ROOM FOR RESULTS

BIG ANNUAL REPORT 2016

KEY FIGURES

in EURm	2016	2015	Change
Financial performance indicators			
Revenues	1,049.9	990.9	6.0%
of which rental revenues	827.1	794.7	4.1%
Maintenance	146.8	140.2	4.7%
as % of rental revenues	17.7%	17.6%	0.1PP
EBIT	742.8	612.9	21.2%
EBITDA	641.3	622.6	3.0%
EBITDA margin	61.1%	62.8%	-1.7PP
Profit for the period	511.0	402.1	27.1%
Financial position indicators			
Loan to value ratio (LTV)	27.8%	30.4%	-2.6PP
Equity ratio	54.2%	52.7%	1.5PP
Return indicators			
Return on capital employed (ROCE)	5.9%	4.9%	1.0PP
Return on equity (ROE)	7.8%	6.5%	1.3PP
Cash flow indicators			
FFO (excluding net proceeds from transactions)	456.3	442.3	3.2%

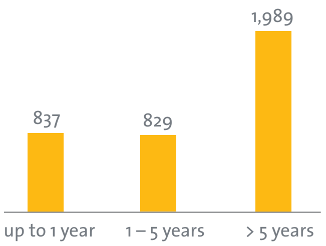
PORTFOLIO

The BIG portfolio consists of 2,089 properties with around 7.2 million m² rentable space, representing a value of EUR 11.3bn; 98.5% of the rentable space is let. The Schools segment accounts for the largest share of around 40%, followed by Universities and Offices and Residential Property.

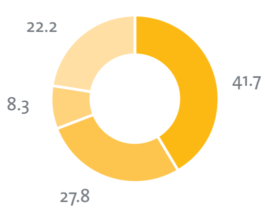
PORTFOLIO FINANCING

BIG strives to secure long-term financing – 60.4% of the Group's liabilities consist of listed bonds. Bonds are issued on the basis of the EUR 4bn EMTN program in the form of public bonds or private placements. Around 15% of debt is procured on the money market.

Liability structure
in EURm

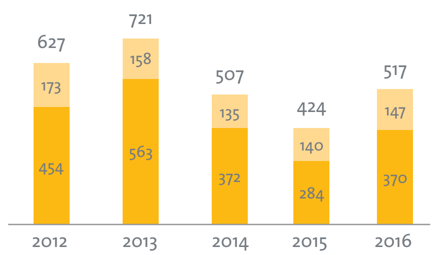


Segment division
by rentable space in %



Schools Universities
Special Properties Offices and Residential Property

Investments
in EURm

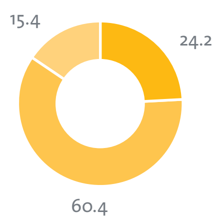


Maintenance New builds & general refurbishment
Total investment

TOP COMMISSIONER

In 2016 the BIG Group invested around EUR 370m in new buildings and general refurbishment. When maintenance costs of around EUR 147m are included, this results in a total investment volume of around EUR 517m. BIG was therefore one of the largest contracting entities for Austrian building construction again in 2016.

Financing structure
in %



Loans Bonds Money market

ABOUT BIG

Bundesimmobiliengesellschaft (BIG) is a Group primarily specialised in renting and building real estate. The focus is on the real estate segments relevant to society – Schools, Universities and Special Properties. Offices and Residential Property are managed by the subsidiary ARE Austrian Real Estate. A priority for BIG is providing comprehensive consulting services for customers and accompanying a property throughout its entire lifecycle. Services range from project conception to design and construction right through management, sales and letting. Continuous growth, long-term value creation and the sustainable management of the portfolio are the factors behind the Company's success.

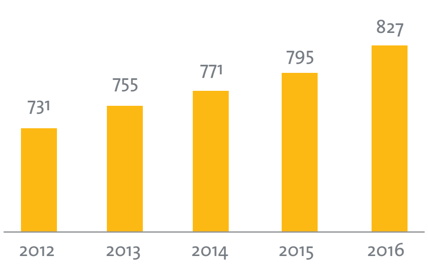
FINANCIAL LIABILITIES

The strategy of the BIG Group is to manage financial risks by applying a portfolio approach. As the property investments and rental agreements are of a long-term nature, the Company also strives to secure similar conditions for the majority of its financing.

CONTINUOUS GROWTH

BIG's rental revenues have been rising steadily for years. In 2016 they amounted to around EUR 827m, up by a total of EUR 32m against the previous year, whereby the strongest growth was generated from completing projects. New lets and contract extensions also contributed to the renewed increase.

Rental revenues
in EURm



BIG BUNDES IMMOBILIEN GESELLSCHAFT

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DEAR BUSINESS PARTNERS, DEAR READERS,

We have an intensive and highly successful business year behind us. Our revenues have surpassed the one-billion mark for the first time. The growth to EUR 1,049.9m was primarily generated by the increase in rental revenues and the high occupancy rate of 98.5% underlines the demand-oriented focus of our portfolio. The picture is also pleasing in terms of earnings. We have further strengthened our already solid equity base with an equity ratio of 54.2%.

As one of the largest contracting entities for Austrian building construction, the BIG Group invested EUR 516.6m in new-builds, general refurbishment and maintenance in the year under review. This is how we guarantee the long-term value retention and continuous value creation of our portfolio – the fair value of which currently stands at EUR 11.3bn – and we see this as a form of sustainability in practice. Our numerous construction projects include the refurbishment measures under the special universities programme, initiated by the Federal Ministry of Science, Research and Economy in 2014.

Almost 70% of our building space is let to schools and universities. This is also reflected in our positioning in the area of sustainability: We have strategically committed to the "Educational space of the future", as our educational facilities are the spaces in which the future will be decided. They are also our potential for creating the value added of tomorrow. By taking a holistic view, we are not only securing our economic success, but embracing our obligation to society as a whole.

The decisive factor for building and refurbishing in a way that conserves resources and for doing business in an energy-efficient manner is the intensive dialogue with our clients and users. It is only by working together with our stakeholders that we can play a trailblazing role in a real estate industry aligned towards sustainability. We also have a responsibility towards society and will continue to provide emergency shelter and longer-term accommodation to overcome the refugee crisis.

Our corporate family continues to grow. At the end of the year under review there were already more than one hundred companies under the roof of the BIG Group. This strong growth is primarily due to the home-building initiative of ARE, in whose subsidiary, ARE DEVELOPMENT, numerous project companies have been founded in order to build new housing. Consequently we have implemented new approaches to our investment, tax and risk management in the past year. Multiple key milestones of the home-building initiative are already on the starting blocks – these include "TRIIIPLE", "ENSEMBLE" and "Wildgarten". Our expertise in refurbishing heritage-protected and historic buildings is also applied to residential construction. For example, a former municipal office in Seidengasse in Vienna that dates back to the Gründerzeit is being painstakingly restored and transformed into apartments. Vis-à-vis, in Schottenfeldgasse, another Gründerzeit building is being refurbished and expanded with a modern extension.

We look forward to the future with great optimism. 2017 will be a special year for BIG in a multitude of ways. On the one hand we will be finalising our largest construction project at present – the Med Campus of Graz Medical University. At the same time, the Centre of Biology at the University of Vienna in St. Marx, our next large-scale university project, is in the planning phase. With the Aspern educational complex we will also complete another trailblazing project in the Schools segment.

Moreover, we are setting a key strategic milestone in the course of our multi-phase restructuring process "BIG Changes". With the merger of the Building Management and Facility Services departments, processes are being bundled across the Group and an even stronger customer focus is being implemented – from administration to services, monitoring and maintenance through to repair and restoration works. The new organisational unit is set to start operating in autumn 2017.

In addition, the Group headquarters of BIG and ARE will be moving to the "Denk Drei" office complex in Leopoldstadt in Vienna in autumn, directly beside one of our largest clients and business partners, the Vienna University of Business and Economics. The new site is synonymous with many of our fundamental values: customer service, sustainability and a modern corporate culture.

In 2017 BIG celebrates its 25-year success story. Since it was founded in 1992, the Group has grown from a purely administrative unit into a company oriented towards the market economy. Our primary goal is to create added value that crosses generations through the work that we do. After all, the BIG Group develops, builds and manages spaces that open up opportunities for people. This would not be possible without our customers, our partners and our employees. Our special thanks go out to all of them.

We look forward to continuing our strong cooperation. Together we will create the space of the future!

Hans-Peter Weiss

Wolfgang Gleissner

WE'RE HERE FOR YOU.

With 922 employees at eleven locations across the whole of Austria, the BIG Group is always close to its clients. First-class consultancy and customised solutions are part of our professional asset, property and construction management.

PART 1
ABOUT BIG

WELS GRAMMAR SCHOOL BIG

The new outer shell of the freshly refurbished school brings a splash of colour to school life with its orange elements and has a positive impact on energy efficiency. There have also been some changes relating to functionality. Pupils and teachers now enter the school via a new main entrance – in the landscaped inner courtyard.

The heritage-protected institute and laboratory building in Stremayrgasse 16 is the modern new home of the Faculty of Informatics and Biomedical Technology at Graz University of Technology. The multi-award-winning building now also has a cafeteria on the ground floor.

GRAZ UNIVERSITY OF TECHNOLOGY

BIG


Snacks
Getränke

EISENSTADT
JUSTICE CENTRE
BIG

Following its refurbishment and expansion, the Eisenstadt Justice Centre now has a new space suited to the multifaceted tasks of a modern justice operation. As part of BIG ART, an art & construction project has been realised by the architect group “raumlabor berlin” in the three exercise yards. The fencing made of wire mesh and wood, along with the fruit trees, creates an optical sense of greater openness.

Around the historic Paulustor, ARE and its two office projects are working to achieve greater footfall and improved infrastructure in the historic city of Graz. The former official rooms in the heritage-protected buildings offer high-quality, modern office space. In addition, a kindergarten of the "Generations in Partnership" (GiP) has given an additional burst of life to the complex since summer 2016.


WOHNDELTA
ALTE DONAU

The joint residential project by ARE DEVELOPMENT and a project partner for 138 privately financed flats stands out for its practically unrivalled location on the leisure area around the Alte Donau. In addition to its proximity to the bathing water, a dense network of cycle paths, endless running tracks and good public transport links invite you to while away the time among the greenery.

ABOUT BIG

FOCUS ON PUBLIC INFRASTRUCTURE

The BIG Group is one of Austria's largest property companies. Its portfolio consists of 2,089 properties with 7.2 million m^2 rentable space, representing a value of EUR 11.3bn. With the exception of the Austrian Cultural Forum in New York and the Austrian Embassy in Bern, the portfolio exclusively consists of properties in Austria – primarily buildings that are part of the public infrastructure.

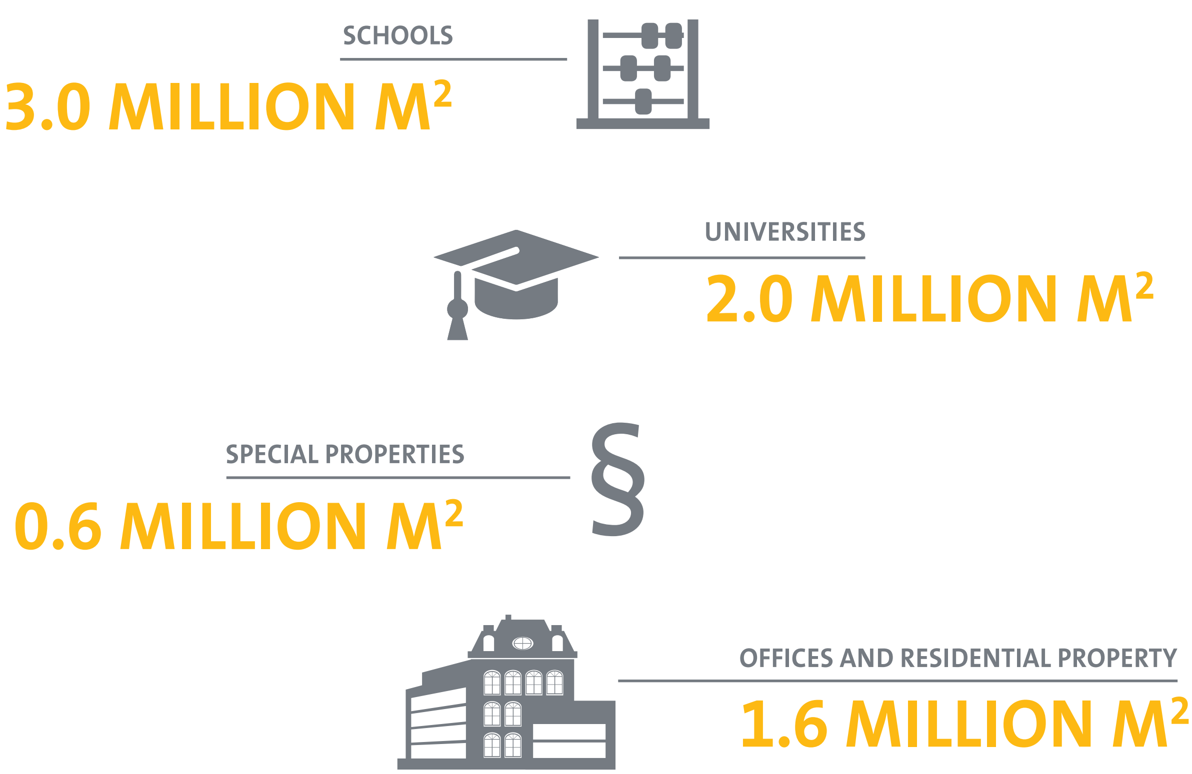
The BIG Group's strategic direction involves a focus on the property segments Schools, Universities, Special Properties, and Offices and Residential Property and the Group strives to secure and expand its market position in every segment.

Public infrastructure projects form the core market of the Company. The portfolio for which BIG is responsible currently has 405 school buildings, 209 university sites and 922 special-purpose properties, e.g. court buildings, correctional facilities, war cemeteries and allotments. The impressive footfall in the properties – more than 500,000 people use BIG's buildings every day – reflects the properties' strong relevance to society. BIG fulfils its role as an owner of all these properties with a strong awareness of the responsibility it bears.

EXPEDITING RESIDENTIAL CONSTRUCTION

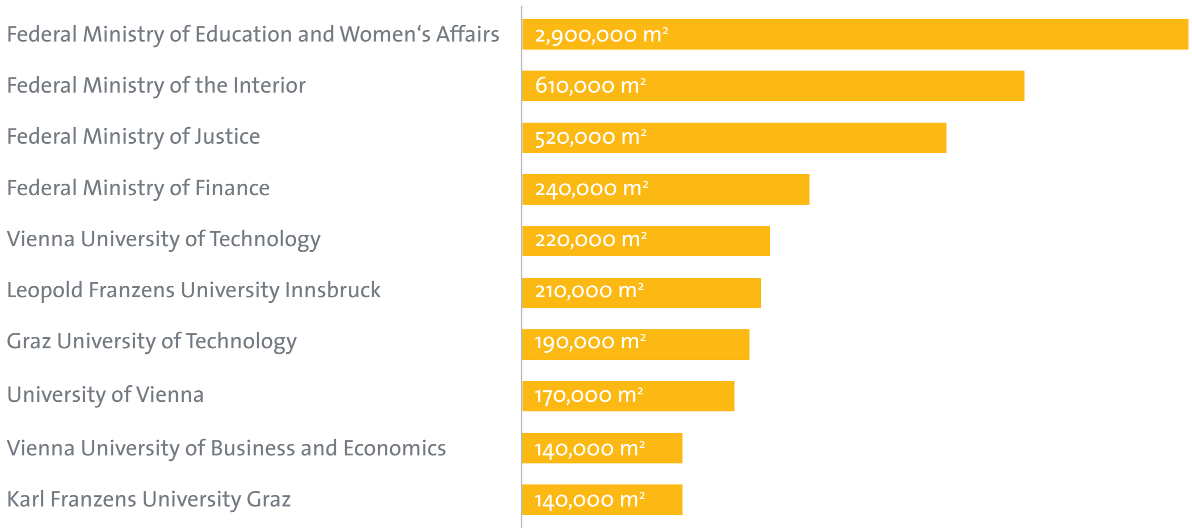
The activities in the Offices and Residential Property segment are housed in ARE Austrian Real Estate (ARE), whose

RENTABLE SPACE
by business segment



BIG'S LARGEST TENANTS 2016

by contractual let space (rounded)



portfolio currently consists of 553 properties. In light of the steady rise in demand, ARE is expediting the construction, sales and letting of residential space. The home-building initiative launched in 2015 has been an especially significant driver here: The goal of the Company is to initiate privately financed housing with an investment volume of around EUR 2bn by 2020.

OPTIMAL CUSTOMER SERVICE

BIG supports its tenants throughout the entire lifespan of a property. High-quality consultancy and support coupled with individual, customised solutions are the priority here. Services for this range from the conception of a project through to planning and construction management to commercial management, sales and letting. The key to the Group's success lies in the perfect interplay between professional portfolio management, asset management and construction management.

The business areas of "Property Management" and "Facility Services" complete the service range, covering the entire value chain in the real estate industry. First-class building management and optimal customer service guarantee that the properties are managed and supported in a way that adds value. Local staff at locations across the whole of Austria cover the fields of commercial administration and technical maintenance.

FOR A SUCCESSFUL FUTURE

BIG's goal is to increase earnings through the ongoing optimisation of its property strategy. A strong customer focus, continuous growth and long-term value creation are the Group's main success factors, coupled with the sustainable management of the portfolio.

In order to lead BIG successfully into the future, the Company is expanding its service culture at the same time as making its service provision more customised and flexible. Furthermore, the Group intends to enter into strategic partnerships and implement cooperation projects. With its clear commitment to a sustainable approach to resources, the Group wants to continue to play a leading role in the Austrian real estate sector well into the future.

BIG GROUP PROJECTS

PROMINENT COMPLETIONS 2016

SCHOOLS

- Refurbishment and extensions for the Salzburg academic grammar school
- Refurbishment and extensions for the high school/grammar school Anton-Bruckner-Straße, Wels
- Refurbishment of the high school/technical college residence Bürgerspitalgasse, Eisenstadt

UNIVERSITIES

- Refurbishment and extensions for the Gregor-Mendel Building of the University of Natural Resources and Life Sciences, Vienna
- Refurbishment and extensions for the university library of the University of Music and Performing Arts, Vienna
- Refurbishment and extensions for the Rabcewicz building of Montanuniversität Leoben

SPECIAL PROPERTIES

- Refurbishment and extensions for the Eisenstadt justice centre
- Refurbishment and repurposing for the Labour and Social Court of Vienna
- Expanding the St. Pölten correctional facility

OFFICES AND RESIDENTIAL PROPERTY

- Refurbishment and extensions for the Mistelbach district court
- New construction of the Mödling senior care home
- Refurbishing Paulustorgasse 12 and 19, Graz

LARGEST MAINTENANCE MEASURES 2016

- Facade refurbishment grammar school, Anton-Krieger-Gasse, Vienna
- Thermal shell refurbishment federal school centre, Fischamender Straße, Bruck an der Leitha
- Security-related refurbishment, Vienna University of Business and Economics, Augasse
- Facade refurbishment Vienna Medical University, Währinger Straße

PROMINENT PROJECTS WITH CONSTRUCTION START IN 2016

SCHOOLS

- Refurbishment and extensions for the high school/ grammar school Christian-Doppler-Gymnasium, Salzburg
- Refurbishment and extensions for the high school/ grammar school Josefstraße, St. Pölten
- Refurbishment and extensions for the secondary school AHS Vienna West

UNIVERSITIES

- Refurbishment and extensions for the institute building at Vordere Zollamtsstraße 7 for the Vienna University of Applied Arts
- Refurbishment and extensions for the main building for teaching and learning at Innsbruck Medical University
- Refurbishment and extensions for the university library of the University of Graz

OFFICES AND RESIDENTIAL PROPERTY

- Loft conversion Juchgasse, Vienna
- Refurbishment of Paulustorgasse 8 – 10, Graz
- Refurbishment of the Zell am See district court

SELECTED PROJECTS BY ARE DEVELOPMENT

ROSENHÖFE, GRAZ – Two new apartment buildings with a total of 53 privately financed freehold flats in the high-end segment

M², WIMMERGASSE, VIENNA – Completion and handover of two new apartment buildings

SEIDENGASSE, SCHOTTENFELDGASSE VIENNA – New living space is being created in the course of the refurbishment and extension of two properties in Vienna's seventh district

FORUM DONAUSTADT, VIENNA – Forward-looking mixed-use quarter with six buildings on a plot of around 15,000 m² in Vienna's 22nd district.

SPACE FOR THE FUTURE – SELECTED SUSTAINABILITY ACTIVITIES 2016

As the owner of public buildings such as schools, universities and office buildings, the BIG Group has a strong responsibility towards society. The goal of the Company is to play a trailblazing role in the field of sustainability by 2020, with the focal points "Educational space of the future" and "Energy". These strategic projects were developed in the year under review together with the cross-Group sustainability board with the aid of a materiality matrix in which the results of the stakeholder and staff surveys on this issue are included.

Holistic planning and construction remains a significant part of BIG's sustainability activities, taking into account resources and user needs across the entire lifetime of a property. In addition to environmental needs, the goal is to sustainably optimise the meeting of demand and the quality of the space in consultation with users. These approaches are supported by BIG's Holistic Building Program (HBP), whose criteria go far beyond the legal requirements and can be adjusted individually to the needs of stakeholders.

FOCUS: GENDER AND DIVERSITY

In 2016 BIG placed an enhanced focus on developing the corporate culture and initiated various measures including a permanent working group dedicated to "Diversity", which rules on targeted programmes. In the year under review a sentiment survey was conducted internally and will form the basis for the accompanying measures. In addition, "Empowerment for Women" was incorporated into the training plan. The gender-neutral access to every level of the BIG employment hierarchy has long been a priority. Today women already account for around a third of the staff in the Group – a figure that is also reflected in the divisional management. Measures to promote a work-life balance are also being enhanced. In 2016 BIG was once again awarded the "Career and Family" certificate from the Federal Ministry of Family and Youth.

SUPPORTING THE REGIONAL ECONOMY

In 2016 the BIG Group invested around EUR 517m in new-builds, general refurbishments and maintenance. Almost all of the construction projects were realised by SMEs – an effective contribution to driving the regional economy and jobs in the respective region.

SUSTAINABLE BUILDINGS

HBP supports the sustainable planning of a property over its entire lifecycle and proposes measures for developing forward-looking buildings. At present eleven HBP projects are underway. Nine of these started in 2016 with the planning phase, including the Biology Centre of Vienna University in St. Marx, three training centres of the Ministry of the Interior, the job service Neubau Korneuburg and the AHS Zirkusgasse in Vienna. It goes without saying that the HBP criteria have also been applied in the new BIG headquarters, "Denk Drei" in Vienna's second district. In 2016 the programme was presented at various events including "ReBuild Italia" in Riva del Garda and the "NaBE Aktionstags" in St. Pölten.

COMMITMENT TO ENERGY EFFICIENCY

The BIG Group has a clear focus on optimising energy efficiency by taking into account the entire purpose of the building. Here the long-term climate-protection project "Federal Contracting Offensive" has seen the significant expansion of the energy-saving contracting. The cooperation between BIG and the Federal Ministry of Science, Research and Economy is currently one of Europe's largest commissioners of contracting services. Around 18% of the buildings were covered by contracting agreements in 2016, with annual savings of 8,900 tonnes of Co_2 or around EUR 2.3m.

In the course of numerous construction and renovation projects, BIG has set new standards in geothermal energy, intelligent lighting controls and ventilation, as well as the use of photovoltaic systems. Furthermore, BIG is involved in numerous research and development projects. For example, advances in energy-efficiency maintenance were made under the "Smart Repair" project and support was given to the "GrünPlusSchule" of GRG7 in Vienna. The demonstration projects of the "BIGMODERN" research programme received the "Haus der Zukunft Plus" seal in the year under review.

Emission-free travel is also seen as an integral component of project planning. BIG not only promotes the use of E-rollers and bicycles within the Group, it also develops environmentally sound concepts as part of construction projects, such as the E-carsharing of ARE on the residential construction project "Beatrixgarten".

ENVIRONMENTAL MANAGEMENT

An environmental manager takes responsibility for upholding high ecological standards at all eleven of BIG's locations. Sustainable procurement is reflected in "Green IT", along with usage that conserves energy and resources coupled with environmentally sound disposal methods. In addition to the BREEAM and BlueCard (ÖGNI) certificate, the BIG Group is also certified to ISO 14001.

BUILDING CERTIFICATION AND AWARDS

BIG has gained certification for 19 buildings since 2012. The following awards were secured in the year under review:

- Nominations for the ZV Developer Award 2016: Hallstatt technical college, Institute for Biomedical Technology at Graz University of Technology, BSZ Feldbach
- Recognition for the Architecture Award of the Province of Styria 2016: Theater am Palais Graz, Institute for Biomedical Technology at Graz University of Technology
- Geramb Dankzeichen for Good Building 2016: Institute for Biomedical Technology at Graz University of Technology
- Lower Austria Construction Award 2016: 1st prize for Rechte Kremszeile grammar school, Krems
- Upper Austria Timber Construction Award 2016: Hallstatt technical college

SOCIAL RESPONSIBILITY AND COMMITMENT TO SOCIETY

Once again in 2016 numerous federal, regional or charitable organisations were using around 105,000 m² of the BIG Group's rental space for refugee accommodation. In addition, the Company continued to support the projects for "Sponsoring children and families in Moldavia".

Two special projects were realised under the BIG ART – Art & Construction initiative: With "Turbulence" in the Eisenstadt justice centre by "raumlabor berlin" social needs were integrated into the design of three exercise yards. With the "Water sculpture" for Hallstatt technical college, Roman Signer explored the impact of the element water.

SUSTAINABILITY PROJECTS 2017

- Roadmap: Adjusting the measures to the advanced strategy and implementation programme with the focal points "Educational space of the future" and "Energy"
- Stakeholder dialogue and cooperation initiatives: Expanding the sustainability programme and activities and with a focus on "Educational space of the future" and "Energy"
- Promoting "Intracting" at universities: Making concrete progress in potential Co_2 savings on the basis of the results of the detailed analysis at Leopold-Franzens University Innsbruck and the University of Graz
- Energy-saving contracting: Preparing new calls for tender primarily related to the continuation of contracting agreements that are due to expire
- Online Sustainability Report 2017 and expanding the web portal: Making the platforms more user friendly and increasing awareness of sustainability measures
- UN Global Compact: Incorporating the Sustainable Development Goals (SDGs) into the Company's strategic growth

All of the sustainability activities have been communicated since 2016 via a dedicated web portal (nachhaltigkeit.big.at), showing BIG's cooperation initiatives with its stakeholders, as well as examples of best practice and the first partner portraits. In the year under review the Company published its third Sustainability Report. For the benefit of the environment, there was no printed version; instead the 2015 Sustainability Report is available as an audio book or can be downloaded in a customisable format via the web portal.

BOARDS AND OFFICERS OF THE COMPANY

MANAGEMENT BOARD

	Term of office	Responsibilities	Joint responsibilities
Hans-Peter Weiss	until 31 May 2021	Group controlling, accounting, treasury, marketing and corporate strategy, communication, IT, Real Estate Investment Management and business segment Universities, Offices and Residential Property	Organisation and quality assurance Annual budgeting/ multi-year planning Auditing
Wolfgang Gleissner	until 16 May 2021	Legal, human resources, infrastructure, architecture and construction contracts, the segments Schools and Special Properties, commercial and technical property management, CAD/data management and facility services.	

SUPERVISORY BOARD POSITIONS HELD BY THE DIRECTORS

HANS-PETER WEISS

- Wien 3420 Aspern Development AG (Group equity holding) – Deputy Chair
- SIVBEG – Strategische Immobilien Verwertungs-, Beratungs- und Entwicklungsgesellschaft m.b.H. (Group equity holding) – Deputy Chair
- Forschung Burgenland GmbH – Member

WOLFGANG GLEISSNER

- Wien 3420 Aspern Development AG (Group equity holding) – Member
- Parlamentsgebäudesanierungsgesellschaft m.b.H. – Member

SUPERVISORY BOARD

	First appointed	Term of office
Christine Marek Chair	16.12.2013	until the shareholder resolution which rules on the financial year 2020
Wolfgang Hesoun Deputy Chair	16.7.2015	until the shareholder resolution which rules on the financial year 2020
Christian Domany	23.9.2015	until the shareholder resolution which rules on the financial year 2020
Alexander Palma	12.3.2015	until the shareholder resolution which rules on the financial year 2020
Thomas Rasch Works Council	27.6.2001	until the end of the appointment by the Works Council
Daniela Böckl Works Council	8.1.2015	until the end of the appointment by the Works Council

SUPERVISORY BOARD COMMITTEES AND THEIR MEMBERS

AUDIT COMMITTEE

Christine Marek (Committee Chair)
Wolfgang Hesoun
Alexander Palma
Thomas Rasch

REMUNERATION COMMITTEE

Christine Marek (Committee Chair)
Wolfgang Hesoun
Christian Domany
Alexander Palma


SALZBURG
JUSTICE BUILDING
BIG

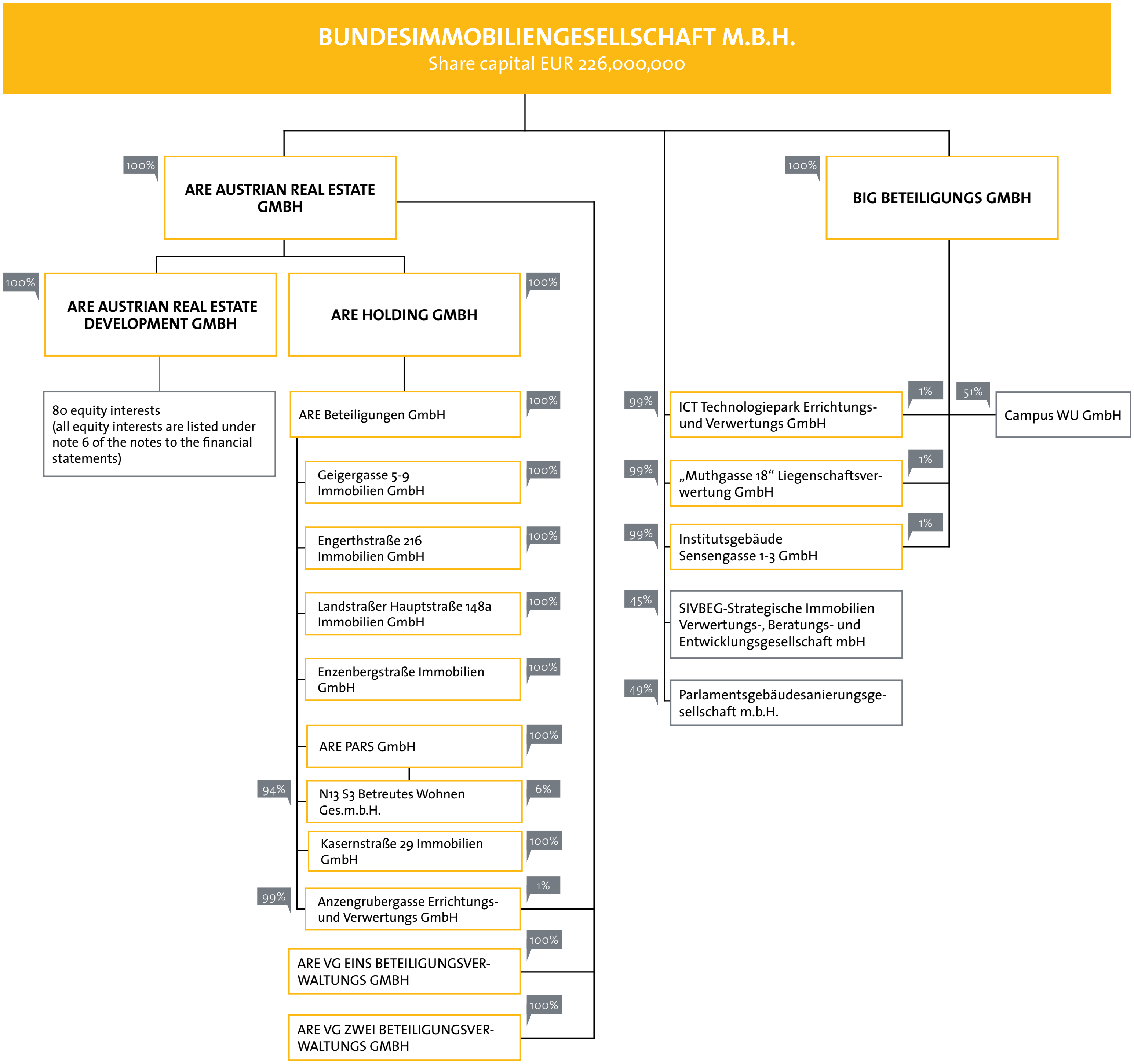
The refurbishment of the Salzburg justice building has been one of BIG's largest construction sites since 2015. In the inner courtyard of the building complex, which dates back more than 100 years, the topping-out ceremony of the 7,000-square-metre extension was held in November 2016. Should everything go to plan, the regional court and public prosecutor's office are set to move back into the building in summer 2018.

THINK BIG.
ACT SMART.

With our properties we are creating space for future generations. We adopt a holistic approach when designing and constructing our buildings, together with our customers. As part of our sustainable approach to doing business, we support our properties throughout their entire lifecycle.

PART 2

GROUP MANAGEMENT REPORT



31 December 2016

TYPE OF CONSOLIDATION
Fully consolidated
Equity method

GROUP STRUCTURE

Bundesimmobiliengesellschaft m.b.H. (BIG) is a group which primarily specialises in building and letting properties and includes 102 companies in total. With the exception of the Austrian Cultural Forum in New York and the Austrian Embassy in Bern, the portfolio consists solely of properties spread throughout the whole of Austria. The BIG property holdings are divided into the business segments Schools, Universities and Special Properties. The Offices and Residential Property segments are managed by the subsidiary ARE Austrian Real Estate GmbH (ARE). The ARE subsidiary ARE Austrian Real Estate Development GmbH (ARE DEVELOPMENT) is, in turn, the parent of multiple project companies whose goal is developing real estate. Business fields such as property management and facility services allow BIG to provide services which cover the entire property-related value chain. First-class building management and optimal customer service are guaranteed by the local presence of employees at locations all over Austria.

For details on the Group structure and the consolidated group see note 6 in the notes to the consolidated financial statements.

SERVICE PROFILE AND BUSINESS FIELDS

The purpose of BIG is to embrace the comprehensive responsibilities of ownership for its properties. The interplay between portfolio management, asset management and construction management is the decisive factor in the Company's success. The development and ongoing optimisation of the real estate strategy, as well as the acquisition of new agreements and application of existing agreements are all realised under the premise of optimising earnings. The Company's business portfolio is rounded off by construction measures in the field of maintenance and for new-build and general-refurbishment projects.

BIG prioritises comprehensive consulting, assistance and support for clients throughout the entire lifecycle of a property. Services here range from the conception of a project through to planning and construction management to commercial management, sales and letting.

Property management services are primarily rendered as support for the business segments that manage the portfolio for the quantitative and qualitative development and management of the property portfolio. Part of the core business involves providing commercial and technical management for the buildings held by the Group, as well as some direct services for tenants, users or third parties. A centralised management team and 16 property management teams throughout Austria provide these services. The individual, local support for properties and the servicing of tenants and users is guaranteed through well-maintained local service providers and networks.

In the year under review BIG began the extension and expansion of the facility management business. The new range of services safeguards the value retention of the portfolio, relieves pressure on tenants and users in their role as "property managers" and creates value added and synergies for BIG and its clients.

In the facility services segment BIG provides a broad service range covering everything from monitoring, maintenance, repair and restoration works related to building systems, through to full-service provision.

GOALS AND STRATEGY

The core market of the BIG Group primarily consists of buildings that are part of state infrastructure. The Company focuses on the property segments that are relevant to society, i.e. schools, universities and special-purpose properties, as well as on offices and residential property. A strong focus on customer service, continuous growth, long-term value creation and the sustainable management of the portfolio are priorities of the corporate strategy and form the basis for the Group's success.

With its broad property portfolio, BIG is operating in a challenging market environment, which is characterised on the one hand by a restrictive federal budget policy and on the other hand by fierce competition among private companies for public-sector clients. At the same time, the demands made by federal and private tenants on the BIG

Group are changing in regard to the products and services. Regardless of the complex backdrop, BIG has retained its primary goal as securing and expanding its market position in its respective business areas.

In order to secure and further consolidate the Group's excellent positioning well into the future, BIG focuses on expanding its service culture as well as individualising its service profile and making it more flexible. This is why the Company is increasing its focus on providing customised solutions, developing new commercial and legal models, expanding its service portfolio and optimising processes – also with regard to acquiring new customers. Furthermore, BIG also intends to continue with strategic partnerships and realising cooperation projects. With its clear commitment to a sustainable approach to resources, the Group also intends to play a leading role in the Austrian real estate industry in the future.

The fields of investment, tax and risk management have also been reorganised and optimised for the subsidiary ARE. These adjustments allow structured access to the purchase and sale of investment products. In light of the constant rise in demand for housing, ARE is expediting construction, sales and letting in the residential sector. A particular driver here is the federal home-building initiative launched in 2015 that already had a significant impact on the Group's operating business and strategic planning in the year under review, 2016. By 2020 there will be EUR 2bn invested in new apartments, thereby also expanding and diversifying the portfolio and the tenant structure. The initiative is being realised through the construction or purchase of residential units and their subsequent letting, as well as through building and selling privately financed freehold flats.

BIG constantly evaluates potential purchases in the segments Schools, Universities and Special Properties and realises them. They primarily serve to safeguard and expand the existing locations and meet new demand.

In addition to implementing measures in line with the strategic direction, in 2016 the BIG Group addressed additional, extraordinary issues – including the special Universities programme and providing accommodation in relation to the migration of refugees.

BIG is investing around EUR 200m in 17 specific university projects as part of a special one-off construction programme by the Federal Ministry of Science, Research and Economy initiated in 2014. The programme will be financed through rent from let properties, construction subsidies and additional rents, which will be covered by the Federal Ministry of Science, Research and Economy as the owner in the form of partial offsetting against the profit payout. In the meantime, work has already begun on all of the projects. Three of the five completed projects were finished in 2016. In addition, numerous large-scale projects are under construction – including the refurbishment and expansion of the main building for teaching and learning at the Innsbruck Medical University, the refurbishment and expansion of the library of the University of Graz and refurbishing and converting a new building in Vordere Zollamtsstraße as an expansion of the University of Applied Arts in Vienna. The programme is set for completion by the end of 2020.

The contribution made by BIG to overcome the refugee crisis played a special part again in 2016. In addition to providing emergency shelter, the Company developed flexible solutions for the longer-term accommodation of refugees. At the end of December 2016, numerous federal, regional or charitable organisations were thereby using around 105,000 m² of the BIG Group's rental space. In line with legal stipulations, rental agreements at common market rents are being concluded for longer-term usage. For interim use prior to project developments, the user only pays the ongoing running costs.

The strategic direction of BIG and the projects and measures for the coming years are constantly evaluated and adapted to the current market requirements. An integrated strategy and planning process (ISPP) forms the backbone for strategic planning, budgeting and medium-term planning.

PORTFOLIO

The BIG Group's portfolio consists of 2,089 properties (previous year: 2,119) with around 7.2 million m² of rentable space (previous year: 7.0 million m²) and a fair value of EUR 11.3bn at 31 December 2016 (previous year: EUR 11.0bn). 98.5% of the rentable space held by the BIG Group is let.

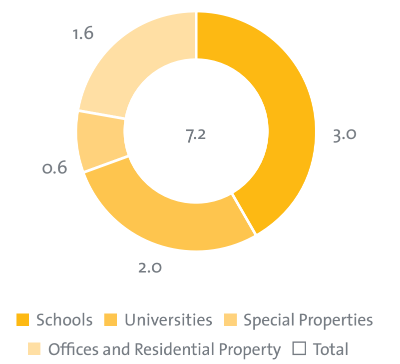
The lower number of properties results, on the one hand, from the sale of various small properties such as multiple plots from the Landstraße allotments in Vienna and, on the other hand, from the reclassification of residential and office properties of ARE. As of the business year 2016, the number of properties of ARE DEVELOPMENT is no longer recognised in the subgroup ARE, as the majority involve development properties and they are not informative or relevant for reporting purposes with regard to the portfolio business. The increase in rentable space results from the inclusion of the BIG project companies, whereby the majority involve portfolio properties. The portfolio management system that has been implemented is used to support analysis of the project companies' data.

The portfolio breaks down as follows:

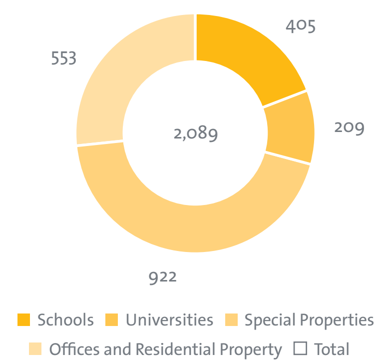
Rentable space by federal province and foreign (rounded)

Burgenland	160,000 m²
Carinthia	360,000 m²
Lower Austria	810,000 m²
Upper Austria	760,000 m²
Salzburg	430,000 m²
Styria	1,130,000 m²
Tyrol	560,000 m²
Vorarlberg	180,000 m²
Vienna	2,820,000 m²
Foreign	3,000 m²
Total	**7,200,000 m²**

Rentable space by business segment
in million m²



Number of properties by business segment



[1] Calculation based on Register number

ECONOMIC BACKDROP

GENERAL ECONOMIC BACKDROP STABILISES

In 2016 the Austrian economy underwent slight growth that was even somewhat higher than the EU average. With real GDP of 1.5%, the Austrian economy reached its highest level since spring 2011. The growth was primarily driven by domestic demand – particularly through investments in equipment by domestic companies and by consumer spending, which was buoyed by the income tax reform that came into effect at the start of the year. There was a reverse trend in foreign trade. The increase in Austrian exports to the eurozone was unable to compensate for the decrease in trade with countries outside of Europe such as the Russian Federation, the USA and Turkey.

The capital markets were characterised by sharp fluctuations in 2016, which set in already at the start of the year. The refugee crisis, the upcoming Brexit and concerns about deflation dominated the market in the first half of the year. The low oil price braced industry, while the central banks constantly provided cheap money to the markets – the ECB cut its base rate to 0.00%. The actual Brexit decision by the British set off a shockwave with significant turbulence at the end of the first half, albeit one that was only brief. The markets appear to have got used to every kind of surprise in 2016. The election of Donald Trump as the new President of the USA was ultimately welcomed by the markets and US economic forecasts improved, which was also reflected in a rise in interest rates by the Federal Reserve in the final quarter of 2016.

As the BIG Group generates a significant portion of its revenues with institutions of the Republic, the public purse is highly relevant to the Company's business performance. The national budget deficit rose as a result of one-off effects to a probable -1.6% of GDP (following on from -1.0% in 2015). The main causes here were the effects of the tax reform and the expenditure related to refugee migration. The debt level, which has also included BIG's liabilities since 2014 (legally adopted debt level calculation in acc. with ESA 2010) underwent a slight decrease to 84.4%. The harmonised index of consumer prices thereby increased slightly to 0.9%, following on from 0.8% in the previous year.

PUBLIC SECTOR AS A STIMULUS

The expansion offensive for all-day schools has now been fixed with the approval of the Education Investment Act in November 2016. In addition to the existing agreements, EUR 750m will thereby be invested in expanding the range of all-day schools. The government's goal is to provide a place in an all-day school for every pupil within 20 km of their home by 2025. This presents new challenges in terms of school space, which will be further exacerbated by heterogeneous demographic developments. For example, while demand for space is increasing in Vienna, the number of pupils in less populated regions is stagnating or even declining.

In contrast, there is a homogenous tendency in the development of Austrian universities. The steady increase in student numbers and ongoing expansion in study programmes means that demand for space is continuing to grow, as reflected in numerous construction projects. For the concept and financing of these projects, partnerships with the respective municipalities and with business and industry are playing an ever greater role. Examples of these new forms of cooperation between universities and the free market included the International Petroleum Academy of Montanuniversität Leoben, opened in 2016, as well as planned expansions to the Science Park of the Johannes-Kepler University Linz, cooperation initiatives of the Graz University of Technology in the Komet-Zentren at Inffeld-Campus, as well as the Centre for Knowledge and Innovation Transfer project at the Karl-Franzens University in Graz.

The global growth in refugee flows is also leading to domestic-policy demands for greater security. With this in mind, in April 2016 the Ministry of Internal Affairs and the Ministry for National Defence and Sport passed legislation to introduce security measures as part of a "Security Billion". By 2020 an additional EUR 1.3bn will be invested in the federal army, including in upgrading training facilities and structural changes to the army. There could also be possible effects on BIG.

BOOM CONTINUES ON THE PROPERTY MARKETS

The prevailing low interest rates brought in transactions of EUR 86.6bn on the European real estate investment market in the fourth quarter of 2016, making it the strongest quarter in its history. Nevertheless, the market lagged 10% below the level of the previous year, not least because of turbulence on the Chinese financial markets and Brexit. In Austria total investment volumes on the property markets also failed to meet expectations after a weak second half, standing at around EUR 2.7bn (2015: EUR 3.9bn). Experts believe that the reason has nothing to do with weak demand, but is rather the lack of supply of properties. In addition, many transactions were signed in 2016 but will only close in 2017. Against this backdrop, the three-billion-euro mark is expected to be surpassed once again in 2017.

The rental performance of Viennese office space was far above the previous year at around 300,000 m² (2015: 200,000 m²) and thereby marked the highest value since 2008. In light of this market situation, the vacancy rate fell to 5.3% in the year under review (2015: 6.3%) and was thereby one of the five lowest values among Europe's top fifteen office locations. In 2016 the public sector accounted for the highest number of lets with 23%, followed by banks and insurance companies at 21%. Over the course of the year, average rents rose to EUR 13.75 per square metre and are expected to rise to over EUR 14.00 per square metre in 2017.

The housing market also saw sharp price hikes in 2016, especially in major urban areas. On the Vienna housing market, prices for rents rose by 1.2% against the previous year, while purchase prices grew by 3% to 4%, depending on the location and the quality. In general, strong influxes to large cities are expected, which in turn means increased demand for efficient residential space.

BUSINESS DEVELOPMENTS AND FINANCIAL PERFORMANCE

LETTING PROPERTIES

RENTAL REVENUES

Rental revenues for the year 2015 totalled EUR 827.1m and were thereby up by a total of EUR 32.4m against the previous year (EUR 794.7m). The increase in rental revenues resulted on the one hand from completed projects and new lets (EUR 16.5m) as well as indexing (EUR 15.4m) and on the other hand from negative effects in the previous year triggered by adjustments to space and rents (EUR 4.7m). This growth contrasted with adjustments to space and cost rents – primarily in the Universities segment (EUR -2.4m) – as well as loss of rental income due to the sale of properties (EUR -1.8m).

Rental revenues

in EUR m	2016	2015
Schools	326.4	312.6
Universities	256.8	251.6
Special Properties	84.1	78.9
Offices and Residential Property	159.8	151.7
Total	**827.1**	**794.7**

OPERATING COSTS

The operating costs that are charged to tenants, excluding the fees for building management and facility services provided by the Group, totalled approximately EUR 77.6m in 2016 (previous year: 79.5m). These are included in revenues and are a transitory item. In BIG the only remaining items are the fees for building management services of EUR 25.0m (previous year: EUR 24.9m) and facility services provided by the Group of EUR 11.2m (previous year: EUR 10.3m).

PURCHASES AND SALES, MAINTENANCE AND TENANT INVESTMENTS

PURCHASES

In BIG's individual business segments, properties with a total volume of EUR 8.4m (incl. ancillary purchase costs, excluding purchases of plant and equipment) were acquired in the period under review. The largest purchases were the following two properties:

- Purchase of a portfolio building at Auenbrugger Platz 25 in Graz for long-term usage by Graz Medical University. This purchase was made by the business segment Universities.
- Purchase of an undeveloped plot by the business segment Schools in the old Poststraße in Graz (urban development area Reininghaus) as a back-up space.

In the business year 2016 the subsidiaries ARE and ARE DEVELOPMENT achieved the closing and takeover of a completed project in Mödling. A larger development plot in Graz was also acquired. Furthermore, purchase agreements closed for an office and a residential property in Vienna. These properties will become part of the ARE portfolio upon completion.

Acquisitions and joint ventures with established partners led to the start of several new projects in the year under review. In addition to two large project developments in Graz, the focus was on developments in Vienna – here the project Forum Donaustadt deserves a special mention and is being developed in cooperation with SIGNA.

SALES

In addition to the sale of freehold flats under development projects, a minority of sales are concluded in every BIG segment in order to streamline the portfolio. The strategy of selling and transfers is being consistently pursued in the non-profit property sector in particular (border posts, allotments etc.). In 2016 sales were concluded with a total volume of EUR 3.4m (incl. ancillary costs, excluding sales of plant and equipment). The majority of the transactions involved selling allotments to owner-users.

Sales with a total value of EUR 24.3m were made by the subsidiaries ARE and ARE DEVELOPMENT. Of these, the largest sales were of shares in two development projects in Vienna.

MAINTENANCE

The general goal of providing technical assistance to buildings is to maintain the value of the core portfolio and ensure tenant satisfaction. Properties which are awaiting complete refurbishment or for which a tenant has given notice are only subject to measures which are urgently needed.

A special priority involves individual properties and their further structural development. In 2016 the focus of the measures was primarily on building safety, (e.g. fire safety, emergency exits, emergency lighting) and on energy efficiency. Sustainability plays an important role in realising these measures.

Another important maintenance aspect in recent years has been providing disabled access. 82% of BIG's building space now meets the Group's criteria. This relates to the entrance of buildings as well as access to the first floor. Appropriate measures are already underway or in the planning phase for the remaining 18% of the space or they have been deemed irrelevant because of special features of the building (e.g. electrical-transformer buildings).

In 2016 a total of EUR 146.8m (previous year: EUR 140.2m) was spent on maintaining buildings. The following table shows the maintenance expenses for each business segment. The majority of the buildings are in good condition thanks to ongoing maintenance efforts in recent years.

Maintenance expense

in EUR m	2016	2015
Schools	61.5	61.3
Universities	47.5	44.8
Special Properties	12.4	11.6
Offices and Residential Property	25.4	22.5
Total	**146.8**	**140.2**

TENANT INVESTMENTS

The Group implemented tenant investments with a value of roughly EUR 52.5m (previous year: EUR 36.6m) as a service provider in 2016.

INVESTMENTS

In 2016 the BIG Group invested EUR 382.4m (previous year: EUR 376.8m) in non-current assets of property, plant and equipment and intangible assets. Of this total, EUR 369.8m (previous year: EUR 284.4m) went on new building or refurbishment projects on property holdings and EUR 11.2m (previous year: EUR 90.3m) on property and plant acquisitions. In addition, there were investments of EUR 1.5m (previous year: EUR 2.1m) in intangible assets and fixtures, fittings and equipment and leased installations for the Company's operations and business.

Upon inclusion of investment incentives of EUR 54.6m (previous year: EUR 19.4m) and rent surcharges of EUR 18.6m (previous year: EUR 60.5m), net investment totalled EUR 309.2m (previous year: EUR 296.9m).

For financing investments in let properties, the Group makes advance payments on behalf of tenants. The tenant settles the investment partly through rent surcharges which are paid in addition to the normal rent for a limited period. Furthermore, the tenant as a rule waives his/her right to give notice on the property related to the investment. As the period for paying the rent surcharge is usually significantly shorter than the period for which the tenant's right to give notice is waived, this results in a linear distribution of the total rent surcharges over the term of the notice waiver in order to recognise the earnings for the period in which they occurred, independent of cash flows. The development of rent surcharges is recognised in the course of property valuation (see note 8.1 of the notes to the consolidated financial statements).

In the reporting period a total of 46 construction projects (previous year: 43) with an investment volume of EUR 241.5m (previous year: EUR 324.2m) were completed (including non-deductible input tax and capitalised own services).

Moreover, the BIG Group started building work on 49 (previous year: 50) construction projects with a planned investment of EUR 377.9m (previous year: EUR 426.9m) (including non-deductible input tax and capitalised own services). A further 65 projects (previous year: 43) have been in the planning stage since 2016.

FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

Control of the BIG Group takes place at multiple levels and a modular control system is in place for this reason. Here a difference is made between the key performance indicators at the level of the whole Group and the level of the business segments. The key performance indicators at Group level are given below in detail.

FINANCIAL PERFORMANCE

Indicators for earnings and returns

in EUR m	2016	2015
Revenues	1,049.9	990.9
of which rental revenues	827.1	794.7
Maintenance	146.8	140.2
as% of rental revenues	17.7%	17.6%
EBITDA[1]	641.3	622.6
EBITDA margin[1] (= EBITDA/revenues)	61.1%	62.8%
EBIT[1]	742.8	612.9
Profit for the period	511.0	402.1
Return on capital employed	5.9%	4.9%
Return on equity (= profit for the period / average equity)	7.8%	6.5%

[1] EBITDA, the EBITDA margin and EBIT are relevant indicators for presenting the profits of BIG. EBITDA and EBIT are calculated in the consolidated statement of comprehensive income (page 53).

In 2016 revenues stood at EUR 1,049.9m and were thereby EUR 59.0m above the comparative value of the previous year. The increase was primarily due to the growth in rental revenues (EUR 32.4m) and the higher proceeds from the sale of current assets (EUR 26.5m).

The maintenance ratio of 17.7% was slightly higher than the previous year (17.6%).

In the period under review EBITDA rose to EUR 641.3m (previous year: EUR 622.6m), whereby the growth of EUR 18.7m was primarily generated by the increase in rental revenues (EUR 32.4m). There was a contrasting effect from increased maintenance costs (EUR -6.6m) and cost increases in personnel expenses and other operating expenses (EUR -7.0m). In light of the rise in sales proceeds from current assets, the EBITDA margin declined from 62.8% to 61.1%.

EBIT grew by EUR 129.9m to EUR 742.8m. Significant factors behind the increase were higher net revaluation gains (EUR 111.6m) and a rise in rental revenues (EUR 32.4m). On the other hand, higher maintenance costs (EUR -6.6m) and cost increases in personnel expenses and other operating expenses (EUR -7.0m) had the effect of decreasing earnings.

As the result of the increased EBIT, as well as a profit (incl. sales income) that was EUR 10.9m higher from companies recognised under the equity method, the profit for the period increased by EUR 108.9m in 2016 to EUR 511.0m. There was a contrasting effect from the higher tax burden (EUR -29.6m) caused by the growth in earnings.

Key performance indicators for BIG to present the value added in the Company include the returns on capital (Return on Capital Employed, Return on Equity). The positive growth in earnings led to a significant increase in Return on Capital Employed from 4.9% to 5.9%, which was caused in particular by the net revaluation gains. This is also reflected in the increase in Return on Equity from 6.5% to 7.8%.

Return on Equity thereby serves as an indicator of BIG's profitability and is calculated as follows:

Return on Equity

= Profit for the period / average equity in EURm		2016	2015
	Profit for the period	511.0	402.1
	Average equity[1]	6,574.1	6,201.8
Return on Equity		**7.8%**	**6.5%**

[1] Average equity = (equity for the period + equity for the preceding period)/2

RoCE (Return on Capital Employed)

= NOPLAT / Average Capital Employed in EURm		2016	2015
Capital Employed	Equity	6,767.1	6,381.2
	Net debt[1]	3,325.7	3,506.4
		10,092.8	9,887.6
Average Capital Employed[2]		9,990.2	9,766.0
NOPLAT	EBIT	742.8	612.9
	Net sales revenue from companies recognised under the equity method	22.8	0.0
	Notional tax expense	-191.4	-153.2
	Profit from companies recognised under the equity method	11.00	22.8
	NOPLAT	585.2	482.5
RoCE (Return on Capital Employed)		**5.9%**	**4.9%**

[1] Net debt contains financial liabilities and derivative financial instruments less cash and cash equivalents (for a detailed calculation sees LTV).
[2] Average Capital Employed = (Capital Employed for the period + Capital Employed for the preceding period)/2

FINANCIAL POSITION AND CASH FLOWS

Financial position indicators

in %	2016	2015
Equity ratio	54.2	52.7
Loan to Value Ratio (LTV)	27.8	30.4

One of the Company's primary long-term goals is securing a solid equity base. The equity ratio has undergone a continuous increase in recent years and increased once again in the period under review from 52.7% to 54.2%.

Consequently, the Group strives for a balance between financial liabilities and property assets. Given the lower level of debt and the increase in property assets, the LTV improved as in the previous years and stood at 27.8% at 31 December 2016 (previous year: 30.4%).

LTV is a significant indicator for the financial position of BIG and breaks down as follows:

LTV (Loan to Value) = Net debt / fair value

Net debt

(debt capital subject to interest – cash and cash equivalents)

in EURm	2016	2015
Non-current financial liabilities	2,817.8	2,755.6
Current financial liabilities	837.4	1,051.4
Cash and cash equivalents	-52.6	-27.2
Current derivative financial instruments – assets	-61.7	-0.8
Non-current derivative financial instruments – assets	-256.6	-312.8
Derivative financial instruments – liabilities	41.4	40.1
Net debt (debt capital subject to interest)[1]	**3,325.7**	**3,506.4**

Fair Value

in EURm	2016	2015
Portfolio properties	10,936.3	10,641.8
Properties under development	426.7	314.8
Properties used by the Company	39.0	37.0
Interest in project company WU Wien	452.2	461.4
Inventories	98.6	81.8
Fair value[2]	**11,952.8**	**11,536.8**

[1] Net debt contains financial liabilities and derivative financial instruments less cash and cash equivalents.
[2] The fair value of the financed property portfolio consists of portfolio properties, properties under development, properties used by the Company, the shareholding in the project company WU Wien and current property assets.

LTV	27.8%	30.4%

CASH FLOW

Cash flow indicators

in EURm	2016	2015
FFO (excluding transactions)	456.3	442.3[1]
Cash flow from operating activities	551.2	471.2
Cash flow from investing activities	-244.1	-310.4
Cash flow from financing activities	-281.7	-158.4

[1] Adjusted values

The FFO does not include any effects from sales and is calculated as the annual earnings, adjusted for one-off effects and various items which do not have any impact on cash and cash equivalents. The FFO thereby shows the ongoing earnings power of BIG's portfolio properties and is a relevant indicator for BIG's cash flow. In an internal review the definition of this indicator was made more precise so that now all effects from companies accounted for under the equity method have been eliminated without exception; the comparative figures for the year 2015 have thereby been adjusted.

In the period under review, FFO rose by EUR 14.0m to EUR 456.3m. The increase was primarily generated by the increase in rental revenues (EUR 32.4m). There was a contrasting effect from the increase in maintenance (EUR -6.6m) and increased costs for personnel (EUR -4.5m). Furthermore, there was a negative effect from the legal extension of the useful life for tax purposes (EUR -6.1m).

FFO (funds from operations)[1]

excluding transactions in EURm	2016	2015[2]
EBT	663.7	525.2
Actual income tax (corporate tax for the current year)	-98.7	-78.7
Net revaluation gains/losses	-104.9	6.7
Depreciation, amortisation and impairment	3.3	2.9
Write-down on inventory assets	0.1	0.1
Remeasurement of bonds at fair value through profit or loss (fair value option)	6.7	8.7
Remeasurement of bonds at amortised cost (share in foreign currency)	20.4	122.9
Remeasurement of derivatives – with hedge accounting (share in foreign currency)	-12.2	-109.4
Remeasurement of derivatives – fair value option	-6.1	-8.5
Increase in personnel-related provisions	0.3	1.4
Increase in other non-current provisions[3]	4.0	-1.5
Proceeds from the sale of inventory properties	-52.6	-26.1
Property portfolio, current property assets	38.2	13.1

Gains from the sale of plant and equipment	-0.5	-1.5
Losses from the sale of plant and equipment	0.2	0.3
Notional income tax on the sale of inventory properties and plant and equipment	3.7	3.6
Share of profit/loss from companies recognised under the equity method	-11.0	-22.8
Net sales revenue from companies recognised under the equity method	-22.8	0.0
Effects on financing and tax from the share of profit/loss and net sales revenue from companies recognised under the equity method[4]	14.6	13.4
Other adjustments[5]	9.9	-7.5
FFO (excluding transactions)	**456.3**	**442.3**

[1] Excl. transactions, excl. the share of profit/loss for companies recognised under the equity method, without one-off effects, after taxes
[2] Adjusted values for companies recognised under the equity method
[3] The increase in non-current provisions in the period 2016 of EUR 4.0m consists of the change in non-current provisions of EUR 9.4m less changes in provisions not impacting profit or loss of EUR 5.4m.
[4] Tax effects from the share of profit/loss and net sales revenue for companies recognised under the equity method, financing for companies recognised under the equity method including the resultant tax effects.
[5] Adjusted for other non-permanent earnings. In the period 2016 the Austrian Law on Changes in Accounting resulted in a first-time, negative income tax effect – through a mandatory write-up – of EUR 9.9m. In 2015 a one-off provision for interest on arrears totalling EUR 7.5m was released and a one-off adjustment was recognised.

The consolidated statement of cash flows shows the movements in cash for the current business year. In accordance with IAS 7, a difference is drawn between the cash flows from operating activities, investing activities and financing activities.

The operating cash flow increased by EUR 88.0m from EUR 471.2m to EUR 551.2m against the previous year, mainly because of the settlement of rent owed by the Federal Ministry of Education and Research.

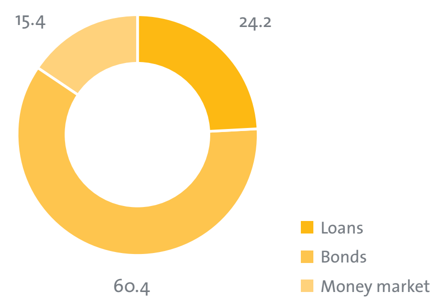
Cash flow from investing activities in 2016 mostly consisted of payouts for investments (EUR -264.4m). Furthermore, transactions related to associates led to a cash effect of EUR 20.3m.

Cash flow from financing activities consists of inflows and outflows related to financing, as well as dividend payouts of EUR 99.1m.

FINANCING

The BIG Group accesses refinancing in the form of portfolio financing. As the property investments and the rental agreements are of a long-term nature, BIG strives to secure long-term financing. Bonds are issued on the basis of the EUR 4.0bn (European Medium Term Notes) program in the form of public bonds or private placements. At least 10% of debt is procured on the money market (primarily as cash advances and under the Commercial Paper Program) in order to secure flexibility in corporate financing and cash flow control and to benefit from the generally lower short-term interest rates.

Financing portfolio 2016
in %



At 30 December 2016 the total financing volume of the BIG Group stood at EUR 3,655.2m, representing a year-on-year decrease of around 4%. Of this total, EUR 2,817.8m was long-term money-market financing and EUR 837.4m was short-term money-market financing. The maturity profile as of end-2017 is EUR 837.4m, with EUR 828.8m from 2018 to 2021 and EUR 1,989.0m from 2021. The average remaining term of the financing stood at 8.3 years as of the reporting date. Of the entire volumes, 20.6% was subject to variable interest rates and 79.4% was subject to fixed interest rates.

All bonds issued in a foreign currency have been converted to euros by means of derivatives, resulting in 100% of liabilities being held in euros at 31 December 2016. The market value of the derivatives thereby totalled EUR 276.9m at the reporting date under inclusion of the counterparty risk, similar to the previous year. Derivative financial instruments are exclusively used to hedge the existing interest and currency risks for bonds and bank loans.

The low interest level had a positive impact on the net interest expense of BIG, with this item falling by EUR 2.8m compared to the previous year. In 2016 a bond of EUR 250.0m with a term of 20 years and a coupon of 1.705% was issued, along with a registered bond of EUR 40.0m with a 22-year term and an interest rate of 1.117%. The capital market issues served to refinance the bond that matured in 2016 and for reclassifications from short-term into long-term financing. The main refinancing product in 2016 was the Commercial Paper, which partially facilitated refinancing at negative conditions. Under the debt issuance programme, it is possible to issue debt securities up to a total volume of EUR 4.0bn. The Commercial Paper Program, which was revised and republished in 2016, allows Commercial Papers to be issued up to a total volume of EUR 1.0bn.

As in the previous year, all financing and start-up financing for development projects with external project partners was implemented as planned in the period under review.

As a property company, the BIG Group operates in a capital-intensive industry and therefore depends on the availability of outside capital. This is why committed lines from the money markets have been concluded to secure liquidity at any time and attention is paid to diversification among bank partners.

In the course of the change in the rating of the Republic of Austria in June 2016, the BIG rating was changed from the highest credit rating (Aaa) to the second-highest credit rating Aa1 with a stable outlook. The BIG rating thereby reflects the rating outlook for the Republic of Austria.

NON-FINANCIAL PERFORMANCE INDICATORS – ENVIRONMENTAL ASPECTS

Energy-efficient construction and refurbishment are just as crucial to BIG as an energy approach that conserves resources. The targeted direction of the related sustainability strategy was adjusted and further developed in 2016. The Company's goal is to play a trailblazing role in the fields "Learning spaces of the future" and "Energy" within the real estate sector. In the year under review the fields of action were already defined and published on the website nachhaltigkeit.big.at along with the measures implemented.

Energy-saving contracting/in-sourcing activities were consistently pursued in 2016. At present 1.3 million m² of let space is covered by contracting agreements. Average annual energy savings guarantees of 19.4% are expected for these properties. This corresponds to around 8,900 tonnes of CO_2 saved per year. The cooperative association between BIG and the Federal Ministry of Science, Research and Economy is currently, together with the city of Berlin, the largest contracting authority in Europe. The energy-saving contracting/in-sourcing is being promoted first and foremost in the university sector. A rough estimate shows that suitable campuses could save 3,500 tonnes of CO_2 a year. More in-depth analyses have already been carried out for large parts of the Leopold-Franzens University, Innsbruck and the Karl-Franzens University Graz; the final results are still pending.

As part of the Holistic Building Program (HBP), a property is evaluated over its entire lifecycle. This approach serves as an aid to planning and decision-making when incorporating standard measures into the construction process. In addition, BIG proposes comprehensive measures to clients for developing sustainable buildings within their predefined budgets; this was further developed through support tools in the year under review. The program is already part of the planning for the major project MedUni Campus Mariannengasse in Vienna, the new construction of the Arbeitsmarktservice in Kroneuburg, the office building Denk Drei in Vienna and the secondary school AHS Zirkusgasse in Vienna. The HBP is presented at both national and international conferences and on the website nachhaltigkeit.big.at/schaffen/holistic-building-program.

As part of building maintenance, energy-related measures are realised both in terms of the structures and the building services. The goal of the "Smart Repair" project is to evaluate and compare the influence of individual energy measures. This allows combinations of measures to be developed for future energy-related maintenance. Projects for thermal facade refurbishment were observed at five schools (Wiener Neustadt technical college, Mödling technical college, 2x Krems technical college, Scheibbs academic college) until mid-2016. The final report will be presented in January 2017.

Under the Energy Efficiency Act, BIG is obliged to realise savings totalling 125 GWh per year by 2020 together with its federal tenants. The primary means to achieve this will involve construction projects, energy-saving contracting, innovation and using alternative energy.

PERSONNEL

At 31 December 2016 the BIG Group had 922 employees (previous year: 898), of which 236 were federal and provincial civil servants (previous year: 247) and 686 were privately employed (previous year: 651), of which 75 were former contract agents. The personnel costs for private employees amounted to EUR 51.2m in the reporting period (previous year: EUR 46.7m). The fluctuation rate rose against the previous year from 3.6% to 4.9%.[1]

BIG has continuously intensified its recruiting measures in order to cover the increased demand for personnel and the expertise in the continuously expanding corporate areas in a targeted manner. Demand has increased in particular for financial processes due to the increase in project business, as well as for employee efforts due to the monitoring activities of external institutions in almost every area of the Company.

Thanks to further strengthening the employer branding, as well as professional recruiting and an improved BIG presence online – particularly on social networks – it has been possible to acquire new employees with outstanding specialist expertise, integrity and social skills. The Company benefits from the targeted, rapid integration of new colleagues as well as proactive, well-documented performance management, which facilitates and supports a focus on educational measures tailored to individual employee needs.

FURTHER DEVELOPMENT AND TRAINING

In light of the dynamic backdrop, the BIG Group is committed to the ongoing professional and personal development of its employees. Professionalism and a focus on service provision are promoted through targeted development measures. In 2016, the so-called "270° Feedback" for management staff was implemented. This instrument is similar to an external snapshot. The feedback given by employees and colleagues facilitates progress in the individual's leadership behaviour.

2016 was also characterised by a strategy and change process in the property management sector. In addition to implementing standardised educational topics, a "Coaching Pool" was set up in summer. Here every employee had the opportunity to accept individual support by a coach. The programme supports goal and performance-oriented behaviour and promotes individual responsibility. In addition, employees can apply for a sabbatical for personal education and training. Overall, BIG invested EUR 0.8m in further education and training for its staff, involving a total of 2,890 training days.

E-learning and online handbooks simplify the transfer of knowledge and they are being offered more extensively from 2016.

[1] as per the Schlüter formula

PROMOTING FAMILY SUPPORT AND HEALTH AND SAFETY

The works agreement on flexitime specifies an annual working time model as well as notional normal working hours. Under this model, employees are entitled to take ten flexi-days per year. As a family-friendly company, there is also a range of models available to employees ranging from part-time work to flexible working models through to unforeseen situations where care is needed (e.g. looking after a family member) through to partial retirement.

Employees receive special support when starting a family, for example with a dedicated contact partner in the HR department, subsidies for children or newborns, or the "Road Map", a collection of all of the information and figures related to parental leave and care. Every employee with a child has the chance – also while on parental leave – to take part in the so-called "Baby Day" while the child is younger than school-age; the motto in 2016 was "Music". In addition BIG offers marginal employment and project work, as well as further training and education, during parental leave. A flexible working time model allows mothers and fathers to determine their working hours individually. At 31 December 2016 there were 17 employees on parental leave (previous year: 23), of which four were fathers. Another employee benefit is crediting parental leave for increments under collective bargaining agreements. Childcare is available free of charge for older children during the Easter, summer (two weeks) and Christmas holidays. All of this has led to a rate of returning to work after parental leave of 100%. A company crèche was opened in 2016 in collaboration with the Federal Ministry of Agriculture, Forestry, Environment and Water Management and the Federal Ministry of Science, Research and Economy. In November BIG was awarded the "Career and Family" certificate by the Federal Ministry of Science, Research and Economy for the third time.

Almost 500 employees took part in the "BIG Vital Day" in 2016 – this was organised across Austria together with UNIQA insurance. The focus was on ranges in heart rates, body composition and mental training. Furthermore, a company doctor provided vaccinations, eye exams and general check-ups; healthy back training was offered and a fruit basket was provided twice a week.

As part of a feedback culture and as the result of the health circle findings, a staff survey was conducted for the second time at the end of 2015, exploring "physical strain in the workplace". The survey addresses aspects such as the climate in the organisation, typical work processes, professional requirements, emotional stressors and workplace design. The findings were presented to employees in January 2016. Here BIG measures up very favourably in every area in comparison to other Austrian employers.

REMUNERATION POLICY

In addition to the remuneration system based on individual agreements and the collective bargaining agreements, BIG employs a variable bonus system based on a management-by-objectives approach for its management and employees.

The remuneration awarded to the managing directors of BIG includes a performance and achievement-based component which – in accordance with the Austrian Staffing Act (Stellenbesetzungsgesetz) and associated regulations – provides for a performance and achievement-based bonus of up to 15% of the gross annual salary. The award of such bonuses is contingent on meeting business performance and organisational objectives which relate primarily to long-term and sustainable criteria such as growth strategies and market shares.

A similar system has been developed for the BIG Group employees, under which an annual bonus is paid out based on the extent to which the predefined goals have been met. The actual goals and the extent of the maximum bonus entitlement are based on the degree of responsibility borne by the employees, which is in turn determined by the employee's pay grade according to the collective bargaining agreement. The employee bonus model is linked with the attainment of Company goals in terms of the provisions of each agreement and the payment terms. In 2016 a team coordination bonus was introduced under the collective bargaining agreement for employees who continuously embrace their team coordination tasks. Moreover, multifaceted career opportunities were offered through progression in specialist and expert levels.

Additional employee benefits include a travel subsidy and job tickets (for 363 employees in 2016), cheap garage spaces in the Vienna area, subsidies for children and births, travel expenses, continued remuneration subsidies, food vouchers, company loans, special leave under collective bargaining agreements, an additional day-off or anniversary bonus regulations.

Furthermore, after a one-year waiting period BIG pays contributions in the amount of the respective salary under the collective bargaining agreement (1.25% from the first year and 1.5% from the fourth year of service) into a federal pension fund for employees.

FORECAST

The frame conditions will remain challenging for the BIG Group once again in the coming year. In light of the client structure, the federal budget situation has a direct impact on the Company. The financial leeway of the Republic is limited and construction projects are subjected to critical analysis. The steady increase in competition is primarily reflected in the increased budget pressure for new-build projects in the public sector. This means that the necessity for BIG to react to the individual and varied customer requirements is also increasing – particularly as regards the development of new commercial, technical and legal models. Nonetheless, the stable order situation impressively confirms BIG's positioning as a relatable partner along with its close customer relationships.

In the coming years the special universities programme from the year 2014 will continue to be a priority in the Company – twelve of the 17 specific university projects are currently under construction. In addition, several projects will begin such as the general refurbishment of the venerable building at Schillerplatz in Vienna of the Academy of Applied Arts. As one of the most important completions in 2017, Modul 1 of the Med Campus Graz with around 41,000 m² net floor space will be handed over to Graz Medical University. Additional projects set for completion in 2017 include the upgrading of the teacher training college in Baden and the new construction of the Seestadt 2 education campus in Vienna. In the coming years work will also start on large-scale construction projects such as the expansion and refurbishments of the state teacher training college in Tyrol and the teacher training college and federal training institute for kindergarten teaching in Ettenreichgasse, Vienna.

The refugee flows will continue to tie up comprehensive resources of the company in 2017. At year-end 2016 a total of around 105,000 m² of BIG's rentable space was used for refugee accommodation by federal, regional and charitable organisations.

In 2016 significant progress in expanding the portfolio was made with regard to the home-building offensive by the Group subsidiary ARE. This trend will be continued seamlessly in the coming year. Here various construction starts are planned on residential building projects in 2017, such as Schottenfeldgasse/Seidengasse and Geigergasse in Vienna as well as the Zeughausareal Innsbruck. With a view to the project pipeline, significant milestones will also be achieved on several urban development projects, whereby construction will start on TRIIIPLE, Erdberger Lände and Wildgarten.

In order to safeguard existing business relationships and manage the properties in a way that adds value, the Company will intensify communication with its respective business partners. This should lead to ongoing improvements in approval of the property strategy and structural measures. The comprehensive service culture will also be consistently developed in order to secure BIG's positioning as a partner to public institutions for every infrastructure-related issue. The expansion of facility management that began in 2016 will be further promoted in 2017.

In addition, the Group is planning to acquire additional, strategically sensible properties in every business segment in the coming years. This will facilitate the establishment of modest targeted reserves, which will allow the Group to continue to acquire tenders from business partners for expansions or increasing the density of space.

A special event for BIG and ARE in 2017 will be the move from the present headquarters in Hintere Zollamtsstraße into the Denk Drei office complex opposite Campus WU in Vienna's second district.

RISK REPORT

The BIG Group focuses on building and letting properties in a dynamic economic environment and is thereby confronted with various opportunities and risks. In order to address these challenges, the Group employs a proactive risk management approach and is committed to continuously developing it.

The goal of the Group-wide risk management is to recognise opportunities and risks early on and to identify them in a timely manner, evaluate them, analyse them, and implement appropriate measures to increase opportunities or mitigate risks in order to avoid endangering the operating and strategic goals. In the course of regular risk management committees with the significant business units that bear risk, risks and opportunities are managed and risk transparency and understanding is strengthened in the corporate culture.

Regular reporting and ad-hoc reporting to the management in critical cases ensures that possible sources of uncertainty can be considered in the important decision-making processes. The top management is thereby involved in every decision related to risk and bears ultimate responsibility for these decisions.

BIG's risk policy is the direct result of the corporate strategy and is set out specifically in a range of guidelines, whose practical implementation is constantly monitored through internal processes. Starting with the joint overall responsibility of the Management Board, the risk management system is decentralised. Risk management permeates every level of the Company and is obligatory for every organisational unit.

Risks and opportunities are evaluated by their risk owners (organisational units) at regular intervals. The potential risks identified are structured into risk spheres and evaluated in terms of content, probability of occurrence, and impact. Suitable measures to avoid or mitigate the risk are undertaken and the risk owners report their findings to central risk management.

The internal audit department evaluates the operating effectiveness of the functional feasibility of risk management once a year. Both the external and internal auditors report to the Management Board and to the Audit Committee of the Supervisory Board.

MATERIAL RISKS

PROPERTY VALUATION RISK

The property valuation risk involves the risk that the value of the properties in the Group portfolio will change. These negative and positive value fluctuations are caused by factors including the macroeconomic environment (such as interest rates), local developments on the real estate market, and property-specific parameters. The Group strives to recognise conditions that could have a negative impact on property values as early as possible and to minimise or preclude such effects through active asset and portfolio management. Properties are recognised at fair value; in 2016 the BIG Group determined the fair value of the properties through internal property valuation software, as well as by consulting external, independent, renowned valuation experts. Standardised information packs for external experts and the internal review of external valuation opinions ensure that the value-related parameters in the valuation reports and therefore the fair value at the valuation date can be presented correctly.

INVESTMENT RISK

The Group is increasingly purchasing properties and project developments through asset and share deals in order to optimise the portfolio (risk/earnings portfolio, location, average size) and to broaden the diversification of the tenant structure. For this purpose a proprietary investment management system has been created with all the associated processes to mitigate potential investment risks. Strict requirements and processes apply to the acquisition process to ensure that risks are minimised. Before the actual acquisition process is initiated, new properties are evaluated with the involvement of numerous different divisions. One fundamental analysis evaluates whether a property is congruent with the portfolio strategy based on factors including the quality of the location, the sustainability of the building and the rental revenues, the creditworthiness of the tenants, operating costs, options involving third-party revenue, the risk/earnings profile, usage type and many other parameters. Before a new property is purchased, comprehensive due diligence is conducted with the assistance of internal and external experts to preclude or minimise economic, technical, legal, and tax risks.

The individual project controlling in all of the BIG Group's projects is queried and evaluated at regular intervals using a standardised checklist in order to minimise the risk of construction cost overruns and to identify early on any potential increases in costs when realising projects and take countermeasures. Any project showing signs of deviation from the plan is discussed with the control team and project managers and scheduled countermeasures are defined and monitored.

LETTING RISK

The BIG Group primarily lets its properties to federal government institutions under long-term leases, whereby the vacancy rate for rentable properties in 2016 was around 1.5%.

CONCENTRATION RISK

In general the property portfolio is distributed broadly throughout Austria depending on the various usage types, although there is a concentration of properties in densely populated areas. The tenant structure has a high share of federal government institutions as tenants, which technically implies a potential concentration risk. However, because of the high credit rating of the Republic of Austria and its agencies, this risk is considered very low. In addition, the share of third-party tenants is being continuously increased as part of the residential building initiative, which in turn leads to greater diversification of usage types in the entire portfolio.

FINANCIAL RISKS AND USE OF FINANCIAL INSTRUMENTS

The risk policy, risk strategy, and latitude for action of the Group financial management are all clearly defined in the Treasury Guidelines.

Group financing is conducted centrally by the Treasury department, which reports regularly to the management on the development and structure of the net financial liabilities of the Group and on financial risks.

The BIG Group generally procures the long-term financing it needs centrally, as corporate financing, through bank loans and through public bonds and private placements.

Short-term refinancing is obtained on the money market in the form of cash advances and through commercial paper. One important factor in the composition of the portfolio is the long-term asset structure, which is accompanied by an appropriate equity and liability structure as part of asset/liability management.

A strategic portfolio approach is employed to optimise the risk/opportunity ratio and is combined with a conservative risk policy. The primary goal of the BIG Group's financial risk management is limiting exposure to financial risks. The most important measures are refinancing on the finance market, managing liquidity so that the Group can meet its obligations at any time, and adjusting the portfolio to the prevailing market backdrop. Financial transactions and the use of derivatives are always based on the needs of the Company's underlying transaction and conducted in a way which minimises any impact on profit or loss. The key objective is securing the Company's operating earnings.

Financial transactions may only involve instruments that have been approved by the management in advance. Generally, only instruments that can be depicted, measured, monitored, and professionally used in the Company's own systems are applied.

As a key component of the Company's success, net financial gains/losses are also subject to interest rate and currency risks.

INTEREST RATE RISKS

The risk of changes in interest rates is primarily associated with outside financing.

Financing subject to fixed interest rates is fundamentally linked to a risk of a change in the present value in terms of interest rates and relates to the fair value of the financial instrument. Unfavourable changes in interest rates can have a negative impact on the amount of future interest payments on variable financing. The risk of changes in interest rates can affect financing subject to fixed and variable rates and this risk is reduced by a mix of fixed and variable interest agreements.

CURRENCY RISKS

Currency risks arise from financial liabilities in foreign currencies and the associated valuation results that fluctuate depending on the exchange rate. All issues are hedged against exchange rate changes by means of derivatives. BIG's guidelines prohibit open foreign currency positions.

LIQUIDITY RISK

Aggregated, rolling liquidity planning is conducted at the level of the Company to determine the financing needs. The financing strategy for a given financial year is determined at the beginning of the year on this basis. This strategy accounts for the long and short-term financing needs of the BIG Group, as well as for the prevailing market conditions. The liquidity risk has been mitigated through committed lines from the money markets.

The Group has a cash pooling function to which the operating subsidiaries are linked. It maintains a clear bank policy and works with national and international banks. This diversified strategy allows BIG to access sufficient liquidity at all times as an Aa1-rated borrower.

DEFAULT RISK

New financial transactions that could involve default risk are only conducted with banks with a credit rating of at least A3/A- at the time that the transaction is concluded or those secured with collateral. The ratings of each institution are monitored on a regular basis.

In the operating business, outstanding claims are also monitored regularly, and impairment charges are recognised when necessary. Here over 90% of the Group's receivables relate to transactions with federal government tenants. The amounts stated as assets in the consolidated statement of financial position represent the maximum credit risk and default risk, since there are no corresponding netting agreements.

TAX RISK

In recent years, the 1st Stability Act 2012, the Land Transfer Tax Amendment 2014 and the Tax Reform Act 2015/2016 have led to far-reaching changes for the property industry in taxes on income, revenue and land transfer. All of the changes have been applied in the Company's accounting in line with legal stipulations.

It is also not possible to exclude eventual changes in the Austrian tax laws in the future. The Group thereby strives to identify any possible consequences of changes in the law early on by working continuously with experts, particularly with external tax advisors, as well as through ongoing monitoring of all important changes in tax laws, taking the findings into account and allocating sufficient provisions for known risks.

INTERNAL CONTROL SYSTEM

Management is required by Art. 22 of the Limited Liability Company Act (GmbHG) to maintain an internal control system (ICS) that satisfies the requirements of the law. The fundamental effectiveness of the ICS must be monitored by the Audit Committee of the Supervisory Board.

The ICS of the BIG Group has the following fundamental objectives: the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws and regulations. It aims to ensure compliance with regulations and guidelines, the dual-control principle and the separation of functions, as well as to create favourable conditions for control activities, particularly in the key accounting processes.

CONTROL ENVIRONMENT AND MEASURES

The most fundamental aspect of the control environment is the corporate culture in which the management and the employees operate. The Company is working actively on improving communication and conveying its fundamental values and principles of behaviour to ensure that all members of the Company adhere to good morals and high ethical standards and act with integrity within the Group and when dealing with others.

Responsibilities under the internal control system have been adjusted to the Group organisation in order to meet the requirements of an appropriate, satisfactory control environment. In addition to the management, the general control environment also includes the middle-management level and department heads in particular.

As part of the Group-wide compliance structure, a separate compliance area has been set up on the intranet where employees can find information about compliance-related topics and rules (code of conduct, compliance guidelines, etc.).

The main goal of controls is to prevent or mitigate the occurrence of errors in the key business processes (preventative controls). Included here are the separation of functions, the dual-control principle, access limitations (authorisation) and the conformance of tasks, skills and responsibilities. The principles of the separation of functions guarantee that activities such as approval, implementation, accounting and monitoring do not lie with the same member of staff or manager.

All control measures are applied in the normal course of business to ensure that potential errors or deviations in the financial reporting are prevented, or that any such errors that occur are discovered and corrected.

MONITORING

The Management Board and the respective department heads have joint responsibility for the continuous monitoring, whereby the department heads are responsible for monitoring their units. Controls are applied and plausibility checks (spot checks) are conducted at regular intervals. Furthermore, the internal audit department is also involved in the monitoring process with its independent, regular assessments of the ICS and accounting processes.

The results of the monitoring activities are reported to the Management Board and Supervisory Board (Audit Committee). The Management Board receives regular reports from the Controlling, Finance Management and Risk Management departments. Reports that are to be published are reviewed and approved by the head of accounting and the Management Board before being forwarded to the Supervisory Board.

CORPORATE GOVERNANCE

VOLUNTARY COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

Since the realignment of BIG as the parent company in 2001 under the Federal Real Estate Act (Bundesimmobiliengesetz), the Management Board – in close cooperation with the Supervisory Board – has pursued the principle of the utmost transparency within the Company. In order to give this transparency external visibility, BIG announced its commitment to the Austrian Code of Corporate Governance on 17 December 2008. The structures and processes of the Group are regularly adjusted and amended to conform to the rules of the Austrian Code of Corporate Governance. BIG's adherence to the C Rules of the Austrian Code of Corporate Governance was most recently evaluated by an external institution in the business year 2015 for the business year 2014.

Given the ownership role of the Republic of Austria, BIG and many of the other Group companies adhere to the rules of the Federal Code of Public Corporate Governance. (http://www.big.at/ueber-uns/nachhaltigkeit/corporate-governance).

COMPLIANCE AND CORPORATE VALUES

As part of the Group-wide compliance structure, it is obligatory to uphold the code of conduct, code of ethics and all compliance-related guidelines of the BIG Group. A compliance area supported by a Compliance Officer was set up on the Group intranet in order to make the compliance structure transparent and accessible. Here employees can find out about all of the compliance-related issues and rules and a dedicated hotline for employees has also been established. Furthermore, employees are obliged to uphold and embrace the fundamental values of the Company which are regularly communicated.

Fair competition and ethical business practices are the cornerstones of the corporate philosophy. As the Group is in competition with other real estate companies, practices and agreements which are targeted at unlawful prevention, limitation or distortion of competitors are expressly forbidden.

PREVENTING CORRUPTION AND ADDRESSING CONFLICTS OF INTEREST

As a state-owned company, the BIG Group employs a stringent anti-corruption policy. Legal stipulations call for employees to be classified as public officials, and they are therefore subject to particularly strict rules regarding accepting gifts, hospitality and other benefits. In addition to the mandatory adherence to internal Group guidelines on preventing corruption, all employees are informed about possible corruption risks in dedicated training sessions.

For the sake of internal transparency requirements, shares held in any companies which work in the same business sector as the BIG Group, or which could represent potential bidders or clients, must be announced. It is also possible for conflicts of interest to arise in relation to second jobs and these may therefore only be undertaken once the requisite approval has been granted.

RESEARCH AND DEVELOPMENT

"GRÜNPLUSSCHULE"

BIG is supporting the Vienna University of Technology project "GrünPlusSchule" at the federal grammar school 7 in Vienna with a three-year term (2015 to 2017). The project measures the impact of courtyard gardens with innovative facade landscaping systems on the microclimate of the part of the city. Given the debate on mechanical ventilation systems, the project is also exploring the extent to which green walls in classrooms affect the interior climate and the impact they have on teachers and pupils.

The first interim reports show that there has been a visible improvement in indoor air quality with regard to dust and an improvement in the CO_2 concentration. Another positive effect is the reduction in indoor noise levels, which are significantly below the recorded values in greened rooms compared to rooms without plants. Facade greening has led to an improvement in the insulation value that has been measured at around 20%.

ARE_LIVING

ARE is committed to innovative approaches for the "Homes of tomorrow". An interdisciplinary team consisting of representatives of various disciplines and schools of thought (architecture, energy, social and intercultural, landscaping, construction and materials) examine and evaluate issues and aspects related to living and sustainability in the course of the ARE_living programme. The goal of ARE_living is to develop contemporary residential buildings "for the 21st century" and attempt to incorporate the aspects of flexibility, long life and comfort into the properties themselves. The topics being explored include demographics, affordability, materials, architecture, energy, outdoor areas, construction and building processes. The programme will run for five years.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In the course of a special construction programme, BIG is investing EUR 100m in specific school projects and an additional EUR 150m in specific university projects. The project will be financed through retained earnings, rent from let properties and new rents. The economic programme originates from the respective responsibilities of BIG, the Federal Ministry of Science, Research and Economy and the Ministry of Education, to fulfil BIG's statutory mandate and the responsibility of the Federal Ministry of Science, Research and Economy as the supreme governing body to ensure the long-term safeguarding of usage of school and university buildings and their rental agreements.

MISCELLANEOUS

POSTPONING PAYMENTS DUE

The agreement concluded on 28 November 2014 between BIG and the Federal Ministry of Education and Women's Affairs contains an agreement to postpone the rent due for the fourth quarter 2014 totalling EUR 88m (net) to March 2016. In return, the interest on the rent for the second to fourth quarter 2016 will be brought forward. The agreement is designed in such a way that is economically neutral and does not impact the profit or loss of either party. The postponement was contractually fulfilled in March 2016 and, as planned, numerous projects are being realised.

REFURBISHING PARLIAMENT

Parlamentsgebäudesanierungsgesellschaft mbH, a cooperation between the Republic of Austria and Bundesimmobiliengesellschaft, was founded in line with the statutory powers of the Refurbishing Parliament Building Act. Here the Republic of Austria – represented by the Parliamentary Administration – holds 51% of the share capital and BIG holds 49%. Entry into the Commercial Register took place on 20 November 2015. The Company's purpose is to refurbish the Parliament building in line with the law and to assist and manage the move to the interim location.

The plans were greenlighted in June 2016; planning permission has been in place since 12 October 2016. The "Refurbishing Parliament" project is now in the construction planning phase, whereby construction is scheduled to begin in August 2017.

REMEDIAL PAYMENTS

In the course of ongoing consultation with the owner, a possible adjustment to remedial payments for the property portfolio of ARE is one of the issues under discussion.

BRANCH OFFICES

The Company has no branch offices.

Vienna, 14 March 2017

The Management Board

Hans-Peter Weiss

Wolfgang Gleissner

WE CREATE THE SPACE OF THE FUTURE.

Around 70% of the rentable space of our 2,089 properties are used by schools and universities. We provide youngsters with the space they need to learn and grow.

PART 3

CONSOLIDATED FINANCIAL STATEMENTS

The “water sculpture” by Roman Signer adorns the freshly renovated and extended Hallstatt technical college and provides a link to the nearby lake. The car tyres installed beside the water are powered by electricity and spray a fountain that reaches far beyond the concrete pool. This is how elementary forces release their potential energy.

BIG ART

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EURt	Note	2016	2015
Revenues	7.1.1.	1,049,941.3	990,899.6
Changes in property holdings	7.1.2.	3,395.7	10,992.6
Other operating income	7.1.3.	17,956.2	22,333.7
Net gains from the sale of property	7.1.4.	299.5	1,234.5
Material expenses	7.1.5.	-347,962.8	-327,557.1
Personnel expenses	7.1.6.	-51,249.1	-46,738.7
Other operating expenses	7.1.7.	-31,091.3	-28,603.4
EBITDA		**641,289.5**	**622,561.3**
Depreciation, amortisation and impairment		-3,269.9	-2,863.8
Write-down on inventory assets	7.1.8.	-121.7	-94.2
Net revaluation gains/losses	7.1.9.	104,909.5	-6,720.7
EBIT		**742,807.4**	**612,882.5**
Share of profit/loss from companies recognised under the equity method	8.3.	**10,965.2**	**22,847.4**
Net sales revenue from companies recognised under the equity method	5.1., 6.6.	**22,779.9**	**0.0**
Financial expenses	7.1.10.	-105,077.9	-107,367.8
Other financial income/expenditure	7.1.11.	-7,817.8	-3,149.9
Net financial income/expenditure		**-112,895.7**	**-110,517.7**
EBT		**663,656.8**	**525,212.3**
Income taxes	8.13.	-152,702.1	-123,105.4
I. Profit for the period		**510,954.7**	**402,106.9**
Items that were or can be reclassified into profit or loss (recyclable)			
Gains/losses from available-for-sale financial instruments	9.2.	-8.7	-20.7
Gains/losses from cash flow hedges	7.1.12.	-9,296.9	49,399.6
Applicable taxes	8.13.	2,326.4	-12,344.7
Items that can never be reclassified into profit or loss (non-recyclable)			
Revaluation of defined benefit obligations	8.9.	18.9	-141.7
Applicable taxes		-4.7	35.4
II. Other comprehensive income		**-6,965.0**	**36,928.0**
III. Total comprehensive income		**503,989.7**	**439,034.8**
of which attributable to non-controlling interests		0.0	-214.1
of which attributable to the parent company		503,989.7	439,249.0
Profit for the period		**510,954.7**	**402,106.9**
of which attributable to non-controlling interests		0.0	-214.1
of which attributable to the parent company		510,954.7	402,321.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

in EURt	Note	31.12.2016	31.12.2015
Investment property	8.1.	11,362,968.0	10,956,578.8
Properties used by the Company	8.2.	39,023.2	36,960.0
Plant and equipment	8.2.	2,883.8	2,772.1
Intangible assets	8.2.	1,652.1	1,994.1
Shares in companies recognised under the equity method	8.3.	502,587.7	485,595.0
Derivative financial instruments	9.2.	256,573.9	312,757.8
Other financial assets	8.4.	76,283.5	48,027.5
Non-current assets		**12,241,972.2**	**11,844,685.2**
Inventories	8.5.	98,566.6	81,790.5
Receivables and other assets	8.6.	34,081.2	145,439.4
Derivative financial assets	9.2.	61,673.7	785.2
Cash and cash equivalents	8.7.	52,602.8	27,196.2
Current assets		**246,924.3**	**255,211.2**
Total assets		**12,488,896.5**	**12,099,896.4**

EQUITY AND LIABILITIES

in EURt	Note	31.12.2016	31.12.2015
Subscribed capital	8.8.	226,000.0	226,000.0
Other reserves	8.8.	-35,608.6	-28,643.6
Retained earnings	8.8.	6,576,684.3	6,183,845.6
Equity attributable to the parent company		6,767,075.7	6,381,202.0
Non-controlling interests	8.8.	0.0	0.0
Equity		**6,767,075.7**	**6,381,202.0**
Financial liabilities	8.12.	2,817,800.7	2,755,644.4
Personnel-related provisions	8.9.	11,977.7	11,683.5
Other provisions	8.10.	48,313.1	38,878.5
Other liabilities	8.14.	3,781.1	2,514.8
Derivative financial instruments	9.2.	41,384.0	40,074.7
Deferred tax liabilities	8.13.	1,430,889.0	1,375,326.4
Non-current liabilities		**4,354,145.6**	**4,224,122.3**
Financial liabilities	8.12.	837,351.3	1,051,400.5
Personnel-related provisions	8.9.	9,317.7	8,024.9
Other provisions	8.10.	175,276.6	155,144.0
Provision for actual income taxes	8.11.	36,606.2	16,785.0
Other liabilities	8.14.	309,123.4	263,217.6
Current liabilities		**1,367,675.1**	**1,494,572.0**
Total equity and liabilities		**12,488,896.5**	**12,099,896.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

in EURt	Note	2016	2015
Cash flow from business activities			
Consolidated income before taxes		663,656.8	525,212.3
Net interest income	7.1.10., 7.1.11.	102,915.4	96,528.5
Depreciation and amortisation	7.1.8.	3,269.9	2,863.8
Write-downs on inventory assets	7.1.8.	121.7	94.2
Net gains/losses from revaluation	7.1.9.	-104,909.5	6,720.7
Remeasurement of bonds at fair value through profit or loss (fair value option)	7.1.11.	6,663.1	8,667.7
Derivate instrument fair value changes and revaluation of bonds	7.1.11.	2,031.3	5,019.4
Share of profit/loss from companies recognised under the equity method	8.3.	-10,965.2	-22,847.4
Net sales revenue from companies recognised under the equity method	8.3.	-22,779.9	0.0
Net losses/gains from the disposal of properties and other assets	7.1.4.	-299.5	-1,234.5
Losses from impairment on loans	8.4	844.6	0.0
Gains and losses from the disposal of financial assets	7.1.10., 7.1.11.	0.4	0.0
Dividends received		4,168.1	31,536.3
Interest received	7.1.11.	848.7	847.6
Interest paid	7.1.10.	-102,238.5	-109,220.9
Income taxes paid	8.13.	-74,996.6	-99,578.1
Other non-cash transactions		-7,735.5	0.0
Operating cash flow		**460,595.2**	**444,609.6**
Changes in receivables from finance leases	8.4., 8.6.	565.1	503.2
Changes in inventories, receivables and other assets	8.6.	41,039.7	-31,799.1
Changes in trade payables	8.14.	32,882.8	35,032.4
Changes in personnel-related provisions	8.9.	1,568.0	1,613.0
Changes in other provisions and other liabilities	8.10.	14,512.5	21,243.6
Cash flow from changes in net working capital		**90,568.0**	**26,593.2**
Cash flow from operating activities		**551,163.2**	**471,202.8**
Cash flow from investing activities:			
Acquisition of property, plant and equipment and intangible assets	8.1., 8.2.	-264,367.8	-306,304.4
Acquisition of subsidiaries less cash and cash equivalents acquired	6.4.	-1,284.0	0.0
Acquisition of non-controlling interests		0.0	-1,661.9
Payouts in connection to companies recognised under the equity method	8.3.	-17,265.1	-10,045.2
Proceeds from the sale of companies recognised under the equity method	8.3.	37,584.6	0.0
Payouts for non-current advance project payments		-7,049.8	-5,114.6
Taking out/repaying loans and borrowings	8.4.	2,027.4	5,317.9
Sale of property, plant and equipment and intangible assets	7.1.4.	6,299.0	7,444.9
Cash flow from investing activities		**-244,055.9**	**-310,363.1**
Cash flow from financing activities			
Redemption of bonds	8.12.	-150,544.6	-181,769.5
Repayment derivative (hedge)		5,684.6	50,625.5
Issue of bonds	8.12.	249,000.0	0.0
Repayment of bank loans	8.12.	-343,803.5	-30,307.3
Taking out bank loans and similar financing	8.12.	64,840.0	83,480.1
Dividends paid	8.8.	-99,103.0	-69,458.0
Remedial payments	8.8.	-7,774.1	-11,019.7
Cash flow from financing activities		**-281,700.6**	**-158,448.9**
Total cash flow (=changes in cash and cash equivalents)		**25,406.7**	**2,390.7**
Cash and cash equivalents at 1 Jan	8.7.	27,196.2	24,805.5
Cash and cash equivalents at 31 Dec	8.7.	52,602.8	27,196.2
Net change in cash and cash equivalents		**25,406.7**	**2,390.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EURt	Subscribed capital	Fair value reserve	Reserve for cash flow hedges
Balance at 1 Jan 2015	**226,000.0**	**29.6**	**-64,965.6**
Profit			
Other comprehensive income		-15.5	37,049.7
Total comprehensive income	**226,000.0**	**14.1**	**-27,915.9**
Transactions with shareholders			
Change in non-controlling interests			
Remedial payments			
Dividend payout			
Total transactions with shareholders			
Balance at 31 Dec 2015	**226,000.0**	**14.1**	**-27,915.9**
Balance at 1 Jan 2016	**226,000.0**	**14.1**	**-27,915.9**
Profit			
Other comprehensive income		-6.5	-6,972.6
Total comprehensive income	**226,000.0**	**7.6**	**-34,888.5**
Transactions with shareholders			
Remedial payments			
Dividend payout			
Total transactions with shareholders			
Balance at 31 Dec 2016	**226,000.0**	**7.6**	**-34,888.5**
Note	8.8.	8.8.	8.8.

Revaluation IAS 19R	Retained earnings	Equity attributable to the parent	Non-controlling interests	Total equity
-635.5	**5,861,618.6**	**6,022,047.1**	**384.8**	**6,022,431.9**
	402,321.0	402,321.0	-214.1	402,106.9
-106.2		36,928.0		36,928.0
-741.8	**6,263,939.6**	**6,461,296.0**	**170.7**	**6,461,466.7**
	-1,491.2	-1,491.2	-170.7	-1,661.9
	-8,144.8	-8,144.8		-8,144.8
	-70,458.0	-70,458.0		-70,458.0
	-80,094.0	**-80,094.0**	**-170.7**	**-80,264.7**
-741.8	**6,183,845.6**	**6,381,202.0**	**0.0**	**6,381,202.0**
-741.8	**6,183,845.6**	**6,381,202.0**	**0.0**	**6,381,202.0**
	510,954.7	510,954.7	0.0	510,954.7
14.2		-6,965.0		-6,965.0
-727.6	**6,694,800.3**	**6,885,191.7**	**0.0**	**6,885,191.7**
	-14,215.7	-14,215.7		-14,215.7
	-103,900.3	-103,900.3		-103,900.3
	-118,116.0	**-118,116.0**	**0.0**	**-118,116.0**
-727.6	**6,576,684.3**	**6,767,075.8**	**0.0**	**6,767,075.8**
8.8.	8.8.	8.8.	8.8.	8.8.

OUR DEDICATION CREATES JOBS.

Investments of EUR 516.6m in new-builds, general refurbishment and maintenance boost the Austrian economy and regional employment.

PART 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sofie Thorsen was behind the work of art to create “ball-game walls” for the outdoor area of Kremszeile grammar school in Krems, for completely free use with no rules applied. The five concrete walls have a colourful design accented with various holes and monochrome metal elements. They represent a place to play freely or simply sit and be.

BIG ART


3

1 REPORTING ENTITY

Bundesimmobiliengesellschaft m.b.H. ("BIG") is a company with its registered seat in Austria. The address of the Company's registered seat is Hintere Zollamtsstraße 1, 1030 Vienna. The consolidated financial statements cover Bundesimmobiliengesellschaft m.b.H. and its subsidiaries (together designated as the "BIG Group"). The Group owns, manages and develops real estate in the public infrastructure sector and for private tenants in the office and residential property sectors.

2 ACCOUNTING PRINCIPLES

The consolidated financial statements of Bundesimmobiliengesellschaft m.b.H.were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the additional requirements of Art. 245a of the Austrian Commercial Code (UGB). They were approved for release by the Management Board on 14 March 2017. The reporting date for the Group and all of the companies included in the Group is 31 December 2016.

2.1 FUNCTIONAL AND REPORTING CURRENCY

These annual financial statements are presented in euros, the functional currency of the Company. All financial figures shown in euros were rounded to the next thousand euros unless indicated otherwise. Rounding differences may occur as a result of the adding of amounts with computer software.

2.2 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements which conform to IFRSs requires the BIG Group management to make estimates and assumptions on the future performance of the Group which may have a significant impact on the recognition and value of assets and liabilities, the disclosure of other liabilities as of the reporting date and the presentation of income and expenditure throughout the financial year.

The following assumptions are subject to a not inconsiderable risk that they could lead to a significant adjustment in assets and liabilities in the next business year:

- The revaluation of investment property with a total carrying amount of EUR 11,362,968.0t (previous year: EUR 10,956,578.8t) involved an array of estimates which may be subject to significant fluctuations over time. For details related to property valuation see the table in note 8.1. "Significant non-observable input factors".
- The recognition of deferred tax assets with a total carrying amount of EUR 96,747.1t (previous year: EUR 87,093.3t) is based on the management's assumptions related to sufficient future availability of taxable income. The accounting decision on the amount and future value of deferred tax items is subject to assumptions on the time that the release of deferred tax liabilities.
- The measurement of other provisions with a total carrying amount of EUR 223,589.7t (previous year: EUR 194,022.5t) is based on the best-possible estimates, some of which are made by independent experts. Aspects taken into account when measuring provisions included past values, the probability of the outcome of litigation or tax issues, the future development of costs, assumptions about interest rates, etc.
- The valuation of existing severance, pension and anniversary bonus obligations with a total carrying amount of EUR 11,977.7t (previous year: EUR 11,683.5t) involved applying assumptions on the interest rate, retirement age, life expectancy, fluctuation and future salary increases.

3 BUSINESS SEGMENTS

3.1 SEGMENTATION PRINCIPLES

The internal reports, and therefore the basis for business decisions at BIG, are prepared following the provisions of the Austrian Commercial Code (UGB – local accounting regulations) in the segments of Schools, Universities, Special Properties (which primarily covers properties with special security requirements such as detention centres and properties of low economic importance for the Company such as churches, mine shafts, and war cemeteries), and in the other segments (especially service provision segments). For this reason, the segment information only shows the segmentation of BIG GmbH (the only place where these segments can be found) in accordance with UGB, and also includes an IFRS reconciliation.

The portfolio of ARE Austrian Real Estate GmbH (hereafter ARE) contains office, commercial, and residential properties, with the medium-term diversification goal of significantly increasing the tenant share accounted for by non-public clients. In line with its strategy, ARE is using market opportunities that arise to purchase and sell properties. The internal management structure is broken down into the regions of Vienna, East (Lower Austria, Burgenland, Styria, Carinthia, and East Tyrol), and West (Upper Austria, Salzburg, Tyrol, and Vorarlberg). Because of the homogeneity of the portfolio and the fact that the company is operated as a single segment from the headquarters in Vienna, the company is not divided into segments. The management of ARE directs the company's operations in accordance with IFRS.

Based on the specific range of activities, the service segments are broken down into Property Management (technical maintenance and building management) and Facility Services (services such as the inspection and maintenance of complexes, the creation of test and inspection reports, and security services). The service provision segments provide internal and external services and these are presented together on the grounds of minor importance.

The figure of EUR -7,191.5t (previous year: EUR -330.5t) and EUR -7,210.1t (previous year: EUR 6,823.9t) in the "Adjustments" column involves, on the one hand, internal invoicing between corporate and service sectors to be eliminated with regard to internal revenues and maintenance expenditure; furthermore, external revenues include revenues which do not have an impact on earnings in the business units, as they represent a transitory item (expenses and proceeds from passing on tenant investments) and are therefore not allocated to the units.

The capital employed per segment includes only those items that can be directly allocated, and primarily consists of investment property, financial assets of affiliated and associated companies, inventories, receivables, construction cost contributions, directly allocable provisions, trade payables, and advance rent payments.

The column IFRS reconciliation primarily involves revaluation between UGB and IFRS regarding the reversal of depreciation and impairment as a result of applying the revaluation method.

The consolidation reconciliation mostly involves consolidation-related adjustments to intragroup transactions (consolidating expenditure/income) and investment income from affiliates as well as the results of companies recognised under the equity method.

3.2 INFORMATION ON THE REPORTING SEGMENTS

Information on the results of each reporting segment is shown below.

Full year 2016

in EURt	BIG Individual UGB				
	Special Properties	Schools	Universities	Other	Adjustments
Revenues	99,276.6	357,997.6	277,340.1	61,570.5	-7,191.5
of which external revenues	98,761.4	357,997.6	277,262.8	11,346.1	24,077.2
of which intragroup revenues	513.2	0.0	15.2	19,019.8	
of which internal revenues	2.0	0.0	62.2	31,204.6	-31,268.7
Maintenance expenditure	-13,059.4	-65,401.3	-54,249.9	0.0	7,210.1
Depreciation and amortisation	-31,552.0	-107,594.5	-98,759.3	-1,724.0	
Impairment and reversals of impairment	7,297.1	27,656.1	1,651.7		
Allocation and release of provisions for onerous contracts	2,013.9	-31.7	-5,181.5		
EBIT	**41,340.3**	**175,312.9**	**85,714.0**	**5,412.7**	
Net financial income/expenditure	-7,387.4	-26,047.9	-12,256.0	-7,104.0	
EBT	**33,952.9**	**149,265.0**	**73,458.0**	**-1,691.3**	
Income taxes[1]	11,822.5	34,145.2	45,928.3	-116,652.9	
Other items from merger			1,162.7	0.0	
Profit for the period	**45,775.4**	**183,410.2**	**120,549.0**	**-118,344.2**	
Capital employed	438,164.3	1,544,973.0	1,880,012.7	659,209.5	
Project volumes of construction start	31.8	154,791.0	200,387.3	0.0	
Project volumes for completed projects	74,477.8	65,295.5	55,512.9	0.0	

[1] As a result of the Austrian Law on Changes in Accounting 2014, deferred tax assets in relation to assets and deferred tax liabilities in relation to provisions had to be recognised in the legally valid separate financial statements of Bundesimmobiliengesellschaft m.b.H., which led to significant income and expenditure in the individual segments.

Full year 2015

in EURt	BIG Individual UGB				
	Special Properties	Schools	Universities	Other	Adjustments
Revenues	93,749.4	344,794.8	271,343.9	50,475.1	-330.5
of which external revenues	93,130.1	344,795.6	270,986.8	9,123.2	28,957.6
of which intragroup revenues	617.2	-0.8	294.9	12,128.0	
of which internal revenues	2.0	0.0	62.2	29,223.9	-29,288.1
Maintenance expenditure	-12,384.9	-65,676.2	-49,172.2	0.0	6,823.9
Depreciation and amortisation	-28,811.6	-102,213.0	-96,493.4	-1,581.3	
Write-downs on inventory assets	0.0	0.0	0.0		
Allocation and release of provisions for onerous contracts	481.0	38.5	-2,225.5		
EBIT	**32,159.5**	**137,099.4**	**101,628.1**	**4,302.5**	
Net financial income/expenditure	-7,574.4	-26,696.2	-12,804.8	20,637.3	
EBT	**24,585.0**	**110,403.1**	**88,823.3**	**24,939.8**	
Income taxes	-8,199.7	-34,142.9	-17,688.8	325.6	
Profit for the period	**16,385.3**	**76,260.2**	**71,134.5**	**25,265.4**	
Capital employed	435,229.8	1,533,974.2	1,800,510.6	758,740.8	
Project volumes of construction start	145,947.9	151,483.3	76,300.3	0.0	
Project volumes for completed projects	44,538.3	195,383.4	35,403.0	0.0	

[2] Fully consolidated companies

BIG Individual UGB	IFRS					
Totals	IFRS reconciliation	Individual BIG	Individual ARE	Other individual FC[2]	Consolidation	Group
788,993.3	6,118.7	795,112.1	210,381.6	47,245.8	-2,798.1	1,049,941.3
769,445.2						
19,548.1						
0.0						
-125,500.5	2,792.4	-122,708.2	-26,915.1	-622.1	3,467.8	-146,777.5
-239,629.8	237,591.8	-2,037.9	-49.3	-39.4	-1,143.3	-3,269.9
36,604.9	-5,241.4	31,363.5	54,575.2	15,957.6	2,891.4	104,787.8
-3,199.3	-13.0	-3,212.3	0.0	0.0	0.0	-3,212.3
307,779.8	**221,437.2**	**529,217.0**	**174,527.9**	**33,426.2**	**5,636.2**	**742,807.4**
-52,795.2	-1,829.0	-54,624.2	-24,410.9	59,034.5	-92,895.1	-112,895.7
254,984.6	**219,608.2**	**474,592.8**	**150,117.0**	**92,460.7**	**-53,513.7**	**663,656.8**
-24,756.9	-73,767.4	-98,524.3	-38,299.2	-12,271.8	-3,606.8	-152,702.1
1,162.7	-1,162.7	0.0	0.0	0.0	0.0	0.0
231,390.5	**144,678.1**	**376,068.5**	**111,817.8**	**80,188.9**	**-57,120.6**	**510,954.7**
4,522,359.5						
355,210.0						
195,286.2						

BIG Individual UGB	IFRS					
Totals	IFRS reconciliation	Individual BIG	Individual ARE	Other individual FC[2]	Consolidation	Group
760,032.7	11,820.4	771,853.1	216,453.5	34,695.3	-32,102.3	990,899.6
746,993.4						
13,039.3						
0.0						
-120,409.5	-451.6	-120,861.0	-25,334.5	-516.6	6,538.0	-140,174.1
-229,099.4	227,482.3	-1,617.0	-22.1	-30.3	-1,194.3	-2,863.8
0.0		0.0	-57.0	0	-37.2	-94.2
-1,706.0		-1,706.0	1,393.0		-0.0	-313.0
275,189.4	**198,464.6**	**473,653.9**	**119,653.7**	**20,387.8**	**-848.3**	**612,847.1**
-26,438.2	-2,313.4	-28,751.6	-25,806.5	36,549.1	-92,508.8	-110,517.7
248,751.2	**196,151.2**	**444,902.4**	**93,847.2**	**56,936.9**	**-70,509.7**	**525,176.9**
-59,705.8	-55,732.2	-115,437.9	-23,613.4	4,577.5	-4,402.2	-138,876.0
189,045.4	**140,419.0**	**329,464.5**	**70,233.9**	**61,514.4**	**-74,911.8**	**386,300.9**
4,528,455.4						
373,731.6						
275,324.7						

3.3 KEY CUSTOMER

Revenues from transactions with the Republic of Austria amounted to EUR 966,668.4t (previous year: EUR 939,837.2t), and were thereby 92% (previous year: 95%) of the Group's total revenues (see note 7.1.1) and relate to every one of the Group's business segments.

4 CHANGES IN ACCOUNTING METHODS

4.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLIED COMPULSORILY OR VOLUNTARILY FOR THE FIRST TIME

The Group applied the following new standards and amendments, including all subsequent amendments to other standards, for the first time.

Standard	Title of the standard or amendment	Obligatory first-time application
Annual Improvements (Cycle 2010–2012)	Various	1.2.2015
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	1.2.2015
Amendments to IFRS 11	Acquisition of an Interest in a Joint Operation	1.1.2016
Amendments to IAS 16 and IAS 38	Acceptable Methods of Depreciation and Amortisation	1.1.2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1.1.2016
Amendment to IAS 27	Separate Financial Statements (Equity Method)	1.1.2016
Annual Improvements (Cycle 2012–2014)	Various	1.1.2016
Amendment to IAS 1	Disclosure Initiative	1.1.2016
Amendment to IFRS 10, 12 and IAS 28	Consolidating Investment Entities	1.1.2016

ANNUAL IMPROVEMENTS (CYCLE 2010–2012)

In the course of the Annual Improvements Project, amendments were applied to seven standards. Adjusting the formulation in individual IFRSs should lead to the clarification of the existing regulations. The standards affected are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

There has been no impact on BIG.

AMENDMENTS TO IAS 19 – DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

The amendments clarify the accounting for employee contributions or those from third parties which relate to the allocation to the service periods if the contributions are tied to the service periods. Furthermore, a simplification has been created for contributions which are independent of the number of years of employee service.

The amendments are effective for annual periods beginning on or after 1 February 2015.

As there are no defined benefit plans for employees or third parties in the Group, this amendment has not had any effect on the consolidated financial statements.

AMENDMENTS TO IFRS 11 – JOINT ARRANGEMENTS – ACQUISITION OF AN INTEREST IN A JOINT OPERATION
The amendment clarifies that the acquisition of interests or additional shares in joint operations that represent a business combination in the sense of IFRS 3 shall be accounted for under the principles for business combinations pursuant to IFRS 3 and other IFRSs, as long as they do not conflict with the principles of IFRS 11.

The amendments do not apply in cases where the reporting company and the other parties involved are under common control of the same ultimate controlling entity.

The amendments are effective for annual periods beginning on or after 1 January 2016.

There has been no impact on BIG in the 2016 business year.

AMENDMENTS TO IAS 16 PROPERTY, PLANT AND EQUIPMENT AND IAS 38 INTANGIBLE ASSETS – CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION
The amendment clarifies the choice of method of depreciation of property, plant and equipment and amortisation of intangible assets. In principle, the choice of depreciation or amortisation method has to reflect the consumption of the expected future economic benefits embodied in the asset.

In this regard the IASB has clarified that depreciation of property, plant and equipment on the basis of revenue generated by the goods produced does not correspond to this approach and that it is therefore not appropriate, as the revenue is not only linked to the consumption of the asset, but also to other additional factors.

This clarification has also been included in IAS 38 for the amortisation of intangible assets with limited useful lives.

As the Group does not apply a revenue-based approach to depreciation and amortisation, this amendment has had no impact on the consolidated financial statements.

AMENDMENTS TO IAS 16 PROPERTY, PLANT AND EQUIPMENT AND IAS 41 AGRICULTURE – AGRICULTURE: BEARER PLANTS
The published amendments clarify that the bearer plants should be accounted for at acquisition or manufacturing cost – analogous to property, plant and equipment produced oneself – until they reach bearer maturity and after this they should be accounted for under the principles of IAS 16 either at cost or at revaluation. Applying the principles of IAS 41 to these assets will not be permitted in the future.

As BIG is not an agricultural company, this amendment has had no impact on the consolidated financial statements.

AMENDMENTS TO IAS 27 SEPARATE FINANCIAL STATEMENTS – APPLYING THE EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

The amendments allow investments in subsidiaries, joint ventures and associates to be accounted for under the equity method in an entity's separate financial statements. With this, all of the earlier options for accounting for these types of company in separate financial statements are now available, namely the cost method, as available for sale financial assets in accordance with IAS 39 and IFRS 9, or by applying the equity method.

There has been no impact on BIG.

ANNUAL IMPROVEMENTS TO IFRS (CYCLE 2012–2014)

Amendments to four standards were adopted as part of the Annual Improvement Project. By adjusting the wording in individual IFRSs, the IASB has clarified the existing standards. The affected standards are IFRS 5, IFRS 7, IAS 19 and IAS 34.

There has been no impact on or changes to BIG.

AMENDMENTS TO IAS 1 DISCLOSURE INITIATIVE

The amendments should allow entities to present their financial reports in a more entity-specific way by exercising their judgement. They primarily involve a clarification that disclosures in the notes are only necessary when their content is material. The model structure of the notes has been discontinued and clarification is made that an entity is free to choose the order in which the accounting and measurement methods are disclosed. Furthermore, the changes include clarification on the aggregation and disaggregation of items in the balance sheet and statement of comprehensive income.

The amendments are effective for annual periods beginning on or after 1 January 2016.

There has been no significant impact on BIG, with the exception of disclosures of investment property. The previous presentation of properties under development has been judged unnecessary on the grounds of materiality and therefore properties under development are presented together with investment property.

AMENDMENTS TO IFRS 10, 12 AND IAS 28 INVESTMENT ENTITIES

The standard serves to clarify issues arising from the exemption from consolidation for investment entities pursuant to IFRS 10, when the entity parent fulfils the definition of an "investment entity". Entities are also exempt from consolidation if the entity parent accounts for its subsidiaries at fair value in line with IFRS 10.

The amendments are effective for annual periods beginning on or after 1 January 2016.

There has been no impact on BIG, as the entity parent is not an “investment entity”.

4.2 NEW STANDARDS AND INTERPRETATIONS WHICH HAVE NOT YET BEEN APPLIED

Standard/interpretation	Title of standard/interpretation	Obligatory first-time application as per IASB	EU adoption
New standards and interpretations			
IFRS 15	Revenue from Contracts with Customers	1.1.2018	22.9.2016
IFRS 9	Financial Instruments	1.1.2018	22.11.2016
IFRS 16	Leases	1.1.2019	t.b.c.
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1.1.2018	t.b.c.
Amended standards and interpretations			
Amendment to IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	t.b.c.
Amendment to IFRS 15	Revenue from Contracts with Customers – Clarifications	1.1.2018	t.b.c.
Amendment to IFRS 2	Share-based Payment	1.1.2018	t.b.c.
Amendment to IFRS 4	Applying IFRS 9 with IFRS 4, Insurance Contracts	1.1.2018	t.b.c.
Amendment to IAS 40	Classification of property under construction	1.1.2018	t.b.c.
Annual Improvements (Cycle 2014–2016)	Various	1.1.2017/1.1.2018	t.b.c.
Amendments to IAS 7	Disclosure Initiative	1.1.2017	t.b.c.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from Contracts with Customers provides a comprehensive framework to determine the amount and timing for recognising revenues. It replaces the existing guidelines on recognising revenue including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

In accordance with IFRS 15, revenue is recognised in the amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. With regard to determining the point in time or the time frame, the focus is no longer on the transfer of risks and rewards (risk and reward approach), but is instead on the transfer of control of the goods or services to the customer (control approach). In future, adopters should apply five steps to determine when and in what amount the revenue is to be realised.

The first step is to identify the contract in the sense of IFRS 15. Under certain conditions, contracts are to be grouped.

The second step is to identify the individual performance obligations. Here the goods and services which have been promised in the contract are to be identified and examined as to whether they are distinct in the sense of the standard. Goods and services promised which are not distinct shall be grouped to form a distinct bundle of goods and services.

The third step is to determine the transaction price. Elements of variable consideration such as discounts and significant financing components are to be taken into account.

The fourth step is to allocate the transaction price to the performance obligations in the contracts. The allocation shall be made with reference to the relative standalone selling prices. A differentiation shall be made as to whether these are observable or whether the entity will need to estimate them using an appropriate method.

The fifth step addresses when revenue is recognised depending on when control is passed. For each performance obligation a determination needs to be made as to whether the revenue will be recognised over time or at a point in time.

In addition, the standard specifies comprehensive disclosure obligations on the nature, amount and timing of the revenues and cash flows as well as any related uncertainties.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. Earlier adoption is permitted. BIG plans to apply the new standard from 1 January 2018.

In the year under review BIG generated 78.8% of its revenues from letting properties and here it primarily operates as a lessor under an operating lease (IAS 17). The revenues do not fall under the provisions of IFRS 15 but are instead covered by the provisions of IAS 17 and, in the future, of IFRS 16. The revenues of BIG that fall under the scope of IFRS 15 include revenue from operating and heating costs, revenue from tenant investments, revenue from building management, revenue from facility services, revenue from construction support, revenue from the sale of property under current assets, revenue from space management and revenue from the sale of assets. In the year under review these revenues totalled EUR 222,793.1t and thereby accounted for 21.2% of total revenues.

For the revenue from operating and heating costs, revenue from building management, revenue from facility services and revenue from construction support, the contractual performance obligations are clearly identifiable and the relevant consideration per performance obligation can be clearly determined. The customer receives and/or utilises the benefits at the same time as the services are rendered by BIG, whereby the revenue is generated over time.

The preliminary analysis has shown that there will be no significant changes from the application of IFRS 15 with regard to the amount and point in time of generating revenues.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9, issued in July 2014, replaces the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised requirements for the recognition and measurement of financial instruments including a new model for expected credit losses to calculate the impairment of financial assets, as well as new general accounting regulations for hedge accounting. It has also adopted the guidelines on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for reporting periods beginning on or after 1 January 2018. Earlier adoption is permitted. BIG plans to apply the new standard from 1 January 2018.

On the basis of the assessments so far, the new standard will have the following impact on the consolidated financial statements of BIG:

BIG primarily employs a “hold-to-collect” business model. This relates in particular to trade receivables, loans, other receivables and assets, as well as cash and cash equivalents. These financial instruments are recognised at amortised cost.

Securities and shares in investment funds are classified as the “hold-to-collect or sell” business model and recognised at fair value without an impact on profit or loss (@FV/OCI).

There were no significant changes to the classification and measurement of financial liabilities.

With regard to the impairment of financial assets, the Group is currently determining which impairment model will be applied (three-bucket approach or simplified model) and how the transfer criteria will be defined. In general the default risk of the majority of financial assets that fall under the IFRS 9 impairment model is classified as low. A significant portion of the financial instruments relate to receivables from the Republic of Austria, whose credit rating is Aa1 and whose default risk is thereby classified as low.

In relation to hedge accounting, no significant changes for BIG have resulted. The micro-hedges (hedge relationship between bonds and the related swap) can be continued as before. The FX basis spread of the cross currency swaps was previously considered under other comprehensive income. The requirement of a retrospective effectiveness test no longer applies (regression analysis is no longer needed), however, the ineffective portions must continue to be reported and included in the consolidated financial statements. A hedge ratio must also be stated in the hedge documentation and the potential sources of ineffectiveness should be added.

IFRS 16 LEASES

The main goal of the new standard is the recognition in general of all leases and the related rights and obligations in the statement of financial position of the lessee. The differentiation between finance leases and operating leases which was previously required under IAS 17 will thereby not be required in future for lessees. The lessee shall recognise a lease liability for the obligation to make future lease payments for all leases in the statement of financial position. At the same time, the lessee recognises a right-of-use asset which fundamentally corresponds to the present value of the future lease payments plus any direct costs incurred. Lease payments include fixed payments, variable payments, as long as they are index-based, expected payments under residual value guarantees and, where applicable, the price of purchase options and penalties for the premature termination of the lease. During the period of the lease, the lease liability is carried forward actuarially similar to the IAS 17 regulations for finance leases, while the right of use is subjected to planned depreciation, which basically leads to higher expenses at the beginning of the term of the lease. The accounting process has been simplified for short-term leases and leases where the underlying asset has a low value.

In contrast, the regulations of the new standard as it applies to lessors are similar to the previous stipulations of IAS 17. The leases continue to be classified as either finance or operating leases. Leases under which all of the significant risks and rewards related to ownership are transferred are classified as finance leases, while all other leases are operating leases. The criteria of IAS 17 have been adopted for the classification under IFRS 16.

The new regulations are obligatory for annual periods beginning on or after 1 January 2019. Early adoption is permitted – subject to adoption by the EU – as long as IFRS 15 is also applied. BIG plans to apply the new standard from 1 January 2019.

BIG is currently evaluating the possible impact on its consolidated financial statements from the application of IFRS 16. Following initial analysis, the new standard will have the following effects on BIG:

As the new regulations for lessors are similar to the previous provisions of IAS 17, no significant changes are expected with regard to accounting for lease agreements under which BIG acts as the lessor for tenants for the properties it holds.

Changes are expected for rental agreements under which BIG acts as the lessee. These relate in particular to leasing vehicles, office and business equipment (e.g. copiers), as well renting office space (see note 9.1.3). BIG is currently analysing the agreements with regard to their impact on the financial statements and the inclusion of a "right of use".

5 ACCOUNTING AND MEASUREMENT METHODS

5.1 CHANGES TO DISCLOSURE METHODS

In the year under review the presentation of Campus WU GmbH, a company recognised under the equity method, was changed for reasons of clarity. The distributions from Campus WU GmbH consist of a dividend and a capital payment related to the continuous reduction of the interest held by BIG. In the past, the earnings attributable to BIG were fully recognised in the statement of comprehensive income as "Share of profit/loss from companies recognised under the equity method". The total dividends were allocated to cash flow from operating activities.

From now on, the earnings from the continuous reduction of the interest held by BIG is presented in the statement of comprehensive income under the item "Net sales revenue from companies recognised under the equity method" (total EUR 22,779.9t, of which Campus WU GmbH EUR 18,258.3t). In the consolidated statement of cash flows, the only related entry now is for the reduction proceeds as "Net sales revenue from companies recognised under the equity method" (total EUR 37,584.6t, of which Campus WU GmbH EUR 27,703.3t), shown in cash flow from investing activities. The payments from dividends received in relation to the ongoing interest held (EUR 3,718.1t) continue to be shown in cash flow from operating activities.

5.2 CONSOLIDATION PRINCIPLES

BUSINESS COMBINATIONS

The Group accounts for business combinations on the basis of the purchase method once the Company has gained control. The consideration transferred upon purchase as well as the net assets acquired are basically measured at fair value. Any goodwill arising from the transaction is assessed once a year for impairment. At the reporting date there was no goodwill. Intragroup restructuring was recognised by carrying forward the carrying amounts.

SUBSIDIARIES

Subsidiaries are companies over which the Group has control. The Group controls a company when it is subjected to variable returns from its activities with the company and/or it holds rights in the company and is capable of influencing these yields through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the moment control is gained until the time control ends.

LOSS OF CONTROL

If the Group loses control over a subsidiary, all of the assets and liabilities of the subsidiary and any related non-controlling interests and other components are removed from equity. Any resultant gain or loss is recognised in profit or loss. Any share paid back to the former subsidiary is recognised at fair value from the moment control is lost.

SHARE OF COMPANIES RECOGNISED UNDER THE EQUITY METHOD

The Group's share of companies recognised under the equity method involves shares in joint ventures and in associates.

Associates are companies over which the Group has significant influence but does not exercise control or joint management with regard to its financial and business policies.

A joint venture is an agreement over which the Group has joint control (whereby it has rights to the net assets of the agreement), instead of rights to its assets and responsibilities for its liabilities.

Shares in associates and joint ventures are accounted for under the equity method. They are initially recognised at acquisition cost, including transaction costs. After the first-time recognition, the consolidated financial statements include the Group's share of total comprehensive income of the company accounted for under the equity method until the point at which significant influence or joint control ends.

BUSINESS TRANSACTIONS ELIMINATED UPON CONSOLIDATION

Intragroup balances and transactions and all non-realised income and expenditure from intragroup transactions are eliminated when producing the consolidated financial statements. Non-realised gains from transactions with companies accounted for under the equity method are derecognised against the shareholding in the amount of the Group's share in the company.

5.3 FOREIGN CURRENCY

The individual Group companies recognise transactions in foreign currencies at the mean exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated to the Group currency (euro) on the reporting date using the exchange rate valid on this date. Subsequent currency gains and losses are recognised in profit or loss in the financial year in which they are incurred.

The consolidated financial statements do not include any companies which have a functional currency which differs from that of BIG as the ultimate parent.

5.4 INVESTMENT PROPERTY

The Group applies the fair value model in accordance with IAS 40 for measuring investment property.

Investment property includes property held as an investment and properties under development. They are initially recognised at acquisition or manufacturing cost less investment costs and contributions to construction costs, after which they are measured at fair value on the respective effective dates – under consideration of accruals for non-linear rents ("rent surcharges"). Any changes of this kind are recognised in profit or loss as net revaluation gains/losses. Investment costs and contributions to construction costs relate to tenant contributions to costs for investment and renovation measures on let property and are not subject to any special repayment conditions.

Any profit or loss from the disposal of an investment property (calculated as the difference between net sales proceeds and the carrying amount of the property) is recognised in profit or loss.

Borrowing costs which can be directly attributed to the purchase, construction or production of a property are not capitalised as acquisition or manufacturing costs, but the assets are instead recognised at fair value in accordance with IAS 23.

5.5 PLANT AND EQUIPMENT AND PROPERTIES USED BY THE COMPANY

Plant and equipment and properties used by the Company are recognised at acquisition or manufacturing cost less accumulated depreciation and impairment charges.

Straight-line depreciation is applied to property, plant and equipment over the probable useful life of the facilities. Individual components of property, plant and equipment are not written down separately as they do not represent a material share of the total acquisition costs. The probable useful lives for the current year and comparable years were applied as follows:

Useful life in years	**from**	**to**
Property used by the Company	25	33
Furniture, fixtures and equipment	3	10
Other fixed assets	10	33

Depreciation and impairment methods, useful lives and residual values are evaluated at the end of every reporting period and adjusted where necessary.

5.6 INTANGIBLE ASSETS

Intangible assets have a limited useful life and are capitalised at acquisition cost less straight-line amortisation and impairment charges. The following useful lives were applied when determining rates of amortisation:

Useful life in years	**from**	**to**
Software	5	5
Rights	0	4

5.7 LEASES

DETERMINING WHETHER AN AGREEMENT CONSTITUTES A LEASE
BIG acts as a lessor, renting out its properties to tenants.

Whether an arrangement contains a lease is determined on the basis of the arrangement's economic substance at the time it was concluded and requires an assessment as to whether meeting the contractual arrangement depends on the use of a certain asset or certain assets and whether the arrangement gives the right to use the asset. A new assessment is only required after the lease has begun if the preconditions of IFRIC 4 are met.

When concluding or re-evaluating an arrangement which contains a lease, the Group separates the necessary payments and other charges required for the lease from the other items on the basis of its relative fair value.

OPERATING LEASES AS LESSOR
Lease arrangements under which all of the risks and rewards related to ownership are not transferred from the Group to the lessee are classified as operating leases and recognised accordingly.

BIG lets the majority of its investment properties under operating leases.

Most of BIG's properties were transferred to BIG by the Republic of Austria under the provisions of the Federal Real Estate Act (Federal Law Gazette 141/2000 from 29 December 2000). Pursuant to Art. 4 (2) of the Federal Real Estate Act, BIG is required to provide space to meet the federal government's needs under standard market terms when economically feasible; BIG is especially required to provide the buildings that have been transferred to it for this purpose, adapt them as needed, and purchase properties needed for the federal government's new construction projects. The federal government leases the buildings back under the master lease concluded between the Republic of Austria and BIG dated 6 December 2000/2 January 2001. The head leases start on 1 January 2001 and are concluded for an indefinite period of time. The master lease includes a termination right for both parties with a period of notice of one year. The rents are indexed on the basis of the 1996 consumer price index, with adjustments being made on 1 January of a given year when the index has changed by at least 5%. The operating costs are generally passed on to the tenant. BIG is obligated to maintain its investment properties and to ensure that they can be used for their contractually agreed purpose.

In addition to the master lease, there are also side letters to the master lease. The side letters to the master lease pertain mostly to the general refurbishments of the buildings and extensions. Under one of these side letters, the tenant (federal government) waives its right of termination, generally for a period of 25 years from the completion of the general refurbishment. This right notwithstanding, BIG is entitled to terminate the leases with a period of notice of one year (subject to the limitations of Art. 30 of the Austrian Tenancy Act). In addition to the monthly rent, rent surcharges must also generally be paid for a limited period, and construction cost contributions must also be paid in some cases.

In addition to the master lease and the side letters and other individual supplements to the master lease, leases are concluded on the basis of Art. 5 of the 1992 BIG Act in connection with the master usufruct agreement and individual usufruct agreements.

There are also leases for buildings that BIG has acquired or built on its own since the 1990s. The agreements for all investment properties generally have index-linking clauses, and a medium- to long-term waiver of the tenant's termination right.

FINANCE LEASES AS LESSOR
Rental agreements under which the significant risks and rewards related to ownership are transferred to the lessor are recognised as a receivable at an amount equal to the net investment from the lease. Receivables from finance leases are basically recognised at the present value of the future minimum lease payments.

The receivables from finance leases stem from two agreements on the letting of two school buildings (in Vienna and Linz) concluded with the Republic of Austria that are classified as finance leases according to IAS 17. The criterion for classification as finance leases was primarily the recovery of investment test. The most important provisions of the leases are the waiver of termination for 25 and 27 years. The lessee has no purchase option.

OPERATING LEASES AS LESSEE

Assets from leases which are not classified as finance leases (operating leases) are not recognised in the consolidated statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as part of the total lease expenditure over the term of the lease.

FINANCE LEASES AS LESSEE

Assets which the Group holds under a lease arrangement and for which the Group essentially takes on all of the risks and rewards related to ownership are classified as finance leases. The leased asset is initially recognised at the lower of the fair value and the present value of the minimum lease payments. After initial recognition the asset is recognised in accordance with the accounting method applicable for this asset.

Minimum lease payments under finance leases are divided between finance expenses and the remaining balance of the lease liability. The finance expense is divided over the term of the lease in such a way that the remaining liability is subject to a consistent interest rate over the periods. At present there are no finance leases under which BIG is the lessee.

5.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

In accordance with IAS 36, BIG only applies impairment to assets which are not measured using the fair value model. At BIG this applies to properties used by the Company, plant and equipment and intangible assets. Should there be signs of impairment, BIG conducts impairment testing on these non-financial assets. This determines the recoverable amount.

The recoverable amount is the higher of the value in use and the fair value less costs to sell (net fair value). If this value is less than the carrying amount of the asset, impairment is applied.

Impairment charges are recognised in profit and loss and are shown as a separate item in the statement of comprehensive income.

If the reasons for the previously recognized impairment no longer exist at a later date, a reversal of impairment is performed up to a maximum of the amortised acquisition or manufacturing costs and is shown as a separate item in the statement of comprehensive income.

5.9 INVENTORIES

The assets reported under inventories are inventory properties and services from tenant investments not yet invoiced.

Inventory properties are properties that are held for sale under ordinary business activities, or those under construction and that are planned to be sold. BIG only holds a very low level of inventory properties, which is why they are recognised under inventories. These are recognised at the lower of acquisition or manufacturing cost and net sales value.

Services not yet invoiced from tenant investments are services that third parties (tenants) commission BIG to perform and that are billed to the tenant after completion. These are recognised at the lower of acquisition or manufacturing cost and net sales value.

5.10 EMPLOYEE BENEFITS

Obligations from current employee benefits are recognised as expenses as soon as the associated work has been performed by the employee. A liability must be recognised for the expected amount to be paid when the Group currently has a legal or de facto obligation to pay this amount based on work performed by the employee and the obligation can be reliably estimated.

DEFINED BENEFIT PLANS

BIG is legally obliged to pay 1.53% of the monthly salary of all employees who joined the Company after 31 December 2002 into an employee benefit fund. This represents a defined benefit plan. The payments in 2016 amounted to EUR 459.0t (previous year: EUR 412.3t) and were recognised immediately in profit or loss. Contributions are also made to a pension fund; the Company has no further benefit obligations vis-à-vis the beneficiaries. Under an agreement between BIG and a pension fund dated 1 January 2007, some employees who have been with the Company for more than one year fall under a defined benefit pension plan. The contributions to this defined contribution plan in 2016 amounted to EUR 309.0t (previous year: EUR 289.2t).

PROVISIONS FOR SEVERANCE PAY

BIG is legally obliged to pay employees who joined the Company before 1 January 2003 a one-time severance payment upon termination or when they enter retirement (mandatory severance payment). This payment depends on the number of years of service and the reason for which the employment relationship is terminated, and ranges from two to twelve monthly salaries.

PROVISIONS FOR PENSIONS

BIG has also entered into defined benefit pension obligations for two former managing directors. A separate provision has been formed for this obligation.

PROVISIONS FOR ANNIVERSARY BONUSES

The collective bargaining agreement for BIG employees, amended as of 1 January 2014, provides for anniversary bonuses for the first time. This entitlement applies to employees with uninterrupted service after 15, 25 and 35 years.

Until the end of 2013 only civil servants and contract agents of BIG were entitled to anniversary bonuses, whereby the beneficiaries receive different monthly salaries depending on the province and their years of service in accordance with legal stipulations.

None of the defined benefit plans is financed from a fund. The interest on defined benefit plans is recognised under interest expense.

5.11 PROVISIONS

Provisions are formed when BIG is subject to a legal or de facto obligation with respect to a third party on the basis of a past event and when it is probable that this obligation will result in a cash outflow.

These provisions are formed in the amount resulting from the best estimate at the time the annual financial statements are prepared. If the present value of the provision calculated on the basis of a standard market interest rate deviates substantially from the nominal value, the present value of the obligation is applied. Expenses from accrued interest on other provisions are recognised in the expenses related to the respective provision.

If a reliable estimate of the amount of the obligation is not possible, the cash outflow is not probable or the occurrence of the obligation depends on future events, then there is a contingent liability. In these rare cases, a provision is not formed and an explanation is given in the notes.

5.12 OBLIGATION TO MAKE REMEDIAL PAYMENTS TO THE REPUBLIC OF AUSTRIA

BIG acquired a number of property portfolios from the Republic of Austria some years ago. These purchase agreements stipulated two purchase price components:

- A fixed purchase price upon transfer of the property (considerably lower than the fair value)
- A variable purchase price in the amount of 80% of the accounting profit upon sale of these properties

The variable purchase price is calculated using the following formula:

N = (W-V-A-NV-I)*0.8

N = Remedial payment
W = Resale value
V = Selling costs
A = Acquisition value
NV = Assumed net liabilities at the time of acquisition
I = Carrying amount of the investment of BIG and the capitalised usufruct for the property in question

This remedial payment obligation means that there is a significant difference between the fair value and the actual proceeds that will remain with BIG in the event of sale.

At the time of purchase, the properties were recognised with the fixed purchase price as the acquisition costs. The variable purchase price is not recognised until a property is actually sold (and not in advance), as the Company is under no contractual obligation to sell the properties. When a property is actually sold, the variable purchase price component represents an obligation to make a disbursement to the owner that is recognised directly in equity.

5.13 REVENUES

RENTAL REVENUES

Rental revenues are generally recognised on a straight-line basis over the entire term of the rental agreements, as long as another distribution is not more appropriate.

Incentive agreements such as rent-free periods, reduced rent for a specific period or one-off payments, for example, form part of the rental revenues and are also recognised on a straight-line basis. If rental agreements contain regular adjustments over the term of the rental agreement ("graduated rents"), adjustments of this kind are also recognised on a straight-line basis over the term of the rental agreement.

In contrast, adjustments caused by inflation are not subject to recognition spread over a period. The entire term of the rental agreements, over which the entire proceeds are recognised on a straight-line basis, relate to the non-cancellable period and to other periods for which the tenant can exercise his/her option with or without further payments, if the take-up of the option is sufficiently secure at the beginning of the rental arrangement.

Rental revenues are measured at the fair value of the received and outstanding consideration less any direct discounts.

REVENUES FROM OPERATING AND HEATING COSTS

Revenues also include proceeds from operating and heating costs. The costs that arise for let properties are passed on to the tenants. The Company is responsible for selecting suppliers on behalf of tenants and acts as a contractor for these suppliers. This is why both the revenues and the expenses for operating costs are shown in their gross amounts.

REVENUES FROM TENANT INVESTMENTS

Revenues from tenant investments involve investments in let buildings that are commissioned by the tenant and the costs of which are billed to the tenant.

REVENUES FROM OPERATIONS OR SERVICES

Revenues from operations or services (proceeds from building management, facility services, construction support, space management) are recognised in the period in which the services were rendered by the Group.

REVENUES FROM THE SALE OF PROPERTY UNDER CURRENT ASSETS

Proceeds from the sale of property under current assets (inventory property) are recognised as soon as the material risks and opportunities related to ownership have been transferred to the buyer, the receipt of the consideration is considered probable, the related costs can be reliability estimated, there is no longer a right of refusal over the goods and the amount of revenue can be reliably determined.

REVENUES FROM SERVICE CONCESSION AGREEMENTS IFRIC 12

Revenues related to construction or expansion services under a service concession agreement in accordance with IFRIC 12 are recognised on the basis of the stage of completion of services rendered in accordance with IAS 11.

If the Group renders more than one service under a service concession agreement, then the consideration received is divided in line with the respective fair value of the individual services rendered, as long as a division into individual amounts is possible.

The item in the statement of financial position resulting from realisation of revenues shall subsequently be qualified with regard to whether there is a specific cash consideration or whether it was realised through the use of services by the user. The first case involves a financial asset, while the second case relates to an intangible asset.

As the parent of the BIG Group, Bundesimmobiliengesellschaft m.b.H won a call for tender in 2015 for the general refurbishment and subsequent maintenance and servicing for a ten-year period for a school property in the town of Weiz with the federal ministry responsible for education.

A right of use was granted to the customer and entered into the Land Registry for the period from the start of the construction phase through to the conclusion of the ten-year maintenance and servicing period.

Once the period of use is over, the right of use expires and all services rendered pass without indemnity to the landowner (town of Weiz). For the ten-year period BIG is entitled to a contractually fixed payment which is independent of the actual usage of the building. The precise amount of the payment will only be known upon conclusion of the project, as adjustments by the contractor are expected, whereby the adjustments will be agreed on an ongoing basis and every change will be accounted for as an adjustment to the ongoing payment. This case thereby represents a financial asset.

This is thereby subject to the measurement categories of IAS 39 and shall then be developed accordingly, whereby the Company has selected the classification under Loans and Receivables and the carrying amount will therefore be recognised in line with the effective interest method.

5.14 INCOME TAXES

The income tax expenses reported for the financial year include the corporate income tax calculated for the individual companies on the basis of their taxable income and the applicable tax rate ("actual tax") and the changes in deferred tax items recognised in profit or loss ("deferred tax").

The valid tax rates are used for determining deferred amounts. The valid Austrian tax rate of 25% was used to calculate the deferred taxes.

The temporary differences between the balance sheet for tax purposes and the consolidated statement of financial position according to IAS 12 were considered for the calculation of the deferred taxes. The deferred taxes on loss carryforwards are recognised when it is considered probable that there will be sufficient future taxable profit against which the loss or credit carryforward can be utilized. The Company has not capitalised any loss carryforwards because it has no material loss carryforwards.

BIG is the parent of a tax group. The members of this group are:

- ARE Austrian Real Estate GmbH
- ARE Austrian Real Estate Development GmbH
- BIG Beteiligungs GmbH
- "Muthgasse 18" Liegenschaftsverwertung GmbH
- Campus WU GmbH
- ICT Technologiepark Errichtungs- und Verwertungs GmbH
- Argentinierstraße 11 GmbH
- Beatrixgasse 11-17 GmbH
- Rosenberggürtel Graz GmbH

- ARE Holding GmbH
- Wimmergasse 17 und 21 GmbH
- ND Holding GmbH
- Institutsgebäude Sensengasse 1-3 GmbH
- Schottenfeldgasse 34 GmbH
- Seidengasse 20 GmbH
- Wildgarten Entwicklungsgesellschaft m.b.H.
- Linke Wienzeile 216 GmbH
- Q12 Projektentwicklung eins GmbH
- Q12 Projektentwicklung zwei GmbH
- Q12 Projektentwicklung drei GmbH

The positive and negative tax allocation to each group member is 25% (pursuant to § 22 [1] KStG as amended, Federal Law Gazette I 2004/57) of the member's profit or loss for tax purposes. When the parent holds between 50% and 75% of a member company (such as Campus WU), only positive amounts have been allocated since 1 January 2013 and tax losses are carried internally. Losses of EUR 6,223.3t (previous year: EUR 7,224.6t) from the project companies for which no tax allocations were made were assumed in the financial year 2016. No reserves for later tax settlement were made because the Company does not anticipate that the losses that were assumed will have to be paid on the basis of contractual agreements.

5.15 CASH FLOWS

The statement of cash flows was prepared in accordance with IAS 7. Cash and cash equivalents include cash, sight deposits at banks and investments at credit institutions with a term of up to three months.

5.16 NET FINANCIAL INCOME/EXPENDITURE

Other financial income/expenditure contains interest, dividend, and similar income from the investment of funds and investments in financial assets, as well as gains and losses from the sale of financial assets and from impairment charges and reversals of impairment on financial assets.

Financing expenses include all interest incurred for obtained loans and other financing and similar expenses. The interest is recognised using the effective interest rate method.

The currency gains associated with financing are recognised under other financial income/expenditure and currency losses are recognised in finance expenses.

5.17 FINANCIAL INSTRUMENTS

All financial assets and liabilities are recognised at their respective due date. The financial assets and liabilities are derecognised when the rights to payment from the investment are cancelled or transferred and BIG has transferred all of the risks and opportunities related to ownership.

5.17.1 LOANS AND RECEIVABLES

Assets and liabilities of this kind are initially recognised at fair value plus the directly attributable transaction costs. For subsequent measurement they are recognised at amortised cost under application of the effective interest method.

Trade receivables, receivables from finance leases, loans and other receivables and assets are classified as loans and receivables. This also applies to other bonds (with the exception of individual bonds at fixed interest rates and issued in a foreign currency), liabilities to credit institutions, as well as trade payables and other liabilities.

If there is any uncertainty surrounding the recovery of individual receivables, they are recognised at the lower realisable amount. Impairment is then applied and recognised in profit or loss.

A reversal of impairment is recognised up to the original acquisition or manufacturing cost should impairment no longer apply.

5.17.2 AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities and assets consist of shares in investment funds.

They are initially recognised at fair value plus the directly attributable transaction costs. For subsequent measurement they are recognised at fair value and any changes in value, with the exception of impairment, are recognised in other comprehensive income and shown in the fair value reserve in equity. When an asset is derecognised, the accumulated other comprehensive income in transferred to profit or loss.

5.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, sight deposits at banks and investments at credit institutions with a term of up to three months.

5.19 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group only uses derivative financial instruments to hedge existing currency and interest-rate risks related to bonds and bank loans (cross currency swaps and interest swaps). Derivatives are initially recognised at fair value, while any related transaction costs are recognised in profit or loss when they occur. For subsequent measurement, derivatives are recognised at fair value. Any changes which result are generally recognised in profit or loss. Derivate financial instruments are recognised as financial assets if they have a positive fair value and as financial liabilities if their fair value is negative.

In connection with measuring the effectiveness, the Group has decided to opt for the internationally recognised hypothetical derivative method; the international consensus is that this is the most appropriate method for cash flow hedges, but that it can also be applied to fair value hedges. A prospective effectiveness measurement is carried out at the start of the hedge relationship, while retrospective effectiveness tests are conducted every six months during the term of the derivative and written documentation on the hedge relationship is produced. Recognised measurement methods and price quotes (Bloomberg) are applied for determining the market values.

For derivatives that are intended to hedge against the risk of fluctuating cash flows ("cash flow hedges"), the effective portion of the change in the fair value of the derivative is recognised in other comprehensive income and shown in equity in the cash flow hedge reserve. The ineffective portion of the change in the fair value is recognised directly in profit or loss.

The accumulated amount recognised directly in equity remains in the other comprehensive income, and is reclassified to profit or loss in the same period(s) in which the hedged item influences the profit or loss.

As soon as the hedging instrument no longer meets the requirements for hedge accounting or the instrument expires, is sold, terminated, exercised, or is no longer designated as a hedging instrument, it is no longer recognised as a hedging instrument. If the forecast transaction is no longer expected to occur, the accumulated amount previously recognised in equity is transferred to profit or loss.

5.20 FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

Individual fixed-rate bonds issued in a foreign currency are hedged in euros using cross currency swaps, without designating the derivative as a hedge transaction or applying hedge accounting. The derivatives are recognised at fair value and any resultant changes are recognised in profit or loss. In order to avoid mismatches in the measurement, these bonds are initially recognised at fair value through profit or loss (fair value option).

6 CONSOLIDATED GROUP

6.1 CHANGES TO THE CONSOLIDATED GROUP

The following changes to the consolidated group occurred in the 2016 financial year:

	Fully consolidated	Equity method
Balance at 1.1.2016	35	26
Changes to the consolidated group	-3	3
Sold in the year under review		-2
Purchased in the year under review	1	16
Founded in the year under review	15	12
Merged in the year under review		0
Balance at 31.12.2016	**47**	**55**

The following changes to the consolidated group occurred in the 2015 financial year:

	Fully consolidated	Equity method
Balance at 1.1.2015	24	18
Founded in the year under review	11	8
Balance at 31.12.2015	**35**	**26**

6.2 FULLY CONSOLIDATED COMPANIES

In addition to BIG, 46 (previous year: 34) domestic subsidiaries over which BIG has control were fully consolidated:

Company	Domicile	Currency	Direct sharehol-ding in %	Direct shareholding in % previous year
Bundesimmobiliengesellschaft m.b.H.	Vienna	EUR	100.00	100.00
ARE Austrian Real Estate GmbH	Vienna	EUR	100.00	100.00
ARE Austrian Real Estate Development GmbH	Vienna	EUR	100.00	100.00
"Muthgasse 18" Liegenschaftsverwertung GmbH	Vienna	EUR	100.00	100.00
BIG Beteiligungs GmbH	Vienna	EUR	100.00	100.00
Kasernstraße 29 Immobilien GmbH (formerly: BIG Asperner Flugfeld Süd Holding GmbH)	Vienna	EUR	100.00	100.00
ICT Technologiepark Errichtungs- und Verwertungs GmbH	Vienna	EUR	100.00	100.00
Grutschgasse 1-3 GmbH	Vienna	EUR	100.00	100.00
Argentinierstraße 11 GmbH	Vienna	EUR	100.00	100.00
Beatrixgasse 11-17 GmbH	Vienna	EUR	100.00	100.00
Rosenberggürtel Graz GmbH	Vienna	EUR	100.00	100.00
Wimmergasse 17 und 21 GmbH	Vienna	EUR	100.00	100.00
Schottenfeldgasse 34 GmbH	Vienna	EUR	100.00	100.00
Seidengasse 20 GmbH	Vienna	EUR	100.00	100.00
ARE Holding GmbH	Vienna	EUR	100.00	100.00
ARE Beteiligungen GmbH	Vienna	EUR	100.00	100.00
Anzengrubergasse Errichtungs- und Verwertungs GmbH	Vienna	EUR	100.00	100.00
ND Holding GmbH	Vienna	EUR	100.00	100.00
Institutsgebäude Sensengasse 1-3 GmbH	Vienna	EUR	100.00	100.00
Wildgarten Entwicklungsgesellschaft m.b.H.	Vienna	EUR	100.00	100.00
Wildgarten BP eins Entwicklungsgesellschaft m.b.H.	Vienna	EUR	100.00	100.00
Wildgarten BP zwei Entwicklungsgesellschaft m.b.H.	Vienna	EUR	100.00	100.00
Wildgarten BP fünf Entwicklungsgesellschaft m.b.H.	Vienna	EUR	100.00	100.00
Wildgarten BP acht Entwicklungsgesellschaft m.b.H.	Vienna	EUR	100.00	100.00
Linke Wienzeile 216 GmbH	Vienna	EUR	100.00	100.00
Bahnhofgürtel 55 GmbH	Vienna	EUR	100.00	100.00
Hintere Zollamtsstraße 17 GmbH	Vienna	EUR	100.00	100.00
Geigergasse 5-9 Immobilien GmbH	Vienna	EUR	100.00	100.00
Engerthstraße 216 Immobilien GmbH	Vienna	EUR	100.00	100.00
Landstraßer Hauptstraße 148a Immobilien GmbH	Vienna	EUR	100.00	100.00
Gerasdorfer Straße 105 Immobilien GmbH	Vienna	EUR	100.00	100.00
ND Beteiligungen GmbH & Co KG	Vienna	EUR	100.00	100.00
Enzenbergstraße Immobilien GmbH	Vienna	EUR	100.00	0.00
N13 S3 Betreutes Wohnen Ges.m.b.H.	Brunn am Gebirge	EUR	100.00	0.00
Q12 Projektentwicklung eins GmbH	Vienna	EUR	100.00	0.00
Q12 Projektentwicklung zwei GmbH	Vienna	EUR	100.00	0.00
Q12 Projektentwicklung drei GmbH	Vienna	EUR	100.00	0.00
ARE PARS GmbH	Vienna	EUR	100.00	0.00
Siemensäcker Projektentwicklung zwei GmbH	Vienna	EUR	100.00	0.00
Siemensäcker Management eins GmbH	Vienna	EUR	100.00	0.00
Siemensäcker Management drei GmbH	Vienna	EUR	100.00	0.00
ARE VG EINS Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
ARE VG ZWEI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
ARE DEV VG ZWEI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
ARE DEV VG DREI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
FJK Management GmbH	Vienna	EUR	100.00	100.00
FJK ZWEI Management GmbH & Co KG	Vienna	EUR	100.00	0.00

6.3 SHARES IN COMPANIES RECOGNISED UNDER THE EQUITY METHOD

At the end of the reporting period there were 55 (previous year: 26) domestic companies recognised under the equity method included in the consolidated financial statements:

Company	Domicile	Currency	Direct sharehol-ding in %	Direct shareholding in % previous year
Campus WU GmbH	Vienna	EUR	51.00	51.00
Wien 3420 Aspern Development AG	Vienna	EUR	26.60	26.60
FJK 51 Projektentwicklungs GmbH & Co KG (formerly: FJK Management GmbH & Co KG)	Vienna	EUR	49.00	100.00
FJK 51 Projektentwicklungs GmbH	Vienna	EUR	49.00	0.00
NOE Central St. Pölten Verwertungs GmbH	St. Pölten	EUR	67.58	67.58
ND Beteiligungen GmbH	Vienna	EUR	50.00	50.00
Nuss Errichtung GmbH	Vienna	EUR	50.00	0.00
BIG Liegenschaften Strasshof Verwertung und Entwicklungs GmbH	Vienna	EUR	55.00	55.00
HAPA Projektmanagement GmbH	Vienna	EUR	50.00	50.00
Residenz am Hamerlingpark GmbH & Co KG	Vienna	EUR	50.00	50.00
Kaarstraße 21 GmbH	Vienna	EUR	50.00	50.00
Kirchner Kaserne Projektentwicklungs GmbH	Graz	EUR	49.00	0.00
SIVBEG-Strategische Immobilien Verwertungs-, Beratungs- und Entwicklungsgesellschaft m.b.H.	Vienna	EUR	45.00	45.00
Parlamentsgebäudesanierungsgesellschaft m.b.H.	Vienna	EUR	49.00	49.00
Hilmteichstraße 85 Projektentwicklung GmbH	Vienna	EUR	50.00	50.00
Schiffmühlenstraße 120 GmbH	Vienna	EUR	25.00	25.00
Hillerstraße - Jungstraße GmbH	Vienna	EUR	25.00	25.00
Eslarngasse 16 GmbH	Vienna	EUR	25.00	25.00
Fürstenallee 21 GmbH	Vienna	EUR	25.00	25.00
Schnirchgasse 9-9A GmbH & Co KG	Vienna	EUR	45.00	45.00
TRIIIPLE Management GmbH	Vienna	EUR	45.00	45.00
TRIIIPLE BP eins GmbH & Co OG*	Vienna	EUR	45.00	45.00
TRIIIPLE BP zwei GmbH & Co OG*	Vienna	EUR	45.00	45.00
TRIIIPLE BP drei GmbH & Co OG*	Vienna	EUR	45.00	45.00
TRIIIPLE BP vier GmbH & Co OG*	Vienna	EUR	45.00	45.00
TRIIIPLE Beteilgung drei GmbH*	Vienna	EUR	45.00	45.00
TRIIIPLE Beteilgung vier GmbH*	Vienna	EUR	45.00	45.00
Erdberger Lände 36-38 Projektentwicklung GmbH	Vienna	EUR	50.00	50.00
ARE DEV VG EINS Beteiligungsverwaltungs GmbH	Vienna	EUR	50.00	0.00
ERD38 BP zwei GmbH & Co KG**	Vienna	EUR	50.00	0.00
ERD38 BP drei GmbH & Co KG**	Vienna	EUR	50.00	0.00
ERD38 BP vier GmbH & Co KG**	Vienna	EUR	50.00	0.00
ERD38 BP fünf GmbH & Co KG**	Vienna	EUR	50.00	0.00
ERD38 BP sechs GmbH **	Vienna	EUR	50.00	0.00
ERD38 BP sieben GmbH **	Vienna	EUR	50.00	0.00
ERD38 BP acht GmbH **	Vienna	EUR	50.00	0.00
ERD38 BP neun GmbH**	Vienna	EUR	50.00	0.00
ERD38 BP zehn GmbH & Co KG**	Vienna	EUR	50.00	0.00
ARP Twentyfour GmbH	Vienna	EUR	49.00	0.00
FoDo Holding GmbH & Co KG	Vienna	EUR	49.00	0.00
FoDo Office Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	0.00
FoDo Hotel Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	0.00

FoDo Business Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	0.00
FoDo Services Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	0.00
FoDo Parking Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	0.00
FDO Immobilien Invest GmbH***	Vienna	EUR	49.00	0.00
FDO Living GmbH***	Vienna	EUR	49.00	0.00
FDO Hotel GmbH & Co KG***	Vienna	EUR	49.00	0.00
FDO Parking GmbH & Co KG***	Vienna	EUR	49.00	0.00
FDO Services GmbH & Co KG***	Vienna	EUR	49.00	0.00
FDO Office GmbH & Co KG***	Vienna	EUR	49.00	0.00
FDO Business GmbH & Co KG***	Vienna	EUR	49.00	0.00
SCHÖPF15A GmbH	Vienna	EUR	50.00	0.00
FLORA24 GmbH	Vienna	EUR	50.00	0.00
Engerthstraße 187 Errichtungsges.m.b.H.	Vienna	EUR	50.00	0.00

* Wholly owned subsidiary of Schnirchgasse 9-9A GmbH & Co KG. The earnings are part of this company.
** Wholly owned subsidiary of Erdberger Lände 3-38 Projektentwicklung GmbH. The earnings are part of this company.
*** Wholly owned subsidiary of FoDo Holding GmbH & Co KG. The earnings are part of this company.

All companies recognised under the equity method, with the exception of Wien 3420 Aspern Development AG, qualify for recognition as joint ventures. Regardless of the respective interest held, the qualification arises from the contractual agreements on joint control of the company.

For the companies Campus WU GmbH, BIG Liegenschaften Strasshof Verwertung und Entwicklung GmbH and NOE Central St. Pölten Verwertungs GmbH, all material decisions for the Company can only be made jointly with the other owner. This is why these companies are classified as joint ventures, despite ownership of more than 50%.

Significant influence is the precondition for classification as an associated company. As a rule, this can be determined by the presence of one or more indicators which are defined in IAS 28.6. Potential voting rights must be considered when determining whether significant influence exists. In contrast, actually exercising significant influence is not required. If a company holds 20% or more of the total voting rights, it is assumed to have significant influence.

CAMPUS WU GMBH

Accounting for around 91% of the total value of companies accounted for under the equity method, the Group considers Campus WU GmbH to be its most important joint venture.

BIG (51%) and the Vienna University of Business and Economics (WU) are the joint owners of this independent vehicle that operates the WU campus, which is used by the WU as the main tenant.

- This project was financed in full by BIG as follows: in accordance with agreement laid out in the syndicate agreement, during the construction phase of the new WU Building BIG was obliged to provide first-tier parent contributions to cover the entire construction costs and 49% of the costs to acquire the development site.
- The remaining 51% of the costs to acquire the development site are provided by BIG as an additional capital injection into the project company.
- To date, BIG has concluded credit agreements with five lenders and a registered bond in order to finance the project, involving total borrowings of EUR 490,000.0t (previous year: EUR 450,000.0t). The remainder of the construction costs were also financed using outside capital. All credit agreements specify that the new construction may only be used exclusively by the Vienna University of Business and Economics.

BIG's construction and financing costs will be settled over a 25-year lease period (the lease agreement started on 1 October 2013) through payments by the Vienna University of Business and Economics to Campus WU GmbH and subsequently through non-linear dividend distributions. The non-linear distributions of Campus WU consist of payments related to the current reduction of the interest held by BIG, which relates to advance financing for the project, as well as a dividend.

6.4 FIRST-TIME CONSOLIDATION

The following companies related to BIG were newly founded or acquired in the financial year:

Company	Domicile	Currency	Direct shareholding in %	Type of consolidation*	Founded/ acquired on
Enzenbergstraße Immobilien GmbH	Vienna	EUR	100.00	FC	10.3.2016
N13 S3 Betreutes Wohnen Ges.m.b.H.	Brunn am Gebirge	EUR	100.00	FC	17.5.2016
Q12 Projektentwicklung eins GmbH	Vienna	EUR	100.00	FC	12.5.2016
Q12 Projektentwicklung zwei GmbH	Vienna	EUR	100.00	FC	12.5.2016
Q12 Projektentwicklung drei GmbH	Vienna	EUR	100.00	FC	12.5.2016
ARE PARS GmbH	Vienna	EUR	100.00	FC	9.8.2016
Siemensäcker Projektentwicklung zwei GmbH	Vienna	EUR	100.00	FC	18.8.2016
Siemensäcker Management eins GmbH	Vienna	EUR	100.00	FC	13.10.2016
Siemensäcker Management drei GmbH	Vienna	EUR	100.00	FC	13.10.2016
ARE VG EINS Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	13.9.2016
ARE VG ZWEI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	13.9.2016
ARE DEV VG ZWEI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	14.9.2016
ARE DEV VG DREI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	16.12.2016
FJK ZWEI Management GmbH & Co KG	Vienna	EUR	100.00	FC	16.6.2016
FJK 51 Projektentwicklungs GmbH**	Vienna	EUR	49.00	EQ	26.5.2016
Nuss Errichtung GmbH	Vienna	EUR	50.00	EQ	6.8.2016
Kirchner Kaserne Projektentwicklungs GmbH	Graz	EUR	49.00	EQ	21.6.2016
ARE DEV VG EINS Beteiligungsverwaltungs GmbH**	Vienna	EUR	50.00	EQ	14.9.2016
ERD38 BP zwei GmbH & Co KG***	Vienna	EUR	50.00	EQ	31.12.2016
ERD38 BP drei GmbH & Co KG***	Vienna	EUR	50.00	EQ	31.12.2016
ERD38 BP vier GmbH & Co KG***	Vienna	EUR	50.00	EQ	31.12.2016
ERD38 BP fünf GmbH & Co KG***	Vienna	EUR	50.00	EQ	31.12.2016
ERD38 BP sechs GmbH	Vienna	EUR	50.00	EQ	29.2.2016
ERD38 BP sieben GmbH	Vienna	EUR	50.00	EQ	29.2.2016
ERD38 BP acht GmbH	Vienna	EUR	50.00	EQ	29.2.2016
ERD38 BP neun GmbH	Vienna	EUR	50.00	EQ	29.2.2016
ERD38 BP zehn GmbH & Co KG***	Vienna	EUR	50.00	EQ	31.12.2016
ARP Twentyfour GmbH	Vienna	EUR	49.00	EQ	14.5.2016
FoDo Holding GmbH & Co KG	Vienna	EUR	49.00	EQ	26.8.2016
FoDo Office Beteiligung GmbH & Co KG	Vienna	EUR	49.00	EQ	6.9.2016
FoDo Hotel Beteiligung GmbH & Co KG	Vienna	EUR	49.00	EQ	6.9.2016
FoDo Business Beteiligung GmbH & Co KG	Vienna	EUR	49.00	EQ	6.9.2016
FoDo Services Beteiligung GmbH & Co KG	Vienna	EUR	49.00	EQ	6.9.2016
FoDo Parking Beteiligung GmbH & Co KG	Vienna	EUR	49.00	EQ	6.9.2016
FDO Immobilien Invest GmbH	Vienna	EUR	49.00	EQ	15.9.2016
FDO Living GmbH	Vienna	EUR	49.00	EQ	15.9.2016

FDO Hotel GmbH & Co KG	Vienna	EUR	49.00	EQ	15.9.2016
FDO Parking GmbH & Co KG	Vienna	EUR	49.00	EQ	15.9.2016
FDO Services GmbH & Co KG	Vienna	EUR	49.00	EQ	15.9.2016
FDO Office GmbH & Co KG	Vienna	EUR	49.00	EQ	15.9.2016
FDO Business GmbH & Co KG	Vienna	EUR	49.00	EQ	15.9.2016
SCHÖPF15A GmbH	Vienna	EUR	50.00	EQ	26.8.2016
FLORA24 GmbH	Vienna	EUR	50.00	EQ	26.8.2016
Engerthstraße 187 Errichtungsges.m.b.H.	Vienna	EUR	50.00	EQ	6.12.2016

* FC = fully consolidated, EQ = consolidated under the equity method
** Companies were founded by BIG in 2016 and in the same year 51% / 50% of the shares were sold.
*** Companies being founded

6.5 CHANGES TO THE TYPE OF INCLUSION IN THE CONSOLIDATED GROUP

The following changes occurred in the financial year:

			Before		After		
	Domicile	Currency	Direct shareholding in %	Type of consolidation*	Direct shareholding in %	Type of consolidation*	Change in consolidated group
FJK 51 Projektentwicklungs GmbH & CoKG (formerly: FJK Management GmbH & CoKG)	Vienna	EUR	100.00	FC	49.00	EQ	31.12.2016
FJK 51 Projektentwicklungs GmbH**	Vienna	EUR	100.00	FC	49.00	EQ	31.12.2016
ARE DEV VG EINS Beteiligungsverwaltungs GmbH**	Vienna	EUR	100.00	FC	50.00	EQ	31.12.2016

* FC = fully consolidated, EQ = consolidated under the equity method
** Companies were founded by BIG in 2016 and in the same year 51% / 50% of the shares were sold.

BIG has lost control over these companies with the sale of its shares. The sale of a 51% stake in FJK 51 Projektentwicklungs GmbH & Co KG led to the disposal of net assets of EUR 14,918.0t, which is shown in changes in property holdings under the item proceeds from the sale of inventory properties. The disposal of these net assets contrasts with sales proceeds of EUR 12,638.4t and the recognition of the remaining 49% stake in shares in companies recognised under the equity method in the amount of EUR 7,735.5t.

The 49% stake remaining with BIG was measured at fair value at the time that control was lost, leading to an increase in value of EUR 720.1t to EUR 7,735.5t.

6.6 DECONSOLIDATIONS

The following deconsolidations occurred in the year under review.

Company	Domicile	Currency	Direct shareholding in %	Type of consolidation*	Deconsolidation on
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Vienna	EUR	50.00	EQ	30.9.2016
Hauptplatz 18 Entwicklungs- und Verwertungs GmbH	St. Pölten	EUR	36.00	EQ	30.6.2016

* FC = fully consolidated, EQ = consolidated under the equity method

The sale of shares in Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG and in Hauptplatz 18 Entwicklungs- und Verwertungs GmbH led to a deconsolidation result of EUR 4,521.6t that is included under net sales proceeds from companies recognised under the equity method.

7 NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1.1 REVENUES

in EURt	2016	2015
Letting revenues	827,148.2	794,695.3
Revenues from operating and heating costs	77,602.8	79,458.4
Revenues from tenant investments	36,683.3	39,064.9
Building management revenues	25,004.5	24,899.9
Facility services revenues	11,164.4	10,338.2
Construction management revenues	333.4	456.8
Proceeds from the sale of inventory properties	52,619.1	26,129.3
Space management revenues	260.7	100.4
Proceeds from service concession arrangements IFRIC 12	14,172.1	12,323.6
Other revenues	4,952.8	3,432.8
	1,049,941.3	**990,899.6**

7.1.2 CHANGES IN PROPERTY HOLDINGS

in EURt	2016	2015
Tenant investments and services not yet invoiced	17,595.1	-1,875.7
Investment in inventory properties	24,016.7	25,949.6
Inventory properties	-38,216.0	-13,081.3
	3,395.7	**10,992.6**

7.1.3 OTHER OPERATING INCOME

in EURt	2016	2015
Own work capitalised	7,545.0	6,255.2
Income from expense grants	3,862.7	0.0
Income from the release of provisions for impairment	228.2	407.7
Income from charges passed on to third parties	69.0	7,439.5
Income from building damages claims	1,947.3	4,281.3
Other income	4,303.9	3,950.0
	17,956.2	**22,333.7**

7.1.4 NET GAINS FROM THE SALE OF NON-CURRENT PROPERTY ASSETS

in EURt	2016	2015
Gains from the sale of plant and equipment	512.7	1,506.3
Losses from the sale of plant and equipment	-213.2	-271.8
	299.5	**1,234.5**

7.1.5 MATERIAL EXPENSES

in EURt	2016	2015
Maintenance	-146,777.5	-140,174.1
Expenses for tenant investments	-52,538.8	-36,562.0
Operating and heating costs	-86,314.1	-86,281.5
Other purchased services	-62,743.9	-64,954.5
Income from cash discounts	411.6	415.0
	-347,962.8	**-327,557.1**

The expenses for operating and heating costs include owner costs that cannot be passed on under the applicable regulations. Other purchased services include expenses of EUR 13,887.0t (previous year: EUR 12,005.0t) in relation to service concession arrangements IFRIC 12.

The expenses listed above relate to operating expenses which are directly allocable to investment property.

7.1.6 PERSONNEL EXPENSES

in EURt	2016	2015
Wages	-442.9	-442.0
Salaries	-38,656.4	-35,154.1
Expenses for severance pay and pensions	-1,165.5	-1,043.9
Ancillary labour costs	-10,051.7	-9,211.4
Other social security expenses	-932.5	-887.2
	-51,249.1	**-46,738.7**

The personnel structure of BIG breaks down as follows:

Staff (average for the year)	2016	2015
Salaried employees	594	546
Former federal contract agents	75	77
Recognised as personnel expenses	**669**	**623**
Federal/provincial civil servants	239	246
Provincial contract agents	3	3
Recognised as purchased services	**242**	**249**
Total staff	**911**	**872**

7.1.7 OTHER OPERATING EXPENSES

in EURt	2016	2015
Change in provisions for onerous contracts	-3,212.3	-346.5
Services	-8,705.3	-5,452.2
IT	-3,888.9	-3,055.5
Office management	-4,948.6	-4,980.5
Advertising	-1,720.1	-1,936.8
Communication	-613.5	-373.8
Training	-814.5	-616.3
Travel expenses	-608.7	-566.3
Taxes other than income taxes	-343.6	-483.9
Motor vehicles	-354.9	-321.0
Sales costs	-351.6	-617.2
Miscellaneous other operating expenses	-5,529.4	-9,853.6
	-31,091.3	**-28,603.4**

7.1.8 WRITE-DOWNS ON INVENTORY ASSETS

In the business year and the previous year the write-downs totalling EUR 121.7t (previous year: EUR 94.2t) relate to write-downs on inventory properties.

7.1.9 NET REVALUATION GAINS/LOSSES

in EURt	2016	2015
Revaluation gains	490,665.9	348,666.4
Revaluation losses	-385,756.4	-355,387.1
	104,909.5	**-6,720.7**

7.1.10 FINANCE EXPENSES

in EURt	2016	2015
Interest expense	-103,764.1	-106,531.7
Other financial expenses	-1,313.8	-836.1
	-105,077.9	**-107,367.8**

7.1.11 OTHER FINANCIAL INCOME/EXPENSES

in EURt	2016	2015
Interest income	848.7	10,003.2
Income from fund units	20.1	25.1
Remeasurement of bonds at fair value through profit or loss (fair value option)	-6,663.1	-8,667.7
Remeasurement of bonds at amortised cost (share in foreign currency)	-20,408.1	-122,894.6
Remeasurement of derivatives – with hedge accounting (share in foreign currency)	12,238.0	109,417.9
Remeasurement of derivatives – fair value option	6,138.9	8,457.3
Other financial income	7.7	508.8
	-7,817.8	**-3,149.9**

In the course of the financial year, EUR 1.7t (previous year: EUR 0.0t) was recognised in financial income from the ineffective portion of cash flow hedges.

In the year under review and the previous year no gains or losses from the cash flow hedge reserve were reclassified into the income statement.

Interest income contains a release of provisions of EUR 0.0t (previous year: EUR 9,155.6t).

7.1.12 NET GAINS/LOSSES FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IAS 39

The net gains/losses from financial instruments by class and measurement category in accordance with IAS 39 break down as follows for the financial years 2016 and 2015:

2016 in EURt		From remeasurement			
Category	Interest	At fair value through profit or loss	At fair value directly in equity	Disposal	Net gain/loss
Assets and liabilities					
Loans and receivables	-29,438	0	0	0	0
Available-for-sale securities	20	0	-9	0	-9
Derivatives – with hedges	-37,620	12,238	-9,297	2,754	187
Derivatives – fair value option	1,897	6,139	0	2,931	3,208
Bonds recognised at fair value through profit or loss	-1,710	-6,663	0	-2,931	-3,732
Bonds recognised at amortised cost	-36,045	-20,408	0	-2,754	-17,654
Total	**-102,895**	**-8,694**	**-9,306**	**0**	**-18,000**

2015 in EURt		From remeasurement			
Category	Interest	At fair value through profit or loss	At fair value directly in equity	Disposal	Net gain/loss
Assets and liabilities					
Loans and receivables	-21,068	0	0	0	0
Available-for-sale securities	25	0	-21	0	-21
Derivatives – with hedges	-40,660	109,418	49,400	-50,626	108,192
Derivatives – fair value option	1,605	8,457	0	0	8,457
Bonds recognised at fair value through profit or loss	-1,623	-8,668	0	0	-8,668
Bonds recognised at amortised cost	-34,808	-122,895	0	50,626	-72,269
Total	**-96,529**	**-13,688**	**49,379**	**0**	**35,691**

8 NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8.1 INVESTMENT PROPERTY

The following changes occurred in the carrying amounts of investment property:

Investment property

in EURt	2016	2015
Balance at 1.1.	10,956,578.8	10,680,091.6
Additions	382,750.3	368,058.0
Investment grants	-54,648.1	-19,440.7
Rent surcharges	-18,579.1	-60,453.4
Additions from purchases of property companies	769.4	0.0
Disposals	-5,999.5	-6,560.3
Reclassification from IAS 40 to IAS 2	-2,813.2	1,604.2
Value changes (increase/decrease)	104,909.5	-6,720.7
Balance at 31.12.	**11,362,968.0**	**10,956,578.8**

Rent surcharges involve accruals for limited increases in rental payments ("non-linear rents") which are distributed over the entire term. This distribution affects various periods between the length of the rent surcharge contract and the length of the waiver of the tenant's termination right.

At 31 December 2016 no investment property was pledged as collateral for liabilities.

Investment property is divided into investment property in the amount of EUR 10,936,266.5t (previous year: EUR 10,641,750.5t) and property under development of EUR 426,701.5 (previous year: EUR 314,828.3t).

DETERMINING FAIR VALUES

In the business year 2016 around 730 of the BIG Group's economic units were subjected to a valuation by an external expert. In terms of fair value, this corresponds to around 71% of the Group's portfolio. An economic unit is also, for example, a cash-generating unit consisting of multiple buildings, whose cash flows are not definable or independent of each other and/or the parts of the property can only be sensibly used together.

VALUATION METHODS

The measurement of fair value is determined in accordance with the federal law for the court-certified assessment of properties (Liegenschaftsbewertungsgesetz – LBG) under consideration of ÖNORM B 1802. The European valuation standards of The European Group of Valuers' Associations (TEGoVA) are also applied for the measurement of value.

The majority of the properties in the BIG portfolio are income-oriented properties; the fair value is thereby determined with the help of the income approach. For non-income-oriented properties the value is determined using other recognised measurement methods.

For properties in the development or manufacturing phase, the fair value is determined with the application of the residual value method (pursuant to ÖNORM B 1802-3). The fair value is based on the notional sales proceeds after completion, determined under the income approach, as well as taking into consideration the expenses still to be incurred.

The sales comparison approach is the method predominantly used for ascertaining the value of undeveloped plots and plots with insignificant built-up areas. The sales comparison approach is based on determining the market value of a site being appraised by averaging recent purchase price of comparable plots of land.

With the exception of project companies for which an external expert opinion exists, the plausibility of the fair value of every property is internally assessed or determined automatically with the help of property valuation software. The software takes the input parameters from internal systems (interest rate lists, size etc.) and from external databases (land value, purchasing power index etc.). The fair values from the property valuation software and the internal plausibility checks are gradually being replaced by external expert valuations.

Expert opinions with effective dates prior to 2016 were analysed with the help of the indicator model for changes relevant to value regarding selected measurement parameters (indicators). The indicators of the expert opinions were compared against the indicators of the respective closing date. When significant deviations occurred, the economic unit was subjected to a new external valuation or an internal plausibility check. When all of the indicators fell within the specified fluctuation ranges, the fair value was carried forward to the respective valuation date.

INPUTS

In the course of valuation the following non-observable inputs were applied:

Segment	Carrying amount at 31.12.2016 in EURt	Input	Range 2016
Special Properties	1,139,252.8	Loss of rental income	1.0% to 5.0%
		Property rate	3.0% to 9.0%
		Maintenance costs	EUR 1.0 to 23.1/m² p.a.
		Remaining useful life	10.0 to 55.0 years
Schools	4,144,986.1	Loss of rental income	0.5% to 2.0%
		Property rate	4.7% to 7.2%
		Maintenance costs	EUR 1.0 to 25.9/m² p.a.
		Remaining useful life	10.0 to 60.0 years
Universities	3,633,411.5	Loss of rental income	0.8% to 5.0%
		Property rate	3.5% to 6.7%
		Maintenance costs	EUR 2.0 to 27.6/m² p.a.
		Remaining useful life	3.0 to 60.0 years
Total BIG	**8,917,650.4**		
Total ARE	**2,277,381.2**		
Total project companies Properties	**167,936.4**		
Total Group	**11,362,968.0**		

The inputs in the ARE segment by federal province are as follows:

ARE Federal province	Carrying amount at 31.12.2016 in EURt	Input	Range 2016
Burgenland	36,393.3	Loss of rental income	1.0% to 5.0%
		Capitalisation rate	5.1% to 9.3%
		Maintenance costs	EUR 1.0 to 19.4/m² p.a
		Remaining useful life	15.0 to 45.5 years
Carinthia	94,370.8	Loss of rental income	0.2% to 6.0%
		Capitalisation rate	4.5% to 7.5%
		Maintenance costs	EUR 1.0 to 21.7/m² p.a.
		Remaining useful life	15.0 to 45.0 years
Lower Austria	153,243.9	Loss of rental income	1.0% to 5.0%
		Capitalisation rate	4.3% to 8.0%
		Maintenance costs	EUR 1.0 to 24.9/m² p.a.
		Remaining useful life	15.0 to 50.0 years
Upper Austria	157,925.7	Loss of rental income	0.8% to 3.4%
		Capitalisation rate	4.0% to 8.0%
		Maintenance costs	EUR 4.0 to 24.7/m² p.a.
		Remaining useful life	10.0 to 60.0 years
Salzburg	96,243.9	Loss of rental income	1.4% to 4.7%
		Capitalisation rate	4.0% to 7.5%
		Maintenance costs	EUR 4.0 to 22.8/m² p.a.
		Remaining useful life	3.0 to 45.0 years
Styria	251,210.0	Loss of rental income	0.3% to 6.6%
		Capitalisation rate	4.7% to 7.3%
		Maintenance costs	EUR 1.0 to 20.4/m² p.a.
		Remaining useful life	14.8 to 55.7 years
Tyrol	156,136.0	Loss of rental income	0.8% to 5.6%
		Capitalisation rate	4.0% to 7.6%
		Maintenance costs	EUR 1.0 to 21.6/m² p.a.
		Remaining useful life	5.0 to 45.8 years
Vorarlberg	56,946.5	Loss of rental income	1.0% to 3.7%
		Capitalisation rate	4.0% to 8.0%
		Maintenance costs	EUR 1.0 to 21.1/m² p.a.
		Remaining useful life	15.0 to 40.0 years
Vienna	1,274,910.9	Loss of rental income	1.0% to 5.0%
		Capitalisation rate	2.9% to 8.0%
		Maintenance costs	EUR 1.2 to 20.0/m² p.a.
		Remaining useful life	10.0 to 58.3 years
Total ARE	2,277,381.2		

Heritage-protected properties were excluded from the presentation of the upper range of the remaining useful life.

The informative value of the ranges was improved against the previous year insofar as that instead of showing minimum-maximum values for the lower and upper ranges, the 5% quantile was used as the lower limit of the range and the 95% quantile was used as the upper limit of the range.

The fact that the portfolio is composed of highly divergent properties leads to a sharp difference in some ranges.

SENSITIVITY ANALYSIS

The change in the fair value of the properties is closely linked to the current estimate of realisable future rents and the capitalisation rates applied under the income approach. At 31 December 2016 the fair value and carrying amount of investment property and properties under development was EUR 2,277,381.2t in ARE and EUR 8,917,650.4t in BIG.

For conducting the sensitivity analysis, the ten largest economic units – measured by fair value – of ARE and BIG respectively were selected; these exclusively consisted of properties under the Group's sole ownership, on which there were no properties built, which were identified as being assets under development as of 31 December 2016 or which were classed as unimproved land. The fair value volumes of these selected properties at 31 December 2016 amounted to EUR 719,115.0t for ARE (around 31% of the total fair value of property held by ARE) and EUR 1,007,031.0t for BIG (around 11% of the total fair value of property held by BIG).

The sensitivity of the fair value of all properties was based on the sensitivities determined for the properties included in the sample. The following table shows the sensitivity of the fair value of properties in relation to a change in the sustained annual gross yield and the capitalisation rate:

Changes in the sustained annual gross yield	**-10%**	**Initial value**	**+10%**
ARE	EUR 2,075,657.8t -8.9%	EUR 2,277,381.2t 100%	EUR 2,479,104.6t +8.9%
BIG	EUR 8,241,224.5t -7.6%	EUR 8,917,650.4t 100%	EUR 9,594,076.3t +7.6%

Changes in the capitalisation rate	**+50 basis points**	**Initial value**	**-50 basis points**
ARE	EUR 2,105,458.3t -7.6%	EUR 2,277,381.2t 100%	EUR 2,477,180.2t +8.8%
BIG	EUR 8,433,909.8t -5.4%	EUR 8,917,650.4t 100%	EUR 9,463,936.1t +6.1%

Changes in the sustained annual gross yield of +/-10% respectively and in the capitalisation rate of +/-50 basis points respectively leads to a fluctuation range of the fair value of the properties held of -8.9% to +8.9% and thereby lies within the range of +/-10% generally accepted by the market, which can result from various estimates by market participants with regard to future market developments and their effect on the market value of the properties.

8.2 PROPERTIES USED BY THE COMPANY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At 31 December 2016 no plant or equipment or intangible assets were pledged as collateral for liabilities.

Properties used by the Company

in EURt	2016	2015
Balance at 1.1.	36,960.0	31,492.0
Additions	3,434.3	6,680.7
Disposals	0.0	0.0
Amortisation and impairment	-1,371.1	-1,212.8
Balance at 31.12.	**39,023.2**	**36,960.0**
Acquisition and manufacturing costs	52,627.5	49,193.2
Accumulated amortisation and impairment	-13,604.3	-12,233.2
Balance at 31.12.	**39,023.2**	**36,960.0**

Other plant and equipment

in EURt	2016	2015
Balance at 1.1.	2,772.1	2,570.2
Additions	1,312.5	1,244.9
Disposals	-9.1	-16.1
Amortisation and impairment	-1,191.8	-1,027.0
Balance at 31.12.	**2,883.8**	**2,772.1**
Acquisition and manufacturing costs	14,849.5	13,915.1
Accumulated amortisation and impairment	-11,965.8	-11,143.0
Balance at 31.12.	**2,883.8**	**2,772.1**

Intangible assets

in EURt	2016	2015
Balance at 1.1.	1,994.1	1,790.7
Additions	365.1	827.5
Disposals	0.0	0.0
Amortisation and impairment	-707.0	-624.0
Balance at 31.12.	**1,652.1**	**1,994.1**
Acquisition and manufacturing costs	9,218.8	8,853.7
Accumulated amortisation and impairment	-7,566.7	-6,859.6
Balance at 31.12.	**1,652.1**	**1,994.1**

8.3 SHARES IN COMPANIES RECOGNISED UNDER THE EQUITY METHOD

in EURt	31.12.2016	31.12.2015
Campus WU GmbH	452,248.5	461,447.3
FoDo Holding GmbH & Co KG	10,668.5	0.0
Schiffmühlenstraße 120 GmbH	8,180.5	837.7
Residenz am Hamerlingpark GmbH & Co KG	8,122.4	8,895.0
FJK 51 Projektentwicklungs GmbH & Co KG (formerly: FJK Management GmbH & Co KG)	7,735.5	0.0
Wien 3420 Aspern Development AG	4,113.3	334.6
NOE Central St. Pölten Verwertungs GmbH	2,586.6	2,435.7
FLORA24 GmbH	1,983.1	0.0
Schnirchgasse 9-9A GmbH & Co KG	1,795.5	2,690.1
SCHÖPF15A GmbH	1,179.3	0.0
BIG Liegenschaften Strasshof Verwertung und Entwicklungs GmbH	1,094.7	1,271.8
SIVBEG - Strategische Immobilien Verwertungs-, Beratungs- und Entwicklungsgesellschaft m.b.H.	1,032.4	1,273.1
Kirchner Kaserne Projektentwicklungs GmbH	605.6	0.0
Kaarstraße 21 GmbH	429.1	458.2
Hilmteichstraße 85 Projektentwicklung GmbH	385.6	400.6
Engerthstraße 187 Errichtungsges.m.b.H.	269.1	0.0
TRIIIPLE Management GmbH	45.7	32.6
HAPA Projektmanagement GmbH	19.4	17.5
ND Beteiligungen GmbH	18.2	18.7
ARE DEV VG EINS Beteiligungsverwaltungs GmbH	17.5	0.0
FJK 51 Projektentwicklungs GmbH	17.2	0.0
Parlamentsgebäudesanierungsgesellschaft m.b.H.	17.2	17.2
ARP Twentyfour GmbH	16.9	0.0
Nuss Errichtung GmbH	4.4	0.0
Hillerstraße - Jungstraße GmbH	1.2	11.4
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	0.0	4,956.7
Hauptplatz 18 Entwicklungs- und Verwertungs GmbH	0.0	496.9
Eslarngasse 16 GmbH	0.0	0.0
Fürstenallee 21 GmbH	0.0	0.0
Erdberger Lände 36-38 Projektentwicklung GmbH	0.0	0.0
	502,587.7	**485,595.0**

The following table shows the financial information on Campus WU GmbH and the shares held:

in EURt	31.12.2016	31.12.2015
Ownership	51%	51%
Non-current assets	504,703.0	506,900.0
Current assets	2,283.0	964.2
Non-current liabilities	-3,605.0	-2,531.0
Deferred tax liabilities	-16,104.3	-13,784.5
Current assets	-7,294.4	-8,600.7
Net assets	**479,982.3**	**482,948.0**
of which BIG (including non-linear contributions)	452,248.5	461,447.3
of which WU	27,733.8	21,500.7

The following amounts are included in the assets and liabilities stated above:

in EURt	31.12.2016	31.12.2015
Cash and cash equivalents	1,551.4	1.2
Non-current financial liabilities	0.0	0.0
Current financial liabilities	0.0	0.0

The reconciliation of the proportionate net assets is as follows:

in EURt	31.12.2016	31.12.2015
Share of net assets at 1.1.	461,447.3	463,728.8
Comprehensive income attributable to the Group	375.2	13,216.3
Non-linear capital injection BIG	3,589.0	9,683.0
Dividends received	-3,718.1	-30,696.3
Reduction	-9,444.9	0.0
Special dividend BIG	0.0	5,515.6
Share of net assets at 31.12.	**452,248.5**	**461,447.3**

in EURt	2016	2015
Revenue	11,658.9	35,594.7
Profit for the period	735.6	25,914.3
Total comprehensive income	**735.6**	**25,914.3**

The decrease in revenues and earnings for the period of Campus WU GmbH is due to the fact that in the 2015 business year the contributions from the tenant were recognised as rental revenues and as of the 2016 business year the contributions are recognised in the equity of Campus WU GmbH.

in EURt	2016	2015
Net revaluation losses	-2,197.0	-1,500.0
Interest income	100.0	100.0
Interest expenses	0.0	0.0
Income taxes	-2,319.8	-3,032.9

The following table shows the changes in value of all shares held in companies recognised under the equity method:

in EURt	31.12.2016	31.12.2015
Balance at 1.1.	485,595.0	483,872.7
Additions	10,857.8	418.2
Changes to the consolidated group	7,770.2	0.0
Shares sold/reduction	-14,805.0	0.0
Changes to capital (additional contributions/dividends received etc.)	2,204.7	-21,543.3
Share of profit for the period	10,965.2	22,847.4
Balance at 31.12.	**502,587.7**	**485,595.0**

8.4 OTHER FINANCIAL ASSETS

in EURt	31.12.2016	31.12.2015
Available-for-sale securities	884.8	893.5
Loans and other non-current receivables	33,142.2	18,689.6
Receivables from finance leases	8,640.2	9,205.3
Non-current trade receivables	33,616.3	19,239.1
	76,283.5	**48,027.5**

The available-for-sale securities consist of shares in investment funds (13,155 shares). The fair value corresponds to the price quoted on the reporting date. These securities have no nominal value. The current carrying amount represents the maximum default risk for these securities.

The loans relate to loans granted to companies recognised under the equity method and to third parties. In the year under review a provision for impairment was formed for loans to companies recognised under the equity method in the amount of EUR 844.6t (previous year: EUR 0.0t). The carrying amount of the reported securities, loans and receivables represents the maximum credit risk as of the reporting date.

At the reporting date of this financial year and the previous year no other financial assets were pledged as collateral for liabilities.

8.5 INVENTORIES

The inventories primarily consist of properties held for trading purposes. Tenant investments are also reported in this item. These are services that third parties (tenants) commission BIG to perform and that are billed to the tenant in accordance with their progress or an agreed payment plan, or after they are completed. These are recognised at the lower of acquisition or manufacturing cost or the net disposal value.

Inventories for properties

in EURt	2016	2015
Balance at 1.1.	71,276.6	59,181.9
Disposals from changes to the consolidated group	-14,918.0	0.0
Additions from properties	10,746.6	924.9
Reclassification from IAS 40 and IAS 2	2,813.2	0.0
Reclassification to IAS 40	0.0	-1,604.2
Write-downs	-121.7	-94.2
Changes in property holdings	661.0	12,868.3
Balance at 31.12.	**70,457.7**	**71,276.6**

A realisation period exceeding twelve months is expected for EUR 25,836.0t of the properties held for trading purposes.

EUR 442.7t (previous year: EUR 332.0t) in borrowing costs with an average interest rate of 3.57% (previous year: 3.36%) was capitalised in the manufacturing costs of the properties held for trading purposes.

Inventories for tenant investments

in EURt	2016	2015
Balance at 1.1.	10,513.9	12,389.6
Changes in property holdings	17,595.1	-1,875.7
Balance at 31.12.	**28,109.0**	**10,513.9**

8.6 RECEIVABLES AND OTHER ASSETS

in EURt	31.12.2016	31.12.2015
Receivables from finance leases	1,814.9	1,814.9
Trade receivables	17,461.8	123,140.2
Other receivables and assets	12,137.7	15,181.8
Loans	2,666.8	5,302.4
	34,081.2	**145,439.4**

The high trade receivables in the business year 2015 primarily relate to a postponement of rent dues for the fourth quarter of 2014 to 2016 of around EUR 88,000.0t.

The carrying amount of the receivables and other assets is an appropriate approximation of the fair value, and represents the maximum credit risk on the reporting date.

At the reporting date there were no significant overdue trade receivables, loans or other receivables to which impairment had not been applied.

The individual impairment provisions for trade receivables underwent the following changes in the 2016 and 2015 financial years:

in EURt	2016	2015
Balance at 1.1.	577.4	677.0
Allocations	78.5	170.7
Use	-212.5	-78.1
Releases	-30.0	-192.2
Balance at 31.12.	**413.4**	**577.4**

The expenses for the complete derecognition of trade receivables in the financial year 2016 total EUR 708.3t (previous year: EUR 118.2t).

The impairment provisions primarily relate to the differences in advance rent and operating cost payments.

8.7 CASH AND CASH EQUIVALENTS

in EURt	31.12.2016	31.12.2015
Cash at banks	52,596.6	27,188.2
Cash in hand	6.3	7.9
	52,602.8	**27,196.2**

8.8 EQUITY

Changes in BIG's equity are shown in a separate statement of changes in equity as part of these consolidated financial statements.

The reported nominal capital is the fully paid-in capital of the parent company. The shares in capital stock have no nominal value.

The fair value reserve and the cash flow hedge reserve are for available-for-sale securities and cash flow hedges. The revaluation reserve in accordance with IAS 19R relates to the impact from the revaluation of defined benefit plans for post-employment services. These reserves are reported less any deferred taxes that can be allocated to these items.

For changes in the fair value reserve, the cash flow hedge reserve and the revaluation reserve in accordance with IAS 19R, see the consolidated statement of changes in equity.

The retained earnings include the current profit for the year and all other accumulated profits and losses from previous years.

There are also changes that are recognised directly in equity as a result of remedial payments. Please refer to item 5.12 for details.

The Company proposes to undertake a distribution of profits of EUR 102,659.6t in the financial year 2017 from the retained earnings of Bundesimmobiliengesellschaft m.b.H., Vienna, as of 31 December 2016.

CAPITAL MANAGEMENT

The Group's capital management goal is to have the financial means available for the company to remain a going concern at the same time as optimising the requisite costs.

Here, financial strength and flexibility play a key role and measures to secure financial flexibility are taken early on. In an uncertain environment on the capital and financial markets, these include a balanced maturity profile for financial liabilities and sufficiently secure lines of credit, along with diversifying sources of financing.

In terms of optimising the capital structure, attention is paid to the use of non-real-estate-backed borrowed capital. Real-estate-backed borrowed capital is only used at the level of project companies that are wholly owned by the Group. As in the previous years, a solid equity ratio remains an important goal. With an equity ratio of 54.2%, the requisite preconditions are still in place for accessing outside capital at favourable conditions by maintaining the second-highest rating Aa1. This equity ratio includes the remedial payments to be made to the Republic of Austria in the event of the sale of properties, which would be classified as a dividend (see also item 5.12).

Aggregated, rolling liquidity planning at the level of the Company is applied for managing the liquidity risk. This is aligned on the one hand towards the long-term and short-term financing needs of the BIG Group, on the other hand, towards the prevailing market conditions. The liquidity risk has been mitigated through committed lines from the money markets.

The Group has a cash pooling function to which the operating subsidiaries are linked. It maintains a clear bank policy and works with national and international banks. This diversified strategy allows BIG to access sufficient liquidity at all times as an Aa1-rated borrower. A strategic portfolio approach combined with a conservative risk policy is applied for managing financial items and financial risks. BIG avoids risks which cannot be mitigated to an economically feasible degree or transferred to third parties.

BIG's long-term strategy is to achieve organic growth, in other words to reinvest revenues from rent and financial investments into buildings. The type of business model requires a responsible approach to long-term risks and conforms to the corporate management principles of BIG.

8.9 PERSONNEL-RELATED PROVISIONS

The non-current, personnel-related provisions relate to the present value of obligations for:

in EURt	2016	2015
Severance payments	6,582.5	6,251.0
Pensions	1,108.8	1,157.2
Anniversary bonuses	4,286.4	4,275.3
	11,977.7	**11,683.5**

Outstanding entitlements to paid holiday leave amounted to EUR 5,072.0t at 31 December 2016 (previous year: EUR 4,335.0t) and are reported under personnel-related provisions.

PROVISIONS FOR SEVERANCE PAY

Calculating provisions for severance pay is undertaken annually by a qualified actuary using the projected unit credit method on the basis of an assumed interest rate of 1.5% (previous year: 2.0%), projected salary increases of 3.0% (previous year: 3.5%) and a retirement age of 62.0 years for men and women. The fluctuation rate is graduated on the basis of age and is between 1.0% and 5.0% (previous year: 0.0% to 5.0%).

The following changes occurred to the present value of severance obligations:

in EURt	2016	2015
Present value of severance obligations at 1.1.	6,251.0	5,873.6
Interest expense	122.7	130.4
Prior service cost	274.0	277.6
Actuarial gains/losses	-12.2	65.4
Severance payments	-53.0	-96.0
Present value of severance obligations at 31.12.	**6,582.5**	**6,251.0**

At 31 December 2016 the weighted average remaining term to maturity of the obligations was 11.8 years (previous year: 12.7 years).

The projected payouts from the plan for the financial year 2017 stand at EUR 136.5t (previous year: EUR 11.3t).

PROVISIONS FOR PENSIONS

Provisions for pensions are calculated using the projected unit credit method on the basis of an assumed interest rate of 1.5% (previous year: 2.0%) and by applying the life table by Pagler & Pagler. A projected pension increase of 2.0% (previous year: 2.5%) was applied.

The following changes occurred to the present value of pension obligations:

in EURt	2016	2015
Present value of pension obligations at 1.1.	1,157.2	1,117.0
Interest expense	22.5	24.5
Actuarial gains/losses	-6.7	76.3
Pension payments	-64.3	-60.5
Present value of pension obligations at 31.12.	**1,108.8**	**1,157.2**

At 31 December 2016 the weighted average remaining term to maturity of the obligations was 10.2 years (previous year: 10.6 years).

The projected payouts from the plan for the financial year 2017 stand at EUR 66.0t (previous year: EUR 65.9t).

PROVISIONS FOR ANNIVERSARY BONUSES

Calculating provisions for anniversary bonuses is undertaken annually by a qualified actuary using the projected unit credit method on the basis of an assumed interest rate of 1.5% (previous year: 2.0%), projected salary increases of 3.0% (previous year: 3.5%) and a retirement age of 62.0 years for men and women. The fluctuation rate is graduated on the basis of age and is between 1.0% and 5.0% (previous year: 0.0% to 5.0%).

The following changes occurred to the present value of anniversary bonus obligations:

in EURt	2016	2015
Present value of anniversary bonuses at 1.1.	4,275.3	3,320.0
Interest expense	78.7	69.8
Prior service costs	253.2	175.3
Actuarial gains/losses	-120.3	887.2
Anniversary bonuses	-200.5	-177.0
Present value of anniversary bonuses at 31.12.	**4,286.4**	**4,275.3**

SENSITIVITY ANALYSIS

In the case that all other assumptions remain the same, the possible change in one of the material actuarial assumptions at the reporting date would have had the following impact on the defined benefit obligations.

Provisions for severance pay

	2016		2015	
in EURt	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	-692	820	-703	830
Future wage or salary increase (1% change)	762	-711	770	-720

Provisions for pensions

	2016		2015	
in EURt	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	-103	121	-111	131
Future pension increase (1% change)	111	-111	120	-116

Even though the analysis does not take the planned overall distribution of the expected cash flows into account, it provides an approximation of the sensitivity of the presented assumptions.

PERSONNEL-RELATED PROVISIONS (CURRENT)

in EURt	Carrying amount at 1.1.2016	Use	Release	Allocation	Carrying amount at 31.12.2016
Outstanding paid leave	4,335.0	-41.0	0.0	778.1	5,072.0
Bonuses	3,185.7	-2,773.8	-407.3	3,373.4	3,378.0
Credit hours	474.3	0.0	0.0	135.6	609.8
Social capital	30.0	0.0	0.0	0.0	30.0
Leaves of absence	0.0	0.0	0.0	227.8	227.8
	8,024.9	**-2,814.9**	**-407.3**	**4,514.9**	**9,317.7**

in EURt	Carrying amount at 1.1.2015	Use	Release	Allocation	Carrying amount at 31.12.2015
Outstanding paid leave	4,102.9	-21.8	0.0	253.9	4,335.0
Bonuses	3,003.5	-2,473.4	-530.1	3,185.7	3,185.7
Credit hours	506.7	0.0	0.0	-32.5	474.3
Social capital	30.0	0.0	0.0	0.0	30.0
	7,643.1	**-2,495.3**	**-530.1**	**3,407.1**	**8,024.9**

8.10 OTHER PROVISIONS

in EURt	Carrying amount at 1.1.2016	Use	Release in profit and loss	Release directly in equity	Allocation	Carrying amount at 31.12.2016	of which current	of which non-current
Outstanding invoices	118,670.6	76,991.3	1,978.1	18,719.9	128,714.7	149,696.0	138,986.4	10,709.6
Onerous contracts	35,047.0	696.3	2,014.1	0.0	5,266.8	37,603.5	0.0	37,603.5
Accounting and auditing costs	123.3	123.3	0.0	0.0	124.3	124.3	124.3	0.0
Legal and consultancy expenses	965.5	29.0	514.1	0.0	280.1	702.4	702.4	0.0
Rent credits	37,379.7	13,949.9	1,656.8	0.0	11,173.0	32,946.0	32,946.0	0.0
Other	1,836.4	635.4	224.8	0.0	1,541.2	2,517.4	2,517.4	0.0
	194,022.5	**92,425.1**	**6,387.8**	**18,719.9**	**147,100.1**	**223,589.7**	**175,276.5**	**48,313.1**

in EURt	Carrying amount at 1.1.2015	Use	Release in profit and loss	Release directly in equity	Allocation	Carrying amount at 31.12.2015	of which current	of which non-current
Outstanding invoices	134,309.4	78,765.9	2,599.0	17,042.4	82,768.4	118,670.6	114,839.2	3,831.5
Onerous contracts	36,849.0	2,115.0	8,425.0	0.0	8,738.0	35,047.0	0.0	35,047.0
Accounting and auditing costs	9.5	9.5	0.0	0.0	123.3	123.3	123.3	0.0
Legal and consultancy expenses	1,188.4	120.5	478.4	0.0	375.9	965.5	965.5	0.0
Rent credits	33,923.0	3,064.2	3,532.6	0.0	10,053.4	37,379.7	37,379.7	0.0
Interest on arrears	8,024.2		8,024.2			0.0	0.0	0.0
Management Franz-Grill-Straße	1,183.0	1,183.0				0.0	0.0	0.0
Other	1,330.1	1,018.7	277.1	0.0	1,802.2	1,836.4	1,836.4	0.0
	216,816.8	**86,276.7**	**23,336.4**	**17,042.4**	**103,861.2**	**194,022.5**	**155,144.0**	**38,878.5**

The provisions for onerous contracts primarily involve restoration obligations related to an investment property of the old university of economics in Augasse 2-6, Vienna 1090.

The release of provisions for outstanding invoices, which is not recognised in profit or loss, relates to final construction invoices which were lower than expected and which were released against the assets without impacting profit or loss.

The allocation of provisions for onerous contracts includes an amount of EUR 1,093.7t from the unwinding of the discount.

8.11 PROVISIONS FOR ACTUAL INCOME TAX

From the provisions for actual income tax totalling EUR 36,606.2t (previous year: EUR 16,785.0t), EUR 36,606.2t (previous year: EUR 16,785.0t), relates to income tax for the current business year.

8.12 FINANCIAL LIABILITIES

31.12.2016 in EURt	Maturity: Up to 1 year	Maturity: 1 to 5 years	Maturity: Longer than 5 years	Total carrying amount
Bonds	244,126.8	623,735.5	1,339,652.4	2,207,514.7
Bank loans and similar financing	593,224.5	205,015.5	649,397.3	1,447,637.2
Total	**837,351.3**	**828,751.0**	**1,989,049.7**	**3,655,152.0**

31.12.2015 in EURt	Maturity: Up to 1 year	Maturity: 1 to 5 years	Maturity: Longer than 5 years	Total carrying amount
Bonds	145,828.9	804,961.2	1,131,278.1	2,082,068.2
Bank loans and similar financing	905,571.6	197,533.4	621,871.7	1,724,976.7
Total	**1,051,400.5**	**1,002,494.6**	**1,753,149.8**	**3,807,044.9**

In the financial year 2016 a new bond for EUR 250m was issued (fixed interest 1.705%), a registered bond of EUR 40m was issued (fixed interest 1.117%) and a loan for EUR 25m was taken out (variable interest).

In 2016 BIG redeemed three expiring bonds for JPY 3,000m (fixed interest 1.9%), JPY 3,000m (fixed interest 1.759%) and EUR 100m (variable interest). As a result of the hedges, this had no impact on profit or loss.

The terms of the material financial liabilities are shown on the following page, including the comparison year. The fair values contain no accrued interest or financing costs.

2016						Interest and principal payments			
Type of financing and currency	Hedge*	Interest variable/ fixed	Nominal amount in EURt	IFRS carrying amount in EURt	Fair value in EURt	< 12 months	< 2 years	< 5 years	> 5 years
2.1% – 3.3% CHF Bond fix. 2005 – 2033	HA	fixed	542,788	809,828	934,233	187,887	131,360	378,122	247,653
1.5% – 2.1% JPY Bond fix. 2004 – 2022	HA	fixed	158,762	186,386	200,097	43,960	2,810	96,850	57,897
1.4% – 1.9% JPY Bond var. 2004 – 2018	FVO	variable	68,054	81,991	81,991	41,781	41,203	0	0
1.7% – 4.6% EUR Bond fix. 2010 – 2042	no HA	fixed	1,050,000	1,046,898	1,345,473	36,678	36,678	110,033	1,486,530
EUR Bond var. 2014 – 2020	no HA	variable	32,500	32,415	32,972	0	0	32,500	0
EUR Bond var. 2010 – 2025	HA	variable	50,000	49,997	51,269	165	164	489	50,531
1.1% – 4.6% EUR Loan fix. 2001 – 2038	no HA	fixed	710,697	706,930	899,007	55,838	55,280	162,490	736,650
EUR Loan var. 2000 – 2038	HA	variable	139,419	138,956	143,630	4,660	64,689	8,703	68,513
EUR Loan var. 2016 – 2031	no HA	variable	25,000	25,000	24,824	0	0	5,882	19,118

2015						Interest and principal payments			
Type of financing and currency	Hedge*	Interest variable/ fixed	Nominal amount in EURt	IFRS carrying amount in EURt	Fair value in EURt	< 12 months	< 2 years	< 5 years	> 5 years
2.1% – 3.3% CHF Bond fix. 2005 – 2033	HA	fixed	542,788	802,585	930,366	24,633	186,147	499,049	251,103
1.5% – 2.1% JPY Bond fix. 2004 – 2022	HA	fixed	180,722	198,367	211,667	25,603	41,388	46,083	102,255
1.4% – 1.9% JPY Bond var. 2004 – 2018	FVO	variable	90,954	101,159	101,159	24,523	39,336	38,792	0
3.8% – 4.6% EUR Bond fix. 2010 – 2042	no HA	fixed	800,000	797,728	1,078,820	32,415	32,415	97,245	1,205,008
EUR Bond var. 2014 – 2020	no HA	variable	132,500	132,232	132,925	100,136	-31	32,720	0
EUR Bond var. 2010 – 2025	HA	variable	50,000	49,997	52,140	296	255	1,191	53,662
3.0% – 4.6% EUR Loan fix. 2001 – 2038	no HA	fixed	747,347	743,308	947,568	105,794	54,116	156,968	754,161
EUR Loan var. 2000 – 2038	no HA	variable	143,457	142,960	143,457	4,791	4,678	71,165	81,994

*HA = Hedge Accounting, FVO = Fair Value Option, no HA = no Hedge Accounting

No financial assets were pledged as collateral for accessing financial liabilities.

The fair values of the bonds without a stock market price were calculated by discounting the future payments, assuming a current market interest rate.

8.13 INCOME TAXES

The income tax expense in the consolidated statement of comprehensive income breaks down as follows:

in EURt	2016	2015
Corporate income tax (current year)	-98,717.3	-78,727.5
Corporate income tax (previous years)	3,899.4	676.2
Changes in deferred taxes	-57,884.3	-45,054.1
	-152,702.1	**-123,105.4**

The difference between the expected tax expense and the income tax expense recognised breaks down as follows:

in EURt	2016	2015
EBT	663,656.8	525,212.3
Expected tax expense (25%)	**-165,914.2**	**-131,303.1**
Tax-exempt income (and expenses)	4,584.0	1,898.5
Tax income/expense from previous years	3,899.4	676.2
Subsequent tax payments	3,553.9	2,036.2
Other	1,174.7	3,586.7
Effective tax expense	**-152,702.1**	**-123,105.4**

A breakdown of the item for deferred tax liabilities shown in the statement of financial position by type of temporary difference is as follows:

	Deferred tax assets		Deferred tax liabilities		Net	
in EURt	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Plant and equipment	-4,531.8	-3,518.6	1,290,882.1	1,229,118.0	1,286,350.2	1,225,599.4
Financial assets	-92.3	-154.2	16,021.0	11,362.6	15,928.7	11,208.5
Receivables and other assets	0.0	0.0	2,794.2	2,844.0	2,794.2	2,844.0
Fair value measurement of derivatives	-10,346.0	-10,018.7	79,561.9	78,385.7	69,215.9	68,367.1
Personnel-related provisions	-1,474.8	-1,471.6	0.0	0.0	-1,474.8	-1,471.6
Other provisions	-2,661.0	-201.9	138,001.6	140,163.6	135,340.6	139,961.7
Non-current liabilities	-77,641.1	-71,674.3	375.3	491.7	-77,265.8	-71,182.6
Deferred tax assets/liabilities (gross)	**-96,747.1**	**-87,039.2**	**1,527,636.1**	**1,462,365.7**	**1,430,889.0**	**1,375,326.4**
Deferred tax liabilities (net)					**1,430,889.0**	**1,375,326.4**

As of 31 December 2016 there were significant temporary differences of EUR 481.6m related to interests in subsidiaries and interests in companies accounted for under the equity method. Hence there was a deferred tax liability of EUR 120.4m. This liability has not, however, been recognised, as the Group is capable of controlling the reversal of the temporary differences affecting tax and it is probable that a reversal of these differences with an effect on tax will not take place in the foreseeable future.

The change in the item is as follows:

in EURt	2016	2015
Deferred taxes at 1.1. (net)	**1,375,326.4**	**1,317,963.0**
Changes recognised in equity	-2,321.7	12,309.3
Changes to the consolidated group	0.0	0.0
Changes in recognised in profit or loss	57,884.3	45,054.1
Deferred taxes at 31.12. (net)	**1,430,889.1**	**1,375,326.4**

The following deferred taxes were recognised in other comprehensive income:

in EURt	2016	2015
IAS 19R revaluation	4.7	-35.4
Available-for-sale securities	-2.2	-5.2
Market valuation of cash flow hedges	-2,324.2	12,349.9
Changes in deferred assets in other comprehensive income	**-2,321.7**	**12,309.3**

8.14 OTHER LIABILITIES

The other liabilities break down as follows:

		Maturity		
31.12.2016 in EURt	Up to 1 year	1 to 5 years	Longer than 5 years	Total
Non-current liabilities				
Trade payables		**3,777.1**		**3,777.1**
Other liabilities		0.0		0.0
Deferred items		4.0		4.0
Total other liabilities and deferred items		**4.0**		**4.0**
Total non-current liabilities		**3,781.1**		**3,781.1**
Current liabilities				
Trade payables	**213,433.0**			**213,433.0**
Liabilities to associates	0.0			0.0
Other liabilities	95,690.0			95,690.0
Deferred items	0.4			0.4
Total other liabilities	**95,690.4**			**95,690.4**
	309,123.4			**309,123.4**

Of the other liabilities, EUR 45,412.1t (previous year: EUR 42,705.0t) relates to interest accrued on financial instruments, EUR 6,934.0t (previous year: EUR 12,643.9t) relates to liabilities owed to the tax office and EUR 16,825.3t (previous year: EUR 8,508.1t) relates to liabilities for remedial payments.

31.12.2015 in EURt	Up to 1 year	Maturity 1 to 5 years	Longer than 5 years	Total
Non-current liabilities				
Trade payables		**2,059.4**		**2,059.4**
Other liabilities		234.8		234.8
Deferred items		220.6		220.6
Total other liabilities and deferred items		**455.4**		**455.4**
Total non-current liabilities		**2,514.8**		**2,514.8**
Current liabilities				
Trade payables	**175,826.3**			**175,826.3**
Liabilities to associates	3.4			3.4
Other liabilities	87,387.8			87,387.8
Total other liabilities	**87,391.3**			**87,391.3**
	263,217.6			**263,217.6**

9 OTHER DISCLOSURES

9.1 LEASES

9.1.1 FINANCE LEASES AS LESSOR

in EURt	2016	2015
Future minimum lease payments	18,161.3	19,068.7
Financial income not yet realised	-7,706.1	-8,048.5
Present value of outstanding minimum lease payments	**10,455.2**	**11,020.2**
Current portion	1,720.10	565.1

in EURt	2016			2015		
	Outstanding lease payments	Interest	Present value of outstanding lease payments	Outstanding lease payments	Interest	Present value of outstanding lease payments
Up to 1 year	1,814.9	94.8	1,720.1	1,814.9	1,249.8	565.1
1–5 years	7,259.8	2,091.9	5,167.9	7,259.8	4,301.3	2,958.5
More than 5 years	9,086.6	5,519.4	3,567.2	9,994.0	2,497.3	7,496.7
	18,161.3	**7,706.1**	**10,455.2**	**19,068.7**	**8,048.4**	**11,020.3**

9.1.2 OPERATING LEASES AS LESSOR

The future outstanding minimum lease payments from non-cancellable operating leases are as follows:

in EURt	2016	2015
Up to 1 year	872,599.5	867,173.0
1–5 years	2,445,477.4	2,411,927.0
More than 5 years	3,875,046.8	3,943,806.0
Total	**7,193,123.6**	**7,222,906.0**

9.1.3 OPERATING LEASES AS LESSEE

The future, non-cancellable minimum lease payments changed as follows:

in EURt	2016	2015
Up to 1 year	2,646.1	2,611.0
1–5 years	12,408.2	12,409.9
More than 5 years	74,085.4	75,602.6

9.2 FINANCIAL INSTRUMENTS

The financial instruments include original and derivative financial instruments. The original financial instruments held by the Group consist primarily of securities, loans, receivables from finance leases and rent receivables, cash at credit institutions, bonds and bank loans, and trade payables.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

The derivative financial instruments serve solely to hedge the interest rate and currency risks associated with the bonds and bank loans – even though they may not be classed in full as a financial hedge (e.g. cash flow hedge) – and break down as follows:

			Market value	
31.12.2016	Currency	Nominal amount in thousands of original currency	Positive in EURt	Negative in EURt
Cross currency swaps	TCHF	870,000	283,237	0
	TJPY	33,000,000	35,011	0
Interest rate swaps	TEUR	189,419	0	-41,384

			Market value	
31.12.2015	Currency	Nominal amount in thousands of original currency	Positive in EURt	Negative in EURt
Cross currency swaps	TCHF	870,000	292,758	0
	TJPY	39,000,000	20,785	0
Interest rate swaps	TEUR	193,457	0	-40,075

ANALYSIS OF CONTRACTUAL INTEREST AND CAPITAL PAYMENTS

The contractually agreed (undiscounted) interest and capital payments of the original financial liabilities and derivative financial instruments were as follows on 31 December 2016 and on 31 December 2015:

31.12.2016 in EURt	Carrying amount 31.12.2016	Total cash flows 31.12.2016	Cash flows < 1 year	Cash flows 2 – 5 years	Cash flows > 5 years
Original financial liabilities					
Bonds at amortised cost	2,125,523.6	2,900,306.7	268,690.2	789,004.8	1,842,611.8
Bonds at fair value through profit or loss	81,991.1	82,984.2	41,780.8	41,203.4	0.0
Bank liabilities and similar financing	1,447,637.2	1,758,986.8	622,807.4	311,898.4	824,281.0
Trade payables (excl. advances received)	60,196.2	60,196.2	56,419.2	3,777.1	0.0
Miscellaneous other liabilities (excl. PRA, tax office liabilities and compulsory charges)	87,644.2	87,644.2	87,644.2	0.0	0.0
	3,802,992.4	**4,890,118.2**	**1,077,341.7**	**1,145,883.6**	**2,666,892.8**
Derivatives					
Derivatives with a positive market value	318,247.6	303,976.0	60,033.7	168,860.2	75,082.1
Derivatives with a negative market value	41,384.0	60,698.8	7,040.6	20,983.7	32,674.5
Total	**276,863.6**	**243,277.2**	**52,993.0**	**147,876.5**	**42,407.7**

31.12.2015 in EURt	Carrying amount 31.12.2015	Total cash flows 31.12.2015	Cash flows < 1 year	Cash flows 2 – 5 years	Cash flows > 5 years
Original financial liabilities					
Bonds at amortised cost	1,980,909.3	2,407,064.7	182,956.0	600,133.3	1,623,975.5
Bonds at fair value through profit or loss	101,158.9	102,639.8	24,511.7	78,128	0.0
Bank liabilities and similar financing	1,724,976.7	2,070,444.9	934,980.8	245,958.3	889,505.8
Trade payables (excl. advances received)	73,662.7	73,662.7	71,488.3	2,174.5	0.0
Miscellaneous other liabilities (excl. PRA, tax office liabilities and compulsory charges)	73,901.8	73,901.8	73,667.0	234.8	0.0
	151,371,608.3	**152,144,712.9**	**146,297,714.4**	**3,333,517.3**	**2,513,481.2**
Derivatives					
Derivatives with a positive market value	313,542.9	355,030.9	135.9	225,440.2	129,454.8
Derivatives with a negative market value	40,074.7	45,831.4	6,902.2	16,879.8	22,049.3
Total	**273,468.2**	**309,199.5**	**-6,766.3**	**208,560.4**	**107,405.5**

All financial instruments that were in the portfolio and for which payments had already been contractually agreed on the reporting date were included. Budgeted figures for future liabilities were not included. Amounts in foreign currencies were translated at the spot rate on the reporting date. The variable interest payments from the financial instruments were determined using the last interest rates fixed before the reporting date. Financial liabilities that can be paid back at any time are always assigned the shortest maturity range. For revolving credit facilities, the interest was calculated assuming an average term of six months.

FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not contain any information about the fair value of financial assets and liabilities that are not measured at fair value when the carrying amount is a reasonable approximation of the fair value.

in EURt		Carrying amount	
Assets	Measurement category as per IAS 39	31.12.2016	31.12.2015
Cash and cash equivalents	Cash reserves	52,603	27,196
Available-for-sale securities	Available for sale	885	893
Other receivables and assets	Loans and receivables	116,962	192,573
Derivatives with a positive market value – fair value option	At fair value through profit or loss	14,108	10,900
Derivatives with a positive market value – hedges	Hedge accounting	304,139	302,643
Total		**488,697**	**534,206**

in EURt		Carrying amount	
Liabilities	Measurement category as per IAS 39	31.12.2016	31.12.2015
Bonds at amortised cost	At amortised cost	2,125,524	1,980,909
Bonds at fair value through profit or loss	At fair value through profit or loss	81,991	101,159
Bank liabilities and similar financing	At amortised cost	1,447,637	1,724,977
Trade payables (excl. advances received)	At amortised cost	60,196	73,663
Miscellaneous other liabilities (excl. PRA, tax office liabilities and compulsory charges)	At amortised cost	87,644	73,902
		3,802,992	**3,954,609**
Derivatives with a positive market value – hedges	Hedge accounting	41,384	40,075
Derivatives with a negative market value – fair value option	At fair value through profit or loss		
		41,384	**40,075**
Total		**3,844,376**	**3,994,684**

	Fair value		Fair value hierarchy 31.12.2016			Fair value hierarchy 31.12.2015		
	31.12.2016	31.12.2015	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	885	893		885			893	
	14,108	10,900		14,108			10,900	
	304,139	302,643		304,139			302,643	

	Fair value		Fair value hierarchy 31.12.2016			Fair value hierarchy 31.12.2015		
	31.12.2016	31.12.2015	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	2,564,044	2,405,919	2,564,044			2,405,919		
	81,991	101,159	81,991			101,159		
	1,644,737	1,929,995		1,644,737			1,929,995	
	41,384	40,075		41,384			40,075	

The following table shows the measurement methods used to determine the fair values in Level 1 and 2.

Type	Measurement method
Bonds	Sales comparison method: The fair values are based on prices quoted by brokers. Similar contracts are traded on an active market, and the quoted prices reflect the actual transaction costs for similar instruments.
Derivative financial instruments	Discounted cash flows: The measurement model accounts for the present value of the expected payments under the respective applicable market parameters; determined through Bloomberg.

SENSITIVITY ANALYSES

Basic information on the sensitivity analyses

To show the material market risks to which financial instruments are exposed, IFRS 7 Financial Instruments requires information about sensitivity analyses that shows the effects of hypothetical changes in relevant risk variables on earnings and equity. The primary risks to which BIG is exposed are currency risks and interest rate risks. There are no other material price risks.

The relevant financial instruments held as of the reporting date were used as the basis to determine the effects of the hypothetical changes in the risk variables. In this, it was assumed that the level of risk on the reporting date largely represents the level of risk during the financial year. Risk mitigation, for example through the use of derivative financial instruments, was taken into account.

The valid Austrian corporate tax rate of 25% was used to calculate the deferred taxes.

Sensitivity analysis for currency risks

When conducting the sensitivity analysis for currency risk, the currency risks of financial instruments that are denominated in a different currency from the functional currency and that are monetary in nature were included.

In assessing the currency risk, the assumption was made that the changes in bond prices resulting from currency translation are offset by corresponding changes in currency swaps and forward exchange contracts. No currency risk exists, as all bond liabilities denominated in a foreign currency are hedged through derivative financial instruments. A sensitivity analysis is therefore superfluous.

Sensitivity analysis for interest rate risks

When determining the fair value risk as part of the sensitivity analysis for interest rate risks, the discounted cash flow method was used to determine the effects of shifts in interest rates on the relevant financial instruments.

A change of 100 basis points in the market interest rate on the reporting date would have resulted in an increase or decrease in earnings (after taxes) and on equity by the following amounts. For this analysis, it was assumed that all other variables, especially exchange rates, remain constant.

31.12.2016 in EURt	Earnings (before taxes)		Equity	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Revaluation of fixed-rate bonds – fair value option	-150.0	150.3	-150.0	150.3
Measurement of interest rate derivatives – fair value option	150.0	-150.3	150.0	-150.3
Measurement of cash flow hedge derivatives	x	x	46,021.3	-50,737.0
Interest expenses	-980.2	980.2	-980.2	980.2
Total	**-980.2**	**980.2**	**45,041.1**	**-49,756.9**

31.12.2015 in EURt	Earnings (before taxes)		Equity	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Revaluation of fixed-rate bonds – fair value option	-269.5	35.0	-269.5	35.0
Measurement of interest rate derivatives – fair value option	269.5	-35.0	269.5	-35.0
Measurement of cash flow hedge derivatives	x	x	80,034.8	-55,369.3
Interest expenses	-991.8	991.8	-991.8	991.8
Total	**-991.8**	**991.8**	**79,043.0**	**-54,377.5**

In addition to earnings (after taxes), the sensitivity of the equity for the variable-rate financial instruments was influenced by the sensitivity of the cash flow hedge reserve in the analyses above.

9.3 RELATED PARTY DISCLOSURES

Related parties for BIG are above all the Republic of Austria, as well as joint ventures and associates.

The Republic of Austria is the 100% owner of BIG. Please refer to note 3.3 for revenues generated with the Republic of Austria. All such transactions were conducted at arm's-length terms.

With the most significant joint venture, Campus WU GmbH, BIG generated revenue totalling EUR 1,594.2t (previous year: EUR 1,558.0t) for technical and commercial building management. In the reporting period capital injections were made to Campus WU GmbH totalling EUR 3,589.0t (previous year: EUR 9,683.0t). At the same time, the BIG Group received disbursements from Campus WU GmbH of EUR 3,718.1t (previous year: EUR 30,696.3t). Earnings of EUR 18,258.3t were generated from the disposal of the BIG stake from the reduction totalling EUR 9,444.9t.

There were outstanding receivables of EUR 207.9t (previous year: EUR 205.7t) and no liabilities to these companies as at the reporting date. The transactions in the reporting period with other joint ventures and associates were as follows in the year under review and the previous year:

in EURt	2016	2015
Shares in companies recognised under the equity method	50,339.2	24,147.7
Loans and other receivables	11,423.2	11,645.5

in EURt	2016	2015
Net gains/losses from companies recognised under the equity method	10,590.0	22,847.4
Net sales revenue from companies recognised under the equity method	4,521.6	0.0
Other proceeds	-2,177.2	-915.8
Other income	-286.4	-178.5
Interest income	-227.9	-198.9
Impairment on loans	-844.6	0.0

The Group avails itself of the exception for companies that are under the control, joint management, or material influence of the Republic of Austria in accordance with IAS 24.25. Business relations with these companies fall within BIG's ordinary business activities and are conducted at arm's-length terms.

Members of the Management Board, the Supervisory Board, and their close relatives are also related parties for the Company. No transactions were conducted with these persons.

BOARDS AND OFFICERS OF BIG

The Management Board consists of the following members:

- Wolfgang Gleissner
- Hans-Peter Weiss

In the 2016 financial year the Supervisory Board consisted of the following members:

- Christine Marek (Chair)
- Wolfgang Hesoun (Deputy Chair)
- Daniela Böckl
- Alexander Palma
- Christian Domany
- Thomas Rasch

REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board received remuneration totalling EUR 516.3t (previous year: EUR 502.2t) in 2016 and bonuses in the amount of EUR 65.5t (previous year: EUR 64.7t). Contributions to employee benefit funds amounted to EUR 8.2t (previous year: EUR 8.0t). No loans or advances were granted to members of management. Benefits after the end of the employment relationship in the form of corporate pensions came to EUR 45.9t in 2016 (previous year: EUR 45.1t). The fees paid to the members of the Supervisory Board totalled EUR 32.0t in the reporting period (previous year: EUR 24.9t).

9.4 AUDIT EXPENSES

The expenses incurred for the auditor of the consolidated financial statements in the financial year were as follows:

in EURt	2016	2015
Auditing the separate and consolidated financial statements	158.5	173.7
Other attestation services	0	0
Consultancy and other services	138.6	184.1

9.5 OTHER OBLIGATIONS AND CONTINGENT LIABILITIES

CONTINGENT LIABILITIES AND GUARANTEES

In the course of purchasing a real estate project, ARE Austrian Real Estate Development GmbH and a joint venture partner have each individually and irrevocably pledged to provide adequate financing to the joint operation at any time, so that the joint operation can always meet its financial obligations from various contracts related to the purchase and transfer agreement in a timely manner and in full. The assurance is limited to a total maximum amount of EUR 30,000,000 and ends on 30 June 2018. After this, as long as specific conditions are met, the assurance will be reduced to an amount of EUR 750,000 plus sales tax.

Furthermore, ARE Austrian Real Estate Development GmbH together with a joint venture partner has taken on a contractual performance bond in relation to a contract of assignment and a design-build agreement up to a maximum amount of EUR 2,000,000. The parties are jointly and severally liable, whereby the liability is capped at EUR 1,000,000 for each party. The guarantee period is thirty-six months as of the date of the assignment and will be safeguarded through legal action within the guarantee period.

There are no additional guarantees.

COVENANTS

There are no covenants and therefore no broken covenants.

PENDING LITIGATION

There is no notable litigation beyond that typical for the Company's ordinary business activities.

9.6 OBLIGATIONS TO ACQUIRE NON-CURRENT ASSETS

In summer 2016, ARE Austrian Real Estate GmbH undertook an obligation to purchase the project development DENK DREI through a forward purchase agreement (signing). The purchase of the project development will be concluded as part of a share deal, whereby the actual acquisition of the shares will be concluded after completion and appropriate advance letting of the property by the seller (closing).

The agreed sales and transfer price for the shares in the target project companies is derived on the basis of a predefined calculation of the share purchase price. Here the agreed purchase price for the property is used a basis and adjusted for the total assets (esp. receivables and other current assets) and equity and liabilities (esp. outstanding loans and borrowings). The property purchase price is determined as of the actual date of acquisition (closing) under application of a purchase price model.

The purchase price model used for determining the property purchase price of the entire DENK DREI project development is based on a pre-agreed basic purchase price of around EUR 85m. This initial value is subject to predefined minimum conditions related to future letting. In this regard, a minimum rental level has been set (annual rental income of over EUR 4m when fully let), a minimum occupancy rate (80.00% of the rentable space per building) and an average remaining term (at least 5.00 years) that is earnings weighted to be part of every rental agreement. Depending on the actual letting performance of the seller at the point in time of the purchase, the model offers the option of achieving a higher or lower actual property purchase price.

As of the reporting date, there were no significant obligations to acquire any tangible or intangible assets.

9.7 MISCELLANEOUS

BIG has invested EUR 200m in 17 specific university projects as part of a special one-off construction programme. Construction works will be completed by 2019 and will be financed through rent from let properties and retained earnings. In 2016, 11.3% of the retained earnings were dedicated for this purpose on the basis of a shareholder resolution.

9.8 EVENTS AFTER THE END OF THE REPORTING PERIOD

In the extraordinary general meeting of SIVBEG Strategische Immobilien Verwertungs-, Beratungs- und Entwicklungsgesellschaft m.b.H. on 6 February 2017, the dissolution of the company was approved with immediate effect. The net earnings for the business year 2016, which primarily came from the release of capital reserves, were paid out to the shareholders in full.

An announcement was made in January 2017 that BIG would invest in school and university projects as part of special construction programme. BIG will calculate these projects in line with the usual internal specifications and will conclude the corresponding rental agreements. The resultant receivables from rent surcharges and construction cost contributions in a volume of up to EUR 250m will be offset against the future claims to profit payouts by the owner in the same amount. There are plans to set up a dedicated reserve for this purpose from the 2016 – 2020 profits in the amount of EUR 250m. The rents that exceed this amount will be borne directly by the tenant. The requisite agreements are currently being prepared and are likely to be concluded as early as the first quarter of 2017.

Vienna, 14 March 2017

The Management Board

Hans-Peter Weiss

Wolfgang Gleissner

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have audited the consolidated financial statements of

Bundesimmobiliengesellschaft m.b.H., Wien,

and its aubsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

BASIS FOR OUR OPINION

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the "Auditors' Responsibility" section of our report. We are independent of the audited entity within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Key Audit Matters of the financial year subject to the audit are the following:

1. Valuation of investment property
2. Hedging of liabilities by the use of derivatives
3. Recognition and measurement of deferred taxes

1. VALUATION OF INVESTMENT PROPERTY

See sections 5.4 and 8.1 of the notes to the consolidated financial statements

RISK FOR THE FINANCIAL STATEMENTS

Investment property, accounting for more than 90% of total assets, represents the most significant assets in the consolidated statement of financial position of Bundesimmobiliengesellschaft m.b.H. (BIG). In accordance with IAS 40, the entity chose the fair value model with regard to measurement of investment property. Measurement of investment property is performed on an individual basis, taking into account future rental income, property interest rates, non-rechargeable operating and maintenance costs, remaining useful lives, vacancy periods as well as other factors. Therefore, the valuation process is subject to assumptions and discretionary decisions, which may entail significant estimation uncertainties.

External consultants are assigned by BIG on a yearly basis, in order to support the Company in measuring the fair values of its investment property. Regarding the general valuation policies, we refer to the disclosures made in section 5.4. of the notes to the consolidated financial statements. For information on the composition of individual valuation units, the method of valuation in detail as well as the significant input factors, we refer to the disclosures made in section 8.1. of the notes to the consolidated financial statements

OUR RESPONSE

In collaboration with our real estate valuation specialists, we assessed the independence, objectivity and professional expertise of the external appraisers as well as the appropriateness of the internal valuation process. We gained an understanding of the general valuation process as well as internal controls in connection with that process. Additionally, we also evaluated the effectiveness of selected internal controls.

For all business units, we determined the gross return (gross rent in relation to market value) in order to identify unreasonable returns and further challenge these by sample testing. Based on samples determined by us, we performed substantive procedures on external appraisals and internal valuations. The samples were chosen based on significant absolute values at the reporting date, significant changes in value during the financial year and unreasonable gross returns, taking into consideration the widest possible spread among external appraisers and internal valuations.

The substantive procedures included an assessment of the evaluation system (valuation model), the determination of the appropriateness of the parameters relevant for the valuation by comparing them to current data (e.g. rental fees currently paid) or observable market data (e.g. property interest rates or prices depending on the location of that property) as well as verifying the mathematical accuracy of the market values derived from these parameters.

For properties, for which the last valuation was performed more than a year ago as of the reporting date, we evaluated the internal monitoring process and relevant controls. Depending on the issuing date of the relevant external appraisal and the absolute market value, we chose specific samples in order to evaluate whether any adjustment of the value of the external appraisal to reflect the value as of the reporting date is appropriate.

Furthermore, we evaluated whether the disclosures relating to the assumptions made for the purposes of measurement as well as the estimation uncertainties made in the notes to the consolidated financial statements are appropriate.

2. HEDING OF LIABILITIES BY THE USE OF DERIVATIVES

See sections 5.19, 5.20 and 9.2 of the notes to the consolidated financial statements

RISK FOR THE FINANCIAL STATEMENTS

The Company has entered into several transactions for the purpose of hedging interest rate risk and currency risk. The initial and subsequent measurement of derivatives is performed on the basis of market values. In cases in which the Company applies cash flow hedge accounting to an existing hedging relationship, any changes in fair value for the effective part of the hedge relationship are recognized in other comprehensive income. The existence of a detailed documentation of the hedge relationship as well as a prospective and retrospective testing of effectiveness are prerequisites for the recognition of changes in fair value in other comprehensive income.

The valuation method, the recognition of changes in fair value as well as the testing of effectiveness are described in closer detail in sections 5.19 and 5.20 of the notes to the consolidated financial statements. Regarding information concerning valuation techniques as well as market values reported as of the reporting date, we refer to the respective disclosures in section 9.2 of the notes to the consolidated financial statements.

As the valuation of derivatives at fair value and the documentation of effectiveness of the hedge relationship constitute complex processes, the hedging of liabilities by the use of derivatives has been classified as a key audit matter.

OUR RESPONSE

We performed a critical assessment of the valuation process as well as of the process of transmitting relevant data to financial accounting and evaluated the related internal controls. Additionally, we compared the Company's measurement of derivatives as of the reporting date with external valuations performed by banks. In case of significant deviations, we evaluated the fair value measurement process in collaboration with our valuation specialists and examined its adequacy.

For all the new hedging relationships entered into, we read the related documentation and assessed whether these complied with the strict formal requirements of documentation and agreed the key data included in the documentation to the contractual terms. Furthermore, on the basis of a sample our valuation experts examined the appropriateness of the testing of effectiveness performed by the Company. On that basis, we assessed that only the changes in fair value of the effective portions of the hedge relationship designated as cash flow hedge were recognized in other comprehensive income.

Furthermore, we evaluated whether the disclosures relating to derivatives and hedging relationships made in the notes to the consolidated financial statements are appropriate.

3. RECOGNITION AND MEASUREMENT OF DEFERRED TAXES

See sections 5.14 and 8.13 of the notes to the consolidated financial statements

RISK FOR THE FINANCIAL STATEMENTS

The Company has significant deductible temporary differences between the carrying amount of investment property in the consolidated statement of financial position (market value) and the tax bases (costs less depreciation and impairment charges). The amount of the temporary differences depends on the utilization of each individual property and the resulting tax implications. In the case of a disposal, the taxable temporary differences are lower due to the remedial payment obligation to the Republic of Austria ("Nachbesserungsklausel") than in the case of commercial management of the property.

Furthermore, there are significant temporary differences in connection with investments in affiliated companies ("outside basis differences"). In order to assess whether and to which extent deferred taxes are to be recognized for such differences or in accordance with IAS 12.39, may not be recognized, significant assumptions on the expected reversal of these differences are required.

The assessment of future tax effects, in particular in connection with investment property and investments in affiliated companies, is largely based on assumptions on future reversals of temporary differences, with these assumptions being highly judgmental. As such, the assessment has a substantial effect on the amount of deferred taxes recognized in the consolidated financial statements. Therefore, the recognition and measurement of deferred taxes have been classified as a key audit matter.

OUR RESPONSE

We verified the temporary differences identified by the Company as of the reporting date by comparing the carrying amounts of items in the statement of financial position with their tax bases as of the reporting date. In cases, in which recognized deferred taxes depend on the assessment of expected future reversals, we critically evaluated the underlying assumptions and challenged whether these assumptions are in line with corporate policy, corporate communications published, budget figures as well as other information obtained. In cases, in which deferred taxes were not recognized, we examined if all requirements regarding non-recognition were fulfilled.

Furthermore, we evaluated whether the disclosures relating to deferred taxes made in the notes to the consolidated financial statements are complete and accurate.

MANAGEMENT'S RESPONSIBILITY AND RESPONSIBILITY OF THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Group's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Group or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITY

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered material if they could, individually or in the aggregate, reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal control..
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention to the respective note in the financial statements in our audit report or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions however may result in the Company departing from the going concern assumption.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings including any significant deficiencies in internal control that we identify in the course of our audit.
- We report to the audit committee that we have complied with the relevant professional requirements in respect of our independence and that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, related measures taken to ensure our independence.
- From the matters communicated with the audit committee we determine those matters that required significant auditor attention in performing the audit and which are therefore key audit matters. We describe these key audit matters in our audit report except in the circumstances where laws or other legal regulations forbid publication of such matter or in very rare cases, we determine that a matter should not be included in our audit report because the negative effects of such communication are reasonably expected to outweigh its benefits for the public interest.

REPORT ON OTHER LEGAL REQUIREMENTS

GROUP MANAGEMENT REPORT

In accordance with the Austrian Commercial Code the group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it has been prepared in accordance with legal requirements. The legal representatives of the Company are responsible for the preparation of the group management report in accordance with the Austrian Commercial Code.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

OPINION

In our opinion, the group management report has been prepared in accordance with legal requirements and is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

STATEMENT

Based on our knowledge gained in the course of the audit of the consolidated financial statements and the understanding of the Group and its environment, we did not note any material misstatements in the group management report.

OTHER INFORMATION

The legal representatives of the Company are responsible for other information. Other information comprises all information provided in the annual report, with the exception of the consolidated financial statements, the group management report, and the auditor's report thereon. We expect the annual report to be provided to us after the date of the opinion. Our opinion on the consolidated financial statements does not cover other information, and we will not provide any kind of assurance on it.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, and to assess whether it contains any material inconsistencies with the consolidated financial statements and our knowledge gained during our audit, or any apparent material misstatement of fact.

ENGAGEMENT PARTNER

The engagement partner is Bernhard Gruber.

Vienna, 14 March 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Gruber
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

ACKNOWLEDGEMENT

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Wels grammar school | Photo: Nik Fleischmann
Architecture: Stögmüller Architekten ZT GmbH
Graz University of Technology | Photo: David Schreyer
Architecture: Gangoly & Kristiner Architekten ZT GmbH und Ingenos Gobiet GmbH
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Architecture: SUE Architekten
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