ANNUAL REPORT 2017

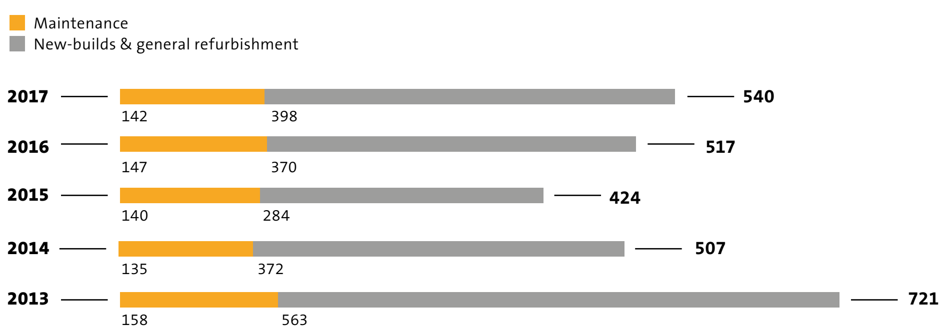
BIG BUNDES IMMOBILIEN GESELLSCHAFT

Thinking ahead.

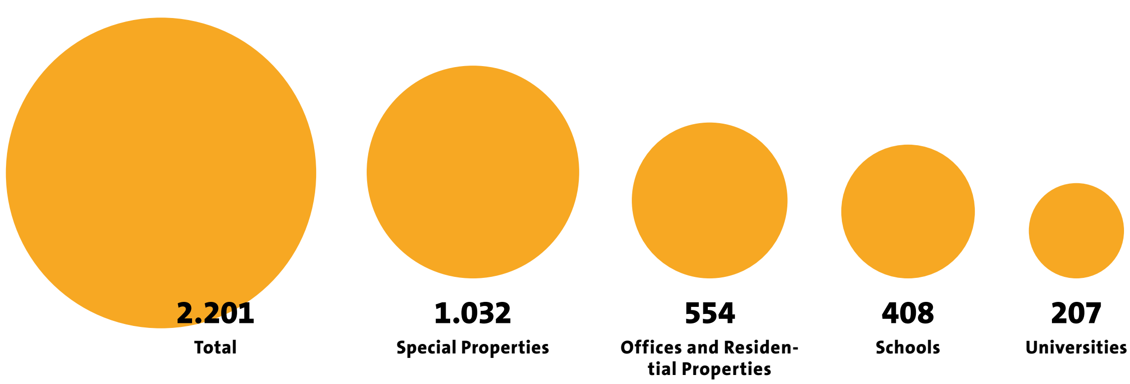
Key Performance Indicators

Financial performance indicators in EURm	**2017**	2016	Change
Revenues	1,104.5	1,049.9	+5.2%
of which rental revenues	854.4	827.1	+3.3%
Maintenance	142.2	146.8	–3.1%
as % of rental revenues	16.6%	17.7%	–1.1 PP
EBIT	882.7	742.8	+18.8%
EBITDA	682.6	641.3	+6.4%
EBITDA margin	61.8%	61.1 %	+0.7 PP
Profit for the period	611.4	511.0	+19.7%
Financial position indicators			
Loan to Value Ratio (LTV)	25.9%	27.8%	–1.9 PP
Equity ratio	56.4%	54.2%	+2.3 PP
Return indicators			
Return on Capital Employed (ROCE)	6.6%	5.9%	+0.7 PP
Return on Equity (ROE)	8.7%	7.8%	+0.9 PP
Cash flow indicators			
FFO (excluding net proceeds from transactions)	491.1	456.3	+7.6 %

Investments
in EURm



Number of properties
by business segment



BIG BUNDES IMMOBILIEN GESELLSCHAFT

Thinking ahead.
Taking action for generations.

As one of Austria's largest property owners, we bear responsibility for multiple generations and have a local presence across the whole country. Our guiding principles are user-focused innovation, as well as sustainability in all of our decisions.

"We make space for the future"

Face-to-face with the Managing Directors Hans-Peter Weiss and Wolfgang Gleissner

2017 was a successful year for BIG. Your summary?

Hans-Peter Weiss: 2017 was a year of reaping what we have sown. Our main focus since 2011 has been on the Company's new strategic direction. New business areas have been developed, business processes adjusted and many forward-looking issues and projects prepared. During this period the Group has achieved enormous growth. In 2016 we surpassed the one-billion-euro mark in revenue for the first time and earnings have multiplied in recent years. In 2017 we stand as a highly successful company in economic terms and as a significant player on the Austrian real estate market.

> "In 2017 we stand as a highly successful company in economic terms and as a significant player on the Austrian real estate market."
> Hans-Peter Weiss

Wolfgang Gleissner: We have undertaken comprehensive structural reforms in the field of Property and Facility Management to expand and optimise our customer relationships. The responsibilities among contact partners are now much clearer. For sure an additional milestone in 2017 was the move to our new headquarters at the campus of the Vienna University of Business and Economics. Now there are more than 500 BIG and ARE employees here together at this state-of-the-art site. This has a positive impact on the communication and work culture in house.

BIG celebrated its 25th anniversary in 2017. What were the most important changes during this quarter-century?

Weiss: We now have a Company with an entrepreneurial outlook. To achieve this it was important to split our service range into two areas: BIG stands for classic infrastructure issues in the fields of Universities, Schools and Special Properties such as correctional facilities. Offices and residential property are bundled in the subsidiary ARE, along with urban development and project developments for the private market. ARE's commitment to residential construction is an important part of the overall growth strategy of the BIG Group. The close cooperation between the two companies allows us to exploit synergies as well as emphasising our differences in a targeted way and thereby proactively driving the Company's growth.

Gleissner: Naturally the important thing in this change process was and is involving all of the managers and employees. Right from the start we have been in constant communication with them and regularly explained our core values.

Managing Directors Hans-Peter Weiss and Wolfgang Gleissner

"We value social competency particularly highly, at the end of the day, we build and manage places in which people can work, teach, study or live."

Wolfgang Gleissner

What are your core strategic goals and what part does sustainability play?

Weiss: In recent years we have very clearly positioned the BIG Group as a market-oriented company. This requires an entrepreneurial approach to thinking doing action in every position and on every market. Furthermore, our primary mission is to focus on the needs of customers. We see our customers as partners and also want them to perceive us as partners. And we want to safeguard our core locations long term. This is why our perspective goes far beyond classic multi-year planning; we care about cross-generational, sustainable property management.

Gleissner: For us sustainability means more than environmental protection. We employ a holistic approach that covers all three pillars of sustainability. This enables us to cover the environmental range from energy efficiency to the use of materials through to the efficient use of space and room; in terms of economy we strive for a balance between costs and benefits. We value social competency particularly highly, at the end of the day, we build and manage places in which people can work, teach, study or live. We aim for buildings and architecture that do justice in equal measure to functionality, a feeling of wellbeing in the space, and personal identification with the property and the public space.

Weiss: One example is universities. Almost all of them advertise themselves on the different communication channels with pictures of their buildings. This means that these buildings and the design of the campus are a key factor in which universities students, teachers and researchers will choose. In Vienna Campus WU (of the University of Business and Economics) is the most widely advertised hotspot for the city's tourism industry after St. Stephen's Cathedral and Schönbrunn Palace. This brings value added in the form of thousands of overnight stays, but it also serves as an important impetus for urban construction – just look at how positive the development of the area around WU Vienna has been in recent years. As the example shows, architecture brings critical value added for society, benefiting Austria as a location.

What role does functionality and the cost/benefit argument play in your strategy?

Gleissner: With regard to functionality we are attempting to incorporate the challenges of the future – which are as yet unknown – today by applying flexible solutions that can be adjusted as required. In terms of the cost/benefit ratio, it is important for us not only to build simple, superficial buildings that will have to be refurbished in a few years' time, but instead to provide a longer-term view of the costs of building and operations along with the utility parameters. It is this long-term approach that makes us different from many other investors and developers. We do not build with the purpose of a quick sale. We build so that we can retain these assets in our portfolio.

We talked earlier about your Company's commitment to residential construction. How are things going with your "home-building initiative"?

Weiss: With the home-building initiative that started in 2015, ARE is making an important contribution to meeting the increased demand for housing. In the coming years up 10,000 privately financed apartments should be initiated and brought to market. In Vien-

"Architecture brings critical value added for society, benefiting Austria as a location."

Hans-Peter Weiss

na alone in 2017 we broke ground and started with the construction of more than 3,000 apartments. The first new homes will be handed over as soon as 2018.

Gleissner: For apartments under this initiative that will remain in the ARE portfolio, we are striving to provide our customers with an attractive opportunity, for example lower barrier to entry or a loyalty bonus after three years.

What focal points has the BIG Group specified for 2018?

Gleissner: We will continue consistently along the path we have taken. In the educational sector I also expect a new school development plan as the old one from 2006 has served its purpose. On the issue of digitalisation, we have realised the electronic award process and we are looking at the possible benefits for customers from digitalising construction and operations that are already achievable today.

Weiss: We still have a lot to do for the ARE home-building initiative. We are also focused on the older buildings in our portfolio in order to see where we could optimise the stock even more effectively. On new constructions the biggest issue is flexibility. Furthermore, we want to strengthen and expand the multifaceted cooperation with our partners.

"We will continue consistently along the path we have taken."

Wolfgang Gleissner

Boards and Officers of the Company

MANAGEMENT BOARD

Hans-Peter Weiss — **Managing Director**

Term of office until 31 May 2021

Wolfgang Gleissner — **Managing Director**

Term of office until 16 May 2021

Responsibilities (Hans-Peter Weiss)

- Group controlling
- Financial management
- Corporate strategy
- Marketing
- Communication
- IT
- Real estate investment management and Universities segment
- Offices and Residential Property

Responsibilities (Wolfgang Gleissner)

- Legal
- Human resources
- Infrastructure
- Architecture and construction contracts
- Segment Schools
- Segment Special Properties
- Commercial and technical property management
- Facility services

Joint responsibilities

- Organisation
- Quality assurance
- Annual budgeting/multi-year planning
- Auditing

SUPERVISORY BOARD POSITIONS HELD BY THE DIRECTORS

Hans-Peter Weiss

Wien 3420 Aspern Development AG
Deputy Chair

Wolfgang Gleissner

Wien 3420 Aspern Development AG
Member

Parlamentsgebäudesanierungsgesellschaft m.b.H.
Member

SUPERVISORY BOARD

Christine Marek
Chair

First appointed 16 December 2013

Helga Berger

First appointed 12 September 2017

Wolfgang Hesoun
Deputy Chair

First appointed 16 July 2015

Alexander Palma[1]

First appointed 12 March 2015

Term of office until the shareholder resolution that rules on the financial year 2020

Thomas Rasch
Works Council

First appointed 27 June 2001

Daniela Böckl
Works Council

First appointed 8 January 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
- Helga Berger
- Alexander Palma

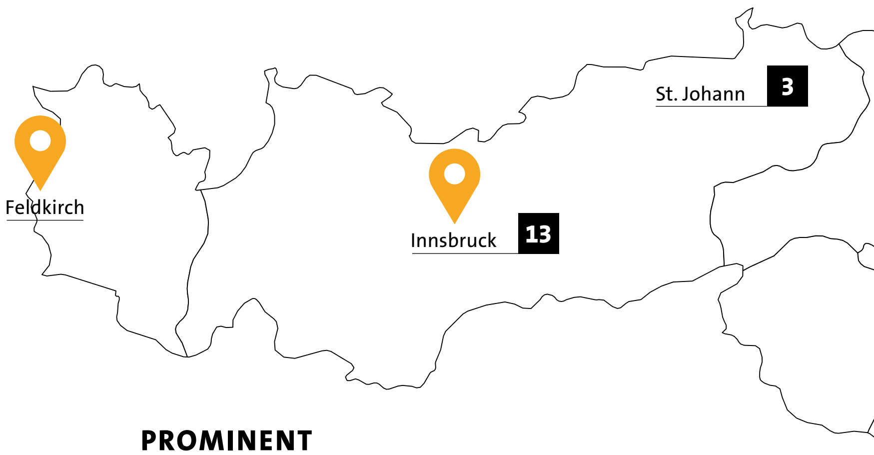
[1] Alexander Palma left the Board as of 21 February 2018.
Markus Neurauter was appointed as of 21 February 2018.

Selected projects 2017

Completions, construction starts and changes

- Schools
- Universities
- Special Properties
- ARE and ARE DEVELOPMENT

Close to customers
The new organisational unit Property & Facility Management (PFM) has a local presence of 13 Property & Facility Management teams.

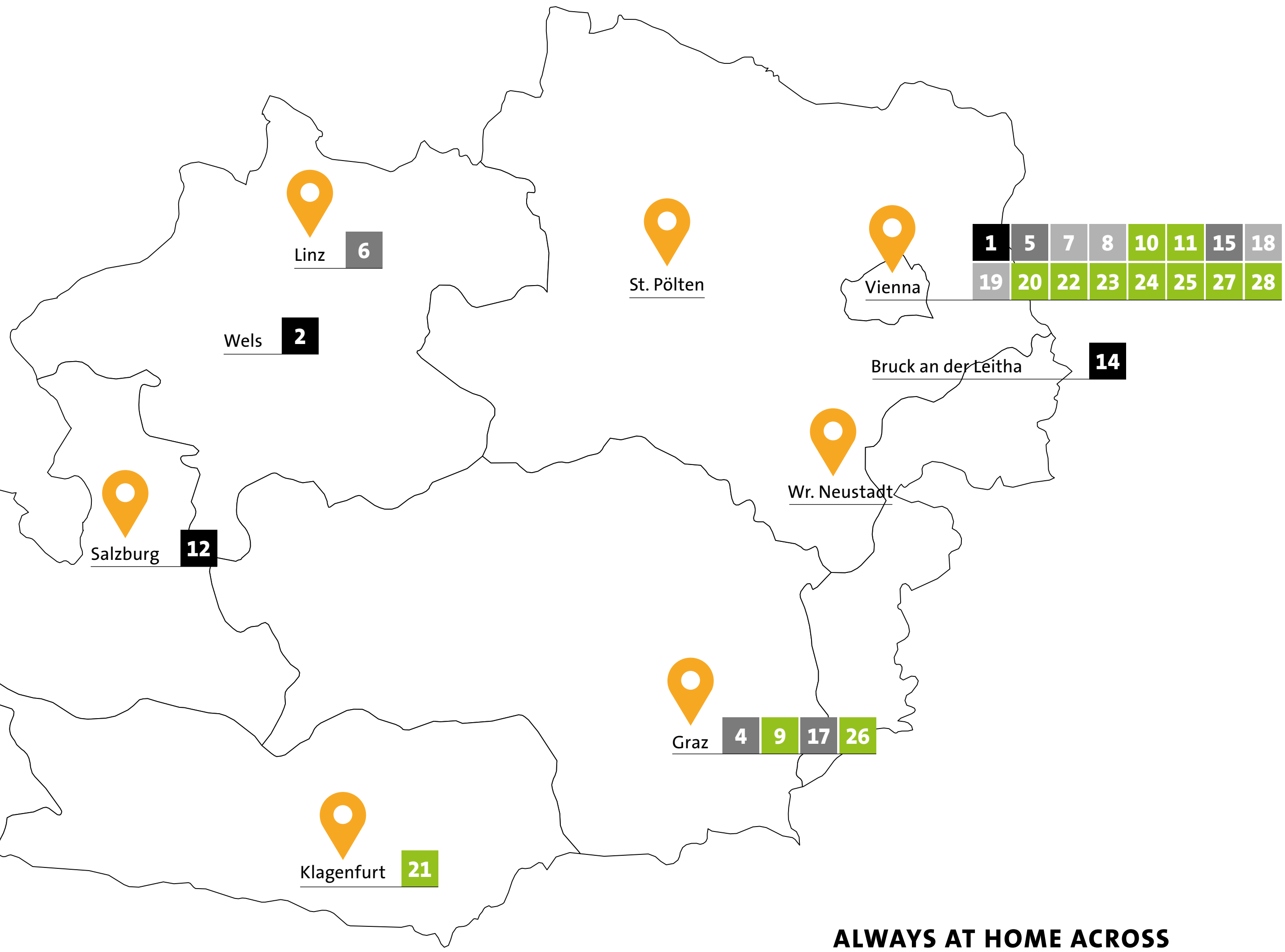


PROMINENT COMPLETIONS 2017

1	New construction of the education campus Seestadt Aspern, Vienna
2	Refurbishment and extension of Wallererstraße grammar school, Wels
3	Refurbishment and expansion of Tourismusschulen am Wilden Kaiser in St. Johann/Tyrol
4	New construction of MED CAMPUS Graz Modul 1 of the Graz Medical University
5	Refurbishment of the property 221 at Arsenalgelände, Vienna, of the Vienna University of Technology
6	Refurbishment of the east wing of the Brückenkopf building of the University of Art and Design Linz
7	Expansion of the Central Institute for Meteorology and Geodynamics, Vienna
8	Refurbishment of a rental unit of the Vienna Higher Regional Court at Schmerlingplatz, Vienna
9	Refurbishment of the office building at Paulustorgasse, Graz
10	Loft conversion in Jordangasse, Vienna
11	Loft conversion in Garnisongasse, Vienna

PROMINENT CONSTRUCTION STARTS 2017

12	Refurbishment and expansion of Musisches Gymnasium, Salzburg
13	Refurbishment and expansion of the Ferrarischule, Innsbruck
14	Expansion of BSZ Bruck a. d. Leitha federal school centre
15	Refurbishment of the main building of the Academy of the Applied Arts, Vienna
16	Refurbishment of the east wing of the Brückenkopf building of the University of Art and Design Linz
17	Refurbishment of the institute Heinrichstraße 28 of the Karl-Franzens-Universität Graz
18	Refurbishment and expansion of the Central Institute for Meteorology and Geodynamics, Vienna
19	Refurbishment of a rental unit of the Vienna Higher Regional Court at Schmerlingplatz, Vienna
20	New construction of the residential building Engerthstraße, Vienna
21	New construction of the residential building Enzenbergstraße, Klagenfurt
22	New construction of the residential building Geigergasse, Vienna



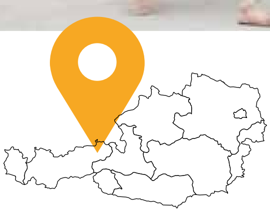
ALWAYS AT HOME ACROSS THE COUNTRY: THE PFM TEAMS

- Management of Property & Facility Management
  PFM Team Vienna Schools
  PFM Team Vienna Universities
  PFM Team Vienna Offices
  PFM Team Residential properties
  Trabrennstraße 2c, 1020 Vienna
- PFM Team Carinthia, Herrengasse 9, 9020 Klagenfurt
- PFM Team Lower Austria Süd/Burgenland, Burgplatz 2, 2700 Wr. Neustadt
- PFM Team Lower Austria West, Niederösterreichring 2/ Haus B, 3109 St. Pölten
- PFM Team Upper Austria, Prunerstraße 5, 4021 Linz
- PFM Team Salzburg, Aigner Straße 8, 5020 Salzburg
- PFM Team Styria Universities
  PFM Team Styria Schools & Offices
  Anzengrubergasse 6, 8010 Graz
- OPFM Team Tyrol, Kapuzinergasse 38, 6022 Innsbruck
- PFM Team Vorarlberg, Schillerstraße 2, 6800 Feldkirch

ARE DEVELOPMENT SELECTED PROJECTS 2017

- 23 Residential construction project ARGENTO, Vienna, completed 2017
- 24 Office and residential project TrIIIple, Vienna, under construction
- 25 Residential construction project Wildgarten, Vienna, under construction
- 26 Residential construction project Rosa and Heinrich, Graz, under construction
- 27 Residential construction project DAS ENSEMBLE, Vienna, under construction
- 28 Office and residential project NEST 21, Vienna, under construction

BIG

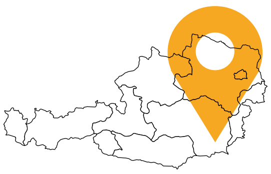


Tourismusschulen am Wilden Kaiser
St. Johann / Tyrol

More space and more light – this was the reason for the renovation of the Tourismusschulen am Wilden Kaiser. The building for the 450 tourism experts of tomorrow was refurbished and expanded by an extra floor and six classrooms. A pleasant learning environment is not only guaranteed by the light-flooded rooms, but also by the generous terraces.

Facts and figures	Refurbishment of 5,500 m² net floor area, 2,180 m² expansion of net floor area Construction period: February 2016 to August 2017
Sustainability aspects	Customer-oriented construction and refurbishment were the priority on this project. The classrooms were newly arranged; the school building fitted out with new training kitchens and space for service, and expanded with rooms for meeting and relaxing. Investing in the educational space of the future simultaneously means promoting the region.
Architecture:	wiesflecker-architekten zt gmbh
Photo:	Jean-Stéphane Mus

BIG

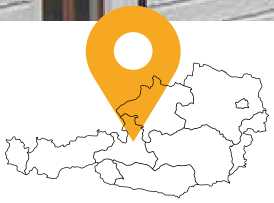


MED CAMPUS Graz Modul 1

MED CAMPUS Graz bundles top research and teaching at a single site. With the completion of Modul 1, the majority of the pre-clinical institute, which was previously spread across the city, is now housed under one roof. What's more, the proximity to the Graz University Clinic has led to synergies with applied medicine. As part of BIG ART, the "Knitterobjekt" by artist Esther Stocker serves as an artistic intervention on campus.

Facts and figures	New construction of 40,000 m² gross floor area Construction period: July 2013 to September 2017
Sustainability aspects	Alternative energy generation using a geothermal system for heating and cooling and a focus on lower energy consumption. MED CAMPUS Graz Modul 1 is Austria's first research and laboratory building to receive pre-certification from ÖGNI to the highest standard "Platinum", making it one of the most state-of-the-art and most sustainable university sites in Europe.
Architecture:	Riegler-Riewe Architekten ZT GmbH
Photo:	David Schreyer

BIG

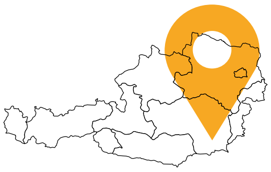


Salzburg regional court

The historic court building in a tight inner-city space is being refurbished and expanded. The building's structure and exterior facade are being left practically unchanged due to heritage-protection stipulations. As for the interior, the former detention cells are being transformed into contemporary offices. Instead of an extension built in the 1970s and two prison wings, a Y-shaped new construction is being built that will link the buildings together.

Facts and figures	Refurbishment and expansion to 21,000 m² net floor area Construction period: August 2015 until the end of 2018 (forecast)
Sustainability aspects	The repurposing of the old building is part of the BIG's Holistic Building Program (HBP). The experience gained here has led to further improvements in the HBP. At the same time, the heritage-protected cultural treasure of Salzburg's old city has been preserved.
Architecture:	SUE Architekten
Photo:	Andreas Kolarik Photographie

ARE

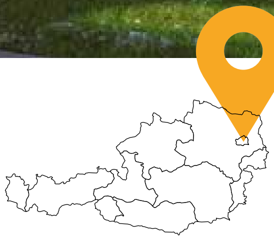


Paulustorgasse
Graz

As part of the city's historic fortifications, the building complex is classed as a UNESCO world heritage site. It was therefore even more important to take a cautious approach to refurbishing the existing building and repurposing the historic fabric for use as modern office space. ARE succeeded in attracting its largest private office client to date in the form of tax consultants Deloitte Styria.

Facts and figures	Refurbishment of 3,913 m² net floor area Construction period: October 2016 to August 2017
Sustainability aspects	The historic building now has complete disabled access throughout. A kindergarten moved into the space in addition to the office tenants. Following a long period when it lay vacant and had interim users, the refurbishment has helped to revitalise this city quarter.
Architecture: Photo:	ARGE Architekt Kassarnig ZT GmbH, Kaltenegger and Partner Architekten, Architekt Manfred Schenk Stephan Huger

ARE

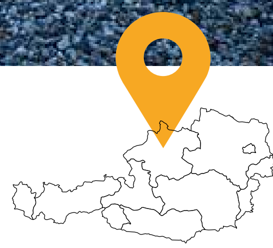


Wildgarten Vienna

The urban development area at Rosenhügel in Meidling brings together the high quality of life in the country with city living. With the goal of developing a lively residential quarter, the project does not only involve building homes, but also provides social infrastructure and commercial use across 22 construction lots. Furthermore, highly flexible units – for start-ups for example – should be offered at favourable conditions.

Facts and figures	Building between 1,000 and 1,100 apartments on an 80,000 m² area Construction period: 2016 to 2021/22
Sustainability aspects	The car-free site stands out for its E-car sharing and good infrastructure for cyclists. Wood and timber are being used in Wildgarten as a sustainable raw material and for clean energy. A neighbourhood centre will encourage residents to network.
Architecture:	Lot 2 (shown in image): Superblock Ziviltechniker GmbH
Rendering:	Superblock Ziviltechniker GmbH

BIG ART



**Transzendenzaufzug
Linz**

Since October 2017 a glass lift construction by the artist Karin Sander has been transporting users above and beyond the rooftop through the storeys of the University of Art and Design. The BIG ART project in the Brückenkopf building provides a new perspective over Linz; exhibits and interventions in the illuminated cabin strengthen the communication exchange between the university and the city.

About BIG ART

Art is part of BIG's identity. Under the initiative BIG ART, the architectural quality of 31 university, school and municipal office buildings has been sustainably enhanced since 2005. The budget in each case was between EUR 100,000 and 200,000.

The construction project

The Transzendenzaufzug is found in the eastern building of the two Brückenkopf buildings in the historic city of Linz, which BIG has been refurbishing and expanding since 2015 in two major construction phases. Following completion of the regular floors of the eastern wing, construction work began on the western part in spring 2017. If everything goes to plan, the works will be concluded at the end of 2018 and the university will be able to operate at full capacity at the site from the summer semester of 2019.

Architecture: Architekt Krischanitz ZT GmbH

Photos: Manfred Seidl

The building blocks of our success

Focus on public infrastructure

The BIG Group is one of Austria's largest property companies. Its portfolio comprises 2,201 properties with 7.2 million m² rentable space and a fair value of EUR 12.0bn. The strategic focus is on the property segments Schools, Universities, Special Properties, Offices and Residential Property in Austria.

BIG's core market is properties that are part of the public infrastructure. The 408 schools, 207 university buildings and 1,032 special-purpose properties are used by hundreds of thousands of people every day. As their owner, BIG thereby embraces its responsibility towards society.

m²

The largest tenants of BIG 2017
by contractual let space in m²

Federal Ministry of Education, Science and Research	**3,000,000**
The 21 Austrian universities	**2,000,000**
Federal Ministry of the Interior	**620,000**
Federal Ministry of Constitutional Affairs, Reforms, Deregulation and Justice	**530,000**
Federal Ministry of Finance	**230,000**

2,201

properties in Austria

500,000

people use BIG's buildings every day

Accelerating residential construction

The ARE portfolio currently comprises 554 properties from the Offices and Residential Property sector. In the course of the home-building initiative, by 2020 up to 10,000 apartments will be initiated with an investment volume of around EUR 2bn.

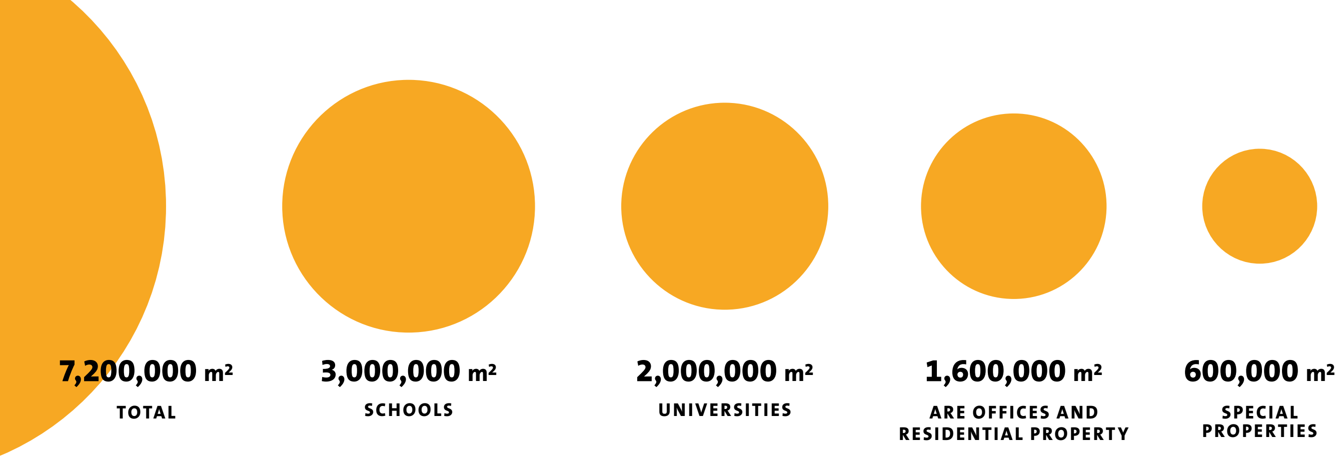
Around
10,000
apartments initiated by 2020

Successful in the future

BIG is available for its customers over a property's entire lifecycle. From the project's conception to its construction, sale or letting through to the new organisational unit Property & Facility Management, the Company is a one-stop-shop for every property-related service. The goal is to increase the value of the properties long term and thereby secure the Company's continuous growth. Strategic partnerships and cooperation initiatives support the path to a successful future. The further development of the service culture, together with more individual and more flexible solutions as well as a clear commitment to a sustainable approach to resources will remain BIG's assets well into the future.

Around
€ 2bn
in investment volumes

Rentable space
Total and by business segment



Best of BIG
Selected projects

die BIG ist 25!

- Schools
- Universities
- Special Properties
- ARE Offices and Residential

1992
BIG founded

2009–2011
HBLF Bruck/Mur
Refurbishment and expansion

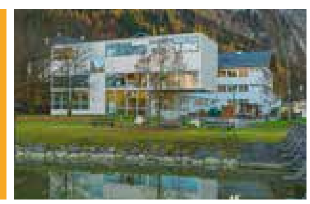
2009–2011
Federal Office of Metrology and Surveying, Vienna
Refurbishment and expansion

2012–2014
Getreidemarkt, Vienna University of Technology
Refurbishment and repurposing

1992–2007
Justizpalast Vienna
Facade, repurposing and interior design

2000
Sale of the properties of the Republic to BIG

2006
Merger of BIG Services (IMB) and BIG

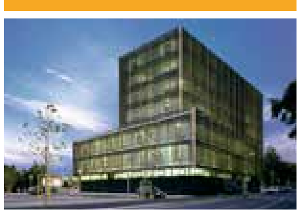


2012–2015
HTBLA Hallstatt
Refurbishment and expansion

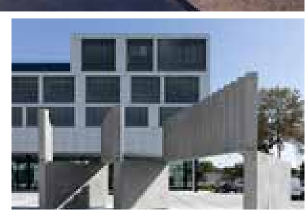
2007–2009
Science Park, JKU Linz
New construction

2011–2013
BG Bregenz
Refurbishment and expansion

2003–2013
Kollegienkirche Salzburg
Refurbishment



2006–2007
Klagenfurt district court
New construction



2009–2012
Korneuburg correctional facility
New construction

2009–2013
Campus WU Vienna
New construction

2010–2013
Wollzeile, Vienna
Refurbishment and conversion

2014–2015
Beatrixgarten, Vienna
New construction

2013–2017
Bildungscampus und -quartier Aspern, Vienna
New constructionten

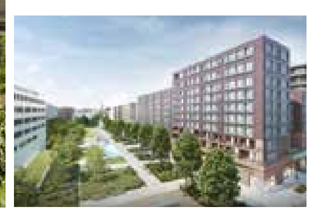
2008–2010
Salzburg district court
Refurbishment and repurposing

2017–2020
TrIIIple, Vienna
New construction

2012
Founding of ARE, substantial expansion of the business model

2013–2015
BSHL Radstadt
Refurbishment and new construction

2015–2017
ARGENTO, Vienna
75 residential units

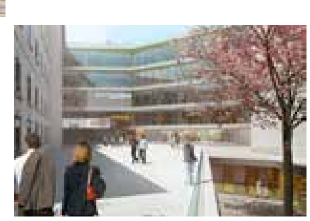


2017–2020
DAS ENSEMBLE, Vienna
800 residential units

2015–2017
Paulustorgasse, Graz
Refurbishment

2013–2015
BRG Kremszeile, Krems an der Donau
Refurbishment and expansion

2014–2015
KufVets, Kufstein
Refurbishment and conversion



2015–2018
Salzburg regional court
Refurbishment, repurposing and expansion

2012–2017
MED CAMPUS Graz Modul 1
New construction

2014–2016
Rosenhöfe, Graz
New construction

Expansion and Refurbishment of the Salzburg Academic Grammar School
The modern building offers the 550 pupils and 75 teachers a lot of daylight in the interiors and outdoor spaces. This means that lessons can be designed more flexibly and the existing space can be used in a more individual way.

Architecture: ZT Arquitectos LDA
Photo: Paul Ott

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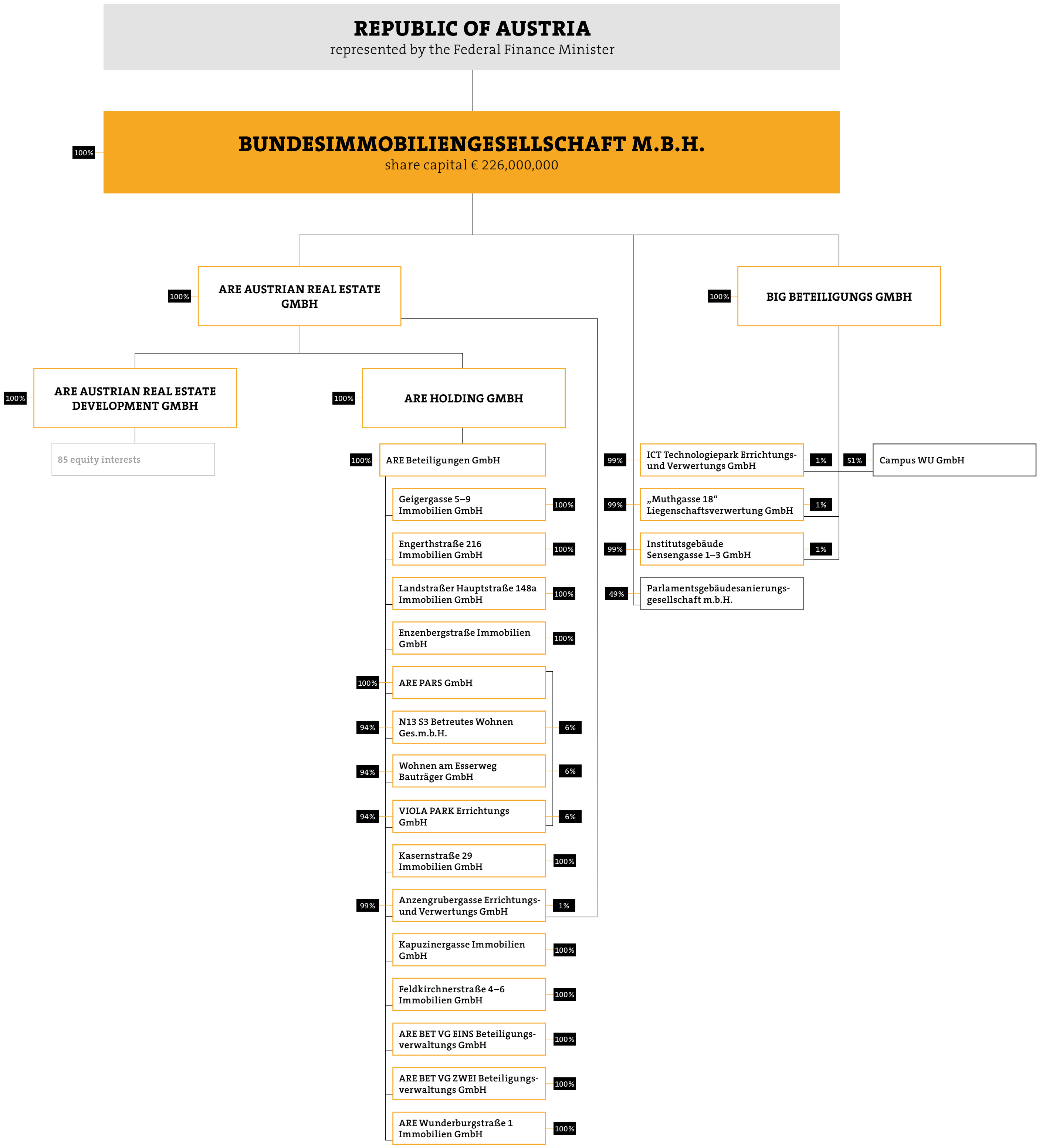
GROUP MANAGEMENT REPORT


REPUBLIC OF AUSTRIA
represented by the Federal Finance Minister
100%
BUNDESIMMOBILIENGESELLSCHAFT M.B.H.
share capital € 226,000,000
100%
ARE AUSTRIAN REAL ESTATE GMBH
100%
BIG BETEILIGUNGS GMBH
100%
ARE AUSTRIAN REAL ESTATE DEVELOPMENT GMBH
85 equity interests
100%
ARE HOLDING GMBH
100%
ARE Beteiligungen GmbH
Geigergasse 5–9 Immobilien GmbH
100%
Engerthstraße 216 Immobilien GmbH
100%
Landstraßer Hauptstraße 148a Immobilien GmbH
100%
Enzenbergstraße Immobilien GmbH
100%
100%
ARE PARS GmbH
94%
N13 S3 Betreutes Wohnen Ges.m.b.H.
6%
94%
Wohnen am Esserweg Bauträger GmbH
6%
94%
VIOLA PARK Errichtungs GmbH
6%
Kasernstraße 29 Immobilien GmbH
100%
99%
Anzengrubergasse Errichtungs- und Verwertungs GmbH
1%
Kapuzinergasse Immobilien GmbH
100%
Feldkirchnerstraße 4–6 Immobilien GmbH
100%
ARE BET VG EINS Beteiligungs-verwaltungs GmbH
100%
ARE BET VG ZWEI Beteiligungs-verwaltungs GmbH
100%
ARE Wunderburgstraße 1 Immobilien GmbH
100%
99%
ICT Technologiepark Errichtungs- und Verwertungs GmbH
1%
51%
Campus WU GmbH
99%
„Muthgasse 18“ Liegenschaftsverwertung GmbH
1%
99%
Institutsgebäude Sensengasse 1–3 GmbH
1%
49%
Parlamentsgebäudesanierungs-gesellschaft m.b.H.

Group structure

The BIG Group primarily specialises in building and letting properties and includes 111 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 in Austria. The BIG property holdings are divided into the business segments Schools, Universities and Special Properties as well as Offices and Residential Property. The Offices and Residential Property segments are managed by the subsidiary ARE Austrian Real Estate GmbH (ARE). ARE Austrian Real Estate Development GmbH (ARE DEVELOPMENT), a subsidiary of ARE is, in turn, the parent of multiple project companies whose goal is developing real estate. The service range of the restructured organisational unit Property & Facility Management (PFM) completes the comprehensive range of services that cover the entire property-related value chain. 13 PFM teams in the whole of Austria guarantee first-class building management optimal customer proximity.

111
companies in the Group

The Group structure can be found under note 3 of the notes to the consolidated financial statements, with details on the consolidated group under note 6.

1.1 Service profile and business fields

The purpose of BIG is to embrace the comprehensive responsibilities of ownership for its properties. Professional portfolio management, asset management and construction management, along with the interplay of these areas, are the decisive factors in the Company's success. In addition to the development and ongoing optimisation of the real estate strategy, the acquisition of new agreements and optimisation of earnings, this also includes the application of existing agreements and implementing construction measures – both 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.

Services bundled in PFM

In the year under review, the merger of the former organisational units Property Management (PM), Data Management & CAD and Facility Services (FS) bundled important information regarding the management, technical services and operations of the property portfolio and reduced interfaces. The new organisational unit Property & Facility Management (PFM) is thereby the innovative property services provider for the BIG Group. It primarily provides 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 13 Property & Facility Management teams throughout Austria provide these services. The individual, local support for properties and the service provision for tenants and users is guaranteed through well-maintained local service providers and networks.

PFM guarantees individual support

The expansion of the Property & Facility Management and the related 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.

1.2 Portfolio

2,201
properties in the portfolio

The BIG Group’s portfolio consists of 2,201 properties[1] (previous year: 2,089) with 7.2 million m² of rentable space (previous year: 7.2 million m²) and a fair value at 31 December 2017 of EUR 12.0bn (previous year: EUR 11.4bn).

The higher number of properties primarily resulted from the calculation of the value in use of allotments in the southern section of the Prater Park in Vienna. Overall, 99.5% of BIG’s rentable space is let.

The portfolio breaks down as follows:

Number of properties by business segment	
Schools	408
Universities	207
Special Properties	1,032
Offices and Residential Property	554
Total	**2,201**

Rentable space by business segment **in million m²**	
Schools	3.0
Universities	2.0
Special Properties	0.6
Offices and Residential Property	1.6
Total	**7.2**

Rentable space by federal province and foreign (rounded) **in m²**	
Burgenland	160,000
Carinthia	350,000

[1] Calculated by register numbers

Lower Austria	810,000
Upper Austria	770,000
Salzburg	430,000
Styria	1,170,000
Tyrol	550,000
Vorarlberg	180,000
Vienna	2,780,000
Foreign	3,000
Total	**7.2 Mio.**

1.3 Goals and strategy

Property segments that are relevant to society

The BIG Group is one of the largest Austrian property companies. The Company focuses on the property segments that are relevant to society, namely schools, universities and special-purpose properties. The main strategic objectives are a strong focus on customer service, growth, long-term value creation, and the sustainable management of the portfolio. A clear strategic direction coupled with entrepreneurial thinking and action is the key factor in the Group's success.

LEADING PROVIDER IN A CHALLENGING MARKET ENVIRONMENT

BIG's market environment 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 of the products and services of BIG are growing and changing. Regardless of the complex backdrop, BIG has retained its primary goal of safeguarding and expanding its market position in its core business areas. Another important factor is to further expedite the achievement of strategic goals related to strengthening and expanding cooperation initiatives and strategic partnerships in the coming years.

FOCUS ON FLEXIBLE, CUSTOMISED SOLUTIONS

Service culture is key factor

In order to maintain its position as a leading provider well into the future, BIG is working on the consistent expansion of its service culture as well as individualising its services and making them more flexible. This is why the Company is increasing its focus on providing customised solutions, developing new commercial and legal models, and expanding its service portfolio.

INVESTING IN SPACES TO LEARN AND TEACH

The success of school pupils will play a significant part in Austria's future value creation. More than enough reason to create an optimal environment for working and learning in which they can realise their potential in the best possible way. Qualities such as natural light, spaces for socialising, function and flexibility make a key contribution here.

BIG has been embracing this responsibility towards society for a long time as the owner of around 600 educational sites throughout the whole of Austria and continuously invests in maintenance, refurbishments and new construction in the schools and universities sector. These measures are also promoted by the Republic through the provision of additional funds.

BIG owns around
600
educational buildings

The commitment to higher standards and better conditions for schools as a place where people live and work has now also been laid out in a government programme. Here new demands on the educational system are consistently taken into account, such as expanding all-day school options or opening and using school buildings for other forms of childcare.

Demand for space is also growing in the universities segment due to the rise in student numbers. That's why one of the greatest challenges is providing buildings that can be used sustainably throughout their entire lifecycle in order to be able to react flexibly to new developments. BIG does justice to these requirements through comprehensive construction projects at university sites across the whole of Austria.

ENHANCED COMPETITIVENESS

As part of the project "BIG Changes 2.0", in 2017 the service areas of Property Management, Facility Services and Data Management & CAD were bundled into the new organisational unit Property & Facility Management; the range of services was adapted and expanded. With these measures the Company is safeguarding the competitiveness of its operating property management business, relieving tenants and users of their management responsibilities, and creating additional value added and synergies for BIG and its customers.

DYNAMIC GROWTH IN ARE

Being continuously confronted with new challenges, the changing market conditions and framework, as well as the focus on the most stringent corporate standards are also a significant success factor for the Group subsidiary ARE. An important organisational step was taken in 2017 with the establishment of a dedicated ARE Supervisory Board.

Dynamic growth for ARE

Overall the Group subsidiary ARE has achieved extremely dynamic growth in recent years, measured by the fair value of its portfolio. It has become a key player on the Austrian property market. A particular driver here has been the federal home-building initiative launched in 2015 with the goal of initiating privately financed homes with an investment volume of around EUR 2bn by 2020. In addition to this, up to 10,000 apartments for tenants and owner-occupiers should be built and let or sold. At the end of the period under review more than 90% of the forecast investment sum was already in the project pipeline. ARE's commitment in the field of residential property takes a long-term view and is an important component of the growth strategy, which will also continue after 2020.

TRAILBLAZER IN SUSTAINABILITY SPHERE

NFI Report published alongside Annual Report for the first time

Taking a holistic approach to sustainability and thereby assuming a trailblazing role in the property industry by 2020 remains an integral part of the Company's strategy. The measures implemented and initiated to this end are described in detail in the Non-Financial Report 2017 (hereafter NFI Report), which is attached to the 2017 Annual Report.

NEW BUSINESS LOCATION

A significant structural milestone in the Company's successful future was achieved in 2017 with the move to the new corporate headquarters opposite the Vienna University of Economics and Business. The modern, open office structure is state of the art and promotes internal cooperation. Viewed from the outside, the location is a clear signal for greater proximity to clients – a core BIG value.

CORPORATE MANAGEMENT AND PARTICIPATION

Integrated strategy and planning process ISPP

Incorporating management and employees into the process of developing the core strategic goals is essential for BIG. The integrated strategy and planning process (ISPP) provides a framework for the annual strategy work, the budgeting process including medium-term planning, setting milestones for the operating business, controlling, and the goal-setting process. The strategic projects related to the Company's development are managed centrally through the application of ISPP.

SUPPORT FOR REFUGEE ACCOMMODATION

In 2017 refugees continued to find shelter in the buildings of BIG. In addition to providing emergency shelter, the Company developed flexible solutions for the longer-term accommodation of refugees. At the end of December 2017 numerous federal, regional or charitable organisations were using around 103,000 m² of the BIG Group's rental space.

Economic Backdrop

GENERAL ECONOMIC BACKDROP STABILISES

Growth in Austrian economy

Austria's economy has finally recovered from the crisis and is now in an exceptional growth phase. Real GDP growth doubled compared to 2016 to 3.1%. Growth rates of above 3% were last seen in the boom years of 2006 and 2007 just before the outbreak of the financial crisis. Austria is thereby in line with the international trend. Global economic growth has gathered momentum since 2016 and this became even more pronounced last year. Significant drivers here were the EU, USA and Japan. In terms of Austrian goods exports, it was possible to conclusively overcome the previous phase of weakness last year. The number of service exports continues to climb and real exports also increased by 5.6%. The domestic economy thereby profited from the upsurge in the eurozone. Exports to France were particularly strong with a plus of 39%. Exports to Russia also grew by 24%. Germany was the recipient of the highest number of service exports.

Domestic demand as economic driver

Domestic demand proved to be a strong economic driver for the Austrian economy, particularly the investments in equipment made by Austrian companies, which grew by over 8%. Consumer spending also rose by 1.5% despite growing inflation and the consequent weaker growth in real income. The main drivers proved to be the strong job-market momentum and the acceleration of growth in wages. The strong economy in 2017 also led to improvements in the situation on the job market. Here the unemployment rate fell from 6% in 2016 to 5.5%. At the same time there was a rise in the number of full-time jobs and hours worked.

The capital market stabilised in 2017 and experienced a meteoric rise in every type of investment. Cryptocurrencies in particular had a spectacular year, whereby Bitcoin ended the year with a value around 20 times greater than in 2016. The stock markets also performed surprisingly well. While some had feared a market crash following the election of US President Donald Trump, instead the markets boomed, breaking record after record.

Relevance of public sector

However, the decisive factor for the BIG Group is the public purse; after all, the majority of its revenue comes from institutions of the Republic of Austria. While the national budget deficit in 2016 still amounted to –1.6% of GDP, it improved last year to –0.8%. Significant factors for the declining deficit were the very good economic environment and the further decrease in interest expenditure. An additional improvement is expected in the next two years. In contrast, the harmonised index of consumer prices rose to 2.2%.

PUBLIC SECTOR AS STIMULUS

Since the Education Investment Act came into force on 1 September 2017, as of the school year 2017/18 – in addition to the existing agreements – a total sum of EUR 750m is available to expand the availability of all-day schools. The goal of the federal government is to further expand the range of all-day school forms at public-sector schools or those governed by public law for the compulsory phase of education. The goal is thereby to provide in-school day care for every pupil within a maximum of 20 km of their home. Furthermore, all-day school forms should also facilitate the provision of out-of-school day-care services during the holidays. This is why targeted contributions and grants have been earmarked by the Republic for school infrastructure and staffing costs in the leisure sector for all-day schools for the years 2017 to 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.

€750m
for all-day schools

In contrast, there is a homogenous tendency in the development of Austrian universities that is unchanged against previous years. The steady increase in student numbers and ongoing new developments 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.

Growing demand for space in universities sector

The crisis regions close to the European border and the resultant global growth in refugee flows is also leading to domestic-policy demands for greater security. This development is addressed in the latest government programme 2017 to 2022. Possible effects for BIG may result from plans such as to create better conditions for the police – which also includes continuing the property and equipment offensive with a focus on future challenges – as well as refurbishing barracks and their infrastructure.

BOOM CONTINUES ON THE PROPERTY MARKETS

The European property investment market broke every record in the year under review. EUR 286bn was invested, representing an increase of 9.3% against 2016. The boom was also felt in Austria, where a new all-time high was achieved with an investment volume of EUR 4.8bn. This corresponds to growth of 44% compared to 2016 and thereby also surpassed the previous record from 2015 (EUR 3.9bn). While it seemed at the mid-year mark that the investment volume in 2017 could approach the level of 2015 following a strong first half (EUR 2.5bn), a second half that was almost as strong (EUR 2.3bn) ensured a new record was set.

44%
increase in investment volumes

The exceptionally high investment volumes also resulted from the fact that many of the sales prepared in 2016 were only finalised at the start of 2017. Demand was particularly strong for high-volume projects in excess of EUR 100m, eleven of which changed hands. This puts Austria in line with the international trend, where landmark projects are attracting particular interest. Only 30% of the purchases were made by Austrian investors (2016: 56%). 70% came from international investors – whereby German investors accounted for the highest share at 50% (+12% against 2016).

Offices are strongest asset class in Europe

The British and German property markets were especially strong in 2017 with investment volumes of EUR 72bn (+11.6%) and EUR 57bn (+8.4%) respectively. In Scandinavia, Italy and the Netherlands investments also reached heights never seen before. The strongest asset class in Europe as a whole was offices with a transaction volume of EUR 114.5bn (+4.4% against 2016).

An asset class that has long been neglected by investors also experienced a high in the year under review. Industrial and logistics property reached a record level with an investment volume of EUR 42.5bn, representing an increase of more than 67% against 2016. This development came from a rise in portfolio transactions and corporate acquisitions in 2017. Topping the list of asset classes for investments in Austria was (as in 2016) office property, which accounted for 65% (2016: 40%). Retail accounted for 12% (2016: 12%), followed by residential with a share of 11% (2016: 7%), hotels with 6% (2016: 25%), industrial & logistics/miscellaneous each with a share of 3% (2016: 4%/11%). The historic low in interest rates continued to make real estate a preferred asset class despite declines in yields: prime yields on office properties stood at 3.9% at year-end (2016: 4%).

Vienna once again retained its position as the frontrunner for investments, although St. Pölten, Salzburg, Graz and Linz are increasingly attracting attention. The construction boom in the residential segment is continuing in Graz and its surrounding area.

On the Vienna office market the production of new space in 2017 reached around 150,000 m² and thereby returned to the pre-2016 levels (around 66,000 m²). Contrary to expectations, the rental performance declined in comparison to previous years and amounted to around 190,000 m², of which 70% was let in advance or for own use. The decrease in rental output can be explained by a short pause on the market, which found itself in between two waves of completions in 2017. Here in 2017 turn-key properties were let in advance of completion; the next top projects will not come to market until 2018 leading potential tenants to take a wait-and-see approach in 2017. Nevertheless, the vacancy rate on the Vienna office market decreased once again and ended the year at 4.9% (2016: 5.3%). For rental agreements concluded in 2017, service providers took first place with a share of 35%, followed by the public sector at 23%. The average rents per square meter increased over the course of the year as expected to EUR 14.50 (2016: EUR 13.75).

Sharp influx to cities

The price of residential property increased yet again in 2017 – not least because of the strong demand in major urban areas. Rents climbed by 1.1%, purchase prices by 3%. The societal shifts – a stronger influx to cities, ageing, and an increasing share of one-person households – pose a challenge to municipalities. A further increase in demand and prices is expected in 2018, whereby purchase prices are set to rise more rapidly than rents.

Business developments and financial performance

3.1 Letting properties

3.1.1 Rental revenues

Increase in rental income

Rental revenues for the year 2017 totalled EUR 854.4m and were thereby up by a total of EUR 27.3m against the previous year (EUR 827.1m). This increase resulted on the one hand from completed projects, purchases and new lets (EUR +17.9m) and on the other hand from indexing (EUR +10.7m). This contrasted with the negative effects from adjustments to space and rents (EUR –1.3m).

Rental revenues in EURm	**2017**	2016
Schools	337.4	326.4
Universities	269.4	256.8
Special Properties	84.7	84.1
Offices and Residential Property	162.9	159.8
Total	**854.4**	**827.1**

3.1.2 Operating costs

The operating costs that are charged to tenants, excluding the fees for building management and facility services provided by the Group, totalled EUR 83.3m in 2017 (previous year: 77.6m). 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 24.8m) and facility services provided by the Group of EUR 3.8m (previous year: EUR 5.0m).

3.2 Purchases and sales, maintenance and tenant investments

3.2.1 Purchases

€ 24.4m
total volumes

In BIG's individual business segments, properties with a total volume of EUR 24.4m (excluding ancillary purchase costs and purchases of plant and equipment) were acquired in the period under review, including Schloss Biedermannsdorf in Lower Austria.

In 2017 the closing and takeover of a completed residential complex in Graz was completed by the subsidiary ARE. A larger development plot was acquired in the tenth district of Vienna. In the course of the ARE home-building offensive, purchase agreements were concluded for additional residential developments.

Focus on residential developments

Acquisitions and joint ventures with established partners led to the start of several new projects in the year under review. The current focus is on residential developments in Vienna and in major cities in the federal provinces.

3.2.2 Sales

The sale of properties is conducted in every BIG segment to an insignificant degree 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 2017 sales were concluded with a total volume of EUR 35.0m (excluding ancillary costs and sales of plant and equipment). The largest sale was the student residence Milestone in Graz.

Sales in the subgroup ARE are focused on investor products for realising profits and risk diversification within larger project developments.

3.2.3 Maintenance

Sustainable measures

The general goal of providing technical assistance to buildings is to maintain the value of the core portfolio and ensure the satisfaction of tenants and users. 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. Sustainability plays an important role in realising these measures.

More details on the state of disabled access in the buildings are given in the NFI Report.

In 2017 a total of EUR 142.2m (previous year: 146.8m) 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 EURm	**2017**	2016
Schools	54.8	61.5
Universities	53.6	47.5
Special Properties	10.6	12.4
Offices and Residential Property	23.3	25.4
Total	**142.2**	**146.8**

3.2.4 Tenant investments

BIG implemented tenant investments totalling EUR 81.1m (previous year: EUR 52.5m) as a service provider in 2017.

3.3 Investments

In 2017 the BIG Group invested a total of EUR 411.3m (previous year: EUR 382.4m) in non-current assets of property, plant and equipment and intangible assets. Of this total, EUR 397.7m (previous year: EUR 369.8m) went on new building or refurbishment projects for property holdings and EUR 11.0m (previous year: EUR 11.2m) on property and plant acquisitions. In addition, there were investments of EUR 2.7m (previous year: EUR 1.5m) in intangible assets and fixtures, fittings and equipment and leased installations for the Company's operations and business.

Rise in investment volumes

Upon inclusion of investment incentives of EUR 29.2m (previous year: EUR 54.6m) and rent surcharges of EUR 42.8m (previous year: EUR 18.6m), net investment totalled EUR 339.3m (previous year: EUR 309.2m).

3.4 Financial performance, financial position and cash flows

Control of the BIG Group takes place at multiple levels. The control system is designed as a modular system, whereby 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.

3.4.1 Financial performance

Indicators for earnings and returns in EURm	**2017**	2016
Revenues	1,104.5	1,049.9
of which rental revenues	854.4	827.1
Maintenance	142.2	146.8
as % of rental revenues	16.6%	17.7%
EBITDA[1]	682.6	641.3
EBITDA margin[1] (= EBITDA/revenues)	61.8%	61.1%
EBIT	882.7	742.8
Profit for the period	611.4	511.0
Return on Capital Employed (ROCE)	6.6%	5.9%
Return on Equity (ROE)	8.7%	7.8%

[1] EBITDA and the EBITDA margin are relevant indicators for presenting the profits of BIG. EBITDA is calculated in the consolidated statement of comprehensive income (consolidated financial statements, page 66).

Revenues of EUR 1,104.5m were generated in 2017, representing an increase of EUR 54.6m against the previous year. The rise was primarily triggered by the growth in rental revenues (EUR 27.3m) as well as the higher proceeds from tenant investments (EUR 32.9m).

The maintenance ratio declined to 16.6% (previous year: 17.7%).

In the period under review EBITDA rose to EUR 682.6m (previous year: EUR 641.3m). This growth of EUR 41.3m primarily came from higher rental revenues (EUR 27.3m), lower maintenance costs (EUR 4.6m), as well as a lower impact on earnings from building operating costs (EUR 3.1m), lower other operating expenses (EUR 2.2m) as well as lower provisions for onerous contracts (EUR 3.7m). This led to a slight increase in the EBITDA margin from 61.1% to 61.8%.

€ 41,3m
rise in EBITDA

EBIT climbed by EUR 139.9m to EUR 882.7m. The increase was caused by the aforementioned rise in EBITDA as well as higher net revaluation gains (EUR 98.0m).

Profits increase

In 2017 the profit for the period rose by EUR 100.5 m to EUR 611.4m. The increase in EBIT along with a EUR 18.7m improvement in the financial result contrasted with lower earnings (including sales income) from companies recognised under the equity method (EUR –11.4m) as well as the higher tax burden resulting from the profit increase (EUR –46.7m).

Profitability indicator

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 5.9% to 6.6%, which was caused in particular by the net revaluation gains. This is also reflected in the increase in Return on Equity from 7.8% to 8.7%.

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

Return on Equity (ROE) **= Profit for the period/average equity** **in EURm**	**2017**	**2016**
Profit for the period	611.4	511.0
Average equity[1]	7,022.8	6,574.1
Return on Equity	**8.7%**	**7.8%**

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

Return on Capital Employed (ROCE) **= NOPLAT/average capital employed** **in EURm**	**2017**	**2016**
Equity	7,278.5	6,767.1
Net debt [1]	3,239.5	3,325.7
Capital Employed	10,518.0	10,092.8
Average capital employed [2]	10,305.4	9,990.2
NOPLAT		
EBIT	882.7	742.8
Net sales revenue from companies recognised under the equity method	18.0	22.8
Notional tax expense	–225.2	–191.4
Profit from companies recognised under the equity method	4.3	11.00
NOPLAT	679.9	585.2
Return on Capital Employed (ROCE)	**6.6%**	**5.9%**

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

3.4.2 Financial position and cash flows

Financial position indicators	**2017**	**2016**
Equity ratio	56.4%	54.2%
Loan to Value Ratio (LTV)	25.9%	27.8%

Solid equity base

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 climbed once again in the period under review from 54.2% to 56.4%.

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 25.9% at 31 December 2017 (previous year: 27.8%).

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

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

Net debt (debt capital subject to interest – cash and cash equivalents) in EURm	**2017**	**2016**
Non-current financial liabilities	2,895.8	2,817.8
Current financial liabilities	538.2	837.4
Cash and cash equivalents	–48.9	–52.6
Current derivative financial instruments – assets	–31.4	–61.7
Non-current derivative financial instruments – assets	–149.1	–256.6
Current derivative financial instruments – liabilities	2.1	0.0
Non-current derivative financial instruments – liabilities	32.9	41.4
Net debt (debt capital subject to interest)[1]	**3,239.5**	**3,325.7**

[1] Net debt contains financial liabilities and derivative financial instruments less cash and cash equivalents.

Fair value in EURm		
Portfolio properties	11,586.8	10,936.3
Properties under development	366.7	426.7
Properties used by the Company	0.0	39.0
Interest in project company WU Wien	441.4	452.2
Inventories	92.5	98.6
Fair value[2]	**12,487.4**	**11,952.8**

[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.

Loan to Value (LTV)	**25.9%**	**27.8%**

Clear improvement in FFO

3.4.3 Cash flow

Cash flow indicators in EURm	**2017**	**2016**
FFO (excluding transactions)	491.1	456.3
Cash flow from operating activities	510.7	551.2
Cash flow from investing activities	–313.9	–244.1
Cash flow from financing activities	–200.5	–281.7

The FFO (Funds from Operations) 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 the period under review FFO increased by EUR 34.8m. The rise was primarily caused by the increase in rental revenues (EUR 27.3m) and the lower maintenance costs (EUR 4.6m).

FFO (funds from operations)[1] **excluding transactions in EURm**	**2017**	**2016**
EBT	810.8	663.7
Actual income tax (corporate tax for the current year)	–103.2	–98.7
Net revaluation losses/gains	–202.9	–104.9
Depreciation, amortisation and impairment	2.7	3.3
Write-down on inventory assets	0.0	0.1
Remeasurement of bonds at fair value through profit or loss (fair value option)	3.2	6.7
Remeasurement of bonds at amortised cost (share in foreign currency)	75.2	20.4
Remeasurement of derivatives – with hedge accounting (share in foreign currency)	–72.0	–12.2
Remeasurement of derivatives – fair value option	–2.8	–6.1
Increase in personnel-related provisions	0.2	0.3
Increase in other non-current provisions	–2.7	4.0
Proceeds from the sale of inventory properties	–51.4	–52.6
Property portfolio, current property assets	37.1	38.2
Gains from the sale of plant and equipment	0.0	–0.5
Losses from the sale of plant and equipment	2.7	0.2
Notional income tax on the sale of inventory properties and plant and equipment	–0.7	0.0
Share of profit/loss from companies recognised under the equity method	3.1	3.7
Net sales revenue from companies recognised under the equity method	–4.3	–11.0
Effects on financing and tax from the share of profit/loss and net sales revenue from companies recognised under the equity method[2]	–18.0	–22.8
Other adjustments[3]	14.2	14.6
FFO (excluding transactions)	0.0	9.9
Funds from Operations (FFO) excluding transactions	**491.1**	**456.3**

[1] Excl. transactions, excl. the share of profit/loss for companies recognised under the equity method, without one-off effects, after taxes.

[2] 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.

[3] In 2017 no other restatements were applied. Adjusted for other non-permanent earnings. In the period 2016 the Austrian Law on Changes in Accounting 2014 resulted in a first-time, negative income tax effect – through a mandatory write-up – of EUR 9.9m.

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 decreased from EUR 551.2m in the previous year to EUR 510.7m. One reason for this was the one-off impact of the settlement of rent owed by the Federal Ministry of Education and Research of EUR –88.0m from the previous year; on the other hand a change in the recognition of rent surcharges in 2017 had a positive effect of EUR +71.9m. In light of changes in relation to the Austrian Law on Changes in Accounting, higher tax payments were due in 2017 (–38.9m). Another impact came from dividends that were higher than the previous year (+10.0m).

In 2017 cash flow from investing activities included a significant rise in payouts for investments (EUR –56.3m) compared to the previous year; there was an additional difference of EUR –50.1m caused by the change in recognising rent surcharges. A contrasting effect came in relation to associates (EUR +22.6m) as well as advance payments for projects (EUR +18.3m).

Cash flow from financing activities comprises all inflows and outflows related to financing, as well as dividend payouts to the owner of EUR 98.7m.

3.4.4 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) programme in the form of public bonds or private placements. Around 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.

Aiming for long-term financing

Financing portfolio	
Loans and registered bonds	25.8%
Bonds	65.3%
Money market	8.9%

At 31 December 2017 the total financing volume of the BIG Group stood at EUR 3,434.0m, representing a year-on-year decrease of around 6.1% (previous year: EUR 3,655.2m). Of this total, around EUR 2,896m was long-term money-market financing with a remaining term of more than one year and the remainder was short-term money-market financing or capital market financing due within the next twelve months. The maturity profile shows EUR 538.2m to the end of 2018, EUR 887.9m from 2019 to 2022 and EUR 2,008m from 2022.

€ 3,434.0m
in financing volumes

The average remaining term of the financing stood at 7.8 years as of the reporting date. Of the entire volumes, 20.3% was subject to variable interest rates and 79.7% 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 2017. The market value of the derivatives thereby totalled around EUR 146m at the reporting date (previous year: EUR 277m). Some of the reasons for the reduction of EUR 131m included the three expired derivatives and market changes. Derivative financial instruments are exclusively used to hedge the existing interest and currency risks for bonds and bank loans.

Lower interest level

The low interest level had a positive impact on the net interest expense of Bundesimmobiliengesellschaft, with this item falling by around EUR 6.7m compared to the previous year. In 2017 a fixed-interest bond of EUR 100m with a term of 15 years and a coupon of 1.461% was issued, along with a floater in the amount of EUR 250m with a two-year term The capital market issues served to refinance the bonds that matured in 2017 in a total nominal amount of around EUR 184m, as well as reclassifications from short-term into long-term financing. The main refinancing product in the business year was the Commercial Paper programme, 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 4bn. The Commercial Paper Program, which was revised and republished in 2016, allows Commercial Papers to be issued up to a total volume of EUR 1bn.

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.

Aa1 rating confirmed

In May 2017 the rating of Bundesimmobiliengesellschaft was confirmed at the second-highest credit rating Aa1 with a stable outlook. The BIG rating thereby reflects the rating outlook for the Republic of Austria.

Forecast

4. The economic boom had a positive impact on domestic economic growth in Austria and forecasts suggest this should continue in 2018. The construction industry is benefiting from this and enjoying full order books as a result of brisk market activity. This has had an impact on the cost situation for new real estate projects and thereby also on BIG's project calculations.

Full order books in construction industry

There is also budget pressure on new-build projects in the public sector due to the growing number of players on the market. 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 reliable partner along with its close customer relationships. The change in the owner representation (new: Federal Ministry of Finance) is also expected to necessitate adjustments in the strategic focus in the coming months.

Special universities programme

In the coming years the special Universities programme that started in 2014 will continue to be a priority in the Company – construction began on all of the 17 specific university projects defined therein by the end of 2017 at the latest. Of these, five completions are planned for 2018, including the refurbishment of the Schwanzer-Trakt of the University of Applied Arts in Vienna and the north wing of the Alpen-Adria University Klagenfurt. Alongside these, the refurbishment of the second major project currently underway at the University of Applied Arts in Vienna will be completed at Vordere Zollamtsstraße 7. The completion of the Salzburg regional court is also planned for the end of 2018. Additional projects, such as the upgrading of the teacher training college in Baden and the Eisenstadt federal school centre will be completed in the course of the year. With the new construction of the Centre of Biology at the University of Vienna in St. Marx, the next large-scale project is already on the starting blocks.

No significant changes have been observed or are expected in terms of the Company's resources tied up in refugee accommodation. At year-end 2017 a total of around 103,000 m² of BIG's rentable space was used for refugee accommodation by federal, regional and charitable organisations. The agreements, which are valid until the end of 2017 or 2018, have been extended for a further three years with a cancellation option.

Expanding the project pipeline

In the Group subsidiary ARE the home-building initiative was a significant element of the operating business again in 2017. The continuous expansion of human resources and knowhow facilitates a marked increase in the project pipeline and in achieving important milestones. Plans for 2018 include the completion of further portfolio apartments for rent in Vienna. The refurbishment and conversion of the property Am Hof 3–5 in the heart of Vienna for an exclusive store will also be completed in the new business year. Against this backdrop, it is assumed that the ongoing positive development of the portfolio business will continue.

The Group is planning to continue to acquire strategically sensible properties in every business segment in the coming years. The establishment of modest targeted reserves is important in order to continue to acquire tenders from business partners for expansions or increasing the density of space.

Risk report

Proactive risk management

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.

Risk policy guidelines

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.

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

Reviews by internal audit

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

5.1 Material risks

5.1.1 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. In the course of portfolio management 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, which in 2017 was determined by external, independent, renowned valuation experts as well as through internal plausibility checks on the basis of historic external valuations. 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.

Proactive asset management

5.1.2 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. They evaluate whether the property fundamentally fits into the current portfolio strategy. The key factors here are 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 other transaction-specific parameters. In addition, 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.

Strict guidelines and processes

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.

5.1.3 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 the year under review was around 0.5%.

5.1.4 Concentration risk

Broad distribution

In general the property portfolio is distributed broadly throughout Austria depending on the various usage types, whereby there is a concentration of properties in densely populated areas. The tenant structure has a high share of federal users which technically implies a potential concentration risk. However, because of the high credit rating of the Republic of Austria and its subordinate agencies, this risk is considered very low.

5.1.5 Financial risk and use of financial instruments

Clear Treasury guidelines

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.

BIG generally procures its long-term financing centrally, as corporate financing in the form of bank loans, 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.

Strategic portfolio approach

A strategic portfolio approach is employed to optimise the risk/opportunity ratio and combined with a conservative risk policy for the management of financial items and financial risks. The primary goal of the BIG Group's financial risk management is mitigating 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 business, whereby the most neutral effect possible on profit or loss should be taken into account. 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 for which the risk can be assessed in advance and that can be depicted, measured, monitored, and professionally applied in the Company's own systems are used.

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

5.1.5.1 Interest rate risk

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.

5.1.5.2 Currency risk

No open foreign currency positions

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. The BIG Group's guidelines prohibit open foreign currency positions.

5.1.5.3 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.

Cash pooling in the Group

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.

5.1.5.4 Default risk

New financial transactions that could involve a 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.

Regular monitoring of outstanding claims

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.

5.1.5.5 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.

5.2 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.

Fundamental objectives of the ICS

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 directives 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.

5.2.1 Control environment and mea

The most fundamental aspect of the control environment is the corporate culture in which the management and the employees operate. The Company is working continuously 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.

Group-wide compliance structure

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.

5.2.2 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.

Controls and spot checks

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 Finance Management and the Management Board before being forwarded to the Supervisory Board.

Corporate Governance

6.1 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 (ACCG) on 17 December 2008. The structures and processes of the Group are regularly adjusted and amended to conform to the rules of the ACCG.

Principle of the utmost transparency

In January 2018 adherence to the C rules of the ACCG was evaluated by an external institution. The findings stated that the C rules of the ACCG were upheld in the year under review. (www.big.at/ueber-uns/nachhaltigkeit/corporate-governance)

Given the ownership role of the Republic of Austria, BIG adheres to the rules of the Federal Code of Public Corporate Governance.

6.2 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 has been 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.

Living the Company's values

Fair competition and ethical business practices are the cornerstones of the corporate philosophy. As BIG 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.

In its code of conduct, BIG commits to responsibility, transparency, integrity, proximity to customers, focus on customers, sustainability, quality, professionalism and fairness.

6.3 Preventing corruption and addressing conflicts of interest

Exceptionally stringent regulations

As a state-owned company, BIG 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 disclosed. 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.

Non-financial performance indicators

7. The non-financial performance indicators of BIG, such as personnel issues (further education and training, promoting families and healthcare, remuneration policy), environmental protection and the approach to sustainability are described in the NFI Report attached to the Annual Report.

Further information is available at **www.nachhaltigkeit.big.at**

Research and development

Research is an important component in the further development and optimisation of new buildings and refurbishments. The key here is to allow scalable findings to be replicated and incorporated into future projects.

8.1 Holistic Building Program – lifecycle costs

The Holistic Building Program (HBP) supports the sustainable planning of a property over its entire lifecycle and proposes measures for developing forward-looking buildings. On all HBP projects an estimate of the utilisation costs is carried out for the future project even prior to the competition. Here the only utilisation costs considered are those that serve most effectively as optimisation levers already in the design phase. With the help of this analysis, it is possible to take the individual HBP criteria and compile them for the project.

Sustainable design and planning

Further information on HBP can be found in the 2017 NFI Report.

8.1.1 Lifecycle costs

The HBP "Lifecycle planning" package contains criteria that should secure the building's long-term use beyond planning the operating costs. Here lifecycle costs are calculated in detail in accordance with the Austrian standards ÖNORM in contrast to the earlier estimate of utilisation costs. Another factor that can influence a project here is the criteria of avoiding costs related to CO_2 emissions. However, this is only possible on refurbishments that permit a direct comparison between the situation pre-refurbishment and post-refurbishment

Calculation pursuant to ÖNORM

The earlier estimate of utilisation costs is already applied to all HBP projects by BIG internally, following the completion of a feasibility study. The calculation of lifecycle costs pursuant to ÖNORM has been and will be drawn on for selected projects, but not as standard on every project from the preliminary draft of the economic assessment of the variants. The application of lifecycle calculations for open, single-stage competitions has proven impractical as it is simply too time-consuming given the high number of projects to be calculated.

8.2 BIGMODERN

Two demonstration buildings underwent an energy-efficient refurbishment in the course of the research project BIGMODERN: an office building from the portfolio of ARE, the BIG Group subsidiary, in Bruck an der Mur and one from the BIG portfolio for the Faculty of Engineering Sciences in Innsbruck.

Energy-efficient refurbishment

Both buildings achieved the highest grades under the certification systems Total Quality Building and klimaaktiv.

BIGMODERN is part of the research programme "Haus der Zukunft Plus" of the Austrian Research Promotion Agency (FFG) and the Federal Ministry for Transport, Innovation and Technology.

"Haus der Zukunft Plus"

BIGMODERN was concluded in 2017. The findings from BIGMODERN played a significant part in the development of the Holistic Building Program and will be further developed there in the form of standard criteria for refurbishments and new construction.

FFG has all of the reports on the results. The two-year energy monitoring was also completed following completion of the building. The results show that the design expectations of energy efficiency were met and that it is possible to implement energy-efficient refurbishments that also incorporate the aspect of profitability.

8.3 GrünPlusSchule

GrünPlusSchule (Green Plus School) is researching the impacts on exterior and interior greening in schools. The Vienna University of Technology, led by Prof. Azra Korjenic, is the owner of this project subsidised by FFG. The site of the research is the BIG-owned federal grammar school in Kandlgasse in the seventh district of Vienna. The project started in 2016 and runs to the end of 2018.

BIG also supports the project financially, as it will deliver conclusions on the impact and costs of different greening systems for interiors and exteriors – information that will play a key part for the future greening of buildings.

The interim results show that greening interior space has a positive impact on the wellbeing of the pupils and the indoor climate. The air values recorded prove that the quality of indoor air has improved significantly. For example, the dust content has declined, the acoustics have improved, and the humidity of the air has increased. The exterior landscaping has had a similarly positive effect on the microclimate, for example preventing overheating in summer. The greening of exterior walls has even led to a proven improvement in the insulating effect of the facade.

8.4 GrüneZukunftSchule

GrüneZukunftSchule (Green Future School) is the further development of the findings from the greening of the GrünPlusSchule project at the grammar school in Kandlgasse, 1070 Vienna. Two schools were selected for this project: the grammar school Schuhmeierplatz 7 in 1160 Vienna and the grammar school Diefenbachgasse in 1150 Vienna. BIG is the project partner here; the project runs to the end of 2020.

Two schools chosen

8.5 Grüne Klassenzimmer

Grüne Klassenzimmer (Green Classroom) is a research project of the city of Krems, Lower Austria, subsidised by the Austrian Climate and Energy Fund. The project manager is Christian Stanzel. Pupils in Krems learn – with the support of external experts – how to landscape a flat roof and a side of a facade together at each of the five Krems schools participating and how to document the benefits of the greening. BIG is involved as a project partner with two schools (HTL Krems and HAK Krems). The project was successfully completed as of 31 December 2017.

8.6 Towards Net Zero Energy Public Communities

Energy master plans

The project IEA EBC Annex 73 "Towards Net Zero Energy Public Communities" involves the development of indicators for producing energy master plans for city quarters. What's more, best-practice examples should be highlighted for the successful implementation of energy master plans in entire building associations and neighbourhoods. The goal is to implement strategies under the application of case studies processed together with public developers.

Together with a selected university from the BIG portfolio, it has been possible to process the requisite data, benchmarks and business models. In October 2017 the project received a sponsorship offer from the Federal Ministry for Transport, Innovation and Technology. The consolidation took place by the end of 2017 and the project should start in early 2018.

8.7 Green Fields

In cooperation with the University of Natural Resources and Life Sciences in Vienna (BOKU), a base course layer made of substrate for turf with high water-retention properties is being tested at a pilot site in the Ella Lingens grammar school in Vienna's 21st district.

8.8 ARE_living

ARE DEVELOPMENT is committed to innovative approaches for the homes of tomorrow. In the course of the ARE_living programme, an interdisciplinary team examines and evaluates innovative issues and aspects related to the way we live. The goal of ARE_living is to develop and build contemporary residential buildings "for the 21st century" whereby flexibility, longevity and user comfort are the key focal points.

The performance of this concept is being evaluated by means of a pilot project and will be observed over several years after completion. As part of an academic cooperation in the school year 2016/2017, the ARE_living concept was applied under the title "Inhabitable Skin" in addition to the assignments for architecture students at Graz University of Technology as well as the University of Applied Arts in

Vienna; the courses were led by Prof. Brian Cody. The area of application was another development site of ARE DEVELOPMENT in the form of the Kirchner Barracks in Graz. The best contributions won awards as part of a student contest at the end of 2017.

8.9 Digital Building Solutions (DBS)

Real-time simulation

Digitalisation is also playing an ever larger role in the construction and real estate sector. One especially promising concept here is creating a building's "digital twin", allowing design and construction tasks to be simulated in real time along with the entire lifecycle of a building.

This is why in 2017 BIG initiated a cooperation together with ten leading companies from the sectors construction, real estate, infrastructure, technology, energy and the 'IG Lebenszyklus Bau' organisation to launch the start-up contest "Digital Building Solutions". The fledgling companies should deliver new stimuli and solutions for the areas of design and planning, construction, financing and operations, which can also in future actually be used in the real estate industry. Of the 15 finalists from the DACH and CEE regions, the winners were Plan Radar GmbH, Insite LMS – Lean management system, Comfy Light AG and Tablet Solutions GmbH.

Events after the end of the reporting period

9. The BIG Group is wholly owned by the Republic of Austria, represented in the year under review by the Federal Ministry of Science, Research and Economy. In accordance with the amendment to the Federal Ministries Act 2017 (which came into force on 8 January 2018), the new shareholder representative of the BIG Group is the Federal Ministry of Finance.

The owner has initiated talks with the BIG Group regarding possible reductions in rent. Impacts on earnings and the fair value of the entire portfolio may result from possible future agreements.

Miscellaneous

10.1 Refurbishing the Austrian Parliament

Cooperation with the Republic of Austria

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 in order to realise the "Refurbishing Parliament" project. 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 the first district of Vienna in line with the law and to assist and manage the move to the interim location.

The temporary premises (erecting the pavilion at Heldenplatz and the modifications in the Hofburg Palace) were completed on schedule in spring 2017. The move took place in summer 2017.

The plans were greenlighted in June 2016; planning permission has been in place since 12 October 2016. The official construction start was on 28 August 2017. The "Refurbishing Parliament" project is now in the execution phase. At year-end 2017 the parliament building was vacated and various measures were carried out to protect historic surfaces along with different demolition works. The massive construction works should start in April 2018; completion is planned for the end of March 2021.

10.2 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.

10.3 Branch offices

The Company has no branch offices.

Vienna, 16 March 2018
The Management Board

Hans-Peter Weiss

Wolfgang Gleissner

Laboratory and office building for the IFA in Tulln

The first ever laboratory building in Austria to be built out of wood was established for the University of Natural Resources and Life Sciences (BOKU) Vienna in Tulln under the special universities programme.

Architecture: DELTA/SWAP consortium
Photo: Christian Brandstätter

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

in EURt	Note	2017	2016
Revenues	7.1.1	1,104,511.1	1,049,941.3
Changes in property holdings	7.1.2	–3,325.7	3,395.7
Other operating income	7.1.3	19,075.5	17,956.2
Net gains from the sale of property	7.1.4	–2,677.7	299.5
Net gains from the sale of property companies	7.1.5	718.5	0.0
Material expenses	7.1.6	–357,789.4	–347.962.8
Personnel expenses	7.1.7	–52,830.8	–51.249.1
Other operating expenses	7.1.8	–25,111.0	–31,091.3
EBITDA		**682,570.5**	**641,289.5**
Depreciation, amortisation and impairment		–2,746.9	–3,269.9
Write-down on inventory assets	7.1.9	0.0	–121.7
Net revaluation gains/losses	7.1.10	202,925.7	104,909.5
EBIT		**882,749.3**	**742,807.4**
Share of profit/loss from companies recognised under the equity method	**8.3**	**4,342.1**	**10,965.2**
Net sales revenue from companies recognised under the equity method	**6.6, 9.3**	**17,982.2**	**22,779.9**
Financial expenses	7.1.11	–102,185.7	–105,077.9
Other financial income/expenditure	7.1.12	7,939.9	–7,817.8
Net financial income/expenditure		**–94,245.7**	**–112,895.7**
EBT		**810,828.0**	**663,656.7**
Income taxes	8.13	–199,392.3	–152,702.1
I. Profit for the period		**611,435.6**	**510,954.6**
Items that were or can be reclassified into profit or loss (recyclable)			
Gains/losses from available-for-sale financial instruments	9.2	–15.7	–8.7
Gains/losses from cash flow hedges	7.1.13	–4.387.4	–9.296.9
Applicable taxes	8.13	1.100.8	2.326.4
Items that can never be reclassified into profit or loss (non-recyclable)			
Revaluation IAS 16	8.1, 8.2	26,588.7	0.0
Revaluation of defined benefit obligations	8.9	–126.7	18.9
Applicable taxes	8.13	–6.615.5	–4.7
II. Other comprehensive income		**16,544.2**	**–6,965.0**
III. Total comprehensive income		**627,979.8**	**503,989.7**
of which attributable to the parent company		627,979.8	503,989.7
Profit for the period		**611,435.6**	**510,954.6**
of which attributable to the parent company		611,435.6	510,954.6

Consolidated statement of financial position

Assets

in EURt	Note	**31.12.17**	31.12.16
Investment property	8.1	11,953,526.4	11,362,968.0
Properties used by the Company	8.2	0.0	39,023.2
Plant and equipment	8.2	3,512.1	2,883.8
Intangible assets	8.2	1,328.3	1,652.1
Shares in companies recognised under the equity method	8.3	483,263.7	502,587.7
Derivative financial instruments	9.2	149,122.9	256,573.9
Other financial assets	8.4	71,824.1	76,283.5
Non-current assets		**12,662,577.6**	**12,241,972.2**
Inventories	8.5	92,463.2	98,566.6
Receivables and other assets	8.6	60,744.0	34,081.2
Derivative financial assets	9.2	31,449.1	61,673.7
Cash and cash equivalents	8.7	48,921.5	52,602.8
Current assets		**233,577.7**	**246,924.3**
Total assets		**12,896,155.3**	**12,488,896.5**

Equity and liabilities

in EURt	Note	**31.12.17**	31.12.16
Subscribed capital	8.8	226,000.0	226,000.0
Other reserves	8.8	–19,064.4	–35,608.6
Retained earnings	8.8	7,071,590.8	6,576,684.3
Equity		**7,278,526.4**	**6,767,075.7**
Financial liabilities	8.12	2,895,770.1	2,817,800.7
Personnel-related provisions	8.9	12,138.0	11,977.7
Other provisions	8.10	45,580.1	48,313.1
Other liabilities	8.14	3,265.1	3,781.1
Derivative financial instruments	9.2	32,927.2	41,384.0
Deferred tax liabilities	8.13	1,532,587.4	1,430,889.0
Non-current liabilities		**4,522,267.9**	**4,354,145.6**
Financial liabilities	8.12	538,158.3	837,351.3
Personnel-related provisions	8.9	8,753.8	9,317.7
Other provisions	8.10	211,172.2	175,276.6
Provision for actual income taxes	8.11	25,888.8	36,606.2
Other liabilities	8.14	309,298.5	309,123.4
Derivative financial instruments	9.2	2,089.4	0.0
Current liabilities		**1,095,361.0**	**1,367,675.1**
Total equity and liabilities		**12,896,155.3**	**12,488,896.5**

Consolidated statement of cash flows

in EURt	Note	2017	2016
Cash flow from business activities			
Consolidated income before taxes		810,828.0	663,656.8
Net interest income	7.1.11, 7.1.12	96,159.9	102,915.4
Depreciation and amortisation	8.2	2,746.9	3,269.9
Write-downs on inventory assets	7.1.9	0.0	121.7
Net gains/losses from revaluation	7.1.10	–202,925.7	–104,909.5
Remeasurement of bonds at fair value through profit or loss (fair value option)	7.1.12	–3,180.1	6,663.1
Derivate instrument fair value changes and revaluation of bonds	7.1.12	–466.2	2,031.3
Share of profit/loss from companies recognised under the equity method	8.3	–4,342.1	–10,965.2
Net sales revenue from companies recognised under the equity method	8.3	–17,982.2	–22,779.9
Net losses/gains from the disposal of properties and other assets	7.1.4, 7.1.5	1,959.2	–299.5
Losses from impairment on loans	8.4	923.1	844.6
Gains and losses from the disposal of financial assets	7.1.11, 7.1.12	0.0	0.4
Dividends received		14,149.7	4,168.1
Interest received	7.1.12	4,440.0	848.7
Interest paid	7.1.11	–101,862.1	–102,238.5
Income taxes paid	8.13	–113,926.1	–74,996.6
Other non-cash transactions			–7,735.5
Operating cash flow		**486,522.1**	**460,595.2**
Changes in receivables from finance leases	8.4, 8.6	634.9	565.1
Changes in inventories, receivables and other assets	8.6	–29,150.9	41,039.7
Changes in trade payables	8.14	–7,138.0	32,882.8
Changes in personnel-related provisions	8.9	–276.8	1,568.0
Changes in other provisions and other liabilities and accruals	8.10	60,138.6	14,512.5
Cash flow from changes in net working capital		**24,207.7**	**90,568.0**
Cash flow from operating activities		**510,729.8**	**551,163.2**
Cash flow from investing activities:			
Acquisition of property, plant and equipment and intangible assets	8.1, 8.2	–370,750.6	–264,367.8
Acquisition of subsidiaries less cash and cash equivalents acquired	6.4	–2,045.0	–1,284.0
Proceeds from the sale of subsidiaries		15,733.1	0.0
Payouts in connection to companies recognised under the equity method	8.3	–411.9	–17,265.1
Proceeds from the sale of companies recognised under the equity method	8.3	27,626.3	37,584.6
Payouts for non-current advance project payments		0.0	–7,049.8
Payouts from non-current advance project payments		11,319.8	0
Taking out loans and borrowings	8.4	–288.6	–9,975.6
Repayment of loans and borrowings		3,760.2	12,003.0
Sale of property, plant and equipment and intangible assets	7.1.4	1,131.0	6,299.0
Cash flow from investing activities		**–313,925.8**	**–244,055.9**
Cash flow from financing activities:			
Redemption of bonds	8.12	–235,675.6	–150,544.6
Repayment derivative (hedge)		52,142.2	5,684.6
Issue of bonds	8.12	350,121.0	249,000.0
Repayment of bank loans	8.12	–602,699.3	–343,803.5
Taking out bank loans and similar financing	8.12	345,000.0	64,840.0
Dividends paid	8.8	–98,731.0	–99,103.0
Remedial payments	8.8	–10,642.6	–7,774.1
Cash flow from financing activities		**–200,485.4**	**–281,700.6**
Total cash flow (=changes in cash and cash equivalents)		**–3,681.3**	**25,406.8**
Cash and cash equivalents at 1 Jan	8.7	52,602.8	27,196.2
Cash and cash equivalents at 31 Dec	8.7	48,921.5	52,602.8
Net change in cash and cash equivalents		**–3,681.3**	**25,406.7**

Consolidated statement of changes in equity

in EURt	Subscribed capital	Fair value reserve	Reserve for cash flow hedges	Revaluation IAS 19R	Revaluation IAS 16	Retained earnings	Total equity
Balance at 1 Jan 2016	**226,000.0**	**14.1**	**–27,915.9**	**–741.8**	**0.0**	**6,183,845.6**	**6,381,202.0**
Profit						510,954.7	510,954.7
Other comprehensive income		–6.5	–6,972.6	14.2	0.0	0.0	–6,965.0
Total comprehensive income	**226,000.0**	**7.6**	**–34,888.5**	**–727.6**	**0.0**	**6,694,800.3**	**6,885,191.7**
Transactions with shareholders							
Remedial payments						–14,215.7	–14,215.7
Dividend payout						–103,900.3	–103,900.3
Total transactions with shareholders						**–118,116.0**	**–118,116.0**
Balance at 31 Dec 2016	**226,000.0**	**7.6**	**–34,888.5**	**–727.6**	**0.0**	**6,576,684.3**	**6,767,075.8**
Balance at 1 Jan 2017	**226,000.0**	**7.6**	**–34,888.5**	**–727.6**	**0.0**	**6,576,684.3**	**6,767,075.8**
Profit						611,435.6	611,435.6
Other comprehensive income		–11.7	–3,290.6	–95.0	19,941.5	0.0	16,544.2
Total comprehensive income	**226,000.0**	**–4.2**	**–38,179.1**	**–822.6**	**19,941.5**	**7,188,120.0**	**7,395,055.6**
Transactions with shareholders							
Remedial payments						–13,869.5	–13,869.5
Dividend payout						–102,659.7	–102,659.7
Total transactions with shareholders						**–116,529.2**	**–116,529.2**
Balance at 31 Dec 2017	**226,000.0**	**–4.2**	**–38,179.1**	**–822.6**	**19,941.5**	**7,071,590.8**	**7,278,526.4**
Note	8.8	8.8	8.8	8.8	8.8	8.8	8.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Trabrennstraße 2c, 1020 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 16 March 2018. The reporting date for the Group and all of the companies included in the Group is 31 December 2017.

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 reporting year.

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

- The revaluation of investment property with a total carrying amount of EUR 11,953,526.4t (previous year: EUR 11,362,968.0t) 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 61,341.0t (previous year: EUR 96,747.1t) 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 regarding the time at which the deferred tax liabilities will be released.

- The measurement of other provisions with a total carrying amount of EUR 256,752.2t (previous year: EUR 223,589.7t) 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 12,138.0t (previous year: EUR 11,977.7t) involved applying assumptions on the interest rate, retirement age, life expectancy, fluctuation and future salary increases.

Information on further accounting judgements made when applying accounting principles that have a material impact on the amounts stated in the consolidated financial statements, is given in the following notes: 5.2 Consolidation principles – consolidation, whether a controlling relationship exists, and 5.7 Leases – lease classification.

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 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), Schools, Universities and the segment Property & Facility Management (PFM).

Property & Facility Management is divided into property management (technical maintenance and building management) and facility services (services such as inspecting and servicing operational facilities, issuing test reports, security services). It provides both internal and external services. These are presented together for reasons of materiality.

The internal reporting of the aforementioned segment is based on the UGB figures pursuant to national accounting regulations. 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 shows how they are reconciled with IFRSs ("IFRS reconciliation").

The portfolio of the subgroup ARE Austrian Real Estate GmbH (hereafter ARE cons. portfolio business) 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 itself is not divided into segments.

ARE Austrian Real Estate Development GmbH (individual ARE DEVELOPMENT) is a project development company for innovative residential property in Austria. In the coming years this segment should be strategically expanded and has therefore now been included in the internal reporting as an individual business area. In light of the steady increase in letting apartments, the consolidated portfolio business is presented together with ARE in the latest internal reporting.

The management directs the business areas ARE cons. portfolio business and individual ARE DEVELOPMENT in accordance with IFRSs. The amount of EUR 50,704.0t (previous year: EUR 24,077.2t) shown in the Adjustments column under the item external revenues results from the external revenues from passing on tenant investments. As this relates to a transitory item with no effect on earnings, the allocation is additionally made at holding level and so does not increase the revenue in the segments.

The amount of EUR –29,653.7t (previous year: EUR –31,268.7t) shown in the Adjustments column under the item internal revenues, as well as the amounts for maintenance expense totalling EUR 6,266.3t (previous year: EUR 7,210.1t) relate to internal invoicing between the Property & Facility Management segment and the segments Special Properties, Schools and Universities, which are once again eliminated at holding level.

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 on the following double page.

FULL YEAR 2017

in EURt	BIG Individual UGB Special properties	Schools	Universities	PFM**	Adjustments	
Revenues	99,822.7	401,051.5	290,113.7	64,520.7	21,050.3	
of which external revenues	99,472.7	401,051.5	290,051.6	15,137.6	50,704.0	
of which intragroup revenues	350.0	0.0	62.2	49,383.1	–29,653.7	
Maintenance expediture	–10,982.6	–57,574.8	–54,435.9		6,266.3	
Depreciation and amortisation	–32,206.3	–114,407.1	–106,671.2	–1,828.5		
Impairment and reversals of impairment	94.7	798.6	411.9	0.0		
EBIT	**42,694.5**	**159,165.4**	**96,971.5**	**2,464.3**		
Net financial income/expenditure	–6,833.4	–23,798.3	–10,928.6	42,622.3		
EBT	**35,861.1**	**135,367.0**	**86,043.0**	**45,086.6**	**0.0**	
Income taxes *	–8,981.0	–33,901.4	–20,400.5	–429.4		
Profit for the period	**26,880.0**	**101,465.6**	**65,642.5**	**44,657.2**	**0.0**	
Fair value	1,182,823.1	4,334,677.0	3,793,460.4			
Investment in construction activities on portfolio properties	28,699.0	148,713.1	175,309.2	0.0		

* Fully consolidated companies
** Property & Facility Management

FULL YEAR 2016 – RESTATED

in EURt	BIG Individual UGB Special properties	Schools	Universities	PFM***	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	515.2	0.0	77.3	50,224.3	–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			
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**	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**		
Fair value	1,139,252.8	4,144,986.1	3,633,411.5	0.0		
Investment in construction activities on portfolio properties	28,127.4	123,487.9	182,951.7	0.0		

* Fully consolidated companies
** 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.
*** Property & Facility Management
**** An additional need for consolidation in the revenues reported resulted from the recognition of the sale of a controlling interest in the project company FJK 51 Projektentwicklungs GmbH & Co KG.

Totals	IFRS reconciliation	Individual BIG	Individual ARE cons. portfolio company	Individual ARE DEVELOPMENT	Other individual FC*	Consolidation	Group
876,558.9	−35,239.8	841,319.1	219,560.8	6,423.8	61,384.9	−24,177.6	1,104,511.1
856,417.3	−30,049.1	826,368.2	214,609.0	2,711.0	60,822.8	0.0	1,104,511.0
20,141.6	−5,190.7	14,950.9	4,951.8	3,712.8	562.1	−24,177.6	0.0
−116,726.9	955.9	−115,771.1	−27,240.3	0.0	−3,008.1	3,828.9	−142,190.6
−255,113.1	252,961.4	−2,151.7	−41.1	−17.9	−3.6	−532.6	−2,746.9
1,305.1	140,614.0	141,919.2	60,285.2	0.0	606.6	114.8	202,925.7
301,295.7	**374,694.24**	**675,990.0**	**186,583.9**	**1,105.9**	**19,432.4**	**−362.8**	**882,749.3**
1,061.9	6.538.8	7,600.7	−25,332.9	21,137.2	33,040.6	−130,691.3	−94,245.7
302,357.7	**381,233.01**	**683,590.7**	**161,251.0**	**22,243.1**	**52,472.9**	**−108,729.7**	**810,828.0**
−63,712.4	−84,584.6	−148,297.0	−46,207.4	−689.5	−7,442.6	3,244.2	−199,392.3
238,645.3	**296,648.4**	**535,293.7**	**115,043.6**	**21,553.6**	**45,030.3**	**−105,485.5**	**611,435.6**
9,310,960.5	–	9,310,960.5	2,515,355.0	0.0	127,211.0	0.0	11,953,526.4
352,721.3	303.3	353,024.6	46,477.6	0.0	43.2	−1,872.6	397,672.9

Totals	IFRS reconciliation	Individual BIG	Individual ARE cons. portfolio company	Individual ARE DEVELOPMENT	Other individual FC*	Consolidation****	Group
788,993.3	6,118.7	795,112.1	211,872.0	4,213.8	41,541.6	−2,798.1	1,049,941.3
769,445.2	10,584.3	780,029.5	206,103.4	2,359.3	41,075.2	20,374.0	1,049,941.3
19,548.1	−4,465.5	15,082.6	5,768.6	1,854.5	466.4	−23,172.1	0.0
−125,500.5	2,792.4	−122,708.2	−26,995.9	0.0	−541.3	3,467.8	−146,777.5
−239,629.8	237,591.8	−2,037.9	−63.9	−22.3	−2.5	−1,143.3	−3,269.9
36,604.9	−5,241.4	31,363.5	54,719.7	0.0	15,813.2	2,891.4	104,787.8
307,779.8	**221,437.2**	**529,217.0**	**175,457.7**	**527.3**	**31,969.1**	**5,636.2**	**742,807.4**
−52,795.2	−1,829.0	−54,624.2	−24,552.4	14,242.2	44,933.8	−92,895.1	−112,895.7
254,984.6	**219,608.2**	**474,592.8**	**150,905.4**	**14,769.5**	**76,902.8**	**−53,513.7**	**663,656.8**
−24,756.9	−73,767.4	−98,524.3	−38,414.7	−1,155.5	−11,000.7	−3,606.8	−152,702.1
1,162.7	−1,162.7	0.0	0.0	0.0	0.0	0.0	0.0
231,390.5	**144,678.1**	**376,068.5**	**112,490.6**	**13,613.9**	**65,902.1**	**−57,120.6**	**510,954.7**
8,917,650.4	0.0	8,917,650.4	2,364,723.3	0.0	146,713.6	−66,119.3	11,362,968.0
334,567.0	0.0	334,567.0	32,460.6	0.0	0.0	2,736.7	369,764.3

3.3 Key customer

Revenues from transactions with the Republic of Austria amounted to EUR 1,018,532.7t (previous year: EUR 966,668.4t), and thereby accounted for 92% (previous year: 92%) 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 in the year under review:

Standard	Title of the standard/interpretation	Obligatory first-time application
Amendments to IAS 7	Disclosure Initiative – Amendment to IAS 7	01.01.2017
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses – Amendment to IAS 12	01.01.2017

AMENDMENTS TO IAS 7 – DISCLOSURE INITIATIVE

The goal of the amendments is to improve information provided to users of financial statements about an entity's financing activities.

Following the amendments taking effect, a company is obliged to disclose the changes of the financing activities whose inflows and outflows are shown in the cash flow statement under cash flows from financing activities. The corresponding financial assets are to be disclosed as well.

Disclosures required:

- Changes with an effect on cash
- Changes from purchasing or selling companies
- Changes in foreign exchange rates
- Changes in fair values
- Other changes

The amendments are effective for annual periods beginning on or after 1 January 2017. BIG addresses the disclosures in item 8.12 of the notes to the consolidated financial statements.

AMENDMENT TO IAS 12 – INCOME TAXES: RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALISED LOSSES

The amendments clarify that deductible differences arise when a purchased debt instrument measured at fair value is devalued due to changes in market interest rates in the IFRS accounts. Here the IASB expressly addresses differences for unrealised losses, even if the carrying amount is expected to be recovered by holding it to maturity as the debt instrument will be redeemed at its nominal value. Furthermore, it clarifies that as a rule a determination should be made for all deductible temporary differences as to whether it is likely in the future that there will be sufficient taxable income available for this use and thereby also for the recognition of deferred tax assets. This is only then not the case if and insofar as the tax laws differentiate between various types of income and there are limitations on offsetting between various types of income.

In the past the Group has already recognised deferred tax assets for unrealised losses.

4.2 New standards and interpretations which have not yet been applied

Standard/ Interpretation	Title of the standard/interpretation	Obligatory first-time application as per IASB	EU adoption
IFRS 15	Revenue from Contracts with Customers	01.01.2018	22.09.2016
Amendment to IFRS 15	Revenue from Contracts with Customers – Clarification	01.01.2018	09.11.2017
IFRS 9	Financial Instruments	01.01.2018	22.11.2016
IFRS 16	Leases	01.01.2019	09.11.2017
Amendments to IFRS 4	Applying IFRS 9 with IFRS 4 – Insurance Contracts	01.01.2018	09.11.2017
Annual Improvements (2014–2016)	Various	01.01.2018	t.b.c.
Amendment to IFRS 2	Share-based Payment	01.01.2018	t.b.c.
Amendment to IAS 40	Classification of Property under Construction	01.01.2018	t.b.c.
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01.01.2018	t.b.c.
Amendment to IFRS 9	Prepayment Features with Negative Compensation	01.01.2019	t.b.c.
Amendment to IAS 28	Long-term Interests in Associates and Joint Ventures	01.01.2019	t.b.c.
IFRIC 23	Uncertainty over Income Tax Treatments	01.01.2019	t.b.c.
IFRS 17	Insurance Contracts	01.01.2021	t.b.c.
Annual Improvements (2015–2017)	Various	01.01.2019	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. 77.4% of the revenue generated by BIG in the reporting period came from renting out properties; here BIG primarily operates as a lessor under an operating lease (IAS 17). The proceeds do not fall under the scope of IFRS 15, but are instead subject to the stipulations of IAS 17 and in the future those of IFRS 16. In connection with the introduction of IFRS 15 and 16, an analysis was conducted to determine whether invoices are issued for which no service obligation exists, as is the case for example when passing on property-related charges in the course of issuing the final annual statement of operating costs. This type of settlement will be regulated by IFRS 16 as of 2019.

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 and revenue from space management. In the year under review these revenues totalled EUR 250,133.3t and thereby accounted for 22.6% of total revenues. Furthermore, IFRS 15 can be applied to certain elements of sales contracts (e.g. asset retirement date, determination of the consideration) for investment property (see note 7.1.4).

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 BIG Group is the primary contact partner for its customers for service provision and bears the inventory risk common to the property industry of the property being ready to use, which cannot be settled with the use of a distribution key for the expenses, as is common to the sector. The assumption is thereby applied that the BIG Group acts as the principal for the significant services.

The client receives and/or consumes the benefits at the same time that BIG provides the services, whereby the revenue is realised over a period of time. For these proceeds, no change arises from the application of IFRS 15 in terms of the amount and time of revenue recognised.

Changes in accounting arise from the new standard in regard to current assets in the course of selling real estate. When selling properties or individual apartments, the revenue is currently recognised upon handover to the customer, which is defined as a point in time, as the customer accepts the risks and rewards related to the transfer of ownership. Revenue is recognised at this point in time.

Pursuant to IFRS 15, revenue is recognised as soon as a customer has control over the property. When producing and developing freehold residential properties, the proceeds are realised over a specific time period, if a usage option for BIG or the property project company in which BIG holds an interest is no longer possible and there exists a legal right to payment for the services already rendered. The consequence of this is that revenues for these contracts will be recognised earlier than is currently the case, i.e. prior to the handover of the property to the customer.

At present there is an impact from the new rules on the interests held in companies accounted for under the equity method under which these kinds of projects are being realised at present. By applying the changes when recognising these contracts, which were not yet concluded as of 1 January 2018, it is estimated that the interests in companies recognised under the equity method and the retained profits will increase by EUR 1,175t

Transition:
When transitioning to IFRS 15, the Group plans to apply the modified retrospective method, under which the cumulated amounts from the adjustments as of 1 January 2018 are recognised, in its consolidated financial statements. As a consequence, the Group will not apply the requirements of IFRS 15 for every comparable period shown.

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.

IFRS 9 contains three key categories for classifying financial assets: measured at amortised cost, measured at fair value through profit or loss (FVTPL) and measured at fair value through other comprehensive income (FVOCI); this replaces the categories of IAS 39 of held to maturity, loans and receivables and available for sale.

On the basis of its evaluation, the BIG Group believes that the new standard will have the following effects on the consolidated financial statements:

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, with the exception of financing for property project companies. The SPPI criteria are met, as – with the exception of bonds – they primarily involve current, non-interest-bearing receivables from renting, operating costs and property transactions. Loans and receivables with longer payment terms are subject to interest at market rates.

Financing from property project companies that represent joint ventures or associates of the BIG Group is measured at fair value through profit or loss (FVTPL), as the repayment of financing subject to interest at market rates is tied to the success of the property projects and does not thereby fulfil the SPPI criteria. At 31 December 2017 no significant deviations had been determined between the market value and the nominal value of the receivables recognised.

With regard to the impairment of financial instruments, the three-phase model is applicable as long as it does not involve trade receivables or contractual assets without significant financing components, for which lifetime expected credit losses are to be applied under the simplified model. Incidentally, measurement in accordance with the concept of the lifetime expected credit losses is to be applied if the credit risk of a financial asset has risen significantly by the closing date following its first-time recognition; otherwise measurement under the concept of the 12-month expected credit loss is applicable.

The expected credit losses were calculated on the basis of experience with actual credit losses over the past five years. BIG calculated the expected credit losses separately for the Republic of Austria and for third parties.

The credit risk of the Republic of Austria was determined using the probability of default estimates published by Moody's. For the current trade liabilities and the 12-month credit losses, there was no probability of the Republic defaulting on the basis of the Aa1 rating of Moody’s.

The credit risk for third parties, whose receivables only make up around 6% of total receivables, was determined on the basis of credit losses over the past five years.

BIG estimates that the application of the impairment guidelines of IFRS 9 as of 1 January 2018 will lead to an increase in impairment of EUR 303.1t compared to impairment recognised under IAS 39.

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). This relates to securities held for sale, whose carrying amount is EUR 869.2t, which corresponds to the market value.

There were no significant changes to the classification and measurement of financial liabilities. At present the option to measure at fair value through profit or loss (FVTPL) has only been chosen for one bond issued by BIG. On the basis of the maturity of the liability in the first quarter of 2018 and the current rating of BIG, the own credit risk, which will be recognised in equity in future, was insignificant.

BIG has decided to apply the new requirements of IFRS 9 in relation to hedge accounting. Under IFRS 9 the Group has to guarantee that this hedge accounting conforms to the objectives and strategies of the Group’s risk management. When evaluating the effectiveness of hedges, a qualitative and forward-looking application is preferred. On the basis of the existing hedge relationships in relation to hedge accounting, no significant changes for BIG have resulted. The micro-hedges (hedge relationship between bonds and the related swap) meet the requirements of IFRS 9 and can be continued as before. IFRS 9 allows for the option to choose not to designate the currency basis spread as part of the hedge, but to recognise it separately as the cost of hedging. This option has not been exercised – in line with the approach used until now. 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.

Transition:

Changes in accounting methods as the result of the application of IFRS 9 are applied retrospectively in principle, except in the following cases:

The BIG Group will exercise its right to the exception of not restating the comparative information for the preceding periods in regard to the changes in classification and measurement (including impairment). Differences between the carrying amounts of financial assets and financial liabilities will, as a rule, be recognised in retained profits and other reserves as of 1 January 2018.

In line with the specifications of IFRS 9, the accounting regulations for hedges will be applied prospectively.

The following assessments are based on the facts and the circumstances at the point in time of initial application:

- Determining the business model under which a financial asset is held.
- Determining and revoking earlier specifications relating to specific financial assets and financial liabilities measured at FVTPL.
- Determining certain dividend securities classed as financial assets and not held for trading as FVOCI.

IFRS 16 LEASES

The main goal of the new standard is the general recognition 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 has approved an initial assessment of the possible impacts on its consolidated financial statements, although a detailed assessment has not yet been approved. Here attention is drawn to the requirements of IFRS 15, as IFRS 16 will also be applicable to cost settlements in the course of settling operating costs under the standing contract. The actual impacts on the consolidated financial statements from the application of IFRS 16 at the point in time of the initial application will depend on future economic conditions such as the Group's interest rate as of 1 January 2019.

The significant impacts identified to date include the fact that the Group will recognise the rental of vehicles, office and business equipment (e.g. copiers) and the rental of office space as operating leases. As of 31 December 2017 the future minimum lease payments for these operating leases (on a non-discounted basis) was EUR 90,960.3t (see note 9.1.3).

Transition:

The Group plans to apply IFRS 16 for the first time as of 1 January 2019 under application of the modified retrospective method. For this reason the cumulative effect of applying IFRS 16 as an adjustment to the opening balance of retained earnings as of 1 January 2019 will not include an adjustment of the comparative information.

When applying the modified retrospective method to leases classified as operating leases under IAS 17, the lessee can choose for every separate lease whether to exercise the exemption during the transition. The Group is currently evaluating the potential impacts from the use of these exemptions.

As a lessor, the BIG Group is not obligated to apply any eventual adjustments to leases for which it acts as the lessor.

5 Accounting and measurement methods

5.1 Changes to disclosure and accounting methods

The presentation of the previously reported business areas Individual ARE and Other FC (fully consolidated companies) have been amended, as, based on the expected future increase in companies for portfolio properties primarily resulting from the home-building initiative, the decision has been made to manage as a group all of the companies with portfolio properties in the ARE subgroup. The management reporting has thereby been adapted accordingly. In the same way, ARE DEVELOPMENT will also be reported separately as the management company of the project development business, in order to do justice to the expansion of this business in the course of the home-building initiative.

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 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.

The precondition for classification as an associate is that the company exercises significant influence but does not exercise control or joint management with regard to its financial and business policies. 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.

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	4	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 notice period 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 (Republic of Austria) 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 comprises a defined benefit plan. 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.

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.

The calculation of provisions for anniversary bonuses is carried out annually by a recognised actuary and the actuarial gains and losses are recognised in the income statement.

Additional disclosures on provisions for severance, pensions and anniversary bonuses can be found in note 8.9 Personnel-related provisions.

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.

The remedial payments are to be transferred quarterly to the account of the Federal Ministry of Finance, at the latest by the end of the quarter following the receipt of the purchase price to the BIG account.

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 PURSUANT TO 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 Loans and Receivables classification 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 year under review 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 assumption of IAS 12.51C, that the carrying amount of investment property will be realised upon sale, is considered to have been refuted on the basis of the BIG Group's business model and frame conditions.

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 tax on 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
- Grutschgasse 1–3 GmbH
- Hintere Zollamtsstraße 17 GmbH
- Gerasdorfer Straße 105 Immobilien GmbH
- ARE DEV VG ZWEI Beteiligungsverwaltungs GmbH
- ARE Quartierentwicklung Eurogate GmbH

The positive and negative tax allocation to each group member is 25% (pursuant to Art. 22 [1] Austrian Corporation Tax Act (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 are allocated as of 1 January 2013 and tax losses are carried internally. Losses of EUR 2,704.1t (previous year: EUR 6,223.3t) from the project companies for which no tax allocations were made were assumed in the financial year 2017. 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 Financial instruments measured at amortised cost

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.

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.

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.

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 2017 financial year:

2017	Fully consolidated	Equity method
Balance at 1.1.2017	47	55
Additions from changes to the consolidated group	1	1
Disposals from changes to the consolidated group	–1	–1
Sold in the year under review		–6
Purchased in the year under review	4	1
Founded in the year under review	9	2
Merged in the year under review		0
Balance at 31.12.2017	**59**	**52**

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

2016	Fully consolidated	Equity method
Balance at 1.1.2016	35	26
Additions from changes to the consolidated group	0	3
Disposals from changes to the consolidated group	–3	0
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 purchases involve the purchase of assets and do not represent a business combination in accordance with IFRS 3.

6.2 Fully consolidated companies

In addition to BIG, 58 (previous year: 46) domestic subsidiaries over which BIG has control were fully consolidated:

Company	Domicile	Currency	Direct shareholding 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 (vormals: 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
EMERSON GmbH & Co KG	Vienna	EUR	100.00	0.00
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	100.00
N13 S3 Betreutes Wohnen Ges.m.b.H.	Vienna	EUR	100.00	100.00
Wohnen am Esserweg Bauträger GmbH	Vienna	EUR	100.00	0.00
VIOLA PARK Errichtungs GmbH	Vienna	EUR	100.00	0.00
Q12 Projektentwicklung eins GmbH	Vienna	EUR	100.00	100.00
Q12 Projektentwicklung zwei GmbH	Vienna	EUR	100.00	100.00
Q12 Projektentwicklung drei GmbH	Vienna	EUR	100.00	100.00
ARE PARS GmbH	Vienna	EUR	100.00	100.00

Company	Domicile	Currency	Direct shareholding in %	Direct shareholding in % previous year
Siemensäcker Projektentwicklung zwei GmbH	Vienna	EUR	100.00	100.00
Siemensäcker Management eins GmbH	Vienna	EUR	100.00	100.00
Siemensäcker Management drei GmbH	Vienna	EUR	100.00	100.00
ARE Quartierentwicklung Eurogate GmbH	Vienna	EUR	100.00	0.00
Kapuzinergasse Projektentwicklungs GmbH	Vienna	EUR	100.00	0.00
Kapuzinergasse Immobilien GmbH (vormals: ARE VG EINS Beteiligungsverwaltungs GmbH)	Vienna	EUR	100.00	100.00
Feldkirchnerstraße 4–6 Immobilien GmbH (vormals: ARE VG ZWEI Beteiligungsverwaltungs GmbH)	Vienna	EUR	100.00	100.00
ARE DEV VG ZWEI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	100.00
Wunderburgstraße 1 Projektentwicklungs GmbH	Vienna	EUR	100.00	0.00
ARE Wunderburgstraße 1 Immobilien GmbH	Vienna	EUR	100.00	0.00
ARE DEV VG SIEBEN Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
ARE DEV VG ACHT Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
ARE DEV VG NEUN Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
ARE BET VG EINS Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
ARE BET VG ZWEI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	0.00
Hilmteichstraße 85 Projektentwicklungs GmbH	Vienna	EUR	100.00	50.00
FJK Management GmbH	Vienna	EUR	100.00	100.00
FJK ZWEI Management GmbH & Co KG	Vienna	EUR	100.00	100.00

6.3 Shares in companies recognised under the equity method

At the end of the reporting period there were 52 (previous year: 55) domestic companies recognised under the equity method included in the consolidated financial statements:

Company	Domicile	Currency	Direct shareholding in %	Direct shareholding in % previous year
FJK 51 Projektentwicklungs GmbH & Co KG (vormals: FJK Management GmbH & Co KG)	Vienna	EUR	49.00	49.00
FJK 51 Projektentwicklungs GmbH	Vienna	EUR	49.00	49.00
ARE DEV VG VIER Beteiligungsverwaltungs GmbH	Vienna	EUR	49.00	0.00
ARE DEV VG FÜNF Beteiligungsverwaltungs 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	50.00
BIG Liegenschaften Strasshof Verwertung und Entwicklungs GmbH	Vienna	EUR	55.00	55.00
Campus WU GmbH	Vienna	EUR	51.00	51.00
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	Vienna	EUR	49.00	49.00
Parlamentsgebäudesanierungsgesellschaft m.b.H.	Vienna	EUR	49.00	49.00
Wien 3420 Aspern Development AG	Vienna	EUR	26.60	26.60

Company	Domicile	Currency	Direct share-holding in %	Direct share-holding in % previous year
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 Beteiligung drei GmbH*	Vienna	EUR	45.00	45.00
TrIIIple Beteiligung vier GmbH*	Vienna	EUR	45.00	45.00
ERD38 TU GmbH (vormals: ARE DEV VG DREI Beteiligungsverwaltungs GmbH)	Vienna	EUR	50.00	100.00
Erdberger Lände 36–38 Projektentwicklung GmbH	Vienna	EUR	50.00	50.00
ERD 38 Beteiligungen GmbH (vormals: ARE DEV VG EINS Beteiligungsverwaltungs GmbH)	Vienna	EUR	50.00	50.00
EKMAN GmbH & Co KG**	Vienna	EUR	50.00	0.00
ERD38 BP zwei GmbH & Co KG**	Vienna	EUR	50.00	50.00
ERD38 BP drei GmbH & Co KG**	Vienna	EUR	50.00	50.00
ERD38 BP vier GmbH & Co KG**	Vienna	EUR	50.00	50.00
ERD38 BP fünf GmbH & Co KG**	Vienna	EUR	50.00	50.00
ERD38 BP sechs GmbH**	Vienna	EUR	50.00	50.00
ERD38 BP sieben GmbH**	Vienna	EUR	50.00	50.00
ERD38 BP neun GmbH**	Vienna	EUR	50.00	50.00
ERD38 BP zehn GmbH & Co KG**	Vienna	EUR	50.00	50.00
ARP Twentyfour GmbH	Vienna	EUR	49.00	49.00
FoDo Holding GmbH & Co KG	Vienna	EUR	49.00	49.00
FoDo Office Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	49.00
FoDo Hotel Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	49.00
FoDo Business Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	49.00
FoDo Services Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	49.00
FoDo Parking Beteiligung GmbH & Co KG***	Vienna	EUR	49.00	49.00
FDO Immobilien Invest GmbH***	Vienna	EUR	49.00	49.00
FDO Living GmbH***	Vienna	EUR	49.00	49.00
FDO Hotel GmbH & Co KG***	Vienna	EUR	49.00	49.00
FDO Parking GmbH & Co KG***	Vienna	EUR	49.00	49.00
FDO Services GmbH & Co KG***	Vienna	EUR	49.00	49.00
FDO Office GmbH & Co KG***	Vienna	EUR	49.00	49.00
FDO Business GmbH & Co KG***	Vienna	EUR	49.00	49.00
SCHÖPF15A GmbH	Vienna	EUR	50.00	50.00
FLORA24 GmbH	Vienna	EUR	50.00	50.00
Engerthstraße 187 Errichtungsges.m.b.H.	Vienna	EUR	50.00	50.00

* Wholly owned subsidiary of Schnirchgasse 9-9A GmbH & Co KG. The earnings are part of this company.
** Wholly owned subsidiary of Erdberger Lände 36-38 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%.

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 490,000.0t). All financing 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 current financial year:

Company	Domicile	Currency	Direct share-holding in %	Type of consolidation*	Founded/ acquired on
SANDPIPER ONE GmbH & Co KG	Vienna	EUR	100.00	FC	05.05.2017
Wohnen am Esserweg Bauträger GmbH	Vienna	EUR	100.00	FC	05.04.2017
ARE Quartierentwicklung Eurogate GmbH	Vienna	EUR	100.00	FC	10.05.2017
ARE BET VG EINS Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	21.09.2017
ARE BET VG ZWEI Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	21.09.2017
ARE DEV VG VIER Beteiligungsverwaltungs GmbH**	Vienna	EUR	49.00	EQ	22.03.2017
ARE DEV VG FÜNF Beteiligungsverwaltungs GmbH**	Vienna	EUR	49.00	EQ	22.03.2017
Wunderburgstraße 1 Projektentwicklungs GmbH	Vienna	EUR	100.00	FC	30.06.2017
ARE DEV VG SIEBEN Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	30.11.2017
ARE DEV VG ACHT Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	30.11.2017
ARE DEV VG NEUN Beteiligungsverwaltungs GmbH	Vienna	EUR	100.00	FC	30.11.2017
EMERSON GmbH & Co KG	Vienna	EUR	100.00	FC	27.12.2017
VIOLA PARK Errichtungs GmbH	Vienna	EUR	100.00	FC	31.08.2017
Kapuzinergasse Projektentwicklungs GmbH	Vienna	EUR	100.00	FC	06.12.2017
ARE Wunderburgstraße 1 Immobilien GmbH	Vienna	EUR	100.00	FC	21.09.2017
EKMAN GmbH & Co KG***	Vienna	EUR	50.00	EQ	23.11.2017

* FC = fully consolidated, EQ= consolidated under the equity method
** Companies were founded by BIG in 2017 and in the same year 51% of the shares were sold.
*** Wholly owned subsidiaries of Erdberger Lände 36–38 Projektentwicklung GmbH. The results are part of this company.

6.5 Changes to the type of inclusion in the consolidated group

The following changes occurred in the 2017 financial year:

				Before		After	
Company	Domicile	Currency	Direct share-holding in %	Type of consolidation*	Direct quote in %	Type of consolidation*	Change in consolidated group
Hilmteichstraße 85 Projektentwicklung GmbH	Vienna	EUR	50.00	EK	100.00	FC	30.06.17
ERD38 TU GmbH (formerly: ARE DEV VG DREI Beteiligungsverwaltungs GmbH)	Vienna	EUR	100.00	FC	50.00	EQ	30.06.17

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

6.6 Deconsolidations

The following deconsolidations occurred in 2017:

Company	Domicile	Currency	Direct share-holding in %	Type of consolidation*	Deconsolidation
Hillerstraße – Jungstraße GmbH	Vienna	EUR	25.00	EQ	30.06.2017
Eslarngasse 16 GmbH	Vienna	EUR	25.00	EQ	30.06.2017
Fürstenallee 21 GmbH	Vienna	EUR	25.00	EQ	30.06.2017
Schiffmühlenstraße 120 GmbH	Vienna	EUR	25.00	EQ	30.06.2017
ERD38 BP acht GmbH**	Vienna	EUR	50.00	EQ	30.06.2017
SIVBEG – Strategische Immobilien Verwertungs-, Beratungs- und Entwicklungsgesellschaft m.b.H.	Vienna	EUR	45.00	EQ	31.12.2017
SANDPIPER ONE GmbH & Co KG	Vienna	EUR	100.00	FC	30.09.2017

* FC = fully consolidated, EQ = consolidated under the equity method
** Was a wholly owned subsidiary of Erdberger Lände 36–38 Projektentwicklung GmbH.

The sale of shares in companies accounted for under the equity method led to a deconsolidation result of EUR 88.1t, which is included under net sales proceeds from companies recognised under the equity method. The sale of SANDPIPER ONE GmbH & Co KG led to a deconsolidation result of EUR 718.5t, which is detailed in note 7.1.4.

7 Notes on the consolidated statement of comprehensive income

7.1 Consolidated statement of comprehensive income

7.1.1 Revenues

in EURt	2017	2016
Letting revenues	854,377.7	827,148.2
Revenues from operating and heating costs	83,274.4	77,602.8
Revenues from tenant investments	69,606.8	36,683.3
Building management revenues	25,279.9	25,004.5
Facility services revenues	10,463.7	11,164.4
Construction management revenues	589.1	333.4
Proceeds from the sale of inventory properties	51,406.1	52,619.1
Space management revenues	112.2	260.7
Proceeds from service concession arrangements IFRIC 12	4,355.7	14,172.1
Other revenues	5,045.5	4,952.8
	1,104,511.1	**1,049,941.3**

7.1.2 Changes in property holdings

in EURt	2017	2016
Tenant investments and services not yet invoiced	14,192.3	17,595.1
Investment in inventory properties	19,585.8	24,016.7
Inventory properties	−37,103.7	−38,216.0
	−3,325.7	**3,395.7**

7.1.3 Other operating income

in EURt	2017	2016
Own work capitalised	7,891.0	7,545.0
Income from expense grants	4,764.1	3,862.7
Income from the release of provisions for impairment	288.8	228.2
Income from charges passed on to third parties	657.5	69.0
Income from building damages claims	3,004.7	1,947.3
Other income	2,469.3	4,303.9
	19,075.5	**17,956.2**

7.1.4 Net gains/losses from the sale of non-current property assets

in EURt	2017	2016
Gains from the sale of plant and equipment	0.0	512.7
Losses from the sale of plant and equipment	–2,677.7	–213.2
	–2,677.7	**299.5**

7.1.5 Net gains from the sale of property companies

in EURt	2017	2016
Gains from the sale of property companies	718.5	0.0
	718.5	**0.0**

7.1.6 Material expenses

in EURt	2017	2016
Maintenance	–142,190.6	–146,777.5
Expenses for tenant investments	–81,065.7	–52,538.8
Operating and heating costs	–88,911.9	–86,314.1
Other purchased services	–45,928.4	–62,743.9
Income from cash discounts	307.4	411.6
	–357,789.4	**–347,962.8**

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 4,248.0t (previous year: EUR 13,887.0t) in relation to service concession arrangements IFRIC 12.

The expenses listed above relate to operating expenses which are directly allocable to investment property with which rental income is generated. The expenses for properties that do not generate rental income are insignificant.

7.1.7 Personnel expenses

in EURt	2017	2016
Wages	–428.7	–442.9
Salaries	–39,422.8	–38,656.4
Expenses for severance pay and pensions	–1,267.7	–1,165.5
Ancillary labour costs	–10,556.7	–10,051.7
Other social security expenses	–1,154.9	–932.5
	–52,830.8	**–51,249.1**

The personnel structure of the BIG Group breaks down as follows:

Staff (average for the year)	2017	2016
Salaried employees	626	594
Former federal contract agents	73	75
Recognised as personnel expenses	**699**	**669**
Federal/provincial civil servants	226	239
Provincial contract agents	3	3
Recognised as purchased services	**229**	**242**
Total staff	**928**	**911**

The payments into the employee benefit fund totalled EUR 499.5t in 2017 (previous year: EUR 459.0t) and were immediately recognised in profit or loss.

The payments into the pension fund totalled EUR 348.0t in 2017 (previous year: EUR 309.0t).

7.1.8 Other operating expenses

in EURt	2017	2016
Change in provisions for onerous contracts	–1,057.4	–3,212.3
Services	–8,092.1	–8,705.3
IT	–4,046.2	–3,888.9
Office management	–4,721.4	–4,948.6
Advertising	–2,256.5	–1,720.1
Communication	–817.9	–613.5
Training	–943.1	–814.5
Travel expenses	–575.3	–608.7
Taxes other than income taxes	–554.9	–343.6
Motor vehicles	–447.5	–354.9
Sales costs	–546.0	–351.6
Miscellaneous other operating expenses	–1,052.7	–5,529.4
	–25,111.0	**–31,091.3**

7.1.9 Write-downs on inventory assets

No write-downs on inventory properties were made in the year under review (previous year: EUR 121.7t).

7.1.10 Net revaluation gains/losses

in EURt	2017	2016
Revaluation gains	352,234.4	490,665.9
Revaluation losses	–149,308.7	–385,756.4
	202,925.7	**104,909.5**

7.1.11 Finance expenses

in EURt	2017	2016
Interest expense	–100,599.9	–103,764.10
Other financial expenses	–1,585.8	–1,313.80
	–102,185.7	**–105,077.90**

7.1.12 Other financial income/expenses

in EURt	2017	2016
Interest income	4,440.0	848.70
Income from fund units	17.8	20.10
Remeasurement of bonds at fair value through profit or loss (fair value option)	3,180.1	–6,663.10
Remeasurement of bonds at amortised cost (share in foreign currency)	75,244.8	–20,408.10
Remeasurement of derivatives – with hedge accounting (share in foreign currency)	–71,956.2	12,238.00
Remeasurement of derivatives – fair value option	–2,822.3	6,138.90
Other financial income	–164.1	7.70
	7,939.9	**–7,817.80**

In the year under review EUR 284.4t (previous year: EUR 1.7t) was recognised in financial income from the ineffective portion of cash flow hedges under the item remeasurement of derivatives – with hedge accounting.

In the years 2017 and 2016 the following changes occurred in the cash flow hedge reserve:

in EURt	2017	2016
Cash flow hedge reserve at 1 Jan	–46,518.0	–37,221.2
Effective portion of the change in fair value	–20,487.6	–23,319.8
Current interest rate components	16,100.2	14,023.0
Cash flow hedge reserve at 31 Dec	**–50,905.4**	**–46,518.0**

7.1.13 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 2017 and 2016:

31.12.2017 in EURt	Interest	From remeasurement			
		Through profit or loss	Directly in equity	Other changes in value	Net gain/loss
Assets and liabilities					
Loans and other financial debts	–28,619	–129	0		–129
Loans and receivables	4,440	0	0		0
Available-for-sale securities	18	0	–16		–16
Derivatives – with hedges	–10,105	–71,956	–4,387		–76,344
Derivatives – fair value	904	–2,822	0		–2,822
Bonds recognised at fair value through profit or loss	–801	3,180	0		3,180
Bonds recognised at amortised cost	–62,143	75,245	0		75,245
Total	**–96,306**	**3,518**	**–4,403**		**–885**

31.12.2016 in EURt	Interest	Through profit or loss	Directly in equity	Other changes in value	From remeasurement Net gain/loss
Assets and liabilities					
Loans and other financial debts	–29,904	49	0		49
Loans and receivables	849	0	0		0
Available-for-sale securities	20	0	–9		–9
Derivatives – with hedges	–8,830	12,238	–9,297		2,941
Derivatives – fair value	1,897	6,139	0		6,139
Bonds recognised at fair value through profit or loss	–1,710	–6,663	0		–6,663
Bonds recognised at amortised cost	–65,210	–20,408	0		–20,408
Total	**–102,888**	**–8,646**	**–9,297**		**–17,952**

8 Notes on the consolidated statement of financial position

8.1 Investment property

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

Carrying amounts of investment property in EURt	**2017**	2016
Balance at 1 Jan	11,362,968.0	10,956,578.8
Additions	408,638.0	382,750.3
Investment grants	–29,241.5	–54,648.1
Rent surcharges	–42,773.9	–18,579.1
Additions from purchases of property companies	14,426.2	769.4
Disposals	–32,151.9	–5,999.5
Reclassification from IAS 40 to IAS 2	3,885.8	–2,813.2
Reclassification of properties used by the Company	64,850.1	0.0
Value changes (increase/decrease)	202,925.7	104,909.5
Balance at 31 Dec	**11,953,526.4**	**11,362,968.0**

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 2017 no investment property was pledged as collateral for liabilities.

Investment property is divided into investment property in the amount of EUR 11,586,827.3t (previous year: EUR 10,936,266.5t) and property under development of EUR 366,699.1t (previous year: EUR 426,701.5t).

The BIG Group primarily lets its properties long-term to federal institutions, whereby the vacancy rate for rentable space was around 0.5% in the reporting year.

DETERMINING FAIR VALUES

In the business year 2017 around 785 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 55% of the BIG Group's portfolio. In the past three years (2015 to 2017) 100% of the fair value volume has been determined by an external expert.

Expert opinions with effective dates prior to 2017 were analysed with the help of the indicator model for changes relevant to value regarding selected measurement parameters (indicators such as space, rental level etc.). 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 of the analysed expert opinion. When all of the indicators fell within the specified fluctuation ranges, the fair value of the property was carried forward to the respective valuation date.

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 for investment property is determined in accordance with the specifications of IFRS 13 (for determining level 3 fair value) and the principles of the federal law for the court-certified assessment of properties (Liegenschaftsbewertungsgesetz – LBG), as well as the European valuation standards of The European Group of Valuers' Associations (TEGoVA).

The heterogeneity of the properties to be valued is taken into account through the careful selection of the valuation model appropriate in each case as well as on the choice of parameters tailored to the specific property (location of the property, type of use, market environment, condition, etc.). For all measurement methods the actual prevailing market conditions are integrated into the parameters for determining the value.

Let commercial properties are generally measured using the income approach. The income approach is material in determining the market value of any properties for which the interest charged on the capital invested is a decisive factor in purchasing decisions for the pricing in the normal course of business. The income approach determines the present value of all future income as of the effective valuation date. When applying the income approach, the developments on the real estate market are used for ascertaining the valuation, especially through the application of market income ratios (user charges and management costs) and the property rate derived from sales prices.

For properties in the development or manufacturing phase, the residual value method pursuant to ÖNORM B 1802 – part 3 is applied. When applying this method, the market value is based on the fair value determined under the income approach upon completion of the property 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 prices of comparable plots of land. Even though the LBG states that the sales comparison approach is ranked equally with the other valuation methods, this approach is especially significant if suitable comparable prices exist, as comparable prices for plots that are essentially similar represent the most reliable evidence for determining the fair value.

The majority of the properties in the Schools, Universities, and Special Properties segments are income-oriented properties. The classic income approach pursuant to Art. 5 LBG is used for determining their fair value. For properties that are not income-oriented, the valuation is made by an external expert under application of other scientifically accepted valuation methods.

The following shows a summary of the significant non-observable inputs used in the course of the valuations for properties valued under the income approach, broken down by segment (by federal province for ARE) and for multiple segments for the far lower number of properties valued under the residual value method (all federal provinces for ARE):

Segment	**Carrying amount at 31.12.2017/in EURt**	**Inputs**	**MIN**		**MAX**
Special Properties	1,147,471	Capitalisation rate	4.00%	to	9.00%
		Remaining useful life in years	10	to	50
		Actual rent in in EUR/m² p.m.	0.70 €	to	14.40 €
		Sustainable rent in EUR/m² p.m.	0.80 €	to	10.70 €
		Maintenance costs in EUR/m² p.a.	2.00 €	to	24.50 €
Schools	4,113,909	Capitalisation rate	5.00%	to	7.10%
		Remaining useful life in years	10	to	60
		Actual rent in in EUR/m² p.m.	1.30 €	to	18.00 €
		Sustainable rent in EUR/m² p.m.	1.30 €	to	16.70 €
		Maintenance costs in EUR/m² p.a.	1.40 €	to	27.20 €
Universities	2,726,417	Capitalisation rate	4.00%	to	7.00%
		Remaining useful life in years	10	to	55
		Actual rent in in EUR/m² p.m.	2.00 €	to	18.20 €
		Sustainable rent in EUR/m² p.m.	2.00 €	to	15.60 €
		Maintenance costs in EUR/m² p.a.	2.00 €	to	28.80 €
Residual value method for					
Combined: Segments Special Properties, Schools and Universities	1,323,164	Capitalisation rate	3.90%	to	5.50%
		Remaining useful life in years	35	to	60
		Sustainable rent in EUR/m² p.m.	4.8	to	15.8
Total BIG	**9,310,961**				
Total ARE	**2,441,507**				
Total project companies in Group	**201,058**				
Total Group	**11,953,527**				

The material, non-observable inputs in the segment ARE are as follows, broken down by federal province:

ARE federal province	Carrying amount at 31.12.2017/in EURt	Inputs	MIN		MAX
Burgenland	36,929	Capitalisation rate	3.00 %	to	9.00 %
		Remaining useful life in years	15	to	44
		Actual rent in in EUR/m² p.m.	1.60 €	to	9.20 €
		Sustainable rent in EUR/m² p.m.	1.60 €	to	8.50 €
		Maintenance costs in EUR/m² p.a.	1.00 €	to	17.90 €
Carinthia	94,509	Capitalisation rate	4.20 %	to	7.40 %
		Remaining useful life in years	15	to	45
		Actual rent in in EUR/m² p.m.	1.30 €	to	8.70 €
		Sustainable rent in EUR/m² p.m.	1.90 €	to	8.40 €
		Maintenance costs in EUR/m² p.a.	1.00 €	to	21.80 €
Lower Austria	153,877	Capitalisation rate	4.50 %	to	8.00 %
		Remaining useful life in years	15	to	45
		Actual rent in in EUR/m² p.m.	1.50 €	to	11.10 €
		Sustainable rent in EUR/m² p.m.	1.00 €	to	9.20 €
		Maintenance costs in EUR/m² p.a.	1.00 €	to	24.00 €
Upper Austria	158,712	Capitalisation rate	6.00 %	to	8.00 %
		Remaining useful life in years	10	to	60
		Actual rent in in EUR/m² p.m.	0.90 €	to	9.30 €
		Sustainable rent in EUR/m² p.m.	1.90 €	to	9.40 €
		Maintenance costs in EUR/m² p.a.	4.00 €	to	24.70 €
Salzburg	99,278	Capitalisation rate	5.00 %	to	7.60 %
		Remaining useful life in years	10	to	45
		Actual rent in in EUR/m² p.m.	1.40 €	to	8.60 €
		Sustainable rent in EUR/m² p.m.	1.80 €	to	8.50 €
		Maintenance costs in EUR/m² p.a.	2.00 €	to	23.00 €
Styria	253,693	Capitalisation rate	5.10 %	to	7.30 %
		Remaining useful life in years	15	to	58
		Actual rent in in EUR/m² p.m.	1.30 €	to	11.60 €
		Sustainable rent in EUR/m² p.m.	1.70 €	to	9.60 €
		Maintenance costs in EUR/m² p.a.	1.00 €	to	21.40 €
Tyrol	158,178	Capitalisation rate	4.00 %	to	7.40 %
		Remaining useful life in years	5	to	50
		Actual rent in in EUR/m² p.m.	0.70 €	to	11.10 €
		Sustainable rent in EUR/m² p.m.	0.70 €	to	10.00 €
		Maintenance costs in EUR/m² p.a.	1.00 €	to	21.60 €
Vorarlberg	57,749	Capitalisation rate	4.00 %	to	8.00 %
		Remaining useful life in years	15	to	40
		Actual rent in in EUR/m² p.m.	1.30 €	to	9.60 €
		Sustainable rent in EUR/m² p.m.	1.10 €	to	9.00 €
		Maintenance costs in EUR/m² p.a.	0.90 €	to	20.50 €

ARE federal province	Carrying amount at 31.12.2017/in EURt	Inputs	MIN		MAX
Vienna	1,382,942	Capitalisation rate	2.90%	to	7.50%
		Remaining useful life in years	16	to	60
		Actual rent in in EUR/m² p.m.	1.10 €	to	15.30 €
		Sustainable rent in EUR/m² p.m.	2.40 €	to	15.30 €
		Maintenance costs in EUR/m² p.a.	1.20 €	to	21.70 €
Residual value method for					
Segment ARE	45,641	Capitalisation rate	2.50 %	to	6.10%
		Remaining useful life in years	40	to	78
		Maintenance costs in EUR/m² p.a.	5.9 €	to	26.2 €
Total ARE	**2,441,508**				
Total project companies in Group	**90,175**				
Total Group	**2,531,683**				

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.

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

The fact that the portfolio is composed of highly divergent properties has several effects including larger ranges in the significant, non-observable inputs.

Following the ESMA paper of 31 October 2017 (Decision ref EECS/0117-08 – Fair value measurement disclosures of unobservable inputs), the informative value as of 31 December 2017 was improved against the comparable effective date insofar as the assumption on the loss of rental income was replaced with the parameters Actual rent in in EUR/m² and Sustainable rent in EUR/m². Furthermore, the inputs are differentiated in terms of those primarily applied for the valuation method used.

As of 31 December 2016 any company for which an external expert opinion did not exist was internally assessed with the help of property valuation software that automatically determined the fair value. 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 automatic valuations were gradually being replaced by external expert valuations as of 31 December 2017.

A comparison of the significant non-observable inputs on the respective reporting dates has not been given on the one hand because of these reasons and on the other because of the insignificant change in the ranges for the inputs against 31 December 2016.

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 2017 the fair value and carrying amount of investment property was EUR 2,441,5077.5t in ARE and EUR 9,310,960.5t 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 2017 or which were classed as unimproved land. The fair value volumes of these selected properties at 31 December 2017 amounted to EUR 633,025.0t for ARE (around 26% of the total fair value of property held by ARE) and EUR 1,311,821.0t for BIG (around 14% 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 in EURt	–10 %	Initial value	+10 %
ARE	2,230,120.0 –8.66%	2,441,507.5 100%	2,652,894.0 +8.66%
BIG	8,562,361.0 –8.04%	9,310,960.5 100%	10,059,561.0 +8.04%

Changes in the capitalisation rate in EURt	+50 basis points	Initial value	–50 basis points
ARE	2,258,765.0 –7.48%	2,441,507.5 100%	2,653,303.0 +8.67%
BIG	8,737,990.0 –6.15%	9,310,960.5 100%	9,970,127.0 +7.08%

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 –8.6% to +8.67% 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, other plant and equipment and intangible assets

At 31 December 2017 no plant or equipment or intangible assets were pledged as collateral for liabilities.

Properties used by the Company in EURt	**2017**	2016
Balance at 1 Jan	39,023.2	36,960.0
Additions	0.0	3,434.3
Disposals	–2.2	0.0
Amortisation and impairment	–759.5	–1,371.1
Net revaluation gains	26,588.7	0.0

Properties used by the Company in EURt	**2017**	2016
Reclassification as investment property	–64,850.1	0.0
Balance at 31 Dec	**0.0**	**39,023.2**
Acquisition and manufacturing costs	52,625.2	52,627.5
Accumulated amortisation and impairment	–14,363.8	–13,604.3
Net revaluation gains	26,588.7	0.0
Reclassification as investment property	–64,850.1	0.0
Balance at 31 Dec	**0.0**	**39,023.2**

In the 2017 business year two buildings were reclassified as investment property as they are no longer used by the Group and the decision has been taken to rent them to third parties.

In the process of reclassification, the Group revalued the properties at fair value (Level 3) and recognised a profit of EUR 19,941.5t (net of tax) in other comprehensive income. The valuation methods and the significant non-observable inputs that were used for determining the fair value of the building at the time of its reclassification were the same as those used for investment property at the end of the reporting period.

Other plant and equipment in EURt	**2017**	2016
Balance at 1 Jan	2,883.8	2,772.1
Additions	2,345.5	1,312.5
Disposals	–419.6	–9.1
Amortisation and impairment	–1,297.5	–1,191.8
Balance at 31 Dec	**3,512.1**	**2,883.8**
Acquisition and manufacturing costs	15,804.5	14,849.5
Accumulated amortisation and impairment	–12,292.3	–11,965.8
Balance at 31 Dec	**3,512.1**	**2,883.8**

Intangible assets in EURt	**2017**	2016
Balance at 1 Jan	1,652.1	1,994.1
Additions	366.1	365.1
Disposals	0.0	0.0
Amortisation and impairment	–689.9	–707.0
Balance at 31 Dec	**1,328.3**	**1,652.1**
Acquisition and manufacturing costs	8,601.1	9,218.8
Accumulated amortisation and impairment	–7,272.7	–7,566.7
Balance at 31 Dec	**1,328.3**	**1,652.1**

8.3 Shares in companies recognised under the equity method

in EURt	31.12.17	31.12.16
Campus WU GmbH	441,437.8	452,248.5
Residenz am Hamerlingpark GmbH & Co KG	10,292.9	8,122.4
FoDo Holding GmbH & Co KG	10,277.3	10,668.5
Schnirchgasse 9–9A GmbH & Co KG	172.2	1,795.5
FJK 51 Projektentwicklungs GmbH & Co KG (formerly: FJK Management GmbH & Co KG)	7,510.1	7,735.5
Kaarstraße 21 GmbH	3,415.3	429.1
Wien 3420 Aspern Development AG	2,377.0	4,113.3
NOE Central St. Pölten Verwertungs GmbH	2,291.6	2,586.6
FLORA24 GmbH	1,936.7	1,983.1
BIG Liegenschaften Strasshof Verwertung und Entwicklungs GmbH	1,353.5	1,094.7
SCHÖPF15A GmbH	1,111.5	1,179.3
Kirchner Kaserne Projektentwicklungs GmbH	546.8	605.6
Engerthstraße 187 Errichtungsges.m.b.H.	231.3	269.1
Nuss Errichtung GmbH	110.0	4.4
TrIIIple Management GmbH	62.3	45.7
HAPA Projektmanagement GmbH	21.1	19.4
ARP Twentyfour GmbH	19.8	16.9
ND Beteiligungen GmbH	17.7	18.2
Parlamentsgebäudesanierungsgesellschaft m.b.H.	17.2	17.2
ARE DEV VG VIER Beteiligungsverwaltungs GmbH	17.2	0.0
ARE DEV VG FÜNF Beteiligungsverwaltungs GmbH	17.2	0.0
ERD 38 Beteiligungen GmbH (formerly: ARE DEV VG EINS Beteiligungsverwaltungs GmbH)	13.9	0.0
FJK 51 Projektentwicklungs GmbH	13.5	17.2
Hilmteichstraße 85 Projektentwicklung GmbH	0.0	385.6
SIVBEG – Strategische Immobilien Verwertungs-, Beratungs- und Entwicklungsgesellschaft m.b.H.	0.0	1,032.4
ARE DEV VG EINS Beteiligungsverwaltungs GmbH	0.0	17.5
Hillerstraße – Jungstraße GmbH	0.0	1.2
Schiffmühlenstraße 120 GmbH	0.0	8,180.5
ERD38 TU GmbH (formerly: ARE DEV VG DREI Beteiligungsverwaltungs GmbH)	0.0	0.0
Erdberger Lände 36–38 Projektentwicklung GmbH	0.0	0.0
	483,263.7	**502,587.7**

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

in EURt	31.12.17	31.12.16
Ownership	51%	51%
Non-current assets	500,800.0	504,703.0
Current assets	2,958.4	2,283.0
Non-current liabilities	−4,595.7	−3,605.0
Deferred tax liabilities	−18,623.5	−16,104.3
Current assets	−3,023.8	−7,294.4
Net assets	**477,515.3**	**479,982.3**
of which BIG (including non-linear contributions)	441,437.8	452,248.5
of which WU	36,077.6	27,733.8

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

in EURt	31.12.17	31.12.16
Cash and cash equivalents	2,565.2	1,551.4
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	31.12.17	31.12.16
Share of net assets at 1 Jan	452,248.5	461,447.3
Comprehensive income attributable to the Group	2,475.3	375.2
Non-linear capital injection BIG	0.0	3,589.0
Dividends received	−3,733.5	−3,718.1
Reduction	−9,552.6	−9,444.9
Share of net assets at 31 Dec	**441,437.8**	**452,248.5**

The annual financial statements above include the following amounts:

in EURt	2017	2016
Revenue	12,030.2	11,658.9
Profit for the period	4,853.6	735.6
Total comprehensive income	**4,853.6**	**735.6**

The increase in earnings for the period of Campus WU GmbH is because the insurance policy paid out for damage to the facade. Furthermore, the accruals in relation to fire damage from the 2012 business year were reversed.

in EURt	2017	2016
Net revaluation losses	–1,327.7	–2,197.0
Interest income	0.0	100.0
Interest expenses	0.0	0.0
Income taxes	–2,519.2	–2,319.8

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

in EURt	31.12.17	31.12.16
Balance at 1 Jan	502,587.7	485,595.0
Additions	0.0	10,857.8
Changes to the consolidated group	–333.0	7,770.2
Shares sold/reduction	–9,543.6	–14,805.0
Changes to capital through dividends	–14,149.7	–4,168.1
Changes to capital through additional contributions	360.1	6,372.7
Share of profit for the period	4,342.1	10,965.2
Balance at 31 Dec	**483,263.7**	**502,587.7**

8.4 Other financial assets

in EURt	31.12.17	31.12.16
Available-for-sale securities	869.2	884.8
Loans and other non-current receivables	25,998.3	33,142.2
Receivables from finance leases	8,100.2	8,640.2
Non-current trade receivables	36,856.5	33,616.3
	71,824.1	**76,283.5**

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.

Other financial liabilities contain EUR 6,545.7t (previous year: EUR 99.1t) in non-financial assets.

The loans relate to loans granted to companies recognised under the equity method and to third parties. Of the receivables to a joint venture and its subsidiaries, EUR 7,100.8t is subordinated. 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 923.1t (previous year: EUR 844.6t). The carrying amount of the reported securities, loans and receivables represents the maximum credit risk as of the reporting date.

At the end of 2017 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	**2017**	2016
Balance at 1 Jan	70,457.7	71,276.6
Additions from changes to the consolidated group	1,104.4	0.0
Disposals from changes to the consolidated group	0.0	–14,918.0
Additions from properties	3.7	10,746.6
Reclassification between IAS 40 and IAS 2	–3,885.8	2,813.2
Write-downs	0.0	–121.7
Changes in property holdings	–17,518.0	661.0
Balance at 31 Dec	**50,162.0**	**70,457.7**

A realisation period exceeding twelve months is expected for EUR 41,283.0t (previous year: EUR 25,836.0t) of the properties held for trading purposes.

EUR 506.1t (previous year: EUR 442.7t) in borrowing costs with an average interest rate of 3.28% (previous year: 3.57%) was capitalised in the manufacturing costs of the properties held for trading purposes.

Inventories for tenant investments in EURt	**2017**	2016
Balance at 1 Jan	28,109.0	10,513.9
Changes in property holdings	14,192.3	17,595.1
Balance at 31 Dec	**42,301.3**	**28,109.0**

8.6 Receivables and other assets

in EURt	31.12.17	31.12.16
Receivables from finance leases	1,720.1	1,814.9
Trade receivables	43,632.1	17,461.8
Other receivables and assets	13,536.3	12,137.7
Loans	1,855.4	2,666.8
	60,744.0	**34,081.2**

The increase in trade receivables in the 2017 business year primarily relate to receivable from the Federal Ministry of Education in relation to the project BSZ Weiz in the amount of EUR 2,808.8t and the sale of construction plots in the amount of EUR 5,265.0t.

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 2017 and 2016 financial years:

in EURt	2017	2016
Balance at 1 Jan	413.4	577.4
Allocations	91.8	78.5
Use	–0.9	–212.5
Releases	–220.3	–30.0
Balance at 31 Dec	**284.0**	**413.4**

The expenses for the complete derecognition of trade receivables in the financial year 2017 totalled EUR 879.7t (previous year: EUR 708.3t).

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

8.7 Cash and cash equivalents

in EURt	31.12.17	31.12.16
Cash at banks	48,916.6	52,596.6
Cash in hand	4.8	6.3
	48,921.5	**52,602.8**

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, the reserve for revaluation pursuant to IAS 16R results from the revaluation in relation to reclassifying "Property used by the Company" into "Investment property". 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, the revaluation reserve in accordance with IAS 16R, 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 management proposes to pay out a dividend from the retained earnings of EUR 411.8m in the financial year 2017. Of this total, a payout of EUR 230.1m should be made to the owner. The remaining dividend liabilities will be set off against receivables in the course of the special programmes 2014 and 2017. This proposal for the appropriation of profits still has to be examined by the Supervisory Board and approved by the Annual General Meeting; the final payout resolution may thereby deviate from this proposal.

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 times of uncertainty 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 not wholly owned by the Group. As in the previous years, a solid equity ratio remains an important goal. With an equity ratio of 56.5%, 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	**2017**	2016
Severance payments	6,814.4	6,582.5
Pensions	1,059.4	1,108.8
Anniversary bonuses	4,264.2	4,286.4
	12,138.0	**11,977.7**

Outstanding entitlements to paid holiday leave amounted to EUR 4,881.0t at 31 December 2017 (previous year: EUR 5,072.0t) 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: 1,5%), projected salary increases of 3.0% (previous year: 3.0%) 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: 1.0% to 5.0%).

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

in EURt	2017	2016
Present value of severance obligations at 1 Jan	6,582.5	6,251.0
Interest expense	95.2	122.7
Prior service cost	262.3	274.0
Actuarial gains/losses	127.5	–12.2
Severance payments	–253.1	–53.0
Present value of severance obligations at 31 Dec	**6,814.4**	**6,582.5**

At 31 December 2017 the weighted average remaining term to maturity of the obligations was 10.7 years (previous year: 11.1 years). The projected payouts from the plan for the financial year 2018 stand at EUR 0.0 (previous year: EUR 136.5t).

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: 1.5%) and by applying the life table by Pagler & Pagler. A projected pension increase of 2.0% (previous year: 2.0%) was applied.

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

in EURt	2017	2016
Present value of pension obligations at 1 Jan	1,108.8	1,157.2
Interest expense	16.1	22.5
Actuarial gains/losses	–0.8	–6.7
Pension payments	–64.7	–64.3
Present value of pension obligations at 31 Dec	**1,059.4**	**1,108.8**

At 31 December 2017 the weighted average remaining term to maturity of the obligations was 9.8 years (previous year: 10.2 years).

The projected payouts from the plan for the financial year 2018 stand at EUR 66.0t (previous year: EUR 66.0t).

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: 1.5%), projected salary increases of 3.0% (previous year: 3.0%) 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: 1.0% to 5.0%).

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

in EURt	2017	2016
Present value of anniversary bonuses at 1 Jan	4,286.4	4,275.3
Interest expense	59.3	78.7
Prior service costs	259.7	253.2
Actuarial gains/losses	–136.5	–120.3
Anniversary bonuses	–204.7	–200.5
Present value of anniversary bonuses at 31 Dec	**4,264.2**	**4,286.4**

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	2017		2016	
in EURt	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	–688	812	–692	820
Future wage or salary increase (1% change)	759	–707	762	–711

Provisions for pensions	2017		2016	
in EURt	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	–95	110	–103	121
Future pension increase (1% change)	102	–102	111	–111

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 01.01.2017	Use	Release	Allocation	Carrying amount at 31.12.2017
Outstanding paid leave	5,072.0	–191.0	0.0	0.0	4,881.0
Bonuses	3,378.0	–2,629.9	–748.1	3,250.2	3,250.2
Credit hours	609.8	–17.2	0.0	0.0	592.6
Social capital	30.0	–5.0	0.0	5.0	30.0
Leaves of absence	227.8	–227.8	0.0	0.0	0.0
	9,317.7	**–3,071.0**	**–748.1**	**3,255.2**	**8,753.8**

8.10 Other provisions

in EURt	Carrying amount at 01.01.2017	Use	Release in profit and loss	Release directly in equity	Allocation	Carrying amount at 31.12.2017	Of which Current	Non-current
Outstanding invoices	149,696.0	91.392.4	2,277.6	18,640.0	138,299.7	175,631.3	168,443.8	7,187.6
Onerous contracts	37,603.5	216.0	2,279.8	106.8	3,337.2	38,392.5	0.0	38,392.5
Accounting and auditing costs	124.3	124.3	0.0	0.0	135.6	135.6	135.6	0.0
Legal and consultancy expenses	702.4	37.8	272.9	0.0	453.5	845.2	845.2	0.0
Rent credits	32,946.0	1,947.2	0.0	0.0	4,791.6	35,790.4	35,790.4	0.0
Decontamination	0.0	0.0	0.0	0.0	720.0	720.0	720.0	0.0
Start-up costs	0.0	0.0	0.0	0.0	2,846.0	2,846.0	2,846.0	0.0
Other	2,517.4	1,687.4	328.4	1.2	1,890.8	2.391.2	2,391.2	0.0
	223,589.7	**95,405.2**	**5,158.8**	**18,748.0**	**152,474.4**	**256,752.2**	**211,172.2**	**45,580.1**

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 and were determined in line with the contractual agreements on the basis of current estimates.

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 1,429.4t from the unwinding of the discount.

8.11 Provisions for actual income tax

From the provisions for actual income tax totalling EUR 25,888.8t (previous year: EUR 36,606.2t), EUR 25,888.8t (previous year: EUR 36,606.2t), relates to income tax for the current reporting year.

8.12 Financial liabilities

31.12.2017 in EURt	Up to 1 year	1 to 5 years	Maturity Longer than 5 years	Total carrying amount
Bonds	139,675.9	736,661.4	1,367,429.6	2,243,766.9
Bank loans and similar financing	398,482.5	151,134.3	640,544.8	1,190,161.6
Total	**538,158.3**	**887,795.7**	**2,007,974.4**	**3,433,928.4**

31.12.2016 in EURt	Up to 1 year	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**

In the financial year 2017 two private placements for EUR 250m (variable interest) and EUR 100m (fixed interest 1.461%) were issued and a loan for EUR 40m was taken out (variable interest).

In 2017 BIG redeemed three expiring bonds for JPY 5,000m (fixed interest 1.425%), JPY 5,000m (fixed interest 1.56%) and CHF 175m (3.25%). 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.

2017

Type of financing and currency	Hedge*	Interest variable/fixed	Nominal amount in EURt	IFRS carrying amount in EURt	Fair value in EURt	Interest and principal payments < 12 months	< 2 years	< 5 years	> 5 years
1.5%–2.1% JPY bond fixed 2005–2022	HA	fixed	122,868	133,323	143,667	2,568	2,568	138,873	0
JPY bond fixed 2018	FV	variable	31,104	37,169	37,169	37,660	0	0	0
2.1%–3.3% CHF bond fixed 2005–2033	HA	fixed	432,099	593,700	690,190	120,549	336,272	16,100	221,907
1.4%–4.6% EUR bond fixed 2010–2042	no HA	fixed	1,150,000	1,146,697	1,471,778	37,454	38,139	114,416	1,565,924
EUR bond variable 2014–2020	no HA	variable	282,500	282,880	284,473	56	250,042	32,500	0
EUR bond variable 2010–2025	HA	fixed	50,000	49,998	51,272	164	163	490	50,368
1.1%–4.25% EUR NSV fixed 2010–2038	no HA	fixed	88,182	87,409	105,466	4,365	4,344	12,911	98,772
1.1%–4.6% EUR loan fixed 2010–2038	no HA	fixed	593,595	590,972	751,273	50,915	50,377	142,815	589,921
EUR loan variable 2010–2038	HA	fixed	135,290	134,860	141,129	64,640	2,901	8,720	65,316
EUR loan variable 2016–2032	no HA	variable	71,920	71,920	72,457	125	2,075	22,290	47,745

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

2016

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

Risks related to changes in market prices arise in relation to borrowings. The financing at fixed interest rates is fundamentally subject to the risk of a change in the present value through dependency on the interest level and relates to the fair value of the financial instrument. Unfavourable changes in interest rates have a negative effect on the amount of future interest payments for financing at variable rates. Risks from interest rate changes arise both in the fixed and variable areas and are mitigated through a mix of fixed and variable interest rates that are fixed. Currency risks arise from financial liabilities in foreign currencies and the related changes in valuation resulting from the exchange rates. All of the instruments issued are hedged against changes in exchange rates by means of derivatives.

Changes in the equity and liabilities relating to the cash flow from financing activities were as follows:

in EURt	Note		Liabilities	Derivatives	Nominal capital	Other reserves	Retained earnings	Total
		Bonds	Bank loans and similar financing					
Balance at 01.01.2017		**2,207,514,7**	**1,447,637.2**	**–276,863.6**	**226,000.0**	**–35,608.6**	**6,576,684.3**	**10,145,364.0**
Change in cash flow from financing activities								0
Redemption of bonds	8.12	–235,675.6						–235,675.6
Payout derivatives (hedge)				52,142.2				52,142.2
Taking out loans	8.12	350,121.0						350,121.0
Repayment of bank loans and similar financing	8.12	0.0	–602,699.3					–602,699.3
Taking out bank loans and similar financing	8.12	0.0	345,000.0					345,000.0
Dividends paid	8.8	0.0					–102,659.7	–102,659.7
Remedial payments	8.8	0.0					–13,869.5	–13,869.5
Total change in cash flow from financing activities		**114,445.4**	**–257,699.3**	**52,142.2**	**0.0**	**0.0**	**–116,529.2**	**–207,641.0**

in EURt	Note	Liabilities		Derivatives	Nominal capital	Other reserves	Retained earnings	Total
		Bonds	Bank loans and similar financing					
Changes due to the takeover or loss of control of subsidiaries		0.0	−265.2					−265.2
Impact of changes in exchange rates		−75,244.8						
Change in fair value		−3,180.1		74,778.6				71,598.5
Total miscellaneous changes				4,387.0		16,544.2	611,435.6	632,366.8
Other non-cash changes		231.6	488.9	0.4				
Balance at 31.12.2017		**2,243,766.9**	**1,190,161.6**	**−145,555.4**	**226,000.0**	**−19,064.4**	**7,071,590.,7**	**10,641,423.2**
Interest expense		62,944.4	28,454.4	9,201.0				100,599.9
Interest paid		−63,734.2	−28,811.4	−9,316.5				−101,862.1

8.13 Income taxes

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

in EURt	2017	2016
Corporate income tax (current year)	−103,210.5	−98,717.3
Corporate income tax (previous years)	1.8	3,899.4
Changes in deferred taxes	−96,183.6	−57,884.3
	−199,392.3	**−152,702.1**

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

in EURt	2017	2016
EBT	810,828.0	663,656.8
Expected tax expense (25%)	**−202,707.0**	**−165,914.2**
Reconciliation effects from companies accounted for under the equity method	487.2	3,028.2
Share of losses WU	676.0	1,555.8
Tax income/expense from previous years	1.8	3,899.4
Subsequent tax payments	3,467.4	3,553.9
Other	−1,317.7	1,174.7
Effective tax expense	**−199,392.3**	**−152,702.1**

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

in EURt	Deferred tax assets		Deferred tax liabilities		Net	
	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
Plant and equipment	0	0	1,385,774.2	1,290,882.1	1,385,774.2	1,290,882.1
Inventories	–4,220.5	–4,531.8	0.0	0.0	–4,220.5	–4,531.8
Financial assets	–44.3	–92.3	21,113.4	16,021.0	21,069.1	15,928.7
Receivables and other assets	0.0	0.0	3,048.8	2,794.2	3,048.8	2,794.2
Fair value measurement of derivatives	–8,754.2	–10,346.0	45,143.0	79,561.9	36,388.8	69,215.9
Personnel-related provisions	–1,449.2	–1,474.8	0.0	0.0	–1,449.2	–1,474.8
Other provisions	–1,533.5	–2,661.0	138,310.9	138,001.6	136,777.4	135,340.6
Non-current liabilities	–45,339.3	–77,641.1	538.1	375.3	–44,801.2	–77,265.8
Deferred tax assets/liabilities (gross)	**–61,341.0**	**–96,747.1**	**1,593,928.3**	**1,527,636.1**	**1,532,587.4**	**1,430,889.0**
Deferred tax liabilities (net)					**1,532,587.4**	**1,430,889.0**

As of 31 December 2017 there were significant temporary differences of EUR 669.9m related to interests in subsidiaries and interests in companies accounted for under the equity method. Hence there was a deferred tax liability of EUR 167.5m, which was recognised in accordance with IAS 12.39. The provision was applied analogously for joint ventures and associates, as only the distribution of profits could be unaffected and this is tax-free in any case.

The change in the item is as follows:

in EURt	2017	2016
Deferred taxes at 1 Jan (net)	**1,430,889.1**	**1,375,326.4**
Changes recognised in equity	5,514.7	–2,321.7
Changes to the consolidated group	0.0	0.0
Changes recognised in profit or loss	96,183.6	57,884.3
Deferred taxes at 31 Dec (net)	**1,532,587.4**	**1,430,889.1**

The following deferred taxes were recognised in other comprehensive income:

in EURt	2017	2016
IAS 19R revaluation	–31.7	4.7
Revaluation reserve IAS 16	6.647.2	0.0
Available-for-sale securities	–3.9	–2.2
Market valuation of cash flow hedges	–1.096.9	–2.324.2
Changes in deferred assets in other comprehensive income	**5.514.7**	**–2.321.7**

8.14 Other liabilities

The other liabilities break down as follows:

31.12.2017 in EURt	Up to 1 year	1 to 5 years	Longer than 5 years	Total
Non-current liabilities				
Trade payables		3,186.5		3,186.5
Other liabilities		0.0		0.0
Deferred items		78.6		78.6
Total other liabilities and deferred items		78.6		78.6
Total non-current liabilities		**3,265.1**		**3,265.1**
Current liabilities				
Trade payables	209,757.8			209,757.8
Liabilities to associates	0.0			0.0
Other liabilities	99,540.2			99,540.2
Deferred items	0.4			0.4
Total other liabilities	**99,540.6**			**99,540.6**
	309,298.5			**309,298.5**

Of the other liabilities, EUR 43,198.9t (previous year: EUR 45,412.1t) relates to interest accrued on financial instruments, EUR 8,410.1t (previous year: EUR 6,934.0t) relates to liabilities owed to the tax office and EUR 20,052.2t (previous year: EUR 16,825.3t) relates to liabilities for remedial payments.

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**

9 Other disclosures

9.1 Leases

9.1.1 Finance leases as lessor

in EURt	2017	2016
Future minimum lease payments	15,892.6	18,161.3
Financial income not yet realised	−6,072.3	−7,706.1
Present value of outstanding minimum lease payments	**9,820.3**	**10,455.2**
Current portion	1,720.10	1,720.10

	2017			2016		
in EURt	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	94.8	1,720.1
1–5 years	7,259.8	2,091.9	5,167.9	7,259.8	2,091.9	5,167.9
More than 5 years	6,817.9	3,885.6	2,932.3	9,086.6	5,519.4	3,567.2
	15,892.6	**6,072.3**	**9,820.3**	**18,161.3**	**7,706.1**	**10,455.2**

9.1.2 Operating leases as lessor

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

in EURt	2017	2016
Up to 1 year	905,608.0	872,599.5
1–5 years	2,586,003.5	2,445,477.4
More than 5 years	4,194,933.3	3,875,046.8
	7,686,544.8	**7,193,123.6**

9.1.3 Operating leases as lesse

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

in EURt	2017	2016
Up to 1 year	2,732.3	2,646.1
1–5 years	12,556.8	12,408.2
More than 5 years	72,671.2	74,085.4
	87,960.3	**89,139.6**

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:

31.12.2017	Currency	Nominal amount in thousands of original currency	Market value Positive in EURt	Market value Negative in EURt
Cross currency swaps	TCHF	695,000.0	169,032.2	0.0
	TJPY	23,000,000.0	11,539.8	–1,106.6
Cross currency swaps (Interest rate swaps)	TEUR	185,290.3	0.0	–33,910.0

31.12.2016	Currency	Nominal amount in thousands of original currency	Market value Positive in EURt	Market value Negative in EURt
Cross currency swaps	TCHF	870,000.0	283,236.6	0.0
	TJPY	33,000,000.0	35,011.0	0.0
Cross currency swaps (Interest rate swaps)	TEUR	189,419.3	0.0	–41,384.0

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 2017 and on 31 December 2016:

31.12.2017 in EURt	Carrying amount 31.12.2017	Total cash flows 31.12.2017	Cash flows < 1 year	Cash flows 2–5 years	Cash flows > 5 years
Original financial liabilities					
Bonds (at amortised cost)	2,206,598.2	2,928,549.7	160,791.8	929,560.2	1,838,197.6
Bonds (at fair value through profit or loss)	37,168.6	37,660.2	37,660.2	0.0	0.0
Bank liabilities and similar financing	1,190,161.6	1,473,223.5	425,036.1	246,433.0	801,754.4
Trade payables (excl. advances received)	62,636.9	62,636.9	58,859,.9	3,777.1	0.0
Miscellaneous other liabilities (excl. PRA, tax office liabilities and compulsory charges)	89,931.1	89,931.1	89,748.8	182.3	0.0
	3,586,496.5	**4,592,001.4**	**772,096.8**	**1,179,952.5**	**2,639,952.0**

31.12.2017 in EURt	Carrying amount 31.12.2017	Total cash flows 31.12.2017	Cash flows < 1 year	Cash flows 2–5 years	Cash flows > 5 years
Derivatives					
Derivatives with a positive market value	180,572.0	166,886.3	29,442.2	94,430.0	43,014.1
Derivatives with a negative market value	35,016.6	56,308.8	8,363.0	19,562.5	28,383.3
Total	**145,555.4**	**110,577.5**	**21,079.1**	**74,867.5**	**14,630.9**

31.12.2016 in EURt	Carrying amount 31.12.2017	Total cash flows 31.12.2017	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**

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.

The credit risk applies to transactions with a default risk and amounted to EUR 9,788.8t (previous year EUR 19,580.5t) under the item of derivatives at the reporting date, which is taken into account when measuring the value of derivatives. New transactions 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.

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

Assets

in EURt	Measurement category as per IAS 39	Carrying amount – no financial instruments	
		31.12.17	31.12.16
Cash and cash equivalents	Cash reserves		
Available-for-sale securities	Available for sale		
Other receivables and assets	Loans and receivables	6,546	99
Derivatives with a positive market value – fair value option	At fair value through profit or loss		
Derivatives with a positive market value – hedges	Hedge accounting		
Total		**6,546**	**99,060**

Liabilities

in EURt	Measurement category as per IAS 39	Carrying amount – no financial instruments	
		31.12.17	31.12.16
Bonds (at amortised cost)	At amortised cost		
Bonds at fair value through profit or loss	At fair value through profit or loss		
Bank liabilities and similar financing	At amortised cost		
Trade payables	At amortised cost	150,307	157,014
Miscellaneous other liabilities	At amortised cost	9,688	8,050
		159,996	**165,064**
Derivatives with a negative market value – hedges	Hedge Accounting		
		0	**0**
Total			

Carrying amount – financial instruments		Fair value		Fair value hierarchy 31.12.17			Fair value hierarchy 31.12.16		
31.12.17	**31.12.16**	**31.12.17**	**31.12.16**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
48.921	52.603								
869	885	869	885	869			885		
125,153	109,381	134,131	120,521		134,131			120,521	
6,594	14,108	6,594	14,108		6,594			14,108	
173,978	304,139	173,978	304,139		173,978			304,139	
355,516	**481,116**								

Carrying amount – financial instruments		Fair value		Fair value hierarchy 31.12.17			Fair value hierarchy 31.12.16		
31.12.17	**31.12.16**	**31.12.17**	**31.12.16**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
2,206,598	2,125,524	2,641,380	2,564,044		2,641,380			2,564,044	
37,169	81,991	37,169	81,991		37,169			81,991	
1,190,162	1,447,637	1,382,379	1,644,737		1,382,379			1,644,737	
62,637	60,196								
89,931	87,644								
3,586,496	**3,802,992**								
35,017	41,384	35,017	41,384		35,017			41,384	
35,017	**41,384**								
3,621,513	**3,844,376**								

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 risks, 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.

31.12.2017 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	–66.4	66.5	–66.4	66.5
Measurement of interest rate derivatives – fair value	66.4	–66.5	66.4	–66.5
Measurement of cash flow hedge derivatives	x	x	39,591.9	–43,797.0
Interest expenses	–3,075.0	3,075.0	–3,075.0	3,075.0
Total	**–3,075.0**	**3,075.0**	**36,516.9**	**–40,722.0**

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	–150.0	150.3	–150.0	150.3
Measurement of interest rate derivatives – fair value	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**

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 regard to employees seconded by the Republic of Austria, see note 7.1.7.

With the most significant joint venture, Campus WU GmbH, BIG generated revenue totalling EUR 1,767.8t (previous year: EUR 1,594.2t) for technical and commercial building management. In the reporting period no capital injections were made to Campus WU GmbH (previous year: EUR 3,589.0t). The BIG Group received disbursements from Campus WU GmbH of EUR 733.5t (previous year: EUR 3,718.1t). Earnings of EUR 17,894.1t were generated from the disposal of the BIG stake from the reduction totalling EUR 9,552.7t.

There were outstanding receivables of EUR 294.6t (previous year: EUR 207.9t) and no liabilities to these companies as at the reporting date.

The transactions in the reporting period with other joint ventures, which primarily consisted of financing and service contracts, were as follows in the year under review and the previous year:

Transactions with joint ventures in EURt	**2017**	2016
Shares in companies recognised under the equity method	39,448.9	46,225.9
Loans and other receivables	13,491.6	11,423.2
Net gains/losses from companies recognised under the equity method	3,603.1	6,811.4
Net sales revenue from companies recognised under the equity method	88.1	4,521.6
Other proceeds	–2,436.5	–2,177.2
Other income	–90.3	–286.4
Interest income	–1,151.9	–227.9
Impairment on loans	–923.1	–844.6

The transactions in the reporting period with other associates, which primarily consisted of financing, were as follows in the year under review and the previous year:

Transactions with associates in EURt	2017	2016
Shares in companies recognised under the equity method	2,377.0	4,113.3
Loans and other receivables	7,423.3	7,002.6
Net gains/losses from companies recognised under the equity method	–1,736.3	3,778.7
Interest income	–186.7	–96.2

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 on the basis of of 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 2017 financial year the Supervisory Board consisted of the following members:

- Christine Marek (Chair)
- Wolfgang Hesoun (Deputy Chair)
- Daniela Böckl
- Alexander Palma (dismissed with effect from 21 February 2018)
- Thomas Rasch
- Helga Berger (appointed with effect from 12 September 2017)
- Markus Neurauter (appointed with effect from 21 February 2018)

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board received remuneration totalling EUR 516.4t (previous year: EUR 516.3t) in 2017 and bonuses in the amount of EUR 67.2t (previous year: EUR 65.5t). Contributions to employee benefit funds amounted to EUR 8.2t (previous year: EUR 8.2t). 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 46.4t in 2017 (previous year: EUR 45.9t). The fees paid to the members of the Supervisory Board totalled EUR 29.0t in the reporting period (previous year: EUR 32.0t).

9.4 Audit expenses

The expenses incurred for the auditor of the consolidated 2017 financial statements in the financial year were as follows:

in EURt	2017	2016
Auditing the separate and consolidated financial statements	167.0	158.5
Other attestation services	0	0
Consultancy and other services	108.0	138.6

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 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.

ARE Austrian Real Estate Development GmbH and its project partners have each individually and irrevocably pledged to provide adequate financing to the six project companies at any time and to exercise their influence in such a way that they can always meet their obligations from further purchase price payments in line with the specifications of the purchase agreements.

The letters of comfort relate to a total amount of EUR 14,617,586.69.

Furthermore, in the case that the seller exercises its repurchase rights, ARE Austrian Real Estate Development GmbH and its project partners have each individually and irrevocably pledged to provide adequate financing to the six project companies at any time and to exercise their influence in such a way that they are capable of settling the outstanding loan payments together with any interest, penalties, auxiliary and other costs whatsoever and of any kind to the financing bank. This will be guaranteed even if the purchase price is insufficient to settle the outstanding loan payments and as such the financing bank has the right to issue a cancellation deed in the land registry to delete the maximum amount of the right of lien.

The letters of comfort relate to a total amount of EUR 45,529,900.00.

Furthermore, for three project companies 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.

ARE Austrian Real Estate Development GmbH issued a guarantee for a maximum amount of up to EUR 4,500,000 to secure receivables from the financing of individual construction plot companies owed to the financing bank.

There is also a liability of up to EUR 5,000,000 for fitting out a company recognised under the equity method against a property owner for compensation claims in the course of a construction project at this property.

There is a counter-guarantee of up to EUR 1,166,200 for a guarantee loan for a company recognised under the equity method.

In the course of transferring the shares (forward sale) to a company recognised under the equity method, ARE Austrian Real Estate Development GmbH committed to the purchaser to secure payment and warranty claims up to a maximum of EUR 20,000,000.

In the course of transferring the shares to a company recognised under the equity method, ARE Austrian Real Estate Development GmbH committed to the purchaser to secure the obligations under the purchase and transfer agreement up to a maximum of EUR 28,765,000.

In the course of the purchase of a property by a project company, ARE Austrian Real Estate Development GmbH committed to the seller of the property to guarantee all of the obligations of the purchaser as stated in the purchase agreement up to a maximum of EUR 3,825,000.

In the course of concluding a design-build contract by a project company, ARE Austrian Real Estate Development GmbH committed to the contractual partner to guarantee all of the obligations from the design-build contract up to a maximum of EUR 2,641,500.

The pledging of shares in ARE Austrian Real Estate Development GmbH to a project company to guarantee all of the receivables of the financing bank.

There is a contingent liability in the amount of EUR 658,000.00 for a bank guarantee for a project company.

Furthermore, in the course of transferring shares in four project companies, ARE Austrian Real Estate Development GmbH took on an obligation to make good 50% of the guarantee and/or compensation claims. In the course of transferring the shares in one of these project companies, a custodial account in the amount of EUR 500,000.00 was rendered and pledged to secure the guarantee and/or compensation claims.

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 (80.0% of the rentable space per building) and an average remaining term (at least 5 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 obligations to acquire any property, plant and equipment and property assets totalling around EUR 80.0m.

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, part of the retained earnings were dedicated for this purpose on the basis of a shareholder resolution, whereby the maximum possible amount of retained earnings was reached.

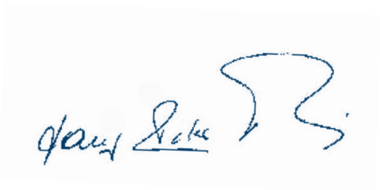
In 2017 BIG decided to invest an additional EUR 250m in Schools projects on the one hand and in Universities projects on the other. In the period under review, a shareholder resolution was passed to this end, approving 52% of the 2017 annual surplus to be transferred to retained earnings.

9.8 Events after the end of the reporting period

The BIG Group is wholly owned by the Republic of Austria, represented in the year under review by the Federal Ministry of Science, Research and Economy. In accordance with the amendment to the Federal Ministries Act 2017 (which came into force on 8 January 2018), the new shareholder representative of the BIG Group is the Federal Ministry of Finance.

The owner has initiated talks with the BIG Group regarding possible reductions in rent. Impacts on earnings and the fair value of the entire portfolio may result from possible future agreements.

Vienna, 16 March 2018
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., Vienna,

and its aubsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2017, 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 the EU Regulation 537/2014 ("EU Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilites" section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

We have identified the following key audit matters

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 CONSOLIDATED FINANCIAL STATEMENTS

Investment property, accounting for more than 90% of total assets, represents the most significant asset in the consolidated statement of financial position of Bundesimmobiliengesellschaft m.b.H. (BIG). Measurement of investment property at fair value is performed on an individual basis, taking into account expected future rental income, property interest rates, remaining useful lives, maintenance costs, as well as other input factors. BIG engages external experts on an annual basis in order to support the Company in measuring the current fair values of its investment property and has implemented internal controls designed to test the appropriatenes of the fair values at the reporting date.

Therefore, measurement of investment property is based on assumptions in respect of the input factors used in determining the fair values. These assumptions are subject to uncertainty and require a high degree of technical competence in connection with the measurement of property. There is a risk that investment property is over- or understated in the consolidated financial statements as a result of inappropriate measurement.

OUR RESPONSE

We gained an understanding of the general valuation process as well as internal controls related to this process and evaluated the effectiveness of selected internal controls.

For all business units, we determined the gross return (gross rent in relation to fair value) in order to identify unreasonable returns and further challenge these by sample testing. Based on samples determined by us, we performed substantive procedures. 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. 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 valuation method.

The substantive procedures included an assessment of the valuation method (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 fair 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 adequateness of any adjustments of the value of the external appraisal to reflect the value as of the reporting date on a sample basis.

Furthermore, we evaluated the appropriateness of the disclosures in the notes to the consolidated financial statements relating to the assumptions made for the purpose of measurement as well as the estimation uncertainties.

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 CONSOLIDATED FINANCIAL STATEMENTS

The Company has entered into several transactions for the purpose of hedging interest rate risk and currency risk (derivatives). The initial and subsequent measurement of derivatives is performed on the basis of fair 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 portion 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.

As the measurement of derivatives at fair value and the documentation of effectiveness of the hedge relationship constitute complex processes, there is a risk that the derivatives are not recognized appropriately in the consolidated financial statements due to inadequate measurement or documentation.

OUR RESPONSE

We gained an understanding of the valuation process as well as of the process of transmitting relevant data to financial accounting and 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 internal fair value measurement 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, in collaboration with our valuation specialists, we evaluated on a sample basis, 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 the appropriateness of the disclosures in the notes to the consolidated financial statements relating to derivates and hedging relationsships.

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 CONSOLIDATED FINANCIAL STATEMENTS

The Company has significant temporary differences between the carrying amount of investment property in the consolidated statement of financial position (fair 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 taxable temporary differences in connection with investments in subsidiaries (so-called "outside basis differences"). Assessment of whether and to which extent deferred taxes are to be recognized for such differences requires assumptions in respect of the expected reversal of these differences. The assumptions have a significant effect of the recognition and amount of deferred tax assets and liabilities in the consolidated financial statements.

OUR RESPONSE

We verified the temporary differences identified by the Company as of the reporting date by comparing them to the differences between the the carrying amounts in the statement of financial position and 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 whether the underlying assumptions are in line with corporate policy, corporate communications, budget figures as well as other information obtained. In cases, in which deferred taxes relating to investments in subsidiaries are 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.

RESPONSIBILITIES OF MANAGEMENT AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENT

Management is responsible for the preparation and fair presentation of the 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could 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 the EU Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, 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, amongst 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 during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

GROUP MANAGEMENT REPORT

In accordance with Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with the Austrian Generally Accepted Accounting Principles.

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 is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. 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 our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

OTHER INFORMATION

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

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

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU REGULATION

At the Annual General Meeting dated 5 May 2017, we were elected as group auditors. We were appointed by the Supervisory Board on 12 December 2017. We have been the Group's auditors from the year ended 31 December 2013, without interruption.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence from the audited Group throughout the course of the audit.

ENGAGEMENT PARTNER

The engagement partner is Mag. Bernhard Gruber.

Vienna, 16 March 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Bernhard Gruber
Wirtschaftsprüfer
(Austrian Chartered Accountant)

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Architecture: ZT Arquitectos LDA

Laboratory and office building IFA Tulln
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DISCLAIMER

This annual report also contains statements relating to the future which are based on estimates and assumptions which are made by managerial staff to the best of their current knowledge. Future-related statements may be identified as such by expressions such as “expected”, “target” or similar constructions. Forecasts related to the future development of the Group take the form of estimates based on information available at the time of the annual report going to press. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks.

Every care has been taken to ensure that all information contained in every part of this annual report is accurate and complete. The figures have been rounded off. We regret that we cannot rule out possible round-off, typesetting and printing errors.

This report is a translation into English of the annual report issued in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.

Only FSC-certified paper from sustainable forests has been used in the production of this non-financial report. FSC is a global not-for-profit organization that sets the standards for what is a responsibly managed forest, both environmentally and socially. Furthermore, this print edition comes from particularly sustainable production that preserves resources and has been printed in a climate-neutral manner. Only renewable energy was used in its production.

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