REPORT ON THE FIRST HALF OF 2016/17

1 May 2016 to 31 October 2016

Successful business development

- Year-on-year increase (six months) of 18.6% in Recurring FFO to EUR 57.6 million
- Strong fair value adjustments of EUR 173.8 million
- Improvement of 6.3% in EPRA NAV per share to EUR 21.45
- Successful placement of convertible bond (EUR 300 million) at a 0.00% interest rate
- Reduction in average interest rate on financial liabilities to 1.91% 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

- Increase of 3.6% in monthly net cold rent to EUR 5.09 per sqm
- Growth in fair value of standing investments to approx. EUR 3.9 billion
- Successful expansion of property development pipeline to 8,991 units with a total investment volume of EUR 2.5 billion

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BUWOG GROUP KEY FIGURES

EARNINGS DATA		H1 2016/17	H1 2015/16[1]	Change
Net cold rent	in EUR million	104.4	99.1	5.3%
Results of Asset Management	in EUR million	78.5	74.1	6.0%
Results of Property Sales	in EUR million	25.5	20.6	23.5%
Results of Property Development	in EUR million	2.1	1.7	23.5%
EBITDA[2]	in EUR million	86.4	85.0	1.7%
Fair value adjustments of investment properties	in EUR million	173.8	108.9	59.5%
Financial results[3]	in EUR million	–84.9	30.0	>–100.0%
EBT	in EUR million	179.2	225.0	–20.3%
Net profit	in EUR million	146.2	177.4	–17.6%
Earnings per share[4]	in EUR	1.43	1.77	–18.8%
FFO	in EUR million	37.0	30.4	21.8%
Recurring FFO	in EUR million	57.6	48.6	18.6%
Recurring FFO per share[5]	in EUR	0.58	0.49	18.4%
Total FFO	in EUR million	57.7	51.2	12.6%
AFFO	in EUR million	41.1	37.3	10.2%

ASSET AND FINANCIAL DATA		31 October 2016	30 April 2016	Change
Balance sheet total	in EUR million	4,912.9	4,444.1	10.5%
Equity ratio	in %	36.1%	38.3%	–2,2 PP
Cash and cash equivalents	in EUR million	301.3	82.5	>100.0%
Net financial liabilities	in EUR million	2,070.0	1,970.1	5.1%
Loan-to-value (LTV)	in %	46.4%	47.6%	–1.2 PP
EPRA net asset value	in EUR million	2,139.9	2,013.2	6.3%
Ø Interest rate on financial liabilities	in %	1.91%	2.19%	–0.28 PP
Ø Term of financial liabilities	years	11.9	15.9	–4.0

SHARE DATA		31 October 2016	30 April 2016	Change
Share price	in EUR	22.02	18.38	19.8%
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	2,197.0	1,833.8	19.8%
Free float[5]	in %	90%	71%	19 PP
EPRA net asset value per share[4]	in EUR	21.45	20.18	6.3%

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) Results of operations 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 –32.8 million) and by derivates (EUR –7.7 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 October 2016	30 April 2016	Change
Number of units	Quantity	50,803	51,058	-0.5%
Germany	Quantity	27,058	27,072	-0.1%
Austria	Quantity	23,745	23,986	-1.0%
Total floor area[1)]	in sqm	3,513,324	3,532,273	-0.5%
Germany	in sqm	1,684,313	1,684,879	-0.0%
Austria	in sqm	1,829,010	1,847,394	-1.0%
Annualised net in-place rent[2)]	in EUR million	207	201	2.9%
Germany	in EUR million	114	112	1.6%
Austria	in EUR million	93	89	4.6%
Monthly net in-place rent[2)]	in EUR per sqm	5.09	4.92	3.6%
Germany	in EUR per sqm	5.78	5.68	1.8%
Austria	in EUR per sqm	4.45	4.20	5.8%
Development of net in-place rent – like-for-like[3)]	in %	4.4%	1.6%	2.8 PP
Germany – like-for-like	in %	2.7%	2.7%	0.0 PP
Austria – like-for-like	in %	6.6%	0.3%	6.3 PP
Vacancy rate[4)]	in %	3.5%	3.4%	0.1 PP
Germany	in %	2.2%	2.1%	0.1 PP
Austria	in %	4.8%	4.7%	0.1 PP
Fair value[5)]	in EUR million	3,891	3,716	4.7%
Germany	in EUR million	1,820	1,651	10.2%
Austria	in EUR million	2,070	2,065	0.2%
Fair value[5)]	in EUR per sqm	1,107	1,052	5.3%
Germany	in EUR per sqm	1,081	980	10.3%
Austria	in EUR per sqm	1,132	1,118	1.3%
Gross rental yield[6)]	in %	5.3%	5.4%	-0.1 PP
Germany	in %	6.3%	6.8%	-0.5 PP
Austria	in %	4.5%	4.3%	0.2 PP

		H1 2016/17	H1 2015/16	Change
Maintenance expenses[7)]	in EUR per sqm	3.7	3.4	6.2%
Capitalisation of modernisation work (CAPEX)[7)]	in EUR per sqm	4.7	3.2	47.8%

PROPERTY SALES		H1 2016/17	H1 2015/16	Change
Units sold	Quantity	342	590	-42.0%
thereof Unit Sales	Quantity	341	315	8.3%
thereof Block Sales	Quantity	1	275	-99.6%
Margin on fair value – Unit Sales	in %	57%	62%	-5.0 PP
Margin on fair value – Block Sales	in %	6%	11%	-5.0 PP

PROPERTY DEVELOPMENT		31 October 2016	30 April 2016	Change
Units under construction	Quantity	1,387	971	42.8%
Total investment volume	in EUR million	2,548	2,480	2.7%
Completed units	Quantity	184	420	–
thereof defined for sale to third parties	Quantity	96	420	–
thereof defined to transfer to investment portfolio	Quantity	88	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 October 2016 vs. 31 October 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 2.3%
5) Based on fair value of standing investments according to CBRE valuation reports for German portfolio and for Austrian portfolio as of 31 October 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 H1 2015/16 due to the implementation of changed capitalisation policy by Q1 2016/17 according to IAS 8 (see chapter 2.4 consolidated interim financial statements)

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS OF BUWOG AG

We have now completed the first six months of the 2016/17 financial year. This period and the accompanying operating and non-financial indicators demonstrate the success of our strategy and the efforts of the entire BUWOG team. The positioning of the BUWOG Group – with the Asset Management, Property Sales and Property Development business areas in Germany and Austria – has proven to be a reliable model for continuing high profitability, also in our fourth year as an independent listed company. With its dual role as an integrated property owner and developer with access to high organic growth, BUWOG still has a very special unique selling proposition in the German-speaking, listed market environment. Results for the first half of 2016/17 underscore the optimal positioning of the BUWOG Group for further growth and operating success.

Asset Management, the largest business area in the BUWOG Group, generated operating results of EUR 78.5 million in the first half of 2016/17. Operating results in the Property Sales and Property Development business areas totalled EUR 25.5 million and EUR 2.1 million, respectively. BUWOG's adjusted EBITDA from the operating business rose to EUR 86.4 million during the reporting period. Based on the semi-annual appraisal by CBRE, the fair value adjustments to investment property equalled EUR 173.8 million and reflect, in particular, the high yield compression in the core locations in Germany. The BUWOG Group recorded EBT of EUR 179.2 million and net profit of EUR 146.2 million for the first half of 2016/17.

The average interest rate on financial liabilities was reduced substantially from 2.19% to 1.91% during the first half of 2016/17. The basis for this favourable development was formed by the refinancing and restructuring of an existing loan portfolio of EUR 550 million at the end of the reporting period and by the issue of a EUR 300 million convertible bond in September 2016. BUWOG successfully placed this bond with an interest rate of 0.00%. These extremely favourable conditions in peer group comparison document the strong interest in BUWOG as a capital market product as well as the implementation of our strategic goals. The LTV continued to improve over the past six months and equalled only 46.4% as of 31 October 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, rose by approx. 19% year-on-year to EUR 57.6 million for the reporting period. The EPRA Net Asset Value, which focuses on the sustainability of the asset positions, increased by 6.3% over the level on 30 April 2016 to EUR 21.45 as of 31 October 2016

The Asset Management business area recorded a year-on-year increase of 6.0% in operating results to EUR 78.5 million. Strong like-for-like growth of 4.4% in rentals during the first half of 2016/17 led to an increase of 3.6% in net in-place rent per square meter to EUR 5.09. The gross rental yield equalled 5.3% and the vacancy rate 3.5%.

Operating results in the Property Sales business area rose by 23.5% year-on-year to EUR 25.5 million in the first half of 2016/17. These results were supported by the sale of 341 units with a margin of roughly 57% on fair value. In addition, BUWOG signed a framework agreement on 7 December 2016 for the sale of the Tyrolean portfolio with 1,152 standing investment units. This transaction is expected to close in several steps during the 2017 calendar year. It reflects the continuation of BUWOG's strategic focus for Austria on the capital city of Vienna.

The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors, successfully continued to intensify its investment activities. The purchase of additional sites expanded the development pipeline to 8,991 units with a total investment volume of approx. EUR 2.5 billion as of 31 October. The 1,387 units under construction at the end of the reporting period represent an increase of 43% over the level on 30 April 2016. The results of operations in the Property Development business area amounted to EUR 2.1 million for the first six months of 2016/17. We expect this business area will contribute at least EUR 13 million to Recurring FFO for the full 2016/17 financial year.

Our strategic goals for the future remain intact and include the confirmation of our forecast for Recurring FFO of at least EUR 108 million for the 2016/17

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

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 EUR 57 million modernisation programme with a regional focus on Berlin, Lübeck and Kiel. Our plans for the Property Sales business area include Unit Sales of roughly 600 apartments each year. Activities in the 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 to date shows that the continued pursuit of our strategy is well received by the capital market. The closing price of EUR 21.60 on 16 December 2016 corresponds to an increase of roughly 21% over the share price on 30 April 2016. On 6 September 2016, BUWOG AG was added to the "ATX five" based on the steady upward trend in the share price and the resulting increase in market capitalisation. That underscores BUWOG's standing as one of the five largest listed companies in Austria. The BUWOG share was also added to the Stoxx-600 index after the end of the reporting period on 19 December 2016.

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 you that we will also provide transparent and timely information on the latest developments in the future. In conclusion, we would like to thank the entire BUWOG team for their enthusiasm and dedication – which made these many achievements possible.

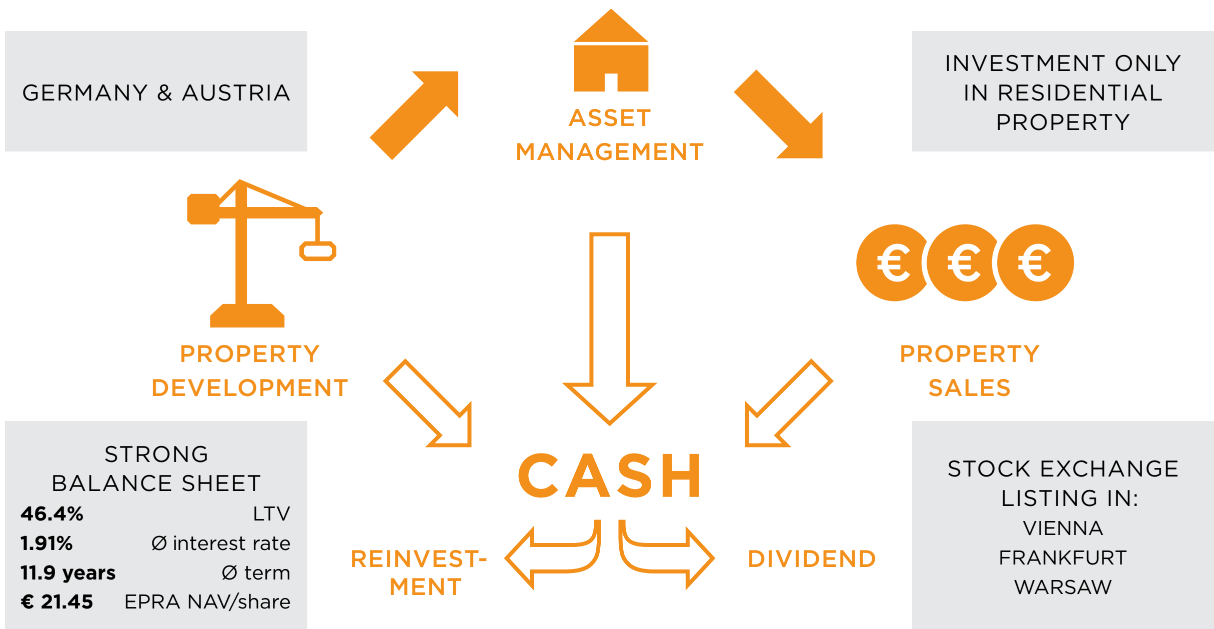
Best regards,

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 50,803 units as of 31 October 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 or 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 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 expenses. The portfolio included 50,803 units in Germany and Austria as of 31 October 2016. BUWOG is represented with local teams at the key market locations in Germany and Austria. Annualised in-place rent rose from EUR 201 million to EUR 207 million in the first six months of 2016/17. The overall like-for-like growth in rents equalled 4.4% for the reporting period and was based on the following factors: in Austria, exceptional adjustment effects of 6.6% in the maintenance and improvement contributions which followed an amendment to the Austrian Non-profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*); and in Germany, an increase of 2.7% which resulted from higher rental prices on new contracts and rental increases in standing investments (for details see page 10).

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 six months of 2016/17, 341 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

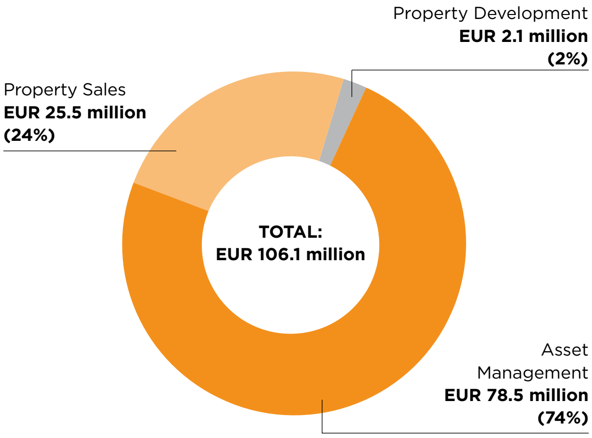
Property Development bundles the development of residential projects for the BUWOG Group's own portfolio or for direct sale after completion. As a developer, the BUWOG Group has completed roughly 35,000 apartments in Austria since its founding. The property development business is currently concentrated 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 8,991 units with an estimated total investment volume of approx. EUR 2.5 billion as of 31 October 2016 (for details see page 20ff).

HIGHLIGHTS
FIRST HALF-YEAR 2016/17

SUCCESSFUL BUSINESS DEVELOPMENT

- Year-on-year increase of 18,6% in Recurring FFO to EUR 57.6 million
- Strong fair value adjustments of EUR 173.8 million
- Net profit totals EUR 146.2 million
- Improvement of 6.3% in EPRA NAV per share to EUR 21.45
- Successful placement of convertible bond (EUR 300 million) at a 0.00% interest rate results in considerable reduction of the average interest rate on financial liabilities to 1.91% (incl. refinancing/ restructuring approximately 1.77%)
- Low LTV of 46.4%

OPERATING RESULTS[1] BY BUSINESS AREA

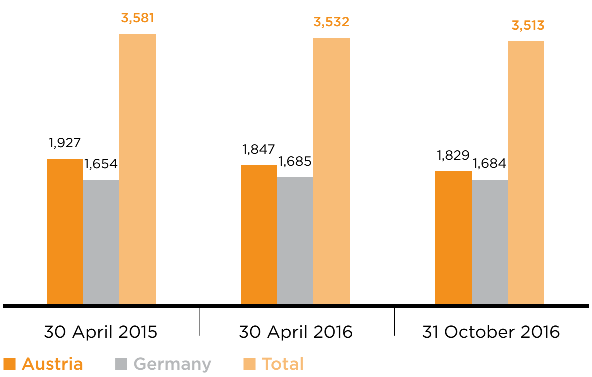


1) Results of operations before expenses not directly attributable to the business areas (EUR 17.5 million) and other operating income (EUR 1.8 million)

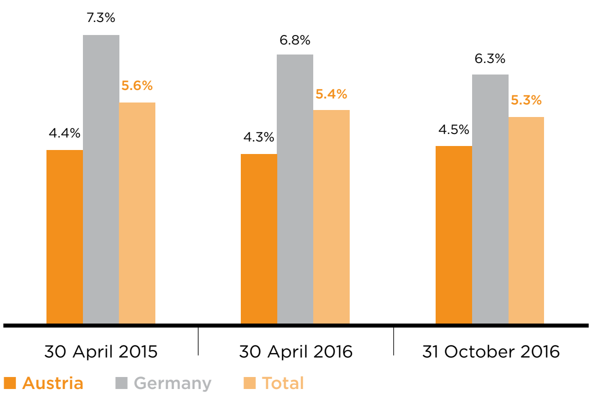
HIGHLIGHTS ASSET MANAGEMENT

- Property portfolio covers 50,803 units with approx. 3.5 million sqm of total floor space as of 31 October 2016
- Monthly in-place rent rises by 3.6% to EUR 5.09 per sqm
- Net in-place rent rises by 4.4% on a like-for-like basis
- Vacancies remain at a low 3.5% -> 2.3% 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



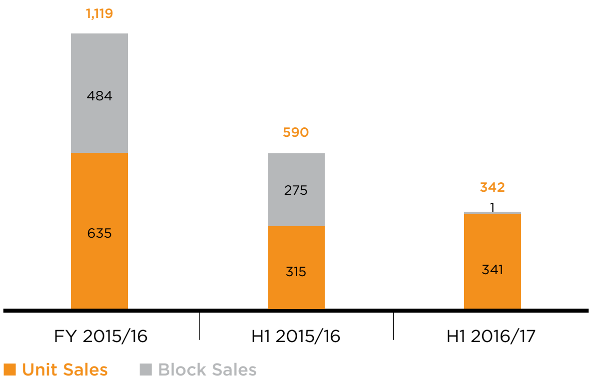
GROSS RENTAL YIELD



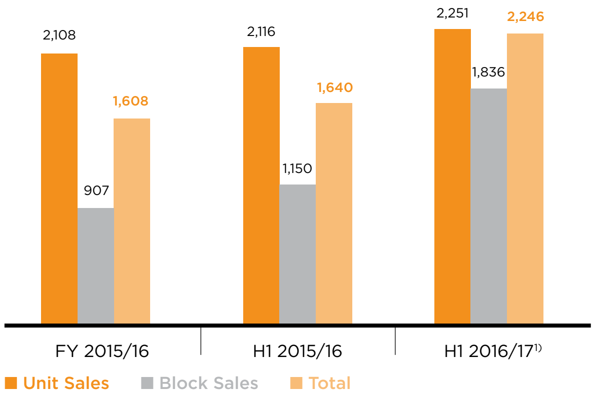
HIGHLIGHTS PROPERTY SALES

- Successful Unit Sales of 341 apartments with a margin of roughly 57% on fair value
- Unit Sales and Block Sales clusters include 15,626 standing investment units with a fair value of approx. EUR 1.7 billion

UNITS SOLD



AVERAGE PRICES REALISED
in EUR per sqm

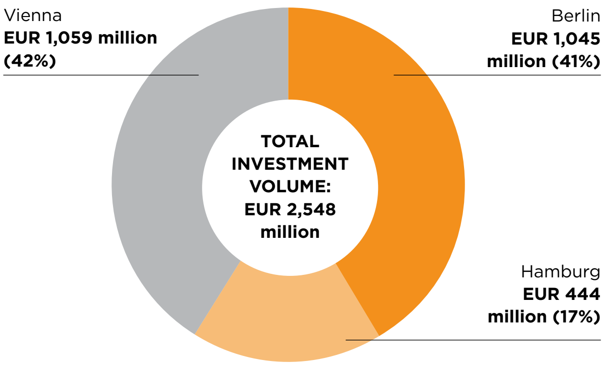


1) In the first quarter of 2016/17 a commercial unit in Vienna was sold at a high average price.

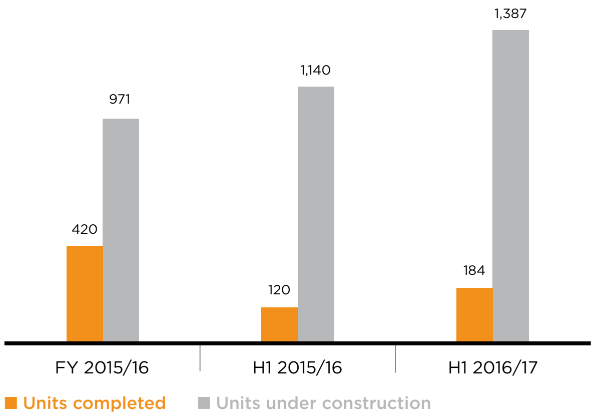
HIGHLIGHTS PROPERTY DEVELOPMENT

- Purchase of further sites supports expansion of the development pipeline to 8.991 units with a total investment volume of EUR 2,5 billion
- 1,387 further units under construction, or 22% more than in the first half of 2015/16
- Completion of 184 units in the first half of 2016/17

DEVELOPMENT PIPELINE
by location as of 31 October 2016



COMPLETED UNITS AND UNITS UNDER CONSTRUCTION

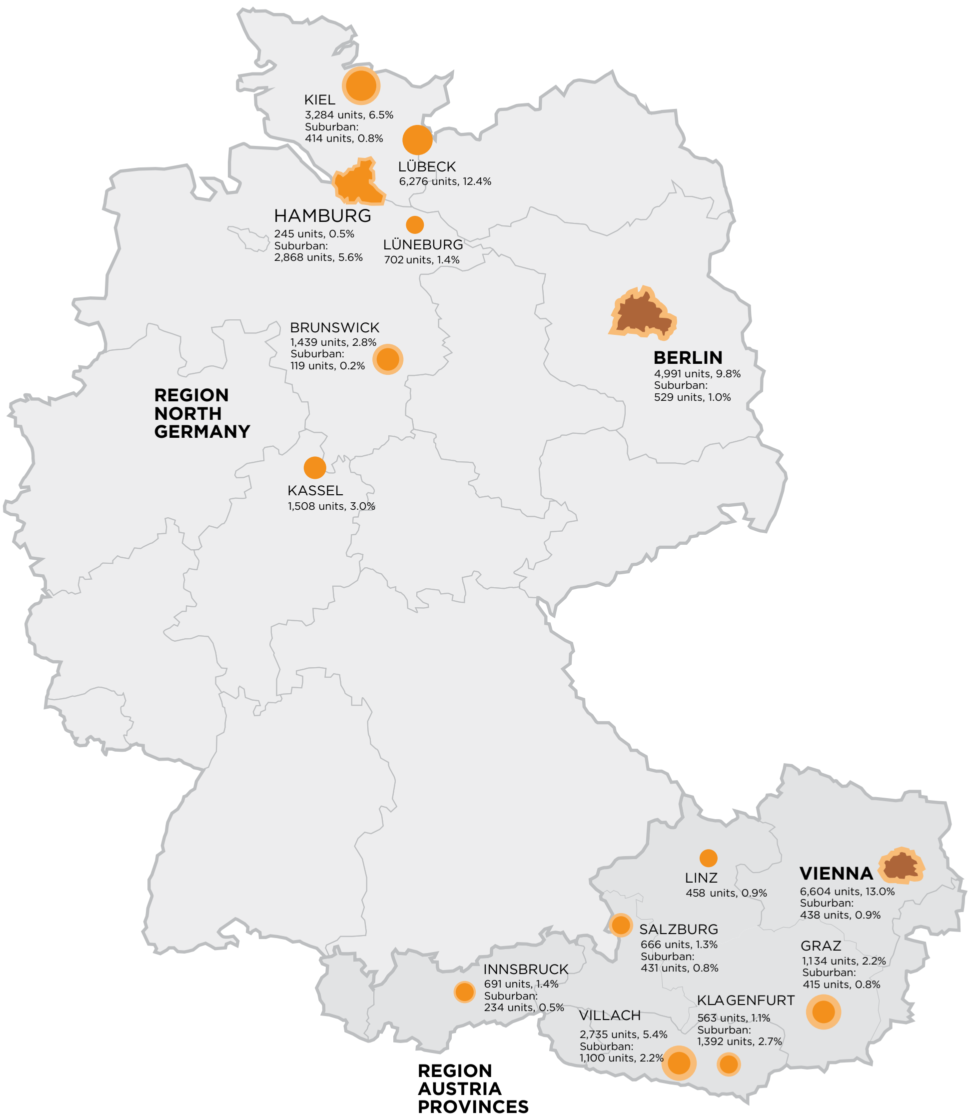


ASSET MANAGEMENT

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 OCTOBER 2016

Number of units per location and percentage of the total portfolio



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

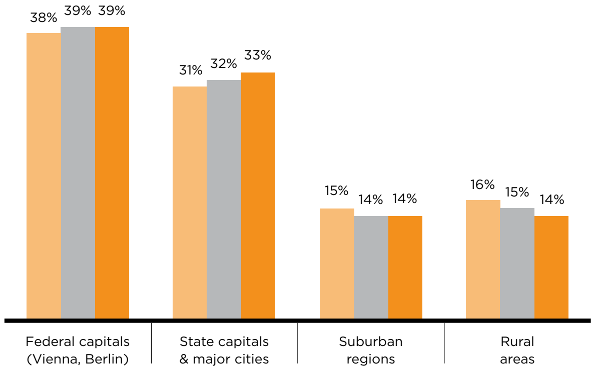
1) More than 50,000 inhabitants and a significant share of the portfolio
2) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

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 78.5 million in the first half of 2016/17 (H1 2015/16: EUR 74.1 million).

The BUWOG Group's standing investment portfolio comprised 50,803 units as of 31 October 2016 - 27,058 units in Germany and 23,745 units in Austria. This portfolio is classified in four geographical clusters 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 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 47% of the total fair value. 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 October 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	11,595	909,492	60	5.73	1,526	1,678	4.0%	3.6%
Vienna	6,604	577,789	36	5.41	1,034	1,790	3.5%	4.8%
Berlin	4,991	331,703	25	6.28	492	1,482	5.0%	1.5%
State capitals and major cities[5]	19,701	1,272,239	76	5.10	1,267	996	6.0%	2.1%
Suburban regions[6]	7,940	556,558	32	4.94	543	976	5.9%	3.4%
Rural areas	11,567	775,034	39	4.42	554	715	7.0%	5.8%
Total BUWOG Group	**50,803**	**3,513,324**	**207**	**5.09**	**3,891**	**1,107**	**5.3%**	**3.5%**
thereof Germany	27,058	1,684,313	114	5.78	1,820	1,081	6.3%	2.2%
thereof Austria	23,745	1,829,010	93	4.45	2,070	1,132	4.5%	4.8%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports for German portfolio and for Austrian portfolio as of 31 October 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 50,803 units as of 31 October 2016, which have approx. 3.5 million sqm of total floor area and a fair value of approx. EUR 3.9 billion or EUR 1,107 per sqm. The monthly in-place rent in the standing investment portfolio amounted to EUR 5.09 per sqm as of 31 October 2016 based on a vacancy rate (basis: total area) of 3.5% and the gross rental yield equalled 5.3%.

The property portfolio in Germany included 27,058 standing investment units as of 31 October 2016, which have a total floor area of approx. 1.7 million sqm and a fair value of EUR 1.8 billion or EUR 1,081 per sqm. The monthly in-place rent equalled EUR 5.78 as of 31 October 2016 based on a vacancy rate (basis: total area) of 2.2%. The gross rental yield in the German properties equalled 6.3% at the end of the reporting period.

The standing investment portfolio in Austria comprised 23,745 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 October 2016. On a square metre basis, that corresponds to a fair value of EUR 1,132. The monthly net in-place rent equalled EUR 4.45 per sqm as of 31 October 2016 based on a vacancy rate (basis: total area) of 4.8%, whereby 2.3% 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 October 2016.

The “Am Otterweg” project in Vienna with 88 subsidised rental units was completed and transferred to BUWOG’s standing investment portfolio in Austria during the second quarter of 2016/17. As of 31 October 2016, 29 of these units were vacant and available for rent. Based on current estimates, the BUWOG Group expects full occupancy in this property by the end of the current financial year.

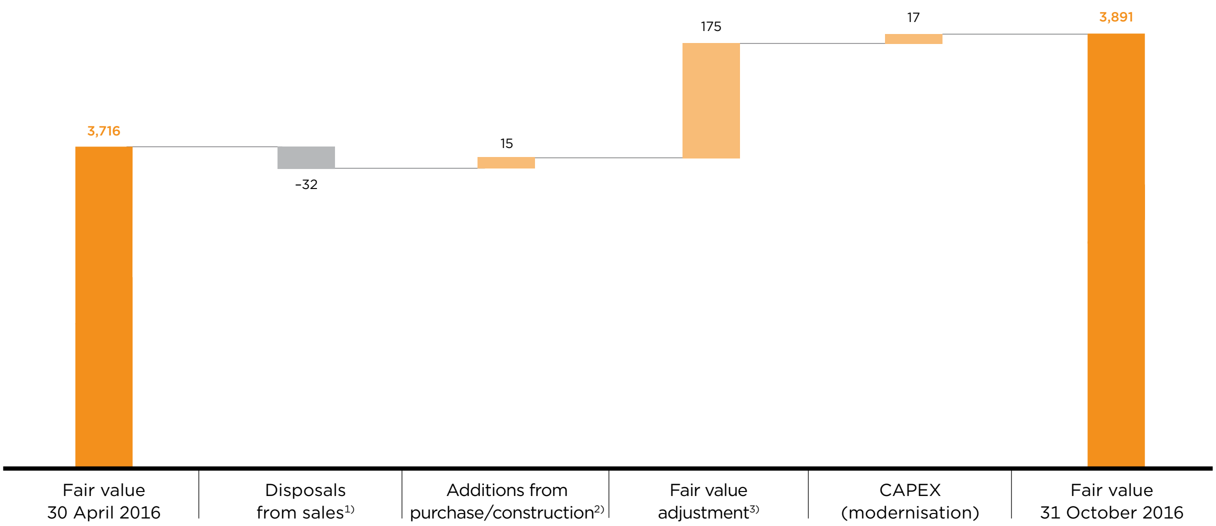
		BUWOG Group as of 30 April 2016	BUWOG Group as of 31 October 2016	Austria as of 31 October 2016	Germany as of 31 October 2016
Number of units	Quantity	51,058	50,803	23,745	27,058
Total floor area	in sqm	3,532,273	3,513,324	1,829,010	1,684,313
Annualised net in-place rent[1)]	in EUR million	201	207	93	114
Monthly net in-place rent[1)]	in EUR per sqm	4.92	5.09	4.45	5.78
Fair value[2)]	in EUR million	3,716	3,891	2,070	1,820
Fair value[2)]	in EUR per sqm	1,052	1,107	1,132	1,081
Gross rental yield[3)]	in %	5.4%	5.3%	4.5%	6.3%
Vacancy rate	per sqm	3.4%	3.5%	4.8%	2.2%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation reports for German portfolio and for Austrian portfolio as of 31 October 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

The current dynamic developments on the real estate market in Germany, which include an acceleration in price increases and a resulting yield compression, led BUWOG to commission a special external valuation of this portfolio as of 31 July 2016. The entire standing investment portfolio of the BUWOG Group was then appraised again, as scheduled, by the independent external experts at CBRE Residential Valuation Germany as of 31 October 2016. The external valuation as of 31 October 2016 resulted in positive fair value adjustments of EUR 174.7 million (H1 2015/16: EUR 113.3 million) for the first six months of 2016/17 (for details, see the section on *Property valuation* in the *Consolidated Interim Management Report)*. These adjustments are primarily responsible for the development of fair value in BUWOG’s standing investment portfolio. The following chart shows the development of fair value compared with 30 April 2016.

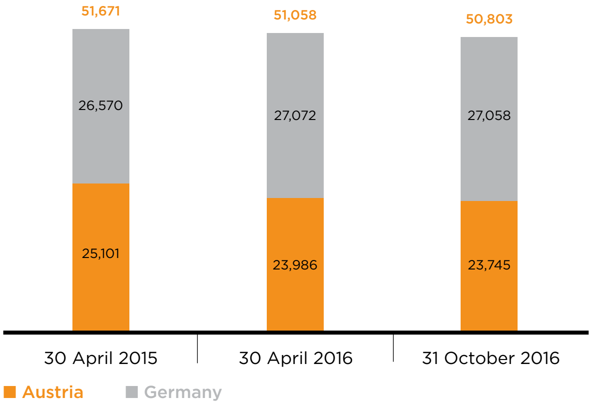
EFFECTS ON FAIR VALUE OF DEVELOPMENT UNITS

in EUR million



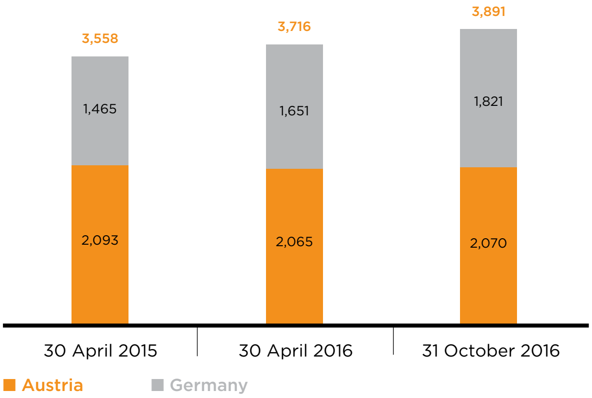
The values in the above graph are not scaled.
1) Net carrying amount of properties sold (EUR -58.9 million) and fair value adjustments to sold properties (EUR 22.2 million) as well as revaluation of properties available for sale (EUR 4.9 million)
2) Additions include the “Am Otterweg” project in Vienna, which was built for BUWOG’s standing investment portfolio
3) Fair value adjustments refer solely to standing investments

NUMBER OF UNITS



FAIR VALUE STANDING INVESTMENT PORTFOLIO

in EUR million



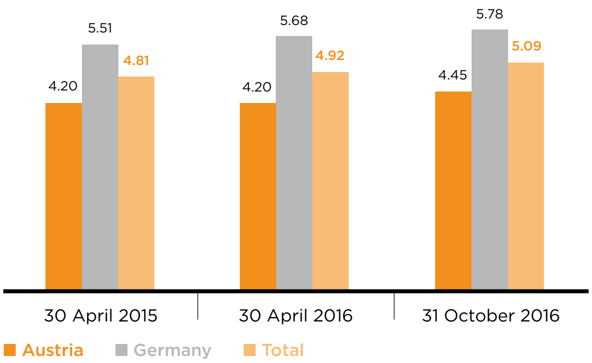
BUWOG goals include the continuous optimisation of the individual properties and portfolios through active asset management in order to safeguard and improve the generation of cash flow and the earnings position.

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 207 million as of 31 October 2016. Based on the total floor space, this represents an increase from EUR 4.92 to EUR 5.09 per sqm. This development resulted, above all, from the positive effects of the increase in the maintenance and improvement contribution for subsidised apartments based on an amendment to the Non-Profit Housing Act in Austria.

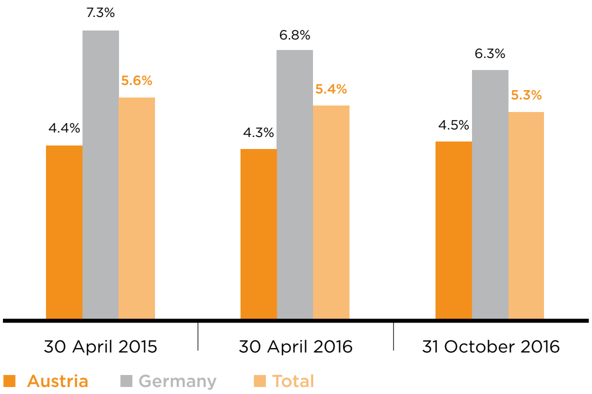
The gross rental yield equalled 5.3% (30 April 2016: 5.4%), whereby the different development of the yields in Germany 6.3% (30 April 2016: 6.8%) and Austria 4.5% (30 April 2016: 4.3%) are directly related to the previously discussed effects of the fair value increase in Germany and the increase in rents in Austria.

MONTHLY NET IN-PLACE RENT

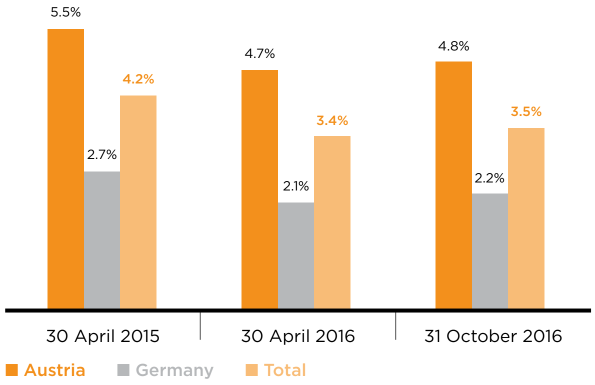
in EUR per sqm



GROSS RENTAL YIELD

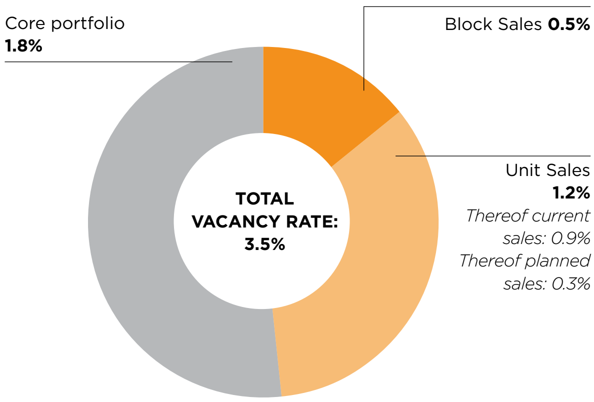


VACANCY RATE



VACANCY RATE BY STRATEGIC CLUSTER

Basis: total floor area as of 31 October 2016



The vacancy rate in the standing investment portfolio rose slightly from 3.4% as of 30 April 2016 to 3.5% as of 31 October 2016 for seasonal reasons and due to planned apartment modernisation projects in Germany. Excluding the 1.2% of vacancies from the Unit sales cluster, the vacancy rate in BUWOG's properties equalled only 2.3% 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 4.4% in rental income during the first six months 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 6.6% in the first half 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 98.3% 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 Oct. 2016	Number of units	Occupied floor area in sqm 31 Oct. 2015	Net in-place rent per month in EUR million[3] 31 Oct. 2015	Occupied floor area in sqm 31 Oct. 2016	Net in-place rent per month in EUR million[3] 31 Oct. 2016	Like-for-like rental growth
Unregulated rental agreements Germany	16,969	960,502	5.3	968,485	5.6	3.2%
Regulated rental agreements Germany	9,257	595,682	3.2	595,902	3.2	1.6%
Total Germany	**26,226**	**1,556,184**	**8.5**	**1,564,387**	**8.8**	**2.7%**
Unregulated rental agreements Austria (incl. reasonable rents pursuant to the Austrian Non-Profit Housing Act and the Austrian Tenancy Act)[1]	1,624	120,637	0.6	125,961	0.7	3.7%
Regulated rental agreements Austria (incl. other provisions under the Austrian Non-Profit Housing Act)[2]	21,542	1,551,176	5.9	1,540,160	6.3	6.8%
Total Austria	**23,166**	**1,671,813**	**6.6**	**1,666,121**	**7.0**	**6.6%**
Other (incl. commercial)	523	87,492	0.5	86,963	0.5	2.5%
Total BUWOG Group	**49,915**	**3,315,489**	**15.6**	**3,317,471**	**16.3**	**4.4%**

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 half 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 H1 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 29.4 million, or EUR 8.3 per sqm, in maintenance and modernisation measures for the standing investment properties during the first six months of 2016/17. That represents an increase of 25% over the first half of the previous financial year. The modernisation investments (CAPEX) which required capitalisation in the first half of 2016/17 were roughly 46% higher than the adjusted prior year amount. The capitalisation rate rose from 48% in the first half of 2015/16 to roughly 56% 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

	H1 2016/17	H1 2015/16	Change
Total maintenance expense and modernisation in EUR million	**29.4**	**23.5**	**24.9%**
Maintenance expense in EUR million	12.9	12.2	5.2%
Capitalisation of modernisation work (CAPEX) in EUR million	16.5	11.3	46.3%
Capitalisation rate in %	**56.2%**	**48.0%**	**8.2 PP**
Average total floor space in 1,000 sqm[1]	3,523	3,558	–1.0%
Total maintenance expense and modernisation in EUR per sqm	**8.3**	**6.6**	**26.2%**
Maintenance expense in EUR per sqm	3.7	3.4	6.2%
Capitalisation of modernisation work (CAPEX) in EUR per sqm	4.7	3.2	47.8%

The use of automated calculation systems may give rise to rounding differences. The comparable prior year date were adjusted to reflect the retrospective implementation of the new capitalisation guideline (see note 2.4 of the consolidated interim financial statements).
1) Average weighted total floor space, 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*). The BUWOG Group therefore distinguishes between the revenue generated by regulated (56%) and unregulated (37%) rental agreements and the revenue generated by other agreements (incl. commercial space) (7%) in its standing investment portfolio. 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

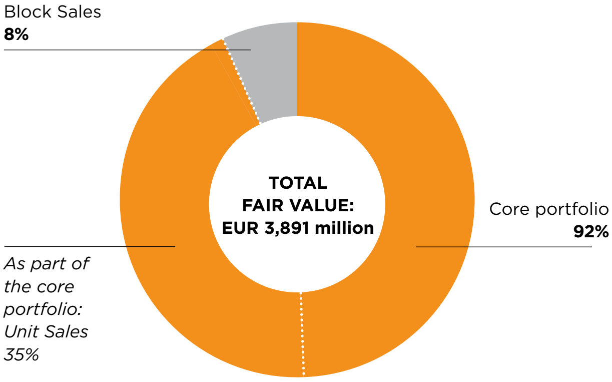
as of 31 October 2016	Occupied floor area in sqm	Annualised net in-place rent in EUR million	Proportion of annualised net in-place rent	Monthly net in-place rent per sqm in EUR[3]
Unregulated rental agreements Germany	999,852	69.0	33%	5.75
Regulated rental agreements Germany	595,963	38.9	19%	5.44
Unregulated rental agreements Austria (incl. reasonable rents pursuant to the Austrian Non-Profit Housing Act and the Austrian Tenancy Act)[1]	132,691	8.7	4%	5.45
Regulated rental agreements Austria (incl. other provisions of the Austrian Non-Profit Housing Act)[2]	1,551,098	76.6	37%	4.12
Other (incl. commercial)	109,812	14.0	7%	10.60
Total BUWOG Group	**3,389,416**	**207.1**	**100%**	**5.09**

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 92% of the portfolio's fair value and includes apartments suitable for Unit Sales (35% 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 8% of the fair value of the standing investment portfolio. The increase in the Block Sales portfolio as of 31 October 2016 resulted from the reclassification of apartments in Tyrol that were previously included in the Unit Sales cluster.

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE
as of 31 October 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 offer long-term promise with high occupancy rates. In the scope of the strategy of growth the construction of new apartments for the company's existing portfolio is also being stepped up in Berlin and in Hamburg.

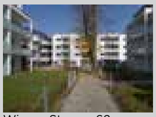
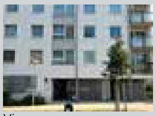
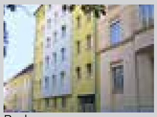
The goal of these activities is to safeguard the sustainable generation of stable cash flows from property rentals.

BUWOG Focus	Asset Management	**BUWOG** Strategy
ASSET FOCUS **RESIDENTIAL**	■ Steady growth in rental income through active asset management and higher occupancy rates as well as construction for BUWOG's portfolio	MINIMISE RISK Stable rental income High occupancy rates
REGIONAL FOCUS **GERMANY/ AUSTRIA**	■ Further improvement in cost-effectiveness with regard to property management and maintenance ■ Yield- and value-based expansion of the property portfolio in Germany with a target of approx. 3,000 units per year	
FUNCTIONAL FOCUS **FULL-SERVICE PROVIDER**	■ Steady optimisation of the investment portfolio through selective cycle-optimised Block Sales ■ Development-to-hold in Vienna, Berlin and Hamburg	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 25.5 million in the first six months of 2016/17 (H1 2015/16: EUR 20.6 million).

Cluster	Unit Sales	Block Sales
Examples from the portfolio	 Wiener Strasse 62, Purkersdorf  Vienna, Auhofstrasse 101-111  Vienna, Am Hofgartel 12	 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 341 apartments were sold through Unit Sales at a margin of approx. 57% on fair value during the first half of 2016/17 (H1 2015/16: 315 units at a margin of 62%). The 329 units sold from the Austrian portfolio were located primarily in Vienna (127 units) as well as in Carinthia (75 units) and Salzburg (32 units). Twelve units from the German portfolio were also sold during the reporting period. Due to the sale of individual apartments in higher quality properties and locations, the average prices in H1 2016/17 amounted to EUR 2,251 per sqm and were substantially higher than the first quarter of the previous year (H1 2015/16: EUR 2,116 per sqm). The full 12 months of 2016/17 are expected to bring a slight year-on-year increase in average prices. The first half-year transactions contributed EUR 20.6 million to Recurring FFO (H1 2015/16: EUR 18.2 million).

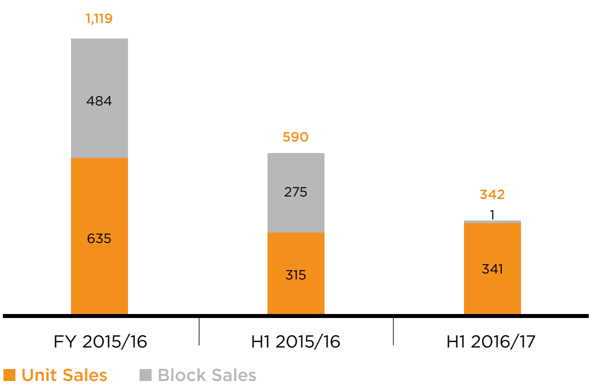
The Unit Sales portfolio cluster contained 11,351 units as of 31 October 2016 (H1 2015/16: 13,416 units), whereby all are located in Austria and identified as suitable for individual sale over the medium- and long-term. Of these units, 5,993 are located in Vienna, 2,101 in Carinthia and 3,257 in the other Austrian provinces. The substantial reduction in the number of units in this cluster during the second quarter of the reporting year resulted primarily from the reclassification of apartments in Tyrol from Unit Sales to Block Sales.

BLOCK SALES

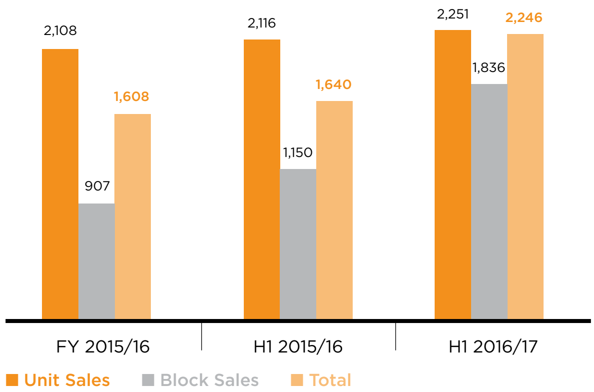
BUWOG's property portfolio is focused on urban locations of the capital cities of Vienna and Berlin as well as regional capitals and major cities in Austria and Northern Germany. As part of the "capital recycling" strategy, selected block sales are carried out to optimise and consolidate the portfolio. In the first six months of 2016/17, one commercial property (H1 2015/16: 275 units) in Vienna was sold at a relatively high average price and a margin of roughly 6% on fair value (H1 2015/16: 11%). Block Sales contributed TEUR 30 million to Recurring FFO in the first half of 2016/17 (H1 2015/16: EUR 2.5 million).

On 7 December 2016, the BUWOG Group signed a contract for the sale of 1,146 apartments with approx. 89,000 sqm of total floor space in the Austrian province of Tyrol (approx. 4.8% of the Austrian portfolio). This transaction reflects the continuation of the strategic focus for Austria. The effects of the Block Sales, average prices and margins on Total FFO will be recognised beginning in the third quarter of 2016/17. The strategic cluster Block Sales covered 4,275 units as of 31 October 2016 (H1 2015/16: 3,290 units), whereby 4,187 units are located in Austria (1,686 in Carinthia, 1,152 in Tyrol, 851 in six of the other Austrian provinces and 498 in Vienna) and 88 units in Germany (Brandenburg).

UNITS SOLD



AVERAGE SALE PRICE
in EUR per sqm



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:

BUWOG Focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
GERMANY/ AUSTRIA

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Property Sales

- High mid-term and long-term sales potential of around 11,350 in Unit Sales and around 4,275 units in Block Sales
- Long-term income from Unit Sales, primarily to owner-occupiers as a result of turnover -> high contribution to Recurring FFO
- Planned unit sales of around 600 units per year
- Strong track record with high margins in Unit Sales in Austria
- Margins on Block Sales significantly higher than the market value in recent years

BUWOG Strategy

MINIMISE RISK
Ongoing Unit Sales

HIGH UPSIDE POTENTIAL
High margins through the sale of vacant units

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 are currently concentrated on the capitals of Vienna and Berlin and, since the end of April 2016, also on Hamburg. This reflects the strong demographic and economic parameters of these cities, combined with BUWOG's many years of experience in the development of residential properties and extensive market knowledge. The BUWOG Group is now active in the property development and asset management sectors of the three largest German-speaking cities.

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".

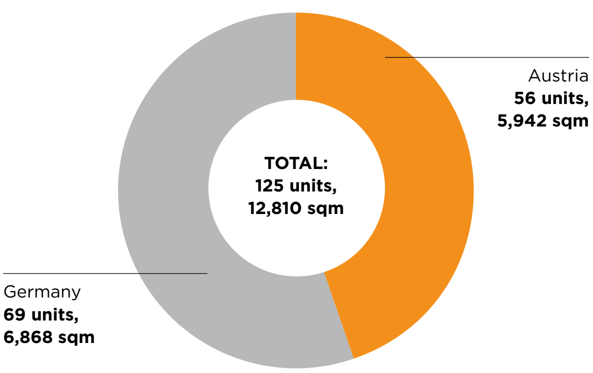
OVERVIEW OF THE FIRST HALF OF 2016/17

The results of operations in the Property Development business area amounted to EUR 2.1 million for the first six months of 2016/17 (H1 2015/16: EUR 1.7 million). 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.

In the first six months of 2016/17, 125 units were transferred to the buyers (H1 2015/16: 110 units) . 69 of these units are located in Berlin (6,868 sqm) and 56 units in Vienna (5,942 sqm). The 56 units transferred in Vienna include 35 which were completed prior to 30 April 2016. The related proceeds are recognised to the income statement when the apartments are transferred to the buyers.

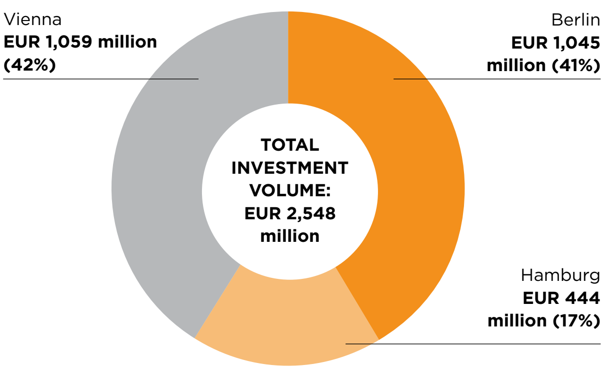
UNITS TRANSFERRED TO BUYERS H1 2016/17

Number of units and sqm



DEVELOPMENT-PIPELINE

in EUR million, by location as of 31 October 2016

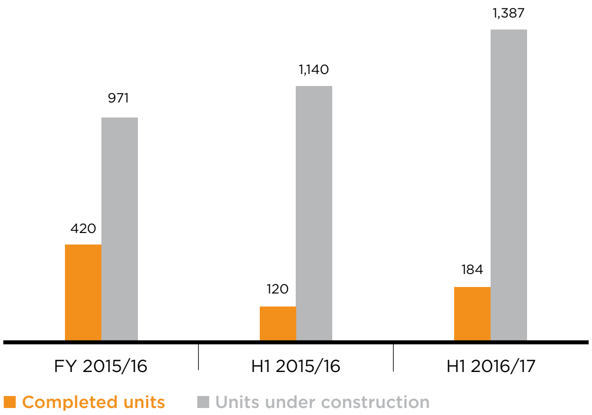


In addition to the development of projects for sale, the BUWOG Group completed 88 subsidised rental apartments in Vienna during September 2016. These units were transferred to the BUWOG standing investment portfolio.

The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors was further expanded during the reporting period. In addition to the 184 units completed during the first half of 2016/17 (69 units in Berlin and 115 in Vienna), the development pipeline was further expanded through the purchase of land in Vienna. Plans call for the construction of 798 units at an estimated total investment volume of approx. EUR 175 million at these sites. The progress of construction on other development projects increased the pipeline by 256 units during the reporting period. Another transaction involved the purchase of land in Berlin after the balance sheet date in December 2016, where BUWOG will construct 124 units at a total investment volume of EUR 29.7 million.

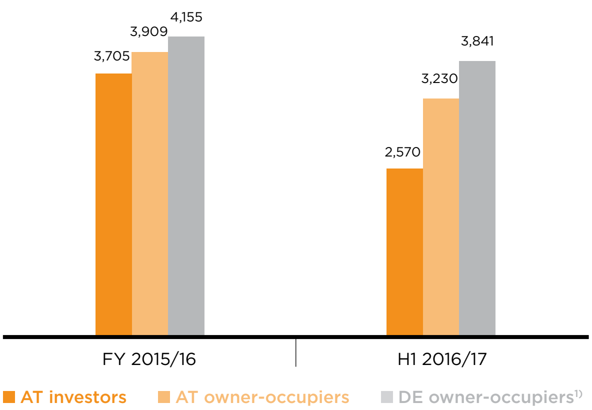
The development pipeline covered roughly 8,990 planned units with an estimated total investment volume of approx. EUR 2.5 billion as of 31 October 2016. Beginning with the current financial year, the total investment volume will be presented excluding the imputed interest on equity to improve transparency. 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.

COMPLETED UNITS AND UNDER CONSTRUCTION



AVERAGE SALE PRICE

in EUR per sqm



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

A total of 1,387 units (532 in Berlin, 855 in Vienna) with 118,169 sqm of floor space (48,156 sqm Berlin, 70,013 sqm in Vienna) were under construction as of 31 October 2016. That represents an increase of 43% over the level on 30 April 2016 based on the number of units. 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 half of 2016/17 are based on 125 units (69 Berlin, 56 in Vienna) transferred to the buyers. 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 56 units transferred to buyers in Austria, four were purchased by investors and 52 by owner-occupiers. The average prices realised in the first half of 2016/17 are still very volatile, above all for investors, due to the low number of units. The average prices are expected 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

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 half of 2016/17.

BUWOG's project pipeline is illustrated by the following product development matrix. A total of 8,991 units were under development as of 31 October 2016, which are distributed nearly equally between Germany and Austria. Construction for BUWOG's own portfolio covered 2,911 units and condominiums 5,974 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 October 2016

	Subsidised and market rent apartments	Condominiums	Other[1]
Vienna 4,415 units	**Investment portfolio** Units: 1.666 Total floor area: 122,690 sqm  Sagedergasse, 78 units	**Regional customers** Units: 2.732 Total floor area: 201,638 sqm  Pfarrwiesengasse, 85 units	Units: 17 Total floor area: 28,432 sqm  Breitenfurter Strasse 239, 1 unit
Berlin 3,297 units	**Investment portfolio** Units: 941 Total floor area: 74,538 sqm  Ankerviertel – Regattastrasse 11, 35, "52 Grad Nord" – further construction phases, Spreequartier, Mariendorfer Weg, 941 units	**Regional customers** Units: 2,285 Total floor area: 190,308 sqm  Harzer Strasse Mariendorfer Weg Spreequartier 52 Grad Nord 2,285 units	Units: 71 Total floor area: 9,702 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 8,991 units			

1) In particular commercials in residential project development

Including land purchased on Ludwigsluster Strasse after the end of the reporting period in December 2016, the development pipeline contains 9,115 units.

LAND ACQUISITIONS IN THE FIRST HALF OF 2016/17

The BUWOG Group acquired two sites in Vienna during the first half of 2016/17. Plans call for the construction of roughly 800 rental and condominium apartments at these locations with a total investment volume of approx. EUR 175 million. In addition, the transfer of rights and obligations for the MGC Plaza will take place during the current financial year. BUWOG also purchased a further site in Berlin after the end of the reporting period in December 2016, which will be used for the construction of 124 units at a total investment volume of EUR 29.7 million. Information on these land purchases is provided in the following table.

	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1]	Fair value 31 Oct. 2016 in EUR million[2]
"MGC-Plaza", Döblerhofstrasse, 1030 Vienna, Austria[3]	07/2016	–	378	28,205	89.7	–
"Himberger Strasse, Rothneusiedel", 1100 Vienna, Austria	07/2016	07/2016	420	31,500	85.3	12.4
Total I (as of 31 October 2016)			**798**	**59,705**	**175.0**	**12.4**
"Ludwigsluster Strasse", Ludwigsluster Strasse, Berlin Kaulsdorf, Germany[4]	12/2016	–	124	8,666	29.7	–
Total II (incl. acquisitions after 31 October 2016)			**922**	**68,371**	**204.7**	**12.4**

1) Total investment volume excluding imputed interests
2) The pipeline projects are valued by CBRE twice each year as of 31 October and 30 April. IFRS carrying amounts as of 31 October are not specified because of confidentiality agreements concluded, above all concerning the purchase prices.
3) The transfer of benefits and obligations is expected to take place at the end of March 2017
4) The purchase contract was signed in December 2016 after the end of the reporting period. The transfer of benefits and obligations is expected to take place in January 2017

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

	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1]	Fair value 31 Oct. 2016 in EUR million[2]
"Vorgartenstrasse", Vorgartenstrasse, 1020 Vienna, Austria	04/2016	05/2016	165	12,420	27.4	3.5
"Mariendorfer Weg", Mariendorfer Weg, Berlin-Neukölln, Germany	02/2016	05/2016	562	44,160	167.5	29.7
"Stuhlrohrquartier" Weidenbaumsweg, Hamburg-Bergedorf, Germany	04/2016	06/2016	1,279	100,170	444.1	71.3
Total (as of 31 October 2016)			**2,006**	**156,750**	**639.0**	**104**

1) Total investment volume excluding imputed interests.
2) The pipeline projects are valued by CBRE twice each year as of 31 October and 30 April. IFRS carrying amounts as of 31 October are not specified because of confidentiality agreements concluded, above all concerning the purchase prices.

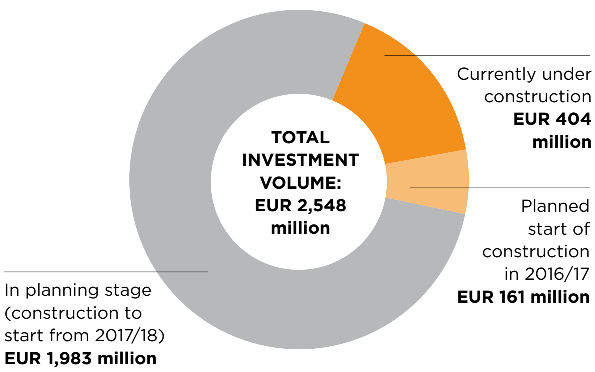
STRATEGY AND OUTLOOK

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 October 2016, the development pipeline included 59 projects with 8,991 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 17 projects with 1.387 units were under construction as of 31 October 2016 (31 July 2016: 1,369 units). The investment volume for these projects is projected to total approx. EUR 404 million. In 2016/17 construction is scheduled to start on a further seven projects with 730 units and an estimated total

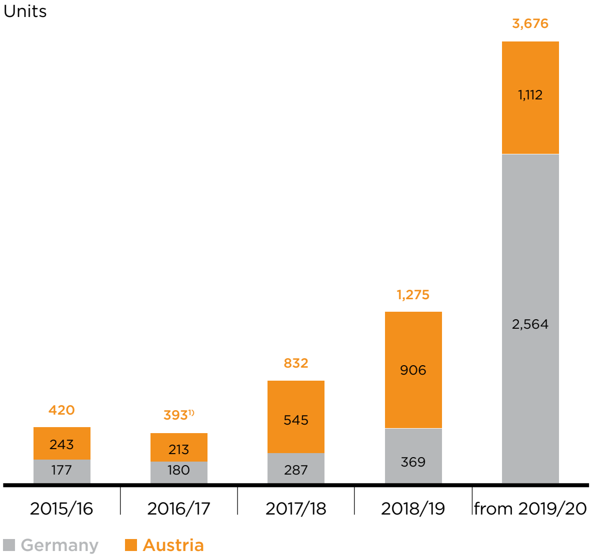
DEVELOPMENT PROJECTS
by implementation stage, as of 31 October 2016



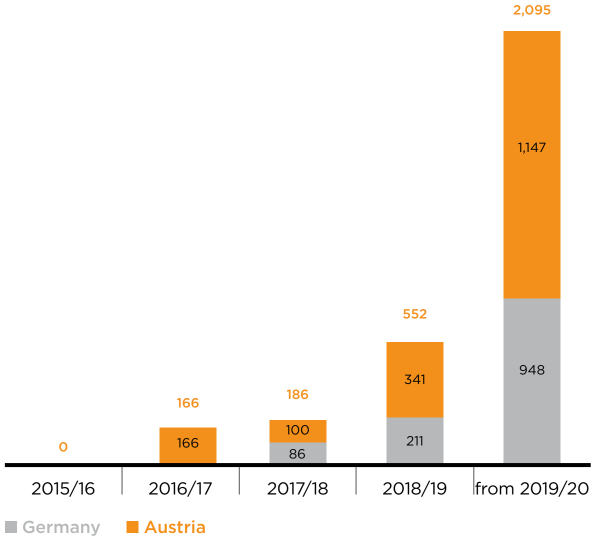
investment volume of approx. EUR 161 million. The start of construction on development projects is generally dependent on the receipt of building permits from the public authorities, which may lead to differences between the planned and actual start of construction.

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



COMPLETION FOR PORTFOLIO
Units



1) Thereof 96 units were completed in H1 2016/17.

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.

INVESTOR RELATIONS

The international stock markets and indexes were characterised by volatile to declining trends throughout the reporting period, above all due to the outcome 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, rose by nearly 6% during the reporting period to 2,474 points at the end of October 2016, while the MDAX increased by roughly 4% from 20,267 to 21,146 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 7% to 246 points. At the European level, the EPRA Developed Europe branch index fell by almost 8% from 2,149 to 1,976 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 nearly 5% 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 almost 25%. BUWOG is also included in the branch-specific FTSE EPRA/NAREIT Developed Europe Index, a recognised worldwide benchmark and the most widely used index for listed real estate companies. 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.

As a result of its steadily increasing market capitalisation, BUWOG AG was added to the “ATX five” (a capitalisation-based price index comprising the five top weighted shares in the ATX) on 6 September 2016 at roughly 10%. This underscores BUWOG’s standing as one of the five largest listed companies in Austria. The BUWOG share was also included in the Stoxx-600 index on 19 December 2016 after the end of the reporting period.

BUWOG AG issued a EUR 300 million convertible bond on 6 September 2016 during the second quarter of the reporting period. The high demand allowed for the optimisation of the bond conditions during the bookbuilding process. The convertible bond has a term extending to 2021 and an interest rate of 0.00%. It is the first convertible bond with a zero coupon ever issued by a real estate company in a German-speaking country. The conversion price on the issue date represented a premium of 35% over the reference price and currently equals EUR 31.40. This conversion price will only be adjusted to reflect dividend payments above the current dividend of EUR 0.69 per share. The BUWOG convertible bond is listed in the third market (MTF) of the Vienna Stock Exchange under ISIN AT0000A1NQH2. The success of this bond issue was also recognised by the PIE (Property Investor Europe): BUWOG AG received the Europe Property Finance Award in the category “Property finance structuring of the year – performing” at an awards ceremony on 22 November 2016 in Frankfurt am Main.

DEVELOPMENT OF THE BUWOG SHARE

The BUWOG share was initially listed at EUR 13.00 in April 2014 and has traded consistently over this price with relatively low volatility and, on balance, an increase in value since that time. With a closing price of EUR 22.02 on 31 October 2016, the share clearly outperformed the relevant benchmark indexes – supported by the generally positive development of the real estate sector. BUWOG shareholders have been able to participate in an increase of approx. EUR 1,105 million in value, or 85%, including the three EUR 0.69 dividends per share distributed in October 2014, October 2015 and October 2016, from the start of trading to the end of the reporting period on 31 October 2016.

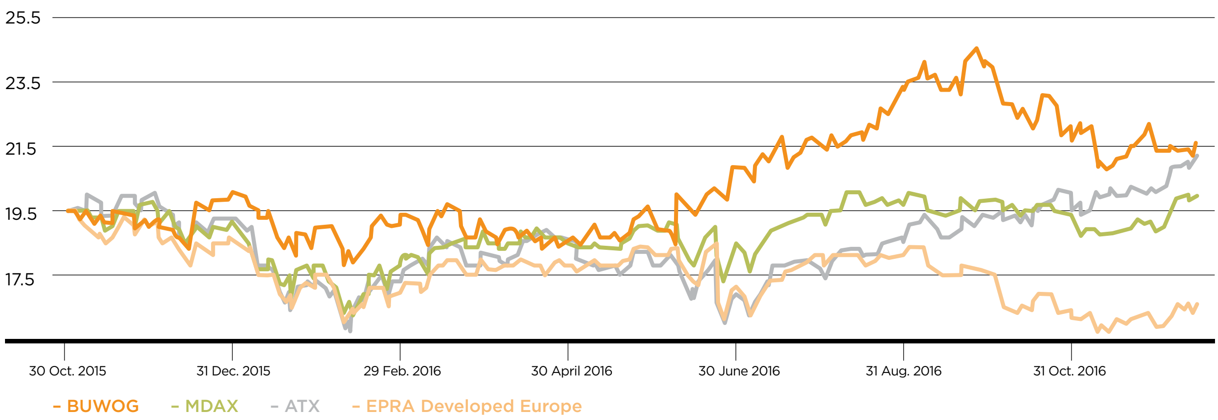
The BUWOG share rose by roughly 22% during the reporting period from 1 May 2016 to 31 October 2016 and traded slightly above the EPRA NAV per share of EUR 21.45 on 31 October 2016. The share price has continued its positive development since the end of the first half of the 2016/17 financial year on 31 October 2016.

REFERENCE DATA FOR THE BUWOG SHARE

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

COMPARATIVE PERFORMANCE OF THE BUWOG SHARE

(compared with the opening price on 31 October 2015) in Euro



SHAREHOLDER STRUCTURE

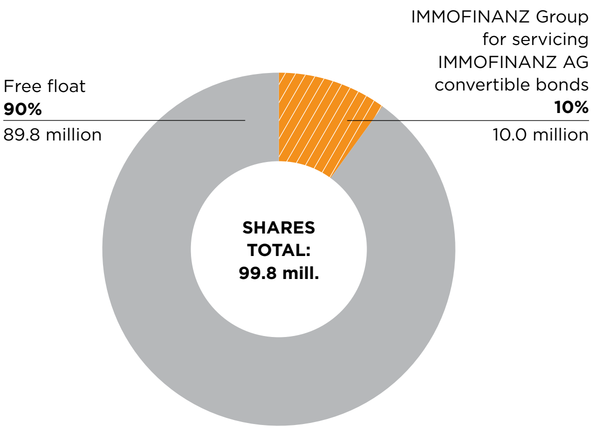
The investment held by IMMOFINANZ AG in BUWOG AG equalled roughly 10.0% of the 99,773,479 shares issued as of 31 October 2016. These shares are reserved for servicing the convertible bonds issued by IMMOFINANZ AG. At the end of the first half of 2016/17, 90% of the BUWOG shares represented free float. 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 0.2 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. 8.0 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. 8.1 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 be then classified as free float. These bonds do not represent a dilution risk for BUWOG shareholders.

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 underwww.buwog.com.

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 bearer shares, which represent approx. 9.58% of BUWOG's current outstanding share capital. The book building process set the initial conversion premium at 35% over the reference price of EUR 23.2592, respectively approx. 55% over the EPRA NAV per share on the issue date. The initial conversion price therefore equals EUR 31.40. There will be no interest payments due to the zero coupon. The convertible bond was issued and will be redeemed at 100% of the nominal value. The proceeds from this 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 for a CAPEX programme and the refinancing measures announced on 27 October 2016. As part of these refinancing measures, BUWOG concluded a EUR 550 million, eight-year credit agreement with Berlin Hyp and Helaba to refinance the existing loan portfolio. The closing is expected to take place in January 2017. This agreement will reduce interest costs by roughly EUR 4 million per year and will bring generate an additional cash flow contribution of more than EUR 13 million per year through savings on current repayments.

SHAREHOLDER STRUCTURE AS OF 31 OCTOBER 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, October 2015 and October 2016, 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. 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 October 2016 and a return of 3.1% based on the closing price of EUR 22.02 on that date. 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

21 December 2016	Publication of the H1 Report for 2016/17
16 January 2017	Unicredit Kepler Cheuvreux German Corporate Conference 2017, Frankfurt
31 January 2017	CONVERTINVEST Convertible Bond Day, Vienna
2 February 2017	Vienna Stock Exchange/Erste Group Austrian Conference, London
8 – 10 March 2017	Kempen Conference, New York
13 – 16 March 2017	MIPIM, Cannes
22 March 2017	Publication 9-monts-report FY2016/17
23 March 2017	Commerzbank Conference, London
27 – 28 Mar 201	Raiffeisen Centrobank Institutional Investor Conference, Zuers

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	29 November 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	14 November 2016	EUR 25.50	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	28 September 2016	EUR 24.70	Buy
Raiffeisen Centrobank	29 September 2016	EUR 24.50	Hold

The average target price in the published research reports is EUR 25.63, which is approx. 19% over the share price on 16 December 2016 (EUR 21.60). 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.

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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 2.4% in 2016 and 2.8% in 2017. The USA is expected to see moderate recovery with a GDP increase of 1.9% in 2016 and 2.2% in 2017 (2015: +2.4%).

STEADY, BUT RESERVED DEVELOPMENT IN EUROPE

Calculations by the European Commission in autumn 2016 indicate that the economy in the 28 EU member states continued its reserved development with an average increase of 2.2% in 2015. The forecasts for 2016 and 2017 point to somewhat weaker GDP growth of 1.8% and 1.6%, respectively. Development is expected to be positive in all of the member states during 2017, but with individual differences. This trend is projected to continue into spring 2017 in spite of the difficult framework conditions.

The Eurozone economy was generally more stable than in recent years with a 2.0% GDP increase in 2015. The autumn forecast by the European Commission points to projected GDP growth of 1.7% and 1.5%, respectively, in 2016 and 2017, whereby private consumption will remain the primary driver. This development will be supported by a further improvement in employment indicators and the low cost of debt financing, but will be negatively influenced by reserved development outside the EU, weakness in global trade and political uncertainty. In a referendum on 23 June 2016 the majority of the British population decided in favour of an exit from the EU. The effects of this "Brexit" on the global economy are still impossible to predict. Initial estimates by the European Central Bank (ECB) in summer 2016 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 0.3% and 1.4%, respectively, for the 28 EU member states in 2016 and 2017 (2015: 0.0%). 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 in the Eurozone is projected to equal 0.3% 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 growth course owing to strong consumption by private households, which are enjoying an increase in purchasing power due to the substantial drop in oil prices, continuing low inflation and the robust income growth that has followed the introduction of a minimum wage. In its autumn 2016 forecast, the European Commission is projecting real GDP growth of 1.9% in 2016 and 1.5% in 2017 (2015: 1.7%). The domestic economy was comparatively subdued at the beginning of 2016 despite stable unemployment of only 4.6% in 2015 and low inflation of 0.1%. The unemployment rate had fallen to 4.1% as of 31 October 2016, but the Commission is expecting a slight rise to 4.4% in 2016 and 4.3% in 2017. Inflation is forecasted to increase only slightly to 0.4% in 2016, before rising 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 stronger 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 during the second quarter of 2016/17, as determined by the external appraisal carried out by CBRE.

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

AUSTRIA

In contrast to the slower global trends and less favourable framework conditions, the Austrian economy is expected to follow the 1.0% increase in 2015 with accelerated, robust growth of 1.5% in 2016 and 1.6% in 2017 according to the European Commission's autumn forecast. This positive development will be supported, above all, by public and private sector spending as well as investments in residential properties. Forecasts point to a steady increase in the previously hesitant pace of investment (+0.7% in 2015), but the additional expenditures for refugees and the 2015/16 wage tax reform will have a negative effect on the outlook for public sector budgets. Both the export and import sectors were faced with difficult framework conditions: imports rose by 1.6% in the first half-year, but exports were unable to match the strong prior year growth and declined by 0.1%. In contrast, 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 5.8% at the end of April 2016 to 5.9% at the end of October 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 1.0% in 2016, before nearly doubling to 1.8% in 2017. The favourable financing conditions and the demand for replacement investments lead to expectations of an increase in gross investment during 2016, contrary to the declines registered in earlier years. Forecasts by IHS indicate a real growth rate of 2.4%.

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 is influenced by the steady increase in demand, which has been reflected in 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 half 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 second quarter of 2016/17. For example, the 3-month EURIBOR fell significantly from -0.068% on 31 October 2015 to –0.313% on 31 October 2016.

DEVELOPMENT OF THE EUR-SWAP CURVE

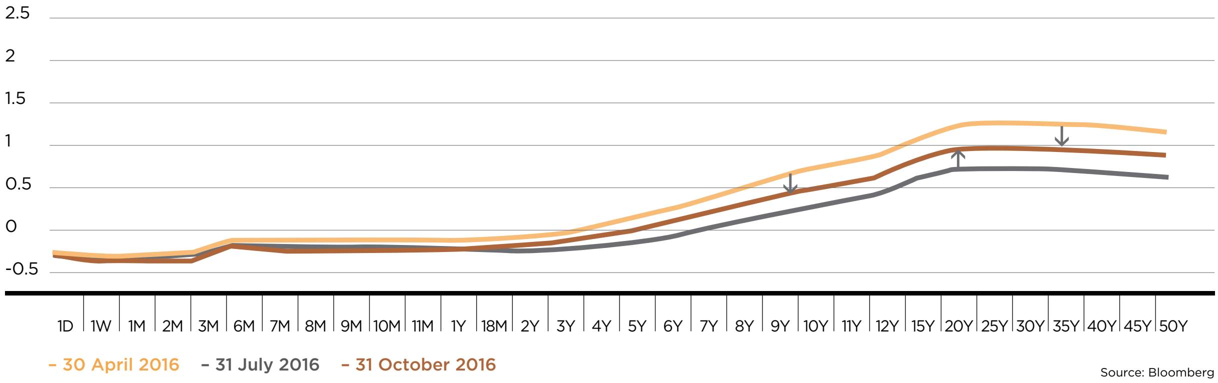
The development of the EUR-swap curve has an effect on the BUWOG Group through its influence on cash interest payments and, above all, on non-cash financial results. A low EUR-swap curve leads, among others, to lower hedging costs for long-term financing and variable interest loans, but has a negative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

A clear shift in the EUR-swap curve was visible during the first half of the 2016/17 financial year. There has been a general flattening since 30 April 2016, with only a slight change in the short-term segment and a substantial increase in the long-term segment after the end of the first quarter.

In view of BUWOG's defensive risk profile with a balanced, long-term financing structure and an average term of 11.9 years for financial liabilities, the flattening of the EUR-swap curve will have a negative effect on non-cash financial results. Further details are provided under the *Analysis of the asset, financial and earnings position* on page 41.

DEVELOPMENT EUR SWAP CURVE

Comparison 30 April 2016 – 31 July 2016 – 31 October 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) as well as 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 October 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 October 2016 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 31 October 2016 in EUR million

Non-current assets	**4,016.7**	Investment properties	3,968.1	**Standing investments**	**3,755.7**
				Pipeline projects	212.4
		Other tangible assets	6.5	Properties used by the BUWOG Group[1)]	6.5
		Investment properties under construction	42.1	Construction for the BUWOG portfolio	42.1
Current assets	**448.4**	Non-current assets held for sale	134.8	**Standing investments**	**134.8**
				Pipeline projects	0.0
		Real estate inventories	313.6	Development projects	313.6
Total portfolio BUWOG Group	**4,465.1**		**4,465.1**		**4,465.1**

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

The carrying amount of the BUWOG Group's portfolio totalled EUR 4,465.1 million as of 31 October 2016 (EUR 4,142.0 million). Standing investments and non-current assets held for sale represent the major component at EUR 3,890.6 million (EUR 3,716.3 million) or 87.1% (89.7%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 313.6 million (EUR 217.3 million) or 7.0% (5.2%) of the carrying amount of the total portfolio. The pipeline projects have a combined carrying amount of EUR 212.4 million (EUR 168.7 million) or 4.8% (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 42.1 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 0.2% (0.2%).

PROPERTY PORTFOLIO BY FAIR VALUE

as of 31 October 2016	Units	Standing investments in EUR million	Pipeline projects in EUR million	Properties used by the BUWOG Group in EUR million[1)]	Construction for BUWOG portfolio in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Germany	27,058	1,820.5	180.4	0.7	9.1	111.5	2,122.2	47.5%
Austria	23,745	2,070.1	32.0	5.8	32.9	202.1	2,343.0	52.5%
BUWOG Group	50,803	3,890.6	212.4	6.5	42.1	313.6	4,465.1	100.0%

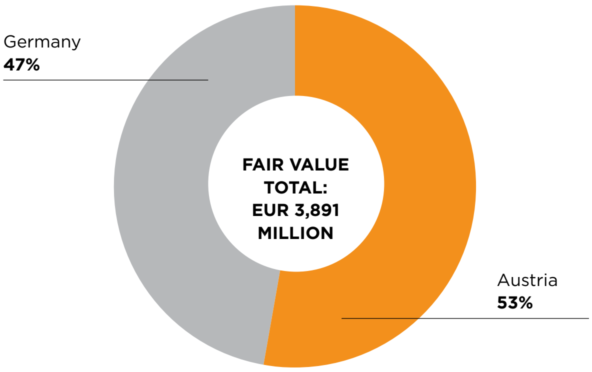
Data includes rounding differences
1) Incl. furniture, fixtures and office equipment

INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating regular rental income. The property portfolio in Germany and Austria included 50,803 standing investment units (51,058 units), which had a fair value of EUR 3,890.6 million as of 31 October 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 October 2016.

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



The annualised contractual net in-place rent from the standing investments, including parking areas, totalled approx. EUR 207.1 million as of 31 October 2016 (EUR 201.2 million). This represents an average net in-place rent of EUR 5.09 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. 5.3% (5.4%). The vacancy rate is determined on the basis of total floor space and equalled 3.5% as of 31 October 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 4.4% during the first half 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 6.6%, 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 14f for details).

The values determined by the special external valuation of the German properties and the internal valuation of the Austrian properties as of 31 July 2016 led to a further increase in the value of BUWOG's standing investment portfolio during the second quarter of 2016/17. The fair value adjustments recognised to the income statement for the first six months of the 2016/17 financial year totalled approx. EUR 174.7 million (H1 2015/16: EUR 113.3 million).

PORTFOLIO OVERVIEW STANDING INVESTMENTS BY REGIONAL CLUSTER

as of 31 October 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	11,595	909,492	60	5.73	1,526	1,678	4.0%	3.6%
Vienna	6,604	577,789	36	5.41	1,034	1,790	3.5%	4.8%
Berlin	4,991	331,703	25	6.28	492	1,482	5.0%	1.5%
State capitals and major cities[5]	19,701	1,272,239	76	5.10	1,267	996	6.0%	2.1%
Suburban regions[6]	7,940	556,558	32	4.94	543	976	5.9%	3.4%
Rural areas	11,567	775,034	39	4.42	554	715	7.0%	5.8%
Total BUWOG Group	**50,803**	**3,513,324**	**207**	**5.09**	**3,891**	**1,107**	**5.3%**	**3.5%**
thereof Germany	27,058	1,684,313	114	5.78	1,820	1,081	6.3%	2.2%
thereof Austria	23,745	1,829,010	93	4.45	2,070	1,132	4.5%	4.8%

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

The BUWOG Group implemented the results of the best practice analysis on capitalisation policies during the first half 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 H1 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 29.4 million for ongoing maintenance, to prepare apartments for new rentals, for contributions to maintenance reserves in properties designated for privatisation and for major maintenance and modernisation measures in the first six months of 2016/17 (H1 2015/16: EUR 23.5 million). This corresponds to an average of EUR 8.3 per sqm (H1 2015/16: EUR 6.6 per sqm). Maintenance investments amounted to EUR 12.9 million (H1 2015/16: EUR 12.2 million) or EUR 3.6 per sqm (H1 2015/16: EUR 3.4 per sqm). Capitalisable CAPEX measures totalled EUR 16.5 million (H1 2015/16: EUR 11.3 million) or EUR 4.7 per sqm (H1 2015/16: EUR 3.2 per sqm). The CAPEX capitalisation rate equalled 56% (H1 2015/16: 48%). In line with its active asset management approach, the BUWOG Group continues to focus on sustainable, return-driven maintenance and CAPEX measures in order to realise opportunities for value appreciation in the portfolio properties.

SALE OF 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 341 standing investment units in Austria and Germany were sold during the first half of 2016/17 (H1 2015/16: 315 units) for EUR 58.3 million (H1 2015/16: EUR 49.4 million) and a margin of approx. 57% on fair value (H1 2015/16: approx. 62%). The contribution to Recurring FFO equalled EUR 20.6 million (H1 2015/16: EUR 18.2 million). The cycle-optimised adjustment and concentration of the portfolio included the sale of one standing investment property (H1 2015/16: 275 units) in Vienna through Block Sales. The proceeds of EUR 0.6 million (H1 2015/16: EUR 26.4 million) from the sale of properties and portfolios resulted in a margin of approx. 6% on fair value (H1 2015/16: approx. 11%), and the contribution to Total FFO equalled TEUR 30 (H1 2015/16: EUR 2.5 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 212.4 million as of 31 October 2016 (EUR 168.7 million).

PIPELINE PROJECTS AT FAIR VALUE

as of 31 October 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	179.7	0.0	0.0	0.7	180.4	84.9%
Austria	25.4	4.1	0.0	2.5	32.0	15.1%
Total	**205.1**	**4.1**	**0.0**	**3.1**	**212.4**	**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 5.2 million (EUR 5.4 million).

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

Investment property under construction includes subsidised and market rent apartments in Austria and Germany that are currently under construction or whose construction will begin within the next six months as part of development for BUWOG's core portfolio. The carrying amount of these development projects totalled EUR 42.1 million as of 31 October 2016 (EUR 33.0 million). Two new projects in Vienna were under construction at the end of the reporting period: "Southgate" with 242 units – including 78 subsidised rental units and "Breitenfurter Strasse 239" with 131 units – including 100 subsidised rental units. In Berlin, the "Ankerviertel" is currently under construction as part of the "52 Grad Nord" project with 86 market rent apartments. The "Am Otterweg" project with 88 subsidised units was completed and transferred to the standing investment portfolio during the reporting period.

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

The properties classified as non-current assets held for sale and accounted for in accordance with IFRS 5 were covered by specific plans as 31 October 2016 which make their sale likely in the near future. These properties had a carrying amount of EUR 134.8 million as of 31 October 2016 (EUR 0.0 million) and are included under the standing investment cluster in the portfolio report. The planned sale of the Tyrolean portfolio with standing investment 1,152 units was finalised with the signing of a framework agreement on 7 December 2016. In addition, the sale of a portfolio with 200 standing investment units in the Austrian provinces of Styria and Carinthia was approved as of 31 October 2016.

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

The development of 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 313.6 million as of 31 October 2016 (EUR 217.3 million).

PROPERTY VALUATION

The consolidated interim financial statements of the BUWOG Group as of 31 October 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.

BUWOG's entire property portfolio was appraised, as scheduled, by the external independent experts at CBRE as of 31 October 2016. This work covered the standing investments and new construction projects as well as undeveloped land. 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.

CBRE is one of the market leaders for real estate appraisals in Germany and Austria. The company valued roughly 950,000 residential units with a total volume of approx. EUR 55 billion in 2015. With approx. 70,000 employees in nearly 400 offices throughout the world (excluding affiliated companies and subsidiaries), CBRE serves as a property service provider for owners as well as private and institutional investors.

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

DEVELOPMENT OF PROPERTY VALUES IN THE FIRST HALF OF 2016/17

The external appraisals by CBRE showed a substantial increase in the fair value of BUWOG's standing investments as of 31 October 2016 compared with the fair value as of 30 April 2016 and 31 July 2016. The fair value adjustments calculated in accordance with IAS 40 amounted to EUR 173.8 million for the first half of 2016/17, whereby EUR 161.9 million are attributable to the German portfolio and EUR 12.7 million to the Austrian portfolio. The appraisal also led to the recognition of a temporary impairment loss on pipeline projects of EUR 0.9 million in total.

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 3,755.7 million as of 31 October 2016. The fair value of the IAS 40 pipeline projects equalled EUR 212.4 million. For the BUWOG Group, this resulted in a total fair value of EUR 3,968.1 million. Including the fair value of EUR 134.8 million attributable to the standing investments classified as held for sale (IFRS 5), the standing investments had a total fair value of EUR 3,890.6 million as of 31 October 2016.

The above-average increase of EUR 161.9 million in the fair value of the German properties was influenced primarily (roughly 70%) by the adjustment of market rents and 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 these market factors, the increase in the fair value of the German properties was also influenced by favourable developments on the rental market (approx. 15%) especially in BUWOG's core regions.

The increase of EUR 12.7 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 H1 2016/17 resulted chiefly from Berlin (EUR 69.8 million), Lübeck (EUR 40.0 million) and Kiel (EUR 27.2 million) as well as Vienna (EUR 9.3 million).

FAIR VALUE ADJUSTMENTS BY REGION

as of 31 October 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	79.1	1,526	1,678	5.73	25.3
Vienna	9.3	1,034	1,790	5.41	29.0
Berlin	69.8	492	1,482	6.28	20.0
State capitals and major cities[2]	77.7	1,267	996	5.10	16.6
Suburban regions[3]	11.6	543	978	4.94	17.1
Rural areas	6.2	554	715	4.42	14.3
Total BUWOG Group	**174.7**	**3,891**	**1,107**	**5.09**	**18.8**
thereof Germany	161.9	1,820	1,081	5.78	15.9
thereof Austria	12.7	2,070	1,132	4.45	22.3

The positive and negative fair value adjustments are shown as anet amount in the above table.
Fair value and fair value adjustments of standing investments according to CBRE valuation reports as of 31 October 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

The BUWOG Group successfully arranged (re)financing for standing investments and extended working capital lines with a total volume of EUR 581.5 million*) in the first half of 2016/17. The changes in volumes and interest rates during the second quarter are explained in the following section. Other transactions focused, in particular, on 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 57.4 million**) was concluded at an average nominal interest rate of 1.02% 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.

REFINANCING AND RESTRUCTURING OF THE LOAN PORTFOLIO

The refinancing and restructuring of an existing loan portfolio with a volume of EUR 550 million was successfully arranged with Berlin Hyp, as the consortium leader, and Helaba towards the end of the reporting period. The closing is expected to take place at the end of the third quarter of 2016/17.

In addition to restructuring EUR 381.4 million of existing bank liabilities, this new financing will replace EUR 195.3 million of subsidised German loans (i.e. loans to financial institutions and local authorities) with fixed interest loans of EUR 168.6 million and equity of EUR 26.7 million by the end of 2017/18. The EUR 550 million refinancing and restructuring agreement has an average term of eight years. Including the existing derivative, the average weighted nominal interest rate ranges from 1.70% to 1.80%.

This new agreement will reduce the average weighted nominal interest rate from 1.91% to approx. 1.77% compared with the current structure of financial liabilities (including the convertible bond).

CONVERTIBLE BOND

BUWOG AG issued an unsecured convertible bond with a volume of EUR 300 million during the second quarter of 2016/17 within the framework of a bookbuilding process that was characterised by high demand. This bond has an interest rate of 0.00%, a five-year term and a conversion price of EUR 31.40. The conversion price will only be adjusted to reflect dividend payments that exceed the previous dividends of EUR 0.69 per share. The placement of the convertible bond reduced the interest rate on the Group's financial liabilities by roughly 0.26%.

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

FINANCING PARAMETERS

	Outstanding liability in EUR million	Share	Ø Interest rate	Ø Term in years
Bank liabilities	**1,606**	**67%**	**2.39%**	**11.1**
thereof Austria	794	33%	2.25%	16.8
thereof Germany	813	34%	2.52%	5.6
Local authorities	**480**	**20%**	**1.51%**	**18.6**
thereof Austria	455	19%	1.56%	19.6
thereof Germany	24	1%	0.62%	0.6
Convertible bond	**300**	**13%**	**0.00%**	**4.9**
Total[1]	**2,386**	**100%**	**1.91%**	**11.9**

1) The signing of the refinancing and restructuring agreement for the loan portfolio is expected to result in a weighted average nominal interest rate of 1.77%, an average term of 12.5 years and an average fixed interest period of 10.4 years as of 31 January 2017.

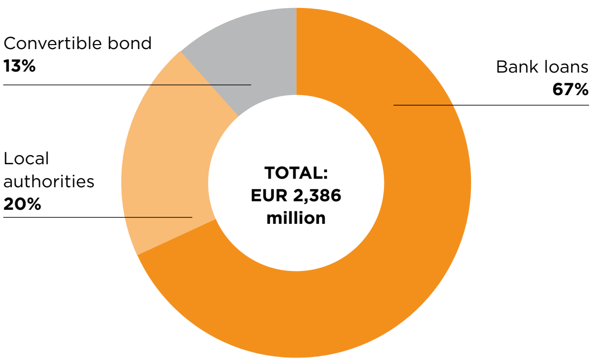
*) The funds from the refinancing and restructuring agreement (EUR 550 million) had not been received as of 31 October 2016.
**) As of 31 October 2016, the payout of EUR 18.1 million was still outstanding due to the progress of construction.

FINANCING STRUCTURE

BUWOG's financial liabilities include liabilities to credit institutions, liabilities to local authorities and development banks and liabilities from the convertible bond that was issued. The outstanding financial liabilities, which are exclusively denominated in Euros, amounted to approx. EUR 2,386 million as of 31 October 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 fair value (IFRS carrying amount) of the property portfolio, which totalled EUR 2,371 million at the end of the reporting period. Additional information on the calculation of LTV is provided in the section *Loan to Value* on pages 45f.

As of 31 October 2016, 35%*) (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 41) and under note 2.4.4 to the consolidated financial statements as of 30 April 2016.

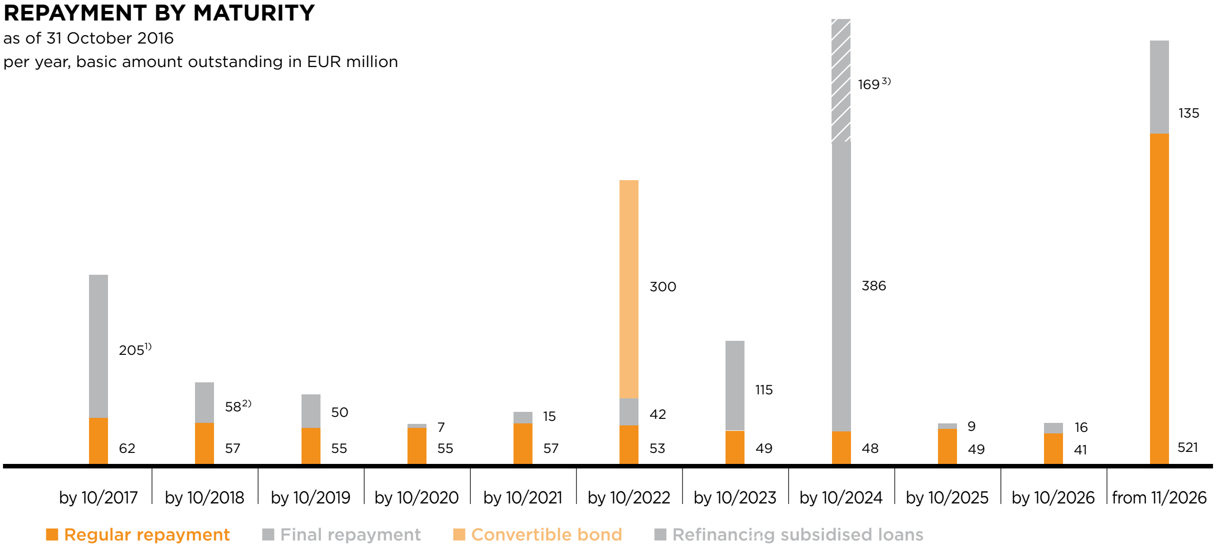
STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES
as of 31 October 2016



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 11.9 years and the average fixed interest period 9.7 years. The following graph shows the repayment structure by maturity, including the refinancing and restructuring of the loan portfolio:

REPAYMENT BY MATURITY
as of 31 October 2016
per year, basic amount outstanding in EUR million

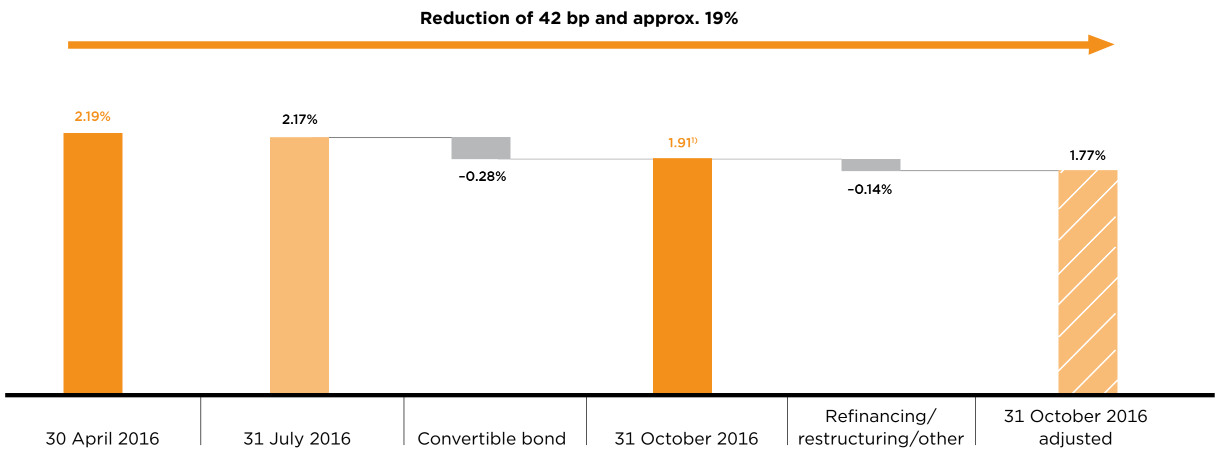


Data can include rounding differences.
1) Thereof EUR 190 million secured by the refinancing of the loan portfolio and equity.
2) Thereof EUR 6 million secured by the refinancing of the loan portfolio and equity.
3) Future term structure, including the refinancing and restructuring of the existing loan portfolio with Berlin Hyp
*) Through the refinancing of the credit portfolio the share of low-interest loans declined to 26% (basis: outstanding liability).

INTEREST RATE STRUCTURE

In line with the long-term nature of the financing structure, roughly 87% of the Group's financing contracts were hedged against the risk of interest rate changes through fixed interest rate agreements and/or interest rate swaps as of 31 October 2016. The weighted average nominal interest rate equalled 1.91% as of that date. Including the refinancing/restructuring of the credit portfolio signed in October 2016 as well as additional more minor effects, the weighted average nominal interest rate would be approx. 1.77% at an average term of roughly 12.5 years and an average fixed interest period of 10.4 years.

DEVELOPMENT OF AVERAGE INTEREST RATES FOR FINANCIAL LIABILITIES



The values shown in the above graph are not scaled mathematically.
1) Increase of 2 bp in the average interest rate due to unused overdraft facilities

ANALYSIS OF THE ASSET, FINANCIAL AND EARNINGS POSITION

The following analysis of the asset, financial and earnings position is based on the first six months of the 2016/17 financial year, respectively the balance sheet date on 31 October 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 *Change in comparative information* on page 56.

EARNINGS POSITION

CONDENSED INCOME STATEMENT

in EUR million	H1 2016/17	H1 2015/16[1]	Change
NOI Asset Management	78.5	74.1	6.0%
NOI Property Sales[2]	25.5	20.6	23.5%
NOI Property Development[3]	2.1	1.7	23.5%
Other operating income	1.8	5.2	-66.1%
Expenses not directly attributable	-17.5	-15.6	-12.2%
Results of operations	**90.4**	**86.1**	**5.0%**
Other valuation results	173.8	108.9	59.5%
Operating profit (EBIT)	**264.2**	**195.0**	**35.5%**
Financial results	-84.9	30.0	>-100%
Earnings before tax (EBT)	**179.2**	**225.0**	**-20.3%**
Net profit	**146.2**	**177.4**	**-17.6%**
Net profit per share[4] in EUR	**1.43**	**1.77**	**-18.8%**

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) Including of adaption IFRS 5 EUR 4.9 million
3) Including adjustment to fair value of investment properties under construction of EUR 0.7 million (EUR 0.5 million)
4) 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 6.0% year-on-year to EUR 78.5 million, which represents an NOI margin of 75.1%. This improvement was reflected in an increase in the monthly net in-place rent per sqm to EUR 5.09, which also resulted from sound growth of 4.4% in like-for-like rental income during the first half of 2016/17.

The income recorded by the Asset Management business area consists of net cold rent of EUR 97.3 million (EUR 93.3 million) from residential properties and other rental income of EUR 7.1 million (EUR 5.8 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 56.2 million (EUR 54.8 million) as well as other revenues of EUR 0.1 million (EUR 0.1 million). These revenues are contrasted by expenses of EUR 26.9 million (EUR 26.2 million) directly related to investment properties, which include maintenance costs of EUR 12.9 million, and operating expenses and expenses from third-party management amounting to EUR 55.3 million (EUR 53.8 million).

OVERVIEW OF ASSET MANAGEMENT

in EUR million	H1 2016/17	H1 2015/16[1]	Change
Residential rental income	97.3	93.3	4.3%
Other rental income	7.1	5.8	22.1%
Rental revenues	**104.4**	**99.1**	**5.3%**
Operating costs charged to tenants and third party property management revenues	56.2	54.8	2.5%
Other revenues	0.1	0.1	-27.2%
Revenues	**160.6**	**154.0**	**4.3%**
NOI Asset Management	**78.5**	**74.1**	**6.0%**
NOI margin Asset Management	**75.1%**	**74.6%**	**0.5 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).

Property Sales. The Property Sales business area generated NOI of EUR 25.5 million in the first half of 2016/17 (EUR 20.6 million). Excluding the IFRS 5 fair value adjustments (primarily Tyrol), NOI in this business area equalled EUR 20.6 million (EUR 20.5 million). These results reflected the sale of 341 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 roughly 6% on fair value and a high average price. The positive effects of the portfolio sale Tyrol signed in December will be recognised at the beginning of the third quarter of 2016/17.

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

	H1 2016/17	H1 2015/16	Change
Sales of units in numbers	**342**	**590**	**-42.0%**
thereof Unit Sales	341	315	8.3%
thereof Block Sales	1	275	-99.6%
NOI Property Sales in EUR million	**25.5**	**20.6**	**23.5%**
Adaption IFRS 5 current year	-4.9	-0.1	>-100%
NOI Property Sales in EUR million adjusted	**20.6**	**20.5**	**0.6%**
thereof Unit Sales in EUR million	20.6	18.2	13.3%
thereof Block Sales in EUR million	0.0	2.5	-98.8%
NOI margin Property Sales on fair value adjusted	**56%**	**39%**	**17.1 PP**
Margin on fair value – Unit Sales	57%	62%	-4.8 PP
Margin on fair value – Block Sales	6%	11%	-4.8 PP

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

Property Development. The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors, continued to intensify its investment activities. The development pipeline was increased to 8,991 units with a combined investment volume of EUR 2,548 million during the reporting period. A total of 1,387 units were under construction as of 31 October 2016, which represent an increase of 43% over the level on 30 April 2016.

This business area recorded NOI of EUR 2.1 million for the first six months of 2016/17 (EUR 1.7 million). Excluding fair value adjustments, NOI amounted to EUR 1.4 million (EUR 1.2 million). A total of 125 units (110 units) were transferred and recognised to the income statement during the reporting period. 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

	H1 2016/17	H1 2015/16	Change
Sold units	**125**	**110**	**13.6%**
thereof Germany	69	76	-9.2%
thereof Austria	56	34	64.7%
Revenues Property Development in EUR million	**45.1**	**34.3**	**31.2%**
thereof Germany in EUR million	26.4	23.3	13.3%
thereof Austria in EUR million	18.7	11.1	68.9%
NOI Property Development in EUR million	**2.1**	**1.7**	**23.5%**
Adjustment to fair value of investment properties under construction	-0.7	-0.5	-37.3%
NOI Property Development adjusted in EUR million	**1.4**	**1.2**	**17.9%**
thereof Germany in EUR million	1.1	-0.4	>100%
thereof Austria in EUR million	0.4	1.6	-77.5%
NOI margin Property Development adjusted	**3.2%**	**3.5%**	**-0.3 PP**
thereof Germany	4.1%	-1.6%	5.7 PP
thereof Austria	1.9%	14.3%	-12.4 PP

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

Other valuation results for the first half of 2015/16 included EUR 4.4 million of income from guarantee commissions and income from the refund of property transfer taxes. **Expenses not directly attributable** to the business areas amounted to EUR 17.5 million as of 31 October 2016 (EUR 15.6 million). They consist primarily of personnel expenses totalling EUR 7.5 million, legal, auditing and consulting fees of EUR 2.4 million and IT and communication costs of EUR 2.8 million. The year-on-year increase resulted from the growth in the workforce and the special project for the Group-wide introduction of SAP ERP.

The results of operations totalled EUR 90.4 million (EUR 86.1 million). The year-on-year increase is attributable to the above-mentioned non-recurring effects and the positive development of the individual business areas. The following table shows the transition to adjusted EBITDA of EUR 86.4 million (EUR 85.0 million) following the inclusion of non-cash effects and effects related to other accounting periods as well as the valuation of properties under construction and investment property held for sale.

EBITDA

in EUR million	H1 2016/17	H1 2015/16[1]	Change
Results of operations	**90.4**	**86.1**	**5.0%**
Impairment losses/revaluations	1.6	-0.1	>100%
Adjustment to fair value of investment properties under construction	-0.7	-0.5	-37.3%
Adaption IFRS 5 current year	-4.9	-0.5	>-100%
EBITDA[2]	**86.4**	**85.0**	**1.7%**
EBITDA Asset Management	**66.5**	**64.9**	**2.4%**
EBITDA Property Sales[2]	**20.3**	**19.8**	**2.0%**
thereof Unit Sales	20.3	17.9	13.2%
thereof Block Sales	-0.0	1.9	>-100%
EBITDA Property Development	**-0.3**	**0.2**	**>-100%**

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

Other valuation results of EUR 173.8 million (EUR 108.9 million) consist primarily of fair value adjustments to investment properties. These properties were appraised by the independent external experts at CBRE as of 31 October 2016. Further details are provided under note 5.4 *Revaluation of properties* in the notes to the consolidated interim financial statements.

Financial results of EUR –84.9 million (EUR 30.0 million) include cash interest expenses of EUR 23.4 million (EUR 23.9 million) as well as non-cash results from the fair value measurement of derivatives at EUR -19.5 million (EUR 16.2 million) and financial liabilities at EUR -34.8 million (EUR 41.7 million). The negative non-cash financial results were influenced by the substantial flattening of the EUR-Swap curve during the first half of 2016/17. This position also reflects the restructuring of an existing loan portfolio. The non-cash valuation effects have no impact on Recurring FFO. Additional information on the development of interest rates is provided under *The Market Environment* and *Financing*.

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 57.6 million for the first half of 2016/17. The year-on-year increase of 18.6% in Recurring FFO reflects the positive development of earnings in all business areas.

FFO

in EUR million	H1 2016/17	H1 2015/16[1]	Change
Net profit	146.2	177.4	-17.6%
Results of Property Sales	-25.5	-20.6	-23.5%
Other financial results	61.1	-53.9	>100.0%
Fair value adjustments of investment properties[2]	-174.5	-109.5	-59.3%
Impairment losses/revaluations	1.7	-0.1	>100.0%
Deferred taxes	24.7	39.3	-37.3%
Other[3]	3.4	-2.2	>100.0%
FFO	**37.0**	**30.4**	**21.8%**
Unit Sales result	20.6	18.2	13.2%
Recurring FFO	**57.6**	**48.6**	**18.6%**
Block Sales result[4]	0.0	2.6	-98.9%
Total FFO	**57.7**	**51.2**	**12.6%**
Recurring FFO per share in EUR basic[5]	0.58	0.49	18.4%
Total FFO per share in EUR basic[5]	0.58	0.51	12.4%
Recurring FFO	**57.6**	**48.6**	**18.6%**
CAPEX	-16.5	-11.3	-46.3%
AFFO	**41.1**	**37.3**	**10.2%**

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) Includes EUR 173.8 million (EUR 108.9 million) of fair value adjustments of investement properties and EUR 0.7 million for the valuation of properties under construction
3) Includes, among others, non-recurring expenses of EUR 4.0 million for special projects related to the Group-wide introduction of an ERP system. Also included here are EUR 0.5 million of non-recurring expenses for the repayment of ground rents from 2006-2015. In the previous year this position included adjustments, among others, for income from liability commissions and the refund of property transfer taxes as well as special projects for the Group-wide introduction of an ERP system.
4) Excl. valuation effect from assets held for sale of EUR -4.9 million (EUR -0.5 million)
5) Basis for earnings data: 99,773,479 shares (weighted average) previous year 99,613,479 shares/excluding non-controlling interests: RFFO EUR 0.58 (EUR 0.55)/Total FFO EUR 0.58 (EUR 0.55)

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 October 2016	30 April 2016	Change
Investment property	3,968.1	3,885.0	2.1%
Investment property under construction	42.1	33.0	27.6%
Other tangible assets	6.5	6.7	-2.7%
Intangible assets	9.3	9.4	-1.4%
Trade and other receivables	106.3	181.9	-41.6%
Other financial assets	19.5	19.6	-0.3%
Deferred tax assets	8.8	5.4	64.2%
Non-current assets held for sale	134.8	0.0	n.a.
Income tax receivables	2.5	3.3	-22.4%
Real estate inventories	313.6	217.3	44.3%
Cash and cash equivalents	301.3	82.5	>100.0%
Assets	**4,912.9**	**4,444.1**	**10.5%**
Equity	1,775.6	1,700.0	4.5%
Liabilities from convertible bonds	286.7	0.0	n.a.
Financial liabilities	2,082.9	2,052.7	1.5%
Trade payables and other liabilities	498.1	422.9	17.8%
Income tax liabilities	19.0	47.6	-60.0%
Provisions	13.0	13.2	-1.7%
Deferred tax liabilities	235.9	207.8	13.5%
Financial liabilities held for sale	1.7	0.0	n.a.
Equity and liabilities	**4,912.9**	**4,444.1**	**10.5%**

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 RealEstate 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.

EPRA NAV

in EUR million	31 October 2016	30 April 2016	Change
Equity before non-controlling interests	1,760.0	1,685.9	4.4%
Goodwill	–5.6	–5.6	0.0%
Inventories (carrying amount)[1]	–313.6	–217.3	–44.3%
Inventories (fair value)	341.7	250.5	36.4%
Properties owned by BUWOG (carrying amount)	–5.2	–5.4	4.9%
Properties owned by BUWOG (fair value)	10.3	10.3	0.0%
Positive market value of derivative financial instruments	0.0	0.0	–
Negative market value of derivative financial instruments	87.4	67.9	28.7%
Deferred tax assets on investment properties	–0.4	–0.4	8.0%
Deferred tax liabilities on investment properties (adjusted)[2]	286.5	249.9	14.7%
Deferred taxes on property inventories	–7.3	–9.3	21.5%
Deferred taxes on derivative financial instruments	–14.1	–13.3	–5.8%
EPRA NAV basic (balance sheet date)	**2,139.9**	**2,013.2**	**6.3%**
Total floor area	3,513,324	3,532,273	–0.5%
EPRA NAV in EUR per sqm	**609.1**	**569.9**	**6.9%**
EPRA NAV basic (balance sheet date)	**2,139.9**	**2,013.2**	**6.3%**
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)	**21.45**	**20.18**	**6.3%**

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 28.1 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 October 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 October 2016	30 April 2016	Change
Non-current financial liabilities	1,753.8	1,947.0	-9.9%
Current financial liabilities	329.1	105.7	>100%
Financial liabilities held for sale	1.7	0.0	n.a.
Liabilities from convertible bonds	286.7	0.0	n.a.
Financial liabilities	**2,371.3**	**2,052.7**	**15.5%**
Cash and cash equivalents	-301.3	-82.5	>-100%
Net financial liabilities	**2,070.0**	**1,970.1**	**5.1%**
Investment properties	3,968.1	3,885.0	2.1%
Investment properties under construction	42.1	33.0	27.6%
Non-current assets held for sale	134.8	0.0	n.a.
Inventories	313.6	217.3	44.3%
Carrying amount overall portfolio	**4,458.6**	**4,135.3**	**7.8%**
Loan to value ratio	**46.4%**	**47.6%**	**-1.2 PP**

FINANCIAL POSITION

CONDENSED CASH FLOW STATEMENT

in EUR million	H1 2016/17	H1 2015/16	Change
Cash flow from operating activities	33.5	33.8	-0.9%
Cash flow from investing activities	-11.8	75.3	>-100%
Cash flow from financing activities	197.1	-84.8	>100%
Cash flow	**218.8**	**24.3**	**>100%**

Cash flow from operating activities amounted to EUR 33.5 million (EUR 33.8 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 -11.8 million (EUR 75.3 million). The year-on-year increase in cash outflows resulted, above all, from the purchase of two sites in Austria and Germany.

The positive cash flow of EUR 197.1 million (EUR -84.8 million) from financing activities resulted primarily from the successful placement of a EUR 300 million convertible bond.

OUTLOOK

From an operational standpoint, BUWOG can look back on a very successful first half-year in 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 are discussed in the applicable sections of this report, including the section on the development of business. The information provided under the *Risk Report* in the 2015/16 annual report is still valid.

SUBSEQUENT EVENTS

The BUWOG Group concluded a EUR 550 million credit agreement with Berlin Hyp, as the consortium leader, and Helaba on 27 October 2016 to refinance an existing loan portfolio with a term of eight years. This agreement will restructure the financing for a portfolio of roughly 18,000 standing investment units with approx. 1.1 million sqm of total floor space, which are located primarily in the German states of Schleswig-Holstein and Lower Saxony and in Berlin. The closing is expected to take place at the end of January 2017. This restructuring will optimise BUWOG's financing costs through a reduction in the LTV (loan-to-value) of the properties through the planned use of up to EUR 40 million from the recently issued convertible bonds and also through a change in the structure of the borrowers and an improvement in the corporate and management rating.

On 7 December 2016, the BUWOG Group signed a contract for the sale of 1,146 apartments with approx. 89,000 sqm of total floor space in the Austrian province of Tyrol (approx. 4.8% of the Austrian portfolio). This transaction reflects the continuation of BUWOG's strategic focus for Austria on the capital city of Vienna. Land in Innsbruck was also sold after the end of the reporting period on 31 October 2016. The transfer of rights and obligations is scheduled for year-end 2016.

On 7 December, the Property Development business area signed an agreement for the purchase of a site in Berlin with 124 units and a total investment volume of EUR 29.7 million. The closing will take place in January 2017.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS BUWOG GROUP

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CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	H1 2016/17	H1 2015/16[1]	Q2 2016/17	Q2 2015/16[1]
Residential rental income		97,309.7	93,295.9	47,671.6	46,725.6
Other rental income		7,116.8	5,830.0	4,008.1	3,031.3
Rental income		**104,426.5**	**99,125.9**	**51,679.7**	**49,756.9**
Operating costs charged to tenants and third party property management revenues		56,150.0	54,787.5	26,873.4	27,293.2
Other revenues		62.5	85.9	46.1	7.6
Revenues		**160,639.0**	**153,999.3**	**78,599.2**	**77,057.7**
Expenses directly related to investment property	5.1	–26,880.0	–26,178.6	–12,725.7	–13,424.9
Operating expenses and expenses from third party property management		–55,265.6	–53,761.8	–25,851.2	–26,759.7
Results of Asset Management		**78,493.4**	**74,058.9**	**40,022.3**	**36,873.1**
Sale of properties		58,889.9	75,795.6	31,223.2	42,397.5
Carrying amount of sold properties		–58,889.9	–75,795.6	–31,223.2	–42,397.5
Other expenses from property sales		–1,594.0	–2,003.6	–826.1	–1,043.4
Fair value adjustments of properties sold and held for sale	5.4	27,077.5	22,635.8	16,695.0	12,029.2
Results of Property Sales		**25,483.5**	**20,632.2**	**15,868.9**	**10,985.8**
Sale of real estate inventories		45,056.0	34,339.7	26,688.7	11,781.1
Cost of real estate inventories sold		–35,804.5	–27,267.0	–20,658.1	–9,284.2
Other expenses from sale of real estate inventories		–3,328.9	–3,286.9	–1,944.2	–1,899.1
Other real estate development expenses		–4,490.4	–3,185.5	–1,788.1	–1,132.1
Fair value adjustments of properties under construction	5.4	684.9	498.8	684.9	498.8
Results of properties sold and held for sale		0.0	614.5	0.0	0.0
Results of Property Development		**2,117.1**	**1,713.6**	**2,983.2**	**–35.5**
Other operating income	5.2	1,774.7	5,233.9	1,093.5	1,629.6
Other not directly attributable expenses	5.3	–17,486.0	–15,583.8	–8,206.5	–7,530.2
Results of operations		**90,382.7**	**86,054.8**	**51,761.4**	**41,922.8**
Fair value adjustments of investment properties	5.4	173,762.1	108,945.6	27,258.3	92,980.4
Maintenance and improvement contributions received		24.9	0.0	0.0	0.0
Other valuation results		**173,787.0**	**108,945.6**	**27,258.3**	**92,980.4**
Operating profit (EBIT)		**264,169.7**	**195,000.4**	**79,019.7**	**134,903.2**
Financing costs		–25,682.5	–25,465.7	–14,392.7	–13,985.0
Financing income		470.2	548.3	320.5	365.2
Other financial results		–59,713.6	54,956.2	12,125.8	–19,314.7
Financial results	**5.5**	**–84,925.9**	**30,038.8**	**–1,946.4**	**–32,934.5**
Earnings before tax (EBT)		**179,243.8**	**225,039.2**	**77,073.3**	**101,968.7**
Income tax expenses	5.6	–8,385.3	–8,323.7	–5,328.5	–4,526.2
Deferred tax income/expenses	5.6	–24,652.1	–39,295.2	–9,405.1	–16,575.1
Net profit		**146,206.4**	**177,420.3**	**62,339.7**	**80,867.4**
Thereof attributable to:					
Owners of the parent company		**143,059.6**	**175,836.4**	**59,143.5**	**79,245.8**
Non-controlling interests		**3,146.8**	**1,583.9**	**3,196.2**	**1,621.6**
Basic earnings per share in EUR	**5.7**	**1.43**	**1.77**	**0.59**	**0.80**
Diluted earnings per share in EUR	**5.7**	**1.43**	**1.76**	**0.59**	**0.79**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	H1 2016/17	H1 2015/16	Q2 2016/17	Q2 2015/16
Net profit	**146,206.4**	**177,420.3**	**62,339.7**	**80,867.4**
Items which will not be reclassified to the income statement in the future				
Remeasurement of defined benefit obligations	0.0	0.0	0.0	0.0
Income taxes attributable to items which will not be subsequently reclassified to the income statement	0.0	0.0	0.0	0.0
Total items which will not be reclassified to income statement in the future	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income	**146,206.4**	**177,420.3**	**62,339.7**	**80,867.4**
Thereof attributable to:				
Owners of the parent company	**143,059.6**	**175,836.4**	**59,143.5**	**79,245.8**
Non-controlling interests	**3,146.8**	**1,583.9**	**3,196.2**	**1,621.6**

CONSOLIDATED BALANCE SHEET

in TEUR	Notes	31 October 2016	30 April 2016
Investment property	6.1	3,968,104.2	3,885,043.7
Investment property under construction	6.1	42,072.6	32,964.8
Other tangible assets		6,512.0	6,693.6
Intangible assets		9,314.3	9,445.7
Trade and other receivables	6.2	1,704.6	30,442.8
Other financial assets		18,482.5	18,377.9
Deferred tax assets		8,843.7	5,386.8
Non-current assets		**4,055,033.9**	**3,988,355.3**
Trade and other receivables	6.2	104,550.8	151,458.4
Income tax receivables		2,529.4	3,258.1
Other financial assets		1,056.3	1,225.4
Non-current assets held for sale	6.3	134,847.0	0.0
Real estate inventories		313,596.6	217,253.7
Cash and cash equivalents		301,304.0	82,540.1
Current assets		**857,884.1**	**455,735.7**
ASSETS		**4,912,918.0**	**4,444,091.0**
Share capital		99,773.5	99,773.5
Capital reserves		1,299,592.3	1,299,643.1
Accumulated other equity		–1,010.8	–1,010.8
Retained earnings		361,693.1	287,477.2
		1,760,048.1	1,685,883.0
Non-controlling interests		15,576.3	14,075.8
Equity	**6.4**	**1,775,624.4**	**1,699,958.8**
Liabilities from convertible bonds	6.5	286,653.4	0.0
Financial liabilities	6.6	1,753,832.3	1,947,004.0
Trade payables and other liabilities	6.7	140,097.0	122,708.2
Tax liabilities		82.9	81.1
Provisions		6,321.2	6,375.7
Deferred tax liabilities		235,916.0	207,806.2
Non-current liabilities		**2,422,902.8**	**2,283,975.2**
Financial liabilities	6.6	329,056.9	105,657.8
Trade payables and other liabilities	6.7	357,996.2	300,211.3
Tax liabilities		18,952.2	47,476.8
Provisions		6,643.7	6,811.1
Financial liabilities held for sale	6.3	1,741.8	0.0
Current liabilities		**714,390.8**	**460,157.0**
EQUITY AND LIABILITIES		**4,912,918.0**	**4,444,091.0**

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	H1 2016/17	H1 2015/16
Earnings before tax (EBT)	179,243.8	225,039.2
Fair value adjustments/depreciation/gain from a bargain purchase	–198,693.9	–135,686.6
Gains/losses from disposal of non-current assets	–15.5	140.0
Gain/loss on the fair value measurement of financial instruments	54,316.8	–57,905.4
Income taxes received/paid	–36,179.4	–2,990.4
Net financing costs	25,212.3	24,917.3
Other non-cash income/expense	5,440.0	2,805.8
Gross cash flow	**29,324.1**	**56,319.9**
Changes in:		
Trade and other receivables	–203.1	–1,973.3
Real estate inventories	–29,483.0	–38,827.5
Trade payables	–6,291.2	8,485.8
Provisions	–222.0	–407.1
Prepayments received on the sale of apartments	33,263.4	10,019.7
Miscellaneous other liabilities	7,101.2	183.6
Cash flow from operating activities	**33,489.4**	**33,801.1**
Acquisition of/Investments in investment property incl. prepayments	–95,409.8	–14,777.7
Acquisition of/Investments in property under construction	–21,432.3	–7,272.6
Acquisition of other tangible assets	–299.4	–175.4
Acquisition of intangible assets	–348.6	–452.5
Acquisition of other financial assets	–20.4	0.0
Disposal of non-current assets	104,022.6	95,923.3
Cash inflows from other financial assets	1,494.8	1,769.9
Interest received	216.3	280.8
Cash flow from investing activities	**–11,776.8**	**75,295.8**
Cash inflows from long-term financing	71,742.8	100,050.5
Cash flows arising from changes of the ownership interests in subsidiary	–1,689.8	0.0
Cash inflows/outflows from short-term financing	–59,476.4	1,632.3
Cash outflows for long-term financing	–19,146.8	–93,921.7
Cash outflows for derivative financial instruments	–7,725.1	–7,360.9
Interest paid and cash outflows for other financing expenses	–15,647.7	–16,474.6
Payments of dividends to non-controlling interests	–102.0	0.0
Payments of dividends to shareholders of the parent company	–68,843.7	–68,733.3
Cash inflows from convertible bonds	300,000.0	0.0
Cash outflows for transaction costs for convertible bonds	–2,060.0	0.0
Cash flow from financing activities	**197,051.3**	**–84,807.7**
Change in cash and cash equivalents	**218,763.9**	**24,289.2**
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	301,304.0	173,442.4
Change in cash and cash equivalents	**218,763.9**	**24,289.2**

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	94.7
Structural changes	0.0	–145.5
Transactions with owners	**0.0**	**–50.8**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 October 2016	**99,773.5**	**1,299,592.3**

in TEUR	Share capital	Capital reserves
Balance on 30 April 2015	**99,613.5**	**1,297,169.4**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	336.4
Transactions with owners	**0.0**	**336.4**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 October 2015	**99,613.5**	**1,297,505.8**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–1,010.8	**287,477.2**	**1,685,883.0**	**14,075.8**	**1,699,958.8**
0.0	–68,843.7	–68,843.7	–102.0	**–68,945.7**
0.0	0.0	94.7	0.0	**94.7**
0.0	0.0	–145.5	–1,544.3	**–1,689.8**
0.0	**–68,843.7**	**–68,894.5**	**–1,646.3**	**–70,540.8**
0.0	143,059.6	143,059.6	3,146.8	**146,206.4**
0.0	0.0	0.0	0.0	**0.0**
0.0	**143,059.6**	**143,059.6**	**3,146.8**	**146,206.4**
–1,010.8	**361,693.1**	**1,760,048.1**	**15,576.3**	**1,775,624.4**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–1,296.8	**119,952.4**	**1,515,438.5**	**8,861.7**	**1,524,300.2**
0.0	–68,733.3	–68,733.3	0.0	**–68,733.3**
0.0	0.0	336.4	0.0	**336.4**
0.0	**–68,733.3**	**–68,396.9**	**0.0**	**–68,396.9**
0.0	175,836.4	175,836.4	1,583.9	**177,420.3**
0.0	0.0	0.0	0.0	**0.0**
0.0	**175,836.4**	**175,836.4**	**1,583.9**	**177,420.3**
–1,296.8	**227,055.5**	**1,622,878.0**	**10,445.6**	**1,633,323.6**

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 October 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:

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
IFRS 10, IFRS 12, IAS 28	Investment Entities: Application of Consolidation Exemption	18 December 2014 (22 September 2016)	1 May 2016

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

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

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
New standards and interpretations			
IFRS 15	Revenue from Contracts with Customers	28 May 2014 (22 September 2016)	1 May 2018

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 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]
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
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12 September 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 Property Development. Impairment losses to and the revaluation (increase in value) of inventories are no longer included in other expenses from the sale of real estate inventories, but are reported under other real estate development expenses.

CONSOLIDATED INCOME STATEMENT

in TEUR	H1 2015/16 Reported	Adjustments	H1 2015/16 Adjusted
Results of Property Development			
Other expenses from sale of real estate inventories	–2,336.7	–950.2	–3,286.9
Other real estate development expenses	–4,135.7	950.2	–3,185.5
Results of Asset Management			
Expenses directly related to investment property	–30,543.1	4,364.5	–26,178.6
Other valuation results			
Fair value adjustments of investment properties	113,310.1	–4,364.5	108,945.6

This led to the following changes in the segment reporting:

SEGMENT REPORTING

in TEUR	H1 2015/16 Reported	Adjustments	H1 2015/16 Adjusted
Segment Germany			
Expenses directly related to investment property	–18,778.5	376.6	–18,401.9
Fair value adjustments of investment properties	75,363.9	–376.6	74,987.3
Segment Austria			
Other expenses from sale of real estate inventories	50.8	–950.2	–899.4
Other real estate development expenses	–2,220.6	950.2	–1,270.4
Expenses directly related to investment property	–11,764.6	3,987.9	–7,776.7
Fair value adjustments of investment properties	37,946.2	–3,987.9	33,958.3

3. SCOPE OF CONSOLIDATION

In addition to BUWOG AG, these consolidated interim financial statements include 37 domestic and 87 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or can exercise legal or actual control.

3.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

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

Scope of consolidation	Full consolidation
Balance on 30 April 2016	**122**
Initially included	3
Balance on 31 October 2016	**125**

3.2 INITIAL CONSOLIDATIONS

The following subsidiaries were initially consolidated during the first half 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
Germany	DE	Berlin	BUWOG – Berlin Wohnen GmbH	100.00%	31 August 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%

3.4 NON-CONSOLIDATED SUBSIDIARIES

Two companies under civil law (Gesellschaften bürgerlichen Rechts, GesbRs) were founded during the first half of 2016/17 in order to sell usage rights to the docking area for boats, which is part of the Lindenstrasse "Uferkrone" project in Berlin. The owners of the housing units who purchase these usage rights will become shareholders in these companies, while BUWOG Lindenstrasse Development GmbH will reduce its investment as the sales proceed. Consequently, these companies will no longer represent subsidiaries when all of the sales are completed. These two companies were not included in the consolidation because they are immaterial.

Segment	Country	Headquarters	Company
Germany	DE	Berlin	Marina Lindenstraße GbR
Germany	DE	Berlin	Marina Spreestraße GbR

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 H1 2016/17	Germany H1 2015/16[1]	Austria H1 2016/17	Austria H1 2015/16[1]
Residential rental income	53,532.9	51,720.9	43,776.8	41,575.0
Other rental income	3,976.8	2,719.7	3,140.0	3,110.3
Rental income	**57,509.7**	**54,440.6**	**46,916.8**	**44,685.3**
Operating costs charged to tenants and third party property management revenues	31,940.1	30,722.7	24,209.9	24,064.8
Other revenues	33.3	49.8	29.2	36.1
Revenues	**89,483.1**	**85,213.1**	**71,155.9**	**68,786.2**
Expenses directly related to investment property	–17,482.9	–18,401.9	–9,397.1	–7,776.7
Operating expenses and expenses from third party property management	–31,016.6	–29,759.8	–24,249.0	–24,002.0
Results of Asset Management	**40,983.6**	**37,051.4**	**37,509.8**	**37,007.5**
Sale of properties	615.3	838.5	58,274.6	74,957.1
Carrying amount of sold properties	–615.3	–838.5	–58,274.6	–74,957.1
Other expenses from property sales	–24.3	–34.4	–1,569.7	–1,969.2
Fair value adjustments of properties sold and held for sale	152.6	28.2	26,924.9	22,607.6
Results of Property Sales	**128.3**	**–6.2**	**25,355.2**	**20,638.4**
Sale of real estate inventories	26,381.6	23,282.3	18,674.4	11,057.4
Cost of real estate inventories sold	–21,887.8	–19,350.1	–13,916.7	–7,916.9
Other expenses from sale of real estate inventories	–2,041.0	–2,387.5	–1,287.9	–899.4
Other real estate development expenses	–1,377.4	–1,915.1	–3,113.0	–1,270.4
Fair value adjustments of properties under construction	0.0	0.0	684.9	498.8
Results of properties sold and held for sale	0.0	0.0	0.0	614.5
Results of Property Development	**1,075.4**	**–370.4**	**1,041.7**	**2,084.0**
Other operating income	838.8	2,353.2	858.5	432.3
Other not directly attributable expenses	–3,995.2	–4,483.4	–2,967.6	–2,238.7
Results of operations	**39,030.9**	**34,544.6**	**61,797.6**	**57,923.5**
Fair value adjustments of investment properties	160,657.2	74,987.3	13,104.9	33,958.3
Maintenance and improvement contributions received	0.0	0.0	24.9	0.0
Other valuation results	**160,657.2**	**74,987.3**	**13,129.8**	**33,958.3**
Operating profit (EBIT)	**199,688.1**	**109,531.9**	**74,927.4**	**91,881.8**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Deferred tax income/expenses				
Net profit				
Investments in non-current segment assets	**117,116.4**	**5,804.8**	**34,774.5**	**16,419.5**
	31 October 2016	30 April 2016[1]	31 October 2016	30 April 2016[1]
Investment property	2,000,844.2	1,752,577.0	1,967,260.0	2,132,466.7
Investment property under construction	9,132.2	0.0	32,940.4	32,964.8
Other tangible assets	666.7	729.4	5,401.9	5,924.5
Non-current segment assets	**2,010,643.1**	**1,753,306.4**	**2,005,602.3**	**2,171,356.0**
Non-current assets held for sale	0.0	0.0	134,847.0	0.0
Real estate inventories	111,526.0	89,770.5	202,070.6	127,483.2
Current segment assets	**111,526.0**	**89,770.5**	**336,917.6**	**127,483.2**
Segment assets	**2,122,169.1**	**1,843,076.9**	**2,342,519.9**	**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	
	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16[1]
	97,309.7	93,295.9	0.0	0.0	97,309.7	93,295.9
	7,116.8	5,830.0	0.0	0.0	7,116.8	5,830.0
	104,426.5	**99,125.9**	**0.0**	**0.0**	**104,426.5**	**99,125.9**
	56,150.0	54,787.5	0.0	0.0	56,150.0	54,787.5
	62.5	85.9	0.0	0.0	62.5	85.9
	160,639.0	**153,999.3**	**0.0**	**0.0**	**160,639.0**	**153,999.3**
	–26,880.0	–26,178.6	0.0	0.0	–26,880.0	–26,178.6
	–55,265.6	–53,761.8	0.0	0.0	–55,265.6	–53,761.8
	78,493.4	**74,058.9**	**0.0**	**0.0**	**78,493.4**	**74,058.9**
	58,889.9	75,795.6	0.0	0.0	58,889.9	75,795.6
	–58,889.9	–75,795.6	0.0	0.0	–58,889.9	–75,795.6
	–1,594.0	–2,003.6	0.0	0.0	–1,594.0	–2,003.6
	27,077.5	22,635.8	0.0	0.0	27,077.5	22,635.8
	25,483.5	**20,632.2**	**0.0**	**0.0**	**25,483.5**	**20,632.2**
	45,056.0	34,339.7	0.0	0.0	45,056.0	34,339.7
	–35,804.5	–27,267.0	0.0	0.0	–35,804.5	–27,267.0
	–3,328.9	–3,286.9	0.0	0.0	–3,328.9	–3,286.9
	–4,490.4	–3,185.5	0.0	0.0	–4,490.4	–3,185.5
	684.9	498.8	0.0	0.0	684.9	498.8
	0.0	614.5	0.0	0.0	0.0	614.5
	2,117.1	**1,713.6**	**0.0**	**0.0**	**2,117.1**	**1,713.6**
	1,697.3	2,785.5	77.4	2,448.4	1,774.7	5,233.9
	–6,962.8	–6,722.1	–10,523.2	–8,861.7	–17,486.0	–15,583.8
	100,828.5	**92,468.1**	**–10,445.8**	**–6,413.3**	**90,382.7**	**86,054.8**
	173,762.1	108,945.6	0.0	0.0	173,762.1	108,945.6
	24.9	0.0	0.0	0.0	24.9	0.0
	173,787.0	**108,945.6**	**0.0**	**0.0**	**173,787.0**	**108,945.6**
	274,615.5	**201,413.7**	**–10,445.8**	**–6,413.3**	**264,169.7**	**195,000.4**
					–84,925.9	**30,038.8**
					179,243.8	**225,039.2**
					–8,385.3	–8,323.7
					–24,652.1	–39,295.2
					146,206.4	**177,420.3**
	151,890.9	**22,224.3**	**276.2**	**1.4**	**152,167.1**	**22,225.7**
	31 October 2016	30 April 2016	31 October 2016	30 April 2016	31 October 2016	30 April 2016[1]
	3,968,104.2	3,885,043.7	0.0	0.0	3,968,104.2	3,885,043.7
	42,072.6	32,964.8	0.0	0.0	42,072.6	32,964.8
	6,068.6	6,653.9	443.4	39.7	6,512.0	6,693.6
	4,016,245.4	**3,924,662.4**	**443.4**	**39.7**	**4,016,688.8**	**3,924,702.1**
	134,847.0	0.0	0.0	0.0	134,847.0	0.0
	313,596.6	217,253.7	0.0	0.0	313,596.6	217,253.7
	448,443.6	**217,253.7**	**0.0**	**0.0**	**448,443.6**	**217,253.7**
	4,464,689.0	**4,141,916.1**	**443.4**	**39.7**	**4,465,132.4**	**4,141,955.8**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

in TEUR	H1 2016/17	H1 2015/16[1)]
Maintenance	–12,878.1	–12,367.3
Expenses from asset management	–5,104.7	–4,914.8
Owners expenses	–4,001.6	–3,468.1
Vacancies	–1,496.2	–1,988.9
Write-off of receivables from asset management	–1,227.4	–1,502.5
Other expenses	–2,172.0	–1,937.0
Total	**–26,880.0**	**–26,178.6**

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

5.2 OTHER OPERATING INCOME

in TEUR	H1 2016/17	H1 2015/16
Refund of property transfer tax and value added tax	184.4	2,012.5
Reimbursement of miscellaneous expenses from prior periods	513.0	0.0
Insurance compensation	223.0	134.0
Guarantee commission	0.0	2,426.5
Miscellaneous	854.3	660.9
Total	**1,774.7**	**5,233.9**

5.3 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

in TEUR	H1 2016/17	H1 2015/16
Personnel expenses	–7,501.1	–6,229.0
Legal, auditing and consulting fees	–2,387.9	–3,249.0
IT and communications	–2,829.8	–1,589.4
Advertising and Marketing	–1,155.0	–1,083.4
Amortisation and depreciation	–1,176.9	–873.4
Cost of valuation reports	–384.5	–310.8
Guarantee commission related to acquisition of land	0.0	–245.5
Miscellaneous	–2,050.8	–2,003.3
Total	**–17,486.0**	**–15,583.8**

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	H1 2016/17	H1 2015/16[1)]	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16
Revaluation gains	204,859.4	138,574.4	684.9	561.6	22,219.4	22,635.8
Impairment losses	–31,097.3	–29,628.8	0.0	–62.8	4,858.1	0.0
Total	**173,762.1**	**108,945.6**	**684.9**	**498.8**	**27,077.5**	**22,635.8**

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	H1 2016/17	H1 2015/16[1)]	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16
Germany	165,650.3	77,114.9	0.0	0.0	152.7	28.2
Austria	39,209.1	61,459.5	684.9	561.6	22,066.7	22,607.6
Total	**204,859.4**	**138,574.4**	**684.9**	**561.6**	**22,219.4**	**22,635.8**

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	
	H1 2016/17	H1 2015/16[1)]	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16
Germany	–4,993.2	–2,127.6	0.0	0.0	0.0	0.0
Austria	–26,104.1	–27,501.2	0.0	–62.8	4,858.1	0.0
Total	**–31,097.3**	**–29,628.8**	**0.0**	**–62.8**	**4,858.1**	**0.0**

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

The fair value of the standing investments as of 31 October 2016 was determined by an independent external appraiser (CBRE).

5.5 FINANCIAL RESULTS

in TEUR	H1 2016/17	H1 2015/16
Cash financing costs	–23,372.8	–23,835.5
Current interest accruals	–695.6	–451.1
Gain/loss on financial liabilities carried at amortised cost	–1,239.1	–1,158.3
Convertible bonds – increase in interest according to the effective interest rate method	–382.1	0.0
Other non-cash financing costs	7.1	–20.8
Financing costs	**–25,682.5**	**–25,465.7**
Cash financing income	216.3	280.7
Current interest accruals	–2.1	–11.8
Gain/loss on other financial assets carried at amortised cost	256.0	279.4
Financing income	**470.2**	**548.3**
Valuation of derivative financial instruments:	–19,505.1	16,228.6
Interest rate swaps	–7,744.2	16,228.6
Embedded derivatives in the convertible bonds	–11,760.9	0.0
Valuation of financial instruments at fair value through profit or loss (fair value option)	–34,811.7	41,676.8
Other	–5,396.8	–2,949.2
Other financial results	**–59,713.6**	**54,956.2**
Total	**–84,925.9**	**30,038.8**

Cash financing costs of TEUR 23,372.8 (H1 2015/16: TEUR 23,835.5) comprise interest paid of TEUR 15,302.0 (H1 2015/16: TEUR 16,210.9), cash outflows of TEUR 7,725.1 (H1 2015/16: TEUR 7,360.9) for derivative financial instruments and cash outflows of TEUR 345.7 (H1 2015/16: TEUR 263.7) for other current financing costs.

The cash financing income of TEUR 216.3 (H1 2015/16: TEUR 280.7) resulted in full from interest income on financial assets.

The non-cash results from the measurement of derivatives included under other financial results and the non-cash valuation results from financial instruments carried at fair value through profit or loss (fair value option) are attributable to the different development of the underlying interest rate curves in the first half 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	H1 2016/17	H1 2015/16
Income tax expenses	–8,385.3	–8,323.7
Deferred tax income/expenses	–24,652.1	–39,295.2
Total	**–33,037.4**	**–47,618.9**

5.7 EARNINGS PER SHARE

	H1 2016/17	H1 2015/16
Weighted average number of shares (basic)	99,773,479	99,613,479
Diluting effect stock options	187,762	207,973
Weighted average number of shares (diluted)	99,961,241	99,821,452
Net profit excl. non-controlling interests in EUR	143,059,600	175,836,400
Basic earnings per share in EUR	**1.43**	**1.77**
Diluted earnings per share in EUR	**1.43**	**1.76**

The calculation of diluted earnings per share for the reporting period does not include any diluting effects from the convertible bonds because these effects would have resulted in higher earnings per share. Diluting effects are only included in this calculation when they reduce earnings per share or increase the loss per share.

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER CONSTRUCTION

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

in TEUR	Investment property	Investment property under construction
Balance on 1 May 2016	**3,885,043.7**	**32,964.8**
Additions	132,583.3[1)]	19,269.7
Disposals	–58,889.9	0.0
Fair value adjustments	200,839.6	684.9
Reclassification	–56,625.5	–10,846.8
Reclassification IFRS 5	–134,847.0	0.0
Balance on 31 October 2016	**3,968,104.2**	**42,072.6**

1) thereof TEUR 16,516.6 modernisation (CAPEX) and TEUR 116,066.7 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 October 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2016
Trade accounts receivable				
Rents receivable	5,445.0	5,445.0	0.0	4,454.5
Miscellaneous	3,008.3	3,008.3	0.0	2,849.6
Total trade accounts receivable	**8,453.3**	**8,453.3**	**0.0**	**7,304.1**
Other financial receivables				
Restricted funds	33,414.6	33,414.6	0.0	36,236.5
Outstanding purchase price receivables – sale of properties	53,110.2	53,110.2	0.0	98,538.0
Miscellaneous	4,907.3	3,202.7	1,704.6	3,434.4
Total other financial receivables	**91,432.1**	**89,727.5**	**1,704.6**	**138,208.9**
Other non-financial receivables				
Tax authorities	5,442.5	5,442.5	0.0	3,493.4
Prepayments made for land purchases	0.0	0.0	0.0	29,184.9
Accrued property taxes	927.5	927.5	0.0	3,709.9
Total other non-financial receivables	**6,370.0**	**6,370.0**	**0.0**	**36,388.2**
Total	**106,255.4**	**104,550.8**	**1,704.6**	**181,901.2**

Miscellaneous other financial receivables include TEUR 61.9 (30 April 2016: TEUR 10.9) of receivables due from IMMOFINANZ Group.

6.3 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

The plan to sell the Tyrolean portfolio was finalised at the end of the second quarter and the framework contract for the sale was signed on 7 December 2016 (see note 8. *Subsequent events after 31 October 2016*). A formal decision concerning the sale of a portfolio in Styria and Carinthia had also been taken as of 31 October 2016, and the buyer has already signed a letter of intent. An amount of EUR 134,847.0 was reclassified to non-current assets held for sale and liabilities of EUR 1,741.8 are now reported as a separate line item.

6.4 EQUITY

These consolidated interim financial statements include compensation costs of TEUR 94.7 for the fair value of share options granted in connection with the Long-Term Incentive Programme 2014, which were charged to the capital reserves.

6.5 LIABILITIES FROM CONVERTIBLE BONDS

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

in TEUR	31 October 2016	Thereof remaining term over 1 year
Convertible bonds 2016 – 2021	286,653.4	286,653.4

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

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

in TEUR	
Carrying amount on 1 May 2016	**0.0**
Issue amount of convertible bonds 2016 – 2021	300,000.0
Transaction costs	–3,037.5
Separation of the embedded derivatives	–10,691.2
Net amount	**286,271.3**
Interest growth using the effective interest rate method	382.1
Carrying amount on 31 October 2016	**286,653.4**

In accordance with IAS 32.11 in connection with IAS 32.22 and IAS 39.11, the convertible bonds 2016 – 2011 consist of a debt component and embedded derivatives that must be separated.

Embedded derivatives which are combined with a non-derivative financial instrument into a hybrid financial instrument must generally be accounted for and measured separately from the host contract under the following conditions: when the economic characteristics and risks of the derivative are not closely related to the host contract; when the hybrid derivative financial instrument would independently meet the definition of a derivative; and when the entire instrument is not measured at fair value through profit or loss.

These criteria are met by BUWOG's call option for premature redemption based on the development of the share price as well as the bondholders' conversion right. Therefore, these two items are reported separately from the convertible bond liabilities under trade payables and other liabilities (see note 6.7 *Trade payables and other liabilities*). The other rights and options defined by the issue terms do not fulfil the criteria defined in IAS 39.11 or do not represent material individual values and are therefore not reported separately.

At initial recognition, the debt component represents the fair value of a similar liability which does not include an option for conversion into equity. The fair value of the derivatives which require separation represents the residual amount between the fair value of the convertible bonds and the fair value of the debt component. Directly attributable transaction costs were allocated to the debt component.

The subsequent measurement of the debt component will be based on amortised cost as determined by the effective interest rate method.

The separated embedded derivatives will be accounted for and measured at fair value as of each balance sheet date.

6.6 FINANCIAL LIABILITIES

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

in TEUR	31 October 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	1,585,782.0	279,558.2	300,627.7	1,005,596.1	1,581,672.7
thereof secured by collateral	1,509,239.2	270,747.1	283,390.2	955,101.9	1,502,009.2
thereof not secured by collateral	76,542.8	8,811.1	17,237.5	50,494.2	79,663.5
Amounts due to local authorities	497,107.2	49,498.7	89,048.0	358,560.5	470,891.8
Other financial liabilities	0.0	0.0	0.0	0.0	97.3
Total	**2,082,889.2**	**329,056.9**	**389,675.7**	**1,364,156.6**	**2,052,661.8**

On 27 October 2016, BUWOG AG and Berlin Hyp, as the consortium leader, together with Helaba signed a credit agreement to refinance an existing loan portfolio.

The subsidised loans which will be replaced within one year as part of this refinancing were reclassified to current financial liabilities as of 31 October 2016. The reclassification from non-current to current financial liabilities involves secured liabilities of TEUR 167,580.1 due to financial institutions and liabilities of TEUR 17,463.5 due to local authorities.

In addition, loans which must be repaid by BUWOG from the purchase prices for the Tyrolean portfolio and the portfolio in Styria and Carinthia (also see note 6.3 *Non-current assets and liabilities held for sale*) are presented as current as of 31 October 2016 The reclassification from non-current to current financial liabilities involves secured liabilities of TEUR 30,620.3 due to financial institutions, unsecured liabilities of TEUR 1,017.3 due to financial institutions and liabilities of TEUR 9,914.3 due to local authorities.

The major conditions of financial liabilities as of 31 Ocotober 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%	345,503.1	
	EUR	floating	1.28%	1,260,736.2	
Total amounts due to financial institutions				**1,606,239.3**	**1,585,782.0**
Amounts due to local authorities	**EUR**	**fixed**	**1.51%**	**479,742.2**	**497,107.2**
Other					**0.0**
Total					**2,082,889.2**

6.7 TRADE PAYABLES AND OTHER LIABILITIES

in TEUR	31 October 2016	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2016
Trade payables	**14,040.5**	**13,999.4**	**41.1**	**20,103.5**
Other financial liabilities				
Fair value of derivative financial instruments (liabilities):	98,108.5	22,452.1	75,656.4	67,912.1
Interest rate swaps	75,656.4	0.0	75,656.4	67,912.1
Embedded derivatives in the convertible bonds	22,452.1	22,452.1	0.0	0.0
Property management	15,224.9	15,224.9	0.0	13,965.6
Deposits and guarantees received	29,232.2	29,232.2	0.0	28,808.1
Maintenance and improvement amounts received	44,397.9	4,151.8	40,246.1	43,588.0
Outstanding purchase prices (share deals)	3,305.6	3,305.6	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	102,905.7	102,905.7	0.0	104,007.0
Miscellaneous	78,827.6	54,674.2	24,153.4	65,760.0
Total other financial liabilities	**408,228.0**	**268,172.1**	**140,055.9**	**359,287.0**
Other non-financial liabilities				
Tax and other public authorities	7,338.0	7,338.0	0.0	8,323.9
Prepayments received on apartment sales	68,468.5	68,468.5	0.0	35,205.1
Prepayments received for rents and operating costs	18.2	18.2	0.0	0.0
Total other non-financial liabilities	**75,824.7**	**75,824.7**	**0.0**	**43,529.0**
Total	**498,093.2**	**357,996.2**	**140,097.0**	**422,919.5**

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

6.8 INFORMATION ON FINANCIAL INSTRUMENTS

6.8.1 Classification of financial instruments by IAS 39 categories

in TEUR

		FA@FV/P&L				
	AFS	Fair value option	L&R	Non-FI		
ASSETS	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 31 October 2016	Fair value on 31 October 2016
Trade and other receivables	**0.0**	**0.0**	**99,885.4**	**6,370.0**	**106,255.4**	**106,255.4**
Trade accounts receivable	0.0	0.0	8,453.3	0.0	8,453.3	8,453.3
Other receivables	0.0	0.0	91,432.1	6,370.0	97,802.1	97,802.1
Other financial assets	**202.6**	**11,537.7**	**7,798.5**	**0.0**	**19,538.8**	**23,374.1**
Securities and other investments	202.6	0.0	0.0	0.0	202.6	202.6
Originated loans	0.0	11,537.7	7,798.5	0.0	19,336.2	23,171.5
Cash and cash equivalents	**0.0**	**0.0**	**301,304.0**	**0.0**	**301,304.0**	**301,304.0**
TOTAL ASSETS	**202.6**	**11,537.7**	**408,987.9**	**6,370.0**	**427,098.2**	**430,933.5**

	FL@FV/P&L					
	Fair value option	HFT	FLAC	Non-FI		
LIABILITIES	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 31 October 2016	Fair value on 31 October 2016
Liabilities from convertible bonds	**0.0**	**0.0**	**286,653.4**	**0.0**	**286,653.4**	**288,047.9**
Financial liabilities	**727,237.6**	**0.0**	**1,355,651.6**	**0.0**	**2,082,889.2**	**2,171,101.2**
Amounts due to financial institutions	259,857.2	0.0	1,325,924.8	0.0	1,585,782.0	1,670,350.4
Other financial liabilities	467,380.3	0.0	29,726.9	0.0	497,107.2	500,750.8
Trade payables and other liabilities	**0.0**	**98,108.5**	**324,160.0**	**75,824.7**	**498,093.2**	**498,093.2**
Trade payables	0.0	0.0	14,040.5	0.0	14,040.5	14,040.5
Derivatives	0.0	98,108.5	0.0	0.0	98,108.5	98,108.5
Miscellaneous other liabilities	0.0	0.0	310,119.5	75,824.7	385,944.2	385,944.2
Financial liabilities held for sale	**0.0**	**0.0**	**1,741.8**	**0.0**	**1,741.8**	**1,741.8**
TOTAL LIABILITIES	**727,237.6**	**98,108.5**	**1,968,206.8**	**75,824.7**	**2,869,377.6**	**2,958,984.1**

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

	AFS	FA@FV/P&L Fair value option	L&R	Non-FI		
ASSETS	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 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 and other investments	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**

	FL@FV/P&L Fair value option	FL@FV/P&L HFT	FLAC	Non-FI		
LIABILITIES	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 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.

6.8.2 Hierarchy of fair values of financial instruments

in TEUR

31 October 2016	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities and other investments	0.0	0.0	202.6	202.6
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	11,537.7	0.0	11,537.7
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	259,857.2	0.0	259,857.2
Other financial liabilities	0.0	467,380.3	0.0	467,380.3
Held for trading				
Derivatives	0.0	98,108.5	0.0	98,108.5

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 and other investments	0.0	0.0	2.1	2.1
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	11,465.2	0.0	11,465.2
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	275,332.2	0.0	275,332.2
Other financial liabilities	0.0	441,798.8	0.0	441,798.8
Held for trading				
Derivatives	0.0	67,912.1	0.0	67,912.1

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

RECONCILIATION OF THE FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVEL 3

in TEUR	Securities and other investments	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	200.5	0.0	0.0	0.0
Transfer to Level 2	0.0	0.0	0.0	0.0
Balance on 31 October 2016	**202.6**	**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
2	Embedded derivatives in the convertible bonds	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default, market price of the convertible bonds

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

The discount rate reflects the interest conditions available to the BUWOG Group and consists of a reference interest curve and a credit spread specific to the BUWOG Group. The discount rates correspond to an interest curve that is based on a Euro interest rate swap curve which extends over terms ranging up to 60 years. Based on the applicable discount rate, a credit spread matching the maturity is added as a premium. This credit spread represents the borrower's premium over the reference interest rate and also reflects the risk profile of the financing and the credit standing of the borrower together with the probability of default (debt value adjustment). Up to and including 30 April 2015, the BUWOG Group derived the applied credit spreads from current financing offers for long-term standing investments because this method better reflected the risk profile of the long-term, relatively low risk financing than the CDS model for the entire BUWOG Group. In this connection, it should be noted that the risk profile for the entire BUWOG Group not only covers the financing for standing investments, but also the financing for development projects with a comparatively higher specific risk. Due to a change in the data base – and the lack of long-term financing offers for a comparable number and volume of standing investments – the credit spread for the BUWOG Group was also calculated with the Bloomberg function DRSK for the valuation of financial liabilities as of 31 October 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. Interest rate swaps with a positive fair value represent receivables for the BUWOG Group and, in this case, a CVA calculation is carried out to calculate the amount of the receivable. The probability of default for the counterparties is required for this calculation. The counterparties for BUWOG's derivative transactions are normally larger financial institutions with individually traded CDSs, these indicators can usually be taken over directly from external sources (data source: Bloomberg). If the counterparty does not have a separately traded CDS, the market CDS spread for a comparable bank (ideally with the same external rating) is used as an approximation. These benchmarks represent level 1 and 2 input factors in the fair value measurement hierarchy.

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

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

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

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

The following table shows the market values and conditions of all derivative financial instruments purchased to hedge interest rate risk and held as of 31 October 2016:

DERIVATIVES/INTEREST RATE SWAPS

	Variable element	Fair value as of 31 October 2016 in EUR	Reference value as of 31 October 2016 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%–3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	–8,303,398	192,078,962	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–8,022,299	185,583,538	0.72	30 April 2024
Interest rate swap (Bank Austria)	3-M-Euribor	–5,264,936	102,795,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,082,452	130,950,000	0.99	2 January 2025
Interest rate swap (HVB)	3-M-Euribor	–839,106	16,418,600	1.03	30 April 2021
Interest rate swap (HVB)	3-M-Euribor	–2,104,215	30,107,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–271,287	3,675,500	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,502,596	20,355,000	1.39	31 December 2021
Interest rate swap (HVB)	3-M-Euribor	–1,733,511	13,110,650	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,631,242	20,500,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	–5,043,567	26,521,882	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,463,445	22,101,568	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,252,491	26,521,882	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,842,785	10,875,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,988,370	14,709,000	2.99	30 September 2039
Number of derivatives: 15		**–54,345,700**	**816,303,982**		
Interest rate of 3%–4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,906,944	7,676,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,780,261	23,784,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–8,138,226	45,325,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,476,043	24,929,000	3.11	30 September 2031
Number of derivatives: 4		**–19,301,474**	**101,714,000**		
Interest rate above 4.5%					
Interest rate swap (Commerzbank)	3-M-Euribor	–2,009,201	24,850,000	4.58	30 June 2018
Number of derivatives: 1		**–2,009,201**	**24,850,000**		
Total derivatives: 20		**–75,656,375**	**942,867,982**	**1.43**	

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

DISCOUNT RATES

in %	31 October 2016
Up to 30 April 2018	0.190%
Up to 30 April 2019	0.284%
Up to 30 April 2021	0.605%
Up to 30 April 2023	0.841%
Up to 30 April 2025	1.314%
Up to 30 April 2028	1.708%
Up to 30 April 2034	2.035%
As of 1 May 2034	2.164%

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 2,827.50 for legal advice to BUWOG Group companies in the first half of 2016/17. The terms of these fees, especially the hourly rates, reflect standard market conditions.

In connection with the spin-off of BUWOG AG from IMMOFINANZ AG in April 2014, the two companies concluded a de-domination agreement. This agreement establishes certain limitations for IMMOFINANZ AG in the exercise of the voting rights arising from its BUWOG shares in order to ensure that IMMOFINANZ AG can no longer exert a controlling influence over the business and financial decisions of the BUWOG Group. The sale of BUWOG shares by IMMOFINANZ AG in several tranches has steadily reduced this company's investment in BUWOG AG from 49% at the time of the spin-off in 2014 to approx. 9.98% of BUWOG's voting rights. In view of this reduced investment, a controlling influence in the sense of the de-domination agreement can no longer be assumed and there is no further basis for the de-domination agreement. IMMOFINANZ AG and BUWOG AG therefore terminated the de-domination agreement by mutual consent effective immediately in October 2016. The termination of the de-domination agreement establishes a weighting of shareholders' voting rights which reflects their investments in BUWOG AG for all voting procedures and improves transparency in the perception of investors.

A member of the Supervisory Board rented an apartment from the BUWOG Group during the second quarter of 2016/17. The lease is based on standard market conditions.

8. SUBSEQUENT EVENTS AFTER 31 OCTOBER 2016

On 27 October 2016, the BUWOG Group and Berlin Hyp, as the consortium leader, together with Helaba concluded a credit agreement with a volume of EUR 550 million to refinance an existing loan portfolio with an eight-year term. This restructuring covers the financing for a property portfolio of roughly 18,000 standing investment units with approx. 1.1 million sqm of total floor area, which is located primarily in Germany (Schleswig-Holstein, Lower Saxony and Berlin). The closing is expected to take place at the end of January 2017. This restructuring will optimise financing costs through a reduction in the LTV (Loan-to-Value) of the properties through the planned use of up to EUR 40 million of the proceeds from the recently issued convertible bonds and also through a change in the structure of the borrowers and an improvement in the corporate and management rating.

On 7 December 2016, the BUWOG Group signed a contract for the sale of 1,146 apartments with approx. 89,000 sqm of total rentable space in the Austrian province of Tyrol (approx. 4.8% of the Austrian portfolio). This transaction reflects the continuation of BUWOG's strategic focus for Austria on the capital city of Vienna.

Land in Innsbruck was sold after the balance sheet date on 31 October 2016. The transfer of benefits and encumbrances is expected to take place at the end of 2016. Furthermore agreements for the purchase of two sites in Berlin were signed after the balance sheet date on 31 October 2016.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that these consolidated interim financial statements as of 31 October 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 half 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, 21 December 2016

The Executive Board of BUWOG AG

Daniel Riedl
CEO

Andreas Segal
Deputy CEO, CFO

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