CONSOLIDATED FINANCIAL STATEMENTS

as of Dezember 31, 2008

of

Bundesimmobiliengesellschaft m.b.H.

Vienna, Austria

A. Consolidated Financial Statements

Consolidated Income Statement

	Note	2008 TEUR	2007 TEUR
income from rental of investment property	2.1.1.	630,619.1	620,956.3
income from services	2.1.2.	127,178.7	114,188.2
operating expenses for realisation of rental income	2.1.3.	-418,548.2	-365,126.8
costs from services	2.1.4.	-106,145.3	-97,254.1
profit from rent of investment property		**233,104.3**	**272,763.6**
proceeds from disposal of investment property	2.2.1.	12,814.5	38,839.6
expenses for disposal of investment property	2.2.1.	-10,232.8	-31,463.0
profit from disposal of investment property		**2,581.7**	**7,376.6**
profit from disposal of inventory property	2.2.5.	1,710.4	4,533.8
book value of sold inventory property	2.2.5.	-1,656.4	-4,512.1
profit from sales of inventory property		**54.0**	**21.7**
administrative costs	2.1.5.	-16,795.7	-15,185.4
other operating income	2.1.6.	1,282.8	3,725.9
other operating expenses	2.1.7.	-1,041.7	-1,983.4
other operating profit		**-16,554.6**	**-13,442.9**
operating profit		**219,185.4**	**266,719.1**
profit from associated companies		**5,807.0**	**-1,046.8**
financial income	2.1.8.	239,411.5	48,738.3
financial expenses	2.1.9.	-407,862.9	-199,910.5
financial result		**-168,451.4**	**-151,172.2**
profit before tax		**56,541.0**	**114,500.0**
income tax expense	2.2.14.	-14,062.1	-35,109.3
profit after tax		**42,478.9**	**79,390.7**
minority shares		4.0	0.0
consolidated profit		**42,482.9**	**79,390.7**

Consolidated Balance Sheet

	notes	31.12.2008 TEUR	31.12.2007 TEUR
assets			
investment property	2.2.1.	3,783,580.8	3,660,955.5
property under construction	2.2.1.	367,373.4	458,849.6
tangible assets	2.2.1.	22,041.4	22,855.1
intangible assets	2.2.2.	6,306.1	7,146.2
investments in associated companies	2.2.3.	10,456.9	12,407.3
other financial assets	2.2.4.	203,057.0	39,037.4
deferred taxes	2.2.14.	41,483.5	32,862.8
non-current assets		**4,434,299.0**	**4,234,113.9**
inventories	2.2.5.	13,313.5	17,959.0
receivables for income tax	2.2.6.	51,292.2	8,421.6
receivables and other assets	2.2.7.	55,720.3	64,476.2
cash and cash equivalents	2.2.8.	58,184.8	74,687.9
current assets		**178,511.0**	**165,544.6**
total assets		**4,612,810.0**	**4,399,658.5**

		31.12.2008 TEUR	31.12.2007 TEUR
liabilities			
nominal capital	2.2.10.	226,000.0	226,000.0
retained earnings	2.2.10.	608,480.9	566,130.9
minority shares	2.2.10.	7.4	0.0
equity	2.2.10.	**834,488.3**	**792,130.9**
financial liabilities	2.2.13.	3,279,522.7	2,693,394.0
employee benefit obligations	2.2.11.	7,383.6	8,259.4
other provisions	2.2.12.	26,992.5	5,000.0
investment grants from public funds	2.2.15.	82,956.5	58,609.0
trade payables	2.2.15.	2,423.3	2,178.1
other liabilities	2.2.15.	37,697.0	76,188.1
non-current liabilities		**3,436,975.6**	**2,843,628.6**
financial liabilities	2.2.13.	81,737.5	492,015.9
trade payables	2.2.15.	136,937.1	116,939.1
other liabilities	2.2.15.	122,671.5	154,944.0
current liabilities		**341,346.1**	**763,899.0**
total equity and liabilities		**4,612,810.0**	**4,399,658.5**

Consolidated Cash Flow Statement

	notes	2008 TEUR	2007 TEUR
cash flow from operating activities			
consolidated profit before tax		56,541.0	114,500.0
depreciation	2.2.1.	169,120.6	234,708.0
impairment losses	2.1.3.	26,049.4	0.0
write-ups	2.1.3.	0.0	-4,845.3
valuation result from derivatives	2.1.8., 2.1.9.	-229,302.6	11,706.1
profit from associated companies		-5,807.0	1,046.8
gains and losses from disposals of property and tangible assets	2.2.1.	1,895.5	-7,160.8
gains and losses from disposals of financial assets	2.2.5.	0.0	-458.5
income taxes paid	2.2.6.	-50,439.9	-47,814.9
interest paid	2.1.8., 2.1.9.	147,155.7	149,767.1
currency translation gains and losses from bond valuation	2.1.8., 2.1.9.	246,913.2	-11,252.0
operating cash flow		**362,125.8**	**440,196.6**
changes in receivables from finance lease	2.2.7.	288.1	243.9
changes in receivables and other assets	2.2.7.	-156,769.4	12,759.0
changes in trade payables	2.2.15.	17,524.5	-11,669.5
changes in provisions (except tax provisions)	2.2.12.	21,116.2	298.9
changes in other liabilities	2.2.15.	186,362.1	-45,973.6
cash flow from changes in net current assets		**68,521.5**	**-44,341.3**
cash flow from operating activities		**430,647.3**	**395,855.2**
cash flow from investing activities			
acquisition of investment property	2.2.1.	-231,325.7	-190,978.3
acquisition of tangible and intangible assets	2.2.1., 2.2.2.	-1,900.8	-1,408.1
changes in shares in associated companies	2.2.3.	7,757.4	-5,213.6
proceeds from disposal of securities		0.0	15.4
loans with third parties	2.2.7.	-9,280.7	0.0
disposal of real estate, real estate companies and other assets	2.2.1.	6,665.9	23,133.8
amortisation of loans	2.2.7.	77.7	74.3
interest received	2.1.8.	8,317.6	2,923.2
cash flow from investing activities		**-219,688.7**	**-171,453.2**
cash flow from financing activities			
other changes in financial liabilities	2.2.11.	2,418.7	8,010.6
amortisation of loans	2.2.11.	-456,095.9	-407,470.3
borrowing	2.2.11.	451,583.0	515,874.0
repayment of bank loans	2.2.11.	-68,968.7	-130,900.5
borrowing with banks	2.2.11.	0.0	9,900.0
interest paid	2.1.9.	-156,410.2	-148,998.8
payments from minority shareholders		11.3	0.0
cash flow from financing activities		**-227,461.8**	**-153,584.9**
changes in cash and cash equivalents		**-16,503.0**	**70,817.1**
cash and cash equivalents at beginning of period	2.2.6.	74,687.9	3,870.8
cash and cash equivalents at end of period	2.2.6.	58,184.8	74,687.9
		-16,503.0	**70,817.1**

Development of Consolidated Equity

in TEUR	nominal capital	capital reserves	reserves for current net value	cash flow hedge reserves	retained earnings	equiity before minority shares	minority shares	equity total
as of January 1, 2007	226,000.0	0.0	-24.4	31.5	486,782.7	712,789.7	0.0	712,789.7
consolidated profit for 2007					79,390.7	79,390.7	0.0	79,390.7
valuation of securities			-19.5			-19.5		-19.5
valuation of derivatives				-29.9		-29.9		-29.9
as of December 31, 2007	226,000.0	0.0	-43.9	1.5	566,173.3	792,130.9	0.0	792,130.9
as of January 1, 2008	**226,000.0**	**0.0**	**-43.9**	**1.5**	**566,173.3**	**792,130.9**	**0.0**	**792,130.9**
changes in minority shares							11.4	11.4
consolidated profit for 2008					42,482.9	42,482.9	-4.0	42,478.9
valuation of securities			2.4			2.4		2.4
valuation of derivatives				-135.3		-135.3		-135.3
as of December 31, 2008	**226,000.0**	**0.0**	**-41.6**	**-133.8**	**608,656.3**	**834,480.9**	**7.4**	**834,488.3**

Segmental Information

Primary segmentation distinguishes between business segments education and public administration & others. Secondary segmentation by geographic areas is not effected because Bundesimmobiliengesellschaft m.b.H. offers products or renders services to a limited extent only outside Austria, which means the business environments it operates do not differ significantly from each other in risk or income.

Segmentation is carried out in conformity with the Group’s internal reporting system. Assets and liabilities, as well as expenses and revenue, were allocated to the different segments only in those cases where it was possible to allocate them to the individual segments directly or by means of a reasonable procedure.

Taking into account the legal situation and the structure of Bundesimmobiliengesellschaft the following core businesses were identified for the Group:

- education (schools and universities)
- public administration (official buildings) and others

Schools, which account for approx. 2.8m sqm of rented space, make up a high share of the portfolio and provide a major accent in the overall real estate owned by BIG. For universities BIG has assumed the task of providing premises plus the relevant infrastructure for running university activities. In this field BIG has been investing substantially more than private investors have done with comparable objects, especially where maintenance and extension work are concerned.

Public administration, in recent years, has undergone massive changes, such as the consolidation of police and constabulary, the court reform and the discontinuation of national border controls. Many buildings will have to be adapted and put to a different use in the course. All in all BIG has assumed a prominent role in managing this portfolio, in particular with regard to optimisation and utilisation of space.

Segmental Report

2008 in TEUR	education	public administration and third parties	others	total
income from external customers	513,315.7	238,516.7	5,965.4	757,797.8
income from transactions with other segments	0.0	0.0	0.0	0.0
segment income	513,315.7	238,516.7	5,965.4	757,797.8
segment results	155,527.2	59,092.7	4,565.5	219,185.4
book value of segment assets	3,005,085.4	1,234,863.9	372,860.8	4,612,810.0
total assets	3,005,085.4	1,234,863.9	372,860.8	4,612,810.0
segment debts	-2,214,128.2	-897,344.9	-666,848.4	-3,778,321.6
total debts	-2,214,128.2	-897,344.9	-666,848.4	-3,778,321.6
acquisition costs for tangible and intangible assets	165,631.6	64,997.5	2,401.9	233,031.0
depreciation	-121,502.9	-45,094.7	-2,523.5	-169,121.1
impairment losses	-25,124.5	-924.9	0.0	-26,049.4
provisions for impending losses for property under construction	-6,110.0	0.0	0.0	-6,110.0
book values of associated companies	0.0	10,456.9	0.0	10,456.9
profit from associated companies	0.0	5,807.0	0.0	5,807.0

2007 in TEUR	education	public administration and third parties	others	total
income from external customers	493,964.6	241,179.9	0.0	735,144.5
income from transactions with other segments	0.0	0.0	0.0	0.0
segment income	493,964.6	241,179.9	0.0	735,144.5
segment results	202,041.7	64,677.3	0.0	266,719.0
book value of segment assets	3,051,099.3	1,218,827.9	129,731.3	4,399,658.5
total assets	3,051,099.3	1,218,827.9	129,731.3	4,399,658.5
segment debts	-2,238,588.1	-905,491.0	-463,448.4	-3,607,527.5
total debts	-2,238,588.1	-905,491.0	-463,448.4	-3,607,527.5
acquisition costs for tangible and intangible assets	114,526.6	76,453.6	1,406.1	192,386.3
depreciation	-118,789.2	-69,329.3	-2,615.9	-190,734.4
impairment losses	-22,735.9	-21,237.5	0.0	-43,973.4
write-ups	0.0	4,845.3	0.0	4,845.3
book values of associated companies	0.0	12,407.3	0.0	12,407.3
profit from associated companies	0.0	-1,046.8	0.0	-1,046.8

Notes to the Consolidated Financial Statements

1. General

1.1. Operating Activities

Bundesimmobiliengesellschaft m.b.H., Vienna, Austria, (in the following Bundesimmobiliengesellschaft or BIG) is the mother company of a real estate group which operates primarily in Austria. The larger share of real estate was transferred from the Republic of Austria to BIG in four tranches under the terms of the Federal Real Estate Act (Federal Law Gazette 141/2000 of 29.12.2000). According to section 4, Para. 2 of the Federal Real Estate Act BIG shall – at market-conforming conditions and wherever economically reasonable – satisfy the Federal Government's space requirements, and in particular make available the objects transferred, adapt them as necessary and acquire real estate required for the Federal Government's further building projects. BIG business activities include acquisition, development, rental and sale of real estate. Aside from real estate in Austria the Group owns one building in the USA (New York), one in Switzerland (Berne) and one in Germany (Berlin).

1.2. Accounting Principles

The consolidated financial statements for Bundesimmobiliengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and its predecessor, the Board of the International Accounting Standards Committee, which also contain the International Accounting Standards (IAS), and furthermore in accordance with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The present consolidated financial statements are based on EU regulation no. 1606/2002 issued by the European Parliament and the European Union for the purpose of applying international accounting standards (IAS-VO 1606/2002), which obligates capital-market oriented companies in the European Union to prepare and publish their consolidated financial statements in compliance with the International Financial Reporting Standards. According to Art. 3 Para. 1 of the IAS-VO 1606/2002 those standards shall apply which, under Art. 6 Para. 2 of the IAS-VO 1606/2002 were absorbed by EU legislation by through comitology procedures. The International Financial Reporting Standards taken over by the European Union have immediate effect in the Member States and do not require transposition into national law. All International Financial Reporting Standards published in the language of Member States are considered authentic within the meaning of Community Law. Section 245a para. 1 Code of Commercial Law (HGB) as amended in Federal Law Gazette (BGBl.) I 161/2004 standardises exceptions to the obligation to prepare consolidated financial statements in accordance with Austrian regulations under commercial law (sections 247 et seq. HGB) in those cases where an obligation to prepare the consolidated financial statements in accordance with International Financial Reporting Standards within the meaning of Art. 4 Para. 1 IAS-VO 1606/2002 exists. BIG avails itself of these exceptions according to the rules set out in Community Law.

The framework of the IASB does not constitute a part of IFRS and was not absorbed by EU legislation. IAS 8.11 (b), however, for interpretation and stop-gap, requires that recourse is made to the definitions and allocation criteria for assets, liabilities, expenses and revenue provided for in the framework. According to item 2.1.5. of the (non-binding) commentary on specific articles in the IAS-VO 1606/2002 issued by the EU, the framework constitutes the "basis for judgement in solving accounting issues". For this reason and because of express reference to the framework in IAS 8.11 (b) the latter is applied without qualification in the preparation of the consolidated financial statements.

The consolidated financial statements prepared by BIG, in their full content, comply with the International Financial Reporting Standards in their current version insofar as they have been absorbed into European Union legislation by way of comitology procedures in accordance with Art. 6 para. 2 IAS-VO 1606/2002. This does not represent a restriction to the confirmation of compliance with IFRS as required by IAS 1.14.

New and Modified Accounting Standards

Standards and interpretations to be applied in the current business year:

As in the previous business year the Group applied IFRS 7 “financial instruments: disclosures“, and the modified IAS 1 ”presentation of financial statements“ connected thereto. These shall apply to business years starting on or after January 1, 2007. Application of IFRS 7 and modified IAS 1 has resulted in extended disclosure of the Group’s financial instruments presented in the current consolidated financial statements, as well as on capital control.

The International Financial Reporting Board (IASB) has added, published and absorbed into European law the following standards which are to be applied in the current business year:

- "Improvements to IFRS": During the first Annual Improvements Project amendments to a series of existing IFRS were published. Amendments include harmonisation of formulations used in some of the IFRS for the purpose of clarifying existing regulations, as well as amendments to several IFRS having effect on reporting, measurement and recognition of business events. These shall apply to business years starting on or after January 1, 2009, provided relevant amendments or standards do not require implementation at a different time.
- IAS 39 and IFRS 7 “Reclassification of Financial Instruments“: Amendments were made in connection with reclassification of financial instruments. IAS 39 allows for the reclassification of some non-derivative financial assets in the category “at fair value through profit or loss“, as well as in some cases the reclassification of assets in the category “available for sale“, under the category “loans and receivables“. Amendments to IFRS 7 provide for extended disclosure regulations for business entities having undertaken the above reclassifications.
  The above published version was revised in October 2008 to clarify the exact date of implementation of the amendments published.
- IAS 32 and IAS 1 “Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation“: Amendments to IAS 32 and IAS 1 concerning reclassification as equity some financial instruments previously defined as financial liability shall be effective for annual periods beginning on or after January 1, 2009.
- IFRS 1 and IAS 27 „Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate with Separate Financial Statements“. Amendments to IFRS 1 and IAS 27 shall be effective for annual periods beginning on or after January 1, 2009.

Application of the above amendments has had no consequences for the Group’s consolidated financial statements.

The International Financial Reporting Interpretations Committee (IFRIC) has published and absorbed into European law the following interpretations which are to be applied in the current business year.

- IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions “,
- IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction“.

Application of the above interpretations has had no consequences on the Group’s consolidated financial statements.

Standards and interpretations published but not yet applied:

At the time the consolidated financial statements were prepared the following regulations had already been published and absorbed by European law, their application, however, had not been made binding yet and they were not applied voluntarily ahead of time.

- IAS 1 Presentation of Financial Statements. Amendments to IAS 1 shall apply as of January 1, 2009 and relate to changes in the presentation of financial statements, as well as changes in the designation of parts of the financial statements.
- IAS 23 Borrowing Cost Capitalisation. Amendments to IAS 23 shall apply as of January 1, 2009 and relate to changes in the option of recognizing as borrowing costs expenses attributable to the acquisition, construction or production of a qualified asset.
- IFRS 2 Share-based Payment “Vesting Conditions and Cancellations“. Amendments to IFRS 2 relevant to revising the terms for vesting conditions and cancellations shall be effective for annual periods beginning on or after January 1, 2009.
- IFRS 8 Operating Segments: IFRS 8 requires information on an entity’s operating segments to be prepared in conformity with internal reporting for management decisions. IFRS 8 shall be effective as of January 1, 2009 and shall fully replace IAS 14.

- FRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008).

Management proceeds on the assumption that the standards published on the balance–sheet date but not yet effective will have no substantial influence on the consolidated financial statements of future periods.

At the time the consolidated financial statements were prepared the following regulations had already been published, yet had not been absorbed by European law and thus are of no relevance to the BIG Group.
- IAS 39 Financial Instruments: Recognition and Measurement „risk positions qualifying for hedge accounting". Amendments to IAS 39 in respect of additional application guidelines for the designation of hedge instruments shall be effective for annual periods beginning on or after July 1, 2009, amendments to IAS 39 with regard to "Reclassification of Financial Assets: Date, Entry into Force and Transitional Regulations" (valid for annual periods beginning on or after July 1, 2008),
- IFRS 1 First-time Adoption of IFRS: IFRS 1 in its new version shall be effective for annual periods beginning on or after July 1, 2009,
- IFRS 3 Business Combinations, Consolidation. Amendments to IFRS 3 relative to IAS 27 shall be effective for annual periods beginning on or after July 1, 2009,
- IFRS 7 Financial Instruments: Disclosures "improving disclosures about financial instruments" (to be effective for annual periods beginning on or after January 1, 2009),
- IFRIC 9 and IAS 39 "Embedded Derivatives" (effective for annual periods beginning on or after June 30, 2009),
- IFRIC 12 Service Concession Agreements (effective for annual periods beginning on or after January 1, 2008),
- IFRIC 15 Accounting for Agreements for the Construction of Real Estate (effective for annual periods beginning on or after January 1, 2009),
- IFRIC 16 Hedges of a Net Investment in a Foreign. Operation (valid as of October 1, 2008),
- IFRIC 17 Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after July 1, 2009),
- IFRIC 18 Transfers of Assets from Customers (effective for annual periods beginning on or after July 1, 2009).

The BIG Group proceeds on the assumption that application of standards published on the balance-sheet date but not yet effective shall have no substantial consequences for the consolidated assets, finances and revenues of future periods.

Financial reporting for the companies included in the consolidated financial statements was prepared on the basis of the standardised accounting rules of Bundesimmobiliengesellschaft. Figures in the consolidated financial statements have been rounded off to thousands of Euro (TEUR, according to commercial rounding methods). Using automated calculating aids when adding rounded sums and percentages may result in calculating differences due to rounding.

1.3. Methods of Consolidation

First consolidation of a newly acquired investment in the consolidated financial statements follows the purchase method, which means allocating the acquisition costs to the revalued assets (especially real estate) and debts pertaining to the investment. The remaining active difference between acquisition costs and revalued net assets is set out as goodwill according to IFRS 3.

Subsidiaries:
Subsidiaries are companies controlled by the company.

When preparing the consolidated financial statements the financial statements of the parent company and those of its subsidiaries are combined by adding similar positions in assets, debts, equity, income and expenses. All transactions inside the group, the income, expenses, receivables and liabilities related to them, as well as non-realised intercompany profits are eliminated.

Associated companies:
Associated companies are companies which the shareholder has substantial influence in. For these companies the Equity method is applied. For the Equity method the shares in the associated company

are shown with the acquisition costs. The book value of the shares subsequently increases or decreases depending on the shareholder's share in the period's profit.

1.4. Reporting Entity

Along with Bundesimmobiliengesellschaft assets of the following companies have been included in the consolidated financial statements:

company	registered office	currency	participation %	consolidation method 1)	nominal capital
Bundesimmobiliengesellschaft m.b.H.	Vienna	EUR	100	c	226,000,000.00
BIG Finanzdienstleistungen GmbH	Vienna	EUR	100	c	5,000,000.00
BIG Entwicklungs- und Verwertungs GmbH	Vienna	EUR	100	c	364,000.00
"Muthgasse 18" Liegenschaftsverwertung GmbH	Vienna	EUR	100	c	36,336.42
Inffeldgasse 25 Forschungs- und Wissenschaftsgebäude Bauträger GmbH	Vienna	EUR	100	c	35,000.00
BIG Beteiligungs GmbH	Vienna	EUR	100	c	35,000.00
BIG Asperner Flugfeld Süd Holding GmbH	Vienna	EUR	100	c	35,000.00
ICT Technologiepark Errichtungs- und Verwertungs GmbH	Vienna	EUR	100	c	35,000.00
Engerthstraße 216 GmbH	Vienna	EUR	100	c	35,000.00
Karree St. Marx GmbH	Vienna	EUR	100	c	35,000.00
NOE Central St. Pölten Verwertungs GmbH	St. Pölten	EUR	67.58	c	35,000.00
BIG Liegenschaften Strasshof Verwertung und Entwicklungs GmbH	Vienna	EUR	55	e	35,000.00
Projektgesellschaft Wirtschaftsuniversität Wien Neu GmbH	Vienna	EUR	51	e	35,000.00
Anzengrubergasse Errichtungs- und Verwertungs GmbH	Graz	EUR	45	e	35,000.00
SIVBEG Strategische Immobilien Verwertungs-, Beratungs- und Entwicklungsgesellschaft m.b.H.	Vienna	EUR	45	e	35,000.00
"Wohngarten Sensengasse" Bauträger GmbH	Vienna	EUR	45	e	35,000.00
Zahnradbahnstraße Bauträger GmbH	Vienna	EUR	45	e	35,000.00
Zeughaus Innsbruck GmbH	Vienna	EUR	45	e	35,000.00
Wien 3420 Aspern Development AG	Vienna	EUR	26.6	e	70,000.00
Hillerstraße - Jungstraße GmbH	Vienna	EUR	25	e	35,000.00

1) c = full consolidated; e = at equity consolidated

Companies "BIG Liegenschaften Strasshof Verwertung und Entwicklungs GmbH", as well as project company "Wirtschaftsuniversität Wien Neu GmbH" were not full consolidated, as the relevant syndicate agreements do not establish a control situation within the meaning of IFRS 3.19.

In 2008, project companies "Zeughaus Innsbruck GmbH" and "NOE Central St. Pölten Verwertungs GmbH" were established, project company "Riemergasse 7 Entwicklungs- und Verwertungs GmbH" was sold. Project company "Hintere Zollamtsstrasse 2b Bauträger- und Verwertungsgesellschaft m.b.H." was merged with Bundesimmobiliengesellschaft. Project company "Asperner Flugfeld Süd Entwicklungs- und Verwertungs AG" was renamed "Wien 3420 Aspern Development AG". Furthermore, 23.4 % of the shares held by "BIG Asperner Flugfeld Süd Holding GmbH" were sold to third parties, the remaining 26.6 % were transferred to the sister company "BIG Entwicklungs- und Verwertungs GmbH".

Bundesimmobiliengesellschaft is owned 100 % by the Republic of Austria.

The basis of consolidation, in the business year 2008, developed as follows:

	consolidated	at equity consolidated
as of January 1, 2008	11	9
sold in 2008	0	-1
established in 2008	1	1
merged in 2008	-1	0
as of December 31, 2008	**11**	**9**

The financial situation of the companies accounted for by the equity method is as follows:

	31.12.2008 TEUR	31.12.2007 TEUR
assets	48,997	66,007
liabilities	29,162	32,619
revenues	3,640	2,813
profit/loss	-2,134	-1,800

1.5. Currency Conversion

Business Transactions in Foreign Currency

Individual companies of the Group handle foreign currency business cases at the middle rate valid on the day of the relevant transaction. Foreign currency monetary assets and liabilities on the balance sheet date are converted to the Group currency Euro at the exchange rate valid on that day. Resulting foreign currency gains and losses are accounted for as affecting current-period operating profit.

Companies using a deviating functional currency have not been included in the consolidated financial statements.

1.6. Accounting Policies

Investment Property and Tangible Assets

Investment property refers to land and buildings primarily used by third parties. Real estate which is partly used by the Group itself is accounted for as tangible assets, unless the part of internal use is not material.

Property under construction refers to new constructions and all buildings which started with overall refurbishment on or after January 1, 2006 and have not been completed on December 31, 2008. Overall refurbishment started on or after January 1, 2006 is accounted in property under construction.

Investment property is shown with their acquisition and construction costs less depreciations in accordance with the "cost model" established in IAS 40. Costs for overall refurbishment are capitalized and amortised over the remaining useful life or, in the event the remaining book value is exceeded prior to overall refurbishment, are amortised over a redefined new useful life of 25 – 50 years together with the remaining book value. Valuation of the other tangible assets is effected by the same method. Investment grants are accounted on the liabilities side and are released as affecting current-period operating profit in accordance with the depreciation period or the duration to waive their entitlement to terminate the contract with notice as set out in the rental agreement of the corresponding investment property. Borrowing costs when developing real estate is not capitalized with acquisition and construction.

Subsequent acquisition costs are accounted for under investment property, taking into account the fact that final accounting of the investment property to be capitalized is delayed in time depending on the time of handover.
Unrented investment property according to IAS 40 is accounted in the books as vacancy.
Costs for vacancies are not material (see 2.1.3.).

Depreciation of buildings and tangible assets will be done in straight line over the expected useful life. Individual parts of buildings and tangible assets are not written off separately as they do not make up a significant part of the overall acquisition costs.

Expected useful life is assumed as follows:

useful life in years	from	to
investment property	25	50
tangible assets	10	33
furniture and office equipment	5	10

Intangible Assets

Intangible assets are shown in the consolidated balance sheet as acquisition costs less straight-line depreciation. The following useful lives were defined for calculating the depreciation rates:

useful life in years	from	to
software	3	5
usufruct rights	20	20

Financial Assets and Liabilities

Associated companies not within the meaning of IAS 28 “impairment of investment in associated companies“, financial assets are accounted in the balance sheet in accordance with IAS 39 and will be classified with amortised acquisition costs or fair values.

Securities are classified as available-for-sale. They are measured at fair value at the time they are first recorded. As long as the fair values are reliable identifiable, securities will be shown with their fair values. Acquisition costs are shown in those cases where there are no active markets and fair values cannot be identified without unreasonable costs. On December 31, 2008, all securities in class available-for-sale were shown at fair value. Fluctuations in value of financial assets in class available-for-sale, taking into consideration deferred taxes, are accounted for in equity as not affecting operating profit. Amounts not affecting operating profit are added to the period result only at the time of sale or where impairment of the relevant financial assets is material and sustainable.

Trade receivables, loans and other receivables and assets are classified “loans and receivables” and are accounted in the balance sheet with their net acquisition costs, using the effective-yield method where necessary. Where there are doubts to their collectibility, receivables are shown with the lower realisable amount. Transitories are accounted under accruals and deferrals. Other financial assets include also the positive market values of derivatives which are classified held-for-trading or are part of hedge relationships.
BIG currently does not use the class “held-to-maturity”.

The fixed-rate bonds issued by BIG, whose exposure to fluctuations in interest rates (fair value risk) is limited by an interest-rate swap (or interest and currency swap), are classified “at fair value through profit and loss” (fair value option) and are accounted for as affecting current-period operating profit at fair value. The above bonds are issued by BIG and are therefore carried as financial liabilities. They are controlled by a documented financing strategy and their performance is assessed internally by persons in key positions on the basis of fair value. Only those loans are classified “at fair value through profit and loss” which comply with these requirements and whose classification will render more relevant information.

Other loans, liabilities to banks and trade receivables and other liabilities are classified “liabilities at amortised cost” at net acquisition costs, using the effective-yield method where necessary. Transitories are accounted under accruals and deferrals. Other liabilities include also the negative market values of derivatives classified “held-for-trading” or which are part of hedge relationships.

The fair values of financial assets and liabilities correspond to the market prices at the balance-sheet date; any possible deviations are shown under 2.2.4. and 2.2.11. in the notes. Where prices of active markets are not available immediately they are calculated using recognized finance mathematics valuation methods and current market parameters (in particular interest rates, exchange rates and credit worthiness of contract partners) – if material. In addition the cash flows of financial instruments are discounted to the balance-sheet date.

Financial assets and liabilities are accounted on the due date. Financial assets and liabilities are taken out of the books once the rights to payment from the investment have been extinguished or transferred and where BIG has essentially transferred all risks and opportunities connected to ownership.

Other Financial Assets

Other financial assets refer to loans and securities available for sale, as well as non-current receivables from finance lease and other non-current receivables.

Lapse of impairment at a later date results in a reversal of write-down affecting current-period operating profit up to the amount of the original amortised acquisition and construction costs.

There are no equity instruments available for sale.

Receivables from finance lease are capitalized at the present value of future lease instalments.

Impairment of Assets According to IAS 36

At the balance sheet date all assets are reviewed for any indication that they may be impaired. Recoverable amounts for assets showing indications of being impaired are calculated from the greater of their net selling price less the costs of sale and their value in use. If the asset's recoverable amount is lower than its book value the value is extraordinary depreciated.

The fair value corresponds the generated proceeds less the costs of disposal on the market for the individual asset.

The calculated impairment is accounted as affecting operating profit. In the business year 2008 the company recorded extraordinary depreciations including allocations for provisions for impending losses to the amount of TEUR 32,159 in investment property (previous year: TEUR 39,128). Impairment expenses are accounted in the consolidated income statement under operating expenses for the realisation of rental income (see 2.1.3).

Eliminating impairment at a later date results in a reversal of write-down affecting current-period operating profit up to the amount of amortised acquisition and construction costs. Reversal of write-down for the current business year is TEUR 0 (previous year: TEUR 4,845.0).

Receivables and Other Assets

Other assets are valued at the lower of acquisition costs and the net selling price.

Rental agreements where ownership-related risks and chances are passed on to the lessee are carried as receivables at the amount of the net investment value from the lease relationship. Net investment in a lease relationship is gross investment discounted with the interest rate upon which the lease relationship is based. Gross investment is the sum total of minimum lease payments due to the lessor during the finance lease plus a non-guaranteed residual value for the benefit of the lessor.

Inventory

Inventory property refers to property held for disposal during ordinary business activities or which is currently at the construction stage with intended future disposal. The part of inventory property in BIG is not material, and is shown under "inventories". Inventories are valued using the lower of acquisition and construction costs and net selling price.

Inventories primarily refer to services from tenants' investments not yet invoiced. Tenants' investments are services commissioned to Bundesimmobiliengesellschaft by third parties (= tenants) which are charged to the tenants upon completion. These are valued using the lower of acquisition and construction costs and the amount charged to the tenant.

Cash and Cash Equivalents

Cash and cash equivalents include cash, available balances with banks without notice, as well as short-term assessments with banks with maturity of up to three months at the time of assessment.

Liabilities Employees

Statutory regulations require Bundesimmobiliengesellschaft to award a one-time severance payment (statutory severance payment) to members of staff employed before January 1, 2003 in the event of dismissal or retirement. Severance payment depends on the number of years employed and the pay relevant at the time payment becomes due and amounts to between two and twelve months' pay. Provisions are made for this obligation. The reimbursement fund carried in the books is calculated, as it was the previous year, in accordance with the Projected Unit Credit Method, using an interest rate for accounting purposes of 5.75 % (previous year: 5.0 %), expected future pay increases of 4.5 % (previous year: 5.0 %) and a retirement age of 62.0 years for women and men. The staff turnover is graded by age between 0.0 und 5.0 % (previous year: 0.0 to 8.0 %).

In addition Bundesimmobiliengesellschaft has awarded performance-oriented pensions to two former directors of the company. A separate provision was made for this obligation calculated in accordance with the "present value of expected pension method" at an interest rate of 5.75 % (previous year: 5,0 %) using the Pagler & Pagler computation tables. Pension increases are expected to be 2.5 % (previous year: 2.5 %).

Actuarial gains and losses are realised immediately as affecting current-period operating profit, no corridor is applied.

Bundesimmobiliengesellschaft is obligated by law to pay 1.53 % of the monthly pay into a staff provision plan for all members of staff employed after December 31, 2002. Thus, a contribution-oriented plan has been established. Payments in 2008 amounted to TEUR 193.9 (previous year: TEUR 193.8) and were accounted immediately as affecting expenses. In addition contributions are paid into a pension plan; there is no further liability to beneficiaries for rights to benefits. Based on the agreement of January 1, 2007 between BIG and a pension plan association, BIG is committed to awarding performance-oriented pensions to some employees who have been with the company for more than one year. Payments from this contribution-oriented plan in 2008 amounted to TEUR 190.3 (previous year: TEUR 202.2).

None of the performance-oriented plans are financed with a fund.

Civil servants and contract workers for Bundesimmobiliengesellschaft are also entitled to anniversary awards. According to legal provisions beneficiaries are paid different monthly salaries depending on the province they are working in and the years of service. Relevant provisions are formed over the course of their time in service using the valuation methods applicable to provisions for severance payments. Actuarial gains and losses are recorded immediately as they occur.

The effect of changes in interest rate is not material.

Provisions

Provisions are accounted where Bundesimmobiliengesellschaft has a legal or actual obligation towards third parties because of a past event and the obligation is likely to cause an outflow of funds. Such provisions are accounted at the value calculated with the best possible estimate at the time the financial statements are prepared. Where reasonable estimation of the amount is not possible provisions are not made. In the event that the present value of the provision calculated with market interest rates differs widely from the nominal value the present value of the obligation is shown.

In the current year allocations for maintenance provisions were made to the amount of TEUR 20,882.5 (previous year: TEUR 0.0) and were made for provisions for impending losses amounted TEUR 6,110.0 (previous year: TEUR 0.0). For details see 2.2.12.

Taxes

Income tax expenses accounted for the business year includes income taxes calculated for each company from taxable profit using the applicable tax rate ("actual tax") and the change in accruals and deferrals affecting current-period operating profits ("deferred taxes").

In accordance with IAS 12 all temporary differences between the tax balance sheet and the consolidated balance sheet are taken into account when calculating deferred taxes. Deferred taxes on loss carry forward are capitalized to the extent that they are likely to be offset against future tax gains in the foreseeable future. The Group has not capitalized any loss carry forward as there are no loss carry forward.

For future releases of accruals and deferrals future expected tax rates are applied. Tax accrual and deferral was calculated using the Austrian tax rate of 25 %.

Derivative Financial Instruments and Hedges

BIG essentially use derivative financial instruments – in particular interest rate swaps, interest rate and currency swaps, currency swaps and future exchange transactions – to reduce risk, and especially to reduce interest rate and currency risks. All derivative financial instruments are accounted in the balance sheet at fair value in accordance with IAS 39. Derivative financial instruments with positive market values are shown under receivables and other assets, derivative financial instruments with negative market values are shown under other liabilities.

To evaluate derivative financial instruments inter-bank conditions, and where necessary also credit margins or stock exchange prices valid for BIG, are used; the bids and offer prices on the balance-sheet date are applied. Where no stock exchange prices are used the fair value is calculated using recognized financial models. The accounted fair values correspond to the amount an asset or debt could be settled at between business partners with expert knowledge who have the intention to enter a contract and who are independent of each other.

BIG applies rules on hedge relationships in accordance with IAS 39.71 et seq. (hedge accounting) for future cash flow hedges.

Results from derivative financial instruments for which a cash flow hedge relationship was formed are recognised in cash flow hedge reserves under equity not affecting operating profit until the hedged cash transaction takes place. Changes in the results due to the ineffectiveness of these derivative financial instruments are recognised in the consolidated income statement affecting current-period operating profit.

Provisions for the designation of financial instruments (fair value option under IAS 39 AG4B et seq) were also applied. Designation is done in writing during first entry of the financial instruments to avoid inconsistent measurements of bonds (otherwise measured at amortised book values) and derivatives (measured at market value). Fair values are determined using market prices on active markets. Criteria's for designation are essentially the same with nominal's, time of payment, amount of payment and currencies regularly satisfied.

Cash Flow Statement

The cash flow statement was prepared in accordance with IAS 7. Differences to the cash flow statement former published in accordance to UGB are apparent in particular with a view to income taxes paid, interest paid and received and dividends. Cash and cash equivalents comprise cash on hand, available balances with banks without notice, as well as short-term assessments with bank with maturity up three months at the time of assessment.

Revenue Recognition

Rental income is recognized straight-line over the duration of the rental agreement. One-time payments or rent exemptions/rent indemnity are administered over the entire duration.

Income from services is recorded for all services rendered by the balance-sheet date. This revenue is not recorded as PoC (Percentage of completion) revenue within the meaning of IAS 11.

In the current year deferrals for special rents to the amount of TEUR 7,623.7 (previous year: TEUR 0.0) were made for the first time. These adjustments are made for the difference between rental agreement and the duration of the waiver breaches. Adjustments for previous years were not made as rental agreements are of different contractual arrangements going back to the long-term past and only made with unreasonable efforts.

Financial Results

The financial result (see 2.1.8 and 2.1.9) include interest, dividends and similar income generated by assessments in liquid funds and investments in financial assets, as well as gains and losses from disposal or write-up and/or depreciation of financial assets.

Financial expenses comprise the interest rate for debt financing, interest-related expenses, as well as results from hedges. Interest rate income from current bank deposits has been deducted. Interest rates are accounted using the effective-yield method.

Currency gains/losses related to financing are accounted separately in the financial result.

Execution of discretionary power and Estimates by the Management Board

For the consolidated financial statements estimates have to be given (e.g. with a view to the parameters for valuation of real estate) and assumptions made to some degree which may influence the assets and liabilities accounted in the books, disclosure of other obligations on the balance-sheet date and stating of income and expenses in the period of reporting. This is true in particular for the estimation of useful lives of depreciable and amortisable assets, the valuation parameters for calculating rental value during impairment tests, the intrinsic value of deferred taxes, the fair value calculation of financial instruments, estimation of the likelihood and size of provisions, estimation of interest rates and other valuation assumptions required for the calculation of personnel provisions. For classification of real estate see 1.6. “investment property and tangible assets“ and “inventory“. Actual future results may deviate from the estimations.

2. Notes to the consolidated income statement and the consolidated balance sheet

2.1. Consolidated income statement

2.1.1. Income from rental of investment property

	2008 TEUR	2007 TEUR
rental income	630,619.1	620,956.3

2.1.2. Income from services

	2008 TEUR	2007 TEUR
property management	83,067.6	80,155.5
investments by tenants	40,681.3	30,355.6
facility services	3,194.7	3,217.7
development and disposal	226.1	452.1
spatial planning CAD	8.8	7.2
	127,178.7	**114,188.2**

2.1.3. Operating expenses for realisation of rental income

	2008 TEUR	2007 TEUR
depreciation of investment property	166,259.3	161,886.1
maintenance expenses	175,724.7	119,886.0
impairment losses	32,159.4	43,973.2
write-ups	0.0	-4,845.0
expenses for vacant premises	5,317.4	6,476.5
insurance specific to real estate	6,502.0	5,182.6
operating costs charged further	0.0	2,141.4
other directly allocable expenses	32,585.5	30,426.0
	418,548.2	**365,126.8**

Impairments became necessary as the fair values calculated in 2008 were below the book values. Impairment losses amounted TEUR 26,049.4 (previous year: TEUR 0.0) were accounted for impairment losses for investment property and TEUR 6,110.0 (previous year: TEUR 0.0) from allocation of provisions for impending losses for property under construction.
The three impairments highest in value in the current period referred to:

- School building Rohrbach TEUR 7,625
- Theory building, 1090 Vienna TEUR 7,448
- School building, 1090 Vienna TEUR 5,459

The three impairments highest in value in the previous year referred to:

- School building Wörgl TEUR 12,300
- Penal institution Wr. Neustadt TEUR 5,427
- Customs building Nickelsdorf TEUR 5,395

Other directly allocable expenses include bad debts and allocations to specific allowances for bad debts from renting.

2.1.4. Expenses for services

	2008 TEUR	2007 TEUR
property management	64,995.4	63,110.9
investments by tenants	37,090.3	24,856.5
facility services	4,827.0	4,813.9
spatial planning CAD	-1,853.1	3,100.0
development and disposal	1,085.7	1,372.8
	106,145.3	**97,254.1**

2.1.5. Administrative costs

	2008 TEUR	2007 TEUR
staff costs	7,855.3	8,855.7
communications and EDP applications	3,827.7	2,367.8
depreciations	1,110.5	1,076.7
legal,auditing and consulting expenses	2,467.9	1,030.8
advertising and PR expenses	793.3	630.3
others	741.0	1,224.0
	16,795.7	**15,185.4**

2.1.6. Other operating income

	2008 TEUR	2007 TEUR
income from disposal of tangible assets	337.1	341.9
expenses charged further	169.9	148.6
others	775.8	3,235.4
	1,282.8	**3,725.9**

2.1.7. Other operating expenses

	2008 TEUR	2007 TEUR
expenses for assets	729.8	729.4
loss from disposal of tangible assets	9.2	16.2
others	302.7	1,237.8
	1,041.7	**1,983.4**

2.1.8. Financial income

	2008 TEUR	2007 TEUR
interest income	8,317.3	2,593.2
dividend income	31.3	489.5
currency translation gains	45.7	2,277.7
change in current market value for derivatives	230,435.6	33,969.8
other financial income	581.6	9,408.0
	239,411.5	**48,738.3**

2.1.9. Financial expenses

	2008 TEUR	2007 TEUR
interest expenses	156,410.2	152,016.3
currency translation losses	246,913.2	0.0
change in current market value for derivatives	1,133.0	45,636.0
other financial expenses	3,406.5	2,258.2
	407,862.9	**199,910.5**

Foreign exchange gains/losses essentially result from valuation of issued foreign currency loans on the balance-sheet date.

2.1.10. Net result of financial instruments in accordance with valuation categories pursuant to IAS 39

The net result of financial instruments by classes respectively valuation categories in accordance with IAS 39 for the business year 2008 and 2007 is as follows:

2008 in TEUR		from subsequent valuation				
	from interest	at fair value	currency translation	impairment	from disposal	total
loans and receivables	8,877	-		0	0	8,877
available-for-sale financial assets (shares in a fund)	31	5	-	-	-	36
financial instruments at fair value through profit and loss (held for trading)	-30,949	229,303	-	-	-	198,354
financial liabilities at fair value through profit and loss (fair value option)	-14,752	-37,042	-	-	-	-51,794
financial liabilities at amortised cost	-111,324		-209,871	-	-	-321,195
total	**-148,117**	**192,266**	**-209,871**	**0**	**0**	**-165,721**

2007 in TEUR		from subsequent valuation				
	from interest	at fair value	currency translation	impairment	from disposal	total
loans and receivables	3,530	-	-	166	-	3,697
available-for-sale financial assets (shares in a fund)	30	-43	-	-	17	4
financial instruments at fair value through profit and loss (held for trading)	-28,421	-11,666	-	-	-	-40,088
financial liabilities at fair value through profit and loss (fair value option)	-13,903	8,469	-	-	-	-5,433
financial liabilities at amortised cost	-110,826	-	2,783	-	-1,157	-109,201
total	**-149,591**	**-3,240**	**2,783**	**166**	**-1,140**	**-151,022**

Interest rates from financial instruments are accounted in the financial result. Interest income on impaired financial assets in 2008 amount to TEUR 0 (2007: TEUR 0). Specific allowances for bad debts on trade receivables are accounted in other operating expenses and are defined by management estimation and on the basis of past experience.

2.1.11. Staff costs and staff

Staff costs in 2008 amounted to TEUR 26,539.0 (previous year: TEUR 25,175.2) and are composed as follows:

	2008 TEUR	2007 TEUR
wages	587.1	584.9
salaries	20,075.7	18,344.4
expenses for severance payments and pensions	45.5	971.2
indirect labour costs	5,493.3	5,015.8
other staff benefits	337.4	258.9
	26,539.0	**25,175.2**

Staff at Bundesimmobiliengesellschaft is composed as follows:

	2008	2007
employees	357	323
federal public contract workers	98	102
blue-collar workers	21	21
recorded as staff costs	**476**	**446**
federal/provincial civil servants	332	338
provincial public contract workers	4	5
recorded as payment received	**336**	**343**
total	**812**	**789**

2.2. Consolidated Balance Sheet

2.2.1. Investment property and tangible assets

On December 31, 2008, no tangible assets were pledged as security for liabilities. According to IAS 40.75 (g) reference must be made to instructions issued by the Federal Ministry for Economic Affairs to the effect that real estate subject to restitution applications may not be realised without a relevant decision from the arbitration instance for restitution in kind. BIG also owns concordat churches which by law is not entitled to realise. There are no obligations for maintenance within the meaning of IAS 40.75 (h) beyond those specified by tenancy law (in particular section 3 of the tenancy act MRG).

acquisition costs in TEUR	investment property		tangible assets		
	investment property	property under construction	buildings	furniture and office equipment	total
as of January 2007	4,111,395	868,376	7,083	12,959	4,999,813
additions from acquisition of real estate	72,862	117,680	436	1,044	192,022
disposals	-23,051	-501	0	-1,561	-25,113
other transfers	399,128	-414,382	15,254	0	0
as of December 31, 2007	**4,560,334**	**571,173**	**22,773**	**12,442**	**5,166,722**
as of January 1, 2008	4,560,334	571,173	22,773	12,442	5,166,722
additions from acquisition of real estate	50,185	180,946	0	1,393	232,524
disposals	-5,053	-5,412	0	-1,048	-11,513
other transfers	101,520	-101,520	0	0	0
transfers according to IAS 40	218,589	-218,589	0	0	0
as of December 31, 2008	**4,925,576**	**426,598**	**22,773**	**12,787**	**5,387,734**

accumulated depreciations

in TEUR	investment property		tangible assets		
	investment property	property under construction	buildings	furniture and office equipment	total
as of January 1, 2007	-674,851	-123,155	-619	-8,783	-807,408
disposals	10,330	19	0	1,544	11,893
depreciations	-148,008	-39,297	-729	-1,385	-189,419
impairment losses	-43,973	0	0	0	-43,973
write-ups	4,845	0	0	0	4,845
other transfers	-47,722	50,109	-2,387	0	0
as of December 31, 2007	**-899,379**	**-112,323**	**-3,736**	**-8,625**	**-1,024,062**
as of January 1, 2008	-899,379	-112,323	-3,736	-8,625	-1,024,062
disposals	1,837	272	0	1,037	3,146
depreciations	-159,999	-5,578	-730	-1,466	-167,774
impairment losses	-14,017	-12,033	0	0	-26,049
other transfers	-30	30	0	0	0
transfers according to IAS 40	-70,408	70,408	0	0	0
as of December 31, 2008	**-1,141,995**	**-59,224**	**-4,465**	**-9,054**	**-1,214,738**
book value as of January 1, 2007	3,436,544	745,220	6,464	4,176	4,192,405
book value as of December 31, 2007	3,660,956	458,850	19,038	3,817	4,142,660
book value as of December 31, 2008	3,783,580	367,373	18,308	3,733	4,172,995

The fair value of investment property (including property under construction) has developed as follows:

in TEUR	investment property	property under construction	total
as of December 31, 2007	8,152,265	458,850	8,611,115
as of December 31, 2008	8,705,172	367,373	9,072,545

The value of investment property was determined on the basis of individual valuations carried out on a representative sample of the portfolio. The individual valuations of the sample were performed by independent experts, taking into account the current market situation. The results of the samples were extrapolated for homogeneous and powerful clusters. The entire portfolio is valued continuously in a step-by-step plan. The individual valuations were essentially carried out using the gross rental method.

Using the extrapolation on the basis of the above clusters created some uncertainty as to how to determine the fair value of investment property. The range of fluctuations was estimated at between 5 and 10 percent. Property under construction was accounted in the above tables at book value since it was not included in the fair value valuation.

Obligations to remedy defects with the Republic of Austria as the owner are stipulated by contract and become effective for the resale of investment property.

These are calculated with the following formula:

R = (V-R-P-NL-BV) * 0.8

R = remedy of defects
V = resale value
R = realization cost
P = purchase value
NL = net liability assumed at the time of purchase
BV = book value of BIG investments plus capitalized usufruct rights for each property

Because of this obligation to remedy effects there is a substantial difference between the fair value and the revenues BIG can ultimately generate.

2.2.2. Intangible assets

acquisition costs
in TEUR

	usufruct rights	software	total
as of January 1, 2007	13,637	6,485	20,122
other additions	0	364	364
disposals	0	-2,488	-2,488
as of December 31, 2007	**13,637**	**4,361**	**17,998**
as of January 1, 2008	13,637	4,361	17,998
other additions	0	507	507
as of December 31, 2008	**13,637**	**4,868**	**18,505**

accumulated depreciations
in TEUR

	usufruct rights	software	total
as of January 1, 2007	-6,818	-5,206	-12,024
depreciations	-682	-634	-1,316
disposals	0	2,488	2,488
as of December 31, 2007	**-7,500**	**-3,352**	**-10,852**
as of January 1, 2008	-7,500	-3,352	-10,852
depreciations	-682	-665	-1,347
as of December 31, 2008	**-8,182**	**-4,017**	**-12,199**

book value as of January 1, 2007	6,818	1,279	8,098
book value as of December 31, 2007	6,137	1,010	7,146
book value as of December 31, 2008	5,455	851	6,306

2.2.3. Investments in Associated Companies

	31.12.2008 TEUR	31.12.2007 TEUR
Projektgesellschaft WU Wien Neu GmbH	3,574.30	14.3
BIG LS Strasshof	1,615.60	1,564.00
Wohngarten Sensengasse	1,449.10	1,431.40
Anzengrubergasse	1,278.20	1,248.40
Zahnradbahnstraße	951.4	973.2
Asperner Flugfeld Süd	732	457.7
SIVBEG Strategische Immoverwer	489.1	34.2
Hillerstraße - Jungstraße GmbH	356.7	366.5
Zeugheus Innsbruck	10.6	0
Riemergasse 7	0	6,317.50
	10,456.90	**12,407.30**

2.2.4. Financial assets (other financial assets)

	31.12.2008 TEUR	31.12.2007 TEUR
securities available for sale	807.1	802.3
derivatives	147,561.8	1,442.6
loans	39,880.1	2,937.5
receivables from finance lease	11,875.5	12,163.6
non-current receivables	2,932.5	21,691.4
	203,057.0	**39,037.4**

Securities in the category available-for-sale comprise investment funds (total of 13,418). The fair value is equal to the stock-exchange price on the balance-sheet date. These securities have no nominal value. The current book value is equal to the maximum risk of default for these securities.

Loans refer to loans granted to associated companies and third parties. The current market value is equal to future repayments discounted using the actual market interest rate.

Derivatives essentially refer to hedges for bonds issued.

2.2.5. Inventories

Inventories primarily refer to services from tenants' investments not yet invoiced. Tenants' investments are services commissioned to Bundesimmobiliengesellschaft by third parties (= tenants) which are charged to the tenants according to construction progress, payment plan or upon completion. These are valued using the lower of acquisition and construction costs and the amount charged to the tenant.

2.2.6. Receivables for Income Tax

Receivables for income tax essentially refer to receivables from corporate taxes.

2.2.7. Receivables and other assets

	31.12.2008 TEUR	31.12.2007 TEUR
receivables from finance lease (maturity up to one year)	1,563.0	1,539.0
trade receivables	37,600.6	46,356.4
other receivables and assets	16,293.3	16,488.8
accruals	263.3	92.0
	55,720.2	**64,476.2**

TEUR 0.0 (previous year: TEUR 1,120.0) of the trade receivables have a maturity of more than one year.

The book value of trade receivables constitutes an adequate approximate value for the fair value and represents the maximum credit risk at balance-sheet date.

Book values for trade receivables, loans and other receivables, as per December 31, 2008 and December 31, 2007, are composed as follows:

31.12.2008 in TEUR		of which at balance-sheet date not impaired or overdue	of which at balance-sheet date already impaired and due within the following time spans			
	book value		less than 60 days	between 60 and 180 days	between 180 and 360 days	more than 360 days
trade receivables	37,601	10,068	9,985	6,122	0	11,426
loans	39,880	39,880	0	0	0	0
other receivables	18,120	18,120	0	0	0	0
total	**95,601**	**68,068**	**9,985**	**6,122**	**0**	**11,426**

31.12.2007 in TEUR		of which at balance-sheet date not impaired or overdue	of which at balance-sheet date already impaired and overdue within the following time spans			
	book value		less than 60 days	between 60 and 180 days	between 180 and 360 days	more than 360 days
trade receivables	46,356	16,654	12,208	9,859	0	7,635
loans	2,960	2,960	0	0	0	0
other receivables	13,528	13,528	0	0	0	0
total	**62,844**	**33,142**	**12,208**	**9,859**	**0**	**7,635**

Concerning the trade receivables, loans and other receivables which are not impaired or overdue there is no indication on the balance-sheet date that debtors will not meet their payments.

The figures for overdue trade receivables currently show a certain amount of inaccuracy, as for payment instructions made by tenants it is only possible to a limited extent only to clear receivables against payments made.

Impairments are accounted and affecting current-period operating profit where they are objectively identified impairment losses within the meaning of IAS 39. In the present case tenants especially except objects against the size of rent and operating costs.

Specific allowances for bad debts on trade receivables in the business years 2008 and 2007 respectively developed as follows:

	2008 TEUR	2007 TEUR
as of January 1	8,039.7	9,113.1
allocations	4,868.7	3,687.3
use	-2,078.7	-1,239.3
releases	-1,414.8	-3,521.4
as of December 31	**9,414.9**	**8,039.7**

Lump-sum allowances amounts to TEUR 0.0 (previous year: TEUR 1,300.0). Expenses for complete elimination of trade receivables in 2008 amount to TEUR 1,997.0 (2007: TEUR 1,595.0).

2.2.8. Cash and Cash Equivalents

	31.12.2008 TEUR	31.12.2007 TEUR
deposits with financial institutions	58,178.7	74,684.9
cash on hand	6.1	3.0
	58,184.8	**74,687.9**

2.2.9. Book values, fair values and recognitions by measurement categories

Book values, fair values and recognitions of financial assets (financial instruments on the asset side) as per 31.12.2008 and 31.12.2007 are composed as follows by classes respectively measurement categories in accordance with IAS 39 and IAS 17:

in TEUR	valuation category acc. to IAS 39	book value 31.12.2008	book value 31.12.2007	fair value 31.12.2008	fair value 31.12.2007	valuation acc. to IAS 39: amortised acquisition costs	acquisition costs	fair value not affecting operating results	fair value affecting operating results
cash and cash equivalents (cash, banks)	not applicable	58,185	74,688	58,185	74,688	X	-	-	-
trade receivables	loans and receivables	37,601	46,356	37,601	46,356	X	-	-	-
receivables from finance lease	not applicable	13,439	13,703	13,439	13,703	-	-	-	-
other financial receivables	loans and receivables	51,292	23,862	51,292	23,862	X	-	-	-
securities available for sale (shares)	available for sale	807	802	807	802	-	-	X	-
derivatives with positive market value without hedge relationship	at fair value through profit and loss (held for trading)	147,562	1,441	147,562	1,441	-	-	-	X
derivatives with positive market value and hedge relationship	not applicable	0	2	0	2	-	-	X	-
total		**308,886**	**160,854**	**308,886**	**160,854**				

Most of the cash and cash equivalents, trade receivables and other receivables have short maternity. Their book values on the balance-sheet date therefore are close to the fair value. Fair values of other non-current receivables and other financial assets, where relevant, correspond to the cash values of payments related to assets, taking into account the current market parameters.

Book values of financial assets represent the maximum credit risk on the balance-sheet date.

2.2.10. Equity

Development of balance-sheet equity at BIG is shown separately as part of the current consolidated financial statements (see page 4).

The fully-paid share capital of the parent company is carried as nominal capital. Shares in the share capital have no nominal value.

IAS 39 reserves are used for securities available for sale and cash flow hedges. These reserves are accounted less deferred taxes.

Retained earnings include the profit for the current year, as well as other accumulated gains and losses from previous years.

The Management Board has not proposed dividends for the business year 2008.

2.2.11. Employee benefit obligations

Provisions for personnel refer to the present value of obligations for severance payments to the amount of TEUR 3,238.7 (previous year: TEUR 3,564.7), for pensions to the amount of TEUR 1,668.8 (previous year: TEUR 1,950.3), as well as for anniversary awards to the amount of TEUR 2,476.2 (previous year: TEUR 2,744.4). Vacations not yet consumed to the amount of TEUR 2,707.4 (previous year: TEUR 2,463.3) are shown in accrued liabilities.

Provisions for severance payments

The present value of obligations for severance payments has developed as follows:

	2008 TEUR	2007 TEUR
present value of obligations for severance payments on January 1	3,564.7	3,110.3
interest expenses	175.5	137.1
service cost	272.7	274.1
realised actuarial gains and losses	-652.6	228.4
severance payments	-121.5	-185.1
present value of obligations for severance payments on December 31	**3,238.7**	**3,564.7**

Provisions for pensions

The present value of obligations for pension payments has developed as follows:

	2008 TEUR	2007 TEUR
present value of obligations for pension payments on January 1	1,950.3	2,106.5
interest expenses	94.6	92.0
realised actuarial gains and losses	-267.6	-132.2
pension payments	-108.5	-116.0
present value of obligations for pension payments on December 31	**1,668.8**	**1,950.3**

Provisions for anniversary awards

The present value of obligations for anniversary award payments has developed as follows:

	2008 TEUR	2007 TEUR
present value of obligations for anniversary award payments on January 1	2,744.4	2,743.8
interest expenses	128.4	114.0
service costs	112.7	113.9
realised actuarial gains and losses	-296.6	-29.3
anniversary award payments	-212.7	-198.0
present value of obligations for anniversary award payments on December 31	**2,476.2**	**2,744.4**

Interest expenses are accounted in financial expenses, service costs and actuarial gains are as accounted in personnel or administrative expenses.

2.2.12. Provisions for income taxes and other provisions

As in the previous year no provisions were made for income taxes. In the business year allocations were made for maintenance provisions to the amount of TEUR 20,882.5 (previous year: TEUR 0.0), allocations for provisions for impending losses amounted to TEUR 6,110.0 (previous year: TEUR 0.0).

In addition, as per December 31, 2008, provisions in the balance sheet for maintenance works from the title “monument protection Freudenau” to the amount of EUR 5m were released.

2.2.11. Financial liabilities

The book values, fair values and valuations of financial liabilities (financial instruments on the liabilities side) as per December 31, 2008 and December 31, 2007 by classes or measurement categories in accordance with IAS 39 were composed as follows:

in TEUR	valuation category acc. to IAS 39	book value 31.12.2008	book value 31.12.2007	fair value 31.12.2008	fair value 31.12.2007	valuation acc. to IAS 39: amortised acquisition costs	acquisition costs	fair value not affecting operating profit	fair value affecting operating profit
bonds (at amortised cost)	financial liabilities measured at amortised cost	2,425,403	2,248,730	2,493,712	2,233,028	X	-	-	-
bonds (affecting operating profit at fair value)	at fair value through profit and loss (fair value option)	413,654	345,509	413,012	345,509	-	-	-	X
liabilities with financial institutions	financial liabilities measured at amortised cost	522,203	591,171	451,279	615,562	X	-	-	-
liabilities with associated companies	financial liabilities measured at amortised cost	9	0	9	0	X	-	-	-
trade liabilities	financial liabilities measured at amortised cost	139,360	119,117	139,360	119,117	X	-	-	-
other financial liabilities	financial liabilities measured at amortised cost	272,314	54,028	272,314	54,028	X	-	-	-
derivatives with negative market value without hedge relationship	not applicable	177	0	177	0	-	-	X	-
derivatives with negative market value and hedge relationship	at fair value through profit and loss (held for trading)	5,202	88,383	5,202	88,383	-	-	-	X
total		**3,778,322**	**3,446,938**	**3,775,065**	**3,455,626**				

Trade liabilities and other liabilities regularly have short maturity; their values in the balance sheet therefore are close to the fair value. Fair values of bonds, where listed, correspond to the nominal values multiplied by quoted prices on the balance-sheet date. The fair values of non-listed bonds, bank liabilities and other financial liabilities, where relevant, are calculated as present value of payments related to debts using current market parameters. There were no changes in credit risk during the business year 2008.

Bonds:

In August 2008 a CHF bond with a nominal value of CHF 700,000,000 expired. In total BIG issued in 2008 public bearer bonds and private placements at a total nominal value of JPY 5,000,000,000 and CHF 675,000,000. The number of bonds issued and outstanding increased from 19 to 21. These emissions have resulted in a net inflow of funds of TEUR 451,583.0 in total.

31.12.2008 in TEUR	maturity up to 1 year	1 to 5 years	more than 5 years	total
bonds	0.0	1,590,990.7	1,248,066.8	2,839,057.5
bank liabilities	81,737.5	162,993.0	277,472.2	522,202.7
	81,737.5	**1,753,983.7**	**1,525,539.0**	**3,361,260.2**

31.12.2007 in TEUR	maturity up to 1 year	1 to 5 years	more than 5 years	total
bonds	423,037.4	453,150.9	1,718,050.7	2,594,239.0
bank liabilities	68,978.4	201,774.0	320,418.4	591,170.8
	492,015.8	**654,924.9**	**2,038,469.1**	**3,185,409.8**

Conditions of major financial liabilities including previous year are as follows. Fair values do not include accrued interest or cost of money.

2008 type of financing and currency	interest rate var/fix	nominal value in original currency in thousands	fair value in original currency in thousands	< 6 months	6 - 12 months	maturity 1-2 years	2-5 years	>5 years
3.000 % CHF private pl. 2002-2015	fix	40,000	40,796					40,000
4.625 % EUR bond 2002-2012	fix	400,000	413,152				400,000	
4.375 % EUR bond 2003-2013	fix	750,000	775,755				750,000	
3.150 % CHF private pl. 2002-2014	fix	50,000	51,867					50,000
1.425 % JPY private pl. 2004-2017	fix	5,000,000	4,840,505					5,000,000
1.900 % JPY private pl. 2004-2016	fix	3,000,000	3,196,375					3,000,000
1.759 % JPY private pl. 2004-2016	fix	3,000,000	2,987,196					3,000,000
2.500 % CHF bond 2005-2015	fix	150,000	149,502					150,000
2.125 % CHF bond 2005-2018	fix	120,000	110,598					120,000
2.050 % CHF private pl. 2005-2011	fix	80,000	80,824				80,000	
1.560 % JPY private pl. 2005-2017	fix	5,000,000	5,197,540					5,000,000
1.775 % JPY private pl. 2005-2020	fix	5,000,000	5,238,193					5,000,000
1.89 % JPY bond 2006 -2021	fix	6,000,000	6,354,870					6,000,000
3.125 % CHF bond 2006-2031	fix	150,000	152,000					150,000
2.065 % JPY private pl. 2007-2022	fix	7,000,000	7,545,547					7,000,000
3.155% CHF private pl. 2007-2033	fix	50,000	54,897					50,000
3.125% CHF bond 2007-2014	fix	350,000	363,006					350,000
3.250% CHF bond 2007-2019	fix	375,000	381,791					375,000
1.69 % JPY private pl. 2008-2018	fix	5,000,000	4,918,975					5,000,000
3.25 % CHF private pl. 2008-2017	fix	175,000	178,035					175,000
3.25 % CHF bond 2008-2010	fix	500,000	513,450			500,000		
EUR - European Investment Bank	var	66,667	66,667	2,564	2,564	5,128	15,385	41,026
EUR - European Investment Bank	var	105,000	105,000	3,750	3,750	7,500	22,500	67,500
EUR - European Investment Bank	var	65,000	65,000	0	0	4,333	13,000	47,667
EUR - RZB	fix	96,250	96,250	17,500	17,500	35,000	26,250	0
EUR - RLB NÖ-Wien	var	16,351	16,351	3,634	3,634	7,267	1,817	0
EUR - RLB NÖ-Wien	fix	18,109	18,109	776	790	1,660	5,596	9,287
EUR - BA/CA	var	73,158	73,158	3,648	3,648	5,472	0	60,391
EUR - ERSTE Bank	var	19,531	19,531	908	908	1,817	5,450	10,447

2007 type of financing and currency	interest rate var/fix	nominal value in original currency in thousands	fair value in original currency in thousands	< 6 months	6 - 12 months	maturity 1-2 years	2-5 years	>5 years
3.500 % CHF-bond 2001-2008	fix	700,000	703,727		700,000			
3.000 % CHF private pl. 2002-2015	fix	40,000	39,542					40,000
4.625 % EUR bond 2002-2012	fix	400,000	401,200				400,000	
4.375 % EUR bond 2003-2013	fix	750,000	742,725					750,000
3.150 % CHF private pl. 2002-2014	fix	50,000	50,106					50,000
1.425 % JPY private pl. 2004-2017	fix	5,000,000	4,899,331					5,000,000
1.900 % JPY private pl. 2004-2016	fix	3,000,000	3,086,373					3,000,000
1.759 % JPY private pl. 2004-2016	fix	3,000,000	3,035,087					3,000,000
2.500 % CHF bond 2005-2015	fix	150,000	144,420					150,000
2.125 % CHF bond 2005-2018	fix	120,000	107,640					120,000
2.050 % CHF private pl. 2005-2011	fix	80,000	78,066				80,000	
1.560 % JPY private pl. 2005-2017	fix	5,000,000	4,985,280					5,000,000
1.775 % JPY private pl. 2005-2020	fix	5,000,000	4,930,602					5,000,000
1.89 % JPY bond 2006 -2021	fix	6,000,000	5,979,229					6,000,000
3.125 % CHF bond 2006 - 2031	fix	150,000	140,252					150,000
2.065 % JPY private pl. 2007-2022	fix	7,000,000	7,071,043					7,000,000
3.155% CHF private pl. 2007-2033	fix	50,000	46,066					50,000
3.125% CHF bond 2007-2014	fix	350,000	350,516					350,000
3.250% CHF bond 2007-2019	fix	375,000	372,533					375,000
EUR - European Investment Bank	var	71,795	71,795	2,564	2,564	5,128	15,385	46,154
EUR - European Investment Bank	var	112,500	112,500	3,750	3,750	7,500	22,500	75,000
EUR - European Investment Bank	var	65,000	65,000				13,000	52,000
EUR - RZB	fix	131,250	131,250	17,500	17,500	35,000	61,250	
EUR - RLB NÖ-Wien	var	23,619	23,619	3,634	3,634	7,267	9,084	
EUR - RLB NÖ-Wien	fix	19,584	19,584	730	745	1,566	5,281	11,262
EUR - BA/CA	var	80,454	80,454	3,648	3,648	7,295	5,472	60,391
EUR - ERSTE Bank	var	21,348	21,348	908	908	1,817	5,450	12,264

The fair values of bonds in EUR, JPY and CHF were calculated by discounting the payments due in the future and assuming a current market interest rate. Fair values for other financial instruments, because of variable interest and short maturity, essentially correspond to book values.

Derivative hedges are concluded primarily to hedge against exchange risks. These derivative financial instruments are accounted in financial assets with their positive values, negative market values are accounted in other liabilities.

Analysis of contractual agreed interest and redemption payments

Contractually agreed (non-discounted) interest and redemption payments of primary financial liabilities and derivative financial instruments with negative fair values as per December 31, 2008 and December 31, 2007 are as follows:

31.12.2008 in TEUR		Cash Flows 2009			Cash Flows 2010 to 2012			Cash Flows from 2013 on		
	book value 31.12.2008	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation
primary financial liabilities										
bonds (at amortised cost)	2,425,403	83,752	-	0	223,244	-	790,572	376,343	-	1,634,831
bonds (affecting operating profit at fair value)	413,654	15,262	-	0	45,787	-	0	31,105	-	403,060
bank liabilities	522,203	6,183	18,374	81,737	5,845	46,704	142,306	2,124	79,046	298,160
liabilities with associated companies	9			9						
trade liabilities	139,360			139,360			0			
other financial liabilities	272,314	0	0	272,314						
Summe	**3,772,943**	**105,198**	**18,374**	**493,420**	**274,876**	**46,704**	**932,878**	**409,572**	**79,046**	**2,336,051**

in TEUR		Cash Flows 2009			Cash Flows 2010 to 2012			Cash Flows from 2013 on		
	book value 31.12.2008	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation
derivative financial liabilities										
cross currency swaps (without hedge relationship)	-116,992	15,454	0	0	39,131	0	0	58,827	0	0
cross currency interest rate swaps (with hedge relationship) = fixed variable	-14,961	0	1,823	0	0	3,284	0	0	5,877	0
interest rate swaps (without hedge relationship)	-10,407	0	-1,636	0	0	9,827	0	0	2,089	0
interest rate swaps (with cash flow hedge relationship)	177	0	169	0	0	97	0	0	0	0
cross currency swaps (with hedge relationship)	0	0	0	0	0	0	0	0	0	0
cross currency interest rate swaps (without hedge relationship) = fixed variable	0	0	0	0	0	0	0	0	0	0
total	**-142,183**	**15,454**	**355**	**0**	**39,131**	**13,207**	**0**	**58,827**	**7,966**	**0**

31.12.2007 in TEUR		Cash Flows 2008			Cash Flows 2009 to 2011			Cash Flows from 2012 on		
	book value 31.12.2007	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation
primary financial liabilities										
bonds (at amortised cost)	2,248,730	74,944	0	423,037	195,215	0	48,347	379,410	0	1,777,345
bonds (affecting operating profit at fair value)	345,509	13,903	0	0	41,708	0	0	26,664	0	348,505
bank liabilities	591,171	8,151	21,535	69,470	11,223	54,420	201,774	2,939	96,739	319,927
trade liabilities	119,117	0	0	116,939	0	0	2,178	0	0	0
other financial liabilities	54,028	0	0	54,028	0	0	0	0	0	0
total	**3,358,555**	**96,998**	**21,535**	**663,474**	**248,146**	**54,420**	**252,299**	**409,013**	**96,739**	**2,445,777**

in TEUR		Cash Flows 2008			Cash Flows 2009 to 2011			Cash Flows from 2012 on		
	book value 31.12.2007	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation	interest fixed	interest variable	amortisation
derivative financial liabilities										
cross currency swaps (without hedge relationship)	66,368	15,067	0	27,237	44,133	0	485	74,491	0	-109,067
cross currency interest rate swaps (without hedge relationship) = fixed variable	10,734	0	1,860	0	0	4,240	0	0	8,287	-4,805
interest rate swaps (without hedge relationship)	4,695	0	1,450	0	0	-3,337	0	0	-232	0
interest rate swaps (with cash flow hedge relationship)	0	0	0	0	0	0	0	0	0	0
future exchange transactions (without hedge relationship)	6,586	0	0	6,586	0	0	0	0	0	0
total	**88,383**	**15,067**	**3,310**	**33,823**	**44,133**	**903**	**485**	**74,491**	**8,055**	**-113,872**

Included in the analysis are all financial instruments actual balanced on the balance-sheet date and for which payments had already been agreed by contract. Targeted figures for new future liabilities are not included. Foreign currency amounts were exchanged at the relevant rate on the balance-sheet date. Variable interest payments from financial instruments were calculated using the interest rates fixed directly prior to the balance-sheet date. Financial liabilities repayable at call are always allocated to the earliest maturity band. Interest on current account financing was calculated on the basis of an assumed average term of six months. Redemption of derivative financial liabilities apply “fictitious“ cash flows.

2.2.14. Income taxes

Tax expenses are as follows:

	2008 TEUR	2007 TEUR
corporate tax (current year)	-22,735.2	-37,290.3
corporate tax (previous years)	93.8	-12,892.1
change in deferred taxes	8,579.3	15,073.2
	-14,062.1	**-35,109.3**

in TEUR	active deferred taxes		passive deferred taxes		net	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
tangible assets	44,651.3	39,470.4	-2,783.7	-2,189.7	41,867.6	37,280.7
financial assets	143.0	528.2	0.0	0.0	143.0	528.2
receivables and other assets	0.0	325.0	-3,359.6	-1,915.2	-3,359.6	-1,590.2
fair value valuation derivatives	1,344.7	22,095.8	-36,890.5	-1,871.1	-35,545.7	20,224.7
investment grants	564.7	383.1	0.0	0.0	564.7	383.1
employee benefit obligations	636.1	869.5	0.0	0.0	636.1	869.5
other provisions	506.9	250.0	0.0	0.0	506.9	250.0
non-current liabilities	36,670.5	0.0	0.0	-25,083.3	36,670.5	-25,083.3
active/passive deferred taxes (gross)	84,517.3	63,922.2	-43,033.8	-31,059.4	41,483.5	32,862.8
setoff	-43,033.8	-31,059.4	43,033.8	31,059.4	0.0	0.0
active/passive deferred taxes (net)	**41,483.5**	**32,862.8**	**0.0**	**0.0**	**41,483.5**	**32,862.8**

Temporary differences between valuations in the consolidated financial statement and relevant tax valuations are reflected in the tax deferral shown in the consolidated balance sheet as follows:

	31.12.2008 TEUR	31.12.2007 TEUR
active tax deferral	84,517.3	63,922.0
passive tax deferral	-43,033.8	-31,059.3
deferred taxes (net)	**41,483.5**	**32,862.7**

Based on current tax regulations it is reasonable to assume that the differences resulting from accumulated profits between the taxable investment and the proportionate equity of subsidiaries included in the consolidated financial statements will essentially stay untaxed. There is no tax deferral for these differences. Revenues from the disposal of investments, according to current tax regulations and subject to certain assumptions, are exempt from corporate tax.

Causes for the difference between anticipated tax charge and the income taxes carried in the balance sheet are reflected in the following:

	2008 TEUR	2007 TEUR
profit before tax	56,541.0	114,500.0
anticipated tax charge (25 %)	**-14,135.3**	**-28,625.0**
non tax-deductible expenses	-57.8	-477.2
tax benefits	0.0	6.5
tax payments previous years	93.8	-12,832.4
changes in deferred taxes previous years	0.0	6,873.9
others	37.2	-55.1
effective tax charge	**-14,062.1**	**-35,109.3**

	2008 TEUR	2007 TEUR
deferred taxes on January 1 (net)	**32,862.8**	**17,773.1**
changes accounted for in equity	44.3	16.5
changes accounted for as affecting operating profit	8,579.3	15,073.2
correction previous year	-3.0	0.0
deferred taxes on December 31 (net)	**41,483.4**	**32,862.8**

Changes in deferred taxes are directly accounted for in equity:

	2008 TEUR	2007 TEUR
securities available for sale	-0.8	6.5
market valuation of cash flow hedges	45.1	10.0
	44.3	**16.5**

2.2.15. Other liabilities and trade liabilities

Other liabilities and trade liabilities are accounted as follows:

31.12.2008 in TEUR	up to 1 year	maturity 1 to 5 years	more than 5 years	total
non-current liabilities				
trade liabilities		2,423.3		**2,423.3**
other liabilities		19,068.3	1,566.2	20,634.5
accruals and deferrals		9,438.8	7,623.7	17,062.5
total other liabilities and accruals and deferrals		**28,507.1**	**9,189.9**	**37,697.0**
investment grants		8,880.3	74,076.3	**82,956.5**
current liabilities				
trade liabilities	99,112.6			99,112.6
customer advances on orders	37,824.5			37,824.5
total trade liabilities	**136,937.1**			**136,937.1**
liabilities with associated companies	9.3			9.3
other liabilities	120,442.1			120,442.1
investment grants	2,220.1			2,220.1
total other liabilities and investment grants	**122,671.4**			**122,671.4**

31.12.2007 in TEUR	up to 1 year	maturity 1 to 5 years	more than 5 years	total
non-current liabilities				
trade liabilities		2,178.1	0.0	**2,178.1**
other liabilities		13,374.1	52,282.0	65,656.1
accruals and deferrals		10,532.0		10,532.0
total other liabilities and accruals and deferrals		**23,906.1**	**52,282.0**	**76,188.1**
investment grants		8,003.4	50,605.6	**58,609.0**
current liabilities				
trade liabilities	83,859.0			83,859.0
customer advances on orders	33,080.0			33,080.0
total trade liabilities	**116,939.0**			**116,939.0**
liabilitiies with associated companies	0.0			0.0
other liabilities	152,943.2			152,943.2
investment grants	2,000.8			2,000.8
total other liabilities and investment grants	**154,944.0**			**154,944.0**

In the current year adjustments for new rents to the amount of TEUR 7,623.7 (previous year: TEUR 0.0) were made for the first time. These adjustments are due to the difference in maturity with rental agreements and the waiver of breaches. Adjustments for previous years were not made as rental agreements are of different contractual arrangements going back to the long-term past and only made with unreasonable efforts.

2.3. Additional information

2.3.1. Leasing

2.3.1.1. Finance lease as lessor

Receivables from finance lease arise from two contracts signed with the Republic of Austria on the lease of two school buildings (Vienna and Linz) which are classified according to IAS 17 as finance lease.

	2008 TEUR	2007 TEUR
gross investment at balance-sheet date	29,498.9	29,822.7
financial income not yet realised	-16,060.3	-16,120.1
net investment at balance-sheet date	13,438.6	13,702.6
current part	1,563.1	1,539.2

in TEUR	2008			2007		
	outstanding lease payments	interest	present value of outstanding lease payments	outstanding lease payments	interest	present value of outstanding lease payments
up tp 1 year	1,610.6	47.5	1,563.1	1,610.6	71.4	1,539.2
1 to 5 years	6,549.9	1,676.7	4,873.2	6,442.4	1,613.6	4,828.8
more than 5 years	21,338.4	14,336.1	7,002.2	21,769.7	14,435.1	7,334.6
total	**29,498.9**	**16,060.3**	**13,438.6**	**29,822.7**	**16,120.1**	**13,702.6**

2.3.1.2. Operate lease as lessor

Bundesimmobiliengesellschaft rents the major part of its investment properties by operate lease contracts.

A big part of real estate was transferred from the Republic of Austria to BIG under the terms of the Federal Real Estate Act (Federal Law Gazette 141/2000 of 29.12.2000). According to section 4, Para. 2 of the Federal Real Estate Act BIG shall – at market-conforming conditions and wherever economically reasonable – satisfy the Federal Government's space requirements, and in particular make available the objects transferred, adapt them as necessary and acquire real estate required for the Federal Government's further building projects. Under the general rental agreement of December 6, 2000/January 2, 2001 signed between the Republic of Austria and BIG the federal government rents back the objects previously transferred. Tenancies started with January 1, 2001 and were closed for an indefinite maturity. The general rental agreement contains a mutual period of notice of one year. Rents are value-guaranteed on the basis of the 1996 consumer price index and can be adjusted following any minimum 5 % change on January 1 of a calendar year. Running costs are charged to the tenant. BIG is obliged to maintain the existing property and to secure their availability as provided for in the contract.

There are supplements to the general rental agreement which essentially pertain to overall refurbishment of objects and extensions. The tenant (the federal government), under these collateral agreements, waives its right of termination for a period of 25 years upon completion of overall refurbishment, as a rule. BIG maintains the right to terminate tenancy – bearing in mind the restrictions set out in section 30 of the tenancy act MRG and taking into account a period to terminate of one year. Apart from monthly rent additional rent (to finance overall refurbishment) and/or contributions to building costs become due for a limited period of time.

Along with the general rental agreement, the supplements and individual agreements there are rental agreements concluded on the basis of section 5 BIG Act 1992 in combination with the usufruct framework and the usufruct individual agreements. Rental agreements have also been entered on the basis of individual usufruct agreements.

In addition to this, rental agreements exist for buildings acquired or built on BIG own behalf since the 1990ies. All of the above agreements in general contain a value guarantee and a medium- to long-term waiver of breaches.

Future outstanding minimum lease payments from non-cancellable operate lease agreements are as follows:

	2008 TEUR	2007 TEUR
up to 1 year	658,707.4	621,940.2
1 to 5 years	1,424,984.3	1,293,271.9
more than 5 years	1,409,656.2	1,114,095.8

Minimum lease payments for up to one year include TEUR 319,959.3 (previous year: TEUR 301,747.6) rental income from the rental agreement. The rental agreement is unlimited and has been concluded with a period of notice of one year. It is currently not assumed that there will be terminations of rental agreements in the coming five years.

2.3.1.3. Operate lease as lessee

Bundesimmobiliengesellschaft also rents office space under operate lease agreements. These operate lease agreements in particular refer to office and archive space in the administrative building Anzengrubergasse 6 – 8 in 8010 Graz, the building in Neulinggasse 29 in 1030 Vienna, as well as space in Landstraßer Hauptstraße 68 – 70.

Future non-cancellable minimum lease payments will be as follows:

	2008 TEUR	2007 TEUR
up to 1 year	430	435
1 to 5 years	1,705	1,705
more than 5 years	*)	*)

*) Agreements for more than 5 years refer to leases with an agreed period of notice. Annual payments amount to TEUR 430 (previous year: TEUR 435).

2.3.2. Financial instruments

The Group is exposed to several financial risks resulting from the Group's operating business and financial activities. Main financial risks relevant for BIG are seen in changes in foreign currency rates, interest rates, as well as creditworthiness and solvency of the Group's customers and business partners. The Group's company policy is to actively minimise these risks through systematic risk management.

In 2007 and 2008 there were no changes in the Group's own solvency risk (Aaa).

The difference between book value EUR 413m (previous year EUR 346m) and repayment amount EUR 391m (previous year: EUR 360m) amounts to EUR 10m (previous year: 14m) for those financial liabilities for which a fair-value option was exercised.

Financial instruments include both primary and derivative financial instruments.

Primary financial instruments in the Group include securities, loans and receivables from rent, deposits with financial institutions, bonds and bank loans, as well as trade liabilities.

Securities classified as financial assets available for sale are accounted at fair value. Other financial assets are shown at amortised cost. The fair values result from the stock-exchange prices or are calculated using recognised valuation methods (e.g. Bloomberg or Reuter's systems). Current yield curves were used at all times. On the liabilities side primary financial instruments essentially refer to financial liabilities accounted at amortised cost and trade liabilities. Where there is a documented hedge connection financial debts are accounted at fair value.

2.3.2.1. Derivatives and hedging

Derivative financial instruments exclusively serve the purpose of hedging against interest rate and currency risks for bonds and bank loans and are composed as follows:

31.12.2008		nominal amount	market value	
		in thds of	positive	negative
	currency	original currency	in TEUR	in TEUR
cross currency swaps	TCHF	2,000,000	87,074	-1,566
	TJPY	26,000,000	31,485	
cross currency interest rate swaps	TJPY	13,000,000	14,961	
interest rate swaps	TEUR	381,334	14,042	-3,813
forward exchange transactions		0	0	0

31.12.2007		nominal amount	market value	
		in thds of	positive	negative
	currency	original currency	in TEUR	in TEUR
cross currency swaps	TCHF	1,775,000	0	-57,001
	TJPY	26,000,000	1,441	-9,366
cross currency interest rate swaps	TJPY	8,000,000	0	-10,734
interest rate swaps	TEUR	392,263	2	-4,695
forward exchange transactions	TCHF	258,800	0	-6,586

To hedge against cash flow risks for financial liabilities with variable rates BIG, in 2008 and 2007, introduced an interest rate swap (pay at fixed rates – receive at variable rates) in EUR as part of a cash flow hedge. The underlying transaction for this was a EUR bank liability with variable rates. The payment-flow changes in the underlying transaction resulting from changes in the EURIBOR swap rate are settled by payment-flow changes in the interest rate swap. The purpose of the hedge is to transform some of the financial liabilities with variable rates into financial liabilities with fixed rates and thus to secure their payment flow. Solvency risks are not part of the hedge.

The change in value of this interest rate swap, less deferred taxes, was booked into the cash flow hedge reserve as not affecting current-period operating profit because the hedge relationship in the business year was highly effective and it can be assumed that it will continue to be so. The consolidated income statement shows the payments actually flown and the accrued interest from the interest rate swap.

2.3.2.2. Financial risk and capital management

Principles

Primary goal of the Group's financial risk and capital management is to minimise financial risks for its assets (liquidity risk) and profitability (interest rate and currency risk).
To minimise risk and optimise financial measures with a view to results all of the Group's synergy potential shall be exploited.

Financial transactions always take into account demand from the Group's underlying transactions. The main aim is to secure the Group's operating profit and to avoid synthetic risk options at all costs. Financial resources are not used for speculative purposes.

The decisive factor with all financial measures is to secure scope of action for the Group's underlying transactions.
The interests of the Group have priority over the interests of individual companies.

The BIG Group essentially works with the following principles licensed in a document approved by the Management Board:

- Securing independence (instruments, banks)
- Clear distribution of tasks and responsibilities
- Central control of treasury at Group level
- Audit certainty and efficiency
- Transparent financial information and profit evaluation

- Limiting risks and financial instruments

Only those financial instruments which have been approved by the Group Management Board may be used for financial transactions. In other words, those instruments which can be mapped, assessed, monitored and used professionally with the Group's own means. Derivative financial instruments are used exclusively as hedge instruments, they take into account the underlying transactions and are not used for speculative purposes. Their classification "held for trading" complies with the valuation according to IAS 39, materially, though, their sole aim is to hedge underlying transactions.

Currency risks

Currency risks arise from financial liabilities in foreign currency and the currency-related valuation results (see details in the notes under 2.3.2.4). Payment flows from foreign currency emissions are primarily secured by cross currency swaps, cross currency interest rate swaps or forward transactions, as in the previous year.

Interest rate risks

Risks from changes in interest rates generally arise from long-term debt financing. Bonds at fixed rates and relevant swap transactions, depending on the level of interest rates, may become subject to a change in value the risk of which is controlled by BIG on the basis of the guidelines and principles described. For a table of the main interest-bearing liabilities and their due date see 2.2.13 in the notes.

Interest rate risks primarily concern interest rate changes in Euro.

Liquidity risks

To survey financial requirements, quarterly rolling liquidity planning is carried out at Group level.
At the beginning of the year the Group's financial strategy for that year is defined. It takes into account the Group's long- and short-term financing requirements, as well as prevailing market conditions.
The BIG Group has set up a cash pool which the associated subsidiaries may avail themselves for liquidity as required.
BIG Treasury has a clearly defined banking policy and cooperates with many national and international banks. This diversifying strategy enables BIG as a debtor with good rates to dispose of sufficient liquidity at all times.

Other Price Risks

Considering current market risks, BIG is not exposed to any other significant prices risks, such as stock-exchange prices or indexes. As per December 31, 2008, there were no significant, available-for-sale investments in the Group's business.

Non-payment Risks

Financing transactions were concluded only with banks rated with a minimum of AA in the credit rating at the time of transaction. The banks' creditworthiness is monitored regularly. In operations receivables outstanding are also monitored regularly and accounted for with relevant specific allowance for bad debts. It is mainly necessary to note that approximately 98 % of receivables are due from transactions with the Federal Republic of Austria.

Credit Risks

On the assets side the accounted amounts represent both the maximum solvency and non-payment risks since no relevant offset agreements have been made. The risk with receivables from tenants is considered low as most receivables are due from the Federal Republic of Austria. Non-payment risks with other primary and derivative financial instruments shown on the assets side are also considered low as most of the contract partners are financial institutions with high creditworthiness.

Capital Management

Long-term strategy at BIG is to generate organic growth, i.e. reinvestment of income from rents and financial investments in buildings, so as to ensure continuation of the Group.
For the purposes of internal steering all assets and liabilities are considered as capital.
Capital resources as defined by the Management Board refer to the equity shown in the balance sheet in accordance with IFRS, inclusive of investment grants which are not repayable and have been provided without conditions by the Federal Republic of Austria as the owner. The resulting equity ratio, adjusted by investment grants, for the year ended December 31, 2007 amounted to 19.38 % and as per December 31, 2008 amounts to 19.89 %.
The current equity ratio (without considering investment grants) in 2007 amounted to 18.00 % and in 2008 amounts to 18.09 %.

2.3.2.3. Fair Values

The fair values for financial assets and liabilities are accounted in the relevant entries. The fair value for other primary financial instruments, because of daily or short-term maturity, essentially corresponds to the book value.

2.3.2.4. Sensitivity Analysis

Basic elements of sensitivity analysis

IFRS 7, for the representation of major market risks arising from financial instruments, requires entities to provide disclosure of sensitivity analysis which reflect the effects of hypothetical changes of relevant risk variables on results and equity. BIG is primarily exposed to foreign currency and interest rate risks. Relevant sensitivity analysis has been performed accordingly. No material other price risks exist. The Group’s own credit risk remains unchanged.

To assess the effects of hypothetical changes in risk variables the relevant asset of financial instruments on the balance-sheet date were considered. The assumption was made that any risk on the balance-sheet date essentially equals that during the business year. Risk balancing, e.g. by using derivative financial instruments, was taken into account.

Austrian corporate tax of 25 % was used as a standard tax rate.

The sensitivity analysis of the foreign currency risk included currency risks arising from financial instruments in currencies deviating from the functional currency and which are of a monetary kind.

The sensitivity analysis of the interest rate change risk, for the fair value risk, assessed the effects on relevant financial instruments through shifting the yield curve through discounted-cash-flow.

Sensitivity analysis for the foreign currency risk

An increase or decrease in the EUR/CHF exchange rate by 10 % on the balance-sheet date would have incurred an increase or reduction of the results (after tax) and equity by the amounts quoted below. The analysis assumed that all other variables, especially interest rates, would stay unchanging.

To assess the foreign currency risk the assumption was made that the price changes with bonds due to currency translation would neutralise each other because of reciprocal changes in currency swap and future exchange transactions.

in TEUR	31.12.2008 profit (after tax)	equity	31.12.2007 profit (after tax)	equity
Swiss Franks	2,020.2	2,020.2	1,414.2	1,414.2
total	**2,020.2**	**2,020.2**	**1,414.2**	**1,414.2**

In 2007, CHF 40m from a bond with a maturity 2015 were not hedged, at the same time there was a reverse entry of CHF 8.8m (future exchange transaction). In 2008, CHF 40m from the 2015 bond were still not hedged.

Sensitivity analysis for interest rate risks

A change in the market interest rate by 100 basis points on the balance-sheet date would have incurred an increase or reduction of the results (after tax) and equity by the amounts quoted below. The analysis was made with the assumption that all other variables, exchange rates in particular, would stay unchanged.

31.12.2008 in TEUR	profit (after tax)		equity	
	increase by 100 basis points	reduction by 100 basis points	increase by 100 basis points	reduction by 100 basis points
financial instruments with fixed rates	76,142.0	-75,006.0	76,142.0	-75,006.0
financial instruments with variable rates	-4,774.2	4,774.2	-4,774.2	4,774.2
cash flow hedge			59.6	-61.2
	71,367.8	**-70,231.8**	**71,427.4**	**-70,293.0**

31.12.2007 in TEUR	profit (after tax)		equity	
	increase by 100 basis points	reduction by 100 basis points	increase by 100 basis points	reduction by 100 basis points
financial instruments with fixed rates	58,694.8	-65,907.1	58,694.8	-65,907.1
financial instruments with variable rates	-5,550.7	5,550.7	-5,550.7	5,550.7
cash flow hedge			118.3	-122.4
	53,144.1	**-60,356.3**	**53,262.3**	**-60,478.8**

With the above analysis the sensitivity of equity – along with the results (after tax) – in the case of financial instruments with variable rates was influenced by the sensitivity of the cash flow hedge reserve.

2.3.3. Other Obligations and Contingent Liabilities

Contingent liabilities

No liabilities are reported.

Unsettled litigations

There are no noteworthy unsettled litigations outside those common for ordinary business activities.

2.3.4. Obligations to acquire Investment Property

There are no obligations to acquire investment property in the business year.

2.3.5. Business Relations with Related companies and parties

Related companies and parties for Bundesimmobiliengesellschaft refer in particular to the Federal Republic of Austria with whom approximately 98 % of sales revenue is made, and enterprises the Federal Republic of Austria directly or indirectly has on investment. All relevant business transactions are concluded at conditions customary for third parties.

Members of the Management Board, the supervisory board and their close relatives are also considered related parties. No business transactions have been concluded with this category of persons.

Bodies of Bundesimmobiliengesellschaft

The following are managing directors:

- Mr. Wolfgang Hammerer
- Mr. Wolfgang Gleissner
- Mr. Christoph Stadlhuber

During 2008 the following were members of the supervisory board:

- Michaela Steinacker, since December 16, 2008 (chairman since December 17, 2008)
- Horst Pöchhacker (deputy chairman)
- Wolfgang Polzhuber, Federal Ministry of Economic Affairs
- Herbert Kasser, Federal Ministry of Finance
- Thomas Rasch, appointed by the works council
- Manfred Fausik, appointed by the works council
- Karl Petrikovics (chairman) until October 22, 2008

Members of the Management Board in 2008 received salaries of TEUR 670.9 (previous year: TEUR 633.0) in total of which bonuses to the amount of TEUR 81.9 are included. Contributions to the staff provision fund amounted to TEUR 10.3 (previous year: TEUR 9.7). No loans or advances were granted to bodies of the Group Management Board. Company pensions, in 2008, amounted to TEUR 108.5 (previous year: TEUR 115.9). Salaries for members of the supervisory board amounted to TEUR 23.2 (previous year: TEUR 22.0).

2.3.6. Events after the Balance-sheet Date

There were no events after the balance-sheet date.

The current consolidated financial statements were released for publication on February 18, 2009.

Vienna, February 18, 2009

For the Management Board

Wolfgang Gleissner Wolfgang Hammerer Christoph Stadlhuber

Report of the Management Board (Group Report)

1. Business Development and Economic Situation

Bundesimmobiliengesellschaft m.b.H. (hereinafter referred to as BIG – see Appendix to Consolidated Financial Statement point 2 reporting entity), in keeping with the purpose of the company, focused on the following key activities:

- Rental of properties, particularly to federal schools, universities and official buildings
- Construction of new buildings and overall refurbishments of old properties for rental to federal schools and universities, and as official buildings
- Sale of buildings and land
- Property management and maintenance of properties
- Property development and sales of completed projects with private use character
- Facility services to complement the range of tenant services

The Group's principal responsibilities are building owner services and provision of services in connection with property maintenance, project development, sales and rentals. It provides planning services for new construction and major overall refurbishments, it provides project management during important construction stages either itself or through its sub-contractors, and is responsible for raise financing.

All the responsibilities transferred by the BIG Act of 29 December, 2000 are mostly exercised by Bundesimmobiliengesellschaft m.b.H. own staff or the staff of its subsidiaries.

1.1. Presentation of Business Developments 2008

a) Property rentals:

aa) Property holdings:

As per 31 December 2008 BIG's rental floor space assets amounted to approx. 7.0 million sqm (2007: 6.9 million sqm)

Most properties are rented to the Republic of Austria, represented by the bodies responsible for the relevant budgets, as well as to the universities of the Republic of Austria.

ab) Rental income:

Rental income for 2008 amounted to approx. EUR 627.7 million (2007: EUR 620.9 million)

made up as follows:

Federal schools	approx. EUR	253.4m	(2007:	EUR	248.2m)
Universities	approx. EUR	189.0m	(2007:	EUR	192.5m)
Other federal tenants	approx. EUR	169.8m	(2007:	EUR	165.4m)
Other tenants and beneficial users	approx. EUR	15.5m	(2007:	EUR	14.8m)

b) Property sales, management and maintenance:

ba) Sales:

Bundesimmobiliengesellschaft m.b.H. as owner is responsible for all decisions concerning the sale or rental of properties under its control and for the granting of any rights of use thereto, and for agreeing appropriate consideration for sales, rentals and other rights granted.

Sales activities of Bundesimmobiliengesellschaft m.b.H. focused mainly on sales of individual properties. By means of bidding processes Bundesimmobiliengesellschaft m.b.H. achieved some sales proceeds which significantly exceeded the current market values previously defined by judicial certified experts. BIG Entwicklungs- und Verwertungs GmbH focused on the sales of its own remaining properties and acted as broker for sales of BIG properties.

During 2008 official and office buildings with floor space amounting to approx.12,000 sqm (2007: 19,000 sqm) were sold, together with 100 apartments (2007: 119), land amounting to approx. 159,800 sqm (2007: 87,600 sqm) and 12 (2007: 27) other properties, thereby realising approx. EUR 14.0m (2007: EUR 43.3m). This resulted in a total of EUR 7.9m (2007: EUR 23.0m) to be paid to the Republic of Austria under the terms of the obligation governing remedy of defects.

bb) Property management:

Bundesimmobiliengesellschaft m.b.H. is responsible for the management of BIG Group's properties.

The properties of BIG Entwicklungs- und Verwertungs GmbH are managed by licensed property managers on site or by Bundesimmobiliengesellschaft m.b.H.

bc) Maintenance:

A major part of the Group's expenses was connected to the maintenance of properties owned by BIG. Furthermore, BIG as a service provider, also carried out tenant investments. All technical maintenance and handling of related planning and construction services was provided by Bundesimmobiliengesellschaft m.b.H.

The focus of investments were effected in connection with the implementation of safety measures for buildings, improvement of usability for disabled persons as well as measures directed towards achieving sustainable property values.

The Group invested a total of EUR 182.9m in maintenance measures (2007: EUR 125.0 Mio.)

made up as follows:

Federal schools	EUR	72.5m	(2007:	EUR	47.7m)
University buildings	EUR	39.1m	(2007:	EUR	30.7m)
Official buildings	EUR	52.0m	(2007:	EUR	35.7m)
Other buildings	EUR	14.1m	(2007:	EUR	10.4m)
Underground galleries	EUR	5.2m	(2007:	EUR	0.5m)

c) Construction of new buildings and overall refurbishments:

The Group capitalized a total of approx. EUR 229.1m in the construction and planning of new construction and overall refurbishments (2007: EUR 187.2m).

A total of 48 (2007: 50) construction projects were completed, projected construction costs (net, excluding VAT) until completion of projects in progress amount to approx. EUR 191.3m (2007: EUR 188.8m).

Furthermore, construction work was started on 43 (2007: 49) projects with estimated construction costs (net, excluding VAT) of EUR 273.5m (2007: EUR 330.6m).

Planning for 30 (2007: 51) construction projects was started during the business year.

d) Special projects:

Since property transfer was completed in early 2003 after the transfer of the 4th tranche in property to Bundesimmobiliengesellschaft m.b.H., it was possible to intensify project development in order to sell/rent those properties where the Group can generate an added value through changes in designation of areas, preparations for construction and sales. In some cases, where final utilisation of an object has already been assured, Bundesimmobiliengesellschaft m.b.H. will sell the properties through project development companies in co-operation with private partners.

Existing project development companies operated by Bundesimmobiliengesellschaft m.b.H.:

Anzengrubergasse Errichtungs- und Verwertungs GmbH (Graz):
BIG holds 45 % of the shares, remaining 55 % are held by BLM Betriebs-Liegenschafts-Management GmbH. The office building with a floor space of 6,700 sqm and 96 parking slots has been completed. Total investment: approx. EUR 12.0m. More than 90 % of the building is rented to tenants.

ICT Technologiepark Errichtungs- und Verwertungs GmbH (Innsbruck):
BIG holds 100 % of the shares. Adjacent to Innsbruck University, 11,000 sqm of facilities for Innsbruck University, the Academy of Science and international IT companies were built. Construction costs approx. EUR 17.5 million. 100 % of the building is rented to tenants.

wien3420 Aspern Development AG (formerly: Asperner Flugfeld Süd Entwicklungs- und Verwertungs-AG):
BIG E&V holds 26.60 % of the shares, remaining 73.40 % are held by Vienna Business Agency (WWFF). Total area: 2.0 million sqm. The target is to develop a multifunctional district. The master plan was finalised in 2007 and now serves as a basis for concrete land designations. As the underground line U2 will be extended to Aspern airfield by 2013, this property will definitely increase in value. First property sales have already been completed.

Inffeldgasse 25 Forschungs- und Wissenschaftsgebäude Bauträger GmbH (Graz):
BIG holds 100 % of the shares. BIG is building a tenant object for the Frank Stronach Institute of Graz University of Technology. A company of the Magna Group has taken out a long-term rent on the entire object with the collaboration of Graz University of Technology.

BIG Liegenschaften Strasshof Verwertungs- und Entwicklungs GmbH (Lower Austria):
BIG E&V holds 55 % of the shares, remaining 45 % are held by GIP-Gewerbe- und Industriepark Wien Nord Ost Projektentwicklungs GmbH & Co KG. With the contribution contract dated 29 March 2007, BIG's shares were transferred to BIG E&V. A joint project company was established with a company from the Asamer Group which since 2006 has been selling this BIG property of approx. 1,000,000 sqm (situated close to Strasshof in the municipality of Markgrafneusiedl and adjacent to the route of the future Marchfeld corridor (federal road B8)) in parts. In 2008, 5 partial lands with an area of 35,216 sqm were sold.

"Muthgasse 18" Liegenschaftsverwertung GmbH (Vienna):
BIG holds 100 % of the shares. This is a tenancy object rented in its entirety to the University of Natural Resources and Applied Life Sciences.

"Wohngarten Sensengasse" Bauträger GmbH (Vienna)
BIG E&V holds 45 % of the shares, remaining 55 % are held by "Wiener Heim" Wohnbaugesellschaft m.b.H. (Mischek / Strabag). Subsidised and freely financed apartments as well as areas for university use will be built on this property. Planned investment totals approx. EUR 48m. Completion is scheduled for late 2009.

Zahnradbahnstraße Bauträger GmbH (Vienna):
BIG E&V holds 45 % of the shares, remaining 55 % are held by St. Josef Liegenschaftsverwaltungs- und Beteiligungs AG. This company is planning the construction of high-quality condominiums.

Engerthstraße 216 GmbH (Vienna):
BIG E&V holds 100 % of the shares. The target of this company is to build an office and commercial building, rent tenancy units and finally sell to an investor.

Karree St. Marx GmbH (Vienna):
BIG E&V holds 100 % of the shares. The target of this company is to build an office and commercial building, rent tenancy units and finally sell to an investor.

Projektgesellschaft Wirtschaftsuniversität Wien Neu GmbH (Vienna):
BIG Beteiligungs GmbH holds 51 % of the shares, remaining 49 % are held by Vienna University of Economics and Business Administration. The target of the company is to construct and rent a university building.

Hillerstraße – Jungstraße GmbH (Vienna):
BIG E&V holds 25 % of the shares, remaining 75 % are held by RE Wohnungseigentumserrichtungs GmbH. The target of the company is to construct and sell buildings of all types, including one residential building.

Zeughaus Innsbruck GmbH (Vienna):
BIG E&V holds 45 % of the shares, remaining 55 % are held by Seeste Bau GmbH. The target of the company is to construct and sell buildings of all types, including one residential building.

NOE Central St. Pölten Verwertungs GmbH (St. Pölten):
BIG E&V holds 67.58 % of the shares, remaining 32.42 % are held by St. Pölten municipality. The target of the company is to construct and sell buildings of all types, including one residential building.

1.2. Financial Performance Indicators

	2008	2007
Key figures on the result situation		
Revenues in MEUR	757.8	735.1
Earnings before interests and taxes in MEUR	213.0	266.5
Return on Sales - ROS	28.10%	36.25%
Return on capital		
- Return on Equity - ROE	6.95%	15.22%
- Return on Investment - ROI	4.73%	6.07%
Key data on assets and financial situation		
- Net debt in MEUR	3,310.5	3,119.0
- Net working capital in MEUR	-189.8	-598.4
- Equity ratio	18.09%	18.00%
- Percentage of net debt	396.71%	393.75%
Key figures on financial situation		
- Cash flow from operating activities in MEUR	362.1	440.2
- Cash flow from investing activities in MEUR	-219.7	-171.5
- Cash flow from financing activities in MEUR	-227.5	-153.6
- Changes in cash and cash equivalents in MEUR	-16.5	70.8

Tenancy agreements for existing buildings and rents for new buildings and overall refurbishments are generally designed to recover, in the long term, all costs including the costs of equity and external borrowings used to finance the expenses. The financing instruments employed are predominantly (roughly 80 %) medium to long-term borrowings for fixed maturities and at fixed interest rates in accordance with BIG's credit rating. The target is to reduce interest rate risk arising from future changes in capital market rates.

With the exception of short-term interim financing, the expenses of building maintenance were largely met from rental income.

In 2008, BIG generated a consolidated profit amounting to approx. EUR 42.5m (2007: EUR 79.4m).

1.3. Investment and Financing

Approx. EUR 231.1m (2007: EUR 191.0m) were capitalized in real properties and equivalent rights, buildings, buildings on land owned by others as well as property under construction. In 2008, there were investment subsidies from public funds for 40 (2007: 35) projects amounting to EUR 27.1m (2007: EUR 19.2m). BIG's investments were mainly financed from external sources.

Refinancing of the debt incurred in order to settle the purchase instalments for the properties acquired from the Republic of Austria, together with the amounts borrowed by BIG in the capital markets to finance property under construction and completed buildings, should be achieved through BIG's operating profits in the long term.

A further EUR 215.5m (2007: EUR 156.0m) was spent on maintenance, including tenants' investments managed by the Group.

In 2008, Bundesimmobiliengesellschaft m.b.H. issued a JPY private placement with a value of approx. EUR 31.1m and two CHF bonds with a total value of EUR 420.5m.

There are rental agreements, many with long-term waivers of cancellation on the part of the tenants, for projects under construction and completed projects. Where planning services only are required for the time being, these will primarily be rendered on the basis of corresponding agreements with the respective ministerial departments concerning preparation of offer documents for tenancy agreements.

Based on the number of already concluded and expected conclusions of tenancy agreements with the Republic of Austria it would be possible to start construction of another 41 projects amounting to approx. EUR 520.0m (net, excluding VAT) in 2009.

1.4. Non-Financial Performance Indicators Including Environmental and Labour Issues

<u>Environmental Issues</u>

Performance contracting activities of Bundesimmobiliengesellschaft m.b.H. have been successfully pursued in 2008.

For the 223 properties under contracting, an annual average energy-saving guaranty of 19.83 % was achieved, which corresponds to a CO_2 reduction by 16,500 t/a.

In 2008, preliminary works began on yet another school pool in Styria and another school pool in Lower Austria for the Ministry of the Interior (BMI) and the University of Innsbruck. In addition, preliminary work began on yet another law pool with emphasis on general justice offices.

Furthermore, a tender on management was organised for pool 1 and pool 2 contracting agreements expiring on 31 December 2008, and awarded to the best bidder. The primary target of the new contract is to preserve the energy levels achieved through contracting.

In addition to owner maintenance, Bundesimmobiliengesellschaft m.b.H. uses this model for further investments in the technical renewal of its buildings.

In doing so, Bundesimmobiliengesellschaft m.b.H. emphasises its competence in sustainable management of the heterogeneous building stock owned by the Republic of Austria. It thus helps to improve the environment by reducing CO_2 emissions according to the Kyoto targets and contribute to long-term reduction of operating costs in the interest of tenants.

<u>Human Resources</u>

In 2008, the group employed 812 employees on average (2007: 789), including 332 federal and regional civil servants transferred (2007: 338) as well as 4 regional contract agents. These figures include employees on maternity/paternity leave.

Training and further education for the Group's employees are organised and provided on a regular basis. This is to support the Group in keeping up with the demands of the market and to increase its compatibility. A high-potential training programme for future managers of the group was launched in 2006 and completed in the first half of 2008.

1.5. Events of Special Significance

There are no events of special significance beyond day-to-day business.

1.6. Events of Special Significance after the Balance Sheet Date

There are no events of special significance beyond day-to-day business.

2. Outlook on the Development and Risks of the Group

2.1. Outlook for the Group

In 2009, the Group companies will continue to sell properties from the remaining portfolio of residential properties not required for operations in order to earn income from the portion of sales prices that do not have to be paid to the Republic of Austria by way of defect remedy.

With the Federal Government's second economic stimulus package in place we expect an increase in construction volume and maintenance costs for the 2009 business year.

2.2. Significant Risks and Uncertainties

Due to the stable ownership and tenancy structure, no significant risks for the Group can be identified for the time being. Risks related to financial tools are described in the Article "Financial Tools, Risks and Strategies".

2.3. Financial Tools, Risks and Strategies

Control of financial risks at Bundesimmobiliengesellschaft m.b.H. will be performed under the responsibility of the Group Treasury. Risk policies, risk strategy as well as the scope of action of the Group treasury are unequivocally managed in the Group guidelines.

Bundesimmobiliengesellschaft m.b.H. is faced with interest and currency risks resulting solely from refinancing. The Group uses futures, interest rate swaps and currency swaps to plan interest and currency risks and to eliminate market risks as far as possible. Use of the financial tools mentioned above always depends on the needs arising from basic business. No synthetic risk positions are entered into and financial resources are not used for speculation.

A credit risk arising from hedging activities may occur if the counterparty in a transaction does not fulfil its contractual obligations, thus generating financial loss for BIG. This risk of default, however, is deemed to be very low, since Bundesimmobiliengesellschaft m.b.H. concludes such deals only with banks whose rating is beyond doubt and always spreads its business among a larger number of banks.

The credit risk in trade receivables can be assessed as low, since most of these customers boast excellent creditworthiness and credit standing of the other customers is monitored continuously.

Creditworthiness of securities is less significant, as they merely represent the required coverage of severance payments and pension reserves taken out with financial partners of excellent creditworthiness.

Financial Risk and Capital Management

Principles

Priority goal of BIG's financial risk and capital management is to limit financial risks for the Group's property portfolio (liquidity risk) and earning power (interest and currency risk).
For risk limitation all financial measures must be optimised for profit using the Group's internal synergy potentials.

Financial transactions always reflect the requirements of the Group's basic business. Securing operational business success is essential. Synthetic risk positions may not be entered into. Financial resources are not used for speculation purposes.

Securing freedom of action for the Group's basic business is essential when deciding on financial measures.
The interests of the entire Group have precedence over the interests of the individual companies.

The Group's work is based primarily on the following principles, approved by the management:

- Ensuring independence (instruments, banks, …)
- Clear assignment of tasks and responsibilities
- Central control of Treasury at Group level
- Auditing acceptability and efficiency
- Transparent financial information and assessment of success
- Limitation of risks and financial instruments

Only financial instruments previously approved by the Group management may be used for financial transactions. In principle only those instruments may be used which can be mapped, assessed, monitored and professionally implemented by the Group's own means. Derivative financial instruments are used exclusively as security instruments; they are oriented towards basic business and are not used for speculation purposes.

Currency Risks

Currency risks result from foreign currency financial liabilities and related assessment results dependent on exchange rates. Foreign currency emissions are mainly secured by cross currency swaps, cross currency interest rate swaps or forward transactions.

Interest Risks

Risks from changing interest rates are present only in long-term debt financing. Depending on the interest level, fixed-interest-bearing bonds are subject to the risk of changes in value, which is controlled by BIG on the basis of the above policy and principles. Risks of changing interest rates mainly concern interest rate changes in EURO.

Liquidity Risk

Quarterly, rolling liquidity planning at Group level is used to determine financial requirements.
At the beginning of each year the Group's financial strategy is managed for the current year. This reflects BIG's long-term and short-term financial requirements on the one hand and prevailing market conditions on the other hand.
The BIG Group has set up a cash pool accessible to its subsidiaries at all times to ensure liquidity.
BIG's treasury pursues a clear banking policy and co-operates with many Austrian and foreign banks. Boasting an excellent rating, BIG uses this strategy of diversification to ensure sufficient liquidity at all times.

Other Price risks

Considering market risks BIG does not face any significant price risks such as stock exchange quotations or indices. As per 31 December 2008 BIG had no significant shareholdings in its portfolio available for sale.

Non-Payment Risks

For financing BIG only uses banks with a credit rating of at least AA at the time a hedge is concluded. The financial institutions' rating is monitored on a regular basis. In operational business accounts receivable are regularly monitored the same way and specific allowances for bad debts are made accordingly. It should be noted that approx. 98 % of receivables result from business with the Republic of Austria.
On the asset side the amounts shown represent the maximum creditworthiness and non-payment risk, as there are no corresponding set-off agreements. The risk with receivables from tenants is insignificant as most of the trade receivables concern the Republic of Austria. Non-payment risk with other original and derivative financial instruments entered as assets may also be deemed insignificant, because the contract parties are mainly financial institutions with excellent ratings.

Capital Management

Our long-term strategy at BIG is to grow organically, in other words, to reinvest income from rent and financial assets into buildings. Our target is to ensure the Group's sustainability.

3. Research and Development

BIG Entwicklungs- und Verwertungs GmbH is responsible for the development of real estate projects. Aside from this the Group does not pursue any other research and development activities.

Vienna, 18 February 2009

The Management Board

Wolfgang Gleissner | Wolfgang Hammerer | Christoph Stadlhuber

Auditor's report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

Bundesimmobiliengesellschaft m.b.H., Vienna,

for the financial year from 1 January 2008 to 31 December 2008. These consolidated financial statements comprise the balance sheet as of 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of 31 December 2008, and of its financial performance and its cash flows for the financial year from 01 January 2008 to 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Laws and regulations applicable in Austria require us to perform audit procedures whether the Group management report is consistent with the consolidated financial statements and whether the other disclosures made in the Group management report do not give rise to misconception of the position of the group.

In our opinion, the Group management report for the group is consistent with the consolidated financial statements.

Vienna, February 18, 2009

BDO Auxilia Treuhand GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed	signed
Margit Widinski Auditor	ppa Markus Trettnak Auditor

Corporate Governance

To increase transparency in reporting Bundesimmobiliengesellschaft m.b.H. has been following the rules of the Austrian Corporate Governance Code since 17 December 2008.

Austrian Corporate Governance Code and BIG's Position in the System

The Austrian Corporate Governance Code is primarily directed at stock-listed corporations. While Bundesimmobiliengesellschaft m.b.H. and all but one of its main shareholdings are structured as limited liability companies (GmbH), they still acknowledge the Austrian Corporate Governance Code; all the more so as the Austrian working group on Corporate Governance recommends that companies not listed at the stock exchange should observe the Corporate Governance Code to the extent its rules apply. For this purpose the management and supervisory boards in co-ordination with the General Assembly of Bundesimmobiliengesellschaft m.b.H. decided to adhere to the Austrian Corporate Governance Code.

For more information on the Austrian Corporate Governance Code as well as its full wording see the internet at www.corporate-governance.at.

Rules of the Austrian Corporate Governance Code, Reasons for Deviations

The Code consists of 3 categories of rules, i.e.

- Legal Requirement (L rules): they are based on binding Austrian legal requirements and are to be observed at any rate.
- Comply or Explain (C rules): they concern rules of the Code which are not obligatory, yet for which the company has to publicly give reasons for any deviations there may be.
- Recommendation (R rules): they are recommendations only and any deviations from them do not require disclosure or explanations.

The following deviations are explained as follows:

1. Not listed (C rules 16, 21, 28, 54, 70, 71)
As Bundesimmobiliengesellschaft m.b.H. is not listed at the stock exchange and structured as a Limited Liability Company the above rules do not apply and are not observed.

2. Republic of Austria is Sole Shareholder (C rules 4, 5, 6)
Rules concerning the protection of shareholders with regard to deadlines, preparation, information on and organisation of general meetings do not apply.

3. Other Deviations

Non-Competition Clause for Executive Staff (C rule 26)
Relevant contractual obligations have been included in the labour contracts of recently employed executive staff. However, almost all of the Group's executive staff have undertaken voluntarily to take on sideline occupations and offices in bodies of other companies only upon advance notification of BIG.

Requirement Profile, Nomination Committee, Age Limits (C rules 38, 41, 43, 57 last sentence)

In accordance with the provisions set out in the Placement Act managerial positions at Bundesimmobiliengesellschaft m.b.H. have to be publicly advertised, relevant implementation provisions also lay down guidelines for remuneration. Furthermore, in a limited liability company (GmbH) the general assembly is responsible for appointing the managing directors (the management board).

Age limits for members of the management board or supervisory board are not defined in either the memorandum of association of Bundesimmobiliengesellschaft m.b.H. or the supervisory board's or the management board's rules of procedure. Introducing strict age limits is not deemed to serve any purpose; focus lays on candidates' professional qualifications when appointing members of boards.

Emergency Committee (C rule 39, first paragraph)

Considering the homogeneous and static business activities of Bundesimmobiliengesellschaft m.b.H. and the relatively small number of supervisory board members it is not deemed necessary to appoint an emergency committee.

Seat in Supervisory Board and Competitors (C rule 45)

No member of the supervisory board of Bundesimmobiliengesellschaft m.b.H. assumes any functions on boards of companies which because of BIG´s statutory assignment are direct competitors of Bundesimmobiliengesellschaft m.b.H.

In a limited sector such as real estate it is virtually impossible to avoid appointing members of the supervisory board who hold functions on the boards of other companies which are competitors of BIG in the widest sense (i.e. “general real estate companies” without a focus on official buildings, office and business space), it is in fact common practice. The regulations laid down by law, the memorandum of association and the supervisory board's rules of procedure concerning bias and incompatibility of supervisory board members are therefore deemed sufficient.

Drawing up and Publishing Reports and Interim Notifications (C rules 64, 66, 69)

Only the Annual Financial Statements and the Half-Yearly Financial Statements are prepared and published in accordance with the International Financial Reporting Standards (IFRS). Owing to its homogeneous business activities, drawing up quarterly statements in accordance with these standards is not deemed necessary for a company like Bundesimmobiliengesellschaft m.b.H. For the time being half-yearly financial statements are drawn up and published in German only, as most of the Group's financing activities are concentrated in German-speaking countries.

Consolidated Financial Statement (C rule 74)

Since compliance with the Corporate Governance Code was decided on as late as 17 December 2008, when extensive preliminary work for the annual statement and the consolidated financial statement had already been completed with the standards applicable before, the consolidated financial statement will be prepared and published in accordance with the International Financial Reporting Standards (IFRS).

Publications relevant to the Austrian Corporate Governance Code

Remuneration of the Management Board (C rule 30)

The managing directors' contracts of employment provide for performance- and success-oriented bonuses of up to 15% of the respective annual gross salary. Bonuses are allocated by decision of the supervisory board and are dependant on the achievement of certain entrepreneurial and organisational objectives laid down by the supervisory board in advance.

Organisational objectives shall primarily take into account long-term components such as growth strategies and market shares. There is no legal claim to such bonuses.

Members of the management board participate in an external contributions pension scheme after five years of employment. There is no pension commitment on the part of the company. All benefits and claims when stepping down from office or upon termination of employment are regulated by the applicable provisions of the Placement Act and the Employees' Act. There are no entitlements beyond the above mentioned.

Remuneration Scheme for Members of the Supervisory Board (C rule 51)
Based on the decision taken by the General Assembly on 17 May 2006, remuneration of Bundesimmobiliengesellschaft m.b.H.'s supervisory board members shall be as follows for the entire business year until another decision is taken:

for the chairperson of the board € 5,000.00
for the deputy chairperson € 4,000.00
for other members of the supervisory board € 3,500.00

In subsidiaries BIG Finanzdienstleistungen GmbH and BIG Entwicklungs- und Verwertungs GmbH remuneration shall be as follows:

for the chairperson of the board € 350.00
for the deputy chairperson € 300.00
for other members of the supervisory board € 250.00

The remunerations for members of the supervisory board based on the above shall be prorated in accordance with their duration in office in the respective business year. For members of the supervisory board who are federal civil servants remunerations shall be transferred to the account of the Federal Ministry of Finance which then pays out the respective remuneration for secondary employment.

Independence and Duration in Office of Supervisory Board Members (C rules 53, 58)
Members of the supervisory board shall adhere to all relevant stipulations laid down by law, the memorandum of association, the supervisory board's rules of procedure and the Corporate Governance Code. Members of the supervisory board who fulfil the criteria for independence in accordance with Appendix 1 of the Corporate Governance Code are deemed "independent" as defined by C rule 53.

According to the memorandum of association the supervisory board as per 31 December 2008 is composed of four shareholder representatives elected by the general assembly plus two further members delegated as employees' representatives by the works council. The elected shareholder representatives are at the same time members of the supervisory boards of BIG's subsidiaries BIG Finanzdienstleistungen GmbH and BIG Entwicklungs- und Verwertungs GmbH; and there being no statutory grounds, no employees' representatives have been delegated to these supervisory boards.
The supervisory board, which is small in size, usually exercises its tasks only in full session. The Auditing Committee, stipulated obligatory for Bundesimmobiliengesellschaft m.b.H. by the 2008 Business Law Amendment Act (URAeG 2008) and which deals with all issues concerning the Annual Financial Statements, their auditing as well as group accounting in preparation for the overall Supervisory Board, has been installed as a permanent institution.

As per 31 December 2008, the supervisory board comprises the following members:

<u>Mag. Michaela Steinacker, chairperson, independent</u>
Elected for the first time on 16 December 2008, appointed until the general assembly in 2011

She holds the following supervisory board seats or comparable offices in Austrian listed companies:

- EVN AG, Maria Enzersdorf. Member since 10 March 2001

She does not hold any supervisory board seats or comparable offices in foreign listed companies.

DI Horst Pöchhacker, deputy chairperson, independent
Elected for the first time on 06 June 2007, appointed until the general assembly in 2011
He holds the following supervisory board seats or comparable offices in Austrian listed companies:

- CA Immobilien Anlagen Aktiengesellschaft, Vienna. Member since 08 August 2007
- UBM Realitätenentwicklung Aktiengesellschaft, Vienna. Chairperson since 16 May 2008

He does not hold any supervisory board seats or comparable offices in foreign listed companies.

DI Wolfgang Polzhuber, independent
Elected for the first time on 28 August 2002, appointed until the general assembly in 2011
He does not hold any supervisory board seats or comparable offices in Austrian or foreign listed companies.

DI Herbert Kasser, independent
Elected for the first time on 27 June 2001, appointed until the general assembly in 2011
He does not hold any supervisory board seats or comparable offices in Austrian or foreign listed companies.

Thomas Rasch, employees' representative
First appointed on 27 June 2001
He does not hold any supervisory board seats or comparable offices in Austrian or foreign listed companies.

Manfred Fausik, employees' representative
First appointed on 20 March 2007
He does not hold any supervisory board seats or comparable offices in Austrian or foreign listed companies.

All members of the supervisory board personally participated in more than half of the supervisory board meetings during the business year 2008.

Members of Supervisory Board Committees (C rule 39)
As provided for in the 2008 Business Law Amendment Act (URAeG 2008) the statutory auditing committee was set up in the fourth quarter of the business year 2008 and took up operation at the beginning of the business year 2009.

As per 31 December 2008, the supervisory board comprises the following members:

Mag. Michaela Steinacker
DI Wolfgang Polzhuber
DI Herbert Kasser
Thomas Rasch

No other committees were set up for the business year 2008.

Conclusion of Contracts with Supervisory Board Members (C rule 49)

In the business year 2008 no contracts were concluded with supervisory board members to the effect that they would undertake to perform activities for the Group or one of its subsidiaries outside their role as supervisory board members for more than a minimum remuneration; furthermore, no contracts were concluded with companies, which a member of the supervisory board holds material economic interest in and because of which they would undertake to perform activities for the company or one of its subsidiaries for more than a minimum remuneration.

Shareholder/Company Structure (C rule 62)

According to the Federal Real Estate Act (BIG Act) the Republic of Austria is the sole shareholder of Bundesimmobiliengesellschaft m.b.H. The shareholder's rights are exercised by the Federal Minister of Economy, Youth and Family.