REPORT ON THE FIRST THREE QUARTERS OF 2014/15

1 MAY 2014 TO 31 JANUARY 2015

SUCCESSFUL BUSINESS DEVELOPMENT

- Monthly in-place rent: EUR 4.76 per sqm
- Net rental yield: 5.6%
- Recurring FFO (9 months): EUR 71.3 million
- Fair value (standing investments): EUR 3.6 billion
- Increase in forecast for Recurring FFO to approx. EUR 88–90 million for 2014/15
- Reduction in average interest on financial liabilities to 2.16%

ATTRACTIVE PROPERTY PORTFOLIO

- 52,135 standing investment units distributed almost equally between Austria and Germany
- Total floor area: 3.6 million sqm
- Annualised in-place rent: EUR 197 million

THE BUWOG SHARE

- Closing price at the end of January 2015: EUR 17.32
- Increase in the share price since the initial listing on 28 April 2014: 33%, or 39% incl. the EUR 0.69 dividend per share

BUWOG group

CONTENT

BUWOG GROUP KEY FIGURES

EARNINGS DATA		9M 2014/15	FY 2013/14[1]
Net cold rent	in EUR million	134.9	116.5
Results of Asset Management	in EUR million	95.6	75.9
Results of Property Sales	in EUR million	28.0	34.0
Results of Property Development	in EUR million	11.9	4.9
EBITDA adjusted[2]	in EUR million	116.2	105.0
Revaluation results from Asset Management	in EUR million	75.2	42.7
Financial results[3]	in EUR million	–189.4	–9.2
EBT	in EUR million	6.7	131.5
Net profit	in EUR million	3.3	111.8
Earnings per share[1)4)]	in EUR	0.03	1.12
FFO	in EUR million	46.0	40.7
Recurring FFO	in EUR million	71.3	69.2
Recurring FFO per share[1)4)]	in EUR	0.72	0.69
Total FFO	in EUR million	74.2	81.8
AFFO	in EUR million	65.2	75.5

ASSET AND FINANCIAL DATA		31 January 2015	30 April 2014	Change
Balance sheet total	in EUR million	4,176.3	3,355.3	24.5%
Equity ratio	%	35.6%	46.3%	–10.7 PP
Net financial liabilities	in EUR million	1,940.5	1,010.4	92.1%
Loan-to-value (LTV)	%	50.8%	35.9%	14.9 PP
EPRA Net Asset Value	in EUR million	1,726.7	1,714.3	0.7%
Ø Interest rate on financial liabilities[3]	%	2.16%	2.45%	–0.29 PP
Ø Term of financial liabilities[3]	years	17.4	14.6	2.8

SHARE DATA		31 January 2015	30 April 2014
Shares outstanding	Number of shares	99,613,479	99,613,479
Market capitalisation	in EUR million	1,725.3	1,314.9
Free float	%	51%	51%
EPRA Net Asset Value per share[4]	in EUR	17.33	17.21
Enterprise value/adjusted EBITDA[4]	x	–	22.1

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

1) The earnings data from previous periods are presented on a pro forma basis. They show the BUWOG GmbH business, and thus reflect BUWOG Group as if it had existed for the entire financial year from 1 May 2013 to 30 April 2014.
2) Results of operations adjusted for valuation effects from non-current assets held for sale (EUR -1.2 million)
3) Financial results are influenced by negative non-cash results from the valuation of derivatives at fair value through profit or loss (EUR -42,7 million) and by financial liabilities (EUR -95,9 million)
4) Based on 99,613,479 shares

KEY PROPERTY PORTFOLIO DATA

ASSET MANAGEMENT (STANDING INVESTMENTS)		31 January 2015	30 April 2014	Change
Number of units	Quantity	52,135	33,475	55.7%
Austria	Quantity	25,672	26,250	–2.2%
Germany	Quantity	26,463	7,225	266.3%
Total floor area	in sqm	3,616,227	2,491,290	45.2%
Austria	in sqm	1,968,252	2,012,137	–2.2%
Germany	in sqm	1,647,975	479,153	243.9%
Residential floor area in %	%	96.8%	97.1%	–0.3 PP
Annualised in-place rent[1)]	in EUR million	197	123	60.7%
Austria	in EUR million	92	93	–1.1%
Germany	in EUR million	105	30	255.3%
Monthly in-place rent[1)]	in EUR per sqm	4.76	4.31	10.4%
Austria	in EUR per sqm	4.14	4.06	1.9%
Germany	in EUR per sqm	5.48	5.34	2.6%
Development of in-place rent – like-for-like[2)]	%	3.4%	1.8%	1.6 PP
Development in Austria – like-for-like	%	3.0%	1.9%	1.1 PP
Development in Germany – like-for-like	%	4.5%	1.6%	2.9 PP
Vacancy Rate[3)]	%	4.5%	4.8%	–0.3 PP
Austria	%	5.7%	5.0%	0.7 PP
Germany	%	3.0%	3.6%	–0.6 PP
Fair Value[4)]	in EUR million	3,550	2,526	40.5%
Austria	in EUR million	2,120	2,127	–0.3%
Germany	in EUR million	1,430	399	258.1%
Fair Value[4)]	in EUR per sqm	982	1,014	–3.2%
Austria	in EUR per sqm	1,077	1,057	1.9%
Germany	in EUR per sqm	868	834	4.1%
Net Rental Yield[5)]	%	5.6%	4.9%	0.7 PP
Austria	%	4.3%	4.4%	-0,1 PP
Germany	%	7.4%	7.4%	0.0 PP

		9M 2014/15	FY 2013/14
Maintenance costs	in EUR per sqm	6.8	10.6
CAPEX	in EUR per sqm	2.7	2.6

PROPERTY SALES		9M 2014/15	FY 2013/14
Units sold	Quantity	644	2,292
thereof Unit Sales	Quantity	421	553
thereof Block Sales	Quantity	223	1,739
Margin on fair value – Unit Sales	%	62%	54%
Margin on fair value – Block Sales	%	26%	11%

PROPERTY DEVELOPMENT		9M 2014/15	FY 2013/14
Completed total floor area	in sqm	25,745	30,663
thereof sold to third parties	in sqm	20,010	30,663
thereof transferred to investment portfolio	in sqm	5,735	0
Investments in property under construction	in EUR million	32	122

The use of automated calculation systems may give rise to rounding differences.
1) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
2) Comparison: 31. January 2015 vs. 31. January 2014 as well as 30. April 2014 vs. 30. April 2013 on a like-for-like basis
3) Based on sqm
4) Fair Value was determined internally as of balance sheet date based on the appraisals prepared by CBRE as of 31. October 2014. The valuation as of 30. April 2015 will be prepared, as scheduled by CBRE.
5) Annualised in-place rent (based on monthly in-place rent excluding utilities as of the balance sheet date) in relation to fair value

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS OF BUWOG AG

Nearly one year has passed since BUWOG was listed on the stock exchange. Since that time, we have met important strategic goals, further strengthened your company's positioning on the capital market and, from an operational standpoint, also continued the previous success course. The results for the first nine months of 2014/15 reflect these successes. The closing of the DGAG and Apollo portfolio acquisitions in mid-2014 moved the BUWOG Group into a new dimension. Our portfolio contained 52,135 units as of 31 January 2015, which is 18,660 units more than at the end of the 2013/14 financial year. The total floor area of roughly 3.6 million sqm is 45.2% higher than at the beginning of the current financial year. Based on the number of units, the BUWOG portfolio is now distributed almost equally between Austria and Germany. These developments demonstrate that we have kept the strategic promise made at the start of trading to substantially increase the share of properties in the high-return regions of Germany.

The impact of this growth strategy on the development of business during the first nine months of 2014/15, i.e. from 1 May 2014 to 31 January 2015, was impressive. Although the consolidation of the DGAG and Apollo property portfolios only had an effect on earnings as of July 2014, net in-place rent totalled roughly EUR 134.9 million for this period – which means we have already exceeded the total rental income recorded in the previous financial year by 15.8%. Annualised in-place rent as of 31 January 2015 amounted to approx. EUR 197 million, which is EUR 74 million more than at the beginning of the financial year.

The BUWOG Group generated sound operating performance in the first nine months of 2014/15. The results of asset management totalled EUR 95.6 million, whereby EUR 34.9 million were recorded during the third quarter. Property sales contributed EUR 28.0 million to Group results and have already reached 82.3% of the previous year's volume. The results of property development amounted to EUR 11.9 million for the first nine months of 2014/15, which is more than double the volume from the full 12 months of the previous year. In total, the BUWOG Group's operating business generated very strong EBITDA (adjusted) of EUR 116.2 million for the first nine months of 2014/15 – or 10.7% more than in the entire 2013/14 financial year.

Financial results of EUR -189.4 million were influenced by interest expense and, above all, by negative non-cash effects from the fair value measurement through profit or loss of derivatives (EUR -42.7 million) and financial liabilities (EUR -95.9 million). The increase in these effects compared with the two previous reporting quarters resulted from the further flattening of the interest rate curve. These non-cash effects balance out over the full term of the financial liabilities. We value low-interest subsidised loans and bank liabilities with property-related annuity subsidies at fair value to avoid a difference between the carrying amount of property on the balance sheet and the corresponding financial liabilities. Accordingly, this is a valuation effect that does not involve any outflow of cash. On the other side, the low interest rates and favourable refinancing of the convertible bond have had a positive effect on BUWOG's liquidity. The average interest rate on financial liabilities was reduced from 2.62% at the end of April 2014[1] to 2.16% as of 31 January 2015. Including all these effects, the BUWOG Group generated earnings before tax of EUR 6.7 million and net profit of EUR 3.3 million for the reporting period.

We use FFO indicators as the main criteria for evaluating the development of BUWOG's operating business because of the above-mentioned non-cash effects. Recurring FFO, which also serves as the benchmark for the dividend payment, amounted to EUR 71.3 million for the first nine months and thus exceeded the level for the full 12 months of the previous financial year. In agreement with the BUWOG Group's business model, this figure does not include the proceeds from Block Sales. These proceeds are reported under total FFO, which equalled EUR 74.2 million for the reporting period, compared with EUR 81.8 million for the entire previous financial year.

These developments were supported by progress and successes in all three business areas of the BUWOG Group. In the Asset Management business area, we increased in-place rent by 3.4% year-on-year on a like-for-like basis in the first nine months of 2014/15. The net rental yield equalled 5.6% as of 31 January 2015 (30 April 2014: 4.9%) and the fair value underlying this calculation totalled EUR 3.6 billion, which is 40.5% higher than on 30 April 2014. The vacancy rate was reduced from 4.8% at the end of April to 4.5% at the end of January 2015.

In the Property Sales business area, 421 apartments were sold through Unit Sales during the reporting period at a margin of 62% over fair value. A further 223 units were sold through Block Sales at a sound margin of roughly 26% over fair value, in line with

1) incl. DGAG and Apollo

Ronald Roos, CFO
Daniel Riedl, CEO

the announced strategic adjustment of the portfolio in Austria. These transactions contributed approx. EUR 28.0 million to earnings.

The Property Development business area completed five projects in Vienna with a total of 341 units during the first nine months of 2014/15, and a further 244 units are currently under construction. In Berlin, BUWOG is currently working on four projects with a total of 446 units. The investment volume in the development pipeline, including land reserves, totals approx. EUR 1.4 billion. The results generated by this business area rose from EUR 4.9 million in the 12 months of 2013/14 to EUR 11.9 million in the first nine months of 2014/15. We successfully offset the cyclical shift from the second reporting quarter, as announced, and more than doubled results over the previous financial year.

Based on the very successful development of business up to now, we have decided to increase our goal for Recurring FFO from the previously announced range of approx. EUR 80 million to EUR 85 million to a new range of approx. EUR 88 million to EUR 90 million for the 2014/15 financial year. Our plans for Asset Management still call for investments and maintenance of EUR 16 per sqm. The Property Sales business area should complete Unit Sales of roughly 500 apartments this year as planned. The resulting proceeds will be invested to continue BUWOG's expansion in Germany if appropriate opportunities arise (also see the section on subsequent events). The focus for Property Development lies on the continued realisation of the project pipeline in Vienna and Berlin.

We are convinced that the continued pursuit of this strategy will also be rewarded by the capital market in the future. The development of the BUWOG share to date underscores this belief. The closing price of EUR 19.35 on 27 March 2015 represents an increase of 49% over the opening price on 28 April 2014. Including the EUR 0.69 dividend paid in October 2014, the increase equals 54%. That corresponds to growth of approx. EUR 700 million, including the dividend, between the spin-off from IMMOFINANZ AG and 27 April 2015 – one nice success, in our opinion.

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

Best regards,

Daniel Riedl, FRICS, CEO

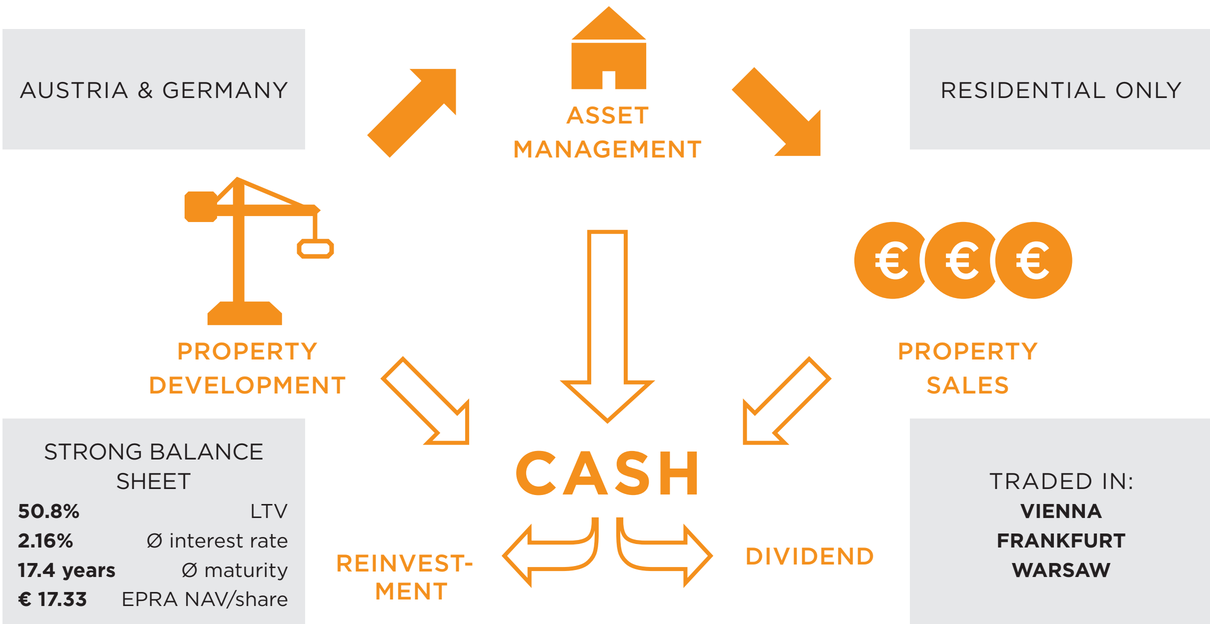
Ronald Roos, CFO

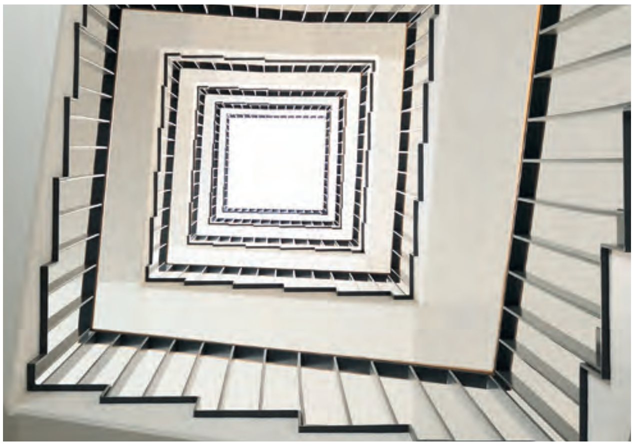
We would like to note that BUWOG AG was established at the end of April 2014. Therefore, the key data do not include any comparative figures for the first nine months of 2013/14. Selected data on the 2013/14 financial year is provided for reference purposes.

OVERVIEW OF THE BUWOG GROUP

The BUWOG Group has grown over a 60-year history to become the leading German-Austrian full-service provider in the residential property sector. The company's high-quality property portfolio comprises roughly 52,000 units, which are equally distributed between Austria and Germany. The entire value chain in the residential sector is covered by BUWOG's activities in the areas of Asset Management (sustainable portfolio management and administration), Property Sales (profitable sale of individual apartments and portfolios) and Property Development (planning and construction of new buildings). Since the end of April 2014, the shares of BUWOG AG have traded on the stock exchanges in Frankfurt, Vienna and Warsaw.

BUWOG GROUP BUSINESS MODEL





PROFITABLE VALUE CHAIN

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

ASSET MANAGEMENT

Asset Management is responsible for the sustainable, optimised management of the standing investments. Most of the revenues are generated by the rental of apartments. The focus here is on increasing rental income and optimising maintenance costs. The BUWOG Group's portfolio includes nearly 52,000 units in Austria and Germany (roughly one-half in each country). In the key market locations in Austria and Germany, the BUWOG Group is represented with local teams (for details see page 10).

PROPERTY SALES

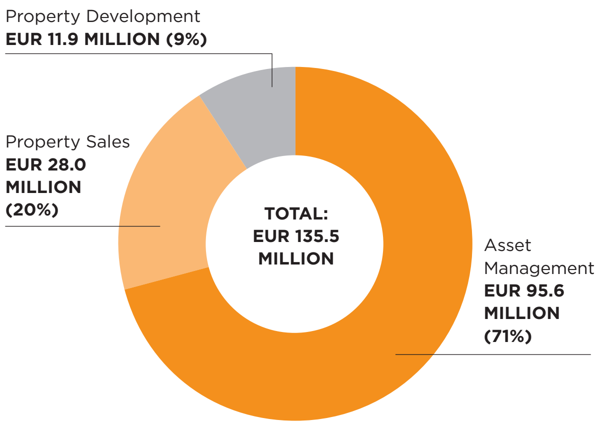
The business model for Property Sales has two components: Unit Sales and Block Sales (property and portfolio transactions). It is designed to continuously and profitably optimise the BUWOG Group's standing investment portfolio through the high-margin sale of individual apartments to owner-occupiers and cycle-optimised block sales to investors. In the first nine months of 2014/15, 421 apartments were sold through Unit Sales and 223 apartments through Block Sales (for details see page 15).

PROPERTY DEVELOPMENT

Property Development bundles the development of residential property projects for the BUWOG Group's own portfolio or for direct sale after completion. As a developer, the BUWOG Group has completed roughly 30,000 apartments in Austria since its founding. The property development business is concentrated in the heavily populated, economically strong capital cities of Vienna and Berlin. The company's development pipeline contained nearly 5,100 units (including roughly 550 sites as land reserves) with a total investment volume of approx. EUR 1.4 billion (for details see page 17) as of 31 Jannuary 2015.

HIGHLIGHTS FIRST THREE QUARTERS OF 2014/15

OPERATING RESULTS[1) BY BUSINESS AREA



1) Results of operations before expenses not directly attributable to the business areas (EUR 23.0 million) and other operating income (EUR 4.9 million)

SUCCESSFUL BUSINESS DEVELOPMENT

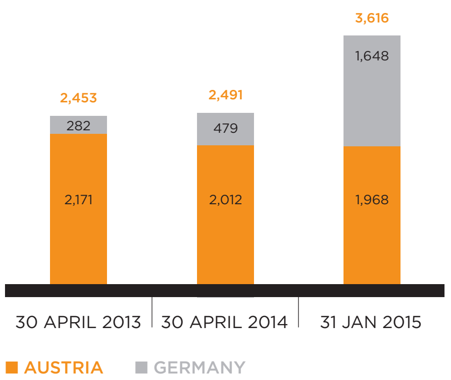
- Adjusted EBITDA of EUR 116.2 million
- Financial results of EUR -189.4 million, including EUR -152.6 million of non-cash effects
- Net profit of EUR 3.3 million
- Recurring FFO of EUR 71.3 million

- Increase in forecast for Recurring FFO to approx. EUR 88-90 million for the 2014/15 financial year
- Financial results influenced by negative non-cash effects from the flattening yield curve with parallel cash effects from the reduction in the average interest rate to 2.16%. Non-cash valuation effects even out, in total, over the full term of the financial liabilities

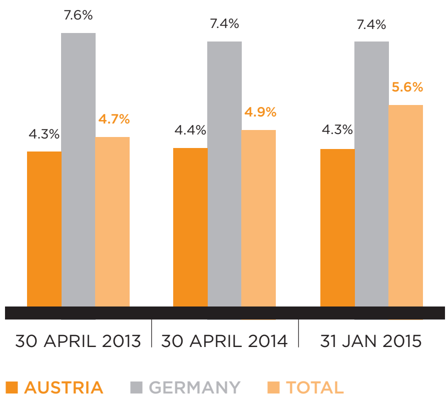
HIGHLIGHTS ASSET MANAGEMENT

- Property portfolio covers approx. 52,000 units or roughly 3.6 million sqm of total floor area as of 31 January 2015
- Annualised in-place rent of approx. EUR 197 million as of 31 January 2015 with a net rental yield of 5.6% for the entire portfolio
- Active management of the standing investment portfolio leads, among others, to 3.4% like-for-like growth in in-place rent as of 31 January 2015 (year-on-year comparison).

TOTAL FLOOR AREA
in 1,000 sqm



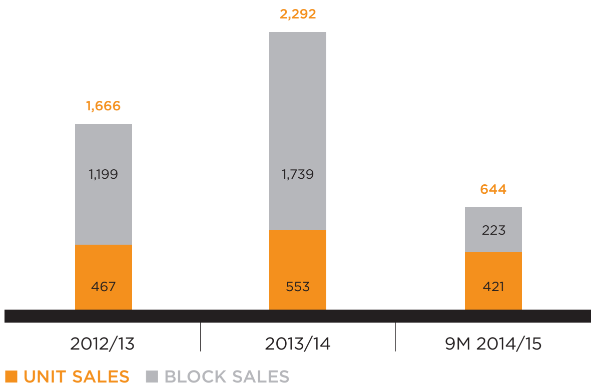
NET RENTAL YIELD
in %



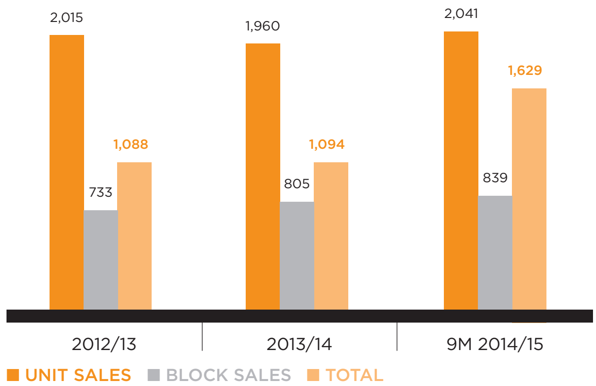
HIGHLIGHTS PROPERTY SALES

- Unit Sales: 421 units sold in the first nine months of 2014/15 (margin on fair value: approx. 62%).
- Block Sales: eight properties with 223 units sold as part of portfolio optimisation (margin on fair value: approx. 26%).

NUMBER OF UNITS SOLD



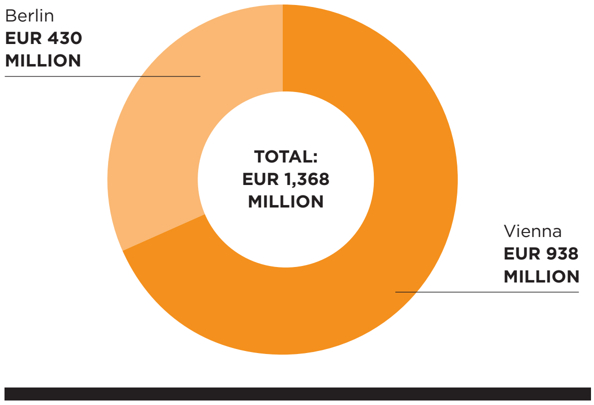
AVERAGE PRICE REALISED
in EUR per sqm



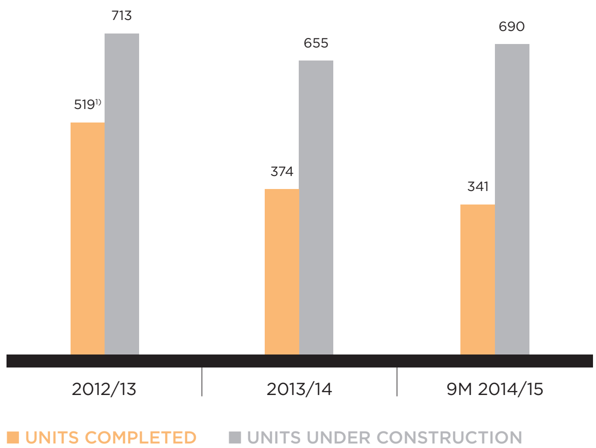
HIGHLIGHTS PROPERTY DEVELOPMENT

- 341 units completed in the first nine months of 2014/15
- 690 units with an investment volume of approx. EUR 223 million currently under construction
- Development pipeline (incl. land reserves) with an investment volume of approx. EUR 1.4 billion as of 31 January 2015

DEVELOPMENT PROJECTS
by location



PROPERTY DEVELOPMENT



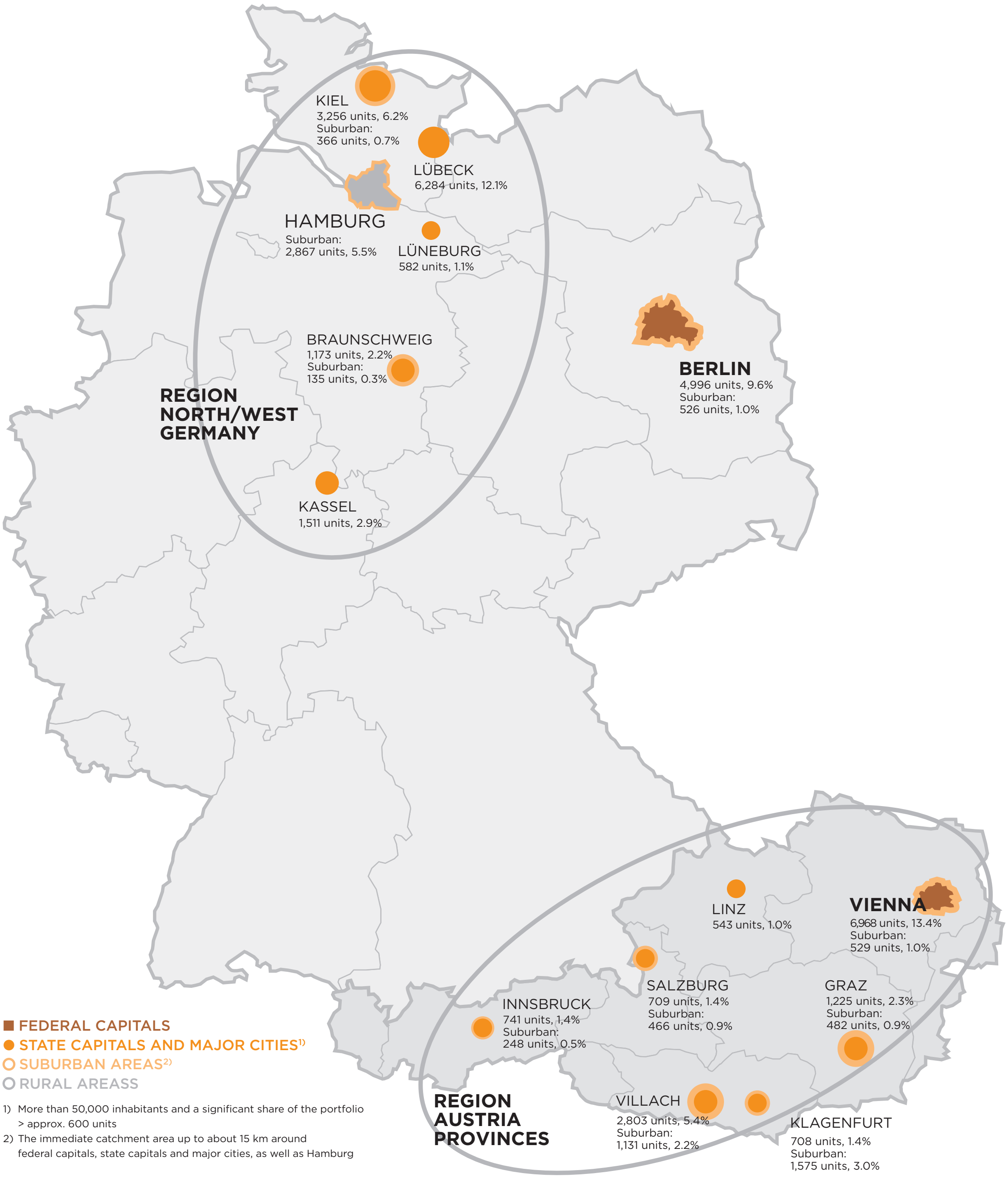
1) Additional 222 units of the Hellerpark geriatric center. Completed in fiscal year 2013.

ASSET MANAGEMENT

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

As the largest business area in the BUWOG Group, Asset Management generated operating income (before expenses and other operating income not directly attributable to this business area) of EUR 95.6 million in the first nine months of 2014/15.

BUWOG STANDING INVESTMENT PORTFOLIO BY REGION AS OF 31 JANUARY 2015
Number of units per site and percentage of total in %



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

Following the closing of the DGAG and Apollo portfolio acquisitions with roughly 19,200 units during the first quarter of 2014/15, the BUWOG Group's standing investment portfolio is now distributed almost equally between Austria and Germany. The capital cities of Vienna and Berlin form the regional focus: approx. EUR 1.3 billion or 38%, representing more than one-third of the standing investments of BUWOG Group based on fair value, are located in these two capital cities. The standing investments in provincial capitals and major cities (Braunschweig, Graz, Innsbruck, Kassel, Kiel, Klagenfurt, Linz, Lübeck, Lüneburg, Salzburg and Villach) as well as suburban areas, including the Hamburg region, represented approx. EUR 1.6 billion or 46% of fair value as of 31 January 2015. That means approx. EUR 3.0 billion, or 84%, of the fair value of BUWOG's standing investment portfolio is located in three regional clusters, all of which are very attractive in terms of their economic development, infrastructure and demographics.

STRUCTURE OF THE STANDING INVESTMENT PORTFOLIO BY GEOGRAPHIC CLUSTER

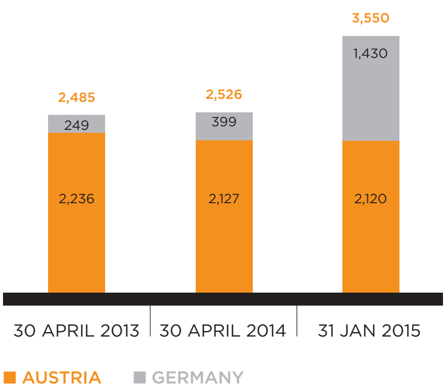
as of 31 January 2015	Number of units	Total floor area in sqm	Annualised in-place rent [1] in EUR million	Monthly in-place rent[1] in EUR per sqm	Fair Value[2] in EUR million	Fair Value[2] in EUR per sqm	Net Rental Yield [3]	Vacancy rate [4]
Federal capitals	11,964	942,551	59	5.42	1,346	1,428	4.4%	3.8%
Vienna	6,968	610,541	36	5.12	1,010	1,654	3.5%	4.9%
Berlin	4,996	332,010	23	5.94	337	1,014	6.9%	1.6%
State capitals and major cities[5]	19,535	1,265,615	70	4.71	1,079	852	6.4%	2.9%
Suburban regions[6]	8,325	586,915	31	4.62	545	928	5.7%	4.8%
Rural areas	12,311	821,146	38	4.16	580	707	6.5%	7.5%
Total BUWOG Group	**52,135**	**3,616,227**	**197**	**4.76**	**3,550**	**982**	**5.6%**	**4.5%**
therof Austria	25,672	1,968,252	92	4.14	2,120	1,077	4.3%	5.7%
thereof Germany	26,463	1,647,975	105	5.48	1,430	868	7.4%	3.0%

1) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments as of 31 January 2015
3) Annualised total in-place rent (based on monthly in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm
5) More than 50,000 inhabitants and a significant share of the portfolio > approx. 600 units
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities, as well as Hamburg

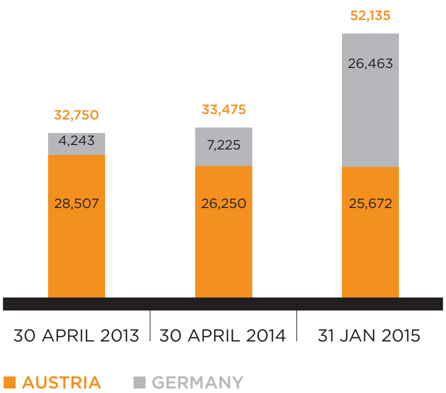
STRUCTURE OF THE STANDING INVESTMENT PORTFOLIO

The BUWOG Group's standing investment portfolio comprised 52,135 units with approx. 3.6 million sqm of floor area as of 31 January 2015 and includes both subsidised and privately financed apartments. The 45% increase in floor area since 30 April 2014 resulted primarily from the closing of two acquisitions in the first quarter of 2014/15: the DGAG portfolio with approx. 18,000 units and the Apollo portfolio with approx. 1,200 units. In addition to these acquisitions, a number of cycle-optimised standing investment sales took place in Austria during the first nine months of the reporting year. These transactions involved 421 Unit Sales with a regional focus on Vienna and the provinces of Styria, Carinthia and Upper Austria as well as four units from the German portfolio. Eight properties with a total of 223 units primarily in Carinthia, Styria and Tyrol were also sold through Block Sales.

FAIR VALUE
in EUR million



STANDING INVESTMENTS



The standing investment portfolio in Austria comprised 25,672 units with a total floor area of approx. 2.0 million sqm and a fair value of approx. EUR 2,120 million as of 31 January 2015. That represents a fair value per sqm of EUR 1,077. The monthly in-place rent equalled EUR 4.14 per sqm as of 31 January 2015 based on a vacancy rate (basis: total area) of 5.7%, whereby 2.7 percentage points were attributable to apartments in the Unit Sales cluster. The vacancies also include 42 units with approx. 3,100 sqm, which were reclassified to standing investments following their completion in the second quarter of 2014/15 and are currently in the process of rental. The net rental yield in the Austrian properties equalled 4.3% at the end of January 2015.

The property portfolio in Germany included 26,463 units with approx. 1.6 million sqm of floor area as of 31 January 2015. The fair value totalled approx. EUR 1,430 million on that date, which represents a fair value per sqm of EUR 868. The monthly in-place rent equalled EUR 5.48 per sqm at the end of the third quarter based on a vacancy rate (basis: total area) of 3.0%. The net rental yield in the German properties equalled 7.4% as of 31 January 2015. In connection with the growth strategy in Germany, a portfolio in Braunschweig with 116 units and approx. 6,400 sqm was acquired in March 2015. This portfolio has a net rental yield of 7.9% and a vacancy rate of 2.4%.

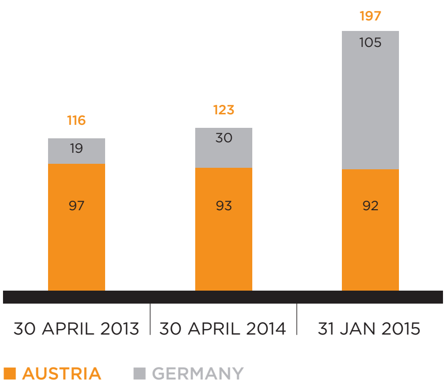
The residential properties, new construction projects and undeveloped land owned by the BUWOG Group are valued by an independent external appraiser, CBRE Residential Valuation Germany, as of the balance sheet dates on 30 April (annual appraisal) and 31 October (half-year appraisal). The fair value of the standing investments as of the balance sheet dates on 31 July and 31 January is determined internally. The internal valuation as of 31 January 2015 resulted in new fair values for the standing investment portfolios in Germany and Austria and positive valuation results of approx. EUR 40 million for the third quarter of 2014/15. Additional information is provided under the portfolio report in the interim management report on page 32.

		BUWOG Group as of 30 April 2014	BUWOG Group as of 31 January 2015	Austria as of 31 January 2015	Germany as of 31 January 2015
Number of Units	Quantity	33,475	52,135	25,672	26,463
Total floor area	in sqm	2,491,290	3,616,227	1,968,252	1,647,975
Annualised in-place rent[1]	in EUR million	123	197	92	105
Monthly in-place rent[1]	in EUR per sqm	4.31	4.76	4.14	5.48
Fair Value[2]	in EUR million	2,526	3,550	2,120	1,430
Fair Value[2]	in EUR per sqm	1,014	982	1,077	868
Net Rental Yield[3]	%	4.9%	5.6%	4.3%	7.4%
Vacancy rate[4]	%	4.8%	4.5%	5.7%	3.0%

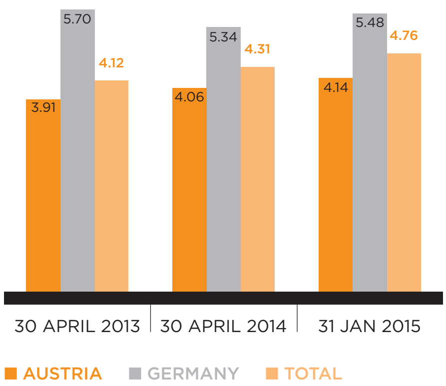
1) Based on monthly in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments as of 31 January 2015
3) Annualised total in-place rent (based on monthly in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm

Through active asset management, the BUWOG Group works to continuously optimise the portfolio and the individual properties and, in this way, to protect and improve the generation of cash flow and earnings over the long-term. The key success parameters have improved substantially in recent years and during the reporting period. The fair value of the portfolio rose from approx. EUR 2.5 billion as of 30 April 2014 to approx. EUR 3.6 billion at the end of the reporting period on 31 January 2015. The first nine months of 2014/15 also brought an increase in annualised in-place rent from approx. EUR 123 million to approx. EUR 197 million and in the monthly in-place rent per sqm from EUR 4.31 to EUR 4.76. The net rental yield grew from 4.9% to 5.6%. The vacancy rate in the portfolio declined from 4.8% as of 30 April 2014 to 4.5% as of 31 January 2015.

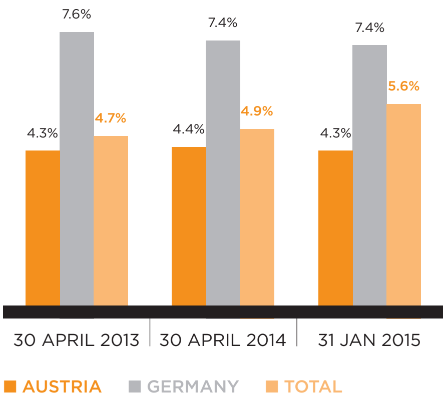
ANNUALISED IN-PLACE RENT
in EUR million



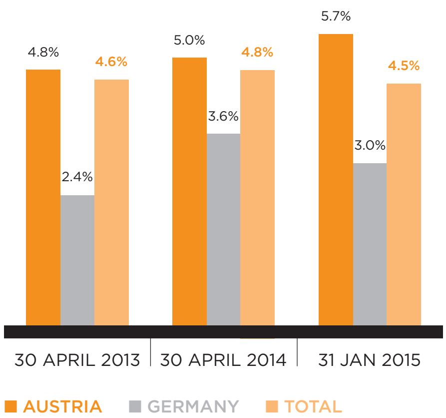
MONTHLY IN-PLACE RENT
in EUR per sqm



NET RENTAL YIELD
in %



VACANCY RATE
in %

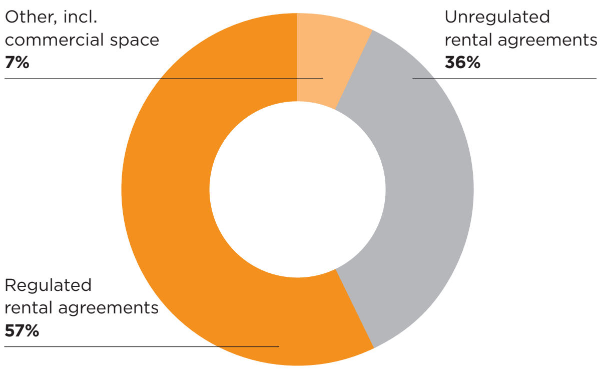


STRUCTURE OF RENTAL INCOME

The rental income recorded by the BUWOG Group is subject in part to legal regulations in Austria (e.g. the Austrian Non-profit Housing Act; Wohnungsgemeinnützigkeitsgesetz, WGG) and in Germany (the Schleswig-Holstein Housing Allowance Act; Wohnraumförderungsgesetz Schleswig-Holstein, §16 SHWoFG). Accordingly, the BUWOG Group distinguishes between the revenue generated by unregulated and regulated rental agreements and the revenue generated by other agreements (incl. commercial space). The following graph shows the distribution as of 31 January 2015.

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

PORTFOLIO STRUCTURE BY TYPE OF RENTAL AGREEMENT
Basis: in-place rent as of 31 January 2015

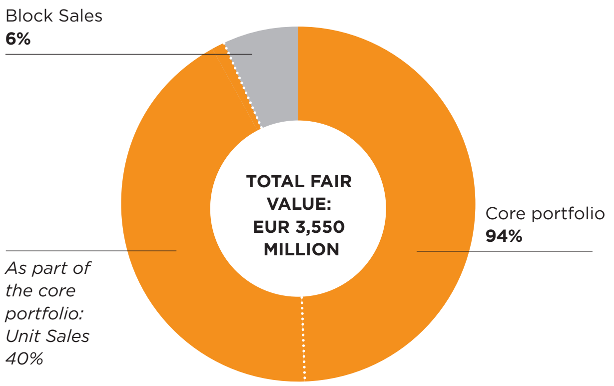


MEDIUM-TERM STRATEGY FOR THE STANDING INVESTMENT PORTFOLIO

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

STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE

as of 31 January 2015



STRATEGY AND OUTLOOK

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

BUWOG Focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
AUSTRIA/ GERMANY

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Asset Management

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

BUWOG Strategy

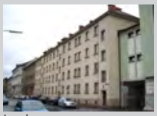
RISK MINIMISATION
Stable rental income
High occupancy

HIGH UPSIDE POTENTIAL
Portfolio optimisation

PROPERTY SALES

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

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 approx. EUR 28.0 million in the first nine months of 2014/15. The earnings contribution from Unit Sales, which is considered part of BUWOG's Recurring FFO because it is sustainable and independent of the cycles, amounted to EUR 25.2 million – which represents 82% of the total volume recorded in the full 12 months of the previous financial year. Block sales contributed EUR 2.8 million to Recurring FFO for the reporting period.

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

UNIT SALES

A total of 421 apartments from the Austrian portfolio were sold through Unit Sales in the first nine months of 2014/15. Unit Sales for the reporting period also included four apartments in the Braunschweig region of Germany. All these transactions contributed EUR 25.2 million to Recurring FFO and had a margin of roughly 62% on fair value.

The strategic portfolio cluster Unit Sales comprised 13,311 units in Austria as of 31 January 2015: 5,614 in Vienna and 7,697 in the other Austrian provinces. Plans call for the sale of these units over the medium- and long-term.

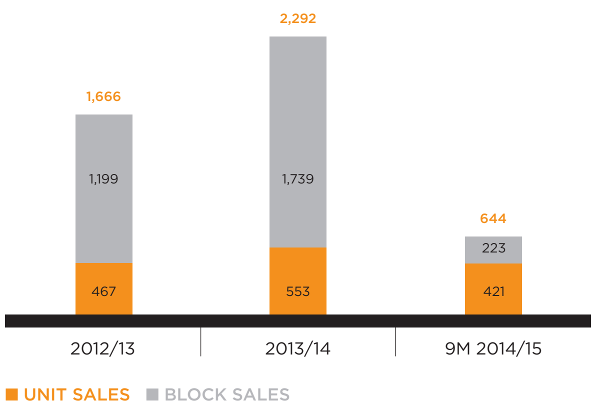
BLOCK SALES (SALE OF BUILDINGS AND PORTFOLIOS)

Residential units are allocated to Block Sales when they are not classified under the core portfolio or Unit Sales from a long-term profitability perspective and are not considered strategically relevant. This cluster included 3,809 units as of 31 January 2015: 539 in Vienna, 1,564 in Carinthia, 1,523 in the other Austrian provinces and 183 in Germany. For these properties, the medium-term sale to local private investors with a focus on sustainable yields and stable cash flow is more expedient than the sale of the individual units. These sales are designed to optimise the BUWOG Group's portfolio.

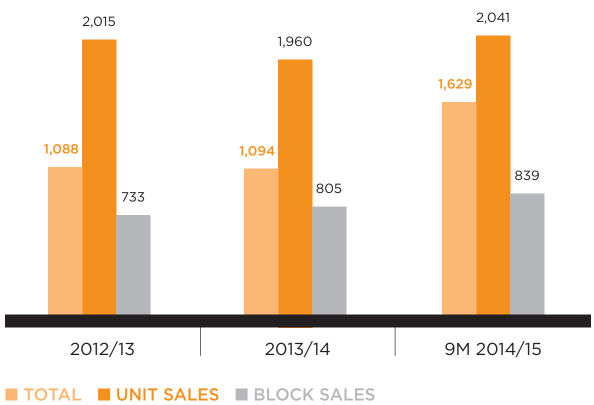
In the first nine months of 2014/15, 223 units were sold through eight Block Sales. These transactions contributed EUR 2.8 million to total FFO and had a margin on fair value of roughly 26%. The Block Sales in 2013/14 and 2012/13 were characterised by large portfolio sales in the Austrian provinces of Upper Austria and Carinthia.

After the end of the reporting period, the Burgenland portfolio with 196 units was sold as part of the announced strategic adjustment of the Austrian portfolio. The Burgenland portfolio consisted entirely of properties classified under the cluster "rural areas" and had a vacancy rate of 8% as of 31 January 2015. The margin on fair value for this sale equalled approx. 13%.

UNITS SOLD



AVERAGE PRICES ACHIEVED
in EUR per sqm



STRATEGY AND OUTLOOK

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

PROPERTY DEVELOPMENT

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

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

The Property Development business area generated results of operations (before expenses not directly attributable to this business area and other operating income) of EUR 11.9 million in the first nine months of 2014/15. Most of the cycle-related shifts from completions in the second quarter were offset, as expected, and earnings more than doubled in comparison with the 2013/14 financial year. Project development is a unique selling proposition of the BUWOG Group compared to other listed property companies, which focus mainly on renting and trading in apartments, but are generally not involved in development.

VARIOUS MARKET-ORIENTED DEVELOPMENT MODELS

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

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

Product Development Matrix

	Subsidised rental apartments **Standing investment portfolio**	Subsidised owner-occupied apartments **Regional customers**	Privately financed owner-occupied apartments **Regional customers**	Investment apartments **National customers**	Global exit **Institutional investors and foundations**
Vienna (3,758 units)	**Units:** 1,118 **Residential space:** 83,945 sqm  Rosa-Jochmann-Ring, 65 subsidised units, completed in 9/2014	**Units:** 147 **Residential space:** 11,246 sqm  Wiener Strasse, Schwechat 44 units	**Units:** 2,009 **Residential space:** 158,124 sqm  Pfarrwiesengasse, 131 units	**Units:** 543 **Residential space:** 34,942 sqm  Universumstrasse, 50 units, completed in 6/2014	**Units:** 48 **Residential space:** 32,196 sqm  Boschstrasse, 41 units, completed in 5/2014
Berlin (1,370 units)			Owner-occupied apartments **Regional customers** **Units:** 1,318 **Residential space:** 122,550 sqm  Westendpark, 116 units		Global exit **Institutional investors and foundations** **Units:** 52 **Residential space:** 3,810 sqm  Scharnhorststrasse, 52 units
Total 5,128 units					

The product development matrix comprises roughly 550 units that are allocated to land reserves.

Vienna. Five new construction projects with a total of 341 units and 25,745 sqm of total floor area were completed during the first nine months of 2014/15. The new construction projects at Gombrichgasse (district 10), Boschstrasse (district 19), Universumstrasse (district 20) and Rosa-Jochmann-Ring (district 11) were completed and transferred during the first half of 2014/15. In January 2015, the project at Lindengasse (district 7) with 66 units was completed (36 privately financed units for owner-occupiers and 30 global exit units).

The development pipeline in Vienna and the suburban areas included 3,758 units with an investment volume of approx. EUR 938 million as of 31 January 2015. Of this total, five projects in districts 3, 10 and 11 in Vienna and one project in Schwechat with a total of 244 units and an investment volume of approx. EUR 64 million are currently under construction.

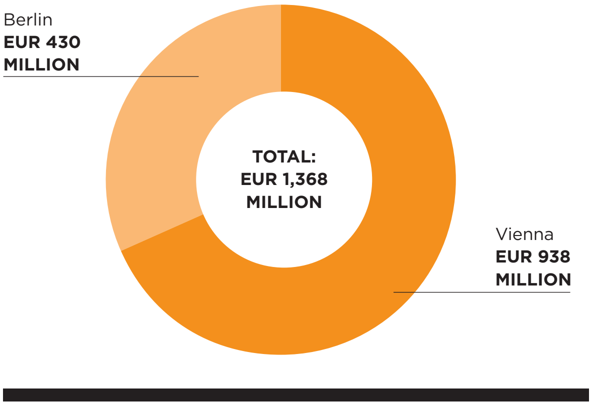
Berlin. The BUWOG Group is currently realising a number of projects in the emerging districts in the eastern area of this city and in the established western regions. The development pipeline in Berlin covered roughly 1,370 units with an investment volume of approx. EUR 430 million as of 31 January 2015. Of this total, four projects (two in Charlottenburg-Wilmersdorf, one in Berlin-Mitte and one in Berlin-Köpenick) with 446 units and an investment volume of approx. EUR 159 million are currently under construction. The large-scale Regattastrasse project in Berlin-Köpenick will be realised in several stages, with construction starting at different times. Construction on the first section is scheduled to begin in May 2015 and further sections will follow beginning in 2015/16.

In December 2014, the BUWOG Group sold a development site in Berlin-Mitte to an international investor for approx. EUR 15.6 million. This location was in an early stage of planning and was sold at a significant book gain and without project risk. Land sales of this type are only made on a selective basis. BUWOG plans to reinvest the resulting liquidity, among others, in the purchase of new sites.

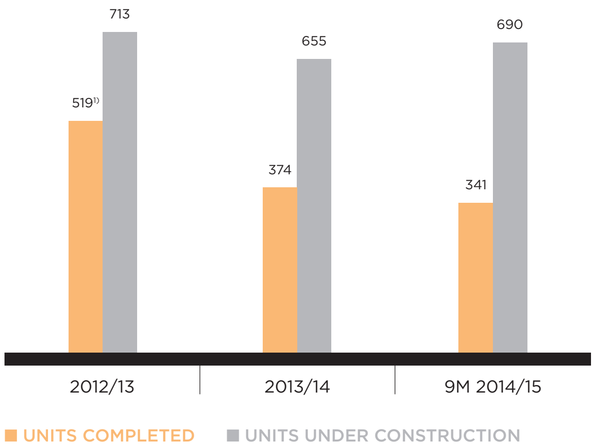
An agreement for the purchase of a 3,100 sqm site at Goethestrasse/Streustrasse in Berlin-Weissensee was signed during December 2014 and closed in February 2015. The current project planning calls for the construction of 65 owner-occupied apartments for Unit Sales.

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

DEVELOPMENT PROJECTS
by location



PROPERTY DEVELOPMENT



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

STRATEGY AND OUTLOOK

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

BUWOG Focus

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

Property Development

- Focus on protection of high profitability and risk minimisation
- Development pipeline of approx. EUR 1.4 billion investment volume in Vienna and Berlin
- Balanced project pipeline in different development stages
- Strong internal sales structures in Vienna and Berlin to support unit sales
- Profitable business development to generate Recurring FFO

BUWOG Strategy

- RISK MINIMISATION
  Over 60 years of development experience
- HIGH UPSIDE POTENTIAL
  High margins on development projects

INVESTOR RELATIONS

In the third quarter of the 2014/15 financial year, the BUWOG Group successfully continued the positive operating performance that characterised the first six months. The price development of the BUWOG share was also supported by favourable sector trends on the stock markets. On the Vienna Stock Exchange, the BUWOG share closed at EUR 17.32 on the last trading day in the third quarter (30 January 2015). That represents an increase of 33.2% over the opening price of EUR 13.00 on 28 April 2014 or 38.5% including the dividend paid in October 2014. With these results, the price of the BUWOG share reflected the EPRA-NAV per share of EUR 17.33 on 31 January 2015. It also represents an increase of nearly EUR 500 million, including the dividend, in value for BUWOG shareholders during the first nine months since the spin-off from IMMOFINANZ AG. This value growth continued up to 27 March 2015 and totalled approx. EUR 700 million on that date.

CAPITAL MARKET ENVIRONMENT

The international stock markets remained volatile throughout the reporting period, above all due to the political tensions in the Near East and the ongoing conflict between Russia and Ukraine. The market climate was also influenced by the continuation of expansive monetary policies by most of the central banks. The DAX passed 10,000 points for the first time on 5 June 2014, but fell to a low of 8,476 in October due to increased tensions in the above-mentioned crisis areas, weaker labour market reports from the USA and subdued economic and inflationary developments in Europe. This was followed by a year-end rally with new highs, after the European Central Bank (ECB) announced plans for extensive bond purchases in the EU during 2015. In September 2014, the ECB cut the main interest rate to a record low of 0.05%. The stock markets were also positive in January 2015, supported primarily by investors' efforts to break away from a possible devaluation of the Euro through a shift to stocks – a development that also benefited the property sector. Against this backdrop, the German DAX index closed at 10,694 points on 30 January 2015, for a plus of 11.4% over the level on 30 April 2014.

The ATX – the leading index of the Vienna Stock Exchange, which has also included BUWOG AG since 22 September 2014 – lost 13.2% from May 2014 to January 2015 and closed at 2,191 points on 30 January 2015. During this same period, the EURO STOXX 50 Index rose by 4.8% to 3,351 points and the FTSE EPRA/NAREIT Developed Europe Index, which is also a benchmark index for BUWOG AG, increased 27.3%. The BUWOG share clearly outperformed these branch indexes with a plus of 33.2% (ex dividend).

DEVELOPMENT OF THE BUWOG SHARE

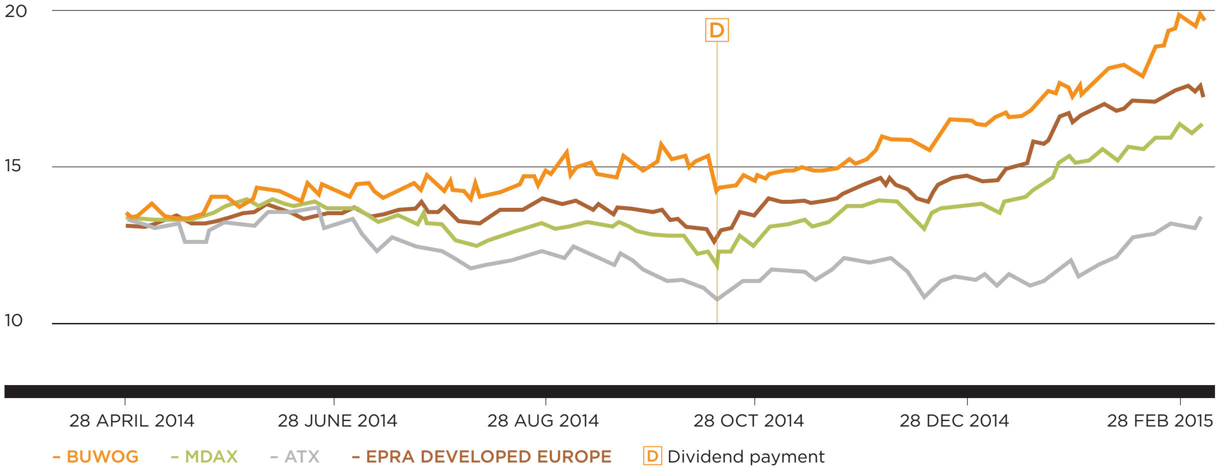
The BUWOG share started trading in Frankfurt on 28 April 2014 at an initial price of EUR 13.00. The closing price on 30 January 2015, the last day of the reporting period, equalled EUR 17.32. Up to that date, not a single closing price was lower than the initial listing price. This steady rise and relatively low volatility in the share price gave BUWOG AG shareholders a total increase of more than EUR 500 million, or 38.5%, in value (including the dividend) from the start of trading up to the end of the reporting period.

As illustrated by the graph on the following page, the BUWOG share continued its positive development after the end of the third quarter of 2014/15 and traded consistently over the EPRA-NAV per share of EUR 17.33 as of 31 January 2015. That makes BUWOG the only listed Austrian property stock currently trading at a premium to its EPRA-NAV.

As of 22 September 2014 the BUWOG share was added to the ATX, the leading index of the Vienna Stock Exchange, where it is weighted at 3.1%. The BUWOG share is currently weighted at 24.8% in the IATX (Austrian real estate index), which represents the base value for options and futures contracts traded on the Vienna Stock Exchange and contains all real estate shares listed on the Vienna Prime Market. On 7 May 2014 the BUWOG share was also added to the FTSE EPRA/NAREIT Developed Europe Index, a recognised worldwide benchmark and the most widely used index for listed real estate companies. The BUWOG share was also included in the VÖNIX Sustainability Index as of June 2014, which features listed companies that are considered to be leaders in terms of their social and environmental performance.

BUWOG AG SHARE PERFORMANCE IN COMPARISON

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



REFERENCE DATA FOR THE BUWOG SHARE

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

SHAREHOLDER STRUCTURE

The spin-off and subsequent deconsolidation of BUWOG AG reduced the investment held by IMMOFINANZ AG to 49% of the 99,613,479 shares issued. In accordance with a report on 23 January 2015 and subsequent clarification on 29 January 2015 by JP Morgan Chase & Co filed a stake in the share capital of BUWOG AG equal to 7.85% of the outstanding shares which, from an economic standpoint, is primarily related to the investment in IMMOFINANZ AG. Consequently, the free float of BUWOG AG can be classified at 51%. According to a shareholder identification carried out by the company in March 2015 the free float is divided into approx. 29% institutional and other investors and approx. 22% retail shareholders.

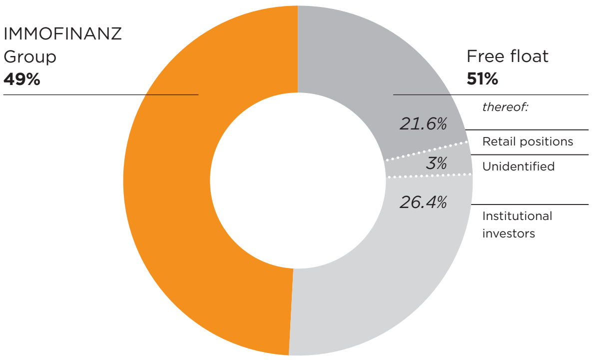
The shareholder structure of BUWOG AG is characterised by a majority of investors from Continental Europe (approx. 68%). Approximately 15% of the investors come from Great Britain and Ireland, and approx. 16% from the USA. All voting rights announcements are published on a timely basis under www.buwog.com.

The EUR 260 million, 3.5% convertible bond issued by BUWOG AG, which was subscribed in full by IMMOFINANZ AG before the BUWOG spin-off, was called by BUWOG AG as announced as of 27 January 2015 and redeemed at 101% of the nominal value. Accordingly, the financing structure of BUWOG AG does not include any financing instruments that would lead to a dilution for BUWOG shareholders. The positive effects from the refinancing of the convertible bond on the asset indicators, e.g. average interest rate and term, are discussed in the interim management report under the section on financing (see page 36). A total of up to 720,000 new shares could be issued from the conditional capital of the company relating to the long-term incentive programme of the Management Board.

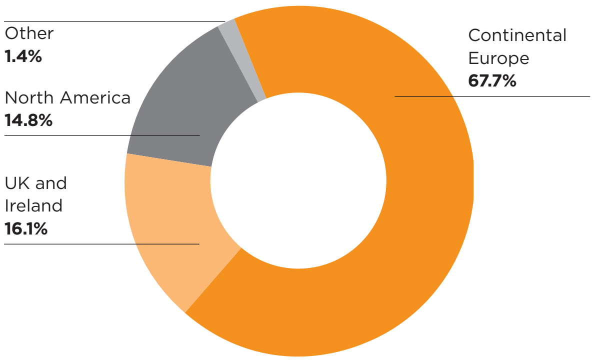
IMMOFINANZ AG issued an exchangeable bond (XS1108672988) for shares in BUWOG AG on 4 September 2014. This bond has a volume of EUR 375 million, a coupon of 1.5% per year and an exchange price of EUR 16.26 after the payment of the dividend for the 2013/14 financial year. Therefore, the conversion price is currently clearly below the market price of the BUWOG share. The exchangeable bond will be redeemed at 100% of the nominal value. The bond has a term ending on 11 September 2019, with a put option on 11 September 2017. BUWOG AG expects the bond issued by IMMOFINANZ AG will have a positive influence on the liquidity of the BUWOG share. The full conversion of the exchangeable bond on 31 January 2015 would have resulted in the transfer of approx. 23.1 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the bondholders. It would not have led to a dilution for the shareholders of BUWOG AG, but would further increase the liquidity of the BUWOG share.

IMMOFINANZ AG also issued two convertible bonds (CB 2017 XS0332046043 and CB 2018 XS0592528870) before the spin-off of BUWOG AG, which carry rights to the BUWOG shares previously existing and currently held by IMMOFINANZ AG. The conversion of the CB 2017 would lead to the transfer of roughly 0.1 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the bondholders based on the current exchange ratio, while the conversion of the CB 2018 would lead to the transfer of approx. 7.5 million BUWOG shares to the CB 2018 bondholders based on the current exchange ratio. However, the conversion of the CB 2017 (XS0332046043) appears highly unlikely at the present time due to the current price of the IMMOFINANZ and BUWOG shares. The full conversion of the exchangeable bond (XS1108672988) and the CB 2018 (XS0592528870) would, based on current information, lead to the transfer of a total of approx. 30.6 million BUWOG shares previously existing and currently held by IMMOFINANZ AG to the holders of the exchangeable bond and the CB 2018. This would increase the free float of the BUWOG share from the present level of roughly 51% to approx. 82%. These bonds do not represent a dilution risk for BUWOG shareholders.

SHAREHOLDER STRUCTURE OF BUWOG AG
as of March 2015



SHAREHOLDER STRUCTURE OF BUWOG AG
as of March 2015



DIVIDEND POLICY

The Executive Board of BUWOG AG is committed, above all, to protecting the interests of its shareholder – 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. The Executive Board is targeting a dividend that reflects the distribution made in October 2014, i.e. EUR 0.69 per share, until the defined pay-out ratio is reached. A further increase in the dividend will then be linked to the growth in the company's Recurring FFO. That represents a return of approx. 4.0% on the company's EPRA Net Asset Value as of 31 January 2015 and a return of 4.0% based on the closing share price on 30 January 2015. 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.

Start of trading in Frankfurt and Vienna on 28 April 2014 and in Warsaw on 29 April 2014.

FINANCIAL CALENDAR

17.04.2015	Raiffeisen Centrobank Institutional Investor Conference, Zürs
30.04.2015	End of the 2014/15 Financial Year
17.06.2015	Deutsche Bank German, Swiss and Austrian Conference 2015, Berlin
31.08.2015	Publication of the Annual Report for 2014/15
29.09.2015	Publication of the Q1 Report for 2015/16
13.10.2015	Annual General Meeting of BUWOG AG
21.12.2015	Publication of the H1 Report for 2015/16
24.03.2016	Publication of the Q3 Report for 2015/16

ANALYST COVERAGE

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

Institution	Date	Target price	Recommendation
Baader Bank	02.09.2014	EUR 14.70	Hold
Barclays	24.07.2014	EUR 17.00	Overweight
Berenberg	05.01.2015	EUR 19.00	Buy
Erste Bank	24.02.2015	EUR 21.00	Overweight
HSBC	03.11.2014	EUR 18.70	Overweight
Kepler Cheuvreux	27.02.2015	EUR 21.50	Buy
Raiffeisen Centrobank	22.10.2014	EUR 15.35	Hold

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

CONTACT

Holger Lueth
Head of Investor Relations & Corporate Finance
E-Mail: holger.lueth@buwog.com
Tel.: +43 1 87828-1203
Fax: +43 1 87828-5203

CONSOLIDATED INTERIM MANAGEMENT REPORT

THE ECONOMIC ENVIRONMENT & DEVELOPMENT OF FINANCIAL MARKETS

MODERATE EXPANSION IN THE GLOBAL ECONOMY

The global economy remained on a moderate growth course during the fourth quarter of 2014. There were signs of slight weakness in the USA, but the Japanese economy gained momentum. The International Monetary Fund (IMF) estimated global GDP growth in 2104 based on purchasing power parities at 3.3%, which reflects the prior year level. Despite positive impulses provided by the decline in oil prices, the IMF reduced its expectations for 2015 by 0.3 percentage points to 3.5% in January. This revision was based on the expected decline in capital investment due to growing uncertainty over the development of the economy. The forecasts for growth in the Euro zone and Russia are particularly reserved, while optimism over developments in the USA was reflected in substantial upward revision.

ECONOMIC INDICATORS AT A GLANCE

	GDP growth rate 2014	Forecast GDP growth rate 2015	Forecast GDP growth rate 2016	Forecast unemployment rate 2015 (yoy)	Forecast annual inflation rate 2015 (yoy)	Forecast gross national debt to GDP 2015 in %	Forecast deficit/surplus to GDP 2015 in %
EU 28	1.5%	1.5%	2.0%	9.8%	0.2%	88.3%	-2.6%
Euro zone (18 countries)	0.8%	1.3%	1.9%	11.2%	0.1%	94.4%	-2.2%
Austria	0.2%	0.8%	1.5%	5.2%	1.1%	86.4%	-1.4%
Germany	0.4%	1.8%	2.0%	4.9%	0.1%	71.9%	0.2%

Source: European Commission (March 2015)

SUBDUED CLIMATE IN EUROPE

Economic growth in the Euro zone remained reserved during the fourth quarter of 2014, with no signs of the expected recovery. An increase of 0.8% was recorded from the second to the third quarter of 2014, but the fourth quarter was forecasted to bring an increase of only 0.25% in real GDP. Development was negatively affected by the conflict in Ukraine and the related sanctions, political unrest in Syria, Iraq and other regions of the world as well as the comparatively weak development of global trade. In contrast, the ECB‘s expansive monetary policy and the sharp drop in oil prices apparently served as a support for growth. On 4 September, the ECB’s Governing Council approved further monetary measures to protect price stability in the Euro zone and stimulate growth. These measures included a reduction of 10 basis points in the main refinancing rate to 0.05% and a cut in the deposit rate to -0.2% and, together with other monetary flexibility measures, are intended to raise the inflation rate in the Euro zone to the targeted level of 2%. In addition, the ECB plans to purchase EUR 60 billion of federal bonds and other securities each month up to September 2016.

As a result of the above factors, the year-end 2014 report by the European Commission forecasts growth of only 0.8% for the Euro zone and 1.5% for the EU-28 in 2015. The reasons given for this slower momentum include the ongoing weakness in Italy and the economic slowdown in Germany – which, however, began to reverse towards year-end. The economies in Spain and Greece are beginning to recover, but the sustainability of this improvement remains to be seen. Recent months have also brought signs of an improvement on the European labour market, which were based on increasing employment in the retail, transport and communications branches. The unemployment rate levelled off at roughly 11.5% in the third and fourth quarter of 2014.

GERMANY

After a surprising and longer weak phase in 2014, the German economy recovered during the final quarter. A press release by the Federal Statistical Office showed real GDP growth at 0.7% in the fourth quarter of 2014. The positive consumer sentiment in Germany remained intact due to the sound growth in income and favourable labour market, and was reflected in a further rise in consumption. The number of persons employed rose to a new record high and led to a 0.1 percentage point decrease in the unemployment rate from the third quarter to 6.6% in the fourth quarter 2014. This development was supported primarily by an increase in employment in the service sector, health and social services and the hospitality industry. However, private consumption will remain an important driver for economic growth in Germany. The export sector is also expected to benefit from the decline in the Euro.

AUSTRIA

In recent quarters, the Austrian economy has been weaker than expected at the beginning of 2014. The effects of the crisis between Russia and Ukraine on Austrian exports were, in total, low. However, the demand from key international trading partners was subdued and domestic demand was restrained. Growth was positive at 0.1% in the second quarter of 2014, but the third quarter brought a slight decline of 0.1% (in both cases, versus the previous quarter). The January 2015 economic report by the Austrian National Bank placed GDP growth at +0.1% in the fourth quarter of 2014 and +0.5% for the full year. A slight improvement to 0.3% is expected in the first quarter of 2015, not least due to the low crude oil price and the decline in the Euro. The decline in the value of the Euro versus the Swiss Franken (CHF) improves the competitive position of the Austrian export sector, but also created greater pressure for Austrian borrowers with CHF positions.

DEVELOPMENTS ON THE FINANCIAL MARKETS

The climate on the European capital markets remained tense throughout the reporting period, above all in the third quarter. The general sentiment was influenced by numerous factors: Market players were unsettled by political developments like the ongoing conflict between Russia and Ukraine and the unrest in the Arabian countries. The outcome of the parliamentary elections in Greece and the extension of the assistance programme (after the end of the reporting period) heightened speculation over the continued existence of the Euro zone in its current form. In addition, the Euro came under increasing pressure following the decision by the Swiss National Bank to discontinue the minimum exchange rate to the Swiss Franc. The slow development of the global economy, in combination with the above-mentioned political unrest, has also been reflected in a 50% decline in the crude oil price since June 2014.

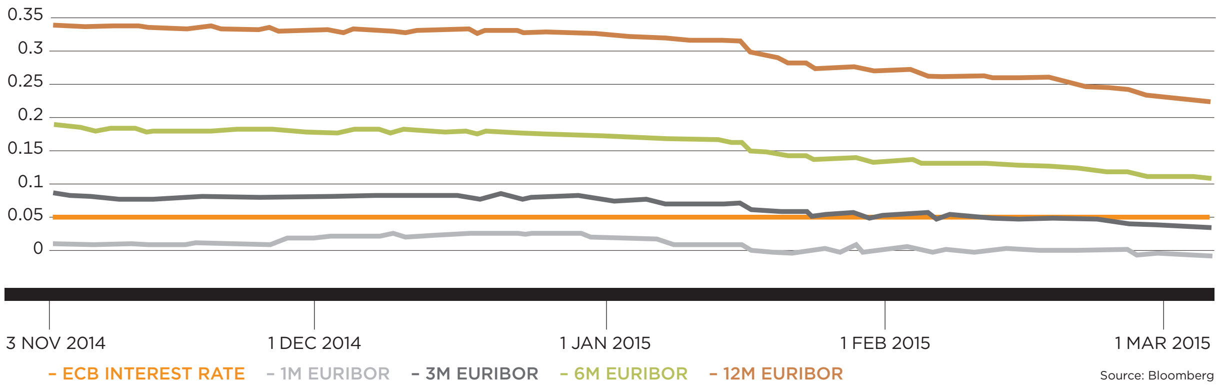
DEVELOPMENT OF KEY INTEREST RATES

The ECB's key interest rate has remained at the record low of 0.05% since the last reduction in September 2014. The interest rates for the peak refinancing facility and the deposit facility were also unchanged at 0.3% and -0.2%, respectively. The quantitative easing programme – which covers the purchase of securitised loans and covered bonds totalling EUR 500 billion – was approved in September 2014, but met with only weak demand during the reporting period. At the beginning of January 2015, the ECB announced the extension of this programme to also include bonds. The ECB plans to make EUR 60 billion available for asset purchases each month from March 2015 to September 2016. The goal of this programme is to inject fresh money into the market, to stabilise prices with an inflation rate of roughly 2% and to stimulate the economy.

The reference interest rates (1-, 3-, 6- and 12-month EURIBOR) moved sideward during the third quarter of 2014/15. A further reduction was only noted when the Swiss National Bank discontinued the minimum Euro exchange rate in mid-January 2015. For example, the 3-month EURIBOR declined 30% in comparison with the previous quarter and fell further to 0.052% by the end of October (minus 39.53%). The development of the 1-, 6- and 12-month EURIBOR shows a similar picture. The reference interest rate for the 3-month and 12-month EURIBOR fell by 84.66% and 55.86%, respectively, during the third quarter of 2014/15.

DEVELOPMENT OF EURIBOR REFERENCE INTEREST RATES

November 2014 to March 2015, in %

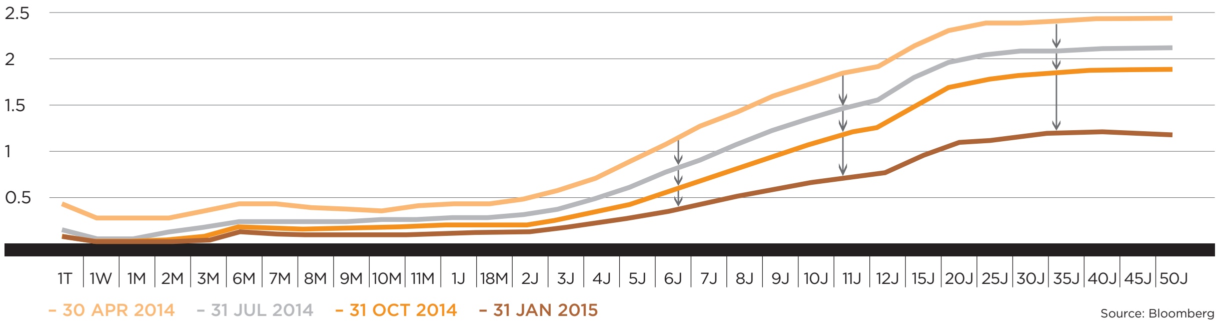


Source: Bloomberg

Long-term rates also fell to a new low during the reporting period. The EUR-SWAP curve flattened further during the third quarter of BUWOG's 2014/15 financial year. This development is clearly illustrated by the development of the 10-year SWAP rate, which fell by 37% during the past three months and by 61% since the end of the 2013/14 financial year on 30 April 2014. The flattening of interest rate curves leads, among others, to the availability of long-term financing and variable rate financing at substantially more favourable rates. However, flatter interest rate curves have a negative effect on the non-cash results from the valuation of derivatives and the measurement of financial instruments at fair value through profit or loss. These non-cash valuation effects even out, in total, over the full term of the financial liabilities. Information concerning the effects on the BUWOG Group's earnings is provided in the "Analysis of the asset, financial and earnings position" on page 38.

DEVELOPMENT OF THE EUR-SWAP CURVE

30 April to 31 July, 31 October 2014 and 31 January 2015, in %



Source: Bloomberg

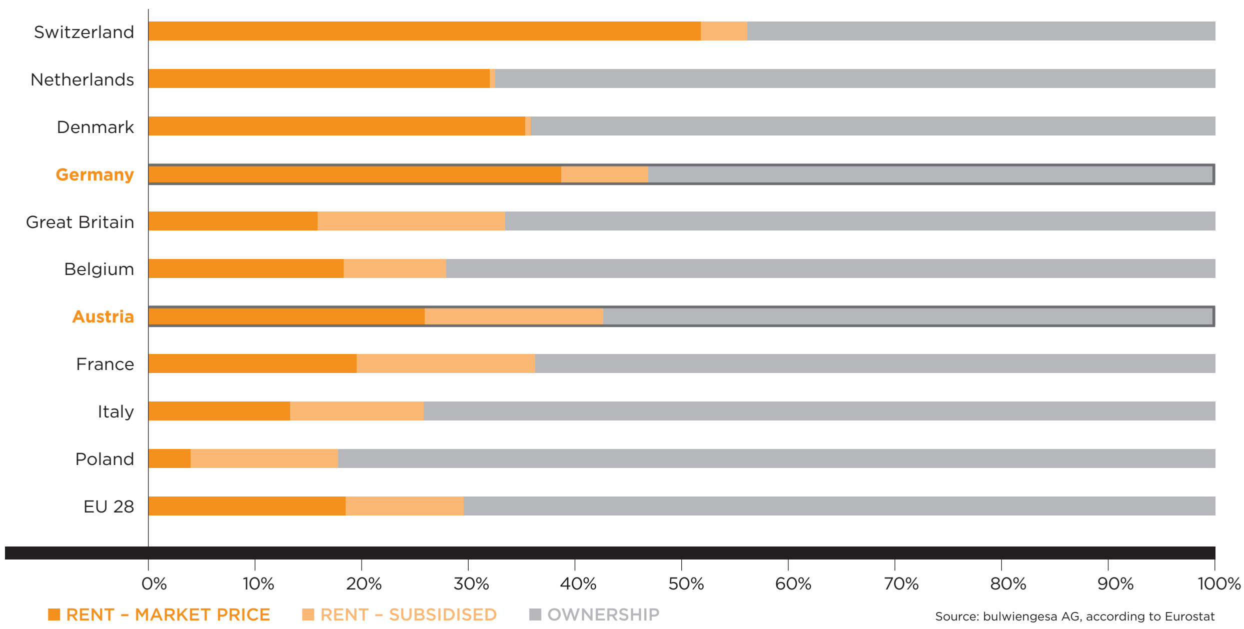
DEVELOPMENT OF THE PROPERTY MARKETS

THE HOUSING STRUCTURE IN EUROPE

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

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

HOUSING STRUCTURE IN EUROPE IN 2012



Source: bulwiengesa AG, according to Eurostat

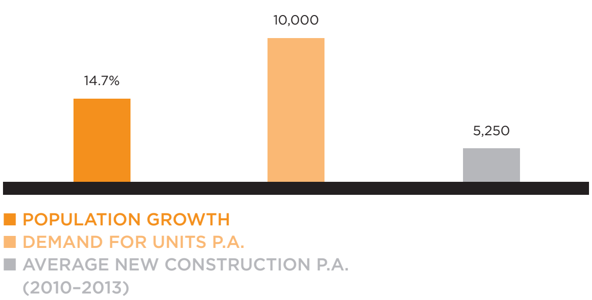
THE RESIDENTIAL MARKET IN AUSTRIA

Recent estimates by Statistik Austria indicate that the population in this country is expected to grow faster than originally projected, primarily due to rising immigration over the coming years. An increase to over nine million is now expected by 2025. The Austrian National Bank calculated an increase of 66,800 persons to a total population of 8.5 million in 2014. More than one-third of the 3.7 million Austrian households currently represent single person households. Rental apartments comprise 41.6% of all primary residences, although there are major regional differences. Rental apartments make up nearly 80% of the total market in Vienna, but the comparable figure for the other Austrian provinces ranges from 18% (Burgenland) to just under 34% in (Upper Austria and Salzburg). The main reason for the high tenant share in Vienna is the dominance of subsidised social housing on the rental market. The latest survey in 2013 placed nearly 60% of all rented apartments in this segment: 19% council apartments and 40% apartments subject to the regulations of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz, WGG).

Building permits were granted for roughly 46,000 apartments in Austria during the first nine months of 2014 according to Statistik Austria. The comparable figure for the full 12 months of 2013 is roughly 59,500 units and for the first nine months of 2013 roughly 44,900 units. Nearly 35,500 apartments were completed during the first nine months of 2014, which represents an increase of almost 1,000 over the comparable prior year period (approx. 46,000 apartments in the full 12 months of 2013. A survey by Statistik Austria placed the average net rent, including operating costs, for Austria at EUR 6.98 per sqm in the third quarter of 2014, which is 4.0% higher than the third quarter of 2013. The peak level of EUR 8.39 per sqm was recorded in Salzburg. The prices for newly built owner-occupied apartments have eased substantially in recent months, with the exception of Vienna.

Vienna. The residential market in Vienna has seen a significant increase in rents and the prices for owner-occupied apartments in recent years. This development is a result of the steady population growth: Vienna currently has a population of 1.8 million, and Statistik Austria is projecting an increase of over 200,000 by 2025. Roughly 8,250 new apartments were approved in Vienna during the first nine months of 2014, for an increase of 2.5% over the comparable prior year period (12,180 apartments during the 12 months of 2013). Final information on apartment completions in 2014 is not yet available, but a total supply of over 878,000 apartments was reported for 2014. That would represent a year-on-year increase of 0.9%. The number of completions in 2013 set a new record at 8,200 (2012: approx. 3,000 apartments, 2011: approx. 1,900 apartments). The current average household size of slightly under two persons and forecasted annual increase of 18,000 in the population translate into a minimum demand of more than 9,000 new apartments per year. This estimate does not include a further reduction in the average household size, which means the actual demand can be estimated at 10,000 units per year. The price for newly built owner-occupied apartments rose by more than 5% year-on-year in the third quarter of 2014. In contrast, a slight decline was recorded in the first and second quarters of 2014. According to Statistik Austria, rental prices, including operating costs, increased by 4.2% to EUR 7.23 per sqm in the third quarter of 2014.

HOUSING INDICATORS VIENNA 2014–2025



Source: bulwiengesa AG, according to Statistik Austria

In late summer 2014, the city of Vienna announced a new stage in the housing construction initiative that was launched in 2011. This programme involves a special form of privately financed residential construction based on low-cost loans granted by the city, which allow for rental prices that are only slightly higher than the prices for subsidised housing construction. The latest plans call for the realisation of a further 1,400 units by 2018 in addition to the 6,000 apartments that have already been completed or are currently under construction. Four areas were defined for these projects: Vienna-Landstrasse and the so-called Franzosengraben (district 3), the Sonnwendviertel in Favoriten (district 10) and the grounds of the former Hoerbiger valve plant and in Otmar-Brix-Gasse near Neugebäude Castle in Simmering (district 11).

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

THE RESIDENTIAL MARKET IN GERMANY

A survey published by the Federal Statistical Office shows the fourth successive year of growth in the German population during 2014, with an increase of roughly 300,000 over year-end 2013 to nearly 81.1 million. The decisive factor for this growth is the unexpected high net migration surplus of roughly 470,000, which is concentrated primarily in the metropolitan regions and their major cities. The right of free movement of workers throughout the European Union was also granted to Romanian and Bulgarian citizens at the beginning of 2014 and led to an increase in immigration from these countries. Immigration is still strong from the eight Central and East European countries that joined the EU in 2004, but declined in comparison with the previous year. The national development bank KfW (Kreditanstalt für Wiederaufbau) expects immigration in 2015 will reflect the 2014 level, which would indicate a further increase in the demand for rental apartments. However, the demand for housing in Germany is characterised by a growing gap between urban and rural regions. Housing is becoming increasingly scarce in the cities and surrounding areas, but the rural regions and communities are still confronted with an exodus, above all by younger residents.

The Federal Statistical Office expects a continuation of the trend toward single apartments and a reduction in household sizes. Consequently, the number of households in Germany will continue to increase even if the population declines in the future. Forecasts point to an increase of 400,000 households over the current level by 2030. A total of 250,000 units were completed in 2014, and KfW expects a volume of roughly 260,000 units in 2015. A report by the Federal Institute for Research on Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau- Stadt und Raumforschung) shows an increase in the demand to nearly 265,000 new apartments per year by 2025, which points to a further shortage in the metropolitan regions.

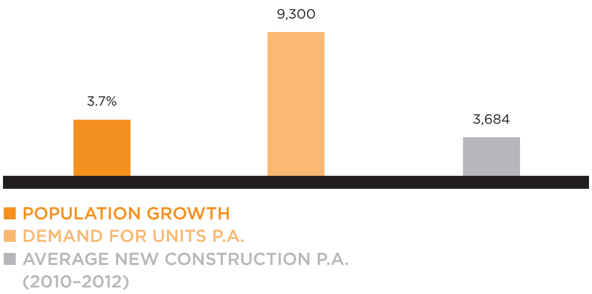
The increase in demand was reflected in a further rise in property and rental prices in the first three quarters of 2014. The advertised rental prices for newly built apartments were 0.5% higher than the previous quarter and 3.0% over the third quarter of 2013. Statistics published by empirica show the highest rents in Munich, Frankfurt/Main, Stuttgart, Hamburg and Heidelberg. The rents for newly built apartments in these cities currently range from EUR 10.84 per sqm to EUR 14.17 per sqm. In the third quarter of 2014, the purchase prices for newly built owner-occupied apartments in Germany increased 1.2% over the previous quarter and 5.5% in year-on-year comparison.

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

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

The provincial governments were authorised to issue a directive by 31 December 2020 that defines the areas with overextended housing markets to be covered by the rental price cap. Excluded from this regulation are apartments rented for the first time after 1 October 2014 and the initial rental after comprehensive modernisation.

HOUSING INDICATORS BERLIN 2013–2025



Source: bulwiengesa AG

Berlin. The development of purchase and rental prices on the housing market in Berlin remains tense, even though the situation has eased slightly in recent months. The German capital is still a magnet for travellers from inside and outside the country, young professionals, students, creative people and tourists. The population is growing steadily, which also stimulates the economy. Estimates by the Berlin-Brandenburg statistical agency indicate an increase of roughly 45,000 in the population during 2014 after similar annual growth in the three previous years. The number of employed persons reached a new high of 1.8 million in 2014, and the unemployment rate fell slightly to 11.1%. The purchasing power of an average Berlin household rose from EUR 2,851 in 2013 to EUR 2,951 in 2014.

These positive indicators triggered a further rise in the demand for rental apartments, which subsequently led to an average increase of 6.6% in quoted rents to EUR 8.55 in the first three quarters of 2014. Two years earlier the increase in this indicator was twice as high at 13.8%. In the upper market segment with numerous newly built apartments, the quoted prices average EUR 15.05 per sqm (+2.6%). The prices for new owner-occupied apartments rose by an average of 10.1% to EUR 2,725 per sqm between January and September 2014, or slightly lower than the two previous years (+19.9%). New apartments in the upper segment were priced at an average of EUR 5,000 per sqm (+7.2%). Following a sharp rise in rents and prices at locations within the suburban railway ring since 2011, demand – and subsequently also new construction – has since shifted to more distant, but still easily accessible areas of the city outside the ring.

The city and investors have reacted to the strong demand for housing by increasing residential construction. A total of 12,500 building permits were granted in Berlin from January to September 2014, roughly half for owner-occupied apartments. According to CBRE and Berlin Hyp, approx. 17,000 units are currently under construction or in planning. This volume would just cover the future demand if immigration remains at the current high level and the birth rate rises over the short-term. BBSR sees a need for 15,500 apartments per year in Berlin over the coming decade, but the current objective must be to satisfy the demand overhang.

PORTFOLIO REPORT

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

The following information is based on the portfolio values at the end of the first three quarters of the 2014/15 financial year, i.e. on 31 January 2015. The comparable prior year figures in brackets refer to the balance sheet date on 30 April 2014, unless indicated otherwise. Additional information on the balance sheet carrying values is provided under “Significant Accounting Policies” in section 2 of the notes to the BUWOG consolidated financial statements as of 30 April 2014.

The residential properties, new construction projects and undeveloped land held by the BUWOG Group are valued by the external, independent experts at CBRE (Vienna/Berlin) as of 30 April (annual valuation) and 31 October (half-year valuation) each year. The fair value as of 31 July and 31 January is determined internally, whereby this process involves adjustments to the fair value of the standing investments. The changes in fair value as of the interim appraisal dates were based on the continued sound development of the property markets and current trend estimates for Germany, which CBRE also sees as positive. Further adjustments were based on the development of the consumer price index. Successful rental results in combination with the increase in market rents – above all in Berlin, Lübeck, Kiel, Lüneburg and Kassel – and a partial yield compression (i.e. the prices for apartment houses are rising faster than the rents on the apartments they contain) in Berlin were the most important factors for the development of fair value in BUWOG’s German portfolio. In Austria, the ongoing high proceeds from the sale of individual apartments were reflected in an increase in the sale price potential for the Unit Sales cluster and had a positive effect on fair value.

THE PROPERTY PORTFOLIO OF THE BUWOG GROUP

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

The carrying amount (fair value) of the BUWOG Group’s portfolio totalled EUR 3,827.1 million as of 31 January 2015 (EUR 2,820.5 million). Of this total, EUR 3,550.0 million (EUR 2,526.1 million) or 92.8% (89.5%) represent standing investments and non-current properties held for sale. The active new construction and development projects (inventories) have a combined carrying amount of EUR 133.6 million (EUR 155.1 million), which corresponds to 3.5% (5.5%) of the total portfolio.

The property portfolio of the BUWOG Group is reported on the balance sheet under non-current and current assets. The following tables reconcile the property assets reported as of 31 January 2015 with the presentation in this portfolio report:

PROPERTY PORTFOLIO

as of 31 January 2015 in EUR million

Non-current assets	**3,661.6**	Investment properties	3,647.0	**Standing investments**	**3,528.3**
				Pipeline projects	118.7
		Other tangible assets	8.0	Owner-occupied properties[1]	8.0
		Investment properties under construction	6.6	Build in inventory	6.6
Current assets	**165.5**	Non-current assets held for sale	31.9	**Standing investments**	**21.7**
				Pipeline projects	10.2
		Inventories	133.6	Development projects	133.6
Total portfolio BUWOG Group	**3,827.1**		**3,827.1**		**3,827.1**

Data includes rounding differences

1) Incl. furniture, fixtures and office equipment

PROPERTY PORTFOLIO BY FAIR VALUE

as of 31 January 2015	Units	Standing investments in EUR million	Pipeline projects in EUR million	Owner occupied properties in EUR million	Build in inventory in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Austria	25,672	2,118.9	103.2	6.8	6.6	68.8	2,304.4	60.2%
Germany	26,463	1,431.1	25.7	1.1	0.0	64.9	1,522.7	39.8%
BUWOG Group	**52,135**	**3,550.0**	**128.9**	**8.0**	**6.6**	**133.6**	**3,827.1**	**100.0%**

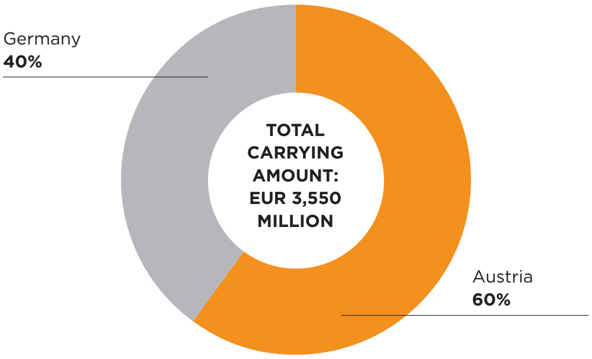
INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group's standing investment portfolio in Austria and Germany comprised 52,135 units as of 31 January 2015 (33,475 units), which represent a fair value of EUR 3,550 million (EUR 2,526 million) or 93% (90%) of the total investment portfolio (incl. development projects). The standing investments are accounted for at fair value in accordance with IAS 40 and also include investment properties reclassified as held for sale in accordance with IFRS 5.

An analysis of the standing investment portfolio by regional cluster shows over 83% of the fair value and over 76% of the units in the capital cities of Vienna and Berlin, in provincial capitals and major cities and in the respective suburban areas including Hamburg. The following graph shows the regional distribution of the fair value of the standing investments in BUWOG's two core markets.

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE

as of 31 January 2015



The DGAG and Apollo portfolios were initially consolidated by the BUWOG Group as of 1 July 2014, i.e. during the second quarter of 2014/15. In addition, BUWOG signed a purchase contract for a portfolio with 116 units in Braunschweig during the third quarter. The purchase price equalled approx. EUR 5.5 million and the closing, with the transfer of benefits and obligations, took place on 1 March 2015. In comparison with the results of the half-year valuation as of 31 October 2014, the fair value of the standing investment portfolio increased by roughly EUR 40 million during the third quarter of 2014/15. This amount was recognised through profit or loss and is reported under revaluation results.

The average portfolio unit has nearly 70 sqm of usable space. The annualised contractual in-place rent for the standing investments as of 31 January 2015, including parking spaces, equalled EUR 197 million (EUR 123 million). This corresponds to an average in-place rent of EUR 4.76 per sqm (EUR 4.31 per sqm) and a net rental yield (annualised in-place rent in relation to fair value as of the balance sheet date) of approx. 5.6% (4.9%). The vacancy rate is determined on the basis of the usable space and amounted to 4.5% as of 31 January 2015 (4.8%). On a like-for-like basis (i.e. excluding the effects of changes in the portfolio and the new rental of vacancies), the rents generated by the BUWOG Group's portfolio properties rose approx. 3.4% over the level on 31 January 2014 during the first three quarters of 2014/15 (increase in rents on a like-for-like basis in 2013/14: 1.8%).

The BUWOG Group invested approx. EUR 31.9 million in maintenance and refurbishments for new rentals and for value-increasing capital expenditure (CAPEX) in the first nine months of 2014/15. This corresponds to an average of EUR 9.5 per sqm. Maintenance investments amounted to EUR 22.9 million, which corresponds to EUR 6.8 per sqm. CAPEX totalled EUR 9.0 million or EUR 2.7 per sqm. In line with its active asset management approach, the BUWOG Group continues to focus on sustainable, return-driven maintenance and CAPEX measures in order to realise opportunities for value appreciation in the portfolio properties.

SALE OF STANDING INVESTMENTS (PROPERTY SALES BUSINESS AREA)

Within the Property Sales business area, the sale of individual apartments (Unit Sales) represents a key source of sustainable revenues for the BUWOG Group. A total of 421 units were sold in Austria and Germany during the first nine months of 2014/15 (2013/14 financial year: 553 units) which generated proceeds of approx. EUR 67.9 million (2013/14 financial year: approx. EUR 83 million) and a margin of 62% on fair value (2013/14 financial year: 54%). The cycle-optimised portfolio adjustments included Block Sales in the form of eight properties with 223 units in Carinthia, Styria and Tyrol (2013/14 financial year: 74 properties with approx. 1,700 units). The sale proceeds amounted to approx. EUR 14.5 million (2013/14 financial year: EUR 38 million) and resulted in a margin of 26% on fair value (2013/14 financial year: 11%).

INVESTMENT PROPERTIES – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The balance sheet position "investment properties" not only includes standing investments, but also pipeline projects at fair value in accordance with IAS 40. Pipeline projects (held for value appreciation) are defined as undeveloped land reserves as well new construction projects in planning with a starting date more than 12 months after the balance sheet date. The pipeline projects reported as of 31 January 2015 have a combined carrying amount of EUR 118.7 million (EUR 120.5 million). These projects include land reserves with a fair value of approx. EUR 2.8 million, which are allocated to the asset management portfolio and not designated for property development.

OTHER TANGIBLE ASSETS

The carrying amount of other tangible assets totalled EUR 8.0 million (EUR 7.9 million). These assets consist primarily of the office buildings owned and occupied by BUWOG Group in Vienna, Hietzinger Kai 131, and in Villach, Tiroler Strasse 17, with a total carrying amount of EUR 6.1 million.

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

Investment properties under construction include subsidised rental properties in Austria that are currently under construction or whose construction will begin during the next 12 months within the framework of property development for the BUWOG core portfolio. These development projects had a combined carrying amount of EUR 6.6 million as of 31 January 2015 (EUR 10.9 million). The decline in the carrying amount of investment properties under construction is attributable to the completion of the new construction project at Rosa-Jochmann-Ring in Vienna with 65 subsidised rental units (total: 99 units) during the second quarter of 2014/15 and the subsequent reclassification of these units to standing investments.

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

The properties classified as “non-current assets held for sale” and accounted for in accordance with IFRS 5 represent properties for which specific sale plans had been approved as of 31 January 2015 and whose near-term sale is expected. The carrying amount of these properties totals EUR 31.9 million (EUR 15.0 million).

The properties classified as “non-current assets held for sale” comprise standing investments of EUR 21.7 million that are attributable to the Asset Management business area and pipeline projects of EUR 10.2 million that are attributable to the Property Sales business area.

INVENTORIES – DEVELOPMENT PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The development of subsidised or privately financed owner-occupied apartments and investment apartments for local customers, institutional investors and foundations is a key focus of the BUWOG Group’s business activities. These properties form the product matrix within the Property Development business area. The regional focus generally lies on the capital cities of Vienna and Berlin, the two largest cities in the German-speaking countries where the demand for owner-occupied apartments is strong. In both of these cities, the BUWOG Group is represented by established, experienced teams and efficient internal sales structures.

These development projects, which are currently under construction or already completed, are reported as inventories under current assets on the balance sheet and accounted for at their production cost in accordance with IAS 2. The carrying amount of inventories as of 31 January 2015 equalled EUR 133.6 million (EUR 155.1 million). The development projects completed or still in sale as well as the development projects still under construction with transfer scheduled during the next twelve months have a combined carrying amount of approx. EUR 59.7 million (EUR 76.2 million) or 44.7% (approx. 49%) of the total inventories.

FINANCING

The BUWOG Group was able to refinance or extend the loans for various standing investments and development projects as scheduled in the third quarter of the 2014/15 financial year. The major financing activities for the reporting period included the refinancing of the convertible bond as well as the receipt of the remaining proceeds from the mortgage loan concluded for the DGAG acquisition and the hedging of these funds against interest rate risk. The BUWOG Group successfully utilised the current, advantageous interest rate and capital market environment to further improve interest conditions, which reduced the weighted average nominal interest rate to 2.16% as of 31 January 2015 (31 October 2014: 2.26%). This improvement will have a sustainable positive effect on Recurring FFO, which will be available for dividends and investments.

REFINANCING OF THE CONVERTIBLE BOND

The BUWOG Group successfully concluded the refinancing of the convertible bond with two Austrian banks during the reporting period. The resulting mortgage loans have a total volume of EUR 330 million, a weighted average interest rate of approx. 1.80% and a weighted average term of 25.5 years. The ten-year hedge covers 72.7% of the loans. In contrast to the financing through the convertible bond, this represents an interest advantage of approx. 1.70%.

FINALISING THE MORTGAGE LOAN FROM THE DGAG ACQUISITION

The remaining proceeds of approx. EUR 40 million from the mortgage loan concluded for the DGAG acquisition were transferred to BUWOG during the third quarter of 2014/15. At the same time, the interest rate was fixed for the entire term of ten years through an interest rate swap. This financing has a weighted average interest rate of approx. 2.5% and is hedged in full against interest rate risk.

The following table summarises the key financing parameters as of 31 January 2015:

FINANCING PARAMETERS

	Outstanding liability in EUR million	Share	Ø interest rate	Ø term in years
Bank liabilities[1)]	**1,487**	**68%**	**2.55%**	**14.8**
thereof Austria	827	38%	2.36%	19.3
thereof Germany[1)]	660	30%	2.80%	9.3
Local authorities/subsidised loans	**713**	**32%**	**1.35%**	**22.8**
thereof Austria	505	23%	1.40%	20.7
thereof Germany	208	9%	1.24%	27.8
Total as of 31 January 2015	**2,200**	**100%**	**2.16%**	**17.4**

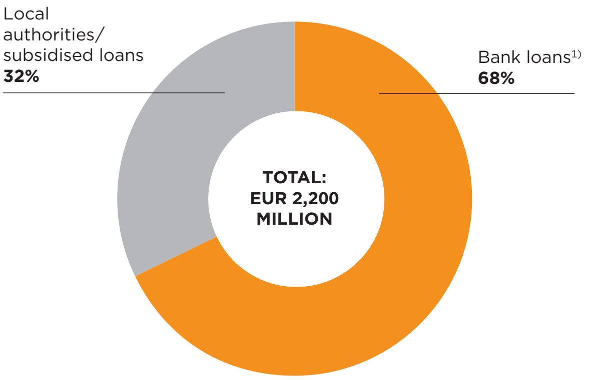
1) Incl. a liability of EUR 35 million due to the federal and provincial government insurance company (VBL – Versicherungsanstalt des Bundes und der Länder)

FINANCING STRUCTURE

The financial liabilities of the BUWOG Group as of 31 January 2015 comprised liabilities to banks, liabilities to local authorities and subsidised loans. The outstanding financial liabilities are denominated solely in Euros and totalled approx. EUR 2,200 million as of 31 January 2015. This represents a loan-to-value ratio (LTV) of 50.8% based on the total carrying amount of the portfolio. Additional information on the calculation of LTV is provided in the section “Loan-to-value” on page 43.

As of 31 January 2015, 37% (basis: outstanding liability) of the financial liabilities represented low-interest subsidised loans or bank liabilities with annuity subsidies that are carried at fair value through profit or loss. Additional details are provided in the “Analysis of the asset, financial and earnings position” (page 38) and in section 1.2.2 of the consolidated financial statements as of 30 April 2014.

STRUCTURE OF THE OUTSTANDING FINANCIAL LIABILITIES
as of 31 January 2015

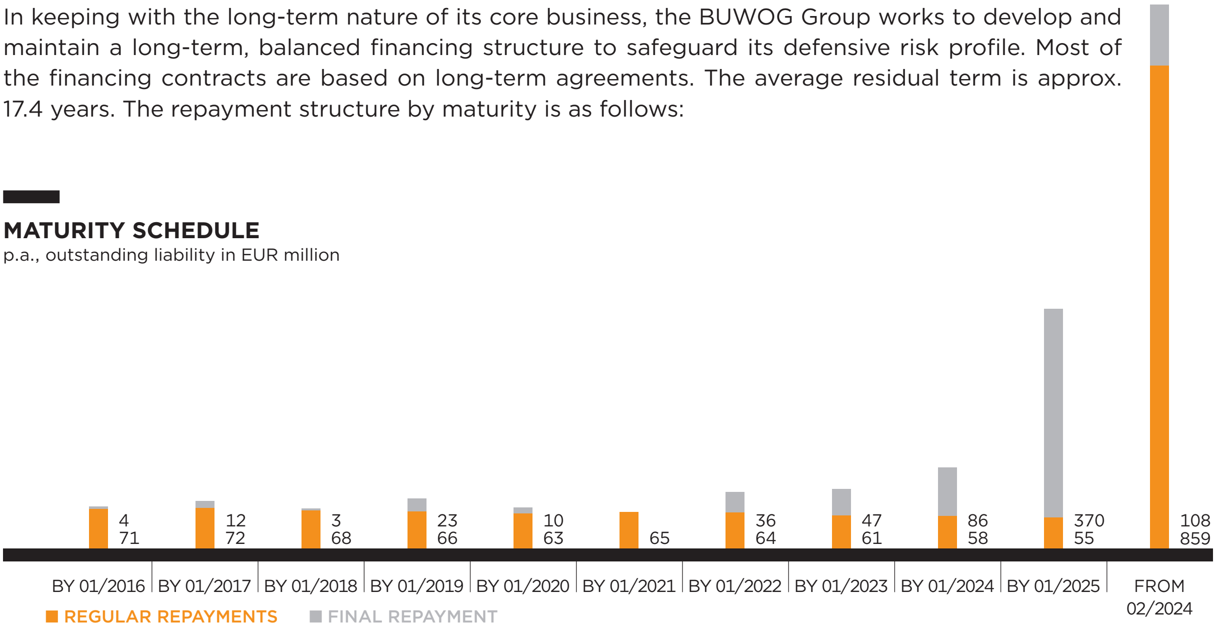


1) Incl. a liability of EUR 35 million due to the federal and provincial government insurance company (VBL – Versicherungsanstalt des Bundes und der Länder)

REPAYMENT STRUCTURE

In keeping with the long-term nature of its core business, the BUWOG Group works to develop and maintain a long-term, balanced financing structure to safeguard its defensive risk profile. Most of the financing contracts are based on long-term agreements. The average residual term is approx. 17.4 years. The repayment structure by maturity is as follows:

MATURITY SCHEDULE
p.a., outstanding liability in EUR million



INTEREST RATE STRUCTURE

In line with the long-term nature of the financing structure, roughly 86% of the Group's financing contracts were hedged against the risk of interest rate changes through fixed interest rate agreements and/or interest rate swaps as of 31 January 2015. The weighted average nominal interest rate equalled 2.16% as of that date.

ANALYSIS OF THE ASSET, FINANCIAL AND EARNINGS POSITION

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

EARNINGS POSITION

CONDENSED INCOME STATEMENT

in EUR million	9M 2014/15	Q3 2014/15
Results of Asset Management	95.6	34.9
Results of Property Sales	28.0	10.4
Results of Property Development	11.9	7.5
Other operating income	4.9	1.3
Expenses not directly attributable	–23.0	–8.9
Results of operations	**117.4**	**45.1**
Other revaluation results	78.8	40.0
Operating profit (EBIT)	**196.2**	**85.1**
Financial results	–189.4	–107.1
Earnings before tax (EBT)	**6.7**	**–22.0**
Net profit	**3.3**	**–17.3**
Net profit per share[1] in EUR	**0.03**	**–0.17**

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

In analysing the income statement, it should be noted that the acquisition of the DGAG property portfolio and the DGAG management platform closed on 27 June 2014 and 1 July 2014, respectively. The acquisition of the Apollo property portfolio also closed on 1 July 2014. The first quarter of 2014/15 only included the rental income from the DGAG and Apollo property portfolios for one month, while the second and third quarters of 2014/15 include this rental income in full. The resulting contribution to the results of asset management totalled EUR 29.4 million from the acquisition date to 31 January 2015.

The income from the Asset Management business area totalled EUR 95.6 million for the reporting period and comprised rental revenues of EUR 130.3 million from the standing investments, other rental income of EUR 4.5 million, operating costs charged to tenants (EUR 78.0 million) and other revenues (EUR 1.3 million). These items are contrasted by operating costs of EUR 78.2 million and other expenses of EUR 40.5 million directly attributable to the investment properties (thereof: maintenance costs of EUR 22.9 million).

MAINTENANCE AND MODERNISATION OF INVESTMENT PROPERTIES

	9M 2014/15
Maintenance in EUR million	22.9
Modernisation (CAPEX) in EUR million	9.0
Average total floor area in 1,000 sqm[1)]	3,356.3
Maintenance in EUR per sqm	**6.8**
Investment (CAPEX) in EUR per sqm	**2.7**

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

In the first nine months of 2014/15, the Property Sales business area generated results of EUR 28.0 million from the sale of properties and the fair value adjustment of properties held for sale.

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

OVERVIEW PROPERTY SALES

	9M 2014/15
Sales of units in numbers	**644**
thereof Unit Sales	421
thereof Block Sales	223
Results as per income statement in EUR million	**28.0**
thereof Unit Sales in EUR million	25.2
thereof Block Sales in EUR million	2.8
Margin on fair value	**54%**
Margin on fair value – Unit Sales	62%
Margin on fair value – Block Sales	26%

The Property Development business area generated operating results of EUR 11.9 million in the first nine months of 2014/15. The cyclical effects from the second quarter completions were offset, as expected, and the contribution to Group results more than doubled in comparison with the previous financial year. This business area recorded results of EUR 4.4 million for the first half-year and EUR 7.5 million in the third quarter of 2014/15. Results for the third quarter were influenced by the sale of a development site in Berlin-Mitte, which was in the early stage of project development, and the transfer of the Lindengasse project in Vienna. Project results are only recorded on the income statement when a property is transferred to the buyer. For additional information, see section 2.4.1 *Revenue realisation* in the notes to the BUWOG consolidated financial statements as of 30 April 2014.

Expenses of EUR 23.0 million that are not directly attributable to this business areas consist mainly of personnel expenses (EUR 7.6 million) and legal, auditing and consulting costs (EUR 5.0 million). One important element of these expenses involved the development of the Group's corporate structure.

Other valuation results consist primarily of fair value adjustments (EUR 75.2 million) to the assets reported under investment properties on the balance sheet. Additional information is provided in the notes to the consolidated interim financial statements under section 5.4 *Revaluation of investment properties.*

Financial results of EUR -189.4 million include cash interest expense (EUR -34.9 million) as well as the negative non-cash results from the measurement of derivatives (EUR -42.7 million) and financial liabilities (EUR -95.9 million) at fair value through profit or loss. The non-cash valuation effects even out, in total, over the total term of the financial liabilities. In addition, financial results were negatively influenced (EUR -13.1 million) by non-cash valuation effects (EUR -10.5 million), by cash ancillary expenses (EUR -2.6 million) resulting from the redemption of the convertible bond and by other non-cash valuation effects of financial instruments at amortised cost (EUR -1.6 million) and other miscellaneous non-cash effects (EUR -1.6 million).

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

Given the high share of the loans carried at fair value (37% of the outstanding financial liabilities) and the flattening of the reference interest rate during the first nine months of 2014/15, the valuation as of 31 January 2015 led to negative non-cash results of EUR 95.9 million. The results from the fair value measurement of derivatives, which hedge floating rate financial liabilities with a nominal value of approx. EUR 1,041.2 million against interest rate risk, totalled EUR -42.7 million.

These non-cash valuation effects of EUR -152.6 million were not materialised and, similar to the above-mentioned ancillary expenses (EUR -2.6 million), have no effect on FFO. The average interest rate was successfully reduced to 2.16% by the refinancing of the convertible bond as well as the current development of interest rates and the resulting positive effects on variable interest financial liabilities. This reduction also had a positive influence on both interest expense and FFO.

In addition, a liability of EUR 35.0 million due to the federal and provincial government insurance company (Versicherungsanstalt des Bundes und der Länder) was repaid after the end of the reporting period on 31 January 2015 with the proceeds from the mortgage loans contracted in connection with the refinancing of the convertible bond. The successful refinancing reduced the interest expense on this liability below the level defined by the original conditions.

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

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

FFO

in EUR million	9M 2014/15
Net profit	3.3
Results of Property Sales	–28.0
Other financial results[1]	155.2
Fair value adjustments of investment properties	–75.2
Impairment losses/revaluations	0.3
Deferred taxes	–9.6
Other	–0.1
FFO	**46.0**
Unit Sales result	25.2
Recurring FFO	**71.3**
Block Sales result[2]	3.0
Total FFO	**74.2**
CAPEX	–9.0
AFFO	**65.2**
Recurring FFO per share in EUR basic[3]	0.72
Total FFO per share in EUR basic[3]	0.75

1) Other financial results (incl. valuation of derivatives and financial liabilities as well as refinancing of convertible bond) and valuation of financial instruments at amortised cost (EUR -1.6 million)
2) Excluding a valuation effect of EUR 0.2 million from non-current assets held for sale.
3) On the basis of 99,613,479 shares

ASSET POSITION

The analysis of the asset position as of 31 January 2015 reflects the closing of the acquisition for the DGAG portfolio and the management platform as well as the acquisition of the Apollo portfolio in the first quarter of 2014/15. The transferred assets and liabilities are included in the balance sheet as of 31 January 2015. Information on the acquisition of the DGAG portfolio and the DGAG management platform is provided in the notes under section 3.2 *Business combinations.*

CONDENSED BALANCE SHEET

in EUR million	31 January 2015	30 April 2014	Change
Investment properties	3,647.0	2,631.6	38.6%
Investment properties under construction	6.6	10.9	–39.9%
Inventories	133.6	155.1	–13.8%
Non-current assets held for sale	31.9	15.0	>100,0%
Intangible assets	4.8	1.7	>100,0%
Trade and other receivables	127.9	380.2	–66.4%
Other financial assets	17.2	17.1	0.8%
Deferred tax assets	10.6	1.5	>100,0%
Income tax receivables	2.5	1.4	75.1%
Cash and cash equivalents	186.1	132.9	40.0%
Other tangible assets	8.0	7.9	1.2%
Assets	**4,176.3**	**3,355.3**	**24.5%**
Equity	1,486.9	1,552.1	–4.2%
Liabilities from convertible bonds	0.0	247.9	–100.0%
Financial liabilities	2,118.4	1,136.0	86.5%
Trade and other liabilities	355.4	260.6	36.3%
Provisions	20.5	12.9	58.4%
Deferred tax liabilities	154.3	124.0	24.4%
Income tax liabilities	32.7	14.3	>100,0%
Financial liabilities held for sale	8.2	7.4	11.1%
Equity and liabilities	**4,176.3**	**3,355.3**	**24.5%**

Information on the investment properties, properties under construction, inventories and non-current assets held for sale is provided in the portfolio report, in the respective disclosures in the notes to the consolidated financial statements as of 30 April 2014 and in the notes to the consolidated interim financial statements as of 31 January 2015. The increase resulted chiefly from the acquisition of the DGAG and Apollo portfolios and from revaluation as of 31 January 2015.

The increase in intangible assets is attributable primarily to the goodwill arising from a preliminary purchase price allocation. Details are provided in section 3.2 *Business combinations* in the notes to the consolidated interim financial statements as of 31 January 2015.

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

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

The increase in financial liabilities to credit institutions was related chiefly to the acquisition and refinancing of the DGAG portfolio and the management platform and to the mortgage loans contracted in connection with the refinancing of the convertible bond.

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

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

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

EPRA NAV

in EUR million	31 January 2015	30 April 2014	Change
Equity before non-controlling interests	1,479.0	1,544.2	–4.2%
Goodwill	–3.4	–0.2	>100,0%
Inventories (carrying amount)	–133.6	–155.1	13.8%
Inventories (fair value)	142.0	167.6	–15.2%
Properties owned by BUWOG (carrying amount)	–6.1	–6.5	6.2%
Properties owned by BUWOG (fair value)	9.5	9.5	0.0%
Positive market value of derivative financial instruments	0.0	0.0	–
Negative market value of derivative financial instruments	70.6	27.9	>100,0%
Deferred tax assets on investment properties	–2.4	–2.6	7.8%
Deferred tax liabilities on investment properties (adjusted)[1]	190.6	139.8	36.3%
Deferred taxes on property inventories	–2.4	–3.3	27.2%
Deferred taxes on derivative financial instruments	–17.2	–6.9	>100,0%
EPRA NAV basic (balance sheet date)	**1,726.7**	**1,714.3**	**0.7%**
Total floor area	3,616,227	2,491,290	45.2%
EPRA NAV in EUR per sqm	**477.5**	**688.1**	**–30.6%**
EPRA NAV basic (balance sheet date)	**1,726.7**	**1,714.3**	**0.7%**
Shares issued as of the balance sheet date (excl. treasury shares)	99,613,479	99,613,479	0.0%
EPRA NAV per share in EUR basic (balance sheet date)	**17.33**	**17.21**	**0.7%**

1) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 30.5 million (prior year: EUR 29.2 million)

Loan to Value (LTV). Net liabilities in relation to the fair value (carrying amount) of the BUWOG Group's portfolio (LTV) rose from 35.9% as of 30 April 2014 to 50.8%, but remain within the defined target corridor of 50% to 55%.

LOAN TO VALUE RATIO

(incl. sale of certain financing, financial amounts in EUR million)	31 January 2015	30 April 2014	Change
Non-current financial liabilities	2,033.3	1,036.9	96.1%
Current financial liabilities	85.1	99.2	-14.2%
Financial liabilities held for sale	8.2	7.4	11.1%
Non-current liabilities from convertible bonds	0.0	0.0	–
Current liabilities from convertible bonds	0.0	0.0	–
Financial liabilities	**2,126.6**	**1,143.4**	**86.0%**
Cash and cash equivalents	-186.1	-132.9	-40.0%
Net financial liabilities	**1,940.5**	**1,010.4**	**92.0%**
Investment properties	3,647.0	2,631.6	38.6%
Investment properties under construction	6.6	10.9	-39.9%
Non-current assets held for sale	31.9	15.0	>100,0%
Inventories	133.6	155.1	-13.8%
Carrying amount overall portfolio	**3,819.2**	**2,812.7**	**35.8%**
Loan-to-value ratio	**50.8%**	**35.9%**	**14,9 PP**

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

FINANCIAL POSITION

CONDENSED CASH FLOW STATEMENT

in EUR million	9M 2014/15
Cash flow from operating activities	76.9
Cash flow from investing activities	-271.4
Cash flow from financing activities	247.8
Cash flow	**53.2**

Cash flow from operating activities results primarily from rentals.

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

The positive cash flow from financing activities was related chiefly to the receipt of the proceeds from the long-term loans that were contracted to finance the above acquisitions and to refinance the convertible bond. This cash inflow was contrasted by the redemption and refinancing of the convertible bond and by the dividend of EUR 68.7 million for the 2013/14 financial year, which was paid in October 2014.

EXCURSUS: THE “BUWOG” SEGMENT OF IMMOFINANZ AG (9M 2013/14)

The following table shows the BUWOG Group as if it had existed during the reporting period from 1 May 2013 to 31 January 2014. It is expressly noted that the financial data presented below for the first nine months of 2013/14 was taken from the “BUWOG segment” in the segment report of the published interim financial statements of IMMOFINANZ AG as of 31 January 2014 (Q1–3 2013/14). This financial data includes the results of the BUWOG segment of IMMOFINANZ AG, which was taken over by BUWOG AG at the end of April 2014 as part of a common control transaction with IMMOFINANZ AG. The BUWOG segment data taken from the IMMOFINANZ quarterly financial statements as of 31 January 2014 were not prepared by the BUWOG Group. The following presentation is provided for illustrative purposes only. It represents a hypothetical situation because of the underlying assumptions and does not reflect the historical situation of the BUWOG Group or indicate how the earnings position of BUWOG Group will develop in the future.

CONDENSED INCOME STATEMENT

in EUR million	9M 2014/15	9M 2013/14	Change
Results of Asset Management	95.6	61.8	54.5%
Results of Property Sales	28.0	20.9	33.8%
Results of Property Development	11.9	4.1	>100,0%
Other operating income	4.9	2.3	>100,0%
Results of operations before expenses not directly attributable	**140.4**	**89.2**	**57.4%**
Expenses not directly attributable	–23.0	–16.3	–41.3%
Results of operations	**117.4**	**72.9**	**61.1%**

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

The results of property sales increased year-on-year based on a higher share of Unit Sales (327 units in the first nine months of 2013/14 versus 421 units in the first nine months of 2014/15).

The year-on-year increase in the results of property development during the first nine months of 2014/15 was based on the cyclical effects of project completions and the expansion of development activities.

Other operating income for the first nine months of 2014/15 included a EUR 3.8 million liability commission charged to IMMOFINANZ AG.

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

OUTLOOK

BUWOG AG can look back on a successful first nine months in 2014/15 from an operational standpoint. In view of this sound development and including the planned year-on-year increase in investments and maintenance to EUR 16 per sqm, the Executive Board has raised the target for Recurring FFO in the 2014/15 financial year from EUR 80–85 million to approx. EUR 88–90 million.

SUBSEQUENT EVENTS

In connection with the growth strategy in Germany, a portfolio in Braunschweig with 116 units was acquired after the end of the reporting period. This portfolio has a net rental yield of 7.9% and a vacancy rate of 2.4%. The Burgenland portfolio with 196 units was sold after the end of the reporting period as part of the announced strategic adjustment of the Austrian portfolio. The Burgenland portfolio consisted entirely of properties classified under the cluster “rural areas” and had a vacancy rate of 8% as of 31 January 2015.

The Property Development business area completed the purchase of a 3,100 sqm site at Goethestrasse/Streustrasse in Berlin-Weissensee during February 2015. The current project planning calls for the construction of 65 owner-occupied apartments for Unit Sales.

In addition, a liability of EUR 35.0 million due to the federal and provincial government insurance company (Versicherungsanstalt des Bundes und der Länder) was repaid after the end of the reporting period on 31 January 2015 with the proceeds from the mortgage loans contracted in connection with the refinancing of the convertible bond. The successful refinancing reduced the interest expense on this liability below the level defined by the original conditions.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS BUWOG GROUP

CONTENT

CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	9M 2014/15	9M 2013/14	Q3 2014/15	Q3 2013/14
Residential rental income		130,311.4	0.0	48,196.6	0.0
Other rental income		4,547.5	0.0	1,471.9	0.0
Rental income		**134,858.9**	**0.0**	**49,668.5**	**0.0**
Operating costs charged to tenants		78,040.4	0.0	27,283.0	0.0
Other revenues		1,285.2	0.0	336.5	0.0
Revenues		**214,184.5**	**0.0**	**77,288.0**	**0.0**
Expenses directly related to investment property	5.1	–40,452.2	0.0	–14,701.4	0.0
Operating expenses		–78,181.1	0.0	–27,724.9	0.0
Results of Asset Management		**95,551.2**	**0.0**	**34,861.7**	**0.0**
Sale of properties		82,522.4	0.0	33,469.1	0.0
Carrying amount of sold properties		–82,522.4	0.0	–33,469.1	0.0
Other expenses from property sales		–2,187.9	0.0	–791.5	0.0
Revaluation of properties sold and available for sale	5.4	30,176.6	0.0	11,153.8	0.0
Results of Property Sales		**27,988.7**	**0.0**	**10,362.3**	**0.0**
Sale of real estate inventories		74,652.7	0.0	33,954.1	0.0
Cost of real estate inventories sold		–53,627.3	0.0	–23,060.7	0.0
Other expenses from sale of real estate inventories		–3,689.6	0.0	–1,369.1	0.0
Other real estate development expenses		–5,797.7	0.0	–2,400.6	0.0
Revaluation of properties under construction	5.4	–15.4	0.0	0.0	0.0
Results of properties sold and available for sale		395.8	0.0	395.8	0.0
Results of Property Development		**11,918.5**	**0.0**	**7,519.5**	**0.0**
Other operating income	5.2	4,947.6	0.0	1,321.0	0.0
Other not directly attributable expenses	5.3	–22,999.3	–16.3	–8,941.8	–12.5
Results of operations		**117,406.7**	**–16.3**	**45,122.7**	**–12.5**
Revaluation of investment properties	5.4	75,155.0	0.0	39,995.9	0.0
Gain from a bargain purchase	3.2	3,615.9	0.0	0.0	0.0
Other revaluation results		**78,770.9**	**0.0**	**39,995.9**	**0.0**
Operating profit (EBIT)		**196,177.6**	**–16.3**	**85,118.6**	**–12.5**
Financial results	**5.5**	**–189,432.2**	**–0.1**	**–107,074.9**	**0.0**
Earnings before tax (EBT)		**6,745.4**	**–16.4**	**–21,956.3**	**–12.5**
Income tax expenses	5.6	–12,996.5	0.0	–4,494.8	0.0
Deferred tax income/expenses	5.6	9,575.4	0.0	9,188.9	0.0
Net profit		**3,324.3**	**–16.4**	**–17,262.2**	**–12.5**
Thereof attributable to owners of the parent company		**3,364.5**	**–16.4**	**–16,947.4**	**–12.5**
Share of non-controlling interests		**–40.2**	**0.0**	**–314.8**	**0.0**
Basic earnings per share in EUR	**5.7**	**0.03**	**0.00**	**–0.17**	**0.00**
Diluted earnings per share in EUR	**5.7**	**0.03**	**0.00**	**–0.17**	**0.00**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	9M 2014/15	9M 2013/14	Q3 2014/15	Q3 2013/14
Net profit	**3,324.3**	**–16.4**	**–17,262.2**	**–12.5**
Items which will not be reclassified to the income statement in the future	**0.0**	**0.0**	**0.0**	**0.0**
Actuarial gains and losses arising from 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	**3,324.3**	**–16.4**	**–17,262.2**	**–12.5**
Thereof attributable to owners of the parent company	**3,364.5**	**–16.4**	**–16,947.4**	**–12.5**
Share of non-controlling interests	**–40.2**	**0.0**	**–314.8**	**0.0**

CONSOLIDATED BALANCE SHEET

in TEUR	Notes	31 January 2015	30 April 2014
Investment properties	6.1	3,646,983.6	2,631,573.5
Investment properties under construction	6.1	6,571.1	10,926.1
Other tangible assets		7,951.3	7,859.9
Intangible assets		4,761.8	1,699.3
Trade and other receivables	6.2	933.6	1,007.6
Other financial assets		17,220.9	17,078.0
Deferred tax assets		10,648.7	1,456.4
Non-current assets		**3,695,071.0**	**2,671,600.8**
Trade and other receivables	6.2	126,927.3	379,144.6
Income tax receivables		2,531.6	1,446.0
Non-current assets held for sale		31,949.1	15,036.0
Inventories		133,648.7	155,117.3
Cash and cash equivalents		186,145.3	132,947.4
Current assets		**481,202.0**	**683,691.4**
ASSETS		**4,176,273.0**	**3,355,292.2**
Share capital		99,613.5	99,613.5
Capital reserves		1,366,488.0	1,445,989.3
Accumulated other equity		–373.7	–373.7
Retained earnings		13,274.7	–1,064.3
		1,479,002.5	1,544,164.8
Non-controlling interests		7,899.8	7,938.5
Equity	**6.3**	**1,486,902.3**	**1,552,103.3**
Liabilities from convertible bonds	6.4	0.0	247,824.3
Financial liabilities	6.5	2,033,342.8	1,036,854.4
Trade and other liabilities	6.6	114,959.9	52,198.9
Tax liabilities		155.8	0.0
Provisions		6,170.6	2,170.0
Deferred tax liabilities		154,258.2	124,042.4
Non-current liabilities		**2,308,887.3**	**1,463,090.0**
Liabilities from convertible bonds	6.4	0.0	124.7
Financial liabilities	6.5	85,101.7	99,176.4
Trade and other liabilities	6.6	240,399.9	208,433.0
Tax liabilities		32,524.2	14,260.1
Provisions		14,283.5	10,744.3
Financial liabilities held for sale		8,174.1	7,360.4
Current liabilities		**380,483.4**	**340,098.9**
LIABILITIES		**4,176,273.0**	**3,355,292.2**

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	Notes	9M 2014/15	9M 2013/14
Earnings before tax		6,745.4	–16.4
Revaluation/depreciation/gain from a bargain purchase		–105,969.8	0.0
Gains/losses from disposal of non-current assets		170.1	0.0
Temporary changes in the fair value of financial instruments		138,690.0	0.0
Income taxes paid		–2,233.9	0.9
Net interest		33,794.9	0.0
Debt settlement expense convertible bond		13,139.5	0.0
Results of deconsolidation	3.3	–1,828.9	0.0
Other non-cash income/expense		1,473.5	–0.2
Gross cash flow		**83,980.7**	**–15.7**
Receivables and other assets		1,534.1	–2.0
Inventories		14,159.1	0.0
Trade payables		–7,346.8	10.2
Provisions		1,165.0	3.0
Other liabilities		–16,600.5	–4.0
Cash flow from operating activities		**76,891.6**	**–8.5**
Acquisition of/Investments in investment property		–23,250.2	0.0
Acquisition of/Investments in property under construction		–1,658.8	0.0
Net cash outflow on acquisition of subsidiaries	3.2	–328,308.8	0.0
Acquisition of other tangible assets		–496.6	0.0
Acquisition of intangible assets		–442.9	0.0
Acquisition of financial investments		–2,379.9	0.0
Net cash outflow on disposal of subsidiary	3.3	11,296.2	0.0
Disposal of non-current assets		70,505.5	0.0
Cash inflows from other financial assets		2,774.5	0.0
Interest received		512.5	0.0
Cash flow from investing activities		**–271,448.5**	**0.0**
Cash inflows from long-term financing		947,346.4	0.0
Cash inflows from capital increases		0.0	82.5
Cash outflows from short-term financing		–38,765.2	0.0
Repayment of long-term financing		–559,571.9	–14.1
Cash outflows for derivative financial instruments		–5,547.3	0.0
Interest paid		–24,374.0	0.0
Dividend	6.3	–68,733.3	0.0
Cash inflows for convertible bond		260,000.0	0.0
Cash outflows for convertible bond		–262,600.0	0.0
Cash flow from financing activities		**247,754.7**	**68.4**
Change in cash and cash equivalents		**53,197.9**	**59.9**
Cash and cash equivalents at the beginning of the period		132,947.4	2.2
Cash and cash equivalents at the end of the period		186,145.3	62.1
Change in cash and cash equivalents		**53,197.9**	**59.9**

STATEMENT OF CHANGES IN EQUITY

in TEUR	Nominal capital	Capital reserves
Balance on 30 April 2013	**17.5**	**0.0**
Capital increase	52.5	0.0
Increase in reserves	0.0	30.0
Transactions with owners	**52.5**	**30.0**
Period result	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 January 2014	**70.0**	**30.0**

in TEUR	Share capital	Capital reserves
Balance on 30 April 2014	**99,613.5**	**1,445,989.3**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	498.7
Changes in reserves	0.0	–80,000.0
Earnings of non-controlling interests related to put option	0.0	0.0
Miscellaneous	0.0	0.0
Transactions with owners	**0.0**	**–79,501.3**
Period result	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 January 2015	**99,613.5**	**1,366,488.0**

Accumulated other equity IAS 19r	Retained earnings	Total	Non-controlling interests	**Total equity**
0.0	**–23.6**	**–6.1**	**0.0**	**–6.1**
0.0	0.0	52.5	0.0	**52.5**
0.0	0.0	30.0	0.0	**30.0**
0.0	**0.0**	**82.5**	**0.0**	**82.5**
0.0	–16.4	–16.4	0.0	**–16.4**
0.0	**–16.4**	**–16.4**	**0.0**	**–16.4**
0.0	**–40.0**	**60.0**	**0.0**	**60.0**

Accumulated other equity IAS 19r	Retained earnings	Total	Non-controlling interests	**Total equity**
–373.7	**–1,064.3**	**1,544,164.8**	**7,938.5**	**1,552,103.3**
0.0	–68,733.3	–68,733.3	0.0	**–68,733.3**
0.0	0.0	498.7	0.0	**498.7**
0.0	80,000.0	0.0	0.0	**0.0**
0.0	–292.2	–292.2	0.0	**–292.2**
0.0	0.0	0.0	1.5	**1.5**
0.0	**10,974.5**	**–68,526.8**	**1.5**	**–68,525.3**
0.0	3,364.5	3,364.5	–40.2	**3,324.3**
0.0	**3,364.5**	**3,364.5**	**–40.2**	**3,324.3**
–373.7	**13,274.7**	**1,479,002.5**	**7,899.8**	**1,486,902.3**

1. GENERAL PRINCIPLES

BUWOG AG is an Austrian residential property investor and developer with core markets in Austria and Germany. The company headquarters are located at A-1130 Vienna, Hietzinger Kai 131. BUWOG AG is the parent company of the BUWOG Group, which was established at the end of April 2014. Additional information on the establishment of the BUWOG Group is provided in the BUWOG consolidated financial statements as of 30 April 2014.

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

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

2. BASIS OF PREPARATION

The consolidated interim financial statements of BUWOG AG as of 31 January 2015 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in accordance with EC Regulation 1606/2002. These consolidated interim financial statements were prepared in accordance with the rules set forth in IAS 34.

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

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

The Long-Term Incentive Programme 2014 concluded for the members of the Executive Board in December 2014 was accounted for in accordance with IFRS 2 Share-based Payment starting with the third quarter of 2014/15. A binomial model was used for this calculation.

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 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

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

FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

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

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

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

The following new or revised standards and interpretations were adopted by the EU after the balance sheet date and, consequently, do not require mandatory application by the BUWOG Group for the 2014/15 financial year:

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

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
New interpretations			
IFRIC 21	Levies	20 May 2013 (13 June 2014)	1 May 2015
Changes to standards and interpretations			
IAS 19	Defined Benefit Plans: Employee Contributions	21 November 2013 (17 December 2014)	1 May 2015
Various standards	Annual Improvements to IFRSs 2010–2012 Cycle	12 December 2013 (17 December 2014)	1 May 2015
Various standards	Annual Improvements to IFRSs 2011–2013 Cycle	12 December 2013 (18 December 2014)	1 May 2015

The new interpretation and the changes to standards are not expected to have any significant short-term effects on the consolidated financial statements of the BUWOG Group.

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

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

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

Standard	Content	Published by the IASB	Expected mandatory application for BUWOG
New standards and interpretations			
IFRS 9	Financial Instruments, amendments to IFRS 9 and IFRS 7, Mandatory Effective Date and Transition Disclosures, and amendments to IFRS 9, IFRS 7 and IAS 39, Hedge Accounting	24 July 2014	1 May 2018
IFRS 14	Regulatory Deferral Accounts	30 January 2014	1 May 2016
IFRS 15	Revenue from Contracts with Customers	28 May 2014	1 May 2017
Changes to standards and interpretations			
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11 September 2014	1 May 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014	1 May 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014	1 May 2016
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014	1 May 2016
IAS 27	Equity Method in Separate Financial Statements	12 August 2014	1 May 2016
IFRS 10, IFRS 12, IAS 28	Investment Entities: Applying the Consolidation Exception	18 December 2014	1 May 2016
IAS 1	Disclosure Initiative	18 December 2014	1 May 2016
Various standards	Annual Improvements to IFRSs 2012–2014 Cycle	25 September 2014	1 May 2016

3. SCOPE OF CONSOLIDATION

In addition to BUWOG AG, these consolidated interim financial statements include 31 domestic and 77 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 nine months of 2014/15:

Scope of consolidation	Full consolidation
Balance on 30 April 2014	**89**
Initially consolidated companies	24
Deconsolidations	–3
Mergers	–1
Balance on 31 January 2015	**109**

3.2 BUSINESS COMBINATIONS (INITIAL CONSOLIDATIONS)

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

in TEUR	DGAG transaction	Apollo portfolio	Total
Cash transferred	313,954.3	53,439.2	367,393.5
Liability due to the rights of termination of the non-controlling interests	16,856.1	194.3	17,050.4
Consideration transferred	**330,810.4**	**53,633.5**	**384,443.9**
Investment properties	925,833.8	57,965.7	983,799.5
Other tangible assets	498.4	0.0	498.4
Receivables	157,199.6	0.0	157,199.6
Deferred tax assets	137.8	0.0	137.8
Cash and cash equivalents	29,084.6	0.0	29,084.6
Liabilities	–747,372.1	0.0	–747,372.1
Provisions	–7,657.3	0.0	–7,657.3
Deferred tax liabilities	–30,027.5	–716.3	–30,743.8
Fair value of identifiable net assets acquired	**327,697.3**	**57,249.4**	**384,946.7**
Consideration transferred (for 100%)	–330,810.4	–53,633.5	–384,443.9
Fair value of identifiable net assets acquired	327,697.4	57,249.4	384,946.7
Goodwill (–)/Gain from a bargain purchase (+)	**–3,113.0**	**3,615.9**	**502.8**
Consideration paid in cash	313,954.3[1)]	53,439.2	367,393.4
Less cash and cash equivalents balances acquired	–29,084.6	0.0	–29,084.6
Net cash outflow on acquisition of subsidiaries	**284,869.6**	**53,439.2**	**338,308.8**

1) TEUR 10.000 were deposited with the trustee prior to 30 April 2014

Acquisition of the DGAG portfolio and the management platform ("DGAG transaction")

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

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

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

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

The acquisition of the real estate portfolio and the simultaneous acquisition of the residential asset and property management business is presented as a business combination in accordance with IFRS 3. Since all information required for the final presentation of the transaction – above all with regard to taxes and provisions – is still not available, preliminary values were determined and incorporated into the purchase price allocation. The respective carrying amounts of the investment properties were adjusted to reflect fair value during the second quarter of 2014/15 based on a 1 July 2014 appraisal. In the third quarter of 2014/15 the liability due to the federal and provincial government insurance company (Versicherungsanstalt des Bundes und der Länder) was adjusted in accordance with a recent actuarial opinion.

The preliminary purchase price for the shares of the companies acquired through the DGAG transaction totals EUR 330.8 million for 100.0%. The final purchase price will be determined on the basis of audited financial statements agreed on by the parties and should be available by the end of 2014/15. In addition to the acquisition of shares and in connection with the closing, the BUWOG Group repaid shareholder loans (TEUR 64,296.9) granted by the sellers to various property companies before the acquisition and accepted loans of TEUR 138,262.1 granted by the property companies to the sellers. Financing of TEUR 431,923.6 provided by Deutsche Pfandbriefbank AG up to the takeover by the BUWOG Group was repaid at the closing. It was replaced by a TEUR 359,158.6 loan granted by Berlin Hyp AG, which has since been increased to approx. EUR 400 million.

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

The DGAG portfolio has contributed TEUR 42,336.6 to residential rental income and TEUR 27,168,2 to the Results of Asset Management since the acquisition date. If the business combination had taken place at the beginning of the financial year (1 May 2014), the contribution to residential rental income would have equalled approx. TEUR 54,340.8 and the contribution to Results of Asset Management approx. TEUR 35,724.4.

Based on the preliminary data, the goodwill from the DGAG transaction resulted mainly (as a technical figure) from the mandatory recognition of deferred taxes at the nominal value based on the difference between the fair value and the tax base of the acquired real estate assets and from the synergies expected from the acquired management platform. Goodwill was reduced by TEUR 2,202.4 based on adjustments in the second and third quarters of 2014/15.

Acquisition of the “Apollo Portfolio”

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

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

The Apollo Portfolio has contributed TEUR 2,536.7 to residential rental income since the acquisition date. If the business combination had taken place at the beginning of the financial year (1 May 2014), the contribution to residential rental income would have equalled approx. TEUR 3,258.1.

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

Further initial Consolidations

Five newly founded limited liability companies without business operations were acquired and initially consolidated during the third quarter of 2014/15.

3.3 DECONSOLIDATION

BUWOG Facility Management GmbH and the development company BUWOG – Lindengasse 62 GmbH were sold during the first and third quarters, respectively, of the reporting year. The sold assets and transferred liabilities were accounted for as follows in connection with the deconsolidation:

in TEUR	Facility Management	Lindengasse	Total
Consideration received	**327.2**	**12,500.0**	**12,827.2**
Other tangible assets	0.2	0.0	0.2
Inventories	0.0	10,904.2	10,904.2
Trade and other receivables	508.2	2,809.7	3,317.9
Cash and cash equivalents	1,500.6	30.4	1,531.0
Trade and other liabilities	–956.0	–2,778.5	–3,734.5
Provisions	–1,018.0	–2.5	–1,020.5
Assets and liabilities deconsolidated	**35.0**	**10,963.3**	**10,998.3**
Consideration received	327.2	12,500.0	12,827.2
Assets and liabilities deconsolidated	–35.0	–10,963.3	–10,998.3
Results of deconsolidation	**292.2**	**1,536.7**	**1,828.9**
Consideration received	327.2	12,500.0	12,827.2
Less cash and cash equivalents balances disposed of	–1,500.6	–30.4	–1,531.0
Net cash outflows from disposal of a subsidiary	**–1,173.4**	**12,469.6**	**11,296.2**

To improve comparability with the sales of other real estate inventories, the results from the deconsolidation of BUWOG – Lindengasse 62 GmbH were accounted for as follows:

in TEUR	Lindengasse
Sale of real estate inventories	12,500.0
Cost of real estate inventories sold	–10,963.3
Results of Property Development	**1,536.7**

In addition, Rakete BeteiligungsverwaltungsgmbH was deconsolidated in the third quarter of 2014/15 following the conclusion of liquidation proceedings.

3.4 MERGER

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

4. SEGMENT REPORTING

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

SEGMENTS

in TEUR	Austria 9M 2014/15	Austria 9M 2013/14	Germany 9M 2014/15	Germany 9M 2013/14
Residential rental income	62,671.0	0.0	67,640.4	0.0
Other rental income	3,754.3	0.0	793.2	0.0
Rental income	**66,425.3**	**0.0**	**68,433.6**	**0.0**
Operating costs charged to tenants	38,054.2	0.0	39,986.2	0.0
Other revenues	1,019.1	0.0	266.1	0.0
Revenues	**105,498.6**	**0.0**	**108,685.9**	**0.0**
Expenses directly related to investment property	–18,281.2	0.0	–22,171.0	0.0
Operating expenses	–38,187.2	0.0	–39,993.9	0.0
Results of Asset Management	**49,030.2**	**0.0**	**46,521.0**	**0.0**
Sale of properties	82,273.7	0.0	248.7	0.0
Carrying amount of sold properties	–82,273.7	0.0	–248.7	0.0
Other expenses from property sales	–2,011.6	0.0	–176.3	0.0
Revaluation of properties sold and available for sale	30,110.9	0.0	65.7	0.0
Results of Property Sales	**28,099.3**	**0.0**	**–110.6**	**0.0**
Sale of real estate inventories	58,245.2	0.0	16,407.5	0.0
Cost of real estate inventories sold	–45,070.7	0.0	–8,556.6	0.0
Other expenses from sale of real estate inventories	–1,701.0	0.0	–1,988.6	0.0
Other real estate development expenses	–2,548.6	0.0	–3,249.1	0.0
Revaluation of properties under construction	–15.4	0.0	0.0	0.0
Results of properties sold and available for sale	395.8	0.0	0.0	0.0
Results of Property Development	**9,305.3**	**0.0**	**2,613.2**	**0.0**
Other operating income	606.7	0.0	513.6	0.0
Other not directly attributable expenses	–10,705.6	0.0	–7,922.2	0.0
Results of operations	**76,335.9**	**0.0**	**41,615.0**	**0.0**
Revaluation of investment properties	29,395.0	0.0	45,760.0	0.0
Gain from a bargain purchase	0.0	0.0	3,615.9	0.0
Other revaluation results	**29,395.0**	**0.0**	**49,375.9**	**0.0**
Operating profit (EBIT)	**105,730.9**	**0.0**	**90,990.9**	**0.0**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Net profit				
Segment investments	**19,586.2**	**0.0**	**5,322.8**	**0.0**
	31 January 2015	30 April 2014	31 January 2015	30 April 2014
Investment properties	2,190,223.8	2,208,613.7	1,456,759.8	422,959.8
Investment properties under construction	6,571.1	10,926.1	0.0	0.0
Other tangible assets	6,837.9	7,370.3	1,113.4	476.6
Non-current assets held for sale	31,949.1	15,036.0	0.0	0.0
Inventories	68,791.3	100,423.8	64,857.4	54,693.5
Segment assets	**2,304,373.2**	**2,342,369.8**	**1,522,730.6**	**478,130.0**

	Total reportable segments		Holding company/Transition to consolidated financial statements		BUWOG Group	
	9M 2014/15	9M 2013/14	9M 2014/15	9M 2013/14	9M 2014/15	9M 2013/14
	130,311.4	0.0	0.0	0.0	130,311.4	0.0
	4,547.5	0.0	0.0	0.0	4,547.5	0.0
	134,858.9	**0.0**	**0.0**	**0.0**	**134,858.9**	**0.0**
	78,040.4	0.0	0.0	0.0	78,040.4	0.0
	1,285.2	0.0	0.0	0.0	1,285.2	0.0
	214,184.5	**0.0**	**0.0**	**0.0**	**214,184.5**	**0.0**
	-40,452.2	0.0	0.0	0.0	-40,452.2	0.0
	-78,181.1	0.0	0.0	0.0	-78,181.1	0.0
	95,551.2	**0.0**	**0.0**	**0.0**	**95,551.2**	**0.0**
	82,522.4	0.0	0.0	0.0	82,522.4	0.0
	-82,522.4	0.0	0.0	0.0	-82,522.4	0.0
	-2,187.9	0.0	0.0	0.0	-2,187.9	0.0
	30,176.6	0.0	0.0	0.0	30,176.6	0.0
	27,988.7	**0.0**	**0.0**	**0.0**	**27,988.7**	**0.0**
	74,652.7	0.0	0.0	0.0	74,652.7	0.0
	-53,627.3	0.0	0.0	0.0	-53,627.3	0.0
	-3,689.6	0.0	0.0	0.0	-3,689.6	0.0
	-5,797.7	0.0	0.0	0.0	-5,797.7	0.0
	-15.4	0.0	0.0	0.0	-15.4	0.0
	395.8	0.0	0.0	0.0	395.8	0.0
	11,918.5	**0.0**	**0.0**	**0.0**	**11,918.5**	**0.0**
	1,120.3	0.0	3,827.3	0.0	4,947.6	0.0
	-18,627.8	0.0	-4,371.5	-16.3	-22,999.3	-16.3
	117,950.9	**0.0**	**-544.2**	**-16.3**	**117,406.7**	**-16.3**
	75,155.0	0.0	0.0	0.0	75,155.0	0.0
	3,615.9	0.0	0.0	0.0	3,615.9	0.0
	78,770.9	**0.0**	**0.0**	**0.0**	**78,770.9**	**0.0**
	196,721.8	**0.0**	**-544.2**	**-16.3**	**196,177.6**	**-16.3**
					-189,432.2	**-0.1**
					6,745.4	**-16.4**
					-3,421.1	0.0
					3,324.3	**-16.4**
	24,909.0	**0.0**	**0.0**	**0.0**	**24,909.0**	**0.0**
	31 January 2015	30 April 2014	31 January 2015	30 April 2014	31 January 2015	30 April 2014
	3,646,983.6	2,631,573.5	0.0	0.0	3,646,983.6	2,631,573.5
	6,571.1	10,926.1	0.0	0.0	6,571.1	10,926.1
	7,951.3	7,846.9	0.0	13.0	7,951.3	7,859.9
	31,949.1	15,036.0	0.0	0.0	31,949.1	15,036.0
	133,648.7	155,117.3	0.0	0.0	133,648.7	155,117.3
	3,827,103.8	**2,820,499.8**	**0.0**	**13.0**	**3,827,103.8**	**2,820,512.8**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

5.1 EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

in TEUR	9M 2014/15
Vacancies	–2,137.7
Maintenance	–22,937.2
Operating costs charged to building owners	–2,969.3
Other expenses from asset management	–6,507.1
Write-off of receivables from asset management	–2,003.6
Other expenses	–3,897.3
Total	**–40,452.2**

5.2 OTHER OPERATING INCOME

in TEUR	9M 2014/15
Insurance compensation	109.3
Income from derecognised liabilities	128.6
Gains/losses from deconsolidation	292.2
Guarantee commission	3,793.5
Miscellaneous	624.0
Total	**4,947.6**

5.3 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

in TEUR	9M 2014/15	9M 2013/14
Administration	–169.8	0.0
Legal, auditing and consulting fees	–4,969.8	–14.2
Advertising	–2,000.8	0.0
Amortisation and depreciation	–1,273.9	0.0
IT and communications	–2,025.9	0.0
Personnel expenses	–7,574.2	0.0
Guarantee commission related to acquisition of land and financial liabilities	–1,062.3	0.0
Cost of valuation reports	–846.5	0.0
Miscellaneous	–3,076.1	–2.1
Total	**–22,999.3**	**–16.3**

5.4 REVALUATION OF PROPERTIES

The revaluation gains and losses from 1 May 2014 to 31 January 2015 (9M 2014/15) are classified as follows:

in TEUR	Investment properties	Investment properties under construction	Properties sold
Revaluation gains	87,401.2	54.9	30,577.6
Impairment losses	–12,246.2	–70.3	–401.0
Total	**75,155.0**	**–15.4**	**30,176.6**

The revaluation gains from 1 May 2014 to 31 January 2015 (9M 2014/15) are classified as follows by country:

in TEUR	Investment properties	Investment properties under construction	Properties sold
Austria	38,450.9	54.9	30,511.9
Germany	48,950.3	0.0	65.7
Total	**87,401.2**	**54.9**	**30,577.6**

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

in TEUR	Investment properties	Investment properties under construction	Properties sold
Austria	–9,055.9	–70.3	–401.0
Germany	–3,190.3	0.0	0.0
Total	**–12,246.2**	**–70.3**	**–401.0**

The fair value of the standing investments as of 31 January 2015 was determined internally. The internal valuation covers adjustments to the fair value of standing investments, which result primarily from the ongoing sound development and current trend estimates for the real estate markets in Germany.

5.5 FINANCIAL RESULTS

in TEUR	9M 2014/15
Financing costs	**–39,379.4**
Financing income	**3,471.6**
Valuation of derivative financial instruments	–42,741.5
Valuation of financial instruments at fair value through profit or loss (Fair Value Option)	–95,948.5
Debt settlement expense convertible bonds	–13,139.5
Other	–1,694.9
Other financial results	**–153,524.4**
Total	**–189,432.2**

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

5.6 INCOME TAXES

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

in TEUR	9M 2014/15
Income tax expenses	–12,996.5
Deferred tax income/expenses	9,575.4
Total	**–3,421.1**

5.7 EARNINGS PER SHARE

	9M 2014/15
Weighted average number of shares (basic)	99,613,479
Diluting effect share options	26,948
Weighted average number of shares (diluted)	99,640,427
Net profit excl. non-controlling interests in EUR	3,364,500
Basic earnings per share in EUR	**0.03**
Diluted earnings per share in EUR	**0.03**

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION

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

in TEUR	Investment properties	Investment properties under construction
Balance on 1 May 2014	**2,631,573.5**	**10,926.1**
Acquisitions through business combinations	983,799.5	0.0
Additions	23,250.2	1,658.8
Disposals	–75,422.4	0.0
Revaluation	105,331.6	–15.4
Reclassification	2,464.3	–5,998.3
Reclassification IFRS 5	–24,013.1	0.0
Balance on 31 January 2015	**3,646,983.6**	**6,571.1**

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

6.2 TRADE AND OTHER RECEIVABLES

in TEUR	31 January 2015	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Trade accounts receivable					
Rents receivable	6,037.0	6,037.0	0.0	0.0	4,582.0
Miscellaneous	5,231.6	5,231.6	0.0	0.0	3,339.0
Total trade accounts receivable	**11,268.6**	**11,268.6**	**0.0**	**0.0**	**7,921.0**
Other financial receivables					
Restricted funds	23,836.6	23,836.6	0.0	0.0	10,157.0
Receivables from convertible bond	0.0	0.0	0.0	0.0	260,129.4
Outstanding purchase price receivables – sale of properties	65,432.6	65,432.6	0.0	0.0	53,693.2
DGAG deposit	0.0	0.0	0.0	0.0	20,000.0
Miscellaneous	26,344.2	25,410.6	701.7	231.9	26,288.4
Total other financial receivables	**115,613.4**	**114,679.8**	**701.7**	**231.9**	**370,268.0**
Other non-financial receivables					
Tax authorities	978.9	978.9	0.0	0.0	1,963.2
Total other non-financial receivables	**978.9**	**978.9**	**0.0**	**0.0**	**1,963.2**
Total	**127,860.9**	**126,927.3**	**701.7**	**231.9**	**380,152.2**

Of the total miscellaneous other financial receivables, TEUR 15,928.4 (30 April 2014: TEUR 274,357.5, thereof TEUR 260,129.4 receivables from convertible bonds) represented other receivables due from IMMOFINANZ Group. The nominal value of the receivables from convertible bonds (TEUR 260,000.0) was paid in full by IMMOFINANZ AG in the first quarter of 2014/15. See section 6.4 *Liabilities from convertible bonds* for additional information on the premature repayment of the convertible bond.

6.3 EQUITY

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

These consolidated interim financial statements include compensation costs of TEUR 498.7 for the fair value of share options granted in connection with the Long-Term Incentive Programme 2014, which were charged to the capital reserves.

6.4 LIABILITIES FROM CONVERTIBLE BONDS

in TEUR	31 January 2015	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Convertible bond 2014 – 2019	0.0	0.0	0.0	0.0	247,949.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**247,949.0**

Following the signing of mortgage loan agreements totalling EUR 330.0 million with two leading Austrian banks, BUWOG AG exercised the hard call option for its convertible bond 2019 (ISIN AT0000A17CA5) in accordance with the bond terms. This bond was redeemed at 101% of the nominal value of EUR 260 million on 19 January 2015 (see section 5.5 *Financial results* for information on the resulting finance costs).

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

6.5 FINANCIAL LIABILITIES

The following table shows the composition and remaining terms of financial liabilities as of 31 January 2015:

in TEUR	31 January 2015	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Amounts due to financial institutions	1,427,609.6	58,871.3	223,248.6	1,145,489.7	690,950.5
thereof secured by collateral	1,336,043.4	50,760.7	205,579.8	1,079,702.9	569,348.2
thereof not secured by collateral	91,566.2	8,110.6	17,668.8	65,786.8	121,602.3
Amounts due to local authorities	690,716.2	26,128.0	108,853.8	555,734.4	444,988.2
Other financial liabilities	118.7	102.4	16.3	0.0	92.1
Total	**2,118,444.5**	**85,101.7**	**332,118.7**	**1,701,224.1**	**1,136,030.8**

The major conditions of financial liabilities as of 31 January 2015 are as follows:

CONDITIONS OF FINANCIAL LIABILITIES

	Currency	Interest rate fixed/floating	Average interest rate	Nominal value of remaining liability in TEUR	Balance in TEUR
Amounts due to financial institutions	EUR	fixed	3.18%	100,509.8	
Loans and advances	EUR	floating	2.47%	1,351,706.2	
Total amounts due to financial institutions				**1,452,216.0**	**1,427,609.6**
Liabilities with local authorities	**EUR**	**fixed**	**1.35%**	**712,944.8**	**690,716.2**
Other					**118.7**
Total					**2,118,444.5**

6.6 TRADE AND OTHER LIABILITIES

in TEUR	31 January 2015	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2014
Trade liabilities	**23,776.7**	**23,745.7**	**31.0**	**0.0**	**27,716.1**
Other financial liabilities					
Fair value of derivative financial instruments (liabilities)	70,615.3	721.2	3,780.8	66,113.3	27,867.6
Property management	4,942.3	4,942.3	0.0	0.0	2,341.1
Deposits and guarantees received	23,894.6	23,894.6	0.0	0.0	10,196.3
Prepayments received on apartment sales	6,499.3	6,499.3	0.0	0.0	28,276.5
Maintenance and improvement amounts received	30,927.7	7,759.5	16,732.6	6,435.6	26,004.9
Outstanding purchase prices (share deals)	2,234.1	2,234.1	0.0	0.0	2,122.6
Liabilities from financial contributions	109,700.9	109,700.9	0.0	0.0	110,970.1
Liabilities to "Versicherungsanstalt des Bundes und der Länder" (VBL Liabilities)	35,024.8	35,024.8	0.0	0.0	0.0
Miscellaneous	36,004.1	14,137.5	3,035.4	18,831.2	19,083.4
Total other financial liabilities	**319,843.1**	**204,914.2**	**23,548.8**	**91,380.1**	**226,862.5**
Other non-financial liabilities					
Tax authorities	9,104.5	9,104.5	0.0	0.0	5,320.1
Rental and lease prepayments	2,635.5	2,635.5	0.0	0.0	733.2
Total other non-financial liabilities	**11,740.0**	**11,740.0**	**0.0**	**0.0**	**6,053.3**
Total	**355,359.8**	**240,399.9**	**23,579.8**	**91,380.1**	**260,631.9**

The amounts due to IMMOFINANZ Group as of 31 January 2015 represented trade payables of TEUR 0.0 (30 April 2014: TEUR 19.5) with a remaining term of less than one year and miscellaneous other financial liabilities of TEUR 1,534.5 (30 April 2014: TEUR 3,330.4) with a remaining term of less than one year.

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

6.7 INFORMATION ON FINANCIAL INSTRUMENTS

6.7.1 Classification of financial instruments by IAS 39 categories

in TEUR

ASSETS	AFS Fair value not recognised in profit or loss	FA@FV/P&L Fair Value Option Fair value recognised in profit or loss	L&R Amortised cost	Non-FI Not within the scope of IFRS 7	Carrying amount on 31 January 2015	Fair value on 31 January 2015
Trade and other receivables	**0.0**	**0.0**	**126,882.0**	**978.9**	**127,860.9**	**127,860.9**
Trade accounts receivable	0.0	0.0	11,268.6	0.0	11,268.6	11,268.6
Other receivables	0.0	0.0	115,613.4	978.9	116,592.3	116,592.3
Other financial assets	**1.5**	**7,529.7**	**9,689.7**	**0.0**	**17,220.9**	**21,364.6**
Securities	1.5	0.0	0.0	0.0	1.5	1.5
Originated loans	0.0	7,529.7	9,689.7	0.0	17,219.4	21,363.1
Cash and cash equivalents	**0.0**	**0.0**	**186,145.3**	**0.0**	**186,145.3**	**186,145.3**
TOTAL ASSETS	**1.5**	**7,529.7**	**322,717.0**	**978.9**	**331,227.1**	**335,370.8**

LIABILITIES	FL@FV/P&L Fair Value Option Fair value recognised in profit or loss	FL@FV/P&L HFT Fair value recognised in profit or loss	FLAC Amortised cost	Non-FI Not within the scope of IFRS 7	Carrying amount on 31 January 2015	Fair value on 31 January 2015
Liabilities from convertible bonds	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial liabilities	**772,957.3**	**0.0**	**1,345,487.2**	**0.0**	**2,118,444.5**	**2,140,303.5**
Amounts due to financial institutions	109,846.1	0.0	1,317,763.5	0.0	1,427,609.6	1,447,898.2
Other financial liabilities	663,111.2	0.0	27,723.7	0.0	690,834.9	692,405.3
Trade and other liabilities	**0.0**	**70,615.3**	**273,004.5**	**11,740.0**	**355,359.8**	**355,359.8**
Trade liabilities	0.0	0.0	23,776.7	0.0	23,776.7	23,776.7
Derivatives	0.0	70,615.3	0.0	0.0	70,615.3	70,615.3
Miscellaneous other liabilities	0.0	0.0	249,227.8	11,740.0	260,967.8	260,967.8
TOTAL LIABILITIES	**772,957.3**	**70,615.3**	**1,618,491.7**	**11,740.0**	**2,473,804.3**	**2,495,663.3**

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

Classification of financial instruments by IAS 39 categories – previous year

in TEUR

ASSETS	AFS Fair value not recognised in profit or loss	FA@FV/P&L Fair Value Option Fair value recognised in profit or loss	L&R Amortised cost	Non-FI Not within the scope of IFRS 7	Carrying amount on 30 April 2014	Fair value on 30 April 2014
Trade and other receivables	**0.0**	**0.0**	**378,189.0**	**1,963.2**	**380,152.2**	**380,152.2**
Trade accounts receivable	0.0	0.0	7,921.0	0.0	7,921.0	7,921.0
Other receivables	0.0	0.0	370,268.0	1,963.2	372,231.2	372,231.2
Other financial assets	**46.7**	**8,332.8**	**8,698.5**	**0.0**	**17,078.0**	**23,171.2**
Securities	46.7	0.0	0.0	0.0	46.7	46.7
Originated loans	0.0	8,332.8	8,698.5	0.0	17,031.3	23,124.5
Cash and cash equivalents	**0.0**	**0.0**	**132,947.4**	**0.0**	**132,947.4**	**132,947.4**
TOTAL ASSETS	**46.7**	**8,332.8**	**519,834.9**	**1,963.2**	**530,177.6**	**536,270.8**

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

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

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

6.7.2 Fair value hierarchy of financial instruments

in TEUR

31 January 2015	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities	0.0	0.0	1.5	1.5
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	0.0	7,529.7	7,529.7
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	0.0	109,846.1	109,846.1
Other financial liabilities	0.0	0.0	663,111.2	663,111.2
Held for trading				
Derivatives	0.0	0.0	70,615.3	70,615.3

Hierarchy of financial instruments carried at fair value – previous year

in TEUR

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

The following table shows the reconciliation of the opening and closing balances on 31 January 2015 for the financial instruments classified under level 3.

RECONCILIATION OF THE FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVEL 3

in TEUR	Securities	Originated loans	Derivatives	Financial liabilities
Balance on 1 May 2014	**46.7**	**8,332.8**	**–27,867.6**	**–524,411.2**
Recognised in profit or loss	0.0	821.1	–42,741.5	–96,769.6
Additions through business combinations	0.0	0.0	0.0	–176,416.4
Additions/Disposals	–45.2	–1,624.2	–6.2	24,639.9
Balance on 31 January 2015	**1.5**	**7,529.7**	**–70,615.3**	**–772,957.3**

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

The following table shows the market values and conditions of all derivative financial instruments purchased to hedge interest rate risk and held as of 31 January 2015:

DERIVATIVES

	Variable element	Market value as of 31 January 2015 in EUR	Reference value as of 31 January 2015 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%-3%					
Interest rate swap (Berlin Hyp)	3-M-Euribor	–3,493,928	197,794,349	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–3,433,676	191,105,651	0.72	30 April 2024
Interest rate swap (Bank Austria)	3-M-Euribor	–2,634,379	105,000,000	0.84	28 February 2025
Interest rate swap (RLB NÖ Wien)	6-M-Euribor	–4,302,274	135,000,000	0.99	2 January 2025
Interest rate swap (HVB)	3-M-Euribor	–711,800	17,040,500	1.03	30 April 2021
Interest rate swap (HVB)	3-M-Euribor	–1,696,055	31,254,050	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–1,398,410	21,156,000	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–252,491	3,820,000	1.39	31 December 2021
Interest rate swap (LBB)	3-M-Euribor	–627,657	58,093,750	1.90	31 August 2015
Interest rate swap (HVB)	3-M-Euribor	–1,726,407	13,640,200	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,683,173	22,000,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	–5,083,032	27,840,000	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–4,246,227	23,200,000	2.51	30 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–5,202,688	27,840,000	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,993,621	12,000,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–4,010,220	15,457,000	2.99	30 September 2039
Number of derivatives: 16		**–44,496,039**	**902,241,500**		
Interest rate of 3%-4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,945,693	8,067,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–5,096,491	25,464,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–9,808,243	48,525,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–5,394,556	26,689,000	3.11	30 September 2031
Interest rate swap (Bank Austria)	6-M-Euribor	–24,814	1,339,000	3.22	30 September 2015
Interest rate swap (Bank Austria)	6-M-Euribor	–68,694	3,289,000	3.37	30 September 2015
Number of derivatives: 6		**–22,338,491**	**113,373,000**		
Interest rate above 4.5%					
Interest rate swap (Hypothekenbank Frankfurt)	3-M-Euribor	–3,780,756	25,585,000	4.58	30 June 2018
Number of derivatives: 1		**–3,780,756**	**25,585,000**		
Total derivatives: 23		**–70,615,286**	**1,041,199,500**	**1.47**	

The following discount rates were used to value financial liabilities:

DISCOUNT RATES

in %	31 January 2015
Up to 31 July 2016	1.470%
Up to 31 July 2017	1.500%
Up to 31 July 2019	1.587%
Up to 31 July 2021	1.720%
Up to 31 July 2023	1.871%
Up to 1 January 2025	2.016%
Up to 31 July 2032	2.525%
From 1 August 2032	2.665%

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

7. TRANSACTIONS WITH RELATED PARTIES

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 29,576 for legal advice to BUWOG Group companies in the first nine months of 2014/15. The terms of these fees, especially the hourly rates, reflect standard market conditions.

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

Corporate accounting was transferred from IMMOFINANZ AG to a separate department of BUWOG AG during the third quarter of 2014/15. In this connection, the consolidation software and configuration were purchased on third party terms.

8. SUBSEQUENT EVENTS AFTER 31 JANUARY 2015

In line with the growth strategy for Germany, a portfolio in Braunschweig with 116 units was acquired after the end of the reporting period. The Burgenland portfolio with 196 units was sold after the end of the reporting period as part of the announced strategic adjustment of the Austrian portfolio. This portfolio consisted entirely of properties classified under the cluster “rural areas” and had a vacancy rate of 8% as of 31 January 2015. The Property Development business area in Germany closed the purchase of an approx. 3,100 sqm site in Goethestrasse/Streustrasse in Berlin-Weissensee during February 2015. The current project planning calls for the construction of 65 condominiums which will be sold individually.

In addition, the liability of EUR 35.0 million due to the federal and provincial government insurance company (Versicherungsanstalt des Bundes und der Länder) was repaid after the end of the reporting period on 31 January 2015. The refinancing was successfully concluded at more favourable conditions, which led to a reduction in the interest expense.

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that these consolidated interim financial statements as of 31 January 2015, which were prepared in accordance with the rules for interim financial reporting defined by International Financial Reporting Standards (IFRS) as adopted by the European Union, provide a true and fair view of the asset, financial and earnings position of the BUWOG Group. Furthermore, we confirm that the group management report provides a true and fair view of the development of business as well as the results of operations and position of the BUWOG Group during the first nine months of the financial year and the principal opportunities and risks for the expected development of the BUWOG Group during the remainder of the financial year.

Vienna, 31 March 2015

The Executive Board of BUWOG AG

Daniel Riedl CEO	Ronald Roos CFO

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BUWOG AG
Hietzinger Kai 131
1130 Vienna, Austria

Tel.: +43 (0)1/878 28-1130
Fax: +43 (0)1/878 28-5299
www.buwog.com
office@buwog.com

Consulting, Concept and Design
Mensalia Unternehmensberatungs GmbH, www.mensalia.at

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