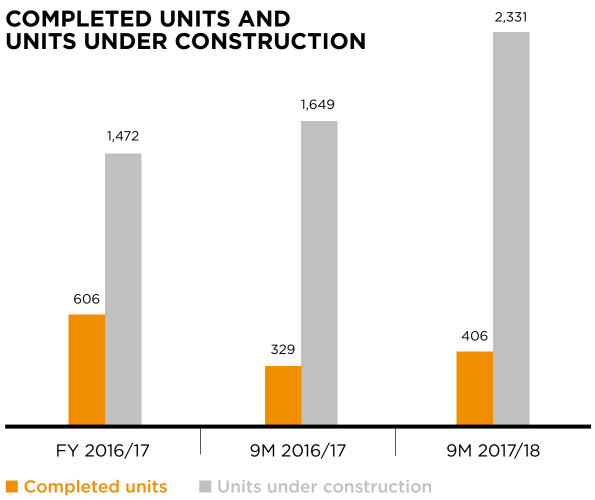
BUWOG bundles the realisation of attractive development projects for its own portfolio and the construction of residential properties for sale in the Property Development business area. Development activities are currently focused on Vienna, Berlin and Hamburg. This reflects the strong demographic and economic parameters of these cities, combined with BUWOG's many years of experience in the development of residential properties and extensive market knowledge. The BUWOG Group is now active in the property development and asset management sectors of the three largest German-speaking cities.

## OVERVIEW OF THE FIRST NINE MONTHS OF 2017/18

The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors, made a very strong contribution of EUR 40.4 million to earnings in the first three quarters of 2017/18 (9M 2016/17: EUR 7.5 million). This business area is expected to contribute at least EUR 23 million to Recurring FFO for the full 2017/18 financial year.

In the first nine months of 2017/18, 313 units were transferred to the buyers (9M 2016/17: 205 units) and recognised to the income statement. Changes in the development pipeline resulted from the completion of 406 units during the reporting period (137 units in Berlin and 269 units in Vienna) and from the purchase of land in Berlin and Vienna and progress on current projects. As of 31 January 2018, the development pipeline included 10,684 planned units (+153 units compared with the first three quarters of the previous year).

### COMPLETED UNITS AND UNITS UNDER CONSTRUCTION




The number of units under construction increased by roughly 58% over the level on 30 April 2017. A total of 2,331 units were under construction as of 31 January 2018: 821 in Berlin and 1,510 in Vienna.

## LAND PURCHASES IN THE FIRST NINE MONTHS OF 2017/18

The BUWOG Group acquired two sites in Berlin and one site in Vienna during the first nine months of 2017/18. Plans call for the construction of roughly 452 rental and condominium apartments at these locations with a total investment volume of EUR 97.8 million.

| Locations | Signing | Closing | Number of planned units | Expected total floor area in sqm | Total investment volume in EUR million[1)] | Fair value 31 October 2017 in EUR million[2)] | Strategy |
|---|---|---|---|---|---|---|---|
| "Jahnstrasse", Jahnstrasse 15, 10967, Berlin-Kreuzberg, Germany | 07/2017 | 08/2017 | 36 | 2,829 | 15.0 | 6.4 | to sell |
| "Brunsbütteler Damm", Brunsbütteler Damm 50, 13581 Berlin-Spandau, Germany | 12/2017 | – | 326 | 15,000 | 60.7 | – | to hold |
| "Oase 22+", Adelheid Popp Gasse, 1220 Vienna, Austria | 12/2017 | 01/2018 | 90 | 5,400 | 22.0 | – | to sell |
| **Total (as of 31 January 2018)** | | | **452** | **23,229** | **97.8** | **6.4** | |

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

A further site in Hamburg was secured through an exclusive option agreement. The construction of 72 rental units for the develop-to-hold portfolio is planned at this location.

The transfer of rights and obligations for two sites purchased in 2016/17 took place during the reporting period.

| Locations | Signing | Closing | Number of planned units | Expected total floor area in sqm | Total investment volume in EUR million[1)] | Fair value 31 October 2018 in EUR million[2)] | Strategy |
|---|---|---|---|---|---|---|---|
| "MGC-Plaza", Döblerhofstrasse, 1030 Vienna, Austria | 07/2016 | 10/2017 | 379 | 28,000 | 94.9 | 15.3 | to hold & to sell |
| "Spree 12", Spreestrasse 12, Berlin-Niederschöneweide, Germany | 01/2017 | 09/2017 | 67 | 4,482 | 15.8 | 1.6 | to hold |
| **Total I (as of 1 January 2018)** | | | **446** | **32,482** | **110.7** | **16.9** | |

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

## PRODUCT DEVELOPMENT MATRIX

The project development pipeline contained 10,684 units as of 31 January 2018: 4,003 units are under construction for BUWOG's portfolio and 6,681 units for sale.

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

**PRODUCT DEVELOPMENT MATRIX** as of 31 January 2018

| Property Development | Develop to hold | Develop to sell | |
|---|---|---|---|
| | Subsidised and privately financed rentals | Privately financed condominiums | Global exit |
| **Vienna**<br>4,232 units | **Investment portfolio**<br>Units: 1,491<br>Total floor area: 106,299 sqm<br><br>Vorgartenstrasse, 168 units | **Regional customers**<br>Units: 2,718<br>Total floor area: 188,436 sqm<br><br>"frei:raum 21", Karl-Nieschlag-Gasse, 140 units | **Institutional investors and foundations**<br>Units: 23<br>Total floor area: 19,722 sqm<br><br>"SeeSee Living", Seestadt Aspern, 1 unit |
| **Berlin**<br>5,468 units | **Investment portfolio**<br>Units: 2.221<br>Total floor area: 164,412 sqm<br><br>"Ankerviertel", "52 Grad Nord" – other subprojects "Wohnwerk", "Neumarien", "Gartenfeld", 1,194 units | **Regional customers**<br>Units: 3.162<br>Total floor area: 253,771 sqm<br><br>"The One", Harzer Strasse, "Wohnwerk", "Neumarien", "52 Grad Nord", 1,891 units | **Institutional investors and foundations**<br>Units: 85<br>Total floor area: 10,963 sqm<br><br>"Geyer-Medienhöfe", Harzer Strasse, 85 units |
| **Hamburg**<br>984 units | **Investment portfolio**<br>Units: 291<br>Total floor area: 19.417 sqm | **Regional customers**<br>Units: 661<br>Total floor area: 52,900 sqm | **Institutional investors and foundations**<br>Units: 32<br>Total floor area: 8,624 sqm |
| **Total**<br>10,684 units | 4,003 units | 6,541 units | 140 units |

# DEVELOP-TO-HOLD

## OVERVIEW OF THE FIRST NINE MONTHS OF 2017/18

During the first three quarters of 2017/18, construction started on 290 standing investment units with a total investment volume of EUR 63.7 million and 136 units were completed for BUWOG's portfolio.

The develop-to-hold pipeline included 4,003 units as of 31 January 2018 (2,221 in Berlin, 291 in Hamburg and 1,491 in Vienna), or 7% more than on 31 January 2017. This pipeline has a total investment volume of EUR 932 million.

## OUTLOOK

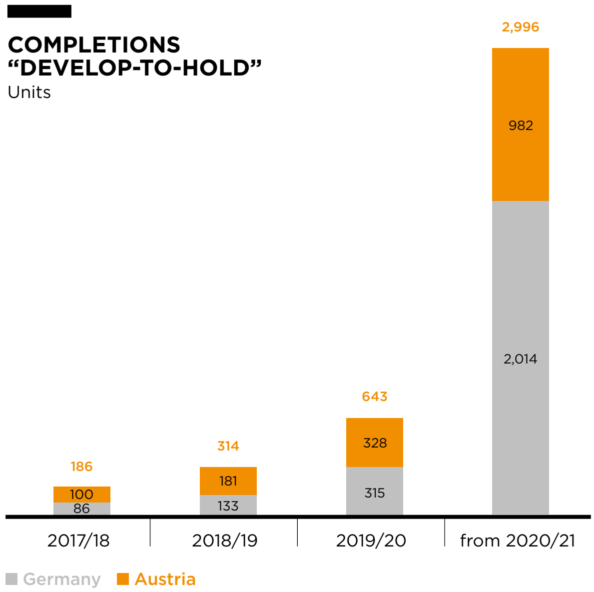
The BUWOG Group plans to complete 186 units in 2017/18, whereby 100 units in Vienna and 36 units in Berlin were completed during the reporting period. With the completion of the "Ankerviertel" project, BUWOG finalised its first develop-to-hold apartments in Berlin.

The graph on planned completions for the develop-to-hold pipeline in Germany and Austria illustrates the growth of the Property Development business area and the intensification of develop-to-hold activities in Germany.

A total of 172 units are currently under construction in Germany, and construction is set to begin on 326 units during the remainder of the 2017/18 financial year. In addition, planning has started for 2,014 units (1,723 in Berlin and 291 in Hamburg). The develop-to-hold pipeline in Germany totals 2,512 units and represents a total investment volume of EUR 691 million.

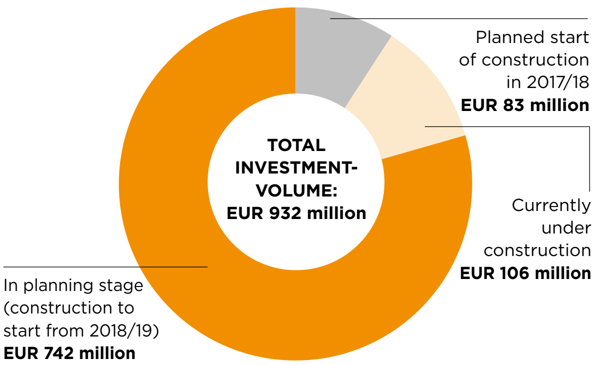
The pipeline in Austria covers 1,491 units with a total investment volume of EUR 241 million, whereby 349 units are now under construction. The remaining units are currently in the planning stage, with construction scheduled to start during or after 2018/19.

**COMPLETIONS "DEVELOP-TO-HOLD"**
Units

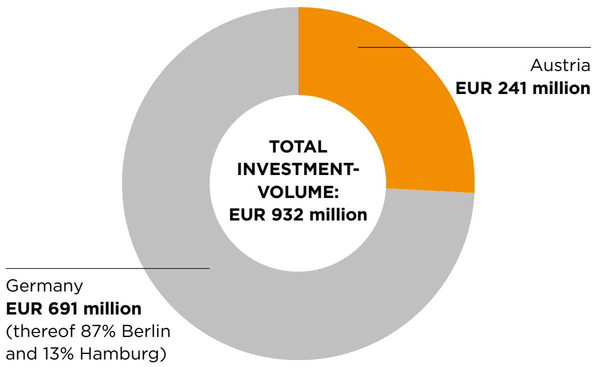



During project development delays may occur due to unforeseeable factors (e.g. extended approval processes as a result of bureaucracy). Completion times may therefore be postponed.

**DEVELOPMENT PROJECTS "DEVELOP-TO-HOLD"**
by implementation stage as of 31 January 2018




**DEVELOPMENT PROJECTS "DEVELOP-TO-HOLD"**
by segments as of 31 January 2018



# DEVELOP-TO-SELL

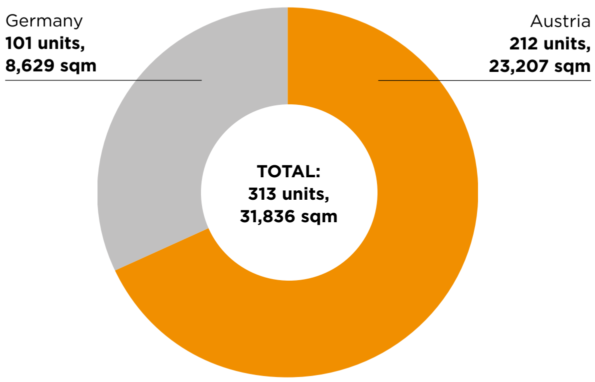
## OVERVIEW OF THE FIRST NINE MONTHS OF 2017/18

In the first three quarters of 2017/18, 270 units (101 in Berlin and 169 in Vienna) were completed for sale to third parties. That represents a year-on-year increase of 107 units. Transfers to the buyers, with recognition to the income statement, covered 313 units (101 with 8,629 sqm in Germany and 212 with 23,207 sqm in Austria).

The average selling prices realised in the first nine months of 2017/18 are based on the 313 units transferred to the buyers. In Austria, a differentiation is made between investors and owner-occupiers: the prices paid by investors for apartments do not include value added tax. Of the 212 units transferred to buyers in Austria, 196 units were purchased by owner-occupiers and 16 units by investors.

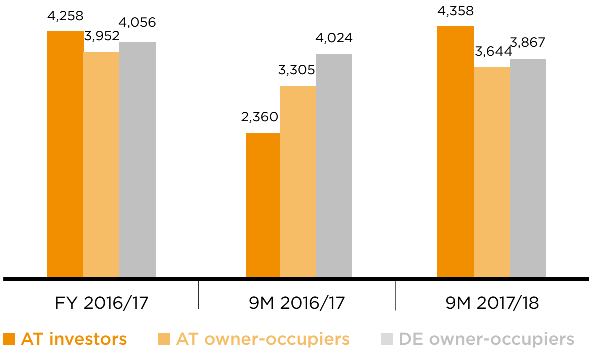
### UNITS TRANSFERRED TO BUYERS 9M 2017/18

Number of units and sqm




### AVERAGE SALE PRICE

in EUR per sqm




Vienna, Töllergasse

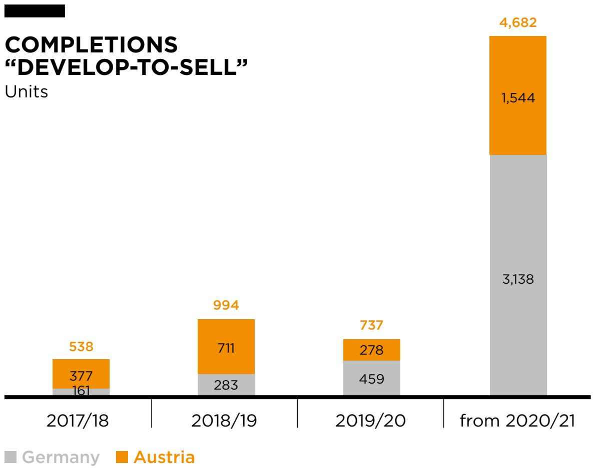
## OUTLOOK

The graph on the right illustrates the completion schedule for the develop-to-sell pipeline in Germany and Austria. The realisation of development projects can be influenced by unforeseen factors which include, for example, extended approval processes. The exact completion dates can therefore differ from these estimates.

BUWOG plans to complete 538 units for the develop-to-sell pipeline in 2017/18: 161 units in Berlin and 377 units in Vienna.

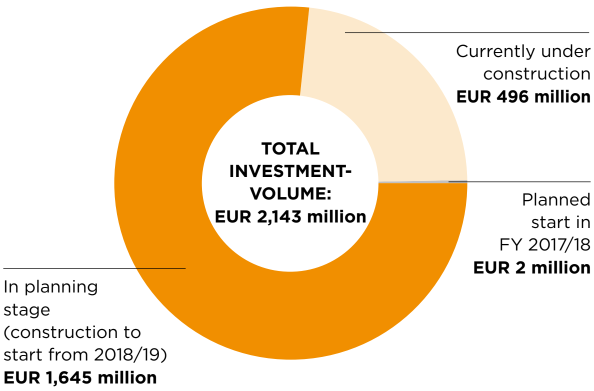
### COMPLETIONS "DEVELOP-TO-SELL"

Units



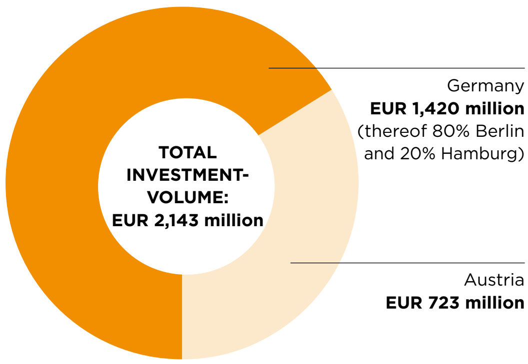

### DEVELOPMENT PROJECTS "DEVELOP-TO-SELL"

by implementation stage as of 31 January 2018




### DEVELOPMENT PROJECTS "DEVELOP-TO-SELL"

by segments as of 31 January 2018




**BUWOG** focus

- ASSET FOCUS **RESIDENTIAL**
- REGIONAL FOCUS **BERLIN/HAMBURG/ VIENNA**
- FUNCTIONAL FOCUS **FULL-SERVICE PROVIDER**

Property Development

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

**BUWOG** strategy

- MINIMISE RISK
  More than 65 years of development experience
- HIGH UPSIDE POTENTIAL
  High margins from property development

# INVESTOR RELATIONS

Uncertainty over US economic policies, global conflicts and the outcome of elections in Europe continued to have a negative effect on the international stock markets during the first three quarters of BUWOG's 2017/18 financial year. Positive impulses were provided by the sound growth in key industrial countries, a strong US labour market and good corporate indicators. The ATX, the leading index of the Vienna Stock Exchange, rose by roughly 4% during the reporting period and closed at 3,594 points at the end of January 2018. The MDAX fell by a slight 1% from 26,860 to 26,825 points during this same period. The Austrian real estate index IATX, which includes BUWOG AG as well as five other Austrian real estate companies, increased by 4% to 321 points. At the European level, the EPRA Developed Europe index rose by roughly 4% from 2,164 to 2,241 points.

Following the successful takeover offer by Vonovia SE, the BUWOG share is included in the ATX at a weighting of only 1.9%. The IATX, which serves as the base value for the options and futures contracts traded on the Vienna Stock Exchange and the real estate shares listed in the Vienna Prime Market, includes the BUWOG share at a current weighting of roughly 25%. The BUWOG share is also part of the branch-specific FTSE EPRA/NAREIT Developed Europe Index, a recognised worldwide benchmark and the most widely used index for listed real estate companies. Other listings that include BUWOG are the VÖNIX Sustainability Index, which features listed companies that are considered leaders in terms of their social and environmental performance, and the GPR 250 Index.

BUWOG AG received the Grand Award in the category "Best of Financial Data" at the international ARC AWARDS, the world's largest annual report competition, on 31 August 2017. The BUWOG team was also this year's shooting star at the "Trend Austrian Financial Communications Award", which was presented at the annual meeting of the Cercle Investor Relations Austria (C.I.R.A.) on 17 October 2017, where it ranked first for its investor relations work.

# DEVELOPMENT OF THE BUWOG SHARE

## TAKEOVER OFFER FROM VONOVIA SE

On 5 February 2018 Vonovia SE published the offer documents for a voluntary public takeover offer which covers the purchase of all outstanding shares and convertible bonds of BUWOG AG. BUWOG shareholders would receive EUR 29.05 in cash for each BUWOG share. The first acceptance period for the offer by Vonovia SE, which expired on 12 March 2018, also included a cash payment of EUR 115,753.65 for each convertible bond certificate (nominal value: EUR 100,000). The shareholders and convertible bondholders of BUWOG AG had the opportunity to accept this offer beginning on the publication date.

In accordance with their legal obligations, the Executive Board and Supervisory Board of BUWOG AG evaluated this offer carefully. A detailed and well-founded opinion was issued by each of these boards on 13 February 2018.

Vonovia SE announced the final results of the voluntary public takeover for all outstanding shares and convertible bonds of BUWOG AG on its website (vonovia-tob.de) on 15 March 2018. The takeover offer was accepted for a total of 82,844,967 BUWOG shares, or 73.8% of all shares issued by BUWOG. The offer was also accepted for 2,988 BUWOG convertible bond certificates, which represent 99.6% of the total nominal value. On 12 March 2018 Vonovia SE announced that all of the offer conditions had been fulfilled. The takeover offer is therefore effective.

For BUWOG shareholders who have not yet accepted the offer by Vonovia SE, the offer period was extended by three months in accordance with Para. 19 (3) no. 3 of the Austrian Takeover Act. This extension period began on 16 March 2018 and will end at 5 pm on 18 June 2018. During this period, BUWOG shareholders still have the opportunity to tender their shares to Vonovia SE at a price of EUR 29.05 per share. The holders of the BUWOG convertible bonds have the opportunity to tender their bond certificates to Vonovia SE during the extension period at a reduced price of EUR 93,049.33 (nominal value: EUR 100,000). However, the holders of the BUWOG convertible bond can convert their BUWOG bond certificates during the change of control window (which will presumably run from 16 March 2018 up to and including 27 April 2018) at the adjusted conversion price. Shares resulting from this conversion can be tendered to Vonovia SE during the extension period at a price of EUR 29.05 per share.

## DEVELOPMENT OF THE BUWOG SHARE DURING THE REPORTING PERIOD

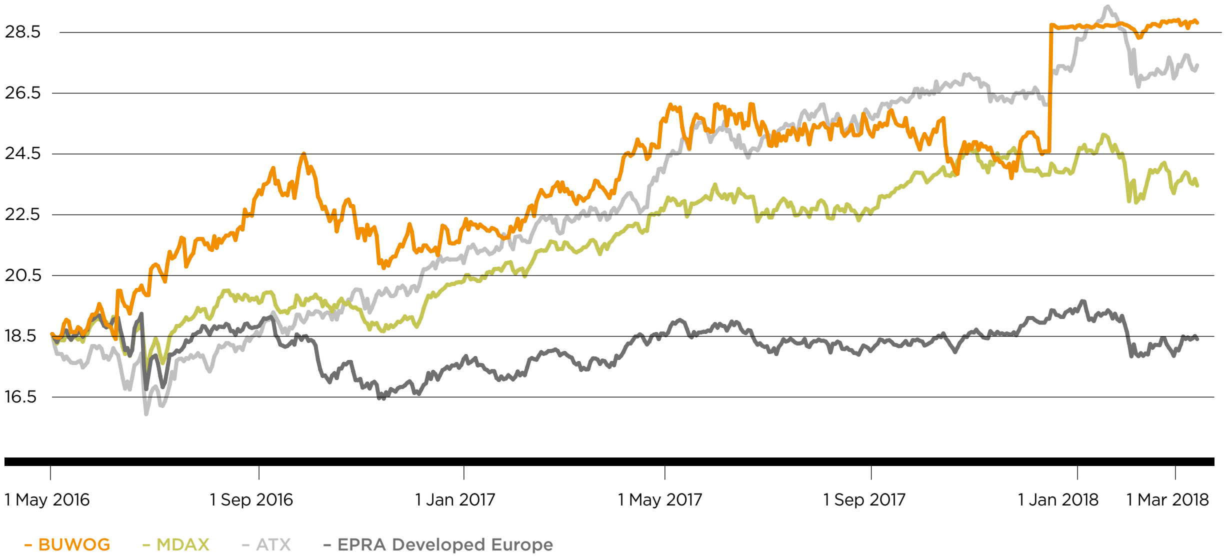
With a closing price of EUR 28.90 on 31 January 2018, the BUWOG share outperformed the relevant branch indexes during the reporting period. This stronger development was influenced, above all, by the announcement of a takeover offer by Vonovia SE on 18 December 2017. The BUWOG share therefore traded clearly above the EPRA NAV per share of EUR 25.02 as of 31 January 2018.

## REFERENCE DATA FOR THE BUWOG SHARE

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

## COMPARATIVE PERFORMANCE OF THE BUWOG SHARE

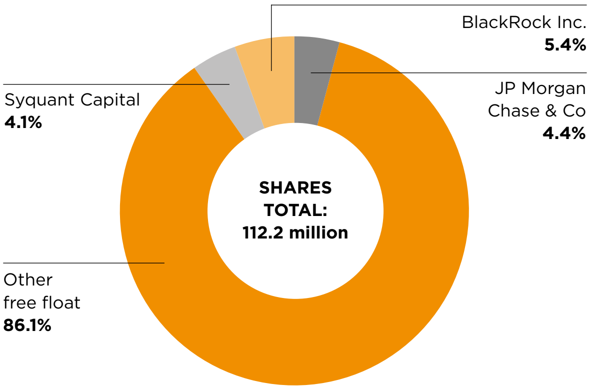
compared with opening prices on 1 May 2016



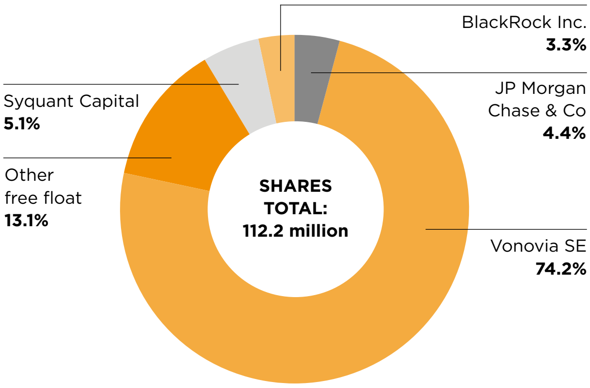
# SHAREHOLDER STRUCTURE

The free float for BUWOG shares equalled 100% as of 31 January 2018. Most of the approximately 112.2 million free float shares are held by a broadly diversified circle of Austrian and international institutional investors as well as funds and European private investors. At the end of the reporting period, three individual shareholders currently hold a reportable investment in BUWOG AG: BlackRock Inc. with 5.4%, JP Morgan Chase & Co with 4.4% and Syquant Capital with 4.1% of the shares. All voting rights announcements are published on a timely basis under www.buwog.com.

**SHAREHOLDER STRUCTURE AS OF 31 JANUARY 2018**




**SHAREHOLDER STRUCTURE AS OF 26 MARCH 2018**




## BUWOG CONVERTIBLE BOND 2016 (ISIN AT0000A1NQH2)

On 6 September 2016, BUWOG AG announced the issue of a non-subordinated, unsecured five-year convertible bond with a total nominal value of EUR 300 million and a denomination of EUR 100,000. The subscription rights of existing shareholders were excluded within the framework of the authorisation and in compliance with legal reporting requirements. The proceeds from the bond were used primarily to drive growth in the property development business in Germany, above all in connection with BUWOG's develop-to-hold strategy, and for a CAPEX programme and the refinancing measures announced on 27 October 2016.

The conversion price was adjusted as follows after the end of the reporting period to reflect the capital increase on 2 June 2017. The adjustment took effect on 16 May 2017 and was based on § 11 (b) of the convertible bond terms:

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

**Based on the successful takeover offer by Vonovia SE, an adjusted conversion price of EUR 25.10 will apply up to 27 April 2018.** Key data and additional information on the servicing of the BUWOG convertible bonds can be found on our website under www.buwog.com/investorrelations.

### CAPITAL INCREASE IN JUNE 2017

A cash capital increase with subscription rights was carried out on 2 June 2017 and resulted in the successful placement of 12,471,685 new shares within the framework of a bookbuilding process at a subscription price of EUR 24.50 per share. The gross proceeds from the capital increase amounted to EUR 305.6 million, and the total number of shares rose to 112,245,164. The transaction was concluded at a premium of 7.2% over the last reported EPRA NAV on the date of the capital increase. The proceeds will be used primarily to purchase additional land for the rapidly growing develop-to-hold and develop-to-sell businesses at the established locations in Berlin, Hamburg and Vienna.

# CURRENT DIVIDEND POLICY

The Executive Board's top priorities include the protection of shareholders' interests and the generation of an appropriate return on investment. Over the long-term, the Executive Board plans to make a recommendation to the Annual General Meeting of BUWOG AG for the payment of a dividend equalling roughly 60% to 65% of annual Recurring FFO.

Information on the analysts' recommendations and the current financial calendar can be found on our website underwww.buwog.com/investorrelations.

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# CONSOLIDATED INTERIM MANAGEMENT REPORT

## THE MARKET ENVIRONMENT

### MODERATE GROWTH FOR THE GLOBAL ECONOMY

The World Bank issued an upward revision to its forecast for global growth and now expects an increase of 3.1% in 2018 and 3.0% in 2019. Not only the Eurozone, but also the USA, China, Japan and raw material-exporting countries are particularly well positioned. Political uncertainty remains, however, and could have a negative effect on this positive trend. Forecast risks are currently associated, in particular, with the normalisation of monetary policies.

### STRONGER GROWTH IN EUROPE

The growth rates in the EU and Eurozone exceeded expectations in 2017 and marked the fastest development in ten years. In its winter forecast 2018, the European Commission indicates a continuation of this upward trend in both the EU and the Eurozone: further robust GDP growth is expected, with an increase of 2.3% in 2018 and 2.0% in 2019 (2017: 2.4%). Inflation in the Eurozone is projected to remain moderate at an annual rate of 1.5% in 2018 and 1.6% in 2019 (2017: 1.5%), supported by moderate wage increases and the current lower-than-maximum level of activity on the labour market. The positive development of the labour market should continue to benefit from the favourable economic climate, rising domestic demand, structural reforms and public sector measures. The implementation of labour market and fiscal policy reforms by a number of member states will play an important role in job creation, and the unemployment rate in the 28 EU member states is expected to decline steadily to 7.3% in 2018 and 7.0% in 2019 (2017: 7.8%).

The downside risks lie, above all, in the uncertain outcome of the “Brexit” negotiations and geopolitical tensions. The possible effects on macroeconomic indicators cannot be estimated at the present time.

### GERMANY

The German economy continued its stable growth course during the reporting period. This upward trend was supported, in particular, by strong private household consumption, favourable financing conditions, a stable employment market, construction investments and other public sector spending measures. Growth rates in the construction sector are expected to exceed 5.5% (nominal) in 2017 and 2018 due to the tense capacity situation and high demand for housing. Construction investments in Germany are currently at the highest level since the reunification in 1990.

In its winter 2018 forecast, the European Commission is projecting growth (real GDP) of 2.3% in 2018 and 2.0% in 2019 (2017: 2.2%). The inflation rate should remain moderate at 1.7% in 2018 and 2019, according to the forecast (2017: 1.7%). Unemployment had fallen to 3.6% as of 31 January 2018, and the Commission expects a further decline to 3.5% and 3.2%, respectively, in 2018 and 2019.

The upward trend on the residential market in Germany continued during the second half of 2017, with the steady high demand for both for rental and purchase units creating the basis for steady yields. The housing supply is also expanding due to the high pace of construction, but will still be outpaced by demand over the long-term. A further increase is expected not only in the purchase prices for condominiums, but also in rents. Completions in Berlin totalled roughly 13,650 units in 2016, including roughly 52% for rental. An increase to roughly 16,000 units was expected in 2017, and projections for 2018 indicate a further rise to roughly 18,500 units.

## AUSTRIA

The Austrian economy is experiencing an upswing, with domestic and foreign demand serving as the main drivers. The readiness to invest remains at a high level due to the sound development of the industrial and construction sectors. Gross capital investment rose by 1.6% over the previous quarter in the third quarter of 2017. Residential construction investments as well as construction output and the related working hours in building construction have also started to rise. The substantial increase in building permits points towards further acceleration and underscores the continuing high confidence in the country's construction sector.

The acceleration in global growth and improved framework conditions are reflected in the winter 2018 forecast by the European Commission, which calls for a robust increase of 2.9% in 2018 and 2.3% in 2019 for the Austrian economy (2017: +3.1%). Annual inflation, based on the consumer price index, should rise to 2.2% in 2017 – among others, due to higher oil and rental prices – before declining slightly to 2.1% in 2018 and 1.7% in 2019. The unemployment rate calculated in accordance with international standards declined to 5.5% at the end of January 2018, and the European Commission is expecting stable development with a rate of 5.5% in 2018 and 5.4% in 2019.

Prices on the residential property market in Austria continued to rise during the second half of 2017, with the most significant increases recorded for new condominiums in Vienna. The strongest momentum is currently found in the medium-priced segment. The constant high demand has been contrasted by substantial year-on-year growth in new construction. The highest increases were registered in the rental apartment segment, where privately financed units represent more than one-third of the properties. According to a market study by CBRE, roughly 9,750 new apartments were expected in 2017 (8,350 units excl. student dormitories and serviced apartments) and a further 14,200 new apartments in 2018 (13,100 units excl. student dormitories and serviced apartments).

## DEVELOPMENT OF KEY INTEREST RATES

The ECB's key interest rate remained constant at 0.00% throughout the reporting period. The main refinancing rate and the interest rate for the peak financing facility were also unchanged at 0.00%, 0.25% and –0.40%. At the ECB meeting on 25 January 2018, President Mario Draghi announced further securities purchases of EUR 30 billion per month, for the time being up to September 2018, but with the possibility of increases at any time. There have been no fundamental shifts in the ECB's monetary policy to date, as is illustrated by the lack of changes in the current interest rate policy. In the USA, the Federal Reserve Board raised the interest rate corridor (bandwidth) from 1.25% to 1.5% during the reporting period.

Developments on the international stock, currency and financial markets during the first three quarters of 2017/18 were influenced, above all, by the "Brexit" negotiations. However, the effects of the capital market measures planned by US President Donald Trump on these markets are still uncertain. The key reference interest rates (1-, 3-, 6- and 12-month EURIBOR) continued to decline during the first nine months of 2017/18. For example, the 6-month EURIBOR fell from –0.243% to –0.279% in the short-term range as of 31 January 2018.

## DEVELOPMENT OF THE EUR-SWAP CURVE

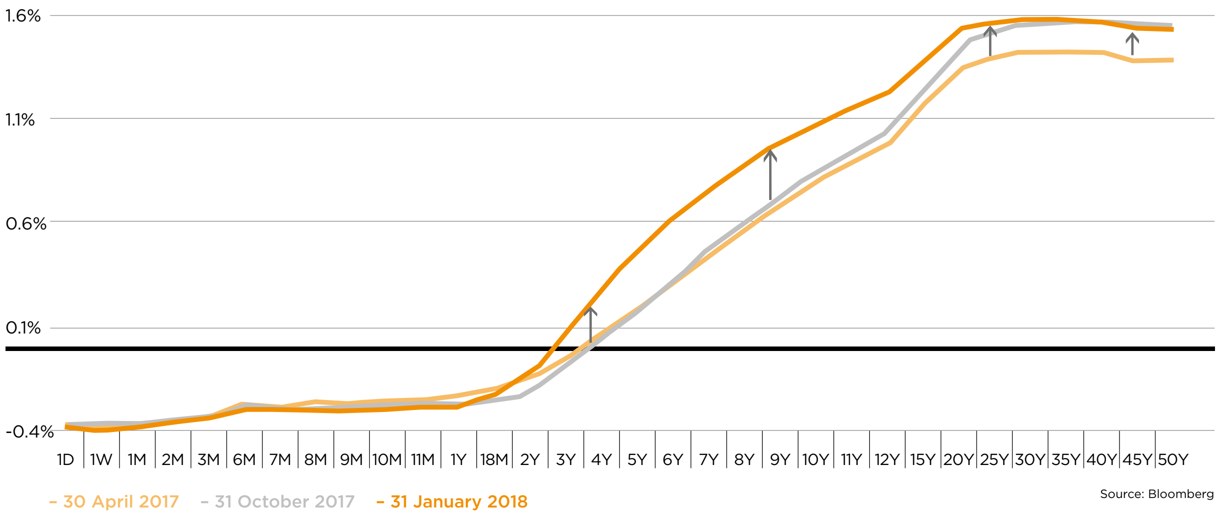
The development of the EUR-swap curve has an effect on the BUWOG Group through its influence on cash interest payments and non-cash financial results. A low EUR-swap curve leads, among others, to lower hedging costs for long-term financing and variable interest loans, but has a negative effect on non-cash financial results through the valuation of financial instruments and derivatives at fair value through profit or loss as long as the applicable interest rate is higher than the swap rates on the balance sheet date.

A clear shift in the EUR-swap curve was visible during the first nine months of the 2017/18 financial year. The long-term segment has been characterised by an increase since 30 April 2017.

In view of BUWOG's defensive risk profile with a balanced, long-term financing structure and an average term of 11 years for financial liabilities, the increase in the EUR-swap curve principally has a positive effect on non-cash financial results. An improvement in the credit standing of the BUWOG Group leads to a contrary effect in the measurement of fair value. Further details are provided under the *Analysis of the asset, financial and earnings position* on page 36.

### DEVELOPMENT OF THE EUR-SWAP CURVE

Comparison 30 April 2017 to 31 October 2017 and 31 January 2018




Source: Bloomberg

# PORTFOLIO REPORT

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

The following information is based on the portfolio values as of 31 January 2018. The comparative figures in parentheses refer to the values as of 30 April 2017, unless otherwise indicated. Information on the carrying amounts is provided under note 2 *Accounting policies* in the consolidated financial statements as of 30 April 2017.

The BUWOG Group’s standing investments, new construction projects and undeveloped land are valued by the independent external specialists at CBRE Germany/Austria as of 30 April and 31 October. An external appraisal was not carried out as of 31 January 2018. The valuation as of 31 October 2017 resulted in fair value adjustments of EUR 143.4 million, which were recognised to the income statement for the first half of 2017/18 (H1 2016/17: EUR 174.7 million). The data presented for 31 January 2018 are based on the valuation as of 31 October 2017 with deductions for properties sold and additions for CAPEX in the third quarter of 2017/18. Detailed information can be found under *Property valuation* in the consolidated interim management report.

## THE BUWOG GROUP’S PROPERTY PORTFOLIO

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

The carrying amount of the BUWOG Group’s portfolio totalled EUR 4,850.1 million as of 31 January 2018 (EUR 4,646.4 million). Standing investments and non-current assets held for sale represent the major component at EUR 4,084.0 million (EUR 3,942.1 million) or 84.2% (84.8%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 365,5 million (EUR 355.5 million) or 7.6% (7.6%) of the total portfolio carrying amount. The pipeline projects (investment properties) have a combined carrying amount of EUR 282.7 million (EUR 277.5 million) or 5.8% (6.0%). The carrying amount of the new buildings, which are reported as investment property under construction and are designated for BUWOG’s portfolio, amounted to EUR 99.7 million (EUR 56.3 million) or 2.1% (1.2%). The other tangible assets, which include properties used directly by the BUWOG Group, total EUR 18.2 million (EUR 14.9 million) or 0.4% (0.3%).

BUWOG’s property portfolio is classified under non-current and current assets on the balance sheet. The following charts reconcile the balance sheet values as of 31 January 2018 with the presentation in this portfolio report:

### PROPERTY PORTFOLIO
as of 31 January 2018 in EUR million

| | | | | | |
|---|---|---|---|---|---|
| **Non-current assets** | **4,484.6** | Investment properties | 4,366.7 | Standing investments | 4,084.0 |
| | | | | Pipeline projects | 282.7 |
| | | Other tangible assets | 18.2 | Properties used directly by the BUWOG Group[1] | 18.2 |
| | | Investment properties under construction | 99.7 | Construction for the BUWOG portfolio | 99.7 |
| **Current assets** | **365.5** | Non-current assets held for sale | 0.0 | Standing investments | 0.0 |
| | | Real estate inventories | 365.5 | Pipeline projects | 239.1 |
| | | | | Development projects | 126.4 |
| **Total portfolio BUWOG Group** | **4,850.1** | | **4,850.1** | | **4,850.1** |

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

## PROPERTY PORTFOLIO BY FAIR VALUE

| as of 31 January 2018 | Units | Standing investments in EUR million | Pipeline projects in EUR million | Properties used by the BUWOG Group in EUR milion[1)] | Construction for BUWOG portfolio in EUR million | Development projects in EUR million | Property portfolio in EUR million | Share |
|---|---|---|---|---|---|---|---|---|
| Germany | 27,212 | 2,181.2 | 232.1 | 1.0 | 60.8 | 176.7 | 2,651.8 | 54.7% |
| Austria | 21,594 | 1,902.8 | 50.5 | 17.2 | 38.9 | 188.8 | 2,198.3 | 45.3% |
| **BUWOG Group** | **48,806** | **4,084.0** | **282.7** | **18.2** | **99.7** | **365.5** | **4,850.1** | **100.0%** |

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

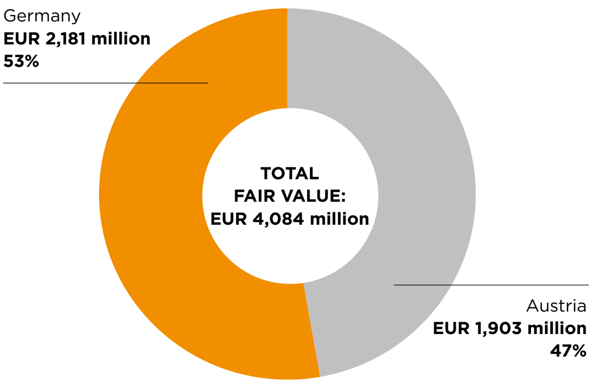
## INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating regular rental income. The property portfolio in Germany and Austria included 48,806 standing investment units (49,597 units), which had a fair value of EUR 4,084.0 million as of 31 January 2018 (EUR 3,942.1 million) and represented 84.2% (84.8%) of the total property portfolio (incl. development projects). The standing investment portfolio is carried at fair value in accordance with IAS 40.

Vienna and Berlin as well as the provincial and state capitals, major cities and related suburban regions represented the locations for 87% of the fair value of the BUWOG Group's standing investment portfolio and 77% of the standing investment units as of 31 January 2018. The graph on the right shows the regional distribution of this portfolio.

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

as of 31 January 2018




The annualised contractual net in-place rent from the standing investments, including parking areas, totalled EUR 205.2 million as of 31 January 2018 (EUR 205.1 million). This represents an average net in-place rent of EUR 5.28 per sqm (EUR 5.18 per sqm) and a gross rental yield (annualised net in-place rent in relation to fair value as of the balance sheet date) of 5.0% (5.2%). The vacancy rate is determined on the basis of total floor area and equalled 3.6% as of 31 January 2018 (3.4%).

On a like-for-like basis (i.e. after the deduction of the effects of portfolio transactions and the inclusion of changes in vacancies), the rental income generated by BUWOG's portfolio properties rose by 2.1% as of 31 January 2018. The like-for-like increase in rents from the German portfolio equalled 3.6%. The Austrian portfolio recorded like-for-like growth of 0.0%, which resulted primarily from a legally required change in the rental model for a large property in Vienna following the repayment of the related external financing (see pages 12f for details).

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

A total of 959 standing investment units in Germany and Austria were sold through individual apartment sales and block sales during the first nine months of 2017/18 (9M 2016/17: 515 units). These transactions generated revenues of EUR 119.0 million (9M 2016/17: EUR 88.8 million) and net operating income (NOI) of EUR 37.9 million (9M 2016/17: EUR 38.6 million).

Unit Sales are the main driver for the generation of sustainable revenues and contributions to Recurring FFO in BUWOG's Property Sales business area. In the first nine months of 2017/18, 504 standing investments units were sold in Germany and Austria (9M 2016/17: 514 units). These sales resulted in revenues of EUR 92.4 million (9M 2016/17: EUR 88.2 million) and had a margin of roughly 64% (9M 2016/17: 56%) on fair value.

Block sales covered 455 standing investment units (9M 2016/17: one unit), whereby 36 units are attributable to the last tranche from the sale of the Tyrolean portfolio and 200 units primarily to the sale of portfolios in Carinthia and Styria. The realisation of earnings on these transactions was based on the reclassification of the properties as held for sale as well as the recognition of the sale price in 2016/17 in accordance with IFRS 5.

The proceeds on Block Sales totalled EUR 26.6 million for the reporting period (9M 2016/17: EUR 0.6 million) and the margin on fair value equalled 18% (9M 2016/17: 6%).

## INVESTMENT PROPERTY – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

In addition to standing investments, the balance sheet position investment property includes pipeline projects which are carried at fair value in accordance with IAS 40. Pipeline projects are defined as undeveloped land reserves and new projects in planning whose construction is scheduled to start more than six months after the balance sheet date. BUWOG reviews these projects regularly for development and realisation options. The pipeline projects recognised on BUWOG's balance sheet had a carrying amount of EUR 282.7 million as of 31 January 2018 (EUR 277.5 million).

### PIPELINE PROJECTS FAIR VALUE

| as of 31 January 2018 | Property Development new building projects starting > 6 months in EUR million | Property Development land reserves in EUR million | Property Development non-current assets held for sale in EUR million | Asset Management land reserves in EUR million | Total pipeline projects in EUR million | Share in total pipeline |
|---|---|---|---|---|---|---|
| Germany | 231.4 | 0.0 | 0.0 | 0.7 | 232.1 | 82.1% |
| Austria | 46.5 | 2.2 | 0.0 | 1.8 | 50.5 | 17.9% |
| **Total** | **277.9** | **2.2** | **0.0** | **2.5** | **282.7** | **100.0%** |

## OTHER TANGIBLE ASSETS

The other tangible assets had a combined carrying amount of EUR 18.2 million (EUR 14.9 million). These assets consist primarily of office properties used by the BUWOG Group in Vienna (Hietzinger Kai 131) and Villach (Tiroler Strasse 17) as well as the tangible assets currently under construction for BUWOG's future customer and administrative centre in Vienna.

## INVESTMENT PROPERTY UNDER CONSTRUCTION – CONSTRUCTION FOR THE PORTFOLIO (ASSET MANAGEMENT / PROPERTY DEVELOPMENT BUSINESS AREAS)

Investment property under construction includes subsidised and market rent apartments in Austria and Germany that are currently under construction or whose construction will begin within the next six months as part of development for BUWOG's core portfolio. These development projects had a carrying amount of EUR 99.7 million as of 31 January 2018 (EUR 56.3 million). Two new projects in Vienna with a total of 349 rental units were under construction at the end of the reporting period, and construction. The projects currently under construction in Berlin include the "Ankerviertel" as part of the "52 Grad Nord" project with 50 privately financed rental apartments, the "Seefeld II, 8.3" project with 27 units and the "La Belle Ville" project with 95 units. Construction is expected to start on other develop-to-hold projects in Berlin during 2017/18.

## NON-CURRENT ASSETS HELD FOR SALE (ASSET MANAGEMENT BUSINESS AREA)

The properties classified as non-current assets held for sale and accounted for in accordance with IFRS 5 were covered by specific plans as of 31 January 2018 which make their sale likely in the near future. These properties are included under the standing investment cluster in the portfolio report at a carrying amount of EUR 0.0 million (EUR 15.7 million).

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

Subsidised and privately financed development projects that are current under construction or completed are reported on the balance sheet as real estate inventories (current assets) and accounted for at amortised cost or the lower net realisable value in accordance with IAS 2. The fair value of these real estate inventories totalled EUR 365.5 million as of 31 January 2018 (EUR 355.5 million).

# FINANCING

The BUWOG Group successfully arranged EUR 27.9 million[1)] of financing for standing investments, as scheduled, in the first nine months of the 2017/18 financial year. The average interest rate on these loans equalled 1.26%. In addition, financing for "develop-to-hold" projects with a total volume of EUR 171.4 million[2)] was concluded at an average nominal interest rate of 1.17% during the reporting period.

BUWOG received an investment grade rating of "BBB+" with stable outlook from the leading international rating agency Standard & Poor's (S&P) during the reporting period. This rating was based, among others, on the regional distribution, quality and low vacancy level in the standing investment portfolio and on the flexibility of the business model with regard to new construction. This makes BUWOG one of the few rated residential property companies in Europe with a substantial new construction business. The investment grade rating will give BUWOG easier access to capital market instruments and capital market financing.

BUWOG continued to arrange for financing at favourable long-term conditions and, in this way, further improved the Recurring FFO available for dividends and investments. The following table summarises the key financing parameters as of 31 January 2018:

### FINANCING PARAMETERS

| | Outstanding liability in EUR million | Share of outstanding liability | Ø Interest rate | Ø Term in years |
|---|---|---|---|---|
| **Bank liabilities** | **1,514** | **68%** | **2.16%** | **10.3** |
| thereof Austria | 711 | 32% | 2.26% | 15.2 |
| thereof Germany | 803 | 36% | 2.07% | 5.9 |
| **Local authorities** | **415** | **19%** | **1.68%** | **18.7** |
| thereof Austria | 415 | 19% | 1.68% | 18.7 |
| thereof Germany | 1 | 0% | 3.00% | 21.4 |
| **Convertible bond** | **300** | **13%** | **0.00%** | **3.6** |
| **Total** | **2,230** | **100%** | **1.78%** | **11.0** |

Data may include rounding differences.

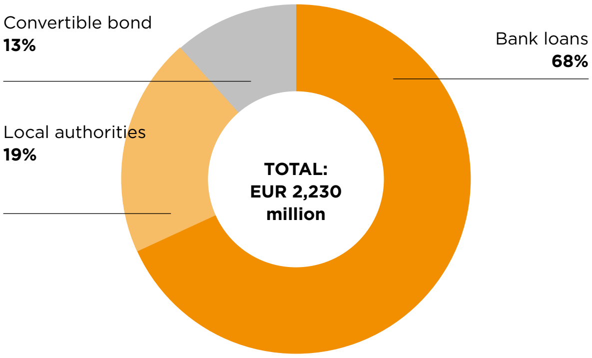
### FINANCING STRUCTURE

BUWOG's financial liabilities include liabilities to credit institutions, liabilities to local authorities and development banks, and liabilities from the issued convertible bond. The outstanding financial liabilities, which are exclusively denominated in Euros, amounted to approximately EUR 2,230 million as of 31 January 2018. The net financial liabilities of EUR 1,908 million in relation to the total portfolio carrying amount of EUR 4,832 million result in a loan-to-value ratio of 39.5%. The decline resulted primarily from an increase in the carrying amount of BUWOG's portfolio. Additional information on the calculation of LTV is provided in the section Loan to Value on page 42.

As of 31 January 2018, 24% (basis: outstanding liability) of the financial liabilities were low-interest subsidised loans or bank liabilities with annuity subsidies that are measured at fair value through profit or loss. Additional details are provided in the *Analysis of the asset, financial and earnings position* (page 38) and under note 2.4.4 to the consolidated financial statements as of 30 April 2017.

1) As of 31 January 2018, EUR 23.9 million had not been transferred.
2) As of 31 January 2018, EUR 163.2 million had not been transferred due to the progress on construction.

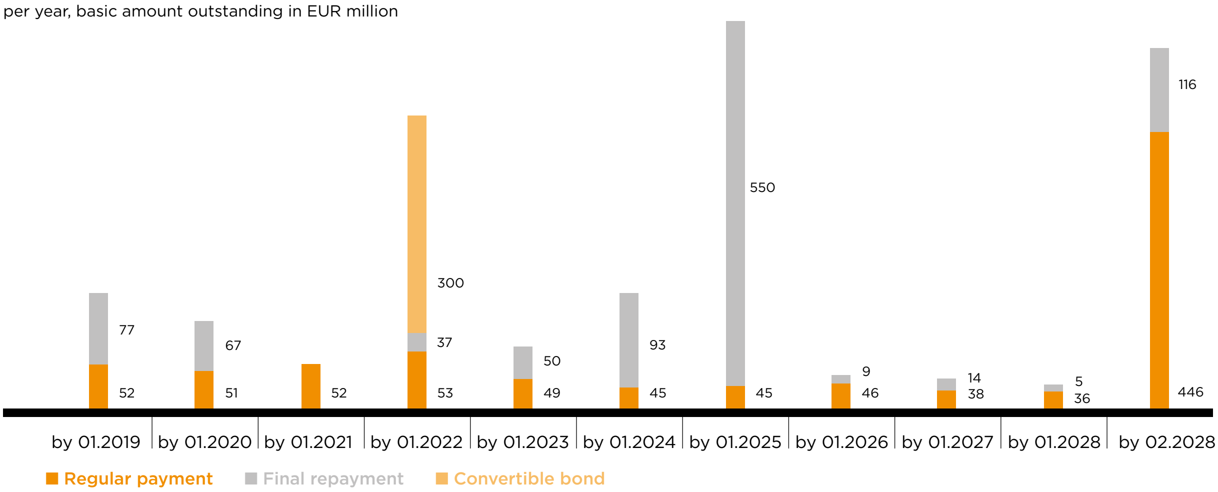
**STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES**
as of 31 January 2018




## REPAYMENT STRUCTURE

The BUWOG Group works to develop and maintain a long-term, balanced financing structure to protect its defensive risk profile in keeping with the long-term nature of its core business. Most of the financing contracts support this objective. The average term is 11 years and the average fixed interest period 8.9 years. The following graph shows the repayment structure by maturity, including the refinancing and restructuring of the loan portfolio:

**REPAYMENT BY MATURITY AS OF 31 JANUARY 2018**
per year, basic amount outstanding in EUR million




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

## INTEREST RATE STRUCTURE

In line with the long-term nature of the financing structure, roughly 91% of the Group's financing contracts were hedged against the risk of interest rate changes through fixed interest rate agreements and/or interest rate swaps as of 31 January 2018. The weighted average nominal interest rate equalled 1.78% as of that date.

# ANALYSIS OF THE ASSET, FINANCIAL AND EARNINGS POSITION

The following analysis of the asset, financial and earnings position is based on the first nine months of the 2017/18 financial year, respectively the balance sheet date on 31 January 2018. The disclosures and information on the first nine months of the previous financial year and the balance sheet date on 30 April 2017 are presented in brackets. The term Net Operating Income (NOI) per business area is used in the following as a synonym for the earnings generated by each business area.

## EARNINGS POSITION

### CONDENSED INCOME STATEMENT

| in EUR million | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| NOI Asset Management | 119.6 | 114.1 | 4.8% |
| NOI Property Sales[1] | 37.9 | 38.6 | -1.7% |
| NOI Property Development | 40.4 | 7.5 | >100.0% |
| Other operating income | 2.4 | 2.7 | -10.7% |
| Expenses not directly attributable | -39.1 | -27.9 | -40.2% |
| **Results of operations** | **161.1** | **134.9** | **19.4%** |
| Other valuation results | 148.6 | 277.2 | -46.4% |
| **Operating profit (EBIT)** | **309.7** | **412.1** | **-24.9%** |
| Financial results | -53.8 | -47.9 | -12.3% |
| **Earnings before tax (EBT)** | **255.9** | **364.3** | **-29.7%** |
| **Net profit** | **211.1** | **292.3** | **-27.8%** |
| **Net profit per share[2] in EUR** | **1.87** | **2.87** | **-34.8%** |

The use of automated calculation systems may give rise to rounding differences.
1) Including of adaption IFRS 5 EUR 0.0 million (EUR 7.6 million)
2) Base 110,753,984 shares (weighted average) previous year: 99,773,479 shares

**Asset Management.** This business area generated NOI of EUR 119.6 million in the first nine months of 2017/18 (EUR 114.1 million), which represents an NOI margin of 75.0% (73.3%). This improvement was supported by a reduction in operating expenses for the portfolio properties. The income recorded by the Asset Management business area consists of net cold rent of EUR 145.4 million (EUR 144.6 million) from residential properties and other rental income of EUR 13.8 million (EUR 10.8 million). These two items form the indicator "net in-place rent" and show the revenue contribution by Asset Management to the BUWOG Group's total revenue. In Germany, an improvement in the net in-place rent led to an increase in rental income. Expenses recognised in the Austria segment during the reporting period include EUR 1.0 million as compensation for damages due to delayed transfer and resulted from the invoice reconciliation with a large tenant over the first four years of the rental agreement. These expenses were more than offset by EUR 2.1 million of subsequent charges to the tenant for rent in earlier years.

The income from Asset Management also includes operating costs passed on to tenants, third-party management revenues and revenues from the management of BUWOG's own properties in Austria totalling EUR 78.8 million (EUR 82.4 million) as well as other revenues of EUR 0.2 million (EUR 0.2 million). These revenues are contrasted by EUR 41.4 million (EUR 42.6 million) of expenses directly related to investment properties and EUR 77.2 million (EUR 81.3 million) of operating expenses and expenses from third-party management.

## OVERVIEW OF ASSET MANAGEMENT

| in EUR million | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| Residential rental income | 145.4 | 144.6 | 0.6% |
| Other rental income | 13.8 | 10.8 | 27.7% |
| **Rental revenues** | **159.2** | **155.4** | **2.4%** |
| Operating costs charged to tenants and third party property management revenues | 78.8 | 82.4 | -4.4% |
| Other revenues | 0.2 | 0.2 | 10.2% |
| **Revenues** | **238.2** | **238.0** | **0.1%** |
| **NOI Asset Management** | **119.6** | **114.1** | **4.8%** |
| **NOI margin Asset Management** | **75.0%** | **73.3%** | **1.7 PP** |

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

**Property Sales.** NOI of EUR 37.9 million was recorded by the Property Sales business area in the first nine months of 2017/18 (EUR 38.6 million). Including the IFRS 5 fair value adjustments, adjusted NOI in this business area equalled EUR 39.7 million (EUR 30.9 million). These results reflected the sale of 504 apartments through Unit Sales at a margin of 64% on fair value. Block Sales covered 455 units, including 36 units from the sale of the Tyrolean portfolio and 293 units from the sale of portfolios in Carinthia and Styria, at a margin of roughly 18% on fair value. The IFRS 5 adjustments reported in the following table include EUR 1.8 million of fair value adjustments from the previous year to non-current assets held for sale. This valuation effect was eliminated in the calculation of NOI, EBITDA and Total FFO.

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

## OVERVIEW OF PROPERTY SALES

| | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| **Sales of units in numbers** | **959** | **515** | **86.2%** |
| thereof Unit Sales | 504 | 514 | -1.9% |
| thereof Block Sales | 455 | 1 | >100.0% |
| **Revenues Property Sales in EUR million** | **119.0** | **88.8** | **34.0%** |
| thereof Unit Sales in EUR million | 92.4 | 88.2 | 4.7% |
| thereof Block Sales in EUR million | 26.7 | 0.6 | >100.0% |
| **NOI Property Sales in EUR million** | **37.9** | **38.6** | **-1.7%** |
| Adaption IFRS 5 current year | 0.0 | -7.6 | 100.0% |
| | 1.8 | 0.0 | n.a. |
| **NOI Property Sales in EUR million adjusted** | **39.7** | **30.9** | **28.4%** |
| thereof Unit Sales in EUR million | 35.4 | 30.9 | 14.6% |
| thereof Block Sales in EUR million | 4.3 | 0.0 | >100.0% |
| **Margin on fair value** | **50%** | **56%** | **-5.7 PP** |
| thereof Unit Sales | 64% | 56% | 7.6 PP |
| thereof Block Sales | 18% | 6% | 11.8 PP |

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

**Property Development.** Two sub-segments are responsible for the activities in this business area: develop-to-sell and develop-to-hold. The development pipeline contained 10,684 units as of 31 January 2018. This business area generated strong NOI of EUR 40.4 million in the first nine months of 2017/18 (EUR 7.5 million). Transfers from the exclusive "Pfarrwiesengasse" project, the "Seefeld I" project, "Southgate" project and Töllergasse T(h)ree project made an important contribution to earnings. A total of 313 units (205 units) were transferred and recognised to the income statement during the reporting period. Three land sites in Austria were also sold as planned during the first nine months of 2017/18 – Walter-Jurmann-Gasse with proceeds of EUR 0.7 million, Windmühlgasse with proceeds of EUR 3.4 million and Triester Strasse with proceeds of EUR 0.6 million. The substantial improvement in the NOI margin from Property Development from 8.9% to 19.0% confirms the success of BUWOG's strategic focus on this business area.

## OVERVIEW OF PROPERTY DEVELOPMENT

| | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| **Sold units** | **313** | **205** | **52.7%** |
| thereof Germany | 212 | 119 | 78.2% |
| thereof Austria | 101 | 86 | 17.4% |
| **Revenues Property Development in EUR million** | **142.4** | **76.8** | **85.4%** |
| thereof Germany in EUR million | 33.1 | 47.2 | –30.0% |
| thereof Austria in EUR million | 109.4 | 29.6 | >100.0% |
| **NOI Property Development in EUR million** | **40.4** | **7.5** | **>100.0%** |
| Adjustment to fair value of investment properties under construction | –13.3 | –0.7 | >100% |
| **NOI Property Development adjusted in EUR million** | **27.1** | **6.8** | **>100.0%** |
| thereof Germany in EUR million | 0.5 | 3.4 | –85.1% |
| thereof Austria in EUR million | 26.6 | 3.4 | >100.0% |
| **NOI margin Property Development adjusted** | **19.0%** | **8.9%** | **10.1 PP** |
| thereof Germany | 1.5% | 7.2% | –5.7 PP |
| thereof Austria | 24.3% | 11.6% | 12.7 PP |

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

**Expenses not directly attributable.** Expenses that are not directly attributable to the three business areas amounted to EUR 39.1 million in the first nine months of 2017/18 (EUR 27.9 million). They consist primarily of personnel expenses totalling EUR 14.1 million (EUR 10.6 million), legal, auditing and consulting fees of EUR 8.5 million (EUR 4.9 million) and IT and communications costs of EUR 6.5 million (EUR 4.4 million). Advertising and marketing costs amounted to EUR 2.1 million (EUR 1.7 million). The increase in personnel expenses resulted primarily from an employee event, and higher expenses for the long-term incentive programme in 2017 while the increase in consulting and IT fees was related to the Group-wide introduction of SAP ERP.

The results of operations totalled EUR 161.1 million (EUR 134.9 million). The year-on-year increase is attributable primarily to the earnings improvement in the Property Development business area. EBITDA equalled EUR 152.3 million (EUR 128.9 million) after an adjustment for non-cash effects, effects related to other accounting periods and the valuation of property under construction and property held for sale.

## EBITDA

| in EUR million | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| **Results of operations** | **161.1** | **134.9** | **19.4%** |
| Impairment losses/revaluations | 2.6 | 2.3 | 13.3% |
| Adjustment to fair value of investment properties under construction | –13.3 | –0.7 | >100.0% |
| Adaption IFRS 5 previous year | 1.8 | 0.0 | >100.0% |
| Adaption IFRS 5 current year | 0.0 | –7.6 | 100.0% |
| **EBITDA[1)]** | **152.3** | **128.9** | **18.1%** |
| | | | |
| **EBITDA Asset Management** | **92.1** | **94.7** | **–2.8%** |
| **EBITDA Property Sales[1)]** | **38.5** | **30.3** | **27.0%** |
| thereof Unit Sales | 34.4 | 30.4 | 13.2% |
| thereof Block Sales | 4.1 | –0.1 | >100.0% |
| **EBITDA Property Development** | **21.7** | **3.9** | **>100.0%** |

The use of automated calculation systems may give rise to rounding differences.
1) Results of operations adjusted to account for valuation effects from period-based shifts (IFRS 5)

**Other valuation results.** The BUWOG properties were not appraised CBRE as of 31 January 2018; the next valuation by the external appraiser is scheduled for 30 April 2018. Other valuation results of EUR 148.6 million (EUR 277.2 million) consist chiefly of fair value adjustments to investment properties. Additional details can be found under note 5.6 *Fair value adjustments of properties* in the consolidated interim financial statements.

**Financial results.** Financial results of EUR –53.8 million (EUR –47.9 million) include cash interest expenses of EUR –29.3 million (EUR –34.2 million) as well as non-cash results from the fair value measurement through profit or loss of derivatives at EUR -11.4 million (EUR –6.3 million) and financial liabilities at EUR –0.3 million (EUR –7.6 million). The non-cash valuation effects have no impact on Recurring FFO. Additional information on the development of interest rates is provided under *The Market Environment*.

**Recurring FFO**. The key performance indicator used by the BUWOG Group to evaluate the operation business is Funds From Operations (FFO), whereby a differentiation is made between Recurring FFO (which excludes the results of Block Sales), Total FFO (which includes the results of Block Sales) and AFFO (which is adjusted for capitalised value-enhancing measures, CAPEX). Recurring FFO reflects the business model of the BUWOG Group, which is based on sustainable, long-term experience in three business areas: Asset Management, Property Development and Property Sales (excluding the results of Block Sales). Group net profit for the first nine months of 2017/18 represents the starting point for the calculation in the following table.

Recurring FFO, which also serves as the benchmark for the dividend payment, amounted to EUR 107.4 million for the first nine months of 2017/18. The year-on-year increase of 25.7% reflected the positive development in all business areas.

## FFO

| in EUR million | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| Net profit | 211.1 | 292.3 | -27.8% |
| Results of Property Sales | -37.9 | -38.6 | 1.7% |
| Other financial results | 22.4 | 11.2 | 99.4% |
| Fair value adjustments of investment properties[1] | -161.8 | -277.9 | 41.8% |
| Impairment losses/revaluations | 2.6 | 2.3 | 16.1% |
| Deferred taxes | 27.5 | 58.9 | -53.4% |
| Other | 8.1 | 6.2 | 30.7% |
| **FFO** | **72.0** | **54.5** | **32.0%** |
| Unit Sales result | 35.4 | 30.9 | 14.7 |
| **Recurring FFO** | **107.4** | **85.4** | **25.7%** |
| Block Sales result | 4.3 | 0.0 | >100.0% |
| **Total FFO** | **111.7** | **85.4** | **30.7%** |
| Recurring FFO per share in EUR basic[2] | 0.97 | 0.86 | 13.2% |
| Total FFO per share in EUR basic[2] | 1.01 | 0.86 | 17.8% |
| | | | |
| **Recurring FFO** | **107.4** | **85.4** | **25.7%** |
| CAPEX | -36.9 | -26.3 | -40.5% |
| **AFFO** | **70.5** | **59.1** | **19.2%** |

The use of automated calculation systems may give rise to rounding differences.
1) Includes fair value adjustments of EUR 148.6 million (EUR 277.2 million) to investment properties and the valuation of property under construction at EUR 13.3 million (EUR 0.7 million)
2) Basis for earnings data: 110,753,984 shares (99,773,479) weighted average

Other financial results of EUR -19.2 million (EUR -9.4 million) were adjusted for the following items to develop the total amount of EUR -22.4 million (EUR -11.2 million): results of EUR -1.7 million (EUR -1.7 million) from the valuation of financial liabilities and other financial assets at amortised cost, ancillary cash expenses of EUR 0.6 million (EUR 0.9 million) for current borrowings and an increase of EUR -2.0 million (EUR -1.1 million) in interest expense, calculated according to the effective interest rate method, for the convertible bond which was issued during the reporting period.

Impairment losses/revaluations include EUR 2.2 million (EUR 1.8 million) of depreciation, amortisation and impairment losses to intangible and other tangible assets as well as expenses of EUR 0.4 million (EUR 0.5 million) from the valuation of real estate inventories.

The position "other" includes personnel expenses of EUR 0.5 million (EUR 1.7 million), operating expenses of EUR 8.5 million (EUR 5.3 million) for project-related, non-recurring items, costs of EUR 0.6 million (EUR 0.0 million) for an employee event and income of EUR 0.3 million (EUR 0.4 million) from insurance compensation. Also included here are miscellaneous expenses and other rental income resulting from the invoice reconciliation with a large tenant: EUR 1.0 million as compensation for damages and EUR 2.1 million of other rental income from prior periods. In 2016/17, this position also included expenses of EUR 0.1 million for share-based remuneration with settlement through equity instruments and a one-off reimbursement of EUR 0.5 million for land rent from 2006 to 2015.

The Block Sales result was adjusted by a valuation effect (IFRS 5) of EUR 0.0 million as of 31 January 2018 (EUR -7.6 million) and a valuation effect of EUR 1.8 million as of 30 April 2017.

## ASSET POSITION

### CONDENSED BALANCE SHEET

| in EUR million | 31 January 2018 | 30 April 2017 | Change |
|---|---|---|---|
| Investment property | 4,366.7 | 4,203.9 | 3.9% |
| Investment property under construction | 99.7 | 56.3 | 77.1% |
| Other tangible assets | 18.2 | 14.9 | 22.0% |
| Intangible assets | 13.9 | 14.6 | -4.6% |
| Trade and other receivables | 203.6 | 127.7 | 59.4% |
| Other financial assets | 13.5 | 15.5 | -12.8% |
| Deferred tax assets | 0.2 | 0.2 | -4.8% |
| Non-current assets held for sale | 0.0 | 15.7 | -100.0% |
| Income tax receivables | 4.3 | 3.9 | 9.2% |
| Real estate inventories | 365.5 | 355.5 | 2.8% |
| Cash and cash equivalents | 285.8 | 211.4 | 35.2% |
| **Assets** | **5,371.4** | **5,019.7** | **7.0%** |
| | | | |
| Equity | 2,427.7 | 1,995.8 | 21.6% |
| Liabilities from convertible bonds | 290.0 | 288.0 | 0.7% |
| Financial liabilities | 1,903.6 | 1,963.5 | -3.0% |
| Trade payables and other liabilities | 424.5 | 464.0 | -8.5% |
| Income tax liabilities | 18.9 | 28.8 | -34.3% |
| Provisions | 14.3 | 14.6 | -2.0% |
| Deferred tax liabilities | 292.3 | 264.9 | 10.4% |
| Financial liabilities held for sale | 0.0 | 0.1 | -100.0% |
| **Equity and liabilities** | **5,371.4** | **5,019.7** | **7.0%** |

Information on the investment properties, properties under construction, real estate inventories and non-current assets held for sale is provided in the portfolio report and in the respective disclosures in the notes to the consolidated interim financial statements as of 31 January 2018.

**EPRA NAV.** This indicator is calculated in accordance with the recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV concept is used to show the fair value of net assets on a long-term basis and to give investors an impression of the company's sustainable asset position. In the first nine months of 2017/18, the EPRA NAV rose from EUR 23.90 per share to EUR 25.02 per share.

### EPRA NAV

| in EUR million | 31 January 2018 | 30 April 2017 | Change |
|---|---|---|---|
| Equity before non-controlling interests | 2,403.2 | 1,974.6 | 21.7% |
| Goodwill | -5.6 | -5.6 | 0.0% |
| Inventories (carrying amount)[1] | -365.5 | -355.5 | -2.8% |
| Inventories (fair value) | 404.6 | 427.7 | -5.4% |
| Properties owned by BUWOG (carrying amount) | -16.6 | -13.6 | -22.3% |
| Properties owned by BUWOG (fair value) | 22.1 | 19.1 | 15.8% |
| Positive market value of derivative financial instruments | -0.4 | 0.0 | n.a. |
| Negative market value of derivative financial instruments | 77.8 | 66.1 | 17.7% |
| Deferred tax assets on investment properties | -0.1 | -0.2 | 40.0% |
| Deferred tax liabilities on investment properties (adjusted)[2] | 317.4 | 305.6 | 3.9% |
| Deferred taxes on property inventories | -10.6 | -20.0 | 47.3% |
| Deferred taxes on derivative financial instruments | -18.2 | -13.4 | -35.9% |
| **EPRA NAV basic (balance sheet date)** | **2,808.2** | **2,384.8** | **17.8%** |
| Total floor area | 3,362,570 | 3,418,784 | -1.6% |
| **EPRA NAV in EUR per sqm** | **835.1** | **697.6** | **19.7%** |
| **EPRA NAV basic (balance sheet date)** | **2,808.2** | **2,384.8** | **17.8%** |
| Shares issued as of the balance sheet date (excl. treasury shares) | 112,245,164 | 99,773,479 | 12.5% |
| **EPRA NAV per share in EUR basic (balance sheet date)** | **25.02** | **23.90** | **4.7%** |

1) The fair value adjustments of inventories are valuated by CBRE as of 31 of October and 30 of April.
2) Adjustment for deferred tax liabilities arising in connection with potential property sales of EUR 49.6 million (EUR 33.4 million)

**Loan-to-Value (LTV).** Net liabilities in relation to the fair value (carrying amount) of the BUWOG Group's portfolio (LTV) were successfully reduced from 44.1% as of 30 April 2017 to 39.5% as of 31 January 2018. This decline reflects the increase of 4.3% in the carrying amount of the BUWOG portfolio.

### LOAN-TO-VALUE RATIO

| in EUR million | 31 January 2018 | 30 April 2017 | Change |
|---|---|---|---|
| Non-current financial liabilities | 1,767.1 | 1,844.6 | –4.2% |
| Current financial liabilities | 136.6 | 118.8 | 14.9% |
| Financial liabilities held for sale | 0.0 | 0.1 | –100.0% |
| Liabilities from convertible bonds | 290.0 | 288.0 | 0.7% |
| **Financial liabilities** | **2,193.7** | **2,251.6** | **–2.6%** |
| Cash and cash equivalents | –285.8 | –211.4 | –35.2% |
| **Net financial liabilities** | **1,907.9** | **2,040.2** | **–6.5%** |
| Investment properties | 4,366.7 | 4,203.9 | 3.9% |
| Investment properties under construction | 99.7 | 56.3 | 77.1% |
| Non-current assets held for sale | 0.0 | 15.7 | –100.0% |
| Inventories | 365.5 | 355.5 | 2.8% |
| **Carrying amount overall portfolio** | **4,831.9** | **4,631.4** | **4.3%** |
| **Loan-to-value ratio** | **39.5%** | **44.1%** | **–4.6 PP** |

## FINANCIAL POSITION

### CASH FLOW STATEMENT

| in EUR million | 9M 2017/18 | 9M 2016/17 | Change |
|---|---|---|---|
| Gross cash flow | 87.1 | 54.0 | 61.4% |
| Cash flow from operating activities | 5.8 | 55.2 | –89.4% |
| Cash flow from investing activities | –58.8 | –22.4 | –162.8% |
| Cash flow from financing activities | 127.4 | 148.1 | –14.0% |
| **Cash flow** | **74.4** | **180.9** | **–58.9%** |

Gross cash flow totalled EUR 87.1 million (EUR 54.0 million) after an adjustment for non-cash effects like the fair value adjustment of investment properties, the fair value measurement of financial instruments, depreciation, amortisation and other positions. The year-on-year increase of EUR 33.1 million resulted from the improvement in operating earnings, primarily from the Property Development business area, and from higher income tax payments in the previous year (EUR 42.7 million versus EUR 25.7 million in 9M 2017/18). The net cash outflows from net working capital positions amounted to EUR 81.2 million (previous year: net cash inflows of EUR 1.2 million). Cash flow from operating activities declined from EUR 55.2 million to EUR 5.8 million.

Cash flow from investing activities was negative at EUR –58.8 million and increased in relation to the previous year (EUR –22.4 million). Cash outflows totalled EUR 142.9 million (EUR 158.9 million) and involved investments in property assets, properties under construction and the purchase of other non-current assets as well as a fixed term investment of EUR 50.0 million (EUR 0.0 million) with a term of more than three months. These cash outflows were contrasted by cash inflows of EUR 131.1 million (EUR 133.0 million) from the sale of non-current assets.

Cash flow from financing activities declined to EUR 127.4 million (EUR 148.1 million) and was influenced by the capital increase with net cash inflows of EUR 297.9 million. These inflows were contrasted by cash outflows of EUR 63.3 million (EUR 44.0 million) from the net decline in financial liabilities as well as interest paid and dividends of EUR 107.0 million (EUR 103.2 million). The first three quarters of the previous year also included net cash inflows of EUR 297.9 million from the issue of a convertible bond.

# OUTLOOK

BUWOG can look back on the very successful development of business during the first nine months of the 2017/18 financial year. Our goal to generate Recurring FFO of at least EUR 125 million in 2017/18 remains intact. In the Asset Management business area, the Executive Board still expects like-for-like growth of 1.5% to 2.0% in rents and constant high-margin Unit Sales of roughly 600 units as well as Recurring FFO of at least EUR 102 million. The Property Development business area should contribute at least EUR 23 million to Recurring FFO based on the expected completion of 694 units in 2017/18. The funds released through Block Sales in strategically less relevant regions of Austria will be reinvested in BUWOG's attractive core markets in Germany.

There have been no significant changes in the opportunity/risk profile since the end of the 2016/17 financial year which would lead to indications of new opportunities or risks for the BUWOG Group. Individual minor adjustments are discussed in the applicable sections of this report, including the section on the development of business. The information provided under the Risk Report in the 2016/17 annual report is still valid.

# SUBSEQUENT EVENTS

On 5 February 2018 Vonovia SE published the offer documents for a voluntary public takeover offer which covers the purchase of all outstanding shares and convertible bonds of BUWOG AG. BUWOG shareholders would receive EUR 29.05 in cash for each BUWOG share. The first acceptance period for the offer by Vonovia SE, which expired on 12 March 2018, also included a cash payment of EUR 115,753.65 for each convertible bond certificate (nominal value: EUR 100,000). The shareholders and convertible bondholders of BUWOG AG had the opportunity to accept this offer beginning on the publication date.

In accordance with their legal obligations, the Executive Board and Supervisory Board of BUWOG AG evaluated this offer carefully and issued a detailed and well-founded opinion on 13 February 2018.

Vonovia SE announced the final results of the voluntary public takeover for all outstanding shares and convertible bonds of BUWOG AG on its website (vonovia-tob.de) on 15 March 2018. The takeover offer was accepted for a total of 82,844,967 BUWOG shares, or 73.8% of all shares issued by BUWOG. The offer was also accepted for 2,988 BUWOG convertible bond certificates, which represent 99.6% of the total nominal value. On 12 March 2018 Vonovia announced that all of the offer conditions had been fulfilled. The takeover offer is therefore effective. For BUWOG shareholders who have not yet accepted the offer by Vonovia SE, the offer period was extended by three months in accordance with Para. 19 (3) no. 3 of the Austrian Takeover Act. This extension period began on 16 March 2018 and will end at 5 pm on 18 June 2018. During this period, BUWOG shareholders still have the opportunity to tender their shares to Vonovia SE at a price of EUR 29.05 per share. The holders of the BUWOG convertible bonds have the opportunity to tender their bond certificates to Vonovia SE during the extension period at a reduced price of EUR 93,049.33 (nominal value: EUR 100,000). However, the holders of the BUWOG convertible bond can convert their BUWOG bond certificates during the change of control window (which will presumably run from 16 March 2018 up to and including 27 April 2018) at the adjusted conversion price. Shares resulting from this conversion can be tendered to Vonovia SE during the extension period at a price of EUR 29.05 per share.

Additional details are provided on the BUWOG website under www.buwog.com.

After the end of the reporting period, the Supervisory Board of BUWOG AG reached an agreement with Deputy CEO and CFO Andreas Segal over his early resignation from the Executive Board. Andreas Segal, who was appointed Deputy CEO and CFO of BUWOG AG on 1 January 2016, resigned from the Executive Board of BUWOG AG by mutual agreement as of 26 March 2018.

Information on other relevant events occurring after the balance sheet date on 31 January 2018 is provided in the consolidated interim financial statements under note 8. Subsequent events.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS BUWOG GROUP

# CONTENT

## CONSOLIDATED INCOME STATEMENT

| in TEUR | Notes | 9M 2017/18 | 9M 2016/17 | Q3 2017/18 | Q3 2016/17 |
|---|---|---|---|---|---|
| Residential rental income | | 145,424.0 | 144,621.1 | 48,059.3 | 47,311.4 |
| Other rental income | | 13,789.8 | 10,795.7 | 6,316.5 | 3,678.9 |
| **Rental income** | | **159,213.8** | **155,416.8** | **54,375.8** | **50,990.3** |
| Operating costs charged to tenants and third party property management revenues | | 78,766.9 | 82,422.7 | 25,308.0 | 26,272.7 |
| Other revenues | | 181.7 | 164.9 | 120.5 | 102.4 |
| **Revenues** | | **238,162.4** | **238,004.4** | **79,804.3** | **77,365.4** |
| Expenses directly related to investment property | 5.1 | –41,361.6 | –42,589.2 | –16,023.8 | –15,709.2 |
| Operating expenses and expenses from third party property management | | –77,219.2 | –81,303.1 | –24,640.4 | –26,037.5 |
| **Results of Asset Management** | | **119,581.6** | **114,112.1** | **39,140.1** | **35,618.7** |
| | | | | | |
| Sale of properties | | 119,026.1 | 88,807.2 | 29,242.1 | 29,917.3 |
| Carrying amount of sold properties | | –119,026.1 | –88,807.2 | –29,242.1 | –29,917.3 |
| Other expenses from property sales | | –1,659.7 | –2,349.3 | –637.0 | –755.3 |
| Fair value adjustments of properties sold | 5.6 | 39,559.1 | 33,272.7 | 11,304.2 | 11,053.3 |
| Fair value adjustments of properties held for sale | 5.6 | 0.0 | 7,633.8 | –722.0 | 2,775.7 |
| **Results of Property Sales** | **5.2** | **37,899.4** | **38,557.2** | **9,945.2** | **13,073.7** |
| | | | | | |
| Sale of real estate inventories | | 142,447.0 | 76,817.5 | 38,899.7 | 31,761.5 |
| Cost of real estate inventories sold | | –101,048.2 | –58,859.1 | –26,317.3 | –23,054.6 |
| Other expenses from sale of real estate inventories | | –6,128.8 | –5,117.0 | –2,438.3 | –1,788.1 |
| Other real estate development expenses | | –8,157.4 | –5,999.5 | –2,015.5 | –1,509.1 |
| Fair value adjustments of properties under construction | 5.6 | 13,259.0 | 684.9 | 1,978.5 | 0.0 |
| **Results of Property Development** | **5.3** | **40,371.6** | **7,526.8** | **10,107.1** | **5,409.7** |
| | | | | | |
| Other operating income | 5.4 | 2,366.9 | 2,651.0 | 978.1 | 876.3 |
| Other not directly attributable expenses | 5.5 | –39,117.1 | –27,906.8 | –14,108.4 | –10,420.8 |
| **Results of operations** | | **161,102.4** | **134,940.3** | **46,062.1** | **44,557.6** |
| | | | | | |
| Fair value adjustments of investment properties | 5.6 | 148,565.3 | 277,182.6 | 0.0 | 103,420.5 |
| Maintenance and improvement contributions received | | 0.0 | 24.9 | 0.0 | 0.0 |
| **Other valuation results** | | **148,565.3** | **277,207.5** | **0.0** | **103,420.5** |
| | | | | | |
| **Operating profit (EBIT)** | | **309,667.7** | **412,147.8** | **46,062.1** | **147,978.1** |
| | | | | | |
| Financing costs | | –35,179.6 | –39,158.1 | –10,831.3 | –13,475.6 |
| Financing income | | 632.8 | 702.7 | 277.7 | 232.5 |
| Other financial results | | –19,207.9 | –9,428.1 | –271.5 | 50,285.5 |
| **Financial results** | **5.7** | **–53,754.7** | **–47,883.5** | **–10,825.1** | **37,042.4** |
| | | | | | |
| **Earnings before tax (EBT)** | | **255,913.0** | **364,264.3** | **35,237.0** | **185,020.5** |
| | | | | | |
| Income tax expenses | 5.8 | –17,390.6 | –13,027.3 | –4,586.5 | –4,642.0 |
| Deferred tax income/expenses | 5.8 | –27,453.0 | –58,931.0 | –1.6 | –34,278.9 |
| **Net profit** | | **211,069.4** | **292,306.0** | **30,648.9** | **146,099.6** |
| Thereof attributable to: | | | | | |
| **Owners of the parent company** | | **207,495.3** | **286,703.5** | **30,516.4** | **143,643.9** |
| **Non-controlling interests** | | **3,574.1** | **5,602.5** | **132.5** | **2,455.7** |
| | | | | | |
| **Basic earnings per share in EUR** | **5.9** | **1.87** | **2.87** | **0.26** | **1.44** |
| **Diluted earnings per share in EUR** | **5.9** | **1.87** | **2.77** | **0.36** | **1.34** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| in TEUR | 9M 2017/18 | 9M 2016/17 | Q3 2017/18 | Q3 2016/17 |
|---|---|---|---|---|
| **Net profit** | **211,069.4** | **292,306.0** | **30,648.9** | **146,099.6** |
| **Items which will not be reclassified to the income statement in the future** | | | | |
| Remeasurement of defined benefit obligations | 0.0 | 0.0 | 0.0 | 0.0 |
| Income taxes attributable to items which will not be subsequently reclassified to the income statement | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total items which will not be reclassified to income statement in the future** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Total comprehensive income** | **211,069.4** | **292,306.0** | **30,648.9** | **146,099.6** |
| Thereof attributable to: | | | | |
| **Owners of the parent company** | **207,495.3** | **286,703.5** | **30,516.4** | **143,643.9** |
| **Non-controlling interests** | **3,574.1** | **5,602.5** | **132.5** | **2,455.7** |

## CONSOLIDATED BALANCE SHEET

| in TEUR | Notes | 31 January 2018 | 30 April 2017 |
|---|---|---|---|
| Investment property | 6.1 | 4,366,675.7 | 4,203,921.9 |
| Investment property under construction | 6.1 | 99,679.4 | 56,300.0 |
| Other tangible assets | | 18,234.6 | 14,948.0 |
| Intangible assets | | 13,937.9 | 14,607.2 |
| Trade and other receivables | 6.2 | 7,919.4 | 1,686.6 |
| Other financial assets | | 12,416.4 | 14,222.5 |
| Deferred tax assets | | 165.0 | 173.3 |
| **Non-current assets** | | **4,519,028.4** | **4,305,859.5** |
| | | | |
| Trade and other receivables | 6.2 | 195,639.4 | 126,047.2 |
| Income tax receivables | | 4,306.4 | 3,941.8 |
| Other financial assets | | 1,096.0 | 1,265.3 |
| Non-current assets held for sale | 6.3 | 0.0 | 15,661.1 |
| Real estate inventories | | 365,502.7 | 355,531.4 |
| Cash and cash equivalents | | 285,786.1 | 211,397.2 |
| **Current assets** | | **852,330.6** | **713,844.0** |
| | | | |
| **ASSETS** | | **5,371,359.0** | **5,019,703.5** |
| | | | |
| Share capital | | 112,245.2 | 99,773.5 |
| Capital reserves | | 1,585,769.6 | 1,299,687.1 |
| Accumulated other equity | | –1,295.8 | –1,295.8 |
| Retained earnings | | 706,495.5 | 576,449.4 |
| | | 2,403,214.5 | 1,974,614.2 |
| Non-controlling interests | | 24,468.6 | 21,195.3 |
| **Equity** | **6.4** | **2,427,683.1** | **1,995,809.5** |
| | | | |
| Liabilities from convertible bonds | 6.5 | 290,033.7 | 287,987.5 |
| Financial liabilities | 6.6 | 1,767,055.1 | 1,844,645.6 |
| Trade payables and other liabilities | 6.7 | 105,016.4 | 120,550.7 |
| Provisions | | 6,323.7 | 6,543.3 |
| Deferred tax liabilities | | 292,300.6 | 264,856.0 |
| **Non-current liabilities** | | **2,460,729.5** | **2,524,583.1** |
| | | | |
| Financial liabilities | 6.6 | 136,564.5 | 118,826.6 |
| Trade payables and other liabilities | 6.7 | 319,437.1 | 343,417.0 |
| Tax liabilities | | 18,939.2 | 28,843.3 |
| Provisions | | 8,005.6 | 8,077.0 |
| Financial liabilities held for sale | 6.3 | 0.0 | 147.0 |
| **Current liabilities** | | **482,946.4** | **499,310.9** |
| | | | |
| **EQUITY AND LIABILITIES** | | **5,371,359.0** | **5,019,703.5** |

## CONSOLIDATED CASH FLOW STATEMENT

| in TEUR | Notes | 9M 2017/18 | 9M 2016/17 |
|---|---|---|---|
| Earnings before tax (EBT) | | 255,913.0 | 364,264.3 |
| Fair value adjustments/depreciation/gain from a bargain purchase | | –196,530.8 | –314,703.5 |
| Gains/losses from disposal of non-current assets | | –162.2 | –13.0 |
| Gain/loss on the fair value measurement of financial instruments | | 11,628.7 | 1,317.9 |
| Income taxes received/paid | | –25,718.8 | –42,747.5 |
| Net financing costs | | 34,546.8 | 38,455.4 |
| Other non-cash income/expense | | 7,402.0 | 7,387.6 |
| **Gross cash flow** | | **87,078.7** | **53,961.2** |
| | | | |
| Changes in: | | | |
| Trade and other receivables | | –33,208.1 | –14,738.1 |
| Real estate inventories | | –14,899.9 | –43,700.2 |
| Trade payables | | –11,386.7 | –5,256.5 |
| Provisions | | –291.1 | 1,101.2 |
| Prepayments on the sale of apartments | | –18,369.9 | 49,122.8 |
| Miscellaneous other liabilities | | –3,092.6 | 14,663.5 |
| **Cash flow from operating activities** | | **5,830.4** | **55,153.9** |
| | | | |
| Acquisition of/Investments in investment property incl. prepayments | | –108,396.6 | –123,404.0 |
| Acquisition of/Investments in property under construction | | –29,370.5 | –25,882.5 |
| Acquisition of/Investments in other tangible assets | | –4,586.6 | –8,082.9 |
| Acquisition of intangible assets | | –524.3 | –1,555.5 |
| Acquisition of other financial assets | | 0.0 | –6.9 |
| Time deposits with a term of more than three months | | –50,000.0 | 0.0 |
| Disposal of non-current assets | | 131,310.9 | 132,995.1 |
| Cash inflows from other financial assets | | 2,480.3 | 3,234.9 |
| Interest received | | 246.5 | 313.7 |
| **Cash flow from investing activities** | | **–58,840.3** | **–22,388.1** |
| | | | |
| Cash inflows from long-term financing | 6.8 | 48,525.4 | 274,223.9 |
| Cash inflows from capital increase | | 305,556.3 | 0.0 |
| Cash outflows for transaction costs for capital increase | | –7,832.1 | 0.0 |
| Cash flows arising from changes of the ownership interests in subsidiaries | | 0.0 | –1,689.8 |
| Cash inflows/outflows from short-term financing | 6.8 | –36,546.0 | –111,719.6 |
| Cash outflows for long-term financing | 6.8 | –75,259.3 | –206,540.5 |
| Cash outflows for derivative financial instruments | | –11,147.4 | –11,206.7 |
| Interest paid and cash outflows for other financing expenses | | –18,148.1 | –23,001.1 |
| Payments of dividends to non-controlling interests | | –300.8 | –109.9 |
| Payments of dividends to shareholders of the parent company | | –77,449.2 | –68,843.7 |
| Cash inflows from convertible bonds | | 0.0 | 300,000.0 |
| Cash outflows for transaction costs for convertible bonds | | 0.0 | –3,027.5 |
| **Cash flow from financing activities** | | **127,398.8** | **148,085.1** |
| | | | |
| **Change in cash and cash equivalents** | | **74,388.9** | **180,850.9** |
| | | | |
| Cash and cash equivalents at the beginning of the period | | 211,397.2 | 82,540.1 |
| Cash and cash equivalents at the end of the period | | 285,786.1 | 263,391.0 |
| | | | |
| **Change in cash and cash equivalents** | | **74,388.9** | **180,850.9** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in TEUR | Share capital | Capital reserves |
|---|---|---|
| **Balance on 30 April 2017** | **99,773.5** | **1,299,687.1** |
| Payment of dividends | 0.0 | 0.0 |
| Capital increase | 12,471.7 | 286,082.5 |
| **Transactions with owners** | **12,471.7** | **286,082.5** |
| Net profit | 0.0 | 0.0 |
| Other comprehensive income | 0.0 | 0.0 |
| **Total comprehensive income** | **0.0** | **0.0** |
| **Balance on 31 January 2018** | **112,245.2** | **1,585,769.6** |

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

| Accumulated other equity IAS 19R | Retained earnings | Total | Non-controlling interests | **Total equity** |
|---|---|---|---|---|
| **–1,295.8** | **576,449.4** | **1,974,614.2** | **21,195.3** | **1,995,809.5** |
| 0.0 | –77,449.2 | –77,449.2 | –300.8 | **–77,750.0** |
| 0.0 | 0.0 | 298,554.2 | 0.0 | **298,554.2** |
| **0.0** | **–77,449.2** | **221,105.0** | **–300.8** | **220,804.2** |
| 0.0 | 207,495.3 | 207,495.3 | 3,574.1 | **211,069.4** |
| 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| **0.0** | **207,495.3** | **207,495.3** | **3,574.1** | **211,069.4** |
| **–1,295.8** | **706,495.5** | **2,403,214.5** | **24,468.6** | **2,427,683.1** |

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

# 1. GENERAL PRINCIPLES

BUWOG AG is an Austrian residential property investor and developer with core markets in Germany and Austria. The company headquarters are located at A-1130 Vienna, Hietzinger Kai 131. BUWOG AG is the parent company of the BUWOG Group.

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

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

# 2. BASIS OF PREPARATION

The consolidated interim financial statements of BUWOG AG as of 31 January 2018 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in accordance with EC Regulation 1606/2002. These condensed consolidated interim financial statements were prepared in accordance with the rules set forth in IAS 34.

Information on the IFRS and significant accounting policies applied by BUWOG AG in preparing the consolidated interim financial statements is provided in the consolidated financial statements of BUWOG AG as of 30 April 2017.

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

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

## 2.1 INITIAL APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations require mandatory application beginning with the 2017/18 financial year:

| Standard | Content | Published by the IASB (adopted by the EU) | Mandatory application for BUWOG |
|---|---|---|---|
| **Changes to standards and interpretations** | | | |
| IAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses | 19 January 2016 (6 November 2017) | 1 May 2017 |
| IAS 7 | Disclosure Initiative | 29 January 2016 (6 November 2017) | 1 May 2017 |

**IAS 12 *Recognition of deferred taxes for unrealised losses***
The changes to IAS 12 Income Taxes were announced by the IASB on 19 January 2016 and clarify the accounting treatment of deferred tax assets for unrealised losses. Among others, the changes clarify that an unrealised loss on a debt instrument measured at fair value gives rise to a deductible temporary difference when the original cost represents the tax base. The changes were adopted by the EU on 6 November 2017 and must be applied retroactively for the reporting year. These changes will have no effect on the consolidated financial statements of the BUWOG Group.

**IAS 7 *Disclosure Initiative***
The revision to this standard was adopted by the EU on 6 November 2017 and requires additional disclosures on the changes in liabilities arising from financing activities. The changes are to be applied retrospectively as of 1 January 2017. A reconciliation for the reporting period is provided in note 6.8 *Changes in liabilities from financing activities*.

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

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

| Standard | Content | Published by the IASB (adopted by the EU) | Mandatory application for BUWOG |
|---|---|---|---|
| **New standards and interpretations** | | | |
| IFRS 15 | Revenue from Contracts with Customers | 28 May 2014 (22 September 2016) | 1 May 2018 |
| IFRS 9 | Financial Instruments | 24 July 2014 (22 November 2016) | 1 May 2018 |
| IFRS 16 | Leases | 13 January 2016 (31 October 2017) | 1 May 2019 |
| **Changes to standards and interpretations** | | | |
| IFRS 15 | Clarifications to IFRS 15 *Revenue from Contracts with Customers* | 12 April 2016 (31 October 2017) | 1 May 2018 |
| IFRS 4 | Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* | 12 September 2016 (3 November 2017) | 1 May 2018 |

### IFRS 15 *Revenue from Contracts with Customers*

The detailed analyses of the effects of IFRS 15 and the related period-based recognition of revenue from sales contracts in the Property Development business area were continued during the first nine months of 2017/18. Under the current stand and based on the purchase contracts notarised as of 30 April 2017, a positive effect on equity in the single-digit million range is expected. It results from the initial recognition of contractual assets, contract set-up costs and lower real estate inventories (which must be reduced by a proportional share of the cost of goods) as well as the recognition of deferred taxes.

### IFRS 9 *Financial Instruments*

The amortised cost of financial liabilities which were modified but not derecognised in the past was carried forward by applying an adjusted effective interest rate in accordance with IAS 39. In the future, changes in present value resulting from modifications to the respective credit terms that do not lead to derecognition of the financial liability will be recognised to profit or loss as income or expense items. This procedure will lead to an adjustment of the carrying amount on the conversion date.

## 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:

| Standard | Content | Published by the IASB | Expected mandatory application for BUWOG |
|---|---|---|---|
| **New standards and interpretations** | | | |
| IFRS 14 | Regulatory Deferral Accounts | 30 January 2014 | 1) |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | 8 December 2016 | 1 May 2018 |
| IFRS 17 | Insurance contracts | 18 May 2017 | 1 May 2021 |
| IFRIC 23 | Uncertainty over Income Tax Treatments | 7 June 2017 | 1 May 2019 |
| **Changes to standards and interpretations** | | | |
| IFRS 10, IAS 28 | Sale or Contribution of Assets between an Investor and an Associate or Joint Venture | 11 September 2014 | 2) |
| IFRS 2 | Classification and Measurement of Share-based Payment Transactions | 20 June 2016 | 1 May 2018 |
| Various standards | Annual Improvements to IFRSs 2014–2016 Cycle | 8 December 2016 | 1 May 2017/ 1 May 2018 |
| IAS 40 | Transfers of Investment Property | 8 December 2016 | 1 May 2018 |
| IFRS 9 | Prepayment Features with Negative Compensation | 12 October 2017 | 1 May 2019 |
| IAS 28 | Long-term Interests in Associates and Joint Ventures | 12 October 2017 | 1 May 2019 |
| Various standards | Annual Improvements to IFRS 2015–2017 Cycle | 12 December 2017 | 1 May 2019 |

1) Interim standard IFRS 14 *Regulatory Deferral Accounts* will not be adopted by the European Union.
2) The initial application of this revised standard has been postponed for an indefinite period.

# 3. SCOPE OF CONSOLIDATION

In addition to BUWOG AG, these consolidated interim financial statements include 35 domestic and 90 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or can exercise legal or actual control. In addition, two foreign companies were consolidated at the proportional share held by the BUWOG Group.

## 3.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The following table shows the changes in the scope of consolidation for the BUWOG Group during the first nine months of 2017/18:

| Scope of consolidation | Full consolidation | Proportionate consolidation | Total |
|---|---|---|---|
| **Balance on 30 April 2017** | **122** | **0** | **122** |
| Initially included | 7 | 2 | 9 |
| Liquidations | –3 | 0 | –3 |
| **Balance on 31 January 2018** | **126** | **2** | **128** |

## 3.2 INITIAL CONSOLIDATIONS

The following subsidiaries were initially consolidated during the first nine months of 2017/18:

| Segment | Country | Head-quarters | Company | Interest in capital | Type of consolidation | Consolidation date |
|---|---|---|---|---|---|---|
| **Founding/acquisition of companies without businesses** | | | | | | |
| Germany | DE | Berlin | Planungsgemeinschaft "Das-Neue-Gartenfeld" GmbH & Co. KG | 27.48% | P | 1 May 2017 |
| Germany | DE | Berlin | Planungsgemeinschaft "Das-Neue-Gartenfeld" Verwaltungs GmbH | 27.48% | P | 1 May 2017 |
| Austria | AT | Vienna | BUWOG – Breitenfurterstraße Zwei, GmbH & Co. KG | 99.98% | F | 1 June 2017 |
| Austria | AT | Vienna | BUWOG – Breitenfurterstraße Vier, GmbH & Co. KG | 99.98% | F | 1 June 2017 |
| Germany | DE | Berlin | BUWOG – Jahnstraße Development GmbH (formerly: Jahnstraße Living GmbH) | 100.00% | F | 1 August 2017 |
| Germany | DE | Kiel | BUWOG – Berlin Wohnen II GmbH (formerly: Jahnstraße 15 Vermögensverwaltungs GmbH) | 100.00% | F | 1 August 2017 |
| Austria | AT | Vienna | BUWOG – Versicherungsmakler GmbH | 100.00% | F | 1 December 2017 |
| Germany | DE | Kiel | BUWOG – Grundstücks- und Betriebs GmbH | 100.00% | F | 1 January 2018 |
| Germany | DE | Kiel | BUWOG – Berlin Wohnen III GmbH | 100.00% | F | 1 January 2018 |

F = Full consolidation
P = Proportionate consolidation

## 3.3 STRUCTURAL CHANGES

PRE Andromeda Real Estate GmbH, PRE Aries Real Estate GmbH and PRE Aquarius Real Estate GmbH, which were taken over in connection with the acquisition of the DGAG portfolio and did not carry out any material business activities to date, were liquidated during the reporting period.

| Segment | Country | Head-quarters | Company | Interest in capital before | Interest in capital after |
|---|---|---|---|---|---|
| **Liquidations** | | | | | |
| Germany | DE | Kiel | PRE Andromeda Real Estate GmbH | 94.90% | – |
| Germany | DE | Kiel | PRE Aries Real Estate GmbH | 94.90% | – |
| Germany | DE | Kiel | PRE Aquarius Real Estate GmbH | 100.00% | – |

## 3.4 NON-CONSOLIDATED SUBSIDIARIES

| Segment | Country | Headquarters | Company |
|---|---|---|---|
| Germany | DE | Berlin | Marina Spreestraße GbR |

Additional information is provided in the notes to the consolidated financial statements as of 30 April 2017.

# 4. SEGMENT REPORTING

The reportable segments of the BUWOG Group are classified according to regional criteria based on the location of the properties.

## SEGMENTS

| in TEUR | Germany 9M 2017/18 | Germany 9M 2016/17 | Austria 9M 2017/18 | Austria 9M 2016/17 |
|---|---|---|---|---|
| Residential rental income | 84,092.9 | 80,657.2 | 61,331.1 | 63,963.9 |
| Other rental income | 6,206.2 | 6,064.4 | 7,583.6 | 4,731.3 |
| **Rental income** | **90,299.1** | **86,721.6** | **68,914.7** | **68,695.2** |
| Operating costs charged to tenants and third party property management revenues | 45,639.8 | 45,230.7 | 33,127.1 | 37,192.0 |
| Other revenues | 141.8 | 121.3 | 39.9 | 43.6 |
| **Revenues** | **136,080.7** | **132,073.6** | **102,081.7** | **105,930.8** |
| Expenses directly related to investment property | –25,980.1 | –26,826.7 | –15,381.5 | –15,762.5 |
| Operating expenses and expenses from third party property management | –42,473.8 | –43,765.8 | –34,745.4 | –37,537.3 |
| **Results of Asset Management** | **67,626.8** | **61,481.1** | **51,954.8** | **52,631.0** |
| | | | | |
| Sale of properties | 318.3 | 1,308.0 | 118,707.8 | 87,499.2 |
| Carrying amount of sold properties | –318.3 | –1,308.0 | –118,707.8 | –87,499.2 |
| Other expenses from property sales | –27.8 | –52.8 | –1,631.9 | –2,296.5 |
| Fair value adjustments of properties sold | 70.8 | 327.1 | 39,488.3 | 32,945.6 |
| Fair value adjustments of properties held for sale | 0.0 | 0.0 | 0.0 | 7,633.8 |
| **Results of Property Sales** | **43.0** | **274.3** | **37,856.4** | **38,282.9** |
| | | | | |
| Sale of real estate inventories | 33,051.2 | 47,225.2 | 109,395.8 | 29,592.3 |
| Cost of real estate inventories sold | –23,671.7 | –38,633.6 | –77,376.5 | –20,225.5 |
| Other expenses from sale of real estate inventories | –3,981.1 | –3,023.0 | –2,147.7 | –2,094.0 |
| Other real estate development expenses | –4,890.4 | –2,166.7 | –3,267.0 | –3,832.8 |
| Fair value adjustments of properties under construction | 2,926.6 | 0.0 | 10,332.4 | 684.9 |
| **Results of Property Development** | **3,434.6** | **3,401.9** | **36,937.0** | **4,124.9** |
| | | | | |
| Other operating income | 1,189.3 | 1,252.0 | 599.3 | 1,301.4 |
| Other not directly attributable expenses | –8,869.4 | –6,446.3 | –8,554.6 | –5,211.1 |
| **Results of operations** | **63,424.3** | **59,963.0** | **118,792.9** | **91,129.1** |
| | | | | |
| Fair value adjustments of investment properties | 143,963.5 | 262,718.0 | 4,601.8 | 14,464.6 |
| Maintenance and improvement contributions received | 0.0 | 0.0 | 0.0 | 24.9 |
| **Other valuation results** | **143,963.5** | **262,718.0** | **4,601.8** | **14,489.5** |
| | | | | |
| **Operating profit (EBIT)** | **207,387.8** | **322,681.0** | **123,394.7** | **105,618.6** |
| | | | | |
| **Financial results** | | | | |
| | | | | |
| **Earnings before tax (EBT)** | | | | |
| Income tax expenses | | | | |
| Deferred tax income/expenses | | | | |
| **Net profit** | | | | |
| | | | | |
| **Investments in non-current segment assets** | **57,364.2** | **125,609.8** | **47,861.8** | **43,682.0** |

| | 31 January 2018 | 30 April 2017 | 31 January 2018 | 30 April 2017 |
|---|---|---|---|---|
| Investment property | 2,413,306.4 | 2,243,940.7 | 1,953,369.3 | 1,959,981.2 |
| Investment property under construction | 60,792.2 | 21,920.0 | 38,887.2 | 34,380.0 |
| Other tangible assets | 993.9 | 721.8 | 4,890.5 | 5,119.1 |
| **Non-current segment assets** | **2,475,092.5** | **2,266,582.5** | **1,997,147.0** | **1,999,480.3** |
| Non-current assets held for sale | 0.0 | 0.0 | 0.0 | 15,661.1 |
| Real estate inventories | 176,726.9 | 155,380.7 | 188,775.8 | 200,150.7 |
| **Current segment assets** | **176,726.9** | **155,380.7** | **188,775.8** | **215,811.8** |
| | | | | |
| **Segment assets** | **2,651,819.4** | **2,421,963.2** | **2,185,922.8** | **2,215,292.1** |

| | Total reportable segments | | Holding company/Transition to consolidated financial statements | | BUWOG Group | |
|---|---|---|---|---|---|---|
| | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 |
| | 145,424.0 | 144,621.1 | 0.0 | 0.0 | 145,424.0 | 144,621.1 |
| | 13,789.8 | 10,795.7 | 0.0 | 0.0 | 13,789.8 | 10,795.7 |
| | **159,213.8** | **155,416.8** | **0.0** | **0.0** | **159,213.8** | **155,416.8** |
| | 78,766.9 | 82,422.7 | 0.0 | 0.0 | 78,766.9 | 82,422.7 |
| | 181.7 | 164.9 | 0.0 | 0.0 | 181.7 | 164.9 |
| | **238,162.4** | **238,004.4** | **0.0** | **0.0** | **238,162.4** | **238,004.4** |
| | –41,361.6 | –42,589.2 | 0.0 | 0.0 | –41,361.6 | –42,589.2 |
| | –77,219.2 | –81,303.1 | 0.0 | 0.0 | –77,219.2 | –81,303.1 |
| | **119,581.6** | **114,112.1** | **0.0** | **0.0** | **119,581.6** | **114,112.1** |
| | 119,026.1 | 88,807.2 | 0.0 | 0.0 | 119,026.1 | 88,807.2 |
| | –119,026.1 | –88,807.2 | 0.0 | 0.0 | –119,026.1 | –88,807.2 |
| | –1,659.7 | –2,349.3 | 0.0 | 0.0 | –1,659.7 | –2,349.3 |
| | 39,559.1 | 33,272.7 | 0.0 | 0.0 | 39,559.1 | 33,272.7 |
| | 0.0 | 7,633.8 | 0.0 | 0.0 | 0.0 | 7,633.8 |
| | **37,899.4** | **38,557.2** | **0.0** | **0.0** | **37,899.4** | **38,557.2** |
| | 142,447.0 | 76,817.5 | 0.0 | 0.0 | 142,447.0 | 76,817.5 |
| | –101,048.2 | –58,859.1 | 0.0 | 0.0 | –101,048.2 | –58,859.1 |
| | –6,128.8 | –5,117.0 | 0.0 | 0.0 | –6,128.8 | –5,117.0 |
| | –8,157.4 | –5,999.5 | 0.0 | 0.0 | –8,157.4 | –5,999.5 |
| | 13,259.0 | 684.9 | 0.0 | 0.0 | 13,259.0 | 684.9 |
| | **40,371.6** | **7,526.8** | **0.0** | **0.0** | **40,371.6** | **7,526.8** |
| | 1,788.6 | 2,553.4 | 578.3 | 97.6 | 2,366.9 | 2,651.0 |
| | –17,424.0 | –11,657.4 | –21,693.1 | –16,249.4 | –39,117.1 | –27,906.8 |
| | **182,217.2** | **151,092.1** | **–21,114.8** | **–16,151.8** | **161,102.4** | **134,940.3** |
| | 148,565.3 | 277,182.6 | 0.0 | 0.0 | 148,565.3 | 277,182.6 |
| | 0.0 | 24.9 | 0.0 | 0.0 | 0.0 | 24.9 |
| | **148,565.3** | **277,207.5** | **0.0** | **0.0** | **148,565.3** | **277,207.5** |
| | **330,782.5** | **428,299.6** | **–21,114.8** | **–16,151.8** | **309,667.7** | **412,147.8** |
| | | | | | **–53,754.7** | **–47,883.5** |
| | | | | | **255,913.0** | **364,264.3** |
| | | | | | –17,390.6 | –13,027.3 |
| | | | | | –27,453.0 | –58,931.0 |
| | | | | | **211,069.4** | **292,306.0** |
| | **105,226.0** | **169,291.8** | **3,361.0** | **7,969.6** | **108,587.0** | **177,261.4** |
| | 31 January 2018 | 30 April 2017 | 31 January 2018 | 30 April 2017 | 31 January 2018 | 30 April 2017 |
| | 4,366,675.7 | 4,203,921.9 | 0.0 | 0.0 | 4,366,675.7 | 4,203,921.9 |
| | 99,679.4 | 56,300.0 | 0.0 | 0.0 | 99,679.4 | 56,300.0 |
| | 5,884.4 | 5,840.9 | 12,350.2 | 9,107.1 | 18,234.6 | 14,948.0 |
| | **4,472,239.5** | **4,266,062.8** | **12,350.2** | **9,107.1** | **4,484,589.7** | **4,275,169.9** |
| | 0.0 | 15,661.1 | 0.0 | 0.0 | 0.0 | 15,661.1 |
| | 365,502.7 | 355,531.4 | 0.0 | 0.0 | 365,502.7 | 355,531.4 |
| | **365,502.7** | **371,192.5** | **0.0** | **0.0** | **365,502.7** | **371,192.5** |
| | **4,837,742.2** | **4,637,255.3** | **12,350.2** | **9,107.1** | **4,850,092.4** | **4,646,362.4** |

# 5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 5.1 EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

| in TEUR | 9M 2017/18 | 9M 2016/17 |
|---|---|---|
| Maintenance | –19,912.6 | –19,221.2 |
| Expenses from asset management | –7,015.1 | –7,431.3 |
| Owners expenses | –5,045.8 | –5,864.8 |
| Vacancies | –2,392.9 | –2,257.9 |
| Write-off of receivables from asset management | –1,878.7 | –1,744.7 |
| Other expenses | –5,116.5 | –6,069.3 |
| **Total** | **–41,361.6** | **–42,589.2** |

The invoice reconciliation with a large tenant four years into the rental agreement led to the recognition under other expenses of TEUR 1,000.0 (9M 2016/17: TEUR 0.0) as compensation for damages due to delayed transfer. However, other rental income for this reporting period also includes subsequent charges of TEUR 2,097.6 for previous years (9M 2016/17: TEUR 0.0).

## 5.2 RESULTS OF PROPERTY SALES

The results of property sales total TEUR 37,899.4 (9M 2016/17: TEUR 38,557.2) and comprise TEUR 35,416.6 (9M 2016/17: TEUR 30,893.8) from Unit Sales and TEUR 2,482.8 (9M 2016/17: TEUR 29.6) from Block Sales and TEUR 0.0 (9M 2016/17: TEUR 7,633.8) from the fair value adjustment of investment properties held for sale.

## 5.3 RESULTS OF PROPERTY DEVELOPMENT

All rights of use to the berths in Marina Lindenstraße GbR were sold during the first half of 2017/18. These transactions included the replacement of the BUWOG Group by the purchasers of the rights as shareholders of Marina Lindenstraße GbR, and the BUWOG Group held no further investment in Marina Lindenstraße as of 31 October 2017. In order to provide a better comparison with other inventory sales, the sale of the investment in Marina Lindenstraße GbR is included on the income statement under the results of property development. The related transactions resulted in income of TEUR 292.0 from the sale of real estate inventories and TEUR 151.4 of costs for real estate inventories sold.

Write-downs to real estate inventories totalled TEUR 366.8 for the first nine months of 2017/18 (9M 2016/17: TEUR 530.4) and are contrasted by write-ups of TEUR 0.0 (9M 2016/17: TEUR 48.8).

## 5.4 OTHER OPERATING INCOME

| in TEUR | 9M 2017/18 | 9M 2016/17 |
|---|---|---|
| Income from derecognised liabilities | 83.9 | 88.5 |
| Reimbursement of property transfer tax and value added tax | 0.0 | 184.4 |
| Reimbursement of miscellaneous expenses from prior periods | 0.0 | 513.0 |
| Compensation for damages and indemnity payments | 604.0 | 0.0 |
| Insurance compensation | 280.9 | 393.2 |
| Miscellaneous | 1,398.1 | 1,471.9 |
| **Total** | **2,366.9** | **2,651.0** |

## 5.5 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

| in TEUR | 9M 2017/18 | 9M 2016/17 |
|---|---|---|
| Personnel expenses | –14,063.7 | –10,610.2 |
| Legal, auditing and consulting fees | –8,542.5 | –4,866.2 |
| IT and communications | –6,479.7 | –4,368.8 |
| Advertising and Marketing | –2,050.6 | –1,715.3 |
| Amortisation and depreciation | –2,245.7 | –1,769.2 |
| Cost of valuation reports | –726.0 | –455.0 |
| Miscellaneous | –5,008.9 | –4,122.1 |
| **Total** | **–39,117.1** | **–27,906.8** |

Personnel expenses consist primarily of wages, salaries and expenses for statutory social security contributions as well as other employee-related costs. They are allocated to the individual business areas (Asset Management, Property Sales and Property Development) wherever possible. In cases where direct allocation is not possible, the personnel expenses are reported under other not directly attributable expenses.

Personnel expenses include costs of TEUR 1,910.9 for share-based remuneration with cash settlement from the Long-Term Incentive Programme 2017 (9M 2016/17: TEUR 142.1 from the share-based remuneration programme with settlement through equity instruments from the Long-Term Incentive Programme 2014).

Other not directly attributable expenses of TEUR 39,117.1 (9M 2016/17: TEUR 27,906.8) include operating costs of TEUR 8,450.5 (9M 2016/17: TEUR 5,309.9) and personnel expenses of TEUR 478.1 (9M 2016/17: TEUR 1,678.3) for project related and other non recurring expenses as well as expenses of TEUR 594.3 (9M 2016/17: TEUR 0.0) for employee events.

## 5.6 FAIR VALUE ADJUSTMENTS OF PROPERTIES

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

| | Investment property | | Investment property under construction | | Properties sold and held for sale | |
|---|---|---|---|---|---|---|
| in TEUR | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 |
| Revaluation gains | 179,451.8 | 309,127.6 | 13,259.0 | 684.9 | 39,559.1 | 40,906.5 |
| Impairment losses | –30,886.5 | –31,945.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **148,565.3** | **277,182.6** | **13,259.0** | **684.9** | **39,559.1** | **40,906.5** |

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

| | Investment property | | Investment property under construction | | Properties sold and held for sale | |
|---|---|---|---|---|---|---|
| in TEUR | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 |
| Germany | 149,374.4 | 267,192.8 | 2,926.6 | 0.0 | 70.8 | 327.1 |
| Austria | 30,077.4 | 41,934.8 | 10,332.5 | 684.9 | 39,488.3 | 40,579.4 |
| **Total** | **179,451.8** | **309,127.6** | **13,259.1** | **684.9** | **39,559.1** | **40,906.5** |

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

| | Investment property | | Investment property under construction | | Properties sold and held for sale | |
|---|---|---|---|---|---|---|
| in TEUR | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 | 9M 2017/18 | 9M 2016/17 |
| Germany | –5,411.0 | –4,474.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Austria | –25,475.5 | –27,470.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **–30,886.5** | **–31,945.0** | **0.0** | **0.0** | **0.0** | **0.0** |

In contrast to the previous year, a special appraisal of the investment properties was not carried out as of 31 January 2018. The next valuation by an independent external appraiser is scheduled for 30 April 2018.

## 5.7 FINANCIAL RESULTS

| in TEUR | 9M 2017/18 | 9M 2016/17 |
|---|---|---|
| Cash financing costs | -29,295.4 | -34,207.8 |
| Current interest accruals | -1,723.1 | -1,847.1 |
| Gain/loss on financial liabilities carried at amortised cost | -2,102.5 | -2,036.3 |
| Convertible bonds – increase in interest according to the effective interest rate method | -2,046.3 | -1,059.4 |
| Other non-cash financing costs | -12.3 | -7.5 |
| **Financing costs** | **-35,179.6** | **-39,158.1** |
| Cash financing income | 246.5 | 313.7 |
| Current interest accruals | 13.8 | -1.2 |
| Gain/loss on other financial assets carried at amortised cost | 372.5 | 390.2 |
| **Financing income** | **632.8** | **702.7** |
| Valuation of derivative financial instruments: | -11,358.0 | 6,287.2 |
| Interest rate swaps | 18,999.2 | 10,997.8 |
| Embedded derivatives in the convertible bonds | -30,357.2 | -4,710.6 |
| Valuation of financial instruments at fair value through profit or loss (Fair Value Option) | -270.6 | -7,605.2 |
| Other | -7,579.3 | -8,110.1 |
| **Other financial results** | **-19,207.9** | **-9,428.1** |
| **Total** | **-53,754.7** | **-47,883.5** |

Cash financing costs of TEUR 29,295.4 (9M 2016/17: TEUR 34,207.8) comprise interest paid of TEUR 17,634.8 (9M 2016/17: TEUR 21,838.1), cash outflows of TEUR 11,147.4 (9M 2016/17: TEUR 11,206.7) for derivative financial instruments and cash outflows of TEUR 513.2 (9M 2016/17: TEUR 1,163.0) for other current financing costs.

The cash financing income of TEUR 246.5 (9M 2016/17: TEUR 313.7) resulted primarily from interest received on financial assets.

The non-cash results from the measurement of derivatives included under other financial results and the non-cash valuation results from financial instruments carried at fair value through profit or loss (fair value option) are attributable to the different development of the underlying interest rate curve in the first nine months of 2017/18 and the comparable prior year period.

Ancillary financing costs of TEUR 595.6 (9M 2016/17: TEUR 907.4) for borrowings arranged during the reporting period will be distributed over the terms of the respective loans based on the effective interest rate method.

## 5.8 INCOME TAXES

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

| in TEUR | 9M 2017/18 | 9M 2016/17 |
|---|---|---|
| Income tax expenses | -17,390.6 | -13,027.3 |
| Deferred tax income/expenses | -27,453.0 | -58,931.0 |
| **Total** | **-44,843.6** | **-71,958.3** |

## 5.9 EARNINGS PER SHARE

| | 9M 2017/18 | 9M 2016/17 |
|---|---|---|
| Weighted average number of shares (basic) | 110,753,984 | 99,773,479 |
| Diluting effect stock options | 424,007 | 189,241 |
| Diluting effect convertible bonds | 0 | 5,019,385 |
| Weighted average number of shares (diluted) | 111,177,991 | 104,982,105 |
| | | |
| Net profit excl. non-controlling interests in EUR (basic) | 207,495,300 | 286,703,500 |
| Diluting effect convertible bonds | 0 | 4,327,506 |
| Net profit excl. non-controlling interests in EUR (diluted) | 207,495,300 | 291,031,006 |
| | | |
| **Basic earnings per share in EUR** | **1.87** | **2.87** |
| **Diluted earnings per share in EUR** | **1.87** | **2.77** |

In contrast to the previous year, the calculation of diluted earnings per share for the reporting period did not include any diluting effects from the convertible bonds because these effects would have resulted in higher earnings per share. Diluting effects are only included in earnings per share when they lead to lower earnings per share or a higher loss per share.

# 6. NOTES TO THE CONSOLIDATED BALANCE SHEET

## 6.1 INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER CONSTRUCTION

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

| in TEUR | Investment property | Investment property under construction |
|---|---|---|
| **Balance on 1 May 2017** | **4,203,921.9** | **56,300.0** |
| Additions | 68,533.5 | 36,250.4 |
| Disposals | –103,365.0 | 0.0 |
| Fair value adjustments | 188,124.4 | 13,259.0 |
| Reclassification | 9,460.9 | –6,130.0 |
| Reclassification IFRS 5 | 0.0 | 0.0 |
| **Balance on 31 January 2018** | **4,366,675.7** | **99,679.4** |

The additions to investment property include modernisation expenditures (CAPEX) of TEUR 36,891.7 (9M 2016/17: TEUR 26,258.9) and other additions of TEUR 31,641.8 (9M 2016/17: TEUR 119,031.7).

The transfers consist primarily of reclassifications between investment property and investment property under construction.

Details on revaluation results are provided in note 5.6 *Fair value adjustments of properties.*

## 6.2 TRADE AND OTHER RECEIVABLES

| in TEUR | 31 January 2018 | Thereof remaining term under 1 year | Thereof remaining term over 1 year | 30 April 2017 |
|---|---|---|---|---|
| **Trade accounts receivable** | | | | |
| Rents receivable | 4,934.4 | 4,934.4 | 0.0 | 3,240.0 |
| Miscellaneous | 5,339.2 | 5,339.2 | 0.0 | 2,701.3 |
| **Total trade accounts receivable** | **10,273.6** | **10,273.6** | **0.0** | **5,941.3** |
| | | | | |
| **Accounts receivable from joint operations** | **197.2** | **197.2** | **0.0** | **0.0** |
| | | | | |
| **Other financial receivables** | | | | |
| Restricted funds | 107,988.6 | 107,988.6 | 0.0 | 39,435.1 |
| Outstanding purchase price receivables – sale of properties | 46,971.4 | 46,971.4 | 0.0 | 59,165.7 |
| Fair value of derivative financial instruments (receivables) | 352.0 | 0.0 | 352.0 | 0.0 |
| Miscellaneous | 8,528.6 | 8,300.2 | 228.4 | 4,863.0 |
| **Total other financial receivables** | **163,840.6** | **163,260.2** | **580.4** | **103,463.8** |
| | | | | |
| **Other non-financial receivables** | | | | |
| Tax authorities | 13,143.0 | 13,143.0 | 0.0 | 10,886.3 |
| Prepayments made for land purchases | 7,339.0 | 0.0 | 7,339.0 | 360.1 |
| Accrued property taxes | 5,495.6 | 5,495.6 | 0.0 | 3,995.9 |
| Miscellaneous | 3,269.8 | 3,269.8 | 0.0 | 3,086.4 |
| **Total other non-financial receivables** | **29,247.4** | **21,908.4** | **7,339.0** | **18,328.7** |
| | | | | |
| **Total** | **203,558.8** | **195,639.4** | **7,919.4** | **127,733.8** |

The restricted funds reported under other financial receivables include the following: TEUR 57,988.6 (30 April 2017: TEUR 39,435.1) of bank deposits with limitations on disposal and TEUR 50,000.0 (30 April 2017: TEUR 0.0) of security deposits and time deposits. The time deposits have a total term of nine months and will expire in May 2018.

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

The remaining two properties from the Tyrolean portfolio and the properties in the Carinthian and Styrian portfolio, which were reported under this position as of 30 April 2017, were transferred to the buyer during the first quarter of 2017/18. This position included no properties as of 31 January 2018.

## 6.4 EQUITY

These consolidated interim financial statements include compensation costs of TEUR 0.0 (9M 2016/17: TEUR 142.1, FY 2016/17: TEUR 189.5) for the fair value of share options granted in connection with the Long-Term Incentive Programme 2014, which were charged to the capital reserves.

Based on a decision by the Executive Board on 15 May 2017 and 2 June 2017 and the approval of the Supervisory Board on 15 May 2017 and 2 June 2017, share capital was increased from EUR 99,773,479 by EUR 12,471,685 based on an authorisation of the annual general meeting on 7 March 2014 (authorised capital). This capital increase was recorded in the company register on 3 June 2017, and share capital now totals EUR 112,245,164. Following the capital increase, share capital is divided into 112,245,164 no par value shares. The issue price equalled EUR 24.50 per share.

The transaction costs of TEUR 9,336.1 for the capital increase were offset against capital reserves after the deduction of the tax benefit of TEUR 2,334.0, i.e. TEUR 7,002.1 in total.

## 6.5 LIABILITIES FROM CONVERTIBLE BONDS

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

| in TEUR | 31 January 2018 | Thereof remaining term over 1 year |
|---|---|---|
| Convertible bonds 2016 – 2021 | 290,033.7 | 290,033.7 |

BUWOG AG issued non-subordinated, unsecured convertible bonds (ISIN: AT0000A1NQH2) on 6 September 2016. The bonds have a term ending in 2021 and a total nominal value of EUR 300 million with a denomination of EUR 100,000.00. The subscription rights of BUWOG shareholders were excluded. These bonds are initially convertible into 9,554,140 bear shares, which represent approx. 9.58% of BUWOG's current outstanding share capital. As part of the bookbuilding process, the initial conversion premium was set at 35% over the reference price of EUR 23.2592 and interest payments were excluded. The initial conversion price therefore equals EUR 31.40. The conversion price equalled EUR 31.22 after the capital increase (see note 6.4 *Equity*). The convertible bonds have a term of five years; they were issued and will be redeemed at 100% of their nominal value. The convertible bonds will be redeemed at their nominal value on 9 September 2021 unless they are converted, repaid or purchased and cancelled before that date. The terms include a cash settlement option in favour of BUWOG AG.

The reconciliation of the nominal amount of the convertible bonds to the carrying amount is shown below:

| in TEUR | |
|---|---|
| **Carrying amount on 1 May 2016** | **0.0** |
| Issue amount of convertible bonds 2016 – 2021 | 300,000.0 |
| Transaction costs | –3,037.5 |
| Separation of the embedded derivatives | –10,691.2 |
| **Net amount** | **286,271.3** |
| Interest growth using the effective interest rate method | 1,716.2 |
| **Carrying amount on 30 April 2017** | **287,987.5** |
| Interest growth using the effective interest rate method | 2,046.3 |
| **Carrying amount on 31 January 2018** | **290,033.7** |

## 6.6 FINANCIAL LIABILITIES

The following table shows the composition and remaining term of the financial liabilities as of 31 January 2018:

| in TEUR | 31 January 2018 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years | 30 April 2017 |
|---|---|---|---|---|---|
| Amounts due to financial institutions | 1,492,596.7 | 116,731.9 | 266,661.6 | 1,109,203.2 | 1,523,493.3 |
| Amounts due to local authorities | 411,022.9 | 19,832.6 | 105,017.7 | 286,172.6 | 439,884.8 |
| Other financial liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 94.1 |
| **Total** | **1,903,619.6** | **136,564.5** | **371,679.3** | **1,395,375.8** | **1,963,472.2** |

As of 31 January 2018, amounts due to financial institutions with a carrying amount of TEUR 1,356,188.6 (30 April 2017: TEUR 1,442,150.7) and amounts due to local authorities with a carrying amount of TEUR 388,646.8 (30 April 2017: TEUR 418,771.0) were collateralised through recording in the land register.

The major conditions of financial liabilities as of 31 January 2018 are as follows:

### CONDITIONS OF FINANCIAL LIABILITIES

| | Currency | Interest rate fixed/floating | Average interest rate | Nominal value of remaining liability in TEUR | Balance in TEUR |
|---|---|---|---|---|---|
| | EUR | fixed | 1.78% | 382,629.5 | |
| | EUR | floating | 1.02% | 1,131,567.0 | |
| **Total amounts due to financial institutions** | | | | **1,514,196.5** | **1,492,596.7** |
| | | | | | |
| **Amounts due to local authorities** | **EUR** | **fixed** | **1.68%** | **415,440.1** | **411,022.9** |
| | | | | | |
| **Total** | | | | | **1,903,619.6** |

## 6.7 TRADE PAYABLES AND OTHER LIABILITIES

| in TEUR | 31 January 2018 | Thereof remaining term under 1 year | Thereof remaining term over 1 year | 30 April 2017 |
|---|---|---|---|---|
| **Trade payables** | **14,092.8** | **14,092.8** | **0.0** | **27,116.2** |
| | | | | |
| **Trade payables from joint operations** | **193.8** | **193.8** | **0.0** | **0.0** |
| | | | | |
| **Other financial liabilities** | | | | |
| Fair value of derivative financial instruments (liabilities): | 88,537.0 | 50,069.6 | 38,467.4 | 76,826.9 |
| Interest rate swaps | 38,957.0 | 489.6 | 38,467.4 | 57,604.2 |
| Embedded derivatives in the convertible bonds | 49,580.0 | 49,580.0 | 0.0 | 19,222.7 |
| Property management | 17,006.8 | 17,006.8 | 0.0 | 14,476.7 |
| Deposits and guarantees received | 30,168.7 | 30,168.7 | 0.0 | 29,630.8 |
| Maintenance and improvement amounts received | 39,275.8 | 3,927.6 | 35,348.2 | 39,581.2 |
| Outstanding purchase prices (share deals) | 2,736.9 | 2,736.9 | 0.0 | 3,390.7 |
| Outstanding purchase prices (acquisition of properties) | 0.0 | 0.0 | 0.0 | 34,280.2 |
| Liabilities from financial contributions | 105,420.5 | 105,420.5 | 0.0 | 104,445.9 |
| Miscellaneous | 96,567.0 | 65,366.2 | 31,200.8 | 85,511.8 |
| **Total other financial liabilities** | **379,712.7** | **274,696.3** | **105,016.4** | **388,144.2** |
| | | | | |
| **Other non-financial liabilities** | | | | |
| Tax and other public authorities | 10,441.3 | 10,441.3 | 0.0 | 10,648.0 |
| Prepayments received on apartment sales | 19,549.5 | 19,549.5 | 0.0 | 37,919.5 |
| Prepayments received for rents and operating costs | 256.1 | 256.1 | 0.0 | 62.6 |
| Miscellaneous | 207.3 | 207.3 | 0.0 | 77.2 |
| **Total other non-financial liabilities** | **30,454.2** | **30,454.2** | **0.0** | **48,707.3** |
| | | | | |
| **Total** | **424,453.5** | **319,437.1** | **105,016.4** | **463,967.7** |

## 6.8 CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

| in TEUR | Non-current financial liabilities | Current financial liabilities | Liabilities from convertible bonds | Total liabilities from financing activities |
|---|---|---|---|---|
| **Carrying amount on 30 April 2017** | **1,844,645.6** | **118,826.6** | **287,987.5** | **2,251,459.7** |
| **Changes through cash flows** | **–26,733.9** | **–36,546.0** | **0.0** | **–63,279.9** |
| Cash inflows | 48,525.4 | 21,001.6 | 0.0 | 69,527.0 |
| Cash outflows | –75,259.3 | –57,547.6 | 0.0 | –132,806.9 |
| **Non-cash changes** | **–50,856.6** | **54,283.9** | **2,046.3** | **5,473.6** |
| Reclassification | –53,457.7 | 53,457.7 | 0.0 | 0.0 |
| Changes in fair value | 1,021.5 | –660.0 | 0.0 | 361.5 |
| Other changes | 1,579.6 | 1,486.2 | 2,046.3 | 5,112.1 |
| **Carrying amount on 31 January 2018** | **1,767,055.1** | **136,564.5** | **290,033.7** | **2,193,653.3** |

The transfers involve reclassifications between maturities, while the other changes consist chiefly of increased interest based on the effective interest rate method.

## 6.9 INFORMATION ON FINANCIAL INSTRUMENTS

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

in TEUR

| | | FA@FV/P&L | | | | | |
|---|---|---|---|---|---|---|---|
| | AFS | Fair value option | HFT | L&R | Non-FI | | |
| ASSETS | Fair value not recognised in profit or loss | 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 January 2018 | Fair value on 31 January 2018 |
| **Trade and other receivables** | **0.0** | **0.0** | **352.0** | **173,959.4** | **29,247.4** | **203,558.8** | **203,558.8** |
| Trade accounts receivable | 0.0 | 0.0 | 0.0 | 10,273.6 | 0.0 | 10,273.6 | 10,273.6 |
| Accounts receivable from joint operations | 0.0 | 0.0 | 0.0 | 197.2 | 0.0 | 197.2 | 197.2 |
| Derivatives | 0.0 | 0.0 | 352.0 | 0.0 | 0.0 | 352.0 | 352.0 |
| Other receivables | 0.0 | 0.0 | 0.0 | 163,488.6 | 29,247.4 | 192,736.0 | 192,736.0 |
| **Other financial assets** | **8.7** | **7,113.3** | **0.0** | **6,390.4** | **0.0** | **13,512.4** | **16,155.0** |
| Securities and other investments | 8.7 | 0.0 | 0.0 | 0.0 | 0.0 | 8.7 | 8.7 |
| Originated loans | 0.0 | 7,113.3 | 0.0 | 6,390.4 | 0.0 | 13,503.7 | 16,146.3 |
| **Cash and cash equivalents** | **0.0** | **0.0** | **0.0** | **285,786.1** | **0.0** | **285,786.1** | **285,786.1** |
| | | | | | | | |
| **TOTAL ASSETS** | **8.7** | **7,113.3** | **352.0** | **466,135.9** | **29,247.4** | **502,857.3** | **505,499.9** |

| | 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 January 2018 | Fair value on 31 January 2018 |
| **Liabilities from convertible bonds** | **0.0** | **0.0** | **290,033.7** | **0.0** | **290,033.7** | **294,967.0** |
| **Financial liabilities** | **452,208.2** | **0.0** | **1,451,411.4** | **0.0** | **1,903,619.6** | **1,927,008.2** |
| Amounts due to financial institutions | 75,075.9 | 0.0 | 1,417,520.8 | 0.0 | 1,492,596.7 | 1,513,302.7 |
| Other financial liabilities | 377,132.3 | 0.0 | 33,890.6 | 0.0 | 411,022.9 | 413,705.5 |
| **Trade payables and other liabilities** | **0.0** | **88,537.0** | **305,462.3** | **30,454.2** | **424,453.5** | **424,453.5** |
| Trade payables | 0.0 | 0.0 | 14,092.8 | 0.0 | 14,092.8 | 14,092.8 |
| Trade payables from joint operations | 0.0 | 0.0 | 193.8 | 0.0 | 193.8 | 193.8 |
| Derivatives | 0.0 | 88,537.0 | 0.0 | 0.0 | 88,537.0 | 88,537.0 |
| Miscellaneous other liabilities | 0.0 | 0.0 | 291,175.7 | 30,454.2 | 321,629.9 | 321,629.9 |
| **Financial liabilities held for sale** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| | | | | | | |
| **TOTAL LIABILITIES** | **452,208.2** | **88,537.0** | **2,046,907.4** | **30,454.2** | **2,618,106.8** | **2,646,428.7** |

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

### Classification of financial instruments by IAS 39 categories – previous year

in TEUR

| ASSETS | AFS<br>Fair value not recognised in profit or loss | FA@FV/P&L<br>Fair value option<br>Fair value recognised in profit or loss | L&R<br>Amortised cost | Non-FI<br>Not within the scope of IFRS 7 | Carrying amount on 30 April 2017 | Fair value on 30 April 2017 |
|---|---|---|---|---|---|---|
| **Trade and other receivables** | **0.0** | **0.0** | **109,405.1** | **18,328.7** | **127,733.8** | **127,733.8** |
| Trade accounts receivable | 0.0 | 0.0 | 5,941.3 | 0.0 | 5,941.3 | 5,941.3 |
| Other receivables | 0.0 | 0.0 | 103,463.8 | 18,328.7 | 121,792.5 | 121,792.5 |
| **Other financial assets** | **190.3** | **8,113.3** | **7,184.2** | **0.0** | **15,487.8** | **18,678.4** |
| Securities and other investments | 190.3 | 0.0 | 0.0 | 0.0 | 190.3 | 190.3 |
| Originated loans | 0.0 | 8,113.3 | 7,184.2 | 0.0 | 15,297.5 | 18,488.1 |
| **Cash and cash equivalents** | **0.0** | **0.0** | **211,397.2** | **0.0** | **211,397.2** | **211,397.2** |
| | | | | | | |
| **TOTAL ASSETS** | **190.3** | **8,113.3** | **327,986.5** | **18,328.7** | **354,618.8** | **357,809.4** |

| LIABILITIES | FL@FV/P&L<br>Fair value option<br>Fair value recognised in profit or loss | FL@FV/P&L<br>HFT<br>Fair value recognised in profit or loss | FLAC<br>Amortised cost | Non-FI<br>Not within the scope of IFRS 7 | Carrying amount on 30 April 2017 | Fair value on 30 April 2017 |
|---|---|---|---|---|---|---|
| **Liabilities from convertible bonds** | **0.0** | **0.0** | **287,987.5** | **0.0** | **287,987.5** | **290,281.3** |
| **Financial liabilities** | **492,947.9** | **0.0** | **1,470,524.3** | **0.0** | **1,963,472.2** | **1,989,287.4** |
| Amounts due to financial institutions | 84,696.9 | 0.0 | 1,438,796.4 | 0.0 | 1,523,493.3 | 1,546,684.4 |
| Other financial liabilities | 408,251.0 | 0.0 | 31,727.9 | 0.0 | 439,978.9 | 442,603.0 |
| **Trade payables and other liabilities** | **0.0** | **76,826.9** | **338,433.5** | **48,707.3** | **463,967.7** | **463,967.7** |
| Trade payables | 0.0 | 0.0 | 27,116.2 | 0.0 | 27,116.2 | 27,116.2 |
| Derivatives | 0.0 | 76,826.9 | 0.0 | 0.0 | 76,826.9 | 76,826.9 |
| Miscellaneous other liabilities | 0.0 | 0.0 | 311,317.3 | 48,707.3 | 360,024.6 | 360,024.6 |
| **Financial liabilities held for sale** | **0.0** | **0.0** | **147.0** | **0.0** | **147.0** | **147.0** |
| | | | | | | |
| **TOTAL LIABILITIES** | **492,947.9** | **76,826.9** | **2,097,092.3** | **48,707.3** | **2,715,574.4** | **2,743,683.4** |

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

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 2017.

### 6.9.2 Hierarchy of fair values of financial instruments

in TEUR

| 31 January 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets available for sale** | | | | |
| Securities and other investments | 0.0 | 0.0 | 8.7 | 8.7 |
| | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Fair value option | | | | |
| Originated loans | 0.0 | 7,113.3 | 0.0 | 7,113.3 |
| | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | |
| Fair value option | | | | |
| Amounts due to financial institutions | 0.0 | 75,075.9 | 0.0 | 75,075.9 |
| Other financial liabilities | 0.0 | 377,132.3 | 0.0 | 377,132.3 |
| | | | | |
| **Held for trading** | | | | |
| Derivatives | 0.0 | 88,185.0 | 0.0 | 88,185.0 |

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

in TEUR

| 30 April 2017 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets available for sale** | | | | |
| Securities and other investments | 0.0 | 0.0 | 190.3 | 190.3 |
| | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Fair value option | | | | |
| Originated loans | 0.0 | 8,113.3 | 0.0 | 8,113.3 |
| | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | |
| Fair value option | | | | |
| Amounts due to financial institutions | 0.0 | 84,696.9 | 0.0 | 84,696.9 |
| Other financial liabilities | 0.0 | 408,251.0 | 0.0 | 408,251.0 |
| | | | | |
| **Held for trading** | | | | |
| Derivatives | 0.0 | 76,826.9 | 0.0 | 76,826.9 |

The following table shows the reconciliation of the opening and closing balances on 31 January 2018 for the financial instruments classified under level 3.

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

| in TEUR | Securities and other investments |
|---|---|
| **Balance on 1 May 2016** | **2.1** |
| Additions/Disposals | 188.2 |
| **Balance on 30 April 2017** | **190.3** |
| **Balance on 1 May 2017** | **190.3** |
| Additions/Disposals | –181.6 |
| **Balance on 31 January 2018** | **8.7** |

Valuation procedures and input factors used to determine the fair values of financial instruments:

| Level | Financial instruments | Valuation method | Significant input factors |
|---|---|---|---|
| 2 | Originated loans | Net present value method | Interest rate curves observable in the market, probability of default, default rate, exposure at time of default |
| 2 | Derivatives (interest-rate swaps) | Net present value method | Interest rate curves observable in the market, probability of default, default rate, exposure at time of default |
| 2 | Loans and financial liabilities @ FV | Net present value method | Interest rate curves observable in the market, probability of default, default rate, exposure at time of default |
| 2 | Embedded derivatives in the convertible bonds | Net present value method | Interest rate curves observable in the market, probability of default, default rate, exposure at time of default, market price of the convertible bonds |

The BUWOG Group calculates the fair value of low-interest government loans and financial liabilities due to credit institutions with annuity subsidies that are associated with the funding of real estate by discounting the future cash flows based on net present value methods.

The discount rate reflects the interest conditions available to the BUWOG Group and consists of a reference interest curve and a credit spread specific to the BUWOG Group. The discount rates correspond to an interest curve that is based on a Euro interest rate swap curve which extends over terms ranging up to 60 years. Based on the applicable discount rate, a credit spread matching the maturity is added as a premium. This credit spread represents the borrower's premium over the reference interest rate and also reflects the risk profile of the financing and the credit standing of the borrower together with the probability of default (debt value adjustment). Up to and including 30 April 2015, the BUWOG Group derived the applied credit spreads from current financing offers for long-term standing investments because this method better reflected the risk profile of the long-term, relatively low risk financing than the CDS model for the entire BUWOG Group. In this connection, it should be noted that the risk profile for the entire BUWOG Group not only covers the financing for standing investments, but also the financing for development projects with a comparatively higher specific risk. Due to a change in the data base – and the lack of long-term financing offers for a comparable number and volume of standing investments – the credit spread for the BUWOG Group was also calculated with the Bloomberg function DRSK for the valuation of financial liabilities as of 31 January 2018. This function uses current parameters for listed companies to develop a potential five-year CDS model and to transfer this indicator to the various terms with CDS modelling. Since the input parameters used to develop the CDS spread are observable on the market, the financial liabilities carried at fair value are classified under level 2 on the IFRS 13 fair value hierarchy. If representative financing based on appropriate volumes and the number of different financing partners is available for standing investments as of a future balance sheet date, the credit spreads will again be derived from these financing offers.

For net present value methods, an increase in the discount interest rate or the credit spread results in a decrease in the fair value, while a decrease in these input factors increases the fair value.

The derivative financial instruments held by the BUWOG Group are carried at their fair value. The fair value of the interest rate swaps is established with a DCF model in accordance with IFRS 13. Future cash flows are determined by interest rate modelling through the Hull-White one-factor model, specifically in the form of a Monte Carlo simulation. This model is defined by swaption volatilities and caplet volatilities. The major input parameters were defined as of the balance sheet date and comprise the Euro interest rate curve, historical EURIBOR fixings and caplet and swaption volatility matrices. Bloomberg served as the source for the market data.

The following three parameters are required to calculate the Credit Value Adjustment (CVA) and the Debt Value Adjustment (DVA): Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Probability of Default is derived from the Credit Default Swap spreads (CDS spreads) of the relevant counterparty. Interest rate swaps with a positive fair value represent receivables for the BUWOG Group and, in this case, a CVA calculation is carried out to calculate the amount of the receivable. The probability of default for the counterparties is required for this calculation. The counterparties for BUWOG's derivative transactions are normally larger financial institutions with individually traded CDSs, these indicators can usually be taken over directly from external sources (data source: Bloomberg). If the counterparty does not have a separately traded CDS, the market CDS spread for a comparable bank (ideally with the same external rating) is used as an approximation. These benchmarks represent level 1 and 2 input factors in the fair value measurement hierarchy.

Interest rate swaps with a negative fair value represent a liability for BUWOG Group, and a DVA calculation is carried out to calculate the amount of the liability. The Bloomberg function DRSK was used to calculate a separate Probability of Default for the BUWOG Group. This function uses current parameters from listed companies to determine a potential five-year CDS model. The calculation of the BUWOG-specific CDS was based on various parameters that include market capitalisation and share price volatility. The BUWOG-specific CDS was then allocated proportionately to the various terms based on the CDS model and, in this way, used to match the respective maturities. Since the significant input parameters used to develop the CDS spread are observable on the market, the interest rate swaps were allocated to level 2 on the fair value hierarchy.

The Loss Given Default (LGD) is the relative value that is lost at the time of the default. The BUWOG Group used a standard market LGD to calculate the CVA and DVA. The Exposure at Default (EAD) represents the expected amount of the asset or liability at the time of default and is calculated using a Monte Carlo simulation.

The derivatives embedded in the convertible bonds are measured on the basis of available market quotations for the convertible bonds. The fair value of these derivatives is calculated as the difference between the quoted prices for the convertible bonds and the constructed fair value of the underlying transaction (i.e. the bonds). The fair value of the underlying transaction represents the present value of the redemption. In addition, the fair value of the derivatives determined on this basis is validated by an option pricing model.

For the valuation of derivative financial instruments, the estimation of the default risk includes assumptions for the probability of default, loss rate and the outstanding amount at the time of expected default. An increase in the probability of default and the loss rate will reduce the fair value of a derivative with a positive exposure (receivable) and reduce the liability for a derivative with a negative outstanding amount (liability); a decrease in the probability of default and loss rate leads to the opposite effect.

The following table shows the market values and conditions of all derivative financial instruments purchased to hedge interest rate risk and held as of 31 January 2018:

## DERIVATIVES/INTEREST RATE SWAPS

| | Variable element | Fair value as of 31 January 2018 in EUR | Reference value as of 31 January 2018 in EUR | Fixed interest rate in % | Maturity |
|---|---|---|---|---|---|
| **Interest rate of 0.5%-3%** | | | | | |
| Interest rate swap (Helaba) | 3-M-Euribor | 189,496 | 6,611,579 | 0.63 | 30 April 2024 |
| Interest rate swap (Berlin Hyp) | 3-M-Euribor | 162,511 | 3,496,622 | 0.69 | 30 April 2024 |
| Interest rate swap (Berlin Hyp) | 3-M-Euribor | –1,793,139 | 184,490,878 | 0.72 | 30 April 2024 |
| Interest rate swap (Helaba) | 3-M-Euribor | –1,808,058 | 181,375,921 | 0.72 | 30 April 2024 |
| Interest rate swap (UniCredit Bank Austria) | 3-M-Euribor | –1,262,950 | 101,220,000 | 0.84 | 28 February 2025 |
| Interest rate swap (RLB NÖ-Wien) | 6-M-Euribor | –1,195,781 | 128,925,000 | 0.99 | 2 January 2025 |
| Interest rate swap (UniCredit Bank) | 3-M-Euribor | –476,870 | 15,957,000 | 1.03 | 30 April 2021 |
| Interest rate swap (UniCredit Bank) | 3-M-Euribor | –1,102,382 | 29,259,150 | 1.17 | 31 January 2023 |
| Interest rate swap (Deka Bank) | 3-M-Euribor | –160,479 | 3,568,000 | 1.39 | 31 December 2021 |
| Interest rate swap (Deka Bank) | 3-M-Euribor | –888,872 | 19,760,000 | 1.39 | 31 December 2021 |
| Interest rate swap (UniCredit Bank) | 3-M-Euribor | –1,100,675 | 12,711,400 | 2.13 | 29 September 2023 |
| Interest rate swap (Hypo Steiermark) | 6-M-Euribor | –2,300,635 | 19,000,000 | 2.50 | 31 December 2036 |
| Interest rate swap (UniCredit Bank Austria) | 6-M-Euribor | –3,220,448 | 25,143,141 | 2.51 | 28 November 2036 |
| Interest rate swap (RLB NÖ-Wien) | 6-M-Euribor | –2,411,420 | 20,952,618 | 2.51 | 28 November 2036 |
| Interest rate swap (RLB NÖ-Wien) | 6-M-Euribor | –2,977,552 | 25,143,141 | 2.54 | 30 November 2036 |
| Interest rate swap (BAWAG) | 6-M-Euribor | –1,239,073 | 9,750,000 | 2.85 | 31 December 2030 |
| Interest rate swap (Hypo Steiermark) | 6-M-Euribor | –2,700,040 | 14,312,000 | 2.99 | 30 September 2039 |
| **Number of derivatives: 17** | | **–24,286,365** | **801,676,450** | | |
| **Interest rate of 3%-4.5%** | | | | | |
| Interest rate swap (Hypo Steiermark) | 6-M-Euribor | –1,300,357 | 7,469,000 | 3.01 | 30 September 2039 |
| Interest rate swap (Hypo Steiermark) | 6-M-Euribor | –3,301,593 | 22,730,000 | 3.09 | 30 September 2031 |
| Interest rate swap (RLB NÖ-Wien) | 6-M-Euribor | –5,952,966 | 43,315,000 | 3.11 | 30 September 2031 |
| Interest rate swap (RLB NÖ-Wien) | 6-M-Euribor | –3,274,154 | 23,823,000 | 3.11 | 30 September 2031 |
| **Number of derivatives: 4** | | **–13,829,070** | **97,337,000** | | |
| **Interest rate above 4.5%** | | | | | |
| Interest rate swap (Commerzbank) | 3-M-Euribor | –489,579 | 24,325,000 | 4.58 | 29 June 2018 |
| **Number of derivatives: 1** | | **–489,579** | **24,325,000** | | |
| **Total derivatives: 22** | | **–38,605,013** | **923,338,450** | **1.41** | |

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

## DISCOUNT RATES

| in % | 31 January 2018 |
|---|---|
| Up to 31 July 2019 | 0.154% |
| Up to 31 July 2020 | 0.196% |
| Up to 31 July 2022 | 0.755% |
| Up to 31 July 2024 | 1.313% |
| Up to 31 July 2026 | 1.905% |
| Up to 31 July 2029 | 2.350% |
| Up to 31 July 2035 | 2.657% |
| As of 1 August 2035 | 2.802% |

# 7. TRANSACTIONS WITH RELATED PARTIES

The Chairman of the Supervisory Board, Vitus Eckert, is a shareholder in the law firm of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden near Vienna. This law firm charged fees of EUR 3,728.22 for legal advice to BUWOG Group companies in the first nine months of 2017/18. The terms of these fees, especially the hourly rates, reflect standard market conditions.

One member of the Supervisory Board is a tenant in an apartment owned by the BUWOG Group. In addition, a close relative of a Supervisory Board member purchased two apartments from the BUWOG Group in the first quarter of 2017/18. The transactions reflected standard market conditions in both cases.

# 8. SUBSEQUENT EVENTS AFTER 31 JANUARY 2018

**Takeover by Vonovia SE**
On 5 February 2018 Vonovia SE published the offer documents for a voluntary public takeover offer which covers the purchase of all outstanding shares and convertible bonds of BUWOG AG. BUWOG shareholders would receive EUR 29.05 in cash for each BUWOG share. The first acceptance period for the offer by Vonovia SE, which expired on 12 March 2018, also included a cash payment of EUR 115,753.65 for each convertible bond certificate (nominal value: EUR 100,000). The shareholders and convertible bondholders of BUWOG AG had the opportunity to accept this offer beginning on the publication date.

In accordance with their legal obligations, the Executive Board and Supervisory Board of BUWOG AG evaluated this offer carefully and issued detailed and well-founded opinions on 13 February 2018.

Vonovia SE announced the final results of the voluntary public takeover for all outstanding shares and convertible bonds of BUWOG AG on its website (vonovia-tob.de) on 15 March 2018. The takeover offer was accepted for a total of 82,844,967 BUWOG shares, or 73.8% of all shares issued by BUWOG. The offer was also accepted for 2,988 BUWOG convertible bond certificates, which represent 99.6% of the total nominal value. On 12 March 2018 Vonovia SE announced that all of the offer conditions had been fulfilled. The takeover offer is therefore effective.

For BUWOG shareholders who have not yet accepted the offer by Vonovia SE, the offer period was extended by three months in accordance with Para. 19 (3) no. 3 of the Austrian Takeover Act. This extension period began on 16 March 2018 and will end at 5 pm on 18 June 2018. During this period, BUWOG shareholders still have the opportunity to tender their shares to Vonovia SE at a price of EUR 29.05 per share.

The holders of the BUWOG convertible bonds have the opportunity to tender their bond certificates to Vonovia SE during the extension period at a reduced price of EUR 93,049.33 (nominal value: EUR 100,000). However, the holders of the BUWOG convertible bond can convert their BUWOG bond certificates during the change of control window (which will presumably run from 16 March 2018 up to and including 27 April 2018) at the adjusted conversion price. Shares resulting from this conversion can be tendered to Vonovia SE during the extension period at a price of EUR 29.05 per share.

**Changes on the Executive Board**
Andreas Segal, who was appointed Deputy CEO and CFO of BUWOG AG on 1 January 2016, resigned from the Executive Board of BUWOG AG by mutual agreement as of 26 March 2018.

**Property transaction**
On 20 March 2018 the BUWOG Group signed an agreement to sell parcels of land (approx. 5,500 sqm) in Berlin which it cannot use for business purposes.

Vienna, 29 March 2018

The Executive Board of BUWOG AG

Daniel Riedl
CEO

Herwig Teufelsdorfer
COO

# STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that these consolidated interim financial statements as of 31 January 2018, which were prepared in accordance with the rules for interim financial reporting defined by International Financial Reporting Standards (IFRS) as adopted by the European Union, provide a true and fair view of the asset, financial and earnings position of the BUWOG Group. Furthermore, we confirm that the group management report provides a true and fair view of the development of business as well as the results of operations and position of the BUWOG Group during the first nine months of the financial year and the principal opportunities and risks for the expected development of the BUWOG Group during the remainder of the financial year.

Vienna, 29 March 2018

The Executive Board of BUWOG AG

Daniel Riedl
CEO

Herwig Teufelsdorfer
COO

## IMPRINT

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