REPORT ON THE FIRST QUARTER OF 2016/17

1 May 2016 to 31 July 2016

Successful business development

- Year-on-year increase (three months) of 7.5% in Recurring FFO to EUR 27.0 million
- Strong fair value adjustments of EUR 146.5 million
- Substantial 6.5% improvement in EPRA NAV per share to EUR 21.49
- Low average interest rate of 2.17% on financial liabilities with an LTV of only 46.4%
- Forecast for Recurring FFO remains unchanged at a minimum of EUR 108 million in 2016/17

Profitable property portfolio and strong development pipeline

- High like-for-like growth of 4.2% in rentals
- Increase of 3.1% in monthly net cold rent to EUR 5.07 per sqm
- Growth in fair value of standing investments to approx. EUR 3.9 billion
- Purchase of two sites supports further successful expansion of the property development pipeline by nearly 800 units to approx. 8,900 units with a total investment volume of EUR 2.5 billion

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BUWOG GROUP KEY FIGURES

EARNINGS DATA		Q1 2016/17	Q1 2015/16[1]	Change
Net cold rent	in EUR million	52.7	49.4	6.8%
Results of Asset Management	in EUR million	38.5	37.2	3.5%
Results of Property Sales	in EUR million	9.6	9.6	-0.3%
Results of Property Development	in EUR million	-0.9	1.7	>-100.0%
EBITDA[2]	in EUR million	39.2	43.4	-9.6%
Fair value adjustments of investment properties	in EUR million	146.5	16.0	817.6%
Financial results[3]	in EUR million	-83.0	63.0	>-100.0%
EBT	in EUR million	102.2	123.1	-17.0%
Net profit	in EUR million	83.9	96.6	-13.1%
Earnings per share[4]	in EUR	0.84	0.97	-13.3%
FFO	in EUR million	17.4	17.2	1.2%
Recurring FFO	in EUR million	27.0	25.1	7.5%
Recurring FFO per share[4]	in EUR	0.27	0.25	7.4%
Total FFO	in EUR million	27.1	26.3	2.7%
AFFO	in EUR million	20.6	21.1	-2.4%

ASSET AND FINANCIAL DATA		31 July 2016	30 April 2016	Change
Balance sheet total	in EUR million	4,683.5	4,444.1	5.4%
Equity ratio	in %	38.0%	38.3%	-0.3 PP
Cash and cash equivalents	in EUR million	101.7	82.5	23.2%
Net financial liabilities	in EUR million	2,043.2	1,970.1	3.7%
Loan-to-value (LTV)	in %	46.4%	47.6%	-1.2 PP
EPRA net asset value	in EUR million	2,143.8	2,013.2	6.5%
Ø Interest rate on financial liabilities	in %	2.17%	2.19%	-0.02 PP
Ø Term of financial liabilities	years	15.7	15.9	-0.2

SHARE DATA		31 July 2016	30 April 2016	Change
Share price	in EUR	21.69	18.38	18.0%
Shares issued as of the balance sheet date (excl. treasury shares)	Number of shares	99,773,479	99,773,479	0.0%
Market capitalisation	in EUR million	2,164.1	1,833.8	18.0%
Free float[5]	in %	90%	71%	19 PP
EPRA net asset value per share[4]	in EUR	21.49	20.18	6.5%

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were partly adjusted (see section 2.4 to the *Consolidated interim financial statements*)
2) EBITDA adjusted to account for valuation effects and deferred periods (IFRS 5). For more details please go to chapter *Analysis of the asset, financial and earnings position.*
3) Financial results are influenced by non-cash results from the valuation of financial liabilities at fair value through profit or loss (EUR -47.8 million) and by derivatives (EUR -23.6 million)
4) Base for earnings data: 99,773,479 shares; previous year 99,613,479 shares (both weighted). Base for asset data: 99,773,479 shares; previous year: 99,773,479 shares (both as of balance sheet date)
5) For more detail please go to chapter *Investor Relations.*

KEY PROPERTY PORTFOLIO DATA

ASSET MANAGEMENT (STANDING INVESTMENTS)		31 July 2016	30 April 2016	Change
Number of units	Quantity	50,901	51,058	–0.3%
Germany	Quantity	27,070	27,072	–0.0%
Austria	Quantity	23,831	23,986	–0.6%
Total floor area[1]	in sqm	3,520,169	3,532,273	–0.3%
Germany	in sqm	1,684,868	1,684,879	–0.0%
Austria	in sqm	1,835,301	1,847,394	–0.7%
Annualised net in-place rent[2]	in EUR million	206	201	2.6%
Germany	in EUR million	113	112	0.6%
Austria	in EUR million	93	89	5.2%
Monthly net in-place rent[2]	in EUR per sqm	5.07	4.92	3.1%
Germany	in EUR per sqm	5.74	5.68	1.1%
Austria	in EUR per sqm	4.44	4.20	5.7%
Development of net in-place rent – like-for-like[3]	in %	4.2%	1.6%	2.6 PP
Germany – like-for-like	in %	2.7%	2.7%	0.0 PP
Austria – like-for-like	in %	6.1%	0.3%	5.8 PP
Vacancy rate[4]	in %	3.6%	3.4%	0.2 PP
Germany	in %	2.5%	2.1%	0.4 PP
Austria	in %	4.5%	4.7%	–0.2 PP
Fair value[5]	in EUR million	3,852	3,716	3.7%
Germany	in EUR million	1,792	1,651	8.5%
Austria	in EUR million	2,060	2,065	–0.2%
Fair value[5]	in EUR per sqm	1,094	1,052	4.0%
Germany	in EUR per sqm	1,063	980	8.5%
Austria	in EUR per sqm	1,123	1,118	0.4%
Gross rental yield[6]	in %	5.4%	5.4%	0.0 PP
Germany	in %	6.3%	6.8%	–0.5 PP
Austria	in %	4.5%	4.3%	0.2 PP

		Q1 2016/17	Q1 2015/16	Change
Maintenance costs[7]	in EUR per sqm	2.0	1.7	18.8%
Capitalisation of refurbishment (CAPEX)[7]	in EUR per sqm	1.8	1.1	65.5%

PROPERTY SALES		Q1 2016/17	Q1 2015/16	Change
Units sold	Quantity	155	210	–26.2%
thereof Unit Sales	Quantity	154	140	10.0%
thereof Block Sales	Quantity	1	70	–98.6%
Margin on fair value – Unit Sales	in %	57%	59%	–2.0 PP
Margin on fair value – Block Sales	in %	6%	19%	–13.0 PP

PROPERTY DEVELOPMENT		31 July 2016	30 April 2016	Change
Units under construction	Quantity	1,369	971	41.0%
Total investment volume	in EUR million	2,541	2,480	2.5%
Completed units	Quantity	25	420	–
thereof defined for sale to third parties	Quantity	25	420	–
thereof defined to transfer to investment portfolio	Quantity	0	0	–

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

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS OF BUWOG AG

Our goals for the 2016/17 financial year and results for the first three months clearly demonstrate the commitment of the entire BUWOG team to implement our corporate strategy. Their efforts have shown that our positioning – with the Asset Management, Property Sales and Property Development business areas – is a reliable success model to also safeguard high profitability in the future and to generate further growth as the only listed integrated property owner and developer in the residential sector. Results for the first quarter of 2016/17 illustrate the success of this strategic focus.

Asset Management, the largest business area in the BUWOG Group, recorded results of operations of EUR 38.5 million in the first quarter of 2016/17. Results of operations in the Property Sales and Property Development business areas totalled EUR 9.6 million and EUR –0.9 million, respectively. The BUWOG Group generated EBITDA of EUR 39.2 million in the operating business during the reporting period. In view of the dynamic market development in Germany, a special valuation of the standing investments in Germany by the independent external appraisers at CBRE was commissioned as of 31 July 2016. The resulting fair value adjustments of EUR 146.5 million reflect, in particular, the high yield compression in the core locations in Germany. The BUWOG Group recorded EBT of EUR 102.2 million and net profit of EUR 83.9 million for the first quarter of 2016/17.

The average interest rate of 2.17% on financial liabilities was further reduced to 1.90% after the reporting period in September 2016 through the issue of a EUR 300 million convertible bond which carries an interest rate of 0.00%. The extremely favourable conditions in peer group comparison document the strong interest in BUWOG as a capital market product as well as the successful implementation of our strategic goals. The LTV equalled 46.4% as of 31 July 2016.

Funds from Operations (FFO) is the main indicator used to evaluate the development of BUWOG's operating business. Recurring FFO, which also serves as the benchmark for the dividend payment, amounted to EUR 27.0 million for the reporting period and Total FFO equalled EUR 27.1 million. The EPRA Net Asset Value, which focuses on the sustainability of the asset positions, rose by 6.5% over the level on 30 April 2016 to EUR 21.49 as of 31 July 2016.

The Asset Management business area recorded a year-on-year increase of 3.5% in results of operations to EUR 38.5 million. Strong like-for-like growth of 4.2% in rentals during the first quarter of 2016/17 supported a relative increase of 3.1% in net in-place rent per square meter to EUR 5.07. The gross rental yield remained constant at 5.4%, and the vacancy rate equalled 3.6%.

Results of operations in the Property Sales business area reflected the first quarter of the previous year and totalled EUR 9.6 million for the reporting period. Unit Sales covered 154 apartments with a margin of approx. 57% on fair value.

The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors, continues to intensify its investment activities. The purchase of two additional sites expanded the development pipeline to a total investment volume of EUR 2,541 million. The 1,369 units under construction as of 31 July 2016 represent an increase of 42% over the level on 30 April 2016. The results of operations in the Property Development business area amounted to EUR –0.9 million for the first three months of 2016/17 due to the cyclical timing of completions. We expect the Property Development business area will make a clearly positive contribution of at least EUR 13 million to Recurring FFO for the full 2016/17 financial year.

Our major goals for the future remain intact: we are forecasting Recurring FFO of at least EUR 108 million for the 2016/17 financial year. In the Asset Management business area, the BUWOG Group is working to improve the quality of its portfolio through the implementation of a CAPEX programme with a volume of approx. EUR 57 million and a regional focus on Berlin, Lübeck and Kiel. Plans for the Property Sales business area include Unit Sales of roughly 600 apartments each year. Activities in the

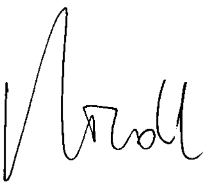
Andreas Segal, Deputy CEO, CFO
Daniel Riedl, CEO
Herwig Teufelsdorfer, COO
(from left to right)

Property Development business area will continue to focus on the steady realisation of the pipeline projects in Vienna, Berlin and Hamburg.

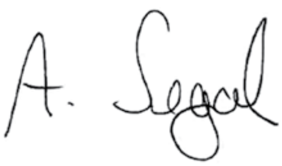
The development of the BUWOG share shows that this strategy is well received by the capital market. The closing price of EUR 21.69 on 29 July 2016 corresponds to an increase of roughly 18% over the share price on 30 April 2016. On 6 September 2016, after the end of the reporting period, BUWOG AG was added to the "ATX five" based on its free float capitalisation, which makes it one of the five largest listed companies in Austria.

We see this sound development not only as confirmation of our strategy, but also as an obligation to continue the BUWOG success story with our full commitment. We invite you to accompany the BUWOG Group on this course and ensure that we will also provide transparent and timely information on the latest developments in the future. In conclusion, we would like to thank the men and women on the BUWOG team for their enthusiasm and dedication – which made these many achievements possible.

Best regards,



Daniel Riedl
CEO



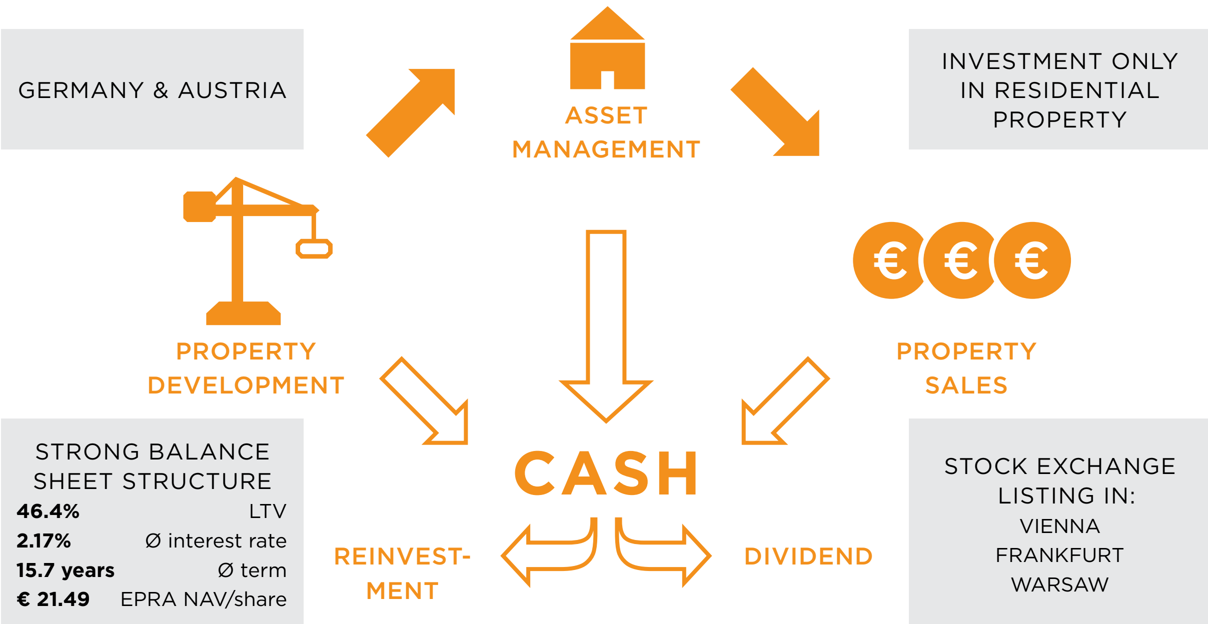
Andreas Segal
Deputy CEO, CFO

Herwig Teufelsdorfer
COO

OVERVIEW OF THE BUWOG GROUP

As the leading full service provider in the German-Austrian residential property sector, the BUWOG Group can look back on 65 years of experience. The property portfolio included 50,901 units as of 31 July 2016, which are located in Germany (53%) and Austria (47%). The BUWOG Group is an integrated real estate company which covers the entire residential property value chain: the professional development of new projects for sale of transfer to the standing investment portfolio (Property Development) and the value-oriented sale of individual apartments, entire buildings or portfolios (Property Sales) complement Asset Management to form a closed cycle that represents the BUWOG Group's core business.

Business model of the BUWOG GROUP



A PROFITABLE VALUE CHAIN

The BUWOG Group is distinguished from its peers by a fully integrated business model which is based on a broad and deep value chain and the optimal integration of the three business areas. The generation of high Recurring FFO, which allows for an attractive dividend policy as well as steady growth, is supported by the three business areas: Asset Management, Property Sales and Property Development.

ASSET MANAGEMENT

The BUWOG Group's Asset Management business area is responsible for the sustainable, optimised management of the standing investments. Most of the revenues are generated by the rental of apartments, with activities focused on increasing rental income and optimising maintenance costs. The portfolio included 50,901 units in Austria and Germany as of 31 July 2016. BUWOG is represented with local teams at the key market locations in Austria and Germany. Annualised in-place rent rose from EUR 201 million to EUR 206 million in the first quarter of 2016/17. The like-for-like growth in rents equalled 4.2% in total. The 6.1% increase in Austria is attributable to special adjustment effects from the maintenance and improvement contributions, which were recognised in connection with the amendment to the Austrian Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz)*. The 2.7% increase in Germany reflects the conclusion of new contracts at higher rents and an improvement in the rents for standing investments (for additional details see pages 10ff).

PROPERTY SALES

The Property Sales business model has two components: Unit Sales and Block Sales (property and portfolio transactions). It is designed to continuously and profitably optimise and concentrate the BUWOG Group's standing investment portfolio through the high-margin sale of individual apartments to owner-occupiers and cycle-optimised block sales to investors. In the first quarter of 2016/17, 154 apartments were sold through Unit Sales and one commercial property through Block Sales at margins substantially over the carrying amount (for details see page 18ff).

PROPERTY DEVELOPMENT

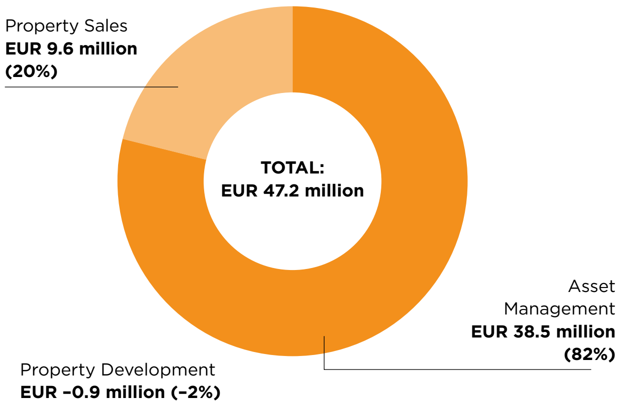
Property Development bundles the development of residential projects for the BUWOG Group's own portfolio or for direct sale after completion. As a developer, the BUWOG Group has completed roughly 35,000 apartments in Austria since its founding. The property development business is concentrated in the heavily populated, economically strong capital cities of Vienna and Berlin and, since the end of the 2015/16 financial year, also in the attractive Hanseatic city of Hamburg. The company's development pipeline contained nearly 8,900 units with an estimated total investment volume of approx. EUR 2.5 billion as of 31 July 2016 (for details see page 20ff).

HIGHLIGHTS
FIRST QUARTER OF 2016/17

SUCCESSFUL BUSINESS DEVELOPMENT

- Recurring FFO rises by 7.5% year-on-year to EUR 27.0 million
- Strong fair value adjustments of EUR 146.5 million
- Net profit totals EUR 83.9 million
- Sound improvement of 6.5% in EPRA NAV per share to EUR 21.49
- Low LTV of 46.4%
- Low average interest rate of 2.17% on financial liabilities, 1.90% including the effects of the convertible bond issued in September

RESULTS OF OPERATIONS[1] BY BUSINESS AREA

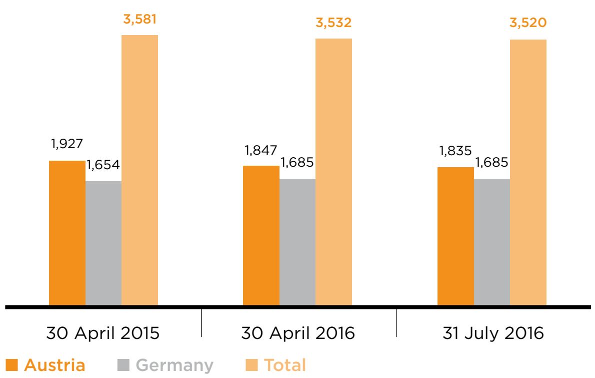


1) Results of operations before expenses not directly attributable to the business areas (EUR 9.3 million) and other operating income (EUR 0.7 million)

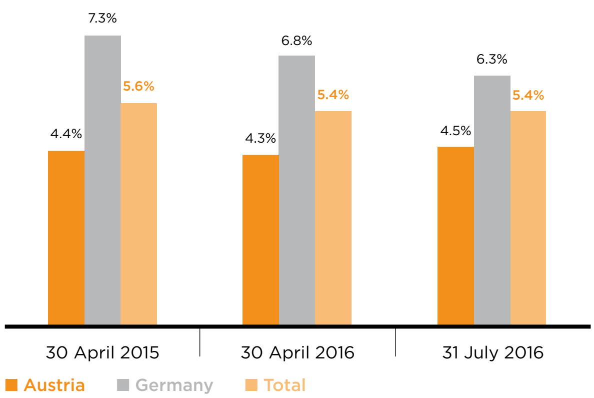
HIGHLIGHTS ASSET MANAGEMENT

- Property portfolio covers 50,901 units with approx. 3.5 million sqm of total floor area as of 31 July 2016
- Monthly in-place rent increases by 3.1% to EUR 5.07 per sqm
- Net in-place rent rises by 4.2% on a like-for-like basis
- Vacancies remain at a low 3.6%
  -> 2.4% excl. vacancies required for Unit Sales
- Fair value of standing investments grows to approx. EUR 3.9 billion based on fair value adjustments

TOTAL FLOOR AREA
in 1,000 sqm



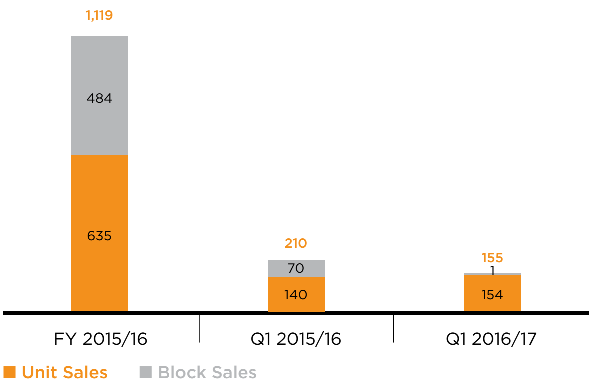
GROSS RENTAL YIELD



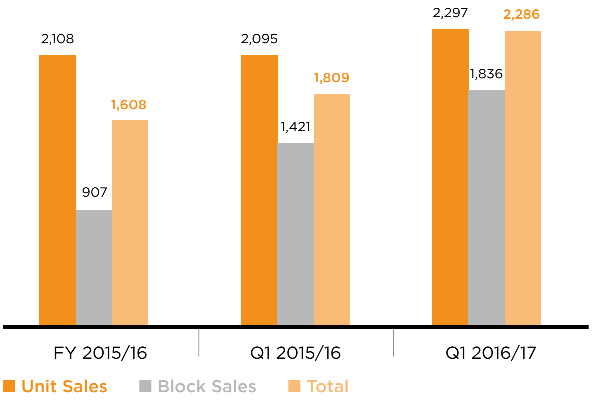
HIGHLIGHTS PROPERTY SALES

- Successful Unit Sales of 154 apartments with a margin of roughly 57% on fair value
- Unit Sales and Block Sales clusters include 15,748 standing investment units with a fair value of approx. EUR 1.7 billion

UNITS SOLD



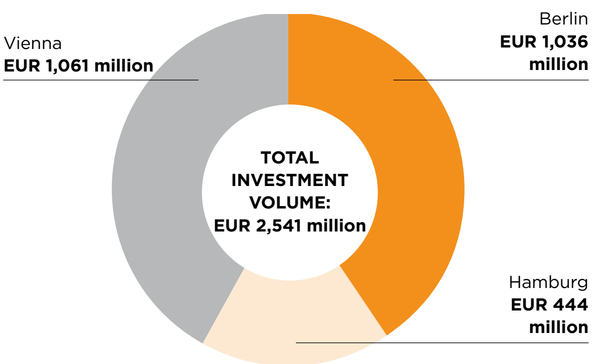
AVERAGE PRICES REALISED
in EUR per sqm



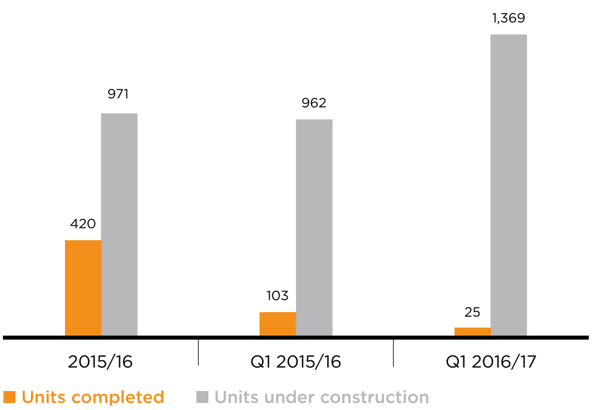
HIGHLIGHTS PROPERTY DEVELOPMENT

- Purchase of two sites supports further successful expansion of the property development pipeline by nearly 800 units to approx. 8,900 units with a total investment volume of EUR 2.5 billion
- 1,369 further units under construction, or 42.3% more than in the first quarter of 2015/16
- Completion of 25 units in the first quarter of 2016/17

DEVELOPMENT PIPELINE
by location as of 31 July 2016



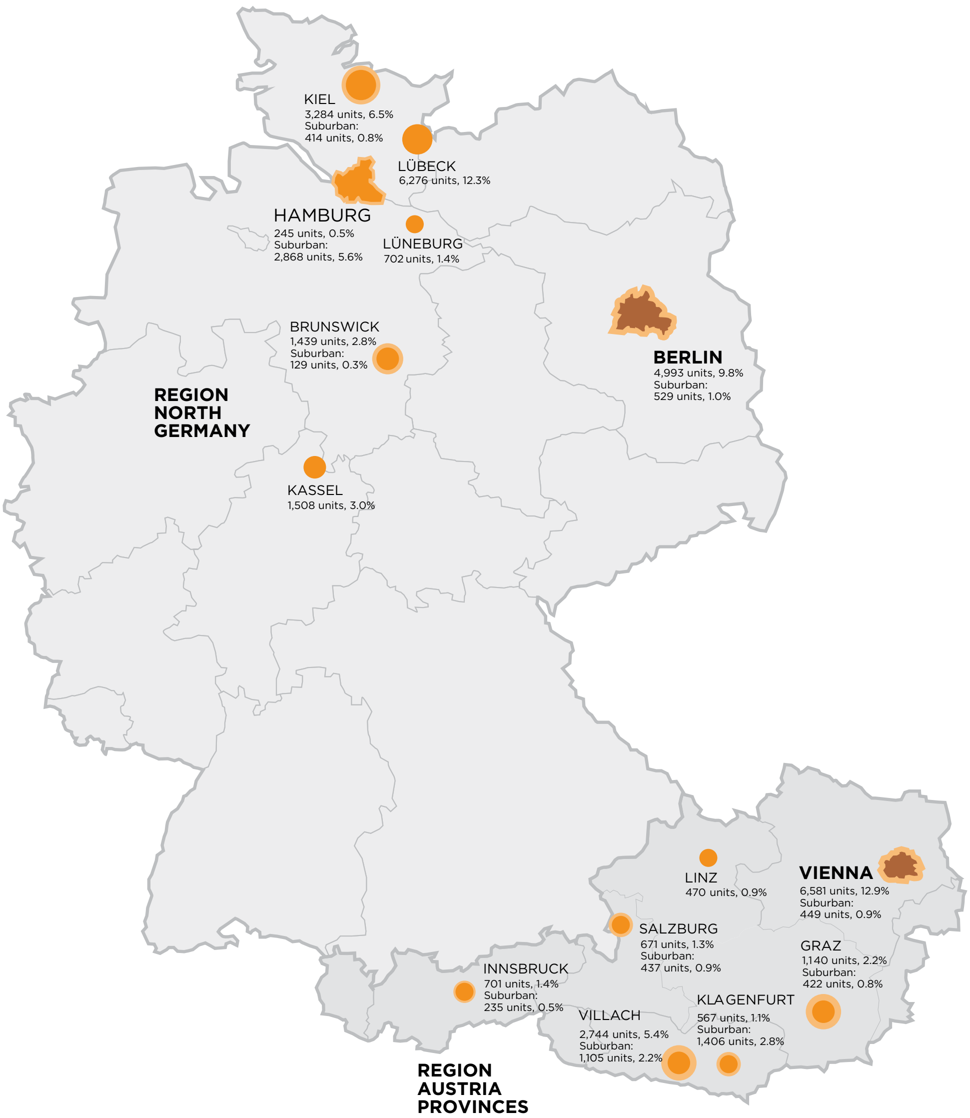
COMPLETED UNITS AND UNITS UNDER CONSTRUCTION



ASSET MANAGEMENT

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

THE BUWOG INVESTMENT PORTFOLIO BY REGION AS OF 31 JULY 2016
Number of units per location and percentage of the total portfolio



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

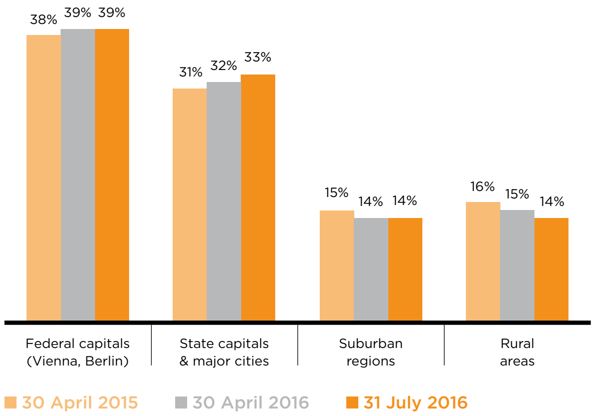
1) More than 50,000 inhabitants and a significant share of the portfolio
2) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

As the largest business area in the BUWOG Group, Asset Management generated operating income (before expenses and other operating income not directly attributable to this business area) of EUR 38.5 million in the first quarter of 2016/17 (Q1 2015/16: EUR 37.2 million).

The BUWOG Group's standing investment portfolio comprised 50,901 units as of 31 July 2016 – 27,070 units in Germany and 23,831 units in Austria. This portfolio is classified in four geographical cluster within the 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 approx. EUR 1.5 billion or approx. 39% of the total fair value. The standing investments in the state and provincial capitals and in the major cities and surrounding regions represented approx. EUR 1.8 billion or approx. 47% of the total fair value as of 31 July 2016. In other words, approx. EUR 3.3 billion or 86% of the fair value of the BUWOG standing investment portfolio 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 3.9 billion)



KEY FIGURES PROPERTY PORTFOLIO

as of 31 July 2016	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	11,574	907,671	60	5.72	1,510	1,664	4.0%	3.1%
Vienna	6,581	575,983	36	5.40	1,026	1,781	3.5%	3.9%
Berlin	4,993	331,688	24	6.25	484	1,461	5.0%	1.8%
State capitals and major cities[5]	19,747	1,275,639	76	5.06	1,254	983	6.0%	2.3%
Suburban regions[6]	7,994	560,480	32	4.92	542	966	5.9%	3.8%
Rural areas	11,586	776,378	39	4.40	547	704	7.1%	6.0%
Total BUWOG Group	**50,901**	**3,520,169**	**206**	**5.07**	**3,852**	**1,094**	**5.4%**	**3.6%**
thereof Germany	27,070	1,684,868	113	5.74	1,792	1,063	6.3%	2.5%
thereof Austria	23,831	1,835,301	93	4.44	2,060	1,123	4.5%	4.5%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports for German portfolio and internal valuation for Austrian portfolio as of 31 July 2016
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm
5) More than 50,000 inhabitants and a significant share of the portfolio
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

KEY DATA ON THE STANDING INVESTMENT PORTFOLIO

The BUWOG Group's standing investment portfolio comprised 50,901 units as of 31 July 2016, which have approx. 3.5 million sqm of total floor area and a fair value of approx. EUR 3.9 billion or EUR 1,094 per sqm. As of 31 July 2016 the monthly in-place rent in the standing investment portfolio amounted to EUR 5.07 per sqm based on a vacancy rate (basis: total area) of 3.6% and the gross rental yield equalled 5.4%.

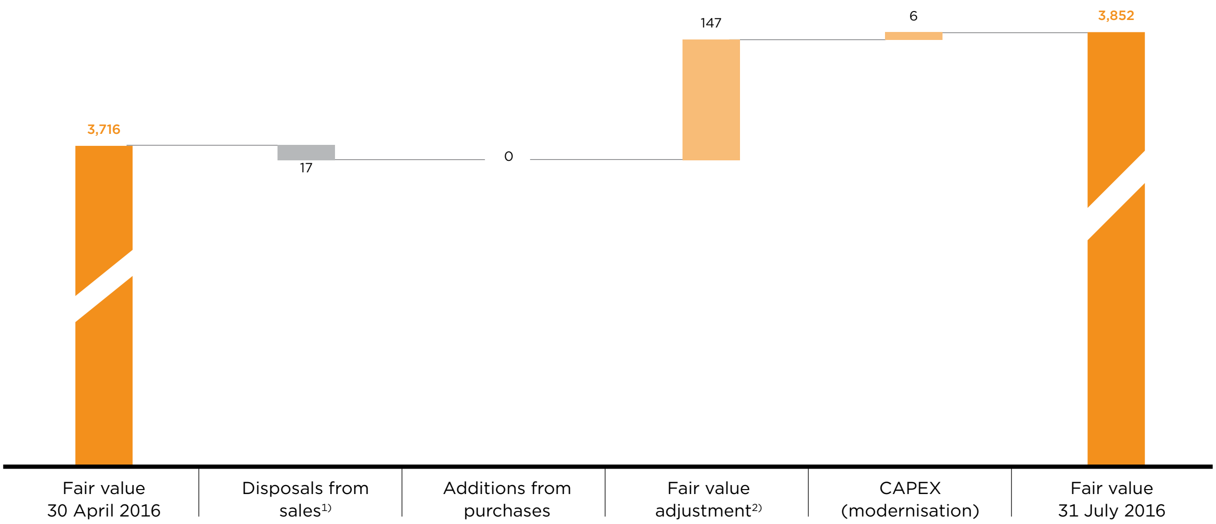
The standing investment portfolio in Austria comprised 23,831 units with a total floor area of approx. 1.8 million sqm and a fair value of approx. EUR 2.1 billion as of 31 July 2016. On a square metre basis, that corresponds to a fair value of EUR 1,123. The monthly net in-place rent equalled EUR 4.44 per sqm as of 31 July 2016 based on a vacancy rate (basis: total area) of 4.5%, whereby 2.2% 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 July 2016. The property portfolio in Germany included 27,070 standing investment units as of 31 July 2016, which have a total floor area of approx. 1.7 million sqm and a fair value of EUR 1.8 billion or EUR 1,063 per sqm. The monthly in-place rent equalled EUR 5.74 as of 31 July 2016 based on a vacancy rate (basis: total area) of 2.5%. The gross rental yield in the German properties equalled 6.3% at the end of the reporting period.

		BUWOG Group as of 30 April 2016	BUWOG Group as of 31 July 2016	Austria as of 31 July 2016	Germany as of 31 July 2016
Number of units	Quantity	51,058	50,901	23,831	27,070
Total floor area	in sqm	3,532,273	3,520,169	1,835,301	1,684,868
Annualised net in-place rent[1]	in EUR million	201	206	93	113
Monthly net in-place rent[1]	in EUR per sqm	4.92	5.07	4.44	5.74
Fair value[2]	in EUR million	3,716	3,852	2,060	1,792
Fair value[2]	in EUR per sqm	1,052	1,094	1,123	1,063
Gross rental yield[3]	in %	5.4%	5.4%	4.5%	6.3%
Vacancy rate	per sqm	3.4%	3.6%	4.5%	2.5%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports for German portfolio and internal valuation for Austrian portfolio as of 31 July 2016
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value

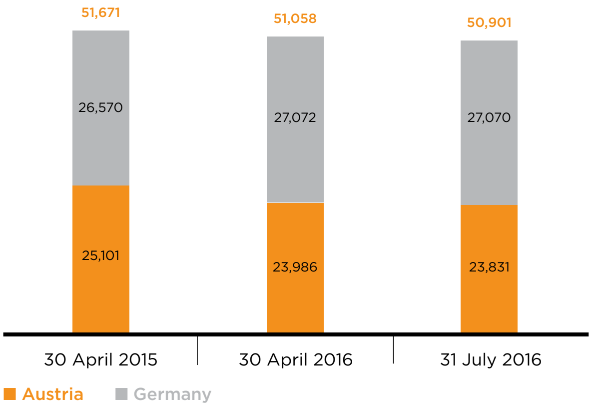
Current developments on the German property market, which are characterised by strong momentum and a yield compression, led BUWOG to order a special valuation of the residential properties in Germany by the independent external appraisers at CBRE Residential Valuation Germany as of 31 July 2016. The Austrian properties were valued internally at the end of the reporting period, as scheduled. The valuation as of 31 July 2016 resulted in positive fair value adjustments of approx. EUR 146.5 million for the first quarter of 2016/17, which were chiefly responsible for the increase in the fair value of BUWOG's standing investment portfolio. Additional information is provided under *Property valuation* in the *Interim Management Report*. The following chart shows the development of fair value compared with 30 April 2016.

EFFECTS ON FAIR VALUE DEVELOPMENT OF UNITS
in EUR million



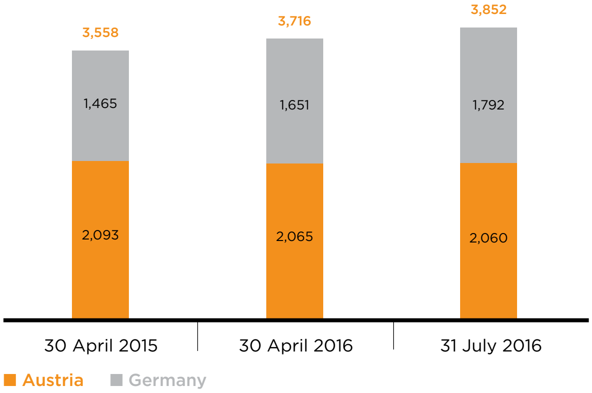
1) Net carrying amount of properties sold EUR -27.7 million and fair value adjustment of properties sold EUR 10.4 million
2) Fair value adjustment refers solely to standing investments

NUMBER OF UNITS



FAIR VALUE STANDING INVESTMENT PORTFOLIO

in EUR million



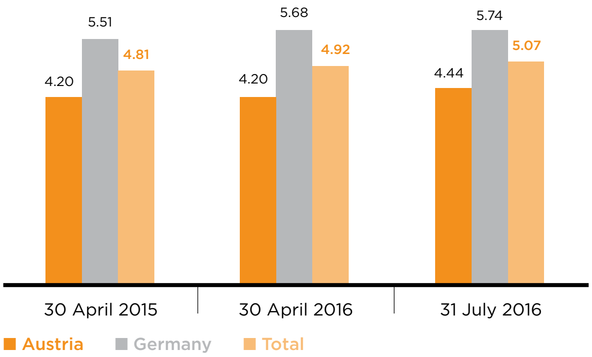
BUWOG's goals include the continuous optimisation of the individual properties and portfolios through active asset management in order to safeguard and improve the generation of cash flow and the earnings position.

The sound development of the operating business was illustrated not only by the increase in fair value, but also by the growth in annualised net in-place rent, which rose substantially from EUR 201 million as of 30 April 2016 to EUR 206 million as of 31 July 2016. Based on the total floor area, this represents an increase from EUR 4.92 to EUR 5.07 per square metre. This development resulted, above all, from the positive effects of the increase in the maintenance and improvement contribution based on an amendment to the Non-Profit Housing Act in Austria.

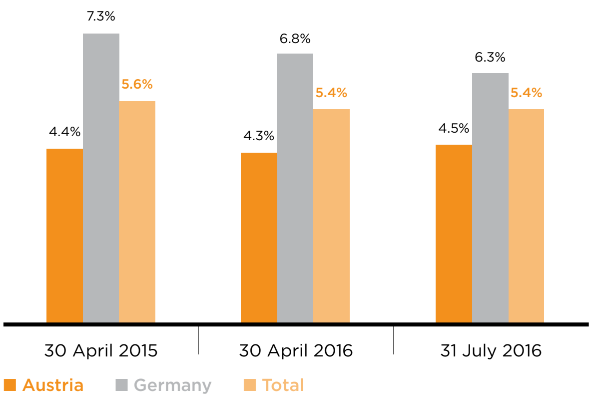
The gross rental yield remained unchanged at 5.4%, whereby the different development of the yields in Germany and Austria are directly related to the previously discussed effects of the fair value increase in Germany and the increase in rents in Austria.

MONTHLY NET IN-PLACE RENT

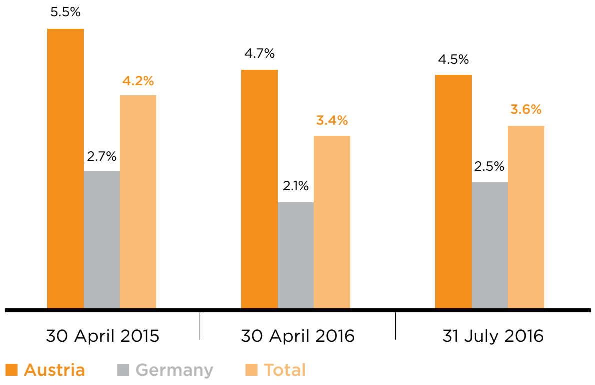
in EUR per sqm



GROSS RENTAL YIELD

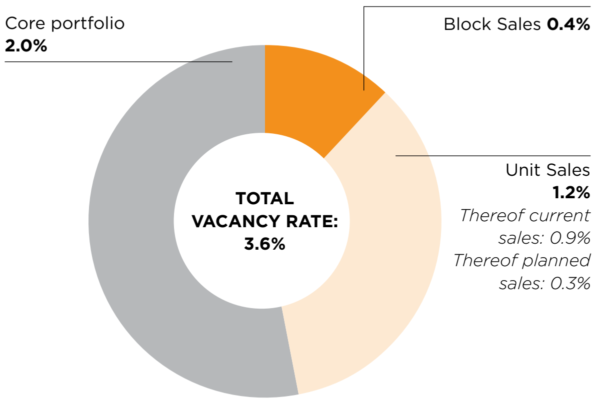


VACANCY RATE



VACANCY RATE BY STRATEGIC CLUSTER

Basis: total floor area as of 31 July 2016



The vacancy rate in the standing investment portfolio rose slightly from 3.4% as of 30 April 2016 to 3.6% for seasonal reasons and due to planned apartment modernisation projects in Germany. Including the 1.2% of vacancies from the Unit Sales cluster, the vacancy rate in BUWOG's properties equalled only 2.4% at the end of the reporting period.

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 (i.e. portfolio transactions) and including the effects of changes in vacancies – shows an increase of 4.2% in rental income during the first quarter of 2016/17 (as of 30 April 2016: 1.6%).

The like-for-like increase in rents from the German properties equalled 2.7% (as of 30 April 2016: 2.7%) and resulted primarily from the conclusion of leases at higher rents and increases in the rents generated by standing investments in Berlin and the major cities. The like-for-like increase in rents from the Austrian portfolio equalled 6.1% in the first quarter of 2016/17 (as of 30 April 2016: 0.3%). It reflected the positive special effect from the market-based implementation of the increase in the maintenance and improvement contribution (max. EUR 2.00 per sqm, depending on the age of the property) in the respective properties and regions based on an amendment to the Austrian Non-Profit Housing Act. This increase was included in the debit position as of 1 July 2016 and led to a significant increase in rents. The calculation of the rental increase includes 98.5% of all standing investment units held by the BUWOG Group.

Details on the major changes resulting from the amendment to the Austrian Non-Profit Housing Act are provided in the section on *Asset Management – Rent Models* in the 2015/16 annual report (pages 59 ff.)

BUWOG also intends to utilise the available opportunities for increasing rents in the standing investment properties in the future, depending on the regional rental market and legal restrictions arising from the rent models.

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

as of 31 July 2016	Number of units	Occupied floor area in sqm 31 July 2015	Net in-place rent per month in EUR million[3] 31 July 2015	Occupied floor area in sqm 31 July 2016	Net in-place rent per month in EUR million[3] 31 July 2016	Like-for-like rental growth
Unregulated rental agreements Germany	16,979	957,936	5.3	964,256	5.5	3.2%
Regulated rental agreements Germany	9,257	594,315	3.2	595,397	3.2	1.9%
Total Germany	**26,236**	**1,552,251**	**8.4**	**1,559,653**	**8.7**	2.7%
Unregulated rental agreements Austria (incl. reasonable rents pursuant to the Austrian Non-Profit Housing Act and the Austrian Tenancy Act)[1]	1,672	124,352	0.7	129,573	0.7	0.6%
Regulated rental agreements Austria (incl. other provisions under the Austrian Non-Profit Housing Act)[2]	21,682	1,559,801	6.0	1,552,902	6.4	6.6%
Total Austria	**23,354**	**1,684,153**	**6.7**	**1,682,474**	**7.1**	6.1%
Other (incl. commercial)	528	89,846	0.5	89,079	0.5	2.2%
Total BUWOG Group	**50,118**	**3,326,251**	**15.6**	**3,331,207**	**16.3**	4.2%

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

IMPLEMENTATION OF NEW CAPITALISATION GUIDELINE

The BUWOG Group implemented the results of the best practice analysis of capitalisation policies during the first quarter of 2016/17. In accordance with IAS 8, the application of the new capitalisation guideline represents a change in accounting policies which also requires the retrospective adjustment of the comparable data from Q1 2015/16 (see section 2.4 *Change in comparative information* in the *notes to the consolidated interim financial statements*).

BUWOG invested a total of EUR 13.5 million, or EUR 3.8 per sqm, in maintenance and modernisation measures for the standing investment properties during the reporting period. That represents an increase of 34.5% over the first quarter of the previous financial year. The modernisation investments (CAPEX) which required capitalisation in the first quarter of 2016/17 were roughly 60% higher than the adjusted prior year amount. The capitalisation rate rose to 47.4% year-on-year due to a differentiated mix of measures with a higher capitalisation factor.

The strategic implementation of the new capitalisation guideline is expected to have a positive effect of at least EUR 5.0 million on Recurring FFO and result in a capitalisation rate of roughly 50% for the full 2016/17 financial year.

MAINTENANCE EXPENSE AND MODERNISATION

	Q1 2016/17	Q1 2015/16	Change
Total maintenance expense and modernisation in EUR million	**13.5**	**10.1**	**34.5%**
Maintenance expense in EUR million	7.1	6.1	17.4%
Capitalisation of modernisation work (CAPEX) in EUR million	6.4	4.0	60.4%
Capitalisation rate in %	**47.4%**	**39.7%**	**7.7 PP**
Average total floor area in 1,000 sqm[1]	3,526	3,572	-1.3%
Total maintenance expense and modernisation in EUR per sqm	**3.8**	**2.8**	**36.2%**
Maintenance expense in EUR per sqm	2.0	1.7	18.9%
Capitalisation of modernisation work (CAPEX) in EUR per sqm	1.8	1.1	62.5%

The use of automated calculation systems may give rise to rounding differences. The comparable prior year data were adjusted to reflect the retrospective implementation of the new capitalisation guideline (see note 2.4 to the consolidated interim financial statements).
1) Average weighted total floor area, including increases from acquisitions and reductions from sales

STRUCTURE OF RENTAL INCOME

The rents for most of BUWOG's standing investments in Austria are subject to the legal regulations defined by the Austrian Non-profit Housing Act. In Germany, the rents for the subsidised properties in the standing investments are subject, above all, to the legal regulations defined by Section 16 of the Schleswig-Holstein Housing Allowance Act (Schleswig-Holstein Wohnraumförderungsgesetz). Accordingly, the BUWOG Group distinguishes between the revenue generated by regulated (56%) and unregulated (37%) rental agreements and the revenue generated by other agreements (incl. commercial space) (7%). The establishment of rents for new rentals at certain locations in Germany is also subject to a rental price cap.

Additional information on the various legal regulations in Austria and Germany is provided under *Asset Management – Rental models* in the 2015/16 annual report (pages 58 ff.).

STRUCTURE OF RENTAL AGREEMENTS

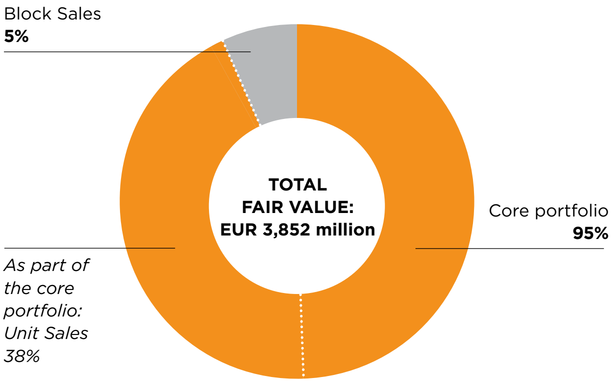
as of 31 July 2016	Occupied floor area in sqm	Annualised net in-place rent in EUR million	Proportion of annualised net in-place rent	Monthly net in-place rent per sqm in EUR[3]
Unregulated rental agreements Germany	995,295	68.0	33%	5.70
Regulated rental agreements Germany	595,397	38.7	19%	5.42
Unregulated rental agreements Austria (incl. reasonable rents pursuant to the Austrian Non-Profit Housing Act and the Austrian Tenancy Act)[1]	129,249	8.5	4%	5.46
Regulated rental agreements Austria (incl. other provisions under the Austrian Non-Profit Housing Act)[2]	1,564,985	77.3	37%	4.12
Other (incl. commercial)	109,700	14.0	7%	10.61
Total BUWOG Group	**3,394,627**	**206.5**	**100%**	**5.07**

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

CLEAR PORTFOLIO STRATEGY AND SEGMENTATION

The BUWOG Group's standing investment portfolio is clearly structured in geographic and strategic portfolio clusters, whereby the properties are classified into the following categories: Core Portfolio, Unit Sales and Block Sales. The core portfolio represents 95% of the portfolio's fair value and includes apartments suitable for Unit Sales (38% of the portfolio's fair value). The properties assigned to the Block Sales portfolio are designated for sale over the medium-term as part of the regional optimisation and consolidation and equal roughly 5% of the fair value of the standing investment portfolio.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 31 July 2016



STRATEGY AND OUTLOOK

The Asset Management business area will continue to pursue a clear strategy for the portfolios in Germany and Austria, which is focused on standing investments with limited asset risk, favourable property conditions and attractive contributions to value growth. The targeted locations for these investments are the core regions of the federal and state or provincial capitals that show long-term promise with high occupancy rates.

The goal of these activities is to safeguard the sustainable generation of stable cash flows from property rentals.

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
GERMANY/ AUSTRIA

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Asset Management

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

BUWOG strategy

MINIMISE RISK

Stable rental income
High occupancy rates

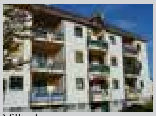
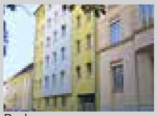
HIGH UPSIDE POTENTIAL

Portfolio optimisation

PROPERTY SALES

The Property Sales business model is based on Unit Sales and Block Sales (property and portfolio sales). It is designed to continuously and profitably improve the return on BUWOG's investment portfolio through the sale of individual units, primarily to owner-occupiers as a result of turnover, or through cycle-optimised Block Sales to investors. In this business area, the BUWOG Group pursues a clearly defined strategy that is based on an in-depth analysis of the overall portfolio. This strategy involves the routine identification and reclassification to the Unit Sales cluster of standing investments that are suitable for the sale of individual units over the medium- to long-term. Block Sales cover entire buildings or portfolios, primarily in rural areas, independent of the occupancy. These assets are sold at a profit to investors in order to optimise and concentrate the portfolio.

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 9.6 million in the first quarter of 2016/17 (Q1 2015/16: EUR 9.6 million).

Cluster	Unit Sales	Block Sales
Examples from the portfolio	 Vienna, Rennweg  Vienna, Ostmarkgasse  Villach, Völkendorfer Strasse	 Baden, Antonsgasse  St. Veit, Grundgasse  Bischofshofen, Hauptschulstrasse
Key facts	■ Sale in selected regions, primarily to owner-occupiers as a result of turnover ■ Optimal mix of internal and external sales channels ■ Track record with high profitability -> Margins on fair value >50% -> Long-term contribution to Recurring FFO	■ Sale of portfolios or properties from the investment portfolio ■ Cycle-optimised block sales in rural locations for portfolio optimisation and consolidation ■ Optimal mix of internal and external sales channels
Contribution to **Recurring FFO**	✔ **Long-term contribution to profit from ongoing unit sales**	✘ **Opportunistic block sales with adequate margins**

UNIT SALES

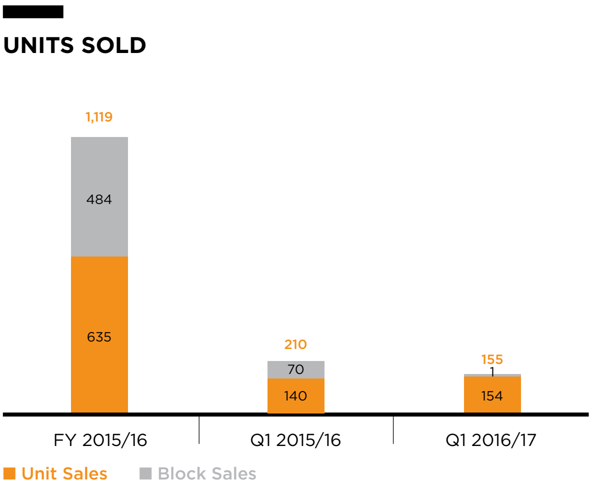
A total of 154 apartments were sold through Unit Sales at a margin of approx. 57% on fair value during the first quarter of 2016/17 (Q1 2015/16: 59%). The 152 units sold from the Austrian portfolio were located primarily in Vienna (59 units) as well as in Carinthia (37 units), Salzburg (13 units), Tyrol (12 units), Lower Austria (12 units), Upper Austria (11 units) and Styria (8 units). Two units from the German portfolio were also sold during the reporting period. The average prices in Q1 2016/17 were substantially higher than the first quarter of the previous year due to the sale of individual apartments in higher quality properties and locations. The remaining nine months of the financial year are expected to bring a decline in these average prices, whereby a slight increase over 2015/16 is expected in total. The first quarter transactions contributed EUR 9.6 million (Q1 2015/16: EUR 7.9 million).

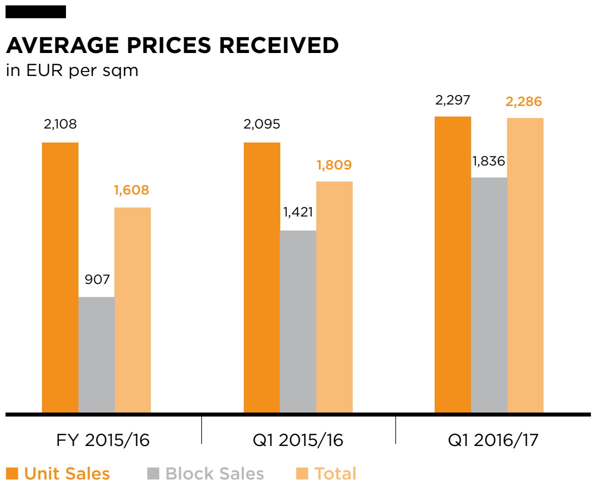
The Unit Sales portfolio cluster contained 12,512 units as of 31 July 2016, whereby all are located in Austria and identified as suitable for individual sale over the medium- and long-term. Of these units, 5,970 are located in Vienna, 2,342 in Carinthia and 4,200 in the other Austrian provinces.

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 Austria and Northern Germany. As part of the "capital recycling" strategy, selected block sales are carried out to optimise and consolidate the portfolio. One commercial property in Vienna was sold at a high average price during the first quarter of 2016/17. This transaction resulted in a contribution of TEUR 29.6 million (Q1 2015/16: EUR 1.8 million) and a margin of roughly 6% on fair value (Q1 2015/16: 19%).

The strategic cluster Block Sales covered 3,236 units as of 31 July 2016, with 3,148 units located in Austria (1,639 in Carinthia, 1,011 in seven of the other Austrian provinces and 498 in Vienna) and 88 units in Germany (Brandenburg).





STRATEGY AND OUTLOOK

The BUWOG Group will continue its strategy to actively sell specific units. The following graph shows the focal points of this strategy:

PROPERTY DEVELOPMENT

BUWOG bundles the realisation of attractive development projects for its own portfolio and the construction of residential properties for sale after completion in the Property Development business area. Development activities were expanded to also include Hamburg at the end of the 2015/16 financial year, and the BUWOG Group is now present in the property development and asset management sectors of the three largest German-speaking cities. With the experience gained over a 65-year corporate history, the BUWOG Group has extensive know-how and excellent market knowledge for the development of residential properties.

The April 2016 listing of Berlin residential project developers published by bulwiengesa AG ranks the BUWOG Group as the second largest residential project developer in that city based on floor area. In Vienna, the BUWOG Group again ranked first for the number of projects and apartments in the bulwiengesa market study "Neubauprojekte Eigentumswohnungen/Vorsorge wien 2016".

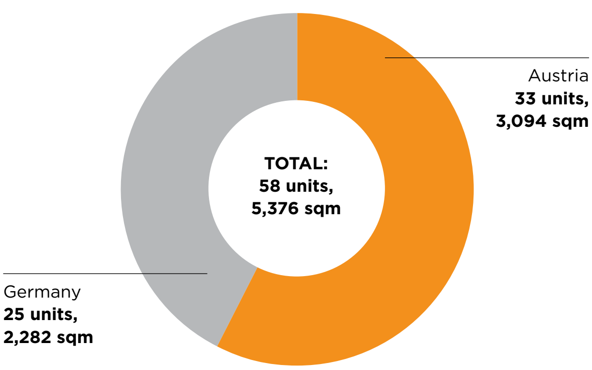
OVERVIEW OF THE FIRST QUARTER OF 2016/17

The results of operations in the Property Development business area amounted to EUR –0.9 million for the first three months of 2016/17 due to the cyclical timing of completions. The Property Development business area is expected to make a clearly positive contribution of at least EUR 13 million to Recurring FFO for the full 2016/17 financial year.

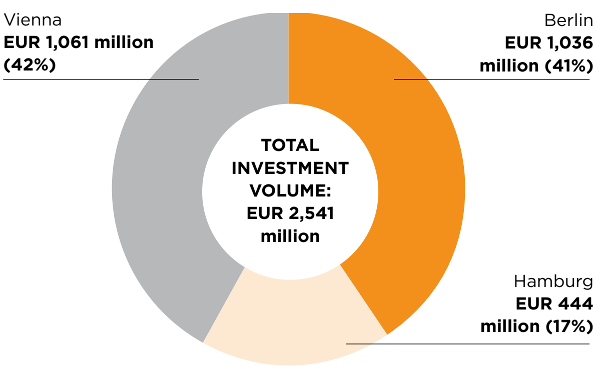
Fifty-eight units (Q1 2015/16: 82 units) were transferred to the buyers in the first quarter of 2016/17. Of this total, 25 units are located in Berlin (2,282 sqm) and 33 units in Vienna (3,094 sqm). The 25 units transferred to the buyers in Berlin were completed during the first quarter, while the 33 units in Vienna were completed prior to 30 April 2016. The related proceeds are recognised to the income statement when the apartments are transferred to the buyers

The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors, was further expanded during the reporting period. The development pipeline was increased through the purchase of two sites in Vienna, where plans call for the construction of roughly 800 units with an estimated total investment volume of approx. EUR 176 million. The development pipeline contained roughly 8,900 planned units with an estimated total investment volume of approx. EUR 2.5 billion at the end of the reporting period. Beginning with the 2016/17 financial year, the total investment volume will be presented excluding the imputed interest on equity to provide greater transparency over liquidity-related costs. BUWOG's internal project calculations include imputed interest of 8% on non-liquidity-related equity to ensure the profitability and rapid realisation of its projects.

UNITS TRANSFERRED TO BUYERS Q1 2016/17
Number of units and sqm



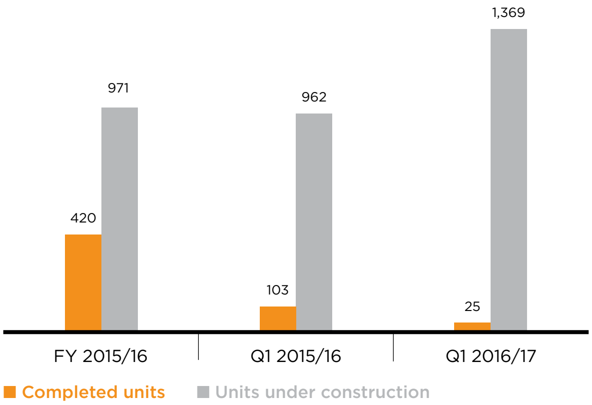
DEVELOPMENT-PIPELINE
in EUR million, by location as of 31 July 2016



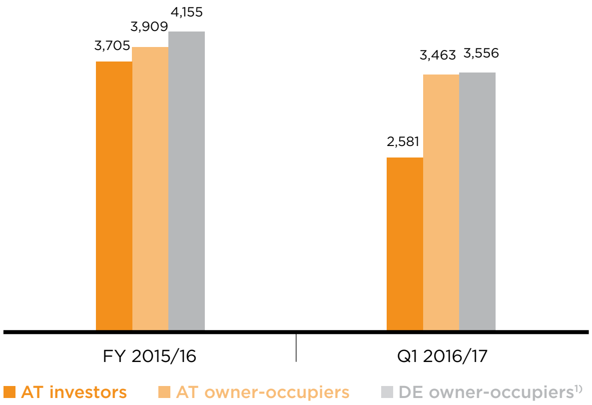
A total of 1,369 units (639 in Berlin, 730 in Vienna) with 121,352 sqm (59,376 sqm in Berlin, 61,976 sqm in Vienna) were under construction as of 31 July 2016. That represents an increase of 41% over the level on 30 April 2016. The BUWOG Group plans to complete nine projects (four in Berlin, five in Vienna) with 559 units (180 in Berlin, 379 in Vienna) during the 2016/17 financial year. Of the 379 units in Vienna, 166 will be transferred to the BUWOG portfolio.

The average selling prices realised in the first quarter are based on 58 units (25 Berlin, 33 in Vienna) transferred to the buyers. Privately financed condominiums in Germany are sold exclusively to owner-occupiers, while the units in Austria are sold to owner-occupiers as well as investors. Of the 33 units transferred to buyers in Austria, three were purchased by investors and 30 by owner-occupiers. The average prices realised in the first quarter of 2016/17 are still very volatile, above all for investors, due to the low number of units. We expect the average prices to at least remain stable at the prior year level during the full 12 months of 2016/17. The average prices reported for 2015/16 are based on 417 units transferred to the buyers.

COMPLETED UNITS AND UNDER CONSTRUCTION



AVERAGE SALE PRICE
in EUR per sqm



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

PRODUCT DEVELOPMENT MATRIX

In connection with the expansion of the Property Development business area, the BUWOG Group successfully completed the purchase of two sites in Vienna during the first quarter of 2016/17.

BUWOG's project pipeline is illustrated by the following product development matrix. A total of 8,897 units were under development as of 31 July 2016, which are distributed nearly equally between Germany and Austria. Construction for BUWOG's own portfolio covered 2,997 units and privately financed condominiums 5,820 units.

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

PRODUCT DEVELOPMENT MATRIX as of 31 July 2016

	Subsidised and privately financed rentals	Privately financed condominiums	Other[1]
Vienna 4,403 units	**Investment portfolio** Units: 1,760 Total floor area: 129,481 sqm  "Am Otterweg", 88 subsidised units of 120 total units	**Regional customers** Units: 2,625 Total floor area: 196,720 sqm  Pfarrwiesengasse, 85 units	Units: 18 Total floor area: 30,175 sqm
Berlin 3,215 units	**Investment portfolio** Units: 933 Total floor area: 72,021 sqm  Ankerviertel – Regattastrasse 11, 35, "52 Grad Nord" – further construction phases, Spreequartier, Mariendorfer Weg, Stuhlrohrquartier, 933 units	**Regional customers** Units: 2,238 Total floor area: 201,555 sqm  Westendpark, 112 units	Units: 44 Total floor area: 3,500 sqm
Hamburg 1,279 units	**Investment portfolio** Units: 304 Total floor area: 18,225 sqm	**Regional customers** Units: 957 Total floor area: 76,545 sqm	Units: 18 Total floor area: 5,400 sqm
Total 8,897 units			

1) In particular commercials

LAND ACQUISITIONS IN THE FIRST QUARTER OF 2016/17

The BUWOG Group acquired two sites in Vienna during the first quarter of 2016/17. Plans call for the construction of roughly 800 rental and condominium apartments at these locations at a total investment volume of approx. EUR 176 million. The transfer of rights and obligations for the MGC Plaza will take place during the current financial year.

Information on these land purchases is provided in the following table.

Location	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1]	Fair value 31 July 2016 in EUR million[2]
"MGC-Plaza", Döblerhofstrasse, 1030 Vienna, Austria[3]	07/2016	–	378	28,205	90.4	–
"Himberger Straße, Rothneusiedel", 1100 Vienna, Austria	07/2016	07/2016	420	31,500	85.3	–
Total (as of 31 July 2016)			**798**	**59,705**	**175.7**	**–**

1) Total investment volume excluding calculated interests
2) The pipeline projects are valued by CBRE twice each year as of 31 October and 30 April. IFRS carrying amounts are not provided in Q1 because of confidentiality agreements, above all related to the purchase prices, which were concluded in connection with the acquisitions.
3) Closing expected in december 2016

In addition, the transfer of rights and obligations for three sites purchased in earlier financial years took place during the reporting period.

Location	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1]	Fair value 31 July 2016 in EUR million[2]
"Vorgartenstrasse", Vorgartenstrasse, 1020 Vienna, Austria	04/2016	05/2016	165	12,420	27.4	–
"Mariendorfer Weg", Mariendorfer Weg, Berlin-Neukölln, Germany	02/2016	05/2016	561	44,160	167.5	–
"Stuhlrohrquartier" Weidenbaumsweg, Hamburg-Bergedorf, Germany	04/2016	06/2016	1,279	100,170	444.3	–
Total (as of 31 July 2016)			**2,005**	**156,750**	**639.2**	**–**

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. IFRS carrying amounts are not provided in Q1 because of confidentiality agreements, above all related to the purchase prices, which were concluded in connection with the acquisitions.

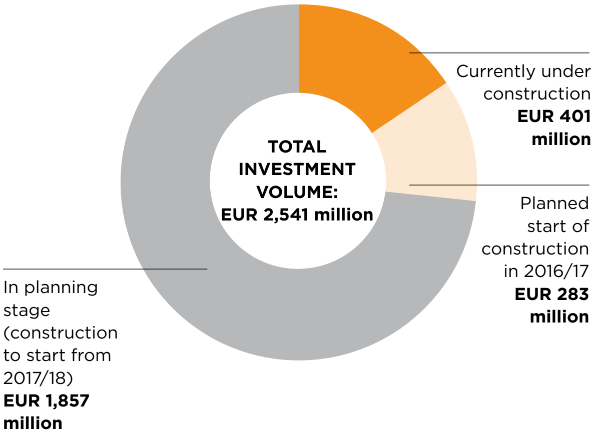
STRATEGY AND OUTLOOK

The BUWOG Group's strategy for the Property Development business area is focused on the market-oriented, continuous realisation of new construction projects in Vienna, Berlin and Hamburg. The primary objective is to ensure high long-term profitability in line with the respective risk situation. In order to create a sustainable pipeline for future development projects, BUWOG is increasing the acquisition of attractive sites in Berlin, Hamburg and Vienna.

As of 31 July 2016, the development pipeline included 56 projects with 8,897 planned units which are expected to be realised within the next five years. The investment volume for these projects is estimated at approx. EUR 2.5 billion, of which 58% is attributable to Germany and 42% to Austria.

A total of 16 projects with 1,369 units were under construction as of 31 July 2016 (30 April 2016: approx. 970 units). The investment volume for these

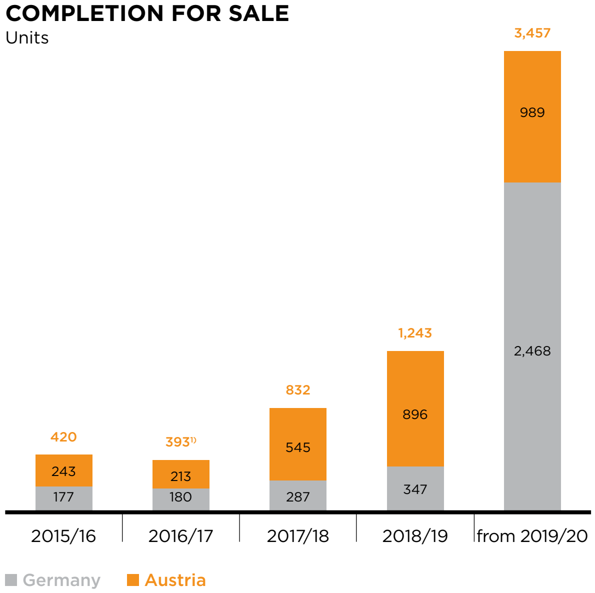
DEVELOPMENT PROJECTS
by implementation stage, as of 31 July 2016



projects is projected to total approx. EUR 401 million. In 2016/17 construction is scheduled to start on another 10 projects with 1,181 units and an estimated total investment volume of approx. EUR 283 million. The start of construction on development projects is generally dependent on the receipt of building permits from the public authorities, which may lead to differences between the planned and actual start of construction.

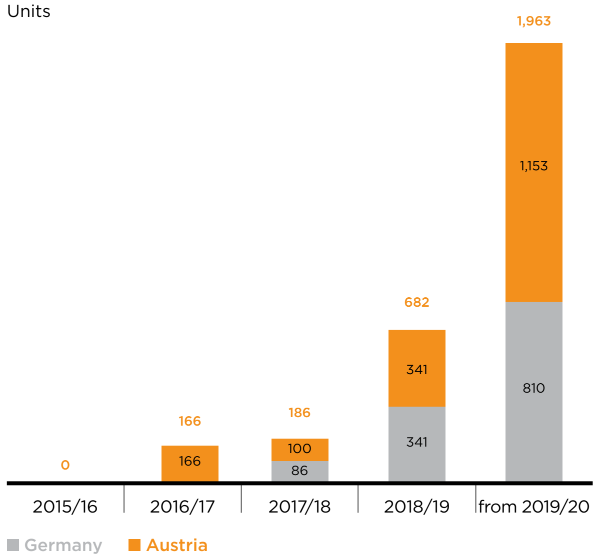
The following graphs show the planned timing for development completions in Germany and Austria. They also illustrate the intensification of activities in the Property Development business area with a significant increase in completions over time as well as the recently introduced focus on construction for BUWOG's portfolio in Germany. This will also form the basis for continued high profitability over the coming financial years. Project development may be subject to delays as a result of unforeseeable factors such as extended approval processes due to bureaucratic hurdles, which could lead to the postponement of completion dates.

COMPLETION FOR SALE
Units



1) Thereof 25 units were already completed in Q1 2016/17.

COMPLETION FOR PORTFOLIO
Units



Plans call for the completion of 379 units in Austria during the reporting year, whereby 166 units will be transferred to the company's own portfolio for rental and 213 units are designated for sale to owner-occupiers or investors. In Germany, BUWOG is planning to complete 180 units designated for sale in 2016/17.

BUWOG's success in Property Development is based on 65 years of development experience and, above all, on clearly defined selection criteria. Decisions along the entire value chain are based on standardised processes that incorporate the specific characteristics of the individual markets and projects. The most important elements of BUWOG's Property Development strategy are shown on the following diagram.

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
VIENNA/BERLIN/HAMBURG

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Property Development

- Strategy for differentiation from peer group and creation of added value through project development
- Securing high profitability and minimising risk are priorities
- Development pipeline in Vienna, Berlin and Hamburg with an investment volume of around EUR 2.5 billion
- Balanced project pipeline in various stages of implementation
- Strong internal sales structures in Vienna and Berlin for selling condominiums
- Profitable division for generating Recurring FFO and for strengthening the own portfolio

BUWOG strategy

MINIMISE RISK
65 years of development experience

HIGH UPSIDE POTENTIAL
High margins on development projects

INVESTOR RELATIONS

The international stock markets and indexes were still characterised by volatile to declining trends during the reporting period, above all due to the results of the Brexit referendum, weak economic indicators from China and the USA and the ongoing refugee crisis. In contrast, slight support was provided by the improved economic data from the Eurozone and the stable oil price. The ATX, the leading index of the Vienna Stock Exchange, fell by nearly 4% during the reporting period to 2,233 points at the end of July 2016, while the MDAX increased by roughly 5% from 20,101 to 21,164 points. The IATX, the Austrian real estate index which includes BUWOG AG as well as five other Austrian companies in this sector, rose by roughly 4% to 239 points. At the European level, the EPRA Developed Europe branch index gained almost 2% with an increase from 2,142 to 2,180 points.

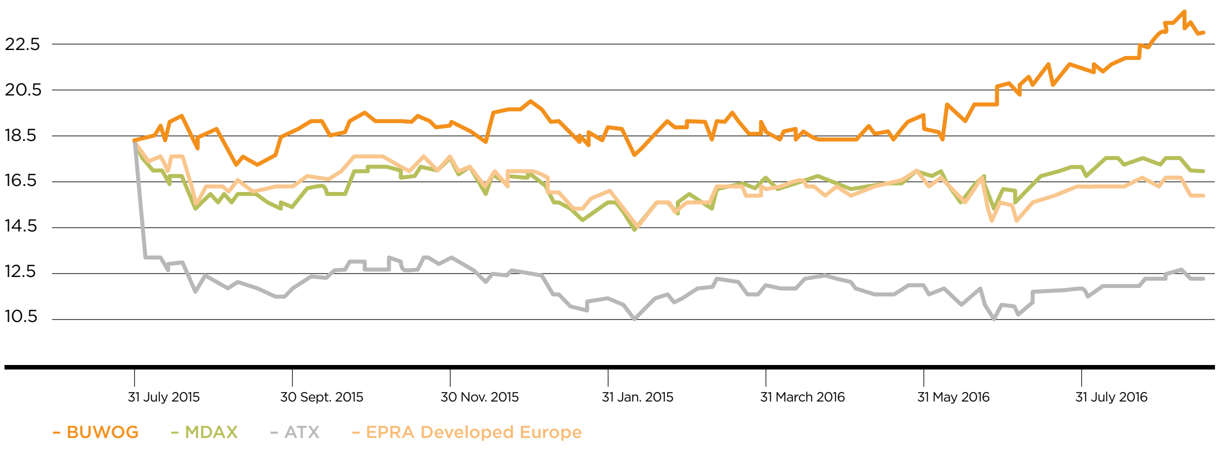
The BUWOG share has been included in the ATX, the leading index of the Vienna Stock Exchange, since 22 September 2014 where it was weighted at 7% as of 16 September 2016. In the IATX, which serves as the base value for all options and futures contracts traded on the Vienna Stock Exchange and all real estate stocks listed in the Vienna Prime Market, the BUWOG share is currently weighted at 25%. The BUWOG share has been included in the branch-specific FTSE EPRA/NAREIT Developed Europe Index, a recognised world-wide benchmark and the most widely used index for listed real estate companies, since 7 May 2014. Moreover, the BUWOG share is a member of the VÖNIX Sustainability Index, which features listed companies that are considered to be leaders in terms of their social and environmental performance and the GPR 250 Index.

On 6 September 2016, after the end of the reporting period, BUWOG AG was added to the "ATX five" based on its free float capitalisation, which makes it one of the five largest listed companies in Austria. The "ATX five" is a price index which is weighted by capitalisation and includes the five top weighted shares in the ATX index.

DEVELOPMENT OF THE BUWOG SHARE

The BUWOG share was initially listed at EUR 13.00 in April 2014 and has traded consistently above this price with relatively low volatility since that time. With a closing price of EUR 21.69 on 29 July 2016, the share clearly outperformed the relevant benchmark indices – supported by the generally positive development of the real estate sector. BUWOG shareholders have been able to participate in an increase of approx. EUR 1,003 million in value, or 77%, including the two EUR 0.69 dividends per share distributed in October 2014 and October 2015, from the start of trading to the end of the third quarter on 31 July 2016.

COMPARATIVE PERFORMANCE OF THE BUWOG SHARE
(compared with the opening prices on 31 July 2015) in Euro



The BUWOG share rose by roughly 18% during the reporting period from 1 May 2016 to 31 July 2016 and traded slightly above the EPRA NAV per share of EUR 21.49 at the end of this period. The share price has continued its positive development since the end of the reporting period on 31 July 2016.

REFERENCE DATA FOR THE BUWOG SHARE

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

SHAREHOLDER STRUCTURE

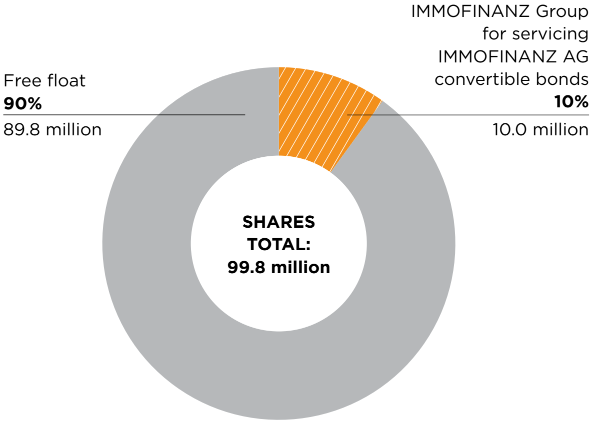
The investment held by IMMOFINANZ AG in BUWOG AG equalled roughly 10.0% of the 99,773,479 shares issued as of 31 July 2016. These shares are reserved for servicing the convertible bonds issued by IMMOFINANZ AG. At the end of the first quarter of 2016/17, 90% of the BUWOG shares represented free float. These shares are, for the most part, held by national and international institutional investors and by Austrian private investors.

The two convertible bonds issued by IMMOFINANZ AG (CB 2017 XS0332046043 and CB 2018 XS0592528870) carry rights to the BUWOG shares previously existing and currently held by IMMOFINANZ AG and have the following features: In the event of conversion, IMMOFINANZ is required to transfer BUWOG shares to the bondholders because the bonds were issued prior to the spin-off of BUWOG AG from IMMOFINANZ AG. The conversion of the CB 2017 would lead to the transfer of roughly 0.1 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the bondholders based on the current exchange ratio, while the conversion of the CB 2018 would lead to the transfer of approx. 7.7 million BUWOG shares to the CB 2018 bondholders based on the current exchange ratio. However, the conversion of the CB 2017 (XS0332046043) appears highly unlikely at the present time due to the current price of the IMMOFINANZ and BUWOG shares. The full conversion of the CB 2018 (XS0592528870) would, based on current information, lead to the transfer of a total of approx. 7.9 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the bondholders. This would increase the free float of the BUWOG share from the present level of roughly 90% to approx. 98%. Future dividend payments by BUWOG could result in an increase of the number of shares to be transferred by IMMOFINANZ AG to the convertible bondholders and up to 100% of the BUWOG shares would then be classified as free float. These bonds do not represent a dilution risk for BUWOG shareholders.

After the end of the reporting period on 6 September 2016, BUWOG AG announced the issue of a non-subordinated, unsecured five-year convertible bond. The bond has a total nominal value of EUR 300 million with a denomination of EUR 100,000.00. The subscription rights of BUWOG shareholders were excluded within the framework of the authorisation and in accordance with reporting requirements. This bond is initially convertible into 9,554,140 zero par value 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, respectively approx. 55% over the EPRA NAV calculated at the issue date, and interest payments were excluded The initial conversion price therefore equals EUR 31.40. The convertible bond was issued and will be redeemed at 100% of the nominal value. The proceeds from the convertible bond will be used primarily for growth financing, with a focus on the expansion of asset management and property development activities in Germany. In particular, BUWOG plans to strengthen its develop-to-hold strategy. The proceeds will also be used to for a CAPEX programme and potential refinancing measures.

Key data and further information on the convertible bonds is provided in the 2015/16 annual report (pages 113f). All voting rights announcements are published on a timely basis under www.buwog.com.

SHAREHOLDER STRUCTURE AS OF 31 JULY 2016



DIVIDEND POLICY

The Executive Board of BUWOG AG is committed, above all, to protecting the interests of its shareholders – and this commitment includes providing an appropriate return on their investment from the cash flows generated by the company. Over the long-term, the Executive Board plans to recommend the payment of dividends equalling approx. 60% to 65% of Recurring FFO to the Annual General Meeting of BUWOG AG. That would reflect the distribution made in October 2014 and October 2015, i.e. EUR 0.69 per share, whereby the Executive Board will attempt to maintain this level until the defined pay-out ratio is reached in line with the current dividend policy. A further increase in the dividend would then reflect the growth in the company's Recurring FFO. The previous dividend of EUR 0.69 per share represents a return of approx. 3.2% on the company's EPRA Net Asset Value as of 31 July 2016 and a return of 3.2% based on the closing price of EUR 21.69 on 29 July 2016. It also makes the BUWOG share one of the highest-yielding real estate shares in Europe and offers shareholders a potential for growth through a potential increase in the property portfolio and higher income, above all through Property Development.

FINANCIAL CALENDAR

28 September 2016	Publication of the Q1 Report for 2016/17
29 September 2016	Société Générale Pan European Real Estate Conference, London
4 October 2016	Record date for the Annual General Meeting
10–14 October 2016	Erste Investor Conference, Stegersbach
14 October 2016	Annual General Meeting of BUWOG AG, Stadthalle Wien
17 October 2016	Ex-dividend date
18 October 2016	Record date for dividend
19 October 2016	Dividend payment date
21 November 2016	Austrian & CEE Investors' Conference, New York
22 November 2016	Austrian Day, Chicago
5–8 December 2016	Berenberg European Corporate Conference, Surrey, UK
21 December 2016	Publication of the H1 Report for 2016/17
22 March 2017	Publication of the 9M Report for 2016/17

ANALYST COVERAGE

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

ANALYSTS' RECOMMENDATIONS

Institution	Date	Target share price	Recommendation
Baader Bank	5 September 2016	EUR 25.00	Buy
Bank of America Merrill Lynch	19 March 2016	EUR 26.00	Buy
Barclays	27 September 2016	EUR 27.20	Overweight
Berenberg	31 August 2016	EUR 22.00	Buy
Deutsche Bank	17 May 2016	EUR 23.00	Buy
Erste Bank	1 October 2015	EUR 21.50	Accumulate
HSBC	15 July 2016	EUR 32.90	Buy
Kepler Cheuvreux	1 September 2016	EUR 26.00	Buy
M.M. Warburg Bank	26 August 2016	EUR 24.70	Buy
Raiffeisen Centrobank	8 September 2016	EUR 24.50	Hold

The average target price in the published research reports is EUR 25.28, which is approx. 9% over the share price on 16 September 2016 (EUR 23.14). As a member of EPRA, the leading European association of listed property companies, BUWOG is committed to their standards for accounting transparency and underscores its credibility by pursuing a demand for professionalism and excellence.

CONTACT

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Tel.: +43 1 87828-1203, Fax: +43 1 87828-5203

CONSOLIDATED INTERIM MANAGEMENT REPORT

THE MARKET ENVIRONMENT

MODERATE GROWTH IN THE GLOBAL ECONOMY

The global economy will still face fundamental challenges in 2016, according to estimates by the World Bank. The main influencing factors during the reporting period included the downturn in the Chinese economy, the worldwide decline in the demand for raw materials, the negative economic effects of refugee flows and the forthcoming “Brexit”. However, weaker growth in the emerging countries has been contrasted by stronger development in the industrial states. Forecasts by the World Bank indicate that the worldwide growth of 2.4% in 2015 should be followed by an increase of 2.9% in 2016 and 3.1% in 2017. The USA is expected to see moderate recovery with a GDP increase of 2.7% in 2016 and 2.4% in 2017 (2015: +2.5%).

WEAKER, BUT ROBUST GROWTH IN THE EUROZONE

According to calculations by the European Commission in spring 2016, the economy in the 28 EU member states continued its reserved development with an average increase of 2.0% in 2015. The forecasts for 2016 and 2017 point to somewhat weaker GDP growth of 1.8% and 1.9%, respectively. Development is expected to be positive in all of the member states during 2017, but with individual differences.

The Eurozone economy was generally more stable than in recent years with a 1.7% GDP increase in 2015, and the European Commission initially projected similar growth of 1.6% and 1.8% in 2016 and 2017 in its spring forecast. However, recent events have made these calculations somewhat outdated: the majority of the British population decided in favour of an exit from the EU in a referendum on 23 June 2016. The effects of this “Brexit” on the global economy are impossible to predict at the present time. Initial estimates by the European Central Bank (ECB) indicate that growth in the Eurozone over the next three years will be roughly 0.3% to 0.5% lower than recently forecasted. The OECD and IMF have also reduced their projections for the Eurozone by a similar amount, while the ECB made only slight adjustments to its economic forecasts in September 2016.

The unemployment rate in the EU-28 is projected to decline from 9.4% in 2015 to 8.9% in 2016 and 8.5% in 2017. The European Commission is forecasting an inflation rate of 3.0% and 1.5%, respectively, for the 28 EU member states in 2016 and 2017. A favourable economic climate and moderate wage growth should support the continued positive development of the labour market at a modest pace. Labour market reforms and fiscal policies in several member states will play an important role in job creation, and the unemployment rate in the Eurozone is expected to decline to 10.3% in 2016 and to 9.9% in 2017 (2015: 10.9%). The inflation rate is projected to equal 0.2% in 2016 and 1.4% in 2017 according to the European Commission. However, the effects of the “Brexit” on these economic indicators are also impossible to predict at the present time.

GERMANY

The German economy remains on a positive growth course, supported by the substantial drop in oil prices and continuing low inflation as well as the increase in purchasing power that has followed the introduction of a minimum wage. In its spring 2016 forecast, the European Commission is projecting real GDP growth of 1.6% in both 2016 and 2017 (2015: 1.7%). The OECD‘s interim economic outlook in September 2016 points to a higher growth rate in 2016 (1.8%) but, however, a notable decline to 1.5% in 2017. This also reflects the current forecasts by the IMF and Deutsche Bank. The domestic economy was comparatively subdued in January 2016 despite stable unemployment of only 4.6% in 2015 and low inflation of 0.1%. The unemployment rate had fallen to 4.2% as of 31 July 2016, but the Commission is expecting a slight rise to 4.6% in 2016 and 4.7% in 2017. Inflation is forecasted to increase only slightly to 0.3% in 2016, before quintupling to 1.5% in 2017. The German economy remains robust with an intact growth scenario, in spite of the decline in exports to China and the “VW exhaust gas affair”.

The purchase prices for residential properties in Germany have risen considerably due to the strong demand and the shortage of residential portfolios on the transaction market. The increase in real estate purchase prices was significantly higher than the development of rental prices and led to a yield compression combined with a sharp rise in purchase price multipliers and a decline in the purchase yields for residential portfolios. These effects are also reflected in the substantial increase in the value of BUWOG's standing investment portfolio in Germany, as determined by the special external appraisal carried out by CBRE.

Rising demand has led to a substantial increase in the selling prices for condominiums in recent years, above all at BUWOG's development locations in Berlin and Hamburg.

AUSTRIA

Despite the slower global growth and less favourable framework conditions, the Austrian economy is expected to follow the 0.9% increase in 2015 with accelerated, robust growth of 1.5% in 2016 and 1.6% in 2017 according to the European Commission's spring forecast. The positive development of the Austrian economy in 2015 was supported, above all, by public and private sector spending. Investment activity (+0.7% in 2015), rising public and private consumption, not least due to the additional expenditures for refugees, as well as the 2015/16 wage tax reform will be the main drivers for the projected acceleration of growth. Both the export and import sectors recorded an increase in 2015, but made only a minor contribution to growth. These earlier forecasts were recently adjusted downward (e.g. by the OECD and OeNB), in particular due to the weaker development of domestic consumption in the second quarter. The effects of the "Brexit" on the Austrian economy are seen as only "average" or "manageable".

The unemployment rate calculated in accordance with international standards rose slightly from 5.7% at the end of April 2015 to 6.0% at the end of July 2016. Projections by the European Commission reflect this trend and point to an unemployment rate of 5.9% in 2016 and 6.1% in 2017. The annual inflation rate, based on the consumer price index, is expected to remain near the 2015 level (0.8%) at 0.9% in 2016, before nearly doubling in 2017. The investment sentiment in the Austrian business sector remained reserved, with gross investment as a per cent of GDP falling from 22.4% in the previous year to 22.3%.

The Austrian housing market has been influenced for many years by steady population growth, a further reduction in the average household size and ongoing urbanisation. The current situation on the Vienna housing market reflects by the steady increase in demand, which has led to rising prices due to the still low level of new construction. In addition to private developers, the city of Vienna is also working to counter the housing shortage with subsidised units. The government approved a series of residential construction measures in 2015 that are designed to stimulate the construction of roughly 30,000 residential units over the next five years through the assumption of EUR 500 million in liabilities. At the end of 2015 the Austrian parliament passed an amendment to the Austrian Non-profit Housing Act (Wohnungsgemeinnützigkeitsgesetz) which took effect on 1 July 2016. Details on the most important effects of this amendment for the BUWOG Group are provided in the section on Asset Management in the 2015/16 annual report (see pages 59ff). Current opinions see the combined effects of these measures leading to the weaker development of property prices over the coming years.

DEVELOPMENT OF KEY INTEREST RATES

The ECB's key interest rate remained constant at 0.00% throughout the reporting period. In addition, the main refinancing rate and the interest rates for the peak financing facility were unchanged at 0.00%, 0.25% and –0.40%. The US Federal Reserve reacted to the announcement of weak labour market data by maintaining its previously set interest rate corridor of 0.25% to 0.5%.

Developments in the first months of the reporting period were influenced by the results of the Brexit referendum, which led to substantial declines on the stock, currency and financial markets. The key reference interest rates (1-, 3-, 6- and 12-month EURIBOR) continued to decline during the first quarter of 2016/17, with the strongest changes in the long-term segment. For example, the 3-month EURIBOR dropped from –0.023% to –0.297% between 31 July 2015 and 31 July 2016.

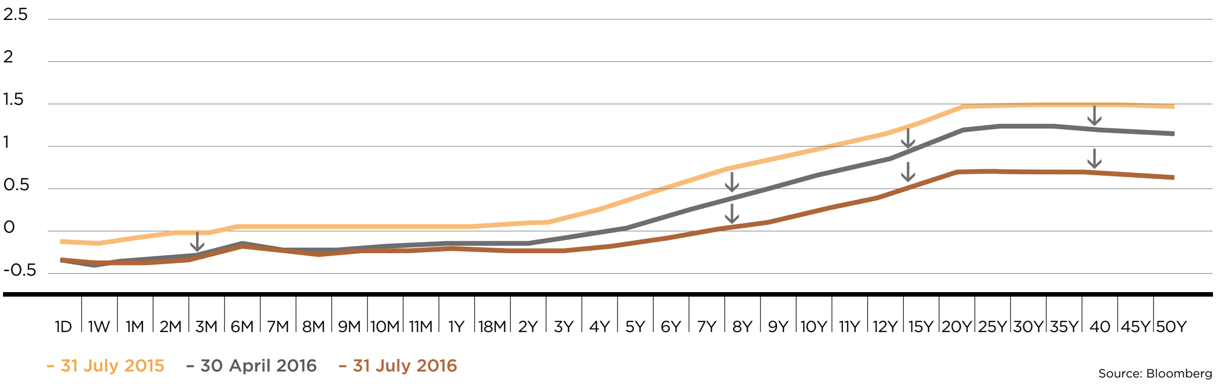
DEVELOPMENT OF THE EUR-SWAP CURVE

The development of the EUR-swap curve has an effect on the BUWOG Group through its influence on cash interest payments and, above all, on non-cash financial results. A low EUR-swap curve leads, among others, to lower costs for hedges of long-term financing and variable interest loans, but also 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 evident during the first three months of the 2016/17 financial year, with a significant flattening in the long-term segment since 30 April 2016. In view of BUWOG's defensive risk profile with a balanced, long-term financing structure and an average term of 15.7 years for financial liabilities, the flattening of the EUR-swap curve in the long-term segment has a substantial negative effect on non-cash financial results. Further details are provided under the *Analysis of the asset, financial and earnings position* on page 39.

DEVELOPMENT OF THE EUR-SWAP CURVE

Comparison 31 July 2015 to 30 April 2016 and 31 July 2016, in %



Source: Bloomberg

PORTFOLIO REPORT

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

The following information is based on the portfolio values as of 31 July 2016. Comparative figures in parentheses refer to the values as of 30 April 2016, unless otherwise indicated. Information on carrying amounts is provided under note *2 Accounting policies* of the consolidated financial statements as of 30 April 2016.

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).

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 July 2016 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 31 July 2016 in EUR million

Non-current assets	**4,183.5**	Investment properties	4,139.0	**Standing investments**	**3,852.0**
				Pipeline projects	287.0
		Other tangible assets	6.5	Owner-occupied properties[1]	6.5
		Investment properties under construction	38.1	Build in inventory	38.1
Current assets	**230.0**	Non-current assets held for sale	0.0	**Standing investments**	**0.0**
				Pipeline projects	0.0
		Inventories	230.0	Development projects	230.0
Total portfolio BUWOG Group	**4,413.5**		**4,413.5**		**4,413.5**

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

The carrying amount of the BUWOG Group's portfolio totalled EUR 4,413.5 million as of 31 July 2016 (EUR 4,142.0 million). Standing investments represent the major component at EUR 3,852.0 million (EUR 3,716.3 million) or 87.3% (89.7%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 230.0 million (EUR 217.3 million) or 5.2% (5.2%) of the carrying amount of the total portfolio. The pipeline projects have a combined carrying amount of EUR 287.0 million (EUR 168.7 million) or 6.5% (4.1%). The carrying amount of the new buildings, which are reported as investment property under construction and are designated for BUWOG's portfolio, amounted to EUR 38.1 million (EUR 33.0 million) or 0.9% (0.8%). The other tangible assets, which include properties used directly by the BUWOG Group, total EUR 6.5 million (EUR 6.7 million) or 0.1% (0.2%).

PROPERTY PORTFOLIO BY FAIR VALUE

as of 31 July 2016	Units	Standing investments in EUR million	Pipeline projects in EUR million	Owner occupied properties in EUR million[1]	Build in inventory in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Germany	27,070	1,791.7	204.7	0.7	0.0	95.7	2,092.8	47.4%
Austria	23,831	2,060.3	82.3	5.8	38.1	134.3	2,320.7	52.6%
BUWOG Group	50,901	3,852.0	287.0	6.5	38.1	230.0	4,413.5	100.0%

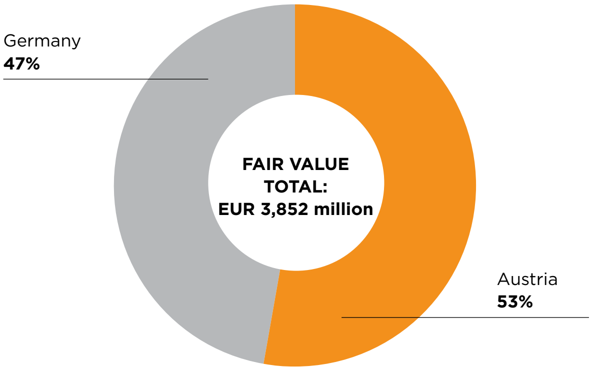
Data includes rounding differences
1) Incl. furniture, fixtures and office equipment

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 50,901 standing investment units (51,058), which had a fair value of EUR 3,852.0 million as of 31 July 2016 (EUR 3,716.3 million) and represented 87% (90%) 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 86% of the fair value of the BUWOG Group's standing investment portfolio and 77% of the standing investment units as of 31 July 2016.

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE
as of 31 July 2016



The annualised contractual net in-place rent from the standing investments, including parking areas, totalled approx. EUR 206.5 million as of 31 July 2016 (EUR 201.2 million). This represents an average net in-place rent of EUR 5.07 per sqm (EUR 4.92 per sqm) and a gross rental yield (annualised net in-place rent in relation to fair value as of the balance sheet date) of approx. 5.4% (5.4%). The vacancy rate is determined on the basis of total floor area and equalled 3.6% as of 31 July 2016 (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 4.2% during the first quarter of 2016/17. The like-for-like increase in rents from the German portfolio equalled 2.7%. The Austrian portfolio recorded a like-for-like increase of 6.1%, which resulted primarily from the adjustment of the maintenance and improvement contribution based on an amendment to the Austrian Non-Profit Housing Act (see pages 10ff for details).

In comparison with the annual valuation as of 30 April 2016, the value of the standing investment portfolio rose by approx. EUR 146.5 million in the first quarter of 2016/17 (Q1 2015/16: EUR 16.0 million). This increase is reported on the income statement under fair value adjustments.

The BUWOG Group implemented the results of the best practice analysis on capitalisation policies in the first quarter of 2016/17. In accordance with IAS 8, the application of the new capitalisation guideline represents a change in accounting policies which also requires the retrospective adjustment of the comparable data from Q1 2015/16 (see section 2.4 Change in comparative information in the notes to the consolidated interim financial statements on page 56). The implementation of the new capitalisation guideline is expected to result in a higher capitalisation rate than the previously applied policy based on the same mix of measures.

BUWOG invested a total of EUR 13.5 million for ongoing maintenance, to prepare apartments for new rentals, for contributions to maintenance reserves in properties designated for privatisation and for major maintenance and modernisation measures in the first quarter of 2016/17 (Q1 2015/16: EUR 10.1 million). This corresponds to an average of EUR 3.8 per sqm (Q1 2015/16: EUR 2.8 per sqm). Maintenance investments amounted to EUR 7.1 million (Q1 2015/16: EUR 6,1 million) or EUR 2.0 per sqm (Q1 2015/16: EUR 1.7 per sqm). Capitalisable CAPEX measures totalled EUR 6.4 million (Q1 2015/16: EUR 4.0 million) or EUR 1.8 per sqm (Q1 2015/16: EUR 1.1 per sqm). The CAPEX capitalisation rate equalled 47% (Q1 2015/16: 40%). In line with its active asset management approach, the BUWOG Group continues to focus on sustainable, return-driven maintenance and CAPEX measures in order to realise opportunities for value appreciation in the portfolio properties.

PORTFOLIO OVERVIEW STANDING INVESTMENTS BY REGIONAL CLUSTER

as of 31 July 2016	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	11,574	907,671	60	5.72	1,510	1,664	4.0%	3.1%
Vienna	6,581	575,983	36	5.40	1,026	1,781	3.5%	3.9%
Berlin	4,993	331,688	24	6.25	484	1,461	5.0%	1.8%
State capitals and major cities[5]	19,747	1,275,639	76	5.06	1,254	983	6.0%	2.3%
Suburban regions[6]	7,994	560,480	32	4.92	542	966	5.9%	3.8%
Rural areas	11,586	776,378	39	4.40	547	704	7.1%	6.0%
Total BUWOG Group	**50,901**	**3,520,169**	**206**	**5.07**	**3,852**	**1,094**	**5.4%**	**3.6%**
thereof Germany	27,070	1,684,868	113	5.74	1,792	1,063	6.3%	2.5%
thereof Austria	23,831	1,835,301	93	4.44	2,060	1,123	4.5%	4.5%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports for German portfolio and internal valuation for Austrian portfolio as of 31 July 2016
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm
5) More than 50,000 inhabitants and a significant share of the portfolio
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)

Unit Sales are the main driver for the generation of sustainable revenues and earnings contributions in BUWOG's Property Sales business area. This process basically involves the sale of subdivided units (individual apartments) in two forms: rented units are sold to the current tenants and units vacant due to tenant turnover are sold to owner-occupiers. A total of 154 standing investment units in Austria and Germany were sold during the first quarter of 2016/17 (Q1 2015/16: 140 units) for EUR 27.1 million (Q1 2015/16: EUR 22.1 million) and a margin of approx. 57% on fair value (Q1 2015/16: approx. 59%). The contribution to Recurring FFO equalled EUR 9.6 million (Q1 2015/16: EUR 7.9 million). The cycle-optimised adjustment and concentration of the portfolio included the sale of one standing investment property (Q1 2015/16: 70 units) in Vienna through Block Sales. The proceeds of EUR 0.6 million (Q1 2015/16: EUR 11.3 million) from the sale of properties and portfolios resulted in a margin of approx. 6% on fair value (Q1 2015/16: approx. 19%), and the contribution to Total FFO equalled TEUR 29.6 (Q1 2015/16: EUR 1.8 million).

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 287.0 million as of 31 July 2016 (EUR 168,7 million).

PIPELINE PROJECTS FAIR VALUE

as of 31 July 2016	Property Development new building projects starting > 6 months in EUR million	Property Development land reserves in EUR million	Property Development non-current assets held for sale in EUR million	Asset Management land reserves in EUR million	Total pipeline projects in EUR million	Share in total pipeline
Germany	204.0	0.0	0.0	0.7	204.7	71.3%
Austria	75.7	4.1	0.0	2.4	82.3	28.7%
Total	**279.8**	**4.1**	**0.0**	**3.1**	**287.0**	**100.0%**

OTHER TANGIBLE ASSETS

The other tangible assets had a combined carrying amount of EUR 6.5 million (EUR 6.7 million). These assets consist primarily of office properties used by the BUWOG Group in Vienna (Hietzinger Kai 131) and Villach (Tiroler Strasse 17), which have a carrying amount of EUR 5.3 million (EUR 5.4 million).

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

Investment property under construction includes subsidised rental properties in Austria that are currently under construction or whose construction will begin within the next six months as part of development for BUWOG's core portfolio. The BUWOG Group has long-standing experience in the construction of subsidised rental properties for its own portfolio in Austria. The carrying amount of these development projects totalled EUR 38.1 million as of 31 July 2016 (EUR 33.0 million). Three new projects were under construction as of 31 July 2016: "Am Otterweg" with 120 units – including 88 subsidised rental units, "Southgate" with 242 units – including 78 subsidised rental units and "Breitenfurter Strasse 239" with 131 units – including 100 subsidised rental units.

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

The properties classified as non-current assets held for sale and accounted for in accordance with IFRS 5 were covered by specific plans as 31 July 2016 which make their sale likely in the near future. The carrying amount of these properties amounted to EUR 0.0 million as of 30 April 2016 because none of the properties met the criteria for reclassification under IFRS 5 (30 April 2015: EUR 0.0 million).

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

The development of subsidised or privately financed condominiums and investment apartments (investors) for local customers and institutional investors and foundations is an important part of BUWOG's business activities. Details on the product development matrix can be found on page 22. The markets in Vienna, Berlin and Hamburg with their strong demand for condominiums represent the main regional focal points.

Development projects completed or currently under construction are reported on the balance sheet as real estate inventories (current assets) and accounted for at amortised cost or the lower net realisable value in accordance with IAS 2. The fair value of the real estate inventories totalled EUR 230.0 million as of 31 July 2016 (EUR 217.3 million).

PROPERTY VALUATION

The consolidated interim financial statements of the BUWOG Group as of 31 July 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), which include the application of the fair value method as defined in IAS 40. BUWOG views the calculation and transparent presentation of fair value as an important internal controlling instrument, which also allows for a realistic external assessment of its property assets.

A special valuation of the standing investments in Germany was carried out by the independent external appraisers at CBRE as of 31 July 2016 because of the high yield compression and the resulting market developments in Germany. The fair value adjustments for the Austrian standing investments were determined internally for the first quarter of 2016/17, as scheduled. The fair values of the properties determined by these appraisals have a direct influence on the Net Asset Value (NAV) and therefore represent an important factor for evaluating the financial position of the BUWOG Group.

DEVELOPMENT OF PROPERTY VALUES DURING THE FIRST QUARTER OF 2016/17

External appraisals by CBRE and internal calculations led to a substantial increase in the fair value of BUWOG's standing investments as of 31 July 2016 through fair value adjustments of EUR 146.5 million (Q1 2015/16: EUR 16.0 million). Of this total, EUR 137.4 million are attributable to the external valuation of the German properties and EUR 9.1 million to the internal valuation of the Austrian properties. The carrying amount of the standing investments recognised at fair value in accordance with IAS 40, excluding properties held for sale (standing investments in accordance with IFRS 5), totalled EUR 3,852.0 million as of 31 July 2016. The fair value of the IAS 40 pipeline projects equalled EUR 287.0 million. For the BUWOG Group, this resulted in a total fair value of EUR 4,139.0 million.

The above-average increase of EUR 137.4 million in the fair value of the German properties was influenced primarily (roughly 80%) by the high yield compression – where the purchase prices for apartment buildings and residential portfolios have risen faster than the growth in rents – which has resulted from the ongoing strong demand by domestic and foreign investors. This substantial increase in real estate purchase prices, above all in Berlin, is also visible in the rapidly growing medium-sized cities in northern Germany like Kiel, Lübeck and Brunswick. These so-called B- and C-locations are not only attracting a larger number of opportunistic investors, but also potential long-term owners from the peer group – a development that is also fuelling competition in these areas. There are no signs of a decline in the strong demand for residential properties and a reduction in the rising yield compression over the short-term. In addition to the yield compression, the increase in the fair value of the German properties was also influenced by favourable developments on the rental market (approx. 9%) and the related substantial improvement in new leases (approx. 11%), especially in BUWOG's core regions.

The increase of EUR 9.1 million in the fair value of BUWOG's Austrian properties resulted primarily from the upward trend in purchase prices on the real estate market. The fair value adjustments in Q1 2016/17 resulted chiefly from Berlin (EUR 63.6 million), Lübeck (EUR 32.3 million) and Kiel (EUR 23.6 million) as well as Vienna (EUR 8.8 million).

FAIR VALUE ADJUSTMENTS SPLIT BY REGION

as of 31 July 2016	Fair value adjustments in EUR million	Fair value in EUR million	Fair value in EUR per sqm	Monthly net in-place rent[1] in EUR per sqm	Multiplier net in-place rent
Federal capitals	72.4	1,510	1,664	5.72	25.0
Vienna	8.8	1,026	1,781	5.40	28.5
Berlin	63.6	484	1,461	6.25	19.8
State capitals and major cities[2]	66.2	1,254	983	5.06	16.6
Suburban regions[3]	6.8	542	966	4.92	17.0
Rural areas	1.1	547	704	4.40	14.2
Total BUWOG Group	146.5	3,852	1,094	5.07	18.7
thereof Germany	137.4	1,792	1,123	5.74	15.8
thereof Austria	9.1	2,060	1,063	4.44	22.0

The positive and negative fair value adjustments are shown as a net amount in the above table.
Fair value and fair value adjustments of standing investments according to CBRE valuation reports for German portfolio and internal valuation for Austrian portfolio as of 31 July 2016
1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) More than 50,000 inhabitants and a significant share of the portfolio
3) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

FINANCING

In the first quarter of 2016/17 the BUWOG Group successfully arranged refinancing for standing investments and extended working capital lines with a total volume of EUR 30 million[1)] and an average interest rate of 1.48%. Other transactions covered the acquisition of land in Austria and Germany and the subsequent financing of development projects. Financing for development projects with a total volume of approx. EUR 38 million[2)] and an average interest rate of 1.19% was concluded during the reporting period. BUWOG continued to arrange for financing at favourable long-term conditions and, in this way, further improve the Recurring FFO available for dividends and investments.

The following table summarises the key financing parameters as of 31 July 2016:

FINANCING PARAMETERS

	Outstanding liability in EUR million	Share	Ø Interest rate	Ø term in years
Bank liabilities	**1,647**	**77%**	**2.37%**	**14.2**
thereof Austria	836	39%	2.21%	16.4
thereof Germany	811	38%	2.52%	11.9
Local authorities	**488**	**23%**	**1.50%**	**20.7**
thereof Austria	462	22%	1.54%	19.8
thereof Germany	26	1%	0.75%	37.3
Total[1)]	**2,135**	**100%**	**2.17%**	**15.7**

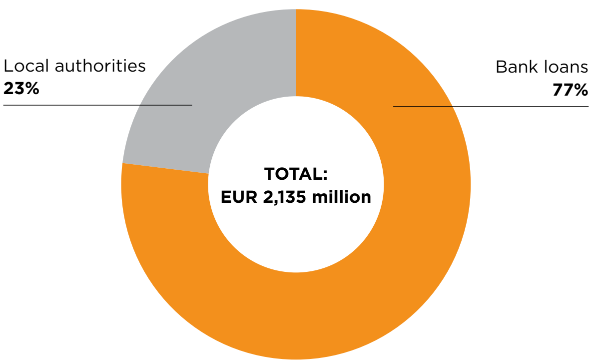
1) BUWOG issued a convertible bond after the end of the reporting period. This bond has a total volume of EUR 300 million, an interest rate of 0.00%, a five-year term and an initial conversion price of EUR 31.40. The average nominal interest rate is expected to equal approx. 1.90% based on an average term of roughly 14 years after the bond is issued.

FINANCING STRUCTURE

BUWOG's financial liabilities include liabilities to credit institutions and liabilities to local authorities or development banks. The outstanding financial liabilities, which are exclusively denominated in Euros, amounted to approx. EUR 2,135 million as of 31 July 2016. The resulting loan-to-value ratio (LTV) equals 46.4% and shows the carrying amount of financial liabilities, less cash and cash equivalents, in relation to the carrying amount of EUR 2,145 million (IFRS) of the property portfolio. Additional information on the calculation of LTV is provided in the section Loan to Value on pages 43f.

As of 31 July 2016, 34% (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 39) and under note 2.4.4 to the consolidated financial statements as of 30 April 2016.

STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES
as of 31 July 2016



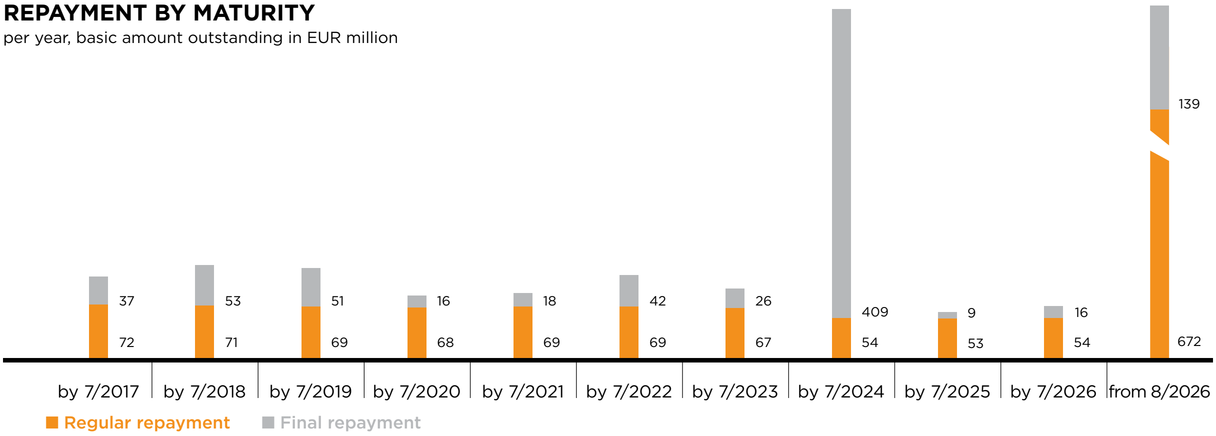
1) As of 31 July 2016, EUR 10 million had not been transferred because the disbursement requirements must still be met.
2) As of 31 July 2016, EUR 19 million had not been transferred because the disbursement requirements must still be met.

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 are based on long-term agreements. The average term is 15.7 years and the average fixed interest period 13.3 years. The repayment structure by maturity is shown below:

REPAYMENT BY MATURITY

per year, basic amount outstanding in EUR million



Data includes rounding differences.

INTEREST RATE STRUCTURE

In line with the long-term nature of the financing structure, roughly 84% 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 July 2016. The weighted average nominal interest rate equalled 2.17% as of that date. BUWOG issued a convertible bond after the end of the reporting period. This bond has a total volume of EUR 300 million, an interest rate of 0.00%, a five-year term and an initial conversion price of EUR 31.40. The average nominal interest rate is expected to equal approx. 1.90% based on an average term of roughly 14 years after the bond is issued.

ANALYSIS OF THE ASSET, FINANCIAL AND EARNINGS POSITION

The following analysis of the asset, financial and earnings position is based on the first three months of the 2016/17 financial year, respectively the balance sheet date on 31 July 2016. The disclosures and information as of the prior year's balance sheet date (30 April 2016) and for the comparable prior year period are presented in brackets. The term Net Operating Income (NOI) per business area is used in the following as a synonym for the earnings generated by each business area. The prior year data in the consolidated income statement were adjusted; further details are provided in the consolidated interim financial statements under section 2.4 *Changes in comparative information* on page 56.

EARNINGS POSITION

CONDENSED INCOME STATEMENT

in EUR million	Q1 2016/17	Q1 2015/16[1]	Change
NOI Asset Management	38.5	37.2	3.5%
NOI Property Sales	9.6	9.6	-0.3%
NOI Property Development	-0.9	1.7	>-100%
Other operating income	0.7	3.6	-81.1%
Expenses not directly attributable	-9.3	-8.1	-15.2%
Results of operations	**38.6**	**44.1**	**-12.5%**
Other valuation results	146.5	16.0	>100,0%
Operating profit (EBIT)	**185.2**	**60.1**	**>100,0%**
Financial results	-83.0	63.0	>-100%
Earnings before tax (EBT)	**102.2**	**123.1**	**-17.0%**
Net profit	**83.9**	**96.6**	**-13.1%**
Net profit per share[2] in EUR	**0.84**	**0.97**	**-13.3%**

1) The comparable prior year figures were partly adjusted (see section 2.4 to the *Consolidated interim financial statements*)
2) Base 99,773,479 shares (weighted average), previous year: 99,613,479 shares

Asset Management. The NOI recorded by the Asset Management business area rose by 3.5% year-on-year to EUR 38.5 million. This improvement is reflected in an increase in the monthly net in-place rent per sqm to EUR 5.07, which was also supported by sound growth of 4.2% in like-for-like rental income during the first quarter of 2016/17.

The income recorded by the Asset Management business area consists of net cold rent of EUR 49.6 million (EUR 46.6 million) from residential properties and other rental income of EUR 3.1 million (EUR 2.8 million). These two items form the indicator "net in-place rent" and represent the revenue contribution by Asset Management to the BUWOG Group's total revenue. The income from Asset Management also includes operating costs passed on to tenants, third-party management revenues and revenues from the management of BUWOG's own properties in Austria totalling EUR 29.3 million (EUR 27.4 million) as well as other revenues of EUR 0.0 million (EUR 0.2 million). These revenues are contrasted by expenses of EUR 14.2 million (EUR 12.8 million) directly related to investment properties, which include maintenance costs of EUR 7.1 million, and operating expenses and expenses from third-party management amounting to EUR 29.4 million (EUR 27.0 million). The year-on-year decline in the NOI margin from Asset Management resulted chiefly from an increase in maintenance costs. The NOI margin for the first three months was 4.7 percentage points higher than the 2015/16 financial year.

OVERVIEW OF ASSET MANAGEMENT

in EUR million	Q1 2016/17	Q1 2015/16[1]	Change
Residential rental income	49.6	46.6	6.6%
Other rental income	3.1	2.8	11.1%
Rental revenues	**52.7**	**49.4**	**6.8%**
Operating costs charged to tenants and third party property management revenues	29.3	27.4	6.8%
Other revenues	0.0	0.2	-89.9%
Revenues	**82.0**	**76.9**	**6.6%**
NOI Asset Management	**38.5**	**37.2**	**3.5%**
NOI margin Asset Management	**72.9%**	**75.1%**	**-2.2 PP**

The use of automated calculation systems may give rise to rounding differences.
1) The comparable prior year figures were partly adjusted (see section 2.4 to the *Consolidated interim financial statements*)

Property Sales. In the first quarter of 2016/17, the Property Sales business area generated NOI of EUR 9.6 million (EUR 9.6 million) from the sale of properties and fair value adjustments to properties held for sale. These results reflected the sale of 154 apartments through Unit Sales at a margin of 57% on fair value. Block Sales covered the sale of one commercial property in Vienna at a margin of 6.2% on fair value and a high average price.

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

OVERVIEW OF PROPERTY SALES

	Q1 2016/17	Q1 2015/16	Change
Sales of units in numbers	**155**	**210**	**–26.2%**
thereof Unit Sales	154	140	10.0%
thereof Block Sales	1	70	–98.6%
NOI Property Sales in EUR million	**9.6**	**9.6**	**–0.3%**
thereof Unit Sales in EUR million	9.6	7.9	21.6%
thereof Block Sales in EUR million	0.0	1.8	–98.3%
NOI margin Property Development on fair value	**56%**	**42%**	**13.3 PP**
Margin on fair value – Unit Sales	57.0%	58.9%	-1.9 PP
Margin on fair value – Block Sales	6.2%	18.7%	-12.5 PP

Property Development. The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors, continued to intensify its investment activities during the reporting period. The development pipeline was increased to a total investment volume of EUR 2,541 million through the purchase of two sites. A total of 1,369 units were under construction as of 31 July 2016, for an increase of 41% over the level on 30 April 2016. Fifty-eight units were transferred during the first quarter of 2016/17 (82). This business area recorded NOI of EUR –0.9 million for the first three months of 2016/17 due to the cyclical timing of completions. Property Development is expected to contribute at least EUR 13 million to Recurring FFO for the full 2016/17 financial year.

OVERVIEW OF PROPERTY DEVELOPMENT

	Q1 2016/17	Q1 2015/16	Change
Sold units	**58**	**82**	**–29.3%**
thereof Germany	25	59	–57.6%
thereof Austria	33	23	43.5%
Revenues Property Development in EUR million	**18.4**	**22.6**	**–18.6%**
thereof Germany in EUR million	8.1	15.2	–46.6%
thereof Austria in EUR million	10.3	7.4	39.3%
NOI Property Development in EUR million	**–0.9**	**1.7**	**–149.5%**
thereof Germany in EUR million	–1.1	0.4	–361.5%
thereof Austria in EUR million	0.2	1.3	–86.0%
NOI margin Property Development	**–4.7%**	**7.8%**	**–12.5 PP**
thereof Germany	–13.0%	2.7%	–15.7 PP
thereof Austria	1.8%	18.3%	–16.4 PP

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

Other operating income in the previous year included non-recurring effects of EUR 3.3 million from liability commissions and the reimbursement of property transfer taxes. **Expenses that are not directly attributable** to the business areas amounted to EUR 9.3 million for the first quarter of 2016/17 (EUR 8.1 million). They consist primarily of EUR 3.6 million in personnel expenses, EUR 1.3 million of legal, auditing and consulting fees and EUR 1.5 million of IT and communication expenses. The year-on-year increase resulted from a higher average number of employees and the special project for the Group-wide introduction of SAP ERP.

The results of operations totalled EUR 38.6 million (EUR 44.1 million). The year-on-year decline is attributable to the above-mentioned non-recurring effect from other operating income and the SAP ERP introduction. The following table shows the transition to adjusted EBITDA of EUR 39.2 million (EUR 43.4 million) following the inclusion of non-cash effects and effects related to other accounting periods.

EBITDA

in EUR million	Q1 2016/17	Q1 2015/16[1]	Change
Results of operations	38.6	44.1	-12.5%
Impairment losses/revaluations	0.6	0.4	59.3%
Adjustment to fair value of investment properties under construction	0.0	0.0	n.a.
Adaption IFRS 5 previous year	0.0	-0.5	100.0%
Adaption IFRS 5 current year	0.0	-0.6	100.0%
EBITDA[2]	**39.2**	**43.4**	**-9.6%**
EBITDA Asset Management	**31.6**	**33.6**	**-6.1%**
EBITDA Property Sales	**9.4**	**8.4**	**11.8%**
thereof Unit Sales	9.4	7.8	21.2%
thereof Block Sales	-0.0	0.7	-100.0%
EBITDA Property Development	**-1.8**	**1.4**	**-231.8%**

1) The comparable prior year figures were partly adjusted (see section 2.4 to the *Consolidated interim financial statements*)
2) EBITDA adjusted to account for valuation effects and deferred periods (IFRS 5)

Other valuation results of EUR 146.5 million (EUR 16.0 million) consist primarily of fair value adjustments to investment properties. A special valuation of the standing investments in Germany was carried out by the independent external appraisers at CBRE as of 31 July 2016 because of the high yield compression and the resulting market developments in Germany. The fair value adjustments for the Austrian standing investments were determined internally for the first quarter of 2016/17, as scheduled. Further details are provided in note 5.4 *Fair value adjustments of properties* of the consolidated interim financial statements.

Financial results of EUR -83.0 million (EUR 63.0 million) include cash financing costs of EUR -9.3 million (EUR 8.5 million) as well as non-cash results from the fair value measurement of derivatives at EUR -23.6 million (EUR 23.3 million) and financial liabilities at EUR -47.8 million (EUR 52.2 million). The negative non-cash financial results were influenced by the substantial flattening of the EUR-Swap curve during the first quarter of 2016/17. The non-cash valuation effects have no effect on Recurring FFO. Additional information on the development of interest rates is provided under *The Market Environment*.

Reconciliation with FFO. The key performance indicator used by the BUWOG Group is Funds From Operations (FFO), whereby a differentiation is made between Recurring FFO (which excludes the results of Block Sales), Total FFO (which includes the results of Block Sales) and AFFO (which is adjusted for capitalised value-enhancing measures, CAPEX). Net profit represents the starting point for the calculation, which is shown in the following table. Recurring FFO, which also serves as the benchmark for the dividend payment, amounted to EUR 27.0 million for the first quarter of 2016/17. The year-on-year increase of 7.5% in Recurring FFO reflects the positive development of earnings in the Asset Management business area and in Unit Sales.

FFO

in EUR million	Q1 2016/17	Q1 2015/16[1]	Change
Net profit	83.9	96.6	-13.1%
Results of Property Sales	-9.6	-9.6	0.3%
Other financial results	72.6	-73.7	>-100%
Fair value adjustments of investment properties	-146.5	-16.0	-817.8%
Impairment losses/revaluations	0.6	0.4	59.3%
Deferred taxes	15.2	22.7	-32.9%
Other[2]	1.3	-3.1	>100,0%
FFO	**17.4**	**17.2**	**1.2%**
Unit Sales result	9.6	7.9	21.3%
Recurring FFO	**27.0**	**25.1**	**7.5%**
Block Sales result[3]	0.0	1.2	-97.5%
Total FFO	**27.1**	**26.3**	**2.7%**
Recurring FFO per share in EUR basic[4]	0.27	0.25	7.4%
Total FFO per share in EUR basic[4]	0.27	0.26	2.6%
Recurring FFO	**27.0**	**25.1**	**7.5%**
CAPEX	-6.4	-4.0	-59.9%
AFFO	**20.6**	**21.1**	**-2.4%**

1) The comparable prior year figures were partly adjusted (see section 2.4 to the *Consolidated interim financial statements*)
2) Includes amongst other minor effects non-recurring expenses of EUR +1.3 million for special projects related to the Group-wide implementation of an ERP system. The previous year includes amongst other minor effects guarantee provisions of -1.2 million and the refund of property transfer tax of 2.0 million.
3) Excl. valuation effect from assets held for sale of EUR 0.5 million previous year
4) Basis for earnings data: 99,773,479 shares (weighted average) previous year 99,613,479 shares/excluding non-controlling interests: RFFO EUR 0.27 (EUR 0.25)/Total FFO EUR 0.27 (EUR 0.26)

Additional details on the calculation methodology are provided in BUWOG's IFRS consolidated financial statements as of 30 April 2016.

ASSET POSITION

CONDENSED BALANCE SHEET

in EUR million	31 July 2016	30 April 2016	Change
Investment property	4,139.0	3,885.0	6.5%
Investment property under construction	38.1	33.0	15.5%
Other tangible assets	6.5	6.7	-3.1%
Intangible assets	9.3	9.4	-1.4%
Trade and other receivables	125.7	181.9	-30.9%
Other financial assets	19.6	19.6	0.2%
Deferred tax assets	11.4	5.4	>100.0%
Non-current assets held for sale	0.0	0.0	n.a.
Income tax receivables	2.3	3.3	-29.3%
Real estate inventories	230.0	217.3	5.8%
Cash and cash equivalents	101.7	82.5	23.2%
Assets	**4,683.5**	**4,444.1**	**5.4%**
Equity	1,782.1	1,700.0	4.8%
Financial liabilities	2,145.0	2,052.7	4.5%
Trade payables and other liabilities	463.7	422.9	9.6%
Income tax liabilities	49.9	47.6	4.9%
Provisions	13.9	13.2	5.1%
Deferred tax liabilities	229.0	207.8	10.2%
Financial liabilities held for sale	0.0	0.0	n.a.
Equity and liabilities	**4,683.5**	**4,444.1**	**5.4%**

Information on the investment properties, properties under construction, 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 financial statements* as of 30 April 2016.

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

EPRA NAV. This indicator is calculated in accordance with the recommendations of the European Public Real Estate Association (EPRA). An explanation of the calculation methodology is provided in the consolidated financial statements as of 30 April 2016. The increase in EPRA NAV over the level at the end of the 2015/16 financial year is attributable primarily to the positive results from the fair value measurement of investment properties and the valuation of liabilities.

EPRA NAV

in EUR million	31 July 2016	30 April 2016	Change
Equity before non-controlling interests	1,769.7	1,685.9	5.0%
Goodwill	–5.6	–5.6	0.0%
Inventories (carrying amount)[1]	–230.0	–217.3	–5.8%
Inventories (fair value)	262.4	250.5	4.8%
Properties owned by BUWOG (carrying amount)	–5.3	–5.4	2.5%
Properties owned by BUWOG (fair value)	10.4	10.3	1.0%
Positive market value of derivative financial instruments	0.0	0.0	–
Negative market value of derivative financial instruments	91.5	67.9	34.7%
Deferred tax assets on investment properties	–0.4	–0.4	0.2%
Deferred tax liabilities on investment properties (adjusted)[2]	276.9	249.9	10.8%
Deferred taxes on property inventories	–9.1	–9.3	2.2%
Deferred taxes on derivative financial instruments	–16.7	–13.3	–25.6%
EPRA NAV basic (balance sheet date)	**2,143.8**	**2,013.2**	**6.5%**
Total floor area	3,520,169	3,532,273	–0.3%
EPRA NAV in EUR per sqm	**609.0**	**569.9**	**6.9%**
EPRA NAV basic (balance sheet date)	**2,143.8**	**2,013.2**	**6.5%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**21.49**	**20.18**	**6.5%**

1) The fair value adjustments of inventories are valuated by CBRE as of 31 of October and 30 of April. As of 31 of July inventories are valuated by an internal adjustment.
2) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 31.8 million (prior year: EUR 30.7 million)

Loan to Value (LTV). Net liabilities in relation to the fair value (carrying amount) of the BUWOG Group's portfolio (LTV) fell from 47.6% as of 30 April 2016 to 46.4% as of 31 July 2016. The decline resulted from an increase in the value of the property portfolio based on appraisals as of that date.

LOAN TO VALUE RATIO

in EUR million	31 July 2016	30 April 2016	Change
Non-current financial liabilities	2,003.8	1,947.0	2.9%
Current financial liabilities	141.1	105.7	33.6%
Financial liabilities held for sale	0.0	0.0	n.a.
Financial liabilities	**2,145.0**	**2,052.7**	**4.5%**
Cash and cash equivalents	–101.7	–82.5	–23.2%
Net financial liabilities	**2,043.2**	**1,970.1**	**3.7%**
Investment properties	4,139.0	3,885.0	6.5%
Investment properties under construction	38.1	33.0	15.5%
Non-current assets held for sale	0.0	0.0	n.a.
Inventories	230.0	217.3	5.8%
Carrying amount overall portfolio	**4,407.0**	**4,135.3**	**6.6%**
Loan-to-value ratio	**46.4%**	**47.6%**	**–1.2 PP**

FINANCIAL POSITION

CONDENSED CASH FLOW STATEMENT

in EUR million	Q1 2016/17	Q1 2015/16	Change
Cash flow from operating activities	30.2	19.2	57.0%
Cash flow from investing activities	–42.6	48.1	>-100%
Cash flow from financing activities	31.6	–12.2	>100%
Cash flow	**19.2**	**55.2**	**–65.2%**

Cash flow from operating activities amounted to EUR 30.2 million (EUR 19.2 million) and resulted primarily from the ongoing cash flows generated by the Asset Management business area and an increase in prepayments received on apartment sales.

Cash flow from investing activities totalled EUR –42.6 million (EUR 48.1 million). The year-on-year increase in cash outflows resulted from the purchase of two sites in Austria and Germany.

The positive cash flow of EUR 31.6 million (EUR –12.2 million) from financing activities resulted chiefly from a decline in repayments compared with the previous year based on a nearly equal increase in long-term financing.

OUTLOOK

From an operational standpoint, BUWOG can look back on a very successful first quarter of 2016/17.

Our goal to generate Recurring FFO of at least EUR 108 million in the 2016/17 financial year remains intact. In the Asset Management business area, we are still expecting like-for-like growth of 2.5% to 3.0% in rents as well as a positive Recurring FFO effect of at least EUR 5 million from the application of the new capitalisation guideline according to best practice standards. The Property Sales business area should sell roughly 600 units through Unit Sales in 2016/17. The intensification of Property Development activities should result in the completion of roughly 420 units for sale and a contribution of at least EUR 13 million to Recurring FFO for the full 2016/17 financial year.

There have been no significant changes in the opportunity/risk profile since the end of the 2015/16 financial year which would lead to indications of new opportunities or risks for the BUWOG Group. Individual minor adjustments, including changes during the current financial year, are discussed in the applicable sections of this report. The information provided under the Risk and Opportunity Report in the 2015/16 annual report is still valid.

SUBSEQUENT EVENTS

BUWOG AG issued a non-subordinated, unsecured convertible bond on 7 September 2016 which has a term of five years, a total nominal value of EUR 300 million with a denomination of EUR 100,000.00 and an interest rate of 0.00%. The proceeds will be used to finance the current CAPEX programme (approx. EUR 40 million), for refinancing measures (approx.. EUR 40 million) and, above all, for growth financing in the areas of asset management and property development in Germany.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS BUWOG GROUP

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CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	Q1 2016/17	Q1 2015/16[1]
Residential rental income		49,638.1	46,570.2
Other rental income		3,108.7	2,798.7
Rental income		**52,746.8**	**49,368.9**
Operating costs charged to tenants and third party property management revenues		29,276.6	27,410.6
Other revenues		16.4	162.0
Revenues		**82,039.8**	**76,941.5**
Expenses directly related to investment property	5.1	–14,154.3	–12,753.7
Operating expenses and expenses from third party property management		–29,414.4	–27,002.1
Results of Asset Management		**38,471.1**	**37,185.7**
Sale of properties		27,666.7	33,398.1
Carrying amount of sold properties		–27,666.7	–33,398.1
Other expenses from property sales		–767.9	–960.2
Fair value adjustments of properties sold and held for sale	5.4	10,382.5	10,606.6
Results of Property Sales		**9,614.6**	**9,646.4**
Sale of real estate inventories		18,367.3	22,558.6
Cost of real estate inventories sold		–15,146.4	–17,982.8
Other expenses from sale of real estate inventories		–1,384.7	–1,387.8
Other real estate development expenses		–2,702.3	–2,053.4
Fair value adjustments of properties under construction		0.0	0.0
Results of properties sold and held for sale		0.0	614.5
Results of Property Development		**–866.1**	**1,749.1**
Other operating income	5.2	681.2	3,604.3
Other not directly attributable expenses	5.3	–9,279.5	–8,053.6
Results of operations		**38,621.3**	**44,131.9**
Fair value adjustments of investment properties	5.4	146,503.8	15,965.2
Maintenance and improvement contributions received		24.9	0.0
Other valuation results		**146,528.7**	**15,965.2**
Operating profit (EBIT)		**185,150.0**	**60,097.1**
Financing costs		–11,289.8	–11,480.7
Financing income		149.7	183.1
Other financial results		–71,839.4	74,270.9
Financial results	**5.5**	**–82,979.5**	**62,973.3**
Earnings before tax (EBT)		**102,170.5**	**123,070.4**
Income tax expenses	5.6	–3,056.8	–3,797.5
Deferred tax income/expenses	5.6	–15,247.0	–22,720.1
Net profit		**83,866.7**	**96,552.8**
Thereof attributable to:			
Owners of the parent company		**83,916.1**	**96,590.5**
Non-controlling interests		**–49.4**	**–37.7**
Basic earnings per share in EUR	**5.7**	**0.84**	**0.97**
Diluted earnings per share in EUR	**5.7**	**0.84**	**0.97**

1) The comparable prior year figures were adjusted (see note 2.4).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	Q1 2016/17	Q1 2015/16
Net profit	**83,866.7**	**96,552.8**
Items which will not be reclassified to the income statement in the future		
Remeasurement of defined benefit obligations	0.0	0.0
Income taxes attributable to items which will not be subsequently reclassified to the income statement	0.0	0.0
Total items which will not be reclassified to income statement in the future	**0.0**	**0.0**
Total comprehensive income	**83,866.7**	**96,552.8**
Thereof attributable to:		
Owners of the parent company	**83,916.1**	**96,590.5**
Non-controlling interests	**–49.4**	**–37.7**

CONSOLIDATED BALANCE SHEET

in TEUR	Notes	31 July 2016	30 April 2016
Investment property	6.1	4,138,966.8	3,885,043.7
Investment property under construction	6.1	38,073.7	32,964.8
Other tangible assets		6,488.8	6,693.6
Intangible assets		9,311.5	9,445.7
Trade and other receivables	6.2	1,481.7	30,442.8
Other financial assets		18,429.4	18,377.9
Deferred tax assets		11,362.7	5,386.8
Non-current assets		**4,224,114.6**	**3,988,355.3**
Trade and other receivables	6.2	124,217.4	151,458.4
Income tax receivables		2,303.7	3,258.1
Other financial assets		1,216.9	1,225.4
Non-current assets held for sale		0.0	0.0
Real estate inventories		229,960.0	217,253.7
Cash and cash equivalents		101,725.0	82,540.1
Current assets		**459,423.0**	**455,735.7**
ASSETS		**4,683,537.6**	**4,444,091.0**
Share capital		99,773.5	99,773.5
Capital reserves		1,299,545.0	1,299,643.1
Accumulated other equity		-1,010.8	-1,010.8
Retained earnings		371,393.3	287,477.2
		1,769,701.0	1,685,883.0
Non-controlling interests		12,380.1	14,075.8
Equity	**6.3**	**1,782,081.1**	**1,699,958.8**
Financial liabilities	6.4	2,003,829.8	1,947,004.0
Trade payables and other liabilities	6.5	147,657.4	122,708.2
Tax liabilities		82.2	81.1
Provisions		6,342.9	6,375.7
Deferred tax liabilities		229,029.2	207,806.2
Non-current liabilities		**2,386,941.5**	**2,283,975.2**
Financial liabilities	6.4	141,134.4	105,657.8
Trade payables and other liabilities	6.5	316,069.6	300,211.3
Tax liabilities		49,795.6	47,476.8
Provisions		7,515.4	6,811.1
Financial liabilities held for sale		0.0	0.0
Current liabilities		**514,515.0**	**460,157.0**
EQUITY AND LIABILITIES		**4,683,537.6**	**4,444,091.0**

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	Q1 2016/17	Q1 2015/16
Earnings before tax (EBT)	102,170.5	123,070.4
Fair value adjustments/depreciation/gain from a bargain purchase	–155,632.4	–26,520.1
Gains/losses from disposal of non-current assets	–2.2	140.7
Gain/loss on the fair value measurement of financial instruments	71,395.2	–75,453.3
Income taxes received/paid	217.5	–161.5
Net financing costs	11,140.2	11,297.5
Other non-cash income/expense	443.3	1,009.8
Gross cash flow	**29,732.1**	**33,383.5**
Changes in:		
Trade and other receivables	–1,793.0	–16,837.7
Real estate inventories	–12,696.4	–8,250.4
Trade payables	–568.2	401.7
Provisions	671.4	982.4
Prepayments received on the sale of apartments	19,233.8	10,345.6
Miscellaneous other liabilities	–4,379.1	–790.9
Cash flow from operating activities	**30,200.6**	**19,234.2**
Acquisition of/Investments in investment property incl. prepayments	–90,587.0	–2,776.3
Acquisition of/Investments in property under construction	–7,855.8	–4,087.3
Acquisition of other tangible assets	–42.5	–94.6
Acquisition of intangible assets	–719.1	–16.3
Disposal of non-current assets	55,630.7	53,718.3
Cash inflows from other financial assets	873.1	1,280.5
Interest received	118.1	105.3
Cash flow from investing activities	**–42,582.5**	**48,129.6**
Cash inflows from long-term financing	46,815.1	44,890.2
Cash outflows from structural changes	–1,689.8	0.0
Cash inflows/outflows from short-term financing	5,544.7	7.2
Cash outflows for long-term financing	–9,709.7	–48,628.3
Cash outflows for derivative financial instruments	–3,364.0	–2,316.9
Interest paid and cash outflows for other financing expenses	–5,927.5	–6,117.6
Payments of dividends to non-controlling interests	–102.0	0.0
Cash flow from financing activities	**31,566.8**	**–12,165.4**
Change in cash and cash equivalents	**19,184.9**	**55,198.4**
Cash and cash equivalents at the beginning of the period	82,540.1	149,153.2
Cash and cash equivalents at the end of the period	101,725.0	204,351.6
Change in cash and cash equivalents	**19,184.9**	**55,198.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Share capital	Capital reserves
Balance on 30 April 2016	**99,773.5**	**1,299,643.1**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	47.4
Structural changes	0.0	–145.5
Transactions with owners	**0.0**	**–98.1**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 July 2016	**99,773.5**	**1,299,545.0**

in TEUR	Share capital	Capital reserves
Balance on 30 April 2015	**99,613.5**	**1,297,169.4**
Equity-settled share-based payment	0.0	168.2
Transactions with owners	**0.0**	**168.2**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 July 2015	**99,613.5**	**1,297,337.6**

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	0.0	0.0	–102.0	**–102.0**
0.0	0.0	47.4	0.0	**47.4**
0.0	0.0	–145.5	–1,544.3	**–1,689.8**
0.0	**0.0**	**–98.1**	**–1,646.3**	**–1,744.4**
0.0	83,916.1	83,916.1	–49.4	**83,866.7**
0.0	0.0	0.0	0.0	**0.0**
0.0	**83,916.1**	**83,916.1**	**–49.4**	**83,866.7**
–1,010.8	**371,393.3**	**1,769,701.0**	**12,380.1**	**1,782,081.1**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–1,296.8	**119,952.4**	**1,515,438.5**	**8,861.7**	**1,524,300.2**
0.0	0.0	168.2	0.0	**168.2**
0.0	**0.0**	**168.2**	**0.0**	**168.2**
0.0	96,590.5	96,590.5	–37.7	**96,552.8**
0.0	0.0	0.0	0.0	**0.0**
0.0	**96,590.5**	**96,590.5**	**–37.7**	**96,552.8**
–1,296.8	**216,542.9**	**1,612,197.2**	**8,824.0**	**1,621,021.2**

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 July 2016 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in accordance with EC Regulation 1606/2002. These consolidated interim financial statements were prepared in accordance with the rules set forth in IAS 34.

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 2016.

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 2016/17 financial year:

INITIAL APPLICATION OF STANDARDS AND INTERPRETATIONS

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
Changes to standards and interpretations			
IAS 1	Disclosure Initiative	18 December 2014 (18 December 2015)	1 May 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014 (24 November 2015)	1 May 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014 (2 December 2015)	1 May 2016
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014 (23 November 2015)	1 May 2016
IAS 27	Equity Method in Separate Financial Statements	12 August 2014 (18 December 2015)	1 May 2016
Various standards	Annual Improvements to IFRSs 2012 – 2014 Cycle	25 September 2014 (15 December 2015)	1 May 2016

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

As of 31 July 2016 there were no standards or interpretations that had been adopted by the EU, but not yet applied.

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

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

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

Standard	Content	Published by the IASB	Expected mandatory application for BUWOG
New standards and interpretations			
IFRS 9	Financial Instruments, amendments to IFRS 9 and IFRS 7, Mandatory Effective Date and Transition Disclosures, and amendments to IFRS 9, IFRS 7 and IAS 39, Hedge Accounting	24 July 2014	1 May 2018
IFRS 14	Regulatory Deferral Accounts	30 January 2014	1 May 2016
IFRS 15	Revenue from Contracts with Customers	28 May 2014	1 May 2018
IFRS 16	Leases	13 January 2016	1 May 2019
Changes to standards and interpretations			
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	11 September 2014	[1]
IFRS 10, IFRS 12, IAS 28	Investment Entities: Application of Consolidation Exemption	18 December 2014	1 May 2016
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19 January 2016	1 May 2017
IAS 7	Disclosure Initiative	29 January 2016	1 May 2017
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	12 April 2016	1 May 2018
IFRS 2	Classification and Measurement of Sharebased Payment Transactions	20 June 2016	1 May 2018

1) The initial application of this revised standard has been postponed for an indefinite period.

2.4 CHANGE IN COMPARATIVE INFORMATION

In order to improve comparability with its competitors, the BUWOG Group has changed its previous procedure for defining modernisation measures and implemented a new capitalisation guideline. A differentiation is now made between reactive maintenance, measures to make properties habitable and major refurbishments, on the one hand, and modernisation, on the other hand. Whereas reactive maintenance is generally not capitalised, individual measures of EUR 3,000.00 or more to make properties habitable are capitalised if they clearly result in an economic benefit in the form of higher rents or the elimination of vacancies. Major refurbishment and modernisation measures are capitalised in full. In all cases, capitalisation is dependent on an extension of the useful life, an increase in the usable space, an improvement in the quality of use or a reduction in management costs. The prior year amounts were adjusted accordingly.

In addition changes in internal reporting led to adjustments between two components of rental income (residential rental income and other rental income).

CONSOLIDATED INCOME STATEMENT

in TEUR	Q1 2015/16 Reported	Adjustments	Q1 2015/16 Adjusted
Rental income			
Residential rental income	47,789.8	-1,219.6	46,570.2
Other rental income	1,579.1	1,219.6	2,798.7
Results of Asset Management			
Expenses directly related to investment property	-14,414.7	1,661.0	-12,753.7
Other valuation results			
Fair value adjustments of investment properties	17,626.2	-1,661.0	15,965.2

This led to the following changes in the segment reporting:

SEGMENT REPORTING

in TEUR	Q1 2015/16 Reported	Adjustments	Q1 2015/16 Adjusted
Segment Germany			
Residential rental income	27,302.2	-1,219.6	26,082.6
Other rental income	134.4	1,219.6	1,354.0
Expenses directly related to investment property	-9,881.9	825.3	-9,056.6
Fair value adjustments of investment properties	9,729.7	-825.3	8,904.4
Segment Austria			
Expenses directly related to investment property	-4,532.8	835.7	-3,697.1
Fair value adjustments of investment properties	7,896.5	-835.7	7,060.8

3. SCOPE OF CONSOLIDATION

In addition to BUWOG AG, these consolidated interim financial statements include 37 domestic and 86 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or can exercise legal or actual control.

3.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The following table shows the changes in the scope of consolidation for the BUWOG Group during the first quarter of 2016/17:

Scope of consolidation	Full consolidation
Balance on 30 April 2016	**122**
Initially included	2
Balance on 31 July 2016	**124**

3.2 INITIAL CONSOLIDATIONS

The following subsidiaries were initially consolidated during the first quarter of 2016/17:

Segment	Country	Headquarters	Company	Direct stake	Consolidation date
Founding/acquisition of companies without businesses					
Austria	AT	Vienna	BUWOG – Döblerhofstraße GmbH	100.00%	31 May 2016
Austria	AT	Vienna	BUWOG – Himbergerstraße GmbH	100.00%	31 July 2016

3.3 STRUCTURAL CHANGES

The non-controlling interests of 5.2% in Indian Ridge Investments S.A. were acquired through a purchase contract dated 30 June 2016.

Segment	Country	Headquarters	Company	Direct stake before	Direct stake after
Structural changes					
Germany	LU	Luxembourg	Indian Ridge Investments S.A.	94.8%	100.0%

4. SEGMENT REPORTING

The reportable segments of the BUWOG Group are classified according to regional criteria based on the location of the properties. With regard to the changes in comparative information for segment reporting, see note 2.4 *Change in comparative information*.

SEGMENTS

in TEUR	Germany Q1 2016/17	Germany Q1 2015/16[1]	Austria Q1 2016/17	Austria Q1 2015/16[1]
Residential rental income	26,656.8	26,082.6	22,981.3	20,487.6
Other rental income	1,903.2	1,354.0	1,205.5	1,444.7
Rental income	**28,560.0**	**27,436.6**	**24,186.8**	**21,932.3**
Operating costs charged to tenants and third party property management revenues	16,925.2	14,561.2	12,351.4	12,849.4
Other revenues	2.0	25.7	14.4	136.3
Revenues	**45,487.2**	**42,023.5**	**36,552.6**	**34,918.0**
Expenses directly related to investment property	–8,645.0	–9,056.6	–5,509.3	–3,697.1
Operating expenses and expenses from third party property management	–16,686.5	–14,108.1	–12,727.9	–12,894.0
Results of Asset Management	**20,155.7**	**18,858.8**	**18,315.4**	**18,326.9**
Sale of properties	107.0	759.6	27,559.7	32,638.5
Carrying amount of sold properties	–107.0	–759.6	–27,559.7	–32,638.5
Other expenses from property sales	–12.9	–30.4	–755.0	–929.8
Fair value adjustments of properties sold and held for sale	29.6	0.0	10,352.9	10,606.6
Results of Property Sales	**16.7**	**–30.4**	**9,597.9**	**9,676.8**
Sale of real estate inventories	8,109.1	15,195.7	10,258.2	7,362.9
Cost of real estate inventories sold	–7,447.2	–12,799.4	–7,699.2	–5,183.4
Other expenses from sale of real estate inventories	–715.0	–1,012.4	–669.7	–375.4
Other real estate development expenses	–1,000.9	–980.8	–1,701.4	–1,072.6
Fair value adjustments of properties under construction	0.0	0.0	0.0	0.0
Results of properties sold and held for sale	0.0	0.0	0.0	614.5
Results of Property Development	**–1,054.0**	**403.1**	**187.9**	**1,346.0**
Other operating income	188.7	2,242.8	464.8	130.7
Other not directly attributable expenses	–2,249.2	–2,484.9	–1,775.8	–1,437.3
Results of operations	**17,057.9**	**18,989.4**	**26,790.2**	**28,043.1**
Fair value adjustments of investment properties	137,424.6	8,904.4	9,079.2	7,060.8
Maintenance and improvement contributions received	0.0	0.0	24.9	0.0
Other valuation results	**137,424.6**	**8,904.4**	**9,104.1**	**7,060.8**
Operating profit (EBIT)	**154,482.5**	**27,893.8**	**35,894.3**	**35,103.9**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Deferred tax income/expenses				
Net profit				
Investments in non-current segment assets	**106,486.7**	**1,769.9**	**23,335.6**	**5,188.3**
	31 July 2016	30 April 2016[1]	31 July 2016	30 April 2016[1]
Investment property	1,996,410.9	1,752,577.0	2,142,555.9	2,132,466.7
Investment property under construction	0.0	0.0	38,073.7	32,964.8
Other tangible assets	690.2	729.4	5,559.1	5,924.5
Non-current segment assets	**1,997,101.1**	**1,753,306.4**	**2,186,188.7**	**2,171,356.0**
Non-current assets held for sale	0.0	0.0	0.0	0.0
Real estate inventories	95,706.1	89,770.5	134,253.9	127,483.2
Current segment assets	**95,706.1**	**89,770.5**	**134,253.9**	**127,483.2**
Segment assets	**2,092,807.2**	**1,843,076.9**	**2,320,442.6**	**2,298,839.2**

1) The comparable prior year figures were adjusted (see note 2.4).

Total reportable segments		Holding company/Transition to consolidated financial statements		BUWOG Group	
Q1 2016/17	Q1 2015/16	Q1 2016/17	Q1 2015/16	Q1 2016/17	Q1 2015/16[1)]
49,638.1	46,570.2	0.0	0.0	49,638.1	46,570.2
3,108.7	2,798.7	0.0	0.0	3,108.7	2,798.7
52,746.8	**49,368.9**	**0.0**	**0.0**	**52,746.8**	**49,368.9**
29,276.6	27,410.6	0.0	0.0	29,276.6	27,410.6
16.4	162.0	0.0	0.0	16.4	162.0
82,039.8	**76,941.5**	**0.0**	**0.0**	**82,039.8**	**76,941.5**
-14,154.3	-12,753.7	0.0	0.0	-14,154.3	-12,753.7
-29,414.4	-27,002.1	0.0	0.0	-29,414.4	-27,002.1
38,471.1	**37,185.7**	**0.0**	**0.0**	**38,471.1**	**37,185.7**
27,666.7	33,398.1	0.0	0.0	27,666.7	33,398.1
-27,666.7	-33,398.1	0.0	0.0	-27,666.7	-33,398.1
-767.9	-960.2	0.0	0.0	-767.9	-960.2
10,382.5	10,606.6	0.0	0.0	10,382.5	10,606.6
9,614.6	**9,646.4**	**0.0**	**0.0**	**9,614.6**	**9,646.4**
18,367.3	22,558.6	0.0	0.0	18,367.3	22,558.6
-15,146.4	-17,982.8	0.0	0.0	-15,146.4	-17,982.8
-1,384.7	-1,387.8	0.0	0.0	-1,384.7	-1,387.8
-2,702.3	-2,053.4	0.0	0.0	-2,702.3	-2,053.4
0.0	0.0	0.0	0.0	0.0	0.0
0.0	614.5	0.0	0.0	0.0	614.5
-866.1	**1,749.1**	**0.0**	**0.0**	**-866.1**	**1,749.1**
653.5	2,373.5	27.7	1,230.8	681.2	3,604.3
-4,025.0	-3,922.2	-5,254.5	-4,131.4	-9,279.5	-8,053.6
43,848.1	**47,032.5**	**-5,226.8**	**-2,900.6**	**38,621.3**	**44,131.9**
146,503.8	15,965.2	0.0	0.0	146,503.8	15,965.2
24.9	0.0	0.0	0.0	24.9	0.0
146,528.7	**15,965.2**	**0.0**	**0.0**	**146,528.7**	**15,965.2**
190,376.8	**62,997.7**	**-5,226.8**	**-2,900.6**	**185,150.0**	**60,097.1**
				-82,979.5	**62,973.3**
				102,170.5	**123,070.4**
				-3,056.8	-3,797.5
				-15,247.0	-22,720.1
				83,866.7	**96,552.8**
129,822.3	**6,958.2**	**42.5**	**0.0**	**129,864.8**	**6,958.2**
31 July 2016	30 April 2016	31 July 2016	30 April 2016	31 July 2016	30 April 2016[1)]
4,138,966.8	3,885,043.7	0.0	0.0	4,138,966.8	3,885,043.7
38,073.7	32,964.8	0.0	0.0	38,073.7	32,964.8
6,249.3	6,653.9	239.5	39.7	6,488.8	6,693.6
4,183,289.8	**3,924,662.4**	**239.5**	**39.7**	**4,183,529.3**	**3,924,702.1**
0.0	0.0	0.0	0.0	0.0	0.0
229,960.0	217,253.7	0.0	0.0	229,960.0	217,253.7
229,960.0	**217,253.7**	**0.0**	**0.0**	**229,960.0**	**217,253.7**
4,413,249.8	**4,141,916.1**	**239.5**	**39.7**	**4,413,489.3**	**4,141,955.8**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

in TEUR	Q1 2016/17	Q1 2015/16[1]
Maintenance	–7,149.2	–6,236.2
Expenses from asset management	–2,254.7	–2,312.8
Owners expenses	–1,648.8	–1,586.5
Vacancies	–936.1	–1,031.1
Write-off of receivables from asset management	–672.5	–460.9
Other expenses	–1,493.0	–1,126.2
Total	**–14,154.3**	**–12,753.7**

1) The comparable prior year figures were adjusted (see note 2.4).

5.2 OTHER OPERATING INCOME

in TEUR	Q1 2016/17	Q1 2015/16
Refund of property transfer tax and value added tax	184.4	2,012.5
Insurance compensation	114.6	74.4
Guarantee commission	0.0	1,221.2
Miscellaneous	382.2	296.2
Total	**681.2**	**3,604.3**

5.3 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

in TEUR	Q1 2016/17	Q1 2015/16
Personnel expenses	–3,619.6	–3,301.7
Legal, auditing and consulting fees	–1,303.6	–1,426.1
IT and communications	–1,530.4	–1,057.1
Advertising and Marketing	–651.9	–570.5
Amortisation and depreciation	–600.6	–377.1
Cost of valuation reports	–273.8	–80.8
Guarantee commission related to acquisition of land	–54.9	–33.8
Miscellaneous	–1,244.7	–1,206.5
Total	**–9,279.5**	**–8,053.6**

5.4 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	Q1 2016/17	Q1 2015/16[1]	Q1 2016/17	Q1 2015/16	Q1 2016/17	Q1 2015/16
Revaluation gains	153,775.1	15,965.2	0.0	0.0	10,382.5	10,606.6
Impairment losses	–7,271.3	0.0	0.0	0.0	0.0	0.0
Total	**146,503.8**	**15,965.2**	**0.0**	**0.0**	**10,382.5**	**10,606.6**

1) The comparable prior year figures were adjusted (see note 2.4).

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	Q1 2016/17	Q1 2015/16[1]	Q1 2016/17	Q1 2015/16	Q1 2016/17	Q1 2015/16
Germany	140,266.2	9,729.6	0.0	0.0	29.6	0.0
Austria	13,508.9	6,235.6	0.0	0.0	10,352.9	10,606.6
Total	**153,775.1**	**15,965.2**	**0.0**	**0.0**	**10,382.5**	**10,606.6**

1) The comparable prior year figures were adjusted (see note 2.4).

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

in TEUR	Investment property		Investment property under construction		Properties sold and held for sale	
	Q1 2016/17	Q1 2015/16[1)]	Q1 2016/17	Q1 2015/16	Q1 2016/17	Q1 2015/16
Germany	–2,841.6	0.0	0.0	0.0	0.0	0.0
Austria	–4,429.7	0.0	0.0	0.0	0.0	0.0
Total	**–7,271.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

1) The comparable prior year figures were adjusted (see note 2.4).

A special valuation of the standing investments in Germany was carried out by the independent external appraiser CBRE as of 31 July 2016. Revaluation results for the German properties in the first quarter of 2016/17 were influenced primarily by a high yield compression – with an above-average increase in the purchase prices for apartment buildings and portfolios in relation to the increase in rents – in the core locations of BUWOG's German property portfolio. The revaluation results for the Austrian standing investments were determined internally for the first quarter of 2016/17 and are based chiefly on the adjusted sales potential.

5.5 FINANCIAL RESULTS

in TEUR	Q1 2016/17	Q1 2015/16
Cash financing costs	–9,291.5	–8,453.5
Current interest accruals	–1,246.9	–2,474.7
Gain/loss on financial liabilities carried at amortised cost	–723.8	–560.3
Other non-cash financing costs	–27.6	7.8
Financing costs	**–11,289.8**	**–11,480.7**
Cash financing income	118.1	124.3
Current interest accruals	–1.8	–1.0
Gain/loss on other financial assets carried at amortised cost	33.4	59.8
Other non-cash financing income	0.0	0.0
Financing income	**149.7**	**183.1**
Valuation of derivative financial instruments	–23,578.9	23,258.4
Valuation of financial instruments at fair value through profit or loss (fair value option)	–47,816.2	52,194.9
Debt settlement expense convertible bonds	0.0	0.0
Dividend income	0.0	0.0
Other	–444.3	–1,182.4
Other financial results	**–71,839.4**	**74,270.9**
Total	**–82,979.5**	**62,973.3**

Cash financing costs of TEUR 9,291.5 (Q1 2015/16: TEUR 8,453.5) comprise interest paid of TEUR 5,773.8 (Q1 2015/16: TEUR 5,985.9), cash outflows of TEUR 3,364.0 (Q1 2015/16: TEUR 2,335.9) for derivative financial instruments and cash outflows of TEUR 153.7 (Q1 2015/16: TEUR 131.7) for other current financing costs.

Cash financing income of TEUR 118.1 (Q1 2015/16: TEUR 124.3) includes interest income of TEUR 118.1 (Q1 2015/16: TEUR 105.3) from financial investments and cash inflows of TEUR 0.0 (Q1 2015/16: TEUR 19.0) from derivative financial instruments.

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 curves in the first quarter of 2016/17 and the comparable prior year period.

5.6 INCOME TAXES

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

in TEUR	Q1 2016/17	Q1 2015/16
Income tax expenses	–3,056.8	–3,797.5
Deferred tax income/expenses	–15,247.0	–22,720.1
Total	**–18,303.8**	**–26,517.6**

5.7 EARNINGS PER SHARE

	Q1 2016/17	Q1 2015/16
Weighted average number of shares (basic)	99,773,479	99,613,479
Diluting effect stock options	166,001	199,786
Weighted average number of shares (diluted)	99,939,480	99,813,265
Net profit excl. non-controlling interests in EUR	83,916,100	96,590,500
Basic earnings per share in EUR	**0.84**	**0.97**
Diluted earnings per share in EUR	**0.84**	**0.97**

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 2016	**3,885,043.7**	**32,964.8**
Additions	124,703.5[1)]	5,118.8
Disposals	–27,666.7	0.0
Fair value adjustments	156,886.3	0.0
Reclassification	0.0	–9.9
Reclassification IFRS 5	0.0	0.0
Balance on 31 July 2016	**4,138,966.8**	**38,073.7**

1) thereof TEUR 6,418.6 modernisation (CAPEX) und TEUR 118,284.9 other additions

Details on revaluation results are provided in note 5.4 *Fair value adjustments of properties.*

6.2 TRADE AND OTHER RECEIVABLES

in TEUR	31 July 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2016
Trade accounts receivable				
Rents receivable	4,965.6	4,965.6	0.0	4,454.5
Miscellaneous	3,334.2	3,334.2	0.0	2,849.6
Total trade accounts receivable	**8,299.8**	**8,299.8**	**0.0**	**7,304.1**
Other financial receivables				
Restricted funds	36,700.1	36,700.1	0.0	36,236.5
Outstanding purchase price receivables – sale of properties	70,387.6	70,387.6	0.0	98,538.0
Miscellaneous	4,259.3	2,777.6	1,481.7	3,434.4
Total other financial receivables	**111,347.0**	**109,865.3**	**1,481.7**	**138,208.9**
Other non-financial receivables				
Tax authorities	3,733.6	3,733.6	0.0	3,493.4
Prepayments made for land purchases	0.0	0.0	0.0	29,184.9
Accrued property taxes	2,318.7	2,318.7	0.0	3,709.9
Total other non-financial receivables	**6,052.3**	**6,052.3**	**0.0**	**36,388.2**
Total	**125,699.1**	**124,217.4**	**1,481.7**	**181,901.2**

Miscellaneous other financial receivables include TEUR 0.0 (30 April 2016: TEUR 10.9) of receivables due from IMMOFINANZ Group.

6.3 EQUITY

These consolidated interim financial statements include compensation costs of TEUR 47.4 for the fair value of share options granted in connection with the Long-Term Incentive Programme 2014, which were charged to the capital reserves.

6.4 FINANCIAL LIABILITIES

The following table shows the composition and remaining term of the financial liabilities as of 31 July 2016:

in TEUR	31 July 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2016
Amounts due to financial institutions	1,641,050.7	119,129.0	329,118.1	1,192,803.6	1,581,672.7
thereof secured by collateral	1,551,913.1	102,906.2	311,929.6	1,137,077.3	1,502,009.2
thereof not secured by collateral	89,137.6	16,222.8	17,188.5	55,726.3	79,663.5
Amounts due to local authorities	503,718.4	21,810.3	89,990.8	391,917.3	470,891.8
Other financial liabilities	195.1	195.1	0.0	0.0	97.3
Total	**2,144,964.2**	**141,134.4**	**419,108.9**	**1,584,720.9**	**2,052,661.8**

The major conditions of financial liabilities as of 31 July 2016 are as follows:

CONDITIONS OF FINANCIAL LIABILITIES

	Currency	Interest rate fixed/floating	Average interest rate	Nominal value of remaining liability in TEUR	Balance in TEUR
	EUR	fixed	2.23%	349,565.0	
	EUR	floating	1.30%	1,297,499.1	
Total amounts due to financial institutions				**1,647,064.1**	**1,641,050.7**
Amounts due to local authorities	**EUR**	**fixed**	**1.50%**	**488,096.5**	**503,718.4**
Other					**195.1**
Total					**2,144,964.2**

6.5 TRADE PAYABLES AND OTHER LIABILITIES

in TEUR	31 July 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2016
Trade payables	**19,040.7**	**18,993.7**	**47.0**	**20,103.5**
Other financial liabilities				
Fair value of derivative financial instruments (liabilities)	91,491.3	0.0	91,491.3	67,912.1
Property management	13,748.7	13,748.7	0.0	13,965.6
Deposits and guarantees received	29,120.5	29,043.9	76.6	28,808.1
Maintenance and improvement amounts received	43,694.8	7,796.6	35,898.2	43,588.0
Outstanding purchase prices (share deals)	3,263.1	3,263.1	0.0	3,220.6
Outstanding purchase prices (acquisition of properties)	36,225.6	36,225.6	0.0	32,025.6
Liabilities from financial contributions	103,183.2	103,183.2	0.0	104,007.0
Miscellaneous	61,443.2	41,298.9	20,144.3	65,760.0
Total other financial liabilities	**382,170.4**	**234,560.0**	**147,610.4**	**359,287.0**
Other non-financial liabilities				
Tax and other public authorities	8,077.0	8,077.0	0.0	8,323.9
Prepayments received on apartment sales	54,438.9	54,438.9	0.0	35,205.1
Total other non-financial liabilities	**62,515.9**	**62,515.9**	**0.0**	**43,529.0**
Total	**463,727.0**	**316,069.6**	**147,657.4**	**422,919.5**

There were no liabilities due to the IMMOFINANZ Group as of 31 July 2016 or 30 April 2016.

6.6 INFORMATION ON FINANCIAL INSTRUMENTS

6.6.1 Classification of financial instruments by IAS 39 categories

in TEUR

		FA@FV/P&L				
	AFS	Fair value option	L&R	Non-FI		
ASSETS	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 31 July 2016	Fair value on 31 July 2016
Trade and other receivables	**0.0**	**0.0**	**119,646.8**	**6,052.3**	**125,699.1**	**125,699.1**
Trade accounts receivable	0.0	0.0	8,299.8	0.0	8,299.8	8,299.8
Other receivables	0.0	0.0	111,347.0	6,052.3	117,399.3	117,399.3
Other financial assets	**2.1**	**11,675.6**	**7,968.6**	**0.0**	**19,646.3**	**23,422.3**
Securities	2.1	0.0	0.0	0.0	2.1	2.1
Originated loans	0.0	11,675.6	7,968.6	0.0	19,644.2	23,420.2
Cash and cash equivalents	**0.0**	**0.0**	**101,725.0**	**0.0**	**101,725.0**	**101,725.0**
TOTAL ASSETS	**2.1**	**11,675.6**	**229,340.4**	**6,052.3**	**247,070.4**	**250,846.4**

	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 July 2016	Fair value on 31 July 2016
Financial liabilities	**756,244.5**	**0.0**	**1,388,719.7**	**0.0**	**2,144,964.2**	**2,178,281.5**
Amounts due to financial institutions	281,399.6	0.0	1,359,651.1	0.0	1,641,050.7	1,670,768.3
Other financial liabilities	474,844.9	0.0	29,068.6	0.0	503,913.5	507,513.2
Trade payables and other liabilities	**0.0**	**91,491.3**	**309,719.8**	**62,515.9**	**463,727.0**	**463,727.0**
Trade payables	0.0	0.0	19,040.7	0.0	19,040.7	19,040.7
Derivatives	0.0	91,491.3	0.0	0.0	91,491.3	91,491.3
Miscellaneous other liabilities	0.0	0.0	290,679.1	62,515.9	353,195.0	353,195.0
Financial liabilities held for sale	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL LIABILITIES	**756,244.5**	**91,491.3**	**1,698,439.5**	**62,515.9**	**2,608,691.2**	**2,642,008.5**

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	FA@FV/P&L Fair value option	L&R	Non-FI		
	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 2016	Fair value on 30 April 2016
Trade and other receivables	**0.0**	**0.0**	**145,513.0**	**36,388.2**	**181,901.2**	**181,901.2**
Trade accounts receivable	0.0	0.0	7,304.1	0.0	7,304.1	7,304.1
Other receivables	0.0	0.0	138,208.9	36,388.2	174,597.1	174,597.1
Other financial assets	**2.1**	**11,465.2**	**8,136.0**	**0.0**	**19,603.3**	**23,045.0**
Securities	2.1	0.0	0.0	0.0	2.1	2.1
Originated loans	0.0	11,465.2	8,136.0	0.0	19,601.2	23,042.9
Cash and cash equivalents	**0.0**	**0.0**	**82,540.1**	**0.0**	**82,540.1**	**82,540.1**
TOTAL ASSETS	**2.1**	**11,465.2**	**236,189.1**	**36,388.2**	**284,044.6**	**287,486.3**

LIABILITIES	FL@FV/P&L Fair value option	FL@FV/P&L HFT	FLAC	Non-FI		
	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 2016	Fair value on 30 April 2016
Financial liabilities	**717,131.0**	**0.0**	**1,335,530.8**	**0.0**	**2,052,661.8**	**2,081,482.9**
Amounts due to financial institutions	275,332.2	0.0	1,306,340.5	0.0	1,581,672.7	1,607,836.0
Other financial liabilities	441,798.8	0.0	29,190.3	0.0	470,989.1	473,646.9
Trade payables and other liabilities	**0.0**	**67,912.1**	**311,478.4**	**43,529.0**	**422,919.5**	**422,919.5**
Trade payables	0.0	0.0	20,103.5	0.0	20,103.5	20,103.5
Derivatives	0.0	67,912.1	0.0	0.0	67,912.1	67,912.1
Miscellaneous other liabilities	0.0	0.0	291,374.9	43,529.0	334,903.9	334,903.9
Financial liabilities held for sale	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL LIABILITIES	**717,131.0**	**67,912.1**	**1,647,009.2**	**43,529.0**	**2,475,581.3**	**2,504,402.4**

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

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 2016.

6.6.2 Hierarchy of fair values of financial instruments

in TEUR

31 July 2016	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities	0.0	0.0	2.1	2.1
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	11,675.6	0.0	11,675.6
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	281,399.6	0.0	281,399.6
Other financial liabilities	0.0	474,844.9	0.0	474,844.9
Held for trading				
Derivatives	0.0	91,491.3	0.0	91,491.3

Hierarchy of fair values of financial instruments – previous year

in TEUR

30 April 2016	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities	0.0	0.0	2.1	2.1
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	11,465.2	0.0	11,465.2
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	275,332.2	0.0	275,332.2
Other financial liabilities	0.0	441,798.8	0.0	441,798.8
Financial liabilities held for sale	0.0	0.0	0.0	0.0
Held for trading				
Derivatives	0.0	67,912.1	0.0	67,912.1

The following table shows the reconciliation of the opening and closing balances on 31 July 2016 for the financial instruments classified under level 3.

RECONCILIATION OF THE FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVEL 3

in TEUR	Securities	Originated loans	Financial liabilities	Financial liabilities held for sale
Balance on 1 May 2015	**1.5**	**9,565.9**	**–776,985.7**	**–169.9**
Recognised in profit or loss	0.0	343.6	9,051.9	0.0
Additions/Disposals	0.6	1,555.7	50,802.8	169.9
Transfer to Level 2	0.0	–11,465.2	717,131.0	0.0
Balance on 30 April 2016	**2.1**	**0.0**	**0.0**	**0.0**
Balance on 1 May 2016	**2.1**	**0.0**	**0.0**	**0.0**
Recognised in profit or loss	0.0	0.0	0.0	0.0
Additions/Disposals	0.0	0.0	0.0	0.0
Transfer to Level 2	0.0	0.0	0.0	0.0
Balance on 31 July 2016	**2.1**	**0.0**	**0.0**	**0.0**

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

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 July 2016. This function uses current parameters for listed companies to develop a potential five-year CDS model and to transfer this indicator to the various terms with CDS modelling. Since the input parameters used to 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. Derivatives with a positive fair value represent receivables for the BUWOG Group and, in this case, a CVA calculation is carried out to calculate the amount of the receivable. The probability of default for the counterparties is required for this calculation. The counterparties for BUWOG's derivative transactions are normally larger financial institutions with individually traded CDSs, these indicators can usually be taken over directly from external sources (data source: Bloomberg). If the counterparty does not have a separately traded CDS, the market CDS spread for a comparable bank (ideally with the same external rating) is used as an approximation. These benchmarks represent level 1 and 2 input factors in the fair value measurement hierarchy.

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

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

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

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 July 2016:

DERIVATIVES

	Variable element	Fair value as of 31 July 2016 in EUR	Reference value as of 31 July 2016 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%-3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	–11,303,438	192,937,224	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–10,936,304	186,412,776	0.72	30 April 2024
Interest rate swap (Bank Austria)	3-M-Euribor	–7,123,502	103,110,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–5,221,883	131,962,500	0.99	2 January 2025
Interest rate swap (HVB)	3-M-Euribor	–999,175	16,509,300	1.03	30 April 2021
Interest rate swap (HVB)	3-M-Euribor	–2,526,708	30,275,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–316,175	3,697,000	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,751,216	20,474,000	1.39	31 December 2021
Interest rate swap (HVB)	3-M-Euribor	–1,969,722	13,189,400	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,250,565	20,500,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	–5,908,009	26,521,882	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,944,937	22,101,568	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,834,119	26,524,882	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–2,085,717	10,875,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,608,131	14,902,000	2.99	30 September 2039
Number of derivatives: 15		**–67,779,600**	**819,992,932**		
Interest rate of 3%-4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–2,186,971	7,777,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–5,382,249	24,210,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–8,893,969	46,136,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,891,704	25,375,000	3.11	30 September 2031
Number of derivatives: 4		**–21,354,893**	**103,498,000**		
Interest rate above 4.5%					
Interest rate swap (Euro Hyp)	3-M-Euribor	–2,356,807	24,955,000	4.58	30 June 2018
Number of derivatives: 1		**–2,356,807**	**24,955,000**		
Total derivatives: 20		**–91,491,300**	**948,445,932**	**1.43**	

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

DISCOUNT RATES

in %	31 July 2016
Up to 31 January 2018	0.215%
Up to 31 January 2019	0.335%
Up to 31 January 2021	0.689%
Up to 31 January 2023	0.840%
Up to 31 January 2025	1.250%
Up to 31 January 2028	1.667%
Up to 31 January 2034	1.971%
As of 1 February 2034	2.087%

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 2,600.00 for legal advice to BUWOG Group companies in the first quarter of 2016/17. The terms of these fees, especially the hourly rates, reflect standard market conditions.

Information on the de-domination agreement and other service relationships with IMMOFINANZ AG is provided in the consolidated financial statements as of 30 April 2016. The receivables and liabilities due from/to member companies of IMMOFINANZ Group are shown in notes 6.2 *Trade and other receivables* and 6.5 *Trade payables and other liabilities*.

8. SUBSEQUENT EVENTS AFTER 31 JULY 2016

BUWOG AG issued a non-subordinated, unsecured convertible bond on 7 September 2016. The bond has a term ending in 2021 and a total nominal value of EUR 300 million with a denomination of EUR 100,000.00. The subscription rights of BUWOG shareholders were excluded. This bond is 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 convertible bond has a five-year term; it was issued and will be redeemed at 100% of the nominal value. The convertible bond certificates 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.

Management is still evaluating the alternatives for the portfolio adjustment which were described in the consolidated financial statements as of 30 April 2016. The responsible corporate bodies have not approved any sales to date.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that these consolidated interim financial statements as of 31 July 2016, 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 quarter 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, 28 September 2016

The Executive Board of BUWOG AG

Daniel Riedl
CEO

Andreas Segal
Deputy CEO, CFO

Herwig Teufelsdorfer
COO

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