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NOTE:

SHAREHOLDERS OF BUWOG WHOSE SEAT, PLACE OF RESIDENCE OR HABITUAL ABODE IS OUTSIDE THE REPUBLIC OF AUSTRIA SHOULD NOTE THE INFORMATION SET FORTH IN SECTION 7.4 OF THIS OFFER DOCUMENT.



VOLUNTARY OFFER TO ACQUIRE A CONTROLLING INTEREST

pursuant to Section 25a of the Austrian Takeover Act (*Übernahmegesetz, ÜbG*)

by **Vonovia SE**

Universitätsstraße 133, 44803 Bochum, Germany

to the Holders of Securities in

BUWOG AG

Hietzinger Kai 131, 1130 Vienna, Austria

Acceptance Period: 5 February 2018 through 12 March 2018

BUWOG Shares: ISIN AT00BUWOG001

BUWOG Shares Tendered for Sale: ISIN AT0000A1Z9L2

BUWOG Convertible Bonds: ISIN AT0000A1NQH2

BUWOG Convertible Bonds Tendered for Sale: ISIN AT0000A1Z9M0

Summary of the Offer

The following summary contains selected information on the Offer and should therefore only be read together with the entire offer document.

Bidder	Vonovia SE is a <i>Societas Europaea</i> incorporated under German and European law with its corporate seat in Bochum and its business address at Universitätsstraße 133, 44803 Bochum, Federal Republic of Germany, and registered with the commercial register of the Local Court (<i>Amtsgericht</i>) of Bochum under registration number HRB 16879 (ISIN DE000A1ML7J1).	Section 1
Target Company	BUWOG AG is a stock corporation incorporated under the laws of Austria with its corporate seat in Vienna and its business address at Hietzinger Kai 131, 1130 Vienna, Republic of Austria, and registered with the commercial register of the Commercial Court (<i>Handelsgericht</i>) of Vienna under FN 349794 d (ISIN AT00BUWOG001).	Section 2
Subject of the Offer	<p>1. Ordinary Shares</p> <p>The acquisition of all the ordinary shares of BUWOG admitted to trading on the following stock exchanges:</p> <ul style="list-style-type: none"> - Vienna Stock Exchange (<i>Wiener Börse</i>), Official Market (<i>Amtlicher Handel</i>) (Prime Market) - Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>), Regulated Market (<i>Regulierter Markt</i>) (Prime Standard) - Warsaw Stock Exchange, Main Market <p>The Offer therefore relates to 112,245,164 no-par value ordinary bearer shares, each of which represents a <i>pro rata</i> share of EUR 1.00 (ISIN AT00BUWOG001) in the registered share capital, under the terms of the Offer. Conversion Shares deriving from the 2016 Convertible Bonds are also the subject of the Offer and can therefore be tendered during the Acceptance Period or the Additional Acceptance Period as long as they are issued sufficiently in advance before the end of the Acceptance Period or the Additional Acceptance Period.</p> <p>2. Convertible Bonds</p> <p>The acquisition of all the convertible bonds issued by BUWOG maturing on 9 September 2021, conferring a right of conversion in respect of no-par value ordinary bearer shares, each of which represents a <i>pro rata</i> share of EUR 1.00 in the registered share capital of BUWOG (ISIN AT0000A1NQH2), and in the outstanding total nominal amount of EUR 300,000,000 under the terms of</p>	Section 3.1

	<p>the Offer.</p> <p>The 2016 Convertible Bonds are traded on the Third Market (<i>multilateral trading facility</i>, MTF) of the Vienna Stock Exchange.</p>	
Options available to Holders of Securities	<p>1. BUWOG Shareholders</p> <p>BUWOG shareholders can accept the Offer in respect of all or only a part of their BUWOG shares. BUWOG shareholders can also opt to not accept the Offer and to continue to remain BUWOG shareholders.</p> <p>2. Holders of 2016 Convertible Bonds</p> <p>Holders of 2016 Convertible Bonds can also accept the Offer in respect of all or only a part of their 2016 Convertible Bonds. The holders of 2016 Convertible Bonds also have the option to exercise their conversion rights in accordance with the issue terms and conditions during both the original Acceptance Period as well as during the Additional Acceptance Period and, if they so desire, to tender the Conversion Shares resulting therefrom into the Offer. Holders of 2016 Convertible Bonds also have the option to not accept the Offer, to remain holders of 2016 Convertible Bonds and to exercise their rights in accordance with the issue terms and conditions.</p> <p>Section 3.3 contains a detailed description of all the options available to holders of 2016 Convertible Bonds.</p> <p>The holders of 2016 Convertible Bonds are advised to carefully read the 2016 Convertible Bonds issue terms and conditions and, in particular, to review the time limits and the terms governing a possible conversion or termination as a result of a possible change of control.</p>	Section 3
Offer Price	<p>1. BUWOG Shares (ISIN AT00BUWOG001)</p> <p>Payment of a Share Offer Price of EUR 29.05 per BUWOG Share <i>cum</i> dividend for the financial year 2017/2018, which means that the Bidder will be entitled to any dividend distributed by the Target Company for the financial year 2017/2018.</p> <p>2. Convertible Bonds (ISIN AT0000A1NQH2)</p> <ul style="list-style-type: none"> - For 2016 Convertible Bonds tendered during the Acceptance Period from 5 February 2018 through 12 March 2018, payment of a Convertible Bond Offer Price of EUR 115,753.65 (115.754%) for each nominal amount of EUR 100,000 (the <i>Convertible Bond Offer Price</i>). - For 2016 Convertible Bonds tendered during the Additional Acceptance Period pursuant to Section 19 paragraph 3 ÜbG until and including the announcement 	Section 3.2

	<p>of the change of control by BUWOG pursuant to the 2016 Convertible Bonds issue terms and conditions, payment of a Convertible Bond Offer Price Additional Acceptance Period of EUR 115,753.65 (115.754%) for each nominal amount of EUR 100,000 (the <i>Convertible Bond Offer Price Additional Acceptance Period</i>).</p> <p>- For 2016 Convertible Bonds tendered during the Additional Acceptance Period pursuant to Section 19 paragraph 3 ÜbG after the announcement of the change of control by BUWOG pursuant to the 2016 Convertible Bonds issue terms and conditions, payment of an Reduced Convertible Bond Offer Price Additional Acceptance Period of EUR 93,049.33 (93.049%) for each nominal amount of EUR 100,000 (the <i>Reduced Convertible Bond Offer Price Additional Acceptance Period</i>).</p> <p>As the 2016 Convertible Bonds do not bear interest, there is no <i>pro rata</i> accrued interest to settle. Therefore, no information is required in relation to <i>pro rata</i> accrued interest.</p>	
<p>Conditions Precedent</p>	<p>The Offer is subject to the following conditions precedent (see section 4.1):</p> <ol style="list-style-type: none"> (1) Reaching the statutory minimum acceptance threshold pursuant to Section 25a paragraph 2 ÜbG (see section 4.1.1). (2) The merger control non-prohibition or clearance of the transaction by the 90th calendar day after the end of the original Acceptance Period (i.e. no later than by 10 June 2018; see section 4.1.2). (3) No significant decline in the FTSE EPRA/NAREIT Germany Index (see section 4.1.3). (4) The registered share capital of BUWOG is not increased (see section 4.1.4). (5) BUWOG does not distribute dividends, change its articles of association or is liquidated (see section 4.1.5). (6) No significant transaction of BUWOG (see section 4.1.6). (7) No material adverse change in the earnings of BUWOG (see section 4.1.7). (8) No significant compliance breach (see section 4.1.8). (9) No incurrence of a loss by BUWOG in the amount of one half of BUWOG's registered share capital nor opening of any insolvency proceedings in relation to 	<p>Section 4</p>

	<p>BUWOG (see section 4.1.9).</p> <p>The Bidder expressly reserves the right to waive the fulfilment of individual conditions precedent (see section 4.2).</p>	
Acceptance Period	5 February 2018 until and including 12 March 2018, 17:00 Vienna local time, i.e. 26 trading days. The Bidder reserves the right to extend the Acceptance Period.	Section 5.1
Additional Acceptance Period	Pursuant to Section 19 paragraph 3 Austrian Takeover Act, the Additional Acceptance Period starts on the day of announcement (publication) of the result of the Acceptance Period and lasts three months. Assuming that the result of the Acceptance Period is published on 16 March 2018, the Additional Acceptance Period starts on 16 March 2018 and ends on 18 June 2018.	Section 5.7
Acceptance of the Offer	Acceptance of the Offer must be declared exclusively in writing to the Custodian Bank of the relevant Holder of Securities. Acceptance of the Offer will become effective upon receipt by a Custodian Bank of an Acceptance Declaration and will be deemed to have been declared on time provided that the Acceptance Declaration is received by the Custodian Bank of the respective Holder of Securities within the Acceptance Period and provided that no later than by 17:00 Vienna local time on the second trading day following the expiry of the Acceptance Period, (i) the re-booking has been completed (i.e. in the case of Acceptance Declarations concerning the BUWOG Shares, the transfer from ISIN AT00BUWOG001 to ISIN AT0000A1Z9L2 of the BUWOG Shares Tendered for Sale, and in the case of Acceptance Declarations concerning the 2016 Convertible Bonds, the transfer from ISIN AT0000A1NQH2 to ISIN AT0000A1Z9M0 of the 2016 Convertible Bonds Tendered for Sale), and that (ii) the Custodian Bank of the respective Holder of Securities has communicated acceptance of the Offer, including details of the number of client acceptance instructions received, the total number of Securities referred to in the Acceptance Declarations received by the Custodian Bank during the Acceptance Period, as well as forwarded the total number of Securities tendered through it to the Austrian Paying Agent and transferred the corresponding total number of Securities to the Austrian Paying Agent.	Section 5.3
Austrian Paying Agent	UniCredit Bank Austria AG, Schottengasse 6-8, 1010 Vienna, Austria, registration number FN 150714 p.	Section 5.2
Settlement of the Offer	The Offer Prices will be paid to those Holders of Securities Tendered for Sale who have accepted the Offer no later than ten trading days after the Offer becomes unconditionally binding.	Section 5

	<p>Holders of Securities that only accept the Offer during the statutory Additional Acceptance Period pursuant to Section 19 paragraph 3 ÜbG will receive the Offer Price no later than ten trading days after the end of the Additional Acceptance Period.</p>	
No Trading of the Tendered Securities	<p>Insofar as Holders of Securities have submitted to their Custodian Banks written declarations accepting the Offer in respect of their Securities, the Securities indicated in such declaration will be re-booked under a different ISIN as either "BUWOG Shares Tendered for Sale" or as "2016 Convertible Bonds Tendered for Sale" in the securities account of the accepting Holder of Securities.</p> <p>Securities Tendered for Sale will not be tradable on a stock exchange until the settlement of the Offer (which, under certain circumstances, may also occur after the end of the Acceptance Period or of the Additional Acceptance Period) has been completed.</p>	Section 5.3
ISINs	<ul style="list-style-type: none"> - BUWOG Shares: ISIN AT00BUWOG001 - BUWOG Shares Tendered for Sale: ISIN AT0000A1Z9L2 - 2016 Convertible Bonds: ISIN AT0000A1NQH2 - 2016 Convertible Bonds Tendered for Sale: ISIN AT0000A1Z9M0 	
Squeeze-Out	<p>Thus far, the Bidder has not decided whether to effect a squeeze-out under the Austrian Squeeze-Out Act (<i>Gesellschafter-Ausschlussgesetz, GesAusG</i>) if the Offer should result in the Bidder holding over 90% of the registered share capital and of the BUWOG Shares with voting rights upon completion or at a later date.</p>	Section 6.2
Listing/ Delisting	<p>It is the intention of the Bidder that BUWOG should remain listed on the Official Market (Prime Market) of the Vienna Stock Exchange. However, the Bidder expressly states that in the event of a high acceptance rate for the Offer, the minimum free float requirements to admit the shares to the Official Market or to remain in the "Prime Market" segment of the Vienna Stock Exchange may no longer be met. This offer is not a delisting offer within the meaning of § 27e ÜbG.</p>	Section 6.2

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Definitions

<i>2016 Convertible Bonds</i>	Has the meaning given to such term in section 2.2.
<i>2016 Convertible Bonds Tendered for Sale</i>	Has the meaning given to such term in section 5.3.
<i>2018 Extraordinary General Meeting</i>	Has the meaning given to such term in section 6.3.4.
<i>Acceptance Declaration</i>	Has the meaning given to such term in section 5.3.
<i>Acceptance Period</i>	5 February 2018 until and including 12 March 2018, 17:00 Vienna local time, i.e. 26 trading days.
<i>Additional Acceptance Period</i>	The statutory additional acceptance period of three months stipulated in Section 19 paragraph 3 ÜbG.
<i>Adjusted Conversion Price</i>	Has the meaning given to such term in section 2.2.
<i>Austrian Paying Agent</i>	UniCredit Bank Austria AG, Schottengasse 6-8, 1010 Vienna, Austria, registration number FN 150714 p, as Austrian tender and paying agent.
<i>BBG 2011</i>	2011 Austrian Public Finance Act (<i>Budgetbegleitgesetz 2011</i> , BGBl I 2010/111).
<i>BCA</i>	Business Combination Agreement concluded by Vonovia and BUWOG on 18 December 2017.
<i>Bidder</i>	Vonovia SE.
<i>BUWOG</i>	BUWOG AG with its corporate seat in Vienna, its business address at Hietzinger Kai 131, 1130 Vienna, and registered with the commercial register of the Commercial Court (<i>Handelsgericht</i>) of Vienna under FN 349794 d.
<i>BUWOG Group</i>	BUWOG along with its subsidiaries.
<i>BUWOG Shares</i>	The 112,245,164 no-par value ordinary bearer shares of BUWOG (ISIN AT00BUWOG001), each of which represents a <i>pro rata</i> share of EUR 1.00 in the registered share capital, and each of which is a <i>BUWOG Share</i> .
<i>BUWOG Shares Tendered for Sale</i>	Has the meaning given to such term in section 5.3.
<i>Change of Control Window</i>	Has the meaning given to such term in section 2.2.
<i>Convertible Bond Offer Price</i>	Has the meaning given to such term in section 3.2.2.
<i>Convertible Bond Offer Price Additional Acceptance Period</i>	Has the meaning given to such term in section 3.2.2.
<i>Convertible Bond Tender Offer</i>	Has the meaning given to such term in section 3.2.2.
<i>Custodian Bank</i>	Has the meaning given to such term in section 5.3.

<i>Holder of Securities</i>	The holder of one or more Securities.
<i>MTF</i>	Means Multilateral Trading Facility.
<i>OeKB</i>	Österreichische Kontrollbank AG.
<i>Reduced Convertible Bond Offer Price Additional Acceptance Period</i>	Has the meaning given to such term in section 3.2.2.
<i>Securities</i>	Refers to the BUWOG Shares and the 2016 Convertible Bonds.
<i>Securities Tendered for Sale</i>	Means the BUWOG Shares tendered for sale and the 2016 Convertible Bonds tendered for sale.
<i>Settlement</i>	Has the meaning given to such term in section 5.5.
<i>Conversion Shares</i>	Has the meaning given to such term in section 2.2.
<i>Share Offer Price</i>	Has the meaning given to such term in section 3.2.1.
<i>Share Tender Offer</i>	Has the meaning given to such term in section 3.2.1.
<i>Target Company</i>	BUWOG AG.
<i>ÜbG</i>	Has the meaning given to such term in section 1.3.
<i>Vonovia</i>	The Bidder, Vonovia SE, with its corporate seat in Bochum, Germany, its business address at Universitätsstraße 133, 44803 Bochum, Germany, registered with the commercial register of the Local Court (<i>Amtsgericht</i>) of Bochum under HRB 16879.
<i>Vonovia Group</i>	Vonovia along with its subsidiaries.
<i>VWAP</i>	Has the meaning given to such term in section 3.3.
<i>WpHG</i>	Has the meaning given to such term in section 1.2.2.

1. Description of the Bidder

1.1 Current Situation and Description of the Bidder

The Bidder, Vonovia SE, is a *Societas Europaea* incorporated under German and European law, with its corporate seat in Bochum and registered with the commercial register of the Local Court (*Amtsgericht*) of Bochum under registration number HRB 16879. The Vonovia shares are listed on the Regulated Market (*Regulierter Markt*) (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under ISIN DE000A1ML7J1. Based on the value of its property portfolio, the number of residential property units that belong to it and its market capitalisation, the Bidder is Germany's largest private sector residential real estate company. The Vonovia service subsidiaries offer a broad range of services in the area of real estate management and facility management. In addition, the Bidder has a large number of other special-purpose companies that hold properties.

The current members of the management board of the Bidder are Rolf Buch (CEO), Prof. Dr. A. Stefan Kirsten (CFO), Klaus Freiberg (COO) and Gerald Klinck (CCO). None of the members of the management board of the Bidder hold shares in BUWOG. Mr Gerald Klinck will exit from the management board with effect from the end of Vonovia's annual general meeting 2018. Vonovia's supervisory board has appointed Mrs Helene von Roeder as his successor.

1.2 Capital and Shareholder Structure of the Bidder

1.2.1 Registered Share Capital of the Bidder

As at 31 December 2017, the registered share capital of Vonovia amounted to EUR 485,100,826 and was divided into 485,100,826 registered ordinary shares with no-par value and each of which represented a *pro rata* share of EUR 1.00 (ordinary shares) in the registered share capital.

1.2.2 Shareholder Structure of the Bidder

On the basis of the voting right notifications pursuant to the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) and the information that was provided to the Bidder by the respective shareholders, the following shareholders hold, directly or indirectly, more than 3% of the ordinary shares of Vonovia. Apart from the shareholders listed in the table below, the Bidder is not aware of any other shareholders who hold more than 3% of the voting rights of Vonovia.

Shareholder ⁽¹⁾	Share of Voting Rights in % (after rounding)
BlackRock	8.3
Norges Bank	7.3
Lansdowne Partners	5.1
MFS	3.0

⁽¹⁾ The information contained in the table is based on the most recent voting right disclosures relating to the current registered share capital of the Bidder.

Other shareholders, including shareholders whose holdings amount to less than 3% of the total voting rights of the Bidder, hold the approximately 76.3% of remaining Vonovia shares.

Vonovia is the ultimate parent company of the Vonovia Group. Consequently, it is not controlled by any legal or natural person.

1.3 Parties Acting in Concert with the Bidder

Pursuant to Section 1 no. 6 of the Austrian Takeover Act (*Übernahmegesetz, ÜbG*), parties acting in concert are natural or legal persons that cooperate with the Bidder on the basis of an agreement aimed at acquiring or exercising control over the Target Company. If a party holds a direct or indirect controlling interest (Section 22 paragraphs 2 and 3 ÜbG) in one or more other parties, it is presumed that all of these parties are acting in a concerted manner. The Bidder has not entered into any arrangements pursuant to Section 1 no. 6 ÜbG with any parties other than those controlled by it.

According to this definition, all entities controlled by the Bidder are deemed to be parties acting in concert with the Bidder. In this context, pursuant to Section 7 no. 12 ÜbG, further information on parties acting in concert may be omitted, since such entities are not relevant for the decision to be made by the addressees of the Offer. As known, Vonovia has successfully completed a voluntary public offer to acquire a controlling interest regarding the shares of convert Immobilien Invest SE (which was converted into a GmbH in December 2017), with its corporate seat in Vienna, and has been its sole shareholder since 30 October 2017. By way of this takeover, the Vonovia Group is now also present on the market in Austria.

1.4 Shareholdings of the Bidder in the Target Company at the Time of Publication of the Offer Document

At the time of the publication of this offer document, neither the Bidder nor any party acting in concert with it holds any shares or other Securities of the Target Company. The Bidder also does not possess any other rights that would entitle it to acquire Securities.

1.5 Material Legal Relationships with the Target Company

No personal ties exist between the Bidder and the Target Company.

With the exception of the Business Combination Agreement (see section 2.4), there are no other material legal relationships between the Bidder and the Target Company.

2. Description of the Target Company

2.1 The Target Company

BUWOG is a stock corporation incorporated under the laws of Austria with its corporate seat in Vienna and its business address at Hietzinger Kai 131, 1130 Vienna, Republic of Austria, and registered with the companies register of the Commercial Court (*Handelsgericht*) of Vienna under FN 349794 d. At the time of the publication of this offer document, the registered share capital (*Grundkapital*) of BUWOG amounts to EUR 112,245,164.00 and is divided into 112,245,164 no par-value ordinary bearer shares, each representing a *pro rata* share of EUR 1.00 in the registered share capital. The shares are listed under ISIN AT00BUWOG001 on the following stock exchanges: (i) the Official Market (*Amtlicher Handel*) (Prime Market) of Wiener Börse AG, (ii) the Regulated Market (*Regulierter Markt*) (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and (iii) the Main Market of the Warsaw Stock Exchange.

BUWOG was founded on 7 July 2010 as Artemis Immobilien GmbH by way of a declaration on the establishment of a company. The conversion of its legal form to that of a stock corporation, which involved a change in its business name to that of BUWOG AG, became effective on 17 December 2013. By way of a spin-off, BUWOG – Bauen und Wohnen

Gesellschaft mbH was transferred by IMMOFINANZ AG to BUWOG AG as a new holding company in several stages in 2014 and the latter has been listed since then. The spin-off entailed the simultaneous issuing of new BUWOG shares to the shareholders of IMMOFINANZ AG. Subsequently, IMMOFINANZ AG only held 49% of the shares of BUWOG. Following sales of BUWOG shares, the interest held by IMMOFINANZ AG in BUWOG has now declined to less than 4% of the voting rights.

The focus of the BUWOG Group is on the residential property sector in Austria and in Germany. BUWOG's business model is based on three key business segments: Asset Management, Property Development and Property Sales.

The Target Company holds a large number of other subsidiaries, which – for transparency reasons – are not described in this offer document.

2.2 2016 Convertible Bond

On 9 September 2016, BUWOG issued non-interest bearing convertible bonds with a total nominal value of EUR 300,000,000 in denominations of EUR 100,000 and maturing on 9 September 2021 (ISIN AT0000A1NQH2; the **2016 Convertible Bonds**). The 2016 Convertible Bonds are traded on the Third Market (*multilateral trading facility*, **MTF**) of the Vienna Stock Exchange. The Third Market (MTF) of the Vienna Stock Exchange is not a regulated market within the meaning of Directive 2014/65/EU on markets for financial instruments. The issue terms and conditions can be accessed on the website of the Target Company at www.buwog.com/de/media/download/1033561 and are not an integral part of this offer document.

According to Section 1 no. 4 ÜbG, convertible bonds are classified as securities. The Offer therefore also extends to the 2016 Convertible Bonds. The currently outstanding aggregate nominal amount of the 2016 Convertible Bonds that are also the subject of the Offer amounts to EUR 300,000,000.

The holders of the 2016 Convertible Bonds generally have the right to convert the bonds into ordinary shares at any time. This right is not subject to any specific restrictions in connection with the publication of a public takeover offer. In the event of a change of control (in the form of the acquisition of a controlling interest within the meaning of Section 22 ÜbG), thus in the event of the successful completion of the Offer, the holders of 2016 Convertible Bonds have a right of termination at nominal value. Such right of termination can be exercised by every holder of 2016 Convertible Bonds within ten days (from the announcement of a change of control by the Target Company, i.e. the publication of the result pursuant to Section 19 paragraph 2 ÜbG) and with effect from the end of the Change of Control Window (as defined below) in respect of all or some of the 2016 Convertible Bonds held by the respective holder and which have not been converted or redeemed at such point in time. 2016 Convertible Bonds are converted and terminated in accordance with the 2016 Convertible Bonds issue terms and conditions. The holders of the 2016 Convertible Bonds are advised that, according to information from the conversion agent, the conversion does not cause fees of the conversion agent. Other conversion costs are subject to the respective contractual arrangement of the holders of the 2016 Convertible Bonds and their respective Custodian Banks and are reimbursed to the holders of the 2016 Convertible Bonds in a maximum amount of EUR eight (8) per deposit.

Pursuant to Section 10 of the 2016 Convertible Bonds issue terms and conditions, the Target Company may elect to settle the conversion by a cash alternative election as specified in the 2016 Convertible Bonds issue terms and conditions. The Target Company has declared vis-à-

vis the Austrian Takeover Commission in favour of the holders of the 2016 Convertible Bonds that the Target Company will not exercise this cash alternative election during the Change of Control Window.

In accordance with the issue terms and conditions of the 2016 Convertible Bonds, the conversion shares (i.e. the BUWOG Shares that are to be delivered to the holders of the 2016 Convertible Bonds upon the exercise of conversion rights) are to derive either from (i) BUWOG authorised or conditional capital and confer the dividend rights attached to shares outstanding at that point in time, or from (ii) existing shares that must be of the same class as such shares as would otherwise be delivered from authorised or conditional capital (the **Conversion Shares**). In accordance with clause 8 of the issue terms and conditions, the Conversion Shares will be transferred to the securities account of the holder indicated in the conversion declaration no later than on the 15th business day following the date of conversion. Conversion Shares are subject of the Offer and can therefore be tendered during the Acceptance Period or the Additional Acceptance Period as long as they are issued sufficiently in advance before the end of the Acceptance Period or the Additional Acceptance Period.

The currently applicable conversion prices of the 2016 Convertible Bonds, as published on the website of the Target Company (www.buwog.com/de/investor-relations/wandelschuldverschreibungen/wandelschuldverschreibung-2016-2021), are, in the event of a change of control at BUWOG, adjusted in accordance with the issue terms and conditions during a period of time to be determined by the Target Company between the announcement of the change of control by BUWOG and 40 to 60 days after the announcement of the change of control by BUWOG (the **Change of Control Window**), resulting in a more favourable parity for the holders of the 2016 Convertible Bonds during the Change of Control Window, which will be a period of time during the Additional Acceptance Period (the **Adjusted Conversion Price**).

The Bidder has taken into account the difference between the unadjusted conversion price and the Adjusted Conversion Price for the determination of the Offer Price for the 2016 Convertible Bonds and offers the holders of 2016 Convertible Bonds the option of already realising their value based on the Adjusted Conversion Price during the Acceptance Period and during a potential Additional Acceptance Period until and including the announcement of the change of control by BUWOG. There is no need to offer an Offer Price based on the Adjusted Conversion Price for the 2016 Convertible Bonds during the Additional Acceptance Period after the announcement of the change of control by BUWOG, since the conversion option at the Adjusted Conversion Price is available during the Change of Control Window and the Conversion Shares may be tendered in the Offer. The Offer Price for the 2016 Convertible Bonds tendered during the Additional Acceptance Period after the announcement of the change of control by BUWOG was therefore determined based on the currently applicable conversion price and not based on the Adjusted Conversion Price.

2.3 Shareholder Structure of the Target Company

The table below shows all shareholders that held more than 4% of the voting rights in BUWOG as at 31 January 2018:

Shareholders ⁽¹⁾	Shares Held	Share of Voting Rights in % (after rounding)	Proportion of BUWOG Shares in % (after rounding)
BlackRock Inc.	5,690,830	5.07	5.07
JPMorgan Chase & Co.	4,909,367	4.37	4.37
Syquant Capital*	4,597,147	4.10	4.10

⁽¹⁾ Source: Bloomberg; Proportion of BUWOG Shares as % of the current registered share capital (after rounding).

* Together with controlled undertakings.

2.4 Business Combination Agreement

Vonovia and the Target Company concluded a Business Combination Agreement (the *BCA*) on 18 December 2017, in which they agreed the key parameters of the takeover offer and the transaction associated with it. In particular, the offer consideration and other terms of the takeover offer were laid down in the *BCA*. In accordance with the *BCA*, the Target Company will support the Offer as long as the Bidder actually offers the Offer Price agreed in the *BCA*.

It was agreed in the *BCA* that a new supervisory board is to be elected at an extraordinary general meeting of BUWOG which is expected to be convened for the end of April 2018 (cf. section 6.3.4). The agreements concluded between the members of the management board of the Target Company and the Target Company as represented by the supervisory board are described in Section 6.3.3.

Following a successful takeover offer, BUWOG will run the entire Asset Management for Austria as a region (including the conwert Immobilien Invest GmbH portfolio, cf. section 6.1) as well as the current BUWOG "Property Sales" and "Property Development" business (for Austria, in each case) as an independent company under the existing business name and with its corporate seat in Austria. The future headquarters of BUWOG (Rathausstraße 1, 1010 Vienna) is to be retained over the long term. The German BUWOG residential property units are to be managed via the Vonovia platform. Business-related objectives and intentions as well as effects on the employment situation and the business location, as well as measures to offset any negative social impact, are described in sections 6.2 and 6.3. The future "Property Development Deutschland" business segment is to be managed from Berlin.

3. The Offer

An offer is made to the BUWOG Holders of Securities in relation to their Securities. The Holders of Securities can, under the terms of this offer document, accept the Offer in respect of all or part of their Securities.

3.1 Subject of the Offer

The Offer relates to the acquisition of all the shares of BUWOG (ISIN AT00BUWOG001), with each such share representing a *pro rata* share of EUR 1.00 in the registered share capital, issued and admitted to trading at the end of the Acceptance Period under the terms of the Offer. At the time of the publication of this offer document, the Target Company does not hold any treasury shares.

The subject of the Offer are all BUWOG Shares issued at the end of the Acceptance Period (including Conversion Shares and other shares newly issued during the Acceptance Period).

The Bidder has been informed that Mr Daniel Riedl and Mr Vitus Eckert intend to accept the Offer in relation to all the BUWOG Shares held by them during the original Acceptance Period.

The Offer also extends to the acquisition of all such BUWOG 2016 Convertible Bonds issued at the time of the publication of this offer document that are not held by the Target Company, thus to all the bonds issued by the Target Company maturing on 9 September 2021 and conferring the right to their conversion into BUWOG no-par value bearer shares, each representing a *pro rata* share of EUR 1.00 in the registered share capital (ISIN AT0000A1NQH2), and in the outstanding nominal amount of EUR 300,000,000. Conversion

Shares, i.e. BUWOG Shares issued in connection with conversion, are also the subject of the Offer and can therefore be tendered during the Acceptance Period or the Additional Acceptance Period as long as they are issued sufficiently in advance before the end of the Acceptance Period or the Additional Acceptance Period and the Acceptance Declaration has been submitted in a timely manner in accordance with the provisions of this Offer (also see sections 5.1 and 5.3 of the Offer).

3.2 Offer Prices

3.2.1 Offer Price for Shares

Under the terms of the Offer, Vonovia offers to buy BUWOG Shares and any Conversion Shares from the holders of BUWOG Shares, including Conversion Shares, for a price of EUR 29.05 per BUWOG Share (the *Share Offer Price*) cum dividend for the financial year 2017/2018 (the *Share Tender Offer*), and the Bidder will therefore be entitled to any dividend distributed by the Target Company for the financial year 2017/2018.

3.2.2 Offer Price for 2016 Convertible Bonds

Under the terms of the Offer, Vonovia proposes the following Offer Prices to the holders of 2016 Convertible Bonds (the *Convertible Bond Tender Offer*):

- a) For 2016 Convertible Bonds tendered during the Acceptance Period from 5 February 2018 to 12 March 2018, payment of a convertible bond offer price of EUR 115,753.65 (115.754%) for each nominal amount of EUR 100,000 (the *Convertible Bond Offer Price*).
- b) In the case of 2016 Convertible Bonds tendered during the three-month Additional Acceptance Period until and including the announcement of the change of control by BUWOG, payment of a Convertible Bond Offer Price of EUR 115,753.65 (115.754%) for each nominal amount of EUR 100,000 (the *Convertible Bond Offer Price Additional Acceptance Period*).
- c) In the case of 2016 Convertible Bonds tendered during the three-month Additional Acceptance Period after the announcement of the change of control by BUWOG, payment of an adjusted Convertible Bond Offer Price of EUR 93,049.33 (93.049%) for each nominal amount of EUR 100,000 (the *Reduced Convertible Bond Offer Price Additional Acceptance Period*).

As the 2016 Convertible Bonds do not bear interest, there is no *pro rata* accrued interest to settle. Therefore, no information is required in relation to *pro rata* accrued interest.

The options available to holders of 2016 Convertible Bonds are described in section 3.3.

3.3 Determination of Consideration

Pursuant to Section 26 paragraph 1 ÜbG, the price for a security in a voluntary public takeover offer to acquire a controlling interest pursuant to Section 25a ÜbG has to correspond to at least the volume-weighted average market price (the *VWAP*) of the relevant securities over the six months immediately preceding the date on which the Bidder's intention to launch a takeover offer is announced.

The VWAP for the last six months prior to the announcement of the intention to launch an offer (18 December 2017), i.e. the period from 16 June 2017 up to and including 15 December 2017 is as follows:

	Vienna Stock Exchange, Official Market (Prime Market)	Frankfurt Stock Exchange, Regulated Market (Prime Standard)	Warsaw Stock Exchange, Main Market
VWAP	EUR 25.10	EUR 25.15	EUR 24.76*
Premium Share Offer Price (Difference Share Offer Price – VWAP)	15.7%	15.5%	17.3%

* The exchange rate for the BUWOG VWAP, Warsaw Stock Exchange, PLN-EUR, was calculated based on the exchange rate quoted on Bloomberg at 19:00 CET on the respective day.

Source: Bloomberg

The Share Offer Price of EUR 29.05 per BUWOG share is therefore at least 15.5% higher than the VWAP for the six months immediately preceding the announcement of the intention to launch an offer.

Further, pursuant to Section 26 paragraph 1 ÜbG, the price in a voluntary public takeover offer to acquire a controlling interest pursuant to Section 25a ÜbG must not be lower than the highest cash consideration paid or agreed upon for Securities of the Target Company by the bidder or any parties acting in concert with it during the 12 months before the filing of the Offer. The same applies to the consideration for Securities that a bidder or any party acting in concert with it is entitled or obliged to acquire in the future.

Neither the Bidder nor any party acting in concert with it have acquired Securities of the Target Company during the 12 months preceding the filing of the Offer or have agreed to acquire such Securities.

Therefore, the VWAP with respect to the BUWOG Shares – as described above – for the six months immediately preceding the day on which the intention of launching an offer was announced is the basis for determining the minimum offer price in accordance with Section 26 paragraph 1 ÜbG.

The 2016 Convertible Bonds are traded on the Third Market (MTF) of the Vienna Stock Exchange. In addition, to the knowledge of the Bidder, the 2016 Convertible Bonds are traded on the Stuttgart Stock Exchange as well as on the Frankfurt Stock Exchange. To the knowledge of the Bidder, no data concerning trading volumes is published for any of the aforementioned stock exchanges. Consequently, there is no aggregate market from which a representative VWAP for the six months immediately preceding the announcement of the intention to launch an offer can be derived (cf. Austrian Takeover Commission GZ 2012/1/4-24). Consequently, there is also no VWAP with respect to the 2016 Convertible Bonds for the six months immediately preceding the announcement of the intention to launch an offer that can serve as minimum price threshold within the meaning of Section 26 paragraph ÜbG.

Taking into account the issue terms and conditions for the 2016 Convertible Bonds, the Share Offer Price and the Convertible Bond Offer Price are proportionate in accordance with Section 26 paragraph 2 ÜbG. The Share Offer Price and the premium included therein were taken into account in determining the Convertible Bond Offer Price and the Convertible Bond Offer Price Additional Acceptance Period as it corresponds to the nominal value of the 2016 Convertible Bonds divided by the Adjusted Conversion Price multiplied by the Share Offer Price. The Share Offer Price and the premium contained therein was similarly taken into account in determining the Reduced Convertible Bond Offer Price Additional Acceptance Period. The Reduced Convertible Bond Offer Price Additional Acceptance Period corresponds to the nominal value per 2016 Convertible Bond divided by the conversion price multiplied by the Share Offer Price. The premium on the VWAP for the six months immediately preceding the announcement of the intention to launch the offer granted for the

ordinary shares has therefore been appropriately reflected in the Convertible Bond Offer Price.

A Convertible Bond Offer Price based on the Adjusted Conversion Price during the Additional Acceptance Period after the announcement of the change of control by BUWOG is not required since the conversion option at the Adjusted Conversion Price is available during the Change of Control Window and the Conversion Shares may still be tendered at the Share Offer Price in the Offer.

In brief, the following options are available to holders of the 2016 Convertible Bonds in the opinion of the Bidder: (i) to accept the offer of tendering 2016 Convertible Bonds in accordance with the terms set forth in this offer document during the original Acceptance Period (or during the Additional Acceptance Period until and including the announcement of the change of control by BUWOG) at the Convertible Bond Offer Price; (ii) to accept the offer of tendering 2016 Convertible Bonds during the Additional Acceptance Period after the announcement of the change of control by BUWOG at the Reduced Convertible Bond Offer Price Additional Acceptance Period; (iii) not to accept the Offer and retain the 2016 Convertible Bonds; (iv) to make use of their right of termination at nominal value in the event of a change of control and to present the 2016 Convertible Bonds for redemption at their nominal value, or (v) during the original Acceptance Period applying the current conversion price, or (vi) to make use of the conversion right to which they are entitled in accordance with the 2016 Convertible Bonds issue terms and conditions during the Additional Acceptance Period – (after the announcement of the change of control by BUWOG) within the Change of Control Window at the Adjusted Conversion Price, as the case may be – and in the case of options (v) and (vi) to tender the Conversion Shares issued as a result of conversion at the Offer Price in response to the Offer or retain them. Provided that the market is sufficiently liquid, holders of the 2016 Convertible Bonds may also sell their 2016 Convertible Bonds at any time to a third party purchaser on the market.

3.4 Offer Consideration in Relation to Historical Prices

BUWOG Shares were admitted to trading on the Vienna Stock Exchange on 23 April 2014, in Frankfurt on 26 April 2014 and in Warsaw on 28 April 2014. Trading in BUWOG Shares on the Official Market (Prime Market) of the Vienna Stock Exchange and on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange began on 28 April 2014. Trading on the Main Market of the Warsaw Stock Exchange began on 29 April 2014. The Share Offer Price is 18.1% higher than the closing price for the shares of BUWOG on the Vienna Stock Exchange (EUR 24.605) on 15 December 2017, the last trading day before the announcement of the intention to launch an offer.

The VWAPs of BUWOG Shares for the 3, 6, 12 and 24 calendar months preceding the announcement of the intention to launch an offer expressed in EUR, as well as the percentages by which the Share Offer Price exceeds these values, are as follows:

	3 Months (16 September 2017 – 15 December 2017)	6 Months (16 June 2017 – 15 December 2017)	12 Months (16 December 2016 – 15 December 2017)	24 Months (16 December 2015 – 15 December 2017)
BUWOG VWAP, Vienna Stock Exchange	24.82	25.10	24.31	22.35
BUWOG VWAP, Frankfurt Stock Exchange	24.91	25.15	24.02	22.23

BUWOG VWAP, Warsaw Stock Exchange	24.49*	24.76*	22.26*	21.83*
Premium Share Offer Price (Difference Share Offer Price – BUWOG VWAP, Vienna Stock Exchange)	17.04%	15.74%	19.50%	30.00%

Basis: Average price determined based on the weighted trading volumes of the shares of the Target Company.

** The exchange rate for the BUWOG VWAP, Warsaw Stock Exchange, PLN-EUR, was calculated based on the exchange rate quoted on Bloomberg at 19:00 CET on the respective day.*

Source: Bloomberg

Compared with the six-month VWAP for the BUWOG share on the Vienna Stock Exchange as at 15 December 2017 (the last trading day before the announcement of the intention to launch an offer on 18 December 2017), the Share Purchase Offer therefore includes a premium of 15.74%.

3.5 Valuation of the Target Company

The Bidder has not commissioned the preparation of any comprehensive DCF valuation of the Target Company to determine the consideration offered for the BUWOG Shares and for the 2016 Convertible Bonds. However, the Bidder has made an estimation of the value of BUWOG based on publicly available key performance indicators (EPRA NAV, FFO, EBIT) and other information together with its advisors; also, a comparison to its peer group was made. The Share Offer Price and the Convertible Bond Offer Price take into account the statutory requirements for the minimum offer price and are based on the development of the market price of BUWOG Shares.

3.6 Key Financial Indicators and Current Business Development of the Target Company

Key financial indicators (adjusted for capital measures where necessary) according to IFRS from the last three consolidated financial statements of the Target Company (in EUR, unless otherwise indicated):

	2016/17	2015/16	2014/15*
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) (millions)	188.1	187.2	168.6
Earnings Before Interest and Taxes (EBIT) (millions)	527.5	349.1	268.5
Earnings Before Taxes (EBT) (millions)	458.3	308.2	51.6
Group Profit/Loss (millions)	366.7	239.9	40.7
Earnings per share, undiluted	3.59	2.37	0.40
Earnings per share, diluted	3.44	2.37	0.40
FFO (millions)	80.1	77.7	66.9
Recurring FFO (millions)	117.2	112.2	101.8
Recurring FFO per share, undiluted	1.17	1.13	1.02
EPRA Net Asset Value per share, undiluted	23.9	20.18	17.79
EPRA earnings per share, undiluted	0.49	0.59	n.a.
Dividend per Share	0.69	0.69	0.69

Source: Information provided by the Target Company.

* The figures have been adjusted to conform to the current Target Company Capitalisation Guideline so as to ensure comparability with the figures for 2016/17 und 2016/15 (Source: 2017 Capital Increase Prospectus).

Target Company key financial indicators at group level (adjusted for capital measures where necessary) as at 31 October 2017 and as at 31 October 2016 according to IFRS (in EUR, unless otherwise indicated):

	31 Oct 2017	31 Oct 2016
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) (millions)	106.7	86.4
Earnings Before Interest and Taxes (EBIT) (millions)	263.6	264.2
Earnings Before Taxes (EBT) (millions)	220.7	179.2
Group Profit/Loss (millions)	180.4	146.2
Earnings per share, undiluted	1.61	1.43
Earnings per share, diluted	1.51	1.43
FFO (millions)	50.9	37
Recurring FFO (millions)	76.3	57.6
Recurring FFO per share, undiluted	0.69	0.58
EPRA Net Asset Value per share, undiluted	24.87	21.45

Source: Information provided by the Target Company

The following table shows the annual highs and annual lows for the BUWOG share price on the Official Market (Prime Market) of the Vienna Stock Exchange (in EUR):

	2017	2016	2015
Annual All-Time High Price before the publication of the intention to launch an offer ⁽¹⁾	26.18	24.42	19.92
Annual All-Time High Price ⁽¹⁾	28.81	24.42	19.92
Annual All-Time Low Price ⁽¹⁾	21.61	17.60	16.33

⁽¹⁾ Basis: Daily closing price

Source: Bloomberg

As indicated in section 3.3 above, to the knowledge of the Bidder no trading volume data is published for the 2016 Convertible Bonds. Consequently, there is no aggregate market for the 2016 Convertible Bonds from which a representative VWAP for the six months immediately preceding the announcement of the intention to launch an offer can be derived.

Further information about BUWOG, including annual financial statements, half-year and quarterly reports, is available on the website of the Target Company under www.buwog.com/de/investor-relations/berichte. The Target Company information that can be downloaded from the website does not constitute a part of this offer document.

3.7 Equal Treatment

The Bidder confirms that the consideration is the same for all BUWOG shareholders and for all holders of 2016 Convertible Bonds. The Share Offer Price and the Convertible Bond Offer Price are proportionate (Section 26 paragraph 2 ÜbG). All holders of the 2016 Convertible Bonds receive the same offer and have the options outlined in Section 3.3, last paragraph.

Neither the Bidder nor any party acting in concert with it has acquired any BUWOG Securities at a price exceeding EUR 29.05 per share or EUR 115,753.65 for each nominal amount of EUR 100,000 of 2016 Convertible Bonds within the 12 months immediately preceding the filing of the Offer, nor has their acquisition at a higher price been agreed upon.

The Bidder and the parties acting in concert with it must not make any legal declarations concerning the acquisition of the Securities on terms that are more favourable than those contained in the Offer until the end of the Acceptance Period or, if applicable, until the end of the Additional Acceptance Period (Section 19 paragraph 3 ÜbG), unless the Bidder improves the Offer or the Austrian Takeover Commission (*Österreichische Übernahmekommission*) grants an exemption for good cause.

If the Bidder or any party acting in concert with it nevertheless declares that it will acquire Securities on terms that are more favourable than those contained in the Offer, then these more favourable terms will also apply to all other BUWOG shareholders and/or holders of 2016 Convertible Bonds even if they have already accepted the Offer.

Any improvement in the Offer shall also apply to all those shareholders and/or holders of 2016 Convertible Bonds who have already accepted the Offer at the time of the improvement, unless they object to doing so.

Insofar as the Bidder acquires BUWOG Shares or 2016 Convertible Bonds during the Acceptance Period or during the Additional Acceptance Period, but outside the Offer, such transactions will be disclosed immediately, with details provided of the number of BUWOG Shares or 2016 Convertible Bonds acquired or to be acquired as well as the consideration granted or agreed upon pursuant to the relevant provisions of Austrian law on the Internet at <http://en.vonovia-tob.de>.

If the Bidder or party acting in concert with it acquires Securities within a period of nine months after the expiry of the Additional Acceptance Period, and higher consideration is paid or agreed for such acquisition, the Bidder shall be obliged, pursuant to Section 16 paragraph 7 ÜbG, to pay the difference to all BUWOG shareholders or holders of 2016 Convertible Bonds who have accepted the Offer. The foregoing shall not apply if the Bidder or a party acting in concert with it provides higher consideration for the shares of BUWOG in the event of a capital increase in connection with the exercise of statutory subscription rights or in the course of a procedure pursuant to the Austrian Squeeze-Out Act (*Gesellschafter-Ausschlussgesetz*).

If the Bidder resells a controlling interest in the Target Company within a period of nine months following the expiry of the Additional Acceptance Period, a *pro rata* portion of the capital gain must be paid to all Holders of Securities who have accepted the offer pursuant to Section 16 paragraph 7 ÜbG.

Should such event giving rise to an additional payment occur, the Bidder shall provide immediate notification thereof. The Bidder shall settle the additional payment via the Austrian Paying Agent at its expense within 10 trading days of the publication of the aforementioned notification. If no such event occurs within the nine-month period, the Bidder will submit an appropriate declaration to the Austrian Takeover Commission

(*Österreichische Übernahmekommission*). The Bidder's expert will review the declaration and confirm the content.

4. Conditions Precedent

4.1 Conditions Precedent

The Offer is subject to the following conditions precedent:

4.1.1 Minimum Acceptance Rate

By law (Section 25a paragraph 2 ÜbG), the Offer is subject to the condition that, at the end of the original Acceptance Period, the Bidder must have received Acceptance Declarations that account for more than 50% of the BUWOG Shares issued at the end of the Acceptance Period that are the subject of the Offer. The subject of the offer are all BUWOG Shares issued at the end of the Acceptance Period (including Conversion Shares and other shares newly issued during the Acceptance Period). In accordance with Section 25a paragraph 2 ÜbG, if the Bidder acquires BUWOG Shares parallel to the Offer, then such shares must be added to the Acceptance Declarations.

At the time of the publication of this offer document BUWOG has issued 112,245,164 BUWOG Shares.

4.1.2 Merger Control Clearances

The transaction has received clearance from the competition authority in Austria no later than ninety calendar days following the end of the original Acceptance Period or the statutory waiting period in Austria (four weeks from filing on 17 January 2018) has expired, with the result that the transaction may be consummated without the approval of the responsible competition authority, or the competition authority in Austria has declared that it is not competent for conducting a review of the transaction. The German Federal Cartel Office (*Bundeskartellamt*) has already cleared the transaction for Germany on 25 January 2018.

The Bidder will provide notice of the materialisation or non-materialisation of this condition precedent – as well as the other conditions set forth in this offer document – without delay in the media to be used for the publication of notices referred to in this Offer Document.

4.1.3 No Significant Decrease in the FTSE EPRA/NAREIT Germany Index

Between the publication of the offer document and expiry of the original Acceptance Period, the closing price for the FTSE EPRA/NAREIT Germany Index on six consecutive trading days does not fall below 999.74 (this corresponds to a value of approx. 15% below the closing price on 15 December 2017 on Bloomberg); the closing price of the FTSE EPRA/NAREIT Germany Index on 17 January 2018 was 1,182.83 (on Bloomberg, available at www.bloomberg.com/quote/EPGR:IND).

4.1.4 No Increase in the Registered Share Capital of BUWOG

With the exception of shares issued by BUWOG to service the claims of holders of 2016 Convertible Bonds, the registered share capital of BUWOG has not been increased during the period between the publication of this offer document and the expiry of the original Acceptance Period and neither the general meeting of BUWOG nor the BUWOG management board has adopted any resolution that, if implemented, would result in a corresponding increase in the registered share capital.

4.1.5 No Dividends, Amendments to the Articles of Association or Liquidation

None of the following events has occurred during the period between the publication of this offer document and the expiry of the original Acceptance Period:

- a. BUWOG resolves on or distributes a cash or in-kind dividend or resolves a capital increase from own funds.
- b. the general meeting of BUWOG resolves on an amendment to the articles of association that would (i) increase the majority requirement for all or particular resolutions of the general meeting or of other corporate bodies of BUWOG, or (ii) effect a change in the rights attaching to the BUWOG Shares or in the nature of the shares.
- c. the general meeting of BUWOG resolves on the liquidation of BUWOG.
- d. the general meeting resolves on a measure that would require a majority of 75% or more of the votes casts to be resolved.

4.1.6 No Significant Transaction

During the period between the publication of this offer document and the expiry of the original Acceptance Period, BUWOG has not published an announcement stating that BUWOG or a BUWOG subsidiary has

- a. transferred assets (property or shares) for a consideration of more than EUR 130,000,000 in any individual case or in total to any group external third party or undertaken to do so; this condition does not apply to unit sales (*Einzelwohnungsverkäufe*) as well as housing unit sales pursuant to the Austrian Building Development Contract Act (*Bauträgervertragsgesetz*, BTVG) or the German Real Estate Agent and Commercial Construction Industry Ordinance (*Makler- und Bauträgerverordnung*, MaBV); or
- b. Acquired, or undertaken to acquire, assets (property or shares) if the consideration exceeds EUR 500,000,000 in any individual case or in total.

4.1.7 No Material Adverse Change

From the publication of this offer document until the expiry of the original Acceptance Period, BUWOG does not publish any announcement indicating a material adverse change of the earnings of the Target Company in the financial year 2017/2018. A material adverse change of the earnings shall be deemed to exist if such announcement discloses (i) a reduction in the Recurring Funds from Operations (referred to as "Recurring FFO" in the report on the first quarter of financial year 2017/2018) of the BUWOG Group of at least EUR 7,000,000 in the financial year 2017/2018, with the exception of effects from disposals, or (ii) result in a negative one-time effect of at least EUR 150,000,000 on the *EPRA net asset value (EPRA NAV)* of BUWOG (without taking into account expenses and levies related to this Offer).

4.1.8 No Significant Compliance Breach

During the period between the publication of this offer document and the expiry of the original Acceptance Period:

- a. There is no conviction or indictment for a criminal act of any member of a governing body or officer of BUWOG or a subsidiary of BUWOG while any of those persons were operating in their official capacity at BUWOG or a subsidiary of BUWOG that is known to have occurred, whether under Austrian, German or any other applicable law which constituted or would constitute an inside information in relation to BUWOG had it not been disclosed. Criminal acts within the meaning of this condition precedent specifically include bribery offences, corruption, breach of trust, antitrust violations, money laundering or violations of the Austrian Stock Exchange Act (*Börsegesetz*); or
- b. No criminal act or administrative offence committed by any member of a governing body or officer of BUWOG or a subsidiary of BUWOG while any of those persons were operating in their official capacity at BUWOG or a subsidiary of BUWOG is known to have occurred, whether under Austrian, German or any other applicable law which constitutes or would constitute an inside information in relation to BUWOG had it not been disclosed. Criminal acts or administrative offences within the meaning of this condition precedent specifically include bribery offences, corruption, breach of trust, antitrust violations, money laundering or violations of the Austrian Stock Exchange Act (*Börsegesetz*).

4.1.9 No Loss in the Amount of Half of the Registered Share Capital, No Insolvency Proceedings

During the period between the publication of this offer document and the expiry of the original Acceptance Period, BUWOG has published no announcement stating that

- a. a loss has been incurred in an amount corresponding to at least one half of the registered share capital of BUWOG in accordance with Section 83 of the Austrian Stock Corporation Act (*Aktiengesetz*), or
- b. BUWOG is either insolvent, or in the process of liquidation, or that insolvency or reorganisation proceedings concerning its assets (*Konkurs- oder Sanierungsverfahren*) or proceedings under the Austrian Corporate Reorganisation Act (*Unternehmensreorganisationsgesetz*) have been initiated, or that the initiation of insolvency or proceedings has been rejected by a competent court due to lack of assets.

4.2 Waiver, Fulfilment and Non-Fulfilment of Conditions Precedent

The Bidder reserves the right to waive the fulfilment of individual conditions precedent so that they are deemed to have been fulfilled. The fulfilment of the statutory condition precedent set forth in section 4.1.1 concerning the attainment of a minimum acceptance rate of more than 50% of the shares that are the subject of the Offer as well as the condition precedent of obtaining merger control clearance set forth in section 4.1.2 cannot be waived. The fulfilment of the condition precedent set forth in section 4.1.3 (no significant decrease in the FTSE EPRA/NAREIT Germany Index) can only be waived until three days before the expiry of the original Acceptance Period.

The Bidder will disclose any waiver, fulfilment or non-fulfilment of any condition precedent in the publication media referred to in section 5.10 of this offer document without undue delay. The Bidder will announce whether the conditions precedent set forth in sections 4.1.1 to 4.1.9 have been fulfilled no later than in the publication of the results of this Offer.

The Offer will become invalid if the conditions precedent set forth in sections 4.1.1 to 4.1.9 have not been fulfilled within the periods specified for the respective conditions precedent,

unless the Bidder has waived the fulfilment of the conditions precedent set forth in sections 4.1.3 to 4.1.9 and the conditions precedent set forth in sections 4.1.1 and 4.1.2 have been fulfilled.

5. Acceptance and Settlement of the Offer

5.1 Acceptance Period

The Offer can be accepted from 5 February 2018 until and including 12 March 2018, 17:00 Vienna local time. The period for the acceptance of the Offer therefore amounts to 26 trading days. The Bidder reserves the right to extend the Acceptance Period in accordance with Section 19 paragraph 1b ÜbG.

In the event that a competing offer is made, the Acceptance Period for the Offer will be automatically extended until the end of the acceptance period for the competing offer in accordance with Section 19 paragraph 1c ÜbG unless the Bidder withdraws the Offer.

With regard to the Additional Acceptance Period, see section 5.7.

5.2 Austrian Paying Agent

The Bidder has appointed UniCredit Bank Austria AG, registered under registration number FN 150714 p, with its corporate seat in Vienna and its business address at Schottengasse 6-8, 1010 Vienna, Austria, to administer the settlement of the Offer, to receive acceptance declarations and to remit consideration as the Austrian Tender and Paying Agent (the *Austrian Paying Agent*).

5.3 Acceptance of the Offer

Holders of Securities who wish to accept the Offer should contact their Custodian Bank with any questions about the technical aspects of the acceptance of the Offer and the technical aspects of settlement. The Custodian Banks will be informed separately about the procedures for the acceptance and settlement of the Offer.

Holders of Securities may only accept the Offer by declaring acceptance of the Offer in respect of a precisely specified number of Securities, and which number of Securities is to be specified in the acceptance declaration in any event, to the investment services provider or to the financial institution that maintains the relevant Security Holder's securities deposit (the *Custodian Bank*) (the *Acceptance Declaration*).

The Custodian Bank will, without delay, forward the Acceptance Declaration, including details of the number of acceptance instructions received from its clients and the total number of Securities referred to in the Acceptance Declarations received by the Custodian Bank during the Acceptance Period, to the Austrian Paying Agent and will re-book the BUWOG Shares with ISIN AT00BUWOG001 and the 2016 Convertible Bonds with ISIN AT0000A1NQH2 tendered through it as "*BUWOG Shares Tendered for Sale*" or as "*2016 Convertible Bonds Tendered for Sale*" and transfer them to the Austrian Paying Agent. BUWOG Shares Tendered for Sale will be identified as ISIN AT0000A1Z9L2 and 2016 Convertible Bonds Tendered for Sale will be identified as ISIN AT0000A1Z9M0.

Acceptance of the Offer will become effective and be deemed to have been submitted in due time if the Acceptance Declaration is received by the Custodian Bank within the Acceptance Period and provided that no later than by 17:00 Vienna local time on the second trading day after the expiry of the Acceptance Period, (i) the re-booking has been performed (the transfer from ISIN AT00BUWOG001 and ISIN AT0000A1NQH2 and the re-booking of the

BUWOG Shares Tendered for Sale as ISIN AT0000A1Z9L2 and the 2016 Convertible Bonds Shares Tendered for Sale as ISIN AT0000A1Z9M0), and (ii) the Custodian Bank has communicated acceptance to the Austrian Paying Agent by specifying the number of instructions received from its clients and the total number of Securities indicated in the Acceptance Declarations received by the Custodian Bank during the Acceptance Period and has transferred the corresponding total number of Securities to the Austrian Paying Agent.

The Bidder recommends that Holders of Securities willing to accept the Offer make contact with their Custodian Bank at least three trading days prior to the end of the Acceptance Period in order to ensure timely settlement. The holders of 2016 Convertible Bonds are advised to carefully read the 2016 Convertible Bonds issue terms and conditions and, in particular, to review the time limits and the terms governing a possible conversion or termination as a result of a possible change of control; holders of 2016 Convertible Bonds may, at their discretion, tender Conversion Shares deriving from a possible conversion in response to the Offer while observing the Acceptance and Additional Acceptance Periods as long as such have been issued in a timely manner before the end of the Acceptance Period or the Additional Acceptance Period and an Acceptance Declaration has been submitted in a timely manner in accordance with the provisions of the Offer (also see section 5.1 and 5.3 of the Offer).

The Custodian Banks are requested to notify the Austrian Paying Agent of the acceptance of the Offer without delay. The BUWOG Shares with ISIN AT00BUWOG001 and the 2016 Convertible Bonds with ISIN AT0000A1NQH2 tendered through the Austrian Paying Agent will be blocked from the time the Acceptance Declaration(s) is/are received.

5.4 Declarations by Holders of Securities

By accepting the Offer pursuant to section 5.3, each Holder of Securities declares at the same time that:

- (i) the Holder of Securities accepts the Offer of the Bidder to conclude a purchase agreement for the number of Securities indicated in its Acceptance Declaration in accordance with section 5.5 and the remaining provisions of this offer document, as well as instructs and authorises its Custodian Bank and the Austrian Paying Agent to re-book the Securities referred to in the Acceptance Declaration to ISIN AT0000A1Z9L2 (BUWOG Shares) or ISIN AT0000A1Z9M0 (2016 Convertible Bonds) on the basis of the respective Acceptance Declaration;
- (ii) the Holder of Securities instructs and authorises its Custodian Bank, via the Österreichische Kontrollbank AG (the **OeKB**), to transfer the Securities delivered in connection with the acceptance of the Offer to the securities account maintained by the Austrian Paying Agent for the purposes of settlement of the Offer under the terms of this offer document;
- (iii) the Holder of Securities instructs and authorises the Custodian Bank to instruct and authorise the Austrian Paying Agent to hold the Securities in respect of which it has accepted the Offer and then, against payment of the respective Offer Price to the Austrian Paying Agent, to transfer title thereto to the Bidder;
- (iv) the Holder of Securities, if it has accepted the Offer, authorises and instructs the Austrian Paying Agent to transfer to the Bidder the Securities it has tendered for sale along with all other Securities tendered for sale including, in each case, all such rights that are attached thereto at the time of settlement against payment of the respective

Offer Price to the Austrian Paying Agent; the Austrian Paying Agent shall, for its part, transfer the Offer Price, directly or through the OeKB, to the Custodian Bank, and the Custodian Bank shall credit the Offer Price in respect of the respective Securities tendered for sale to the securities account of the Holder of Securities;

- (v) the Holder of Securities instructs and authorises the Custodian Bank to remove the Securities tendered for sale from the securities account upon crediting of the Offer Price;
- (vi) the Holder of Securities consents to and accepts that during the period commencing on the date of the re-booking of the BUWOG Shares as specified in the Acceptance Declaration to ISIN AT0000A1Z9L2 (for the BUWOG Shares Tendered for Sale) or the 2016 Convertible Bonds specified in the Acceptance Declaration to ISIN AT0000A1Z9M0 (for 2016 Convertible Bonds Tendered for Sale) and ending on the date of receipt of the Offer Price for the tendered BUWOG Shares (ISIN AT00BUWOG001) or 2016 Convertible Bonds (ISIN AT0000A1NQH2), it will not be able to dispose of the Securities and shall only have a claim in respect of payment of the Offer Price as stipulated in this offer document;
- (vii) the Holder of Securities confers powers of attorney to, instructs and authorises its Custodian Bank and the Austrian Paying Agent, and in doing so expressly permits self-dealing (*In-Sich Geschäfte*) under Austrian law and exempts them from the prohibition on self-dealing (*Selbstkontrahieren*) pursuant to Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*, BGB) and to take all such actions as may be expedient or necessary for the settlement of the Offer and to issue and receive declarations, especially in respect of the transfer of title to the Securities to the Bidder;
- (viii) the Holder of Securities instructs and authorises its Custodian Bank and possible intermediate custodians to instruct and authorise the Austrian Paying Agent to convey to the Bidder, on an ongoing basis, information regarding the number of tendered Securities re-booked to ISIN AT0000A1Z9L2 (for BUWOG Shares Tendered for Sale) or to ISIN AT0000A1Z9M0 (for 2016 Convertible Bonds Tendered for Sale) and delivered to the Austrian Paying Agent; as well as
- (ix) its Securities shall, at the time of the transfer of title, be solely owned by it and shall be free and clear of any third party rights or claims.

The declarations, instructions, orders and authorisations referred to in paragraphs (i) to (ix) above are issued irrevocably in the interests of a smooth and expeditious settlement of the Offer. They shall only lapse in the event that the purchase agreement which has come into existence as a result of the acceptance of the Offer is validly rescinded in accordance with section 5.9 or the Offer shall be deemed void in accordance with section 4.2.

5.5 Legal Consequences of Acceptance

By accepting the Offer, an accepting Holder of Securities and the Bidder enter into a conditional agreement regarding the sale of the Securities tendered for sale entailing an obligation to transfer such Securities to the Bidder on the terms set out in this offer document. The aim of the conditional purchase agreements is to bring about the acquisition by Vonovia of the Securities outstanding.

Moreover, by accepting the Offer, the accepting Holders of Securities irrevocably issue the instructions, orders, authorisations and powers of attorney set forth in sections 5.4 of this

offer document as well as make the declarations set forth in the aforementioned section of this offer document.

Upon fulfilment of the conditions precedent or their waiver, each respective acquisition agreement shall become unconditional. Performance of the acquisition agreement (the *Settlement*) by transfer of title (*dinglicher Vollzug*) will be completed following the fulfilment of all the conditions precedent (or the waiver of all such conditions precedent as may be waived in accordance with the offer document) but no earlier than upon Settlement in accordance with section 5.6. With the transfer of title to the tendered Securities, all rights and claims associated therewith will be transferred to the Bidder.

5.6 Payment and Settlement of the Offer

The Offer Price will be paid to the holders of the Securities tendered for sale who have accepted the Offer no later than ten trading days after the Offer becomes unconditionally binding in accordance with section 5.4(iv) against transfer of the Securities. Assuming the fulfilment of all the conditions precedent to be fulfilled by the end of the original Acceptance Period, Settlement will take place on 26 March 2018. Should the condition precedent pursuant to Section 4.1.2 not be fulfilled at the end of the Acceptance Period, the date of settlement will shift accordingly and settlement will take place no later than ten trading days after this condition precedent is fulfilled.

5.7 Additional Acceptance Period

Subject to the fulfilment of all the conditions for consummation to be fulfilled by the end of the original Acceptance Period, the Acceptance Period for all Holders of Securities who have not accepted the Offer within the original Acceptance Period will be extended, pursuant to Section 19 paragraph 3 ÜbG, for three months from the announcement (publication) of the result.

The provisions and statements contained in section 5 shall apply *mutatis mutandis* to the acceptance of the Offer during the Additional Acceptance Period, provided that Securities tendered during such period will receive a separate ISIN and will be designated *BUWOG Shares Tendered for Sale during the Additional Acceptance Period* (ISIN AT0000A1Z9N8) or those 2016 Convertible Bonds tendered until and including the announcement of the change of control by BUWOG at the Custodian Bank *2016 Convertible Bonds Tendered for Sale during the Additional Acceptance Period* (ISIN AT0000A1Z9P3) and those 2016 Convertible Bonds tendered after the announcement of the change of control by BUWOG at the Custodian Bank *2016 Convertible Bonds Tendered for Sale during the Additional Acceptance Period / Reduced Price* (ISIN AT0000A1ZYT5).

Holders of Securities that only accept the Offer during the statutory Additional Acceptance Period pursuant to Section 19 paragraph 3 ÜbG will receive the Offer Price no later than ten trading days after the end of the Additional Acceptance Period. Settlement will be effected in accordance with section 5. For the sake of clarity, it is hereby expressly stated that the payment of the Offer Price for Securities tendered during the Additional Acceptance Period will no longer be subject to the conditions precedent set forth in section 4.1 (with the exception of the merger control clearance referred to in section 4.1.2).

5.8 Settlement Fees

The Bidder shall bear all fees and costs levied by the Custodian Banks that are directly connected with the settlement of the Offer, but in a maximum amount of EUR eight (8) per

deposit. The Custodian Banks shall thus receive a one-off lump-sum payment in the amount of EUR eight (8) per deposit to cover all costs, if any, including but not limited to commission and expenses, and are requested to contact the Austrian Paying Agent. For fees incurred by the conversion of 2016 Convertible Bonds see Section 2.2.

Neither the Bidder nor any party acting in concert with it assumes any liability in relation to a Holders of Securities or a third party for any additional expenses, costs, taxes, stamp duties or other similar levies and taxes in connection with the acceptance and settlement of the Offer in Austria or abroad. Such shall be borne by the Holders of Securities themselves.

Any taxes related to the acceptance and settlement of the Offer shall also be borne by the Holders of Securities themselves.

5.9 Withdrawal Rights of the Holders of Securities in the Case of Competing Offers

If a competing offer is launched during the term of the Offer, Holders of Securities may, pursuant to Section 17 ÜbG, withdraw their acceptance declarations no later than four trading days before the expiry of the original Acceptance Period.

The declaration of withdrawal must be made in writing and should be sent to the Austrian Paying Agent.

Pursuant to Section 19 paragraph 1c ÜbG, the Bidder expressly reserves the right to withdraw from the Offer in the event that another bidder presents a public offer for the Securities of the Target Company.

5.10 Announcements and Publication of the Result

The result of the Offer will be published without undue delay after expiry of the Acceptance Period as an announcement in the official gazette of the newspaper Wiener Zeitung, as well as on the websites of the Bidder (<http://en.vonovia-tob.de>), the Target Company (www.buwog.com) and the Austrian Takeover Commission (*Österreichische Übernahmekommission*) (www.takeover.at).

The same shall also apply to all other declarations and notices of the Bidder relating to the Offer.

6. Future Participation and Business Policy

6.1 Reasons for the Offer

The portfolios of Vonovia and BUWOG are an appropriate fit geographically and complement each other strategically. The BUWOG portfolio includes high value properties in important German cities and regions and, in the opinion of the Bidder, their value could be further increased by means of the Bidder's management platforms, through modernisation measures and as a result of the effects of economies of scale. In addition, BUWOG occupies an important position on the Austrian property market with its attractive portfolio of properties in Austria.

As known, Vonovia successfully completed a voluntary takeover offer in respect of the shares of conwert Immobilien Invest SE (which was converted into a GmbH in December 2017) with its corporate seat in Vienna in March 2017. As a result of the takeover, Vonovia not only has a complementary property portfolio in Germany but also acquired an attractive portfolio in Austria. Following the takeover, it proved possible to realise significant synergies.

The purpose of the Offer is to combine the complementary property portfolios of Vonovia and BUWOG. As a result of the combination and the integration of the BUWOG German property portfolio, Vonovia will further develop its presence in cities that are experiencing dynamic growth. The Bidder also intends to combine its Austrian property portfolio acquired as a result of the takeover of conwert Immobilien Invest SE (now: GmbH) with the BUWOG Austrian portfolio. The Bidder expects that this will significantly bolster the position of BUWOG on the Austrian property market. The joint Vonovia and BUWOG Austrian property portfolio will become much more robust as a consequence of the merger.

6.2 Future Business Policy

With the successful takeover of conwert Immobilien Invest SE (now: GmbH) in March 2017, Vonovia was not only able to expand its portfolio in Germany but also managed to supplement its purely German portfolio with properties in Austria for the first time.

The objective behind the current takeover is to combine the residential property portfolio of the Bidder (about 350,000 housing units) with that of BUWOG (about 49,000 housing units). The integration of BUWOG is expected to result in the leveraging of potential synergies, especially as a result of the joint administration and management of the German and Austrian residential units, the further modernisation of the building stock, the expansion of the value chain and the optimisation of cost structures. The entire Asset Management related to properties located in Austria as a region as well as the current BUWOG "Property Sales" and "Property Development" business are to continue to be managed for Austria as a region by BUWOG with its corporate seat in Austria and for Germany as a region from Berlin.

In this regard, Vonovia intends to conclude appropriate agreements with the Target Company following the successful completion of the takeover offer. The Bidder intends to integrate the Vonovia Austrian property portfolio, which is currently held by conwert Immobilien Invest GmbH, with BUWOG and to integrate the BUWOG German property portfolio with today's Vonovia. The transfer of the respective national property portfolios as well as the conclusion of appropriate business operations agreements are being considered in this regard. All such agreements are to be concluded on an arm's length basis.

Vonovia assumes that upon the successful completion of the Offer, it will have to fully consolidate BUWOG and include it in its consolidated financial statements. To facilitate the inclusion and consolidation of BUWOG, Vonovia aims to bring the current BUWOG financial year, which runs from 1 May to 30 April, in line with that of Vonovia (which corresponds to the calendar year). The corresponding change in the articles of association is to be proposed and resolved at the next annual general meeting.

It is the intention of the Bidder that, for the time being, BUWOG should remain listed on the Vienna Stock Exchange (*Wiener Börse*); thus the Offer does not constitute a delisting offer within the meaning of Section 27e ÜbG. The Bidder expressly states that in the event of a high acceptance rate of the Offer, the minimum free float requirements to admit the shares to the Official Market or to remain in the "Prime Market" segment of the Vienna Stock Exchange (*Wiener Börse*) may no longer be met. Legally, a delisting from the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) is required if the statutory listing requirements according to Section 40 paragraph 1 no. 7 BörseG 2018 (in particular the minimum statutory free float) are no longer fulfilled. The possible termination of trading on the stock market or re-listing in a different market segment could be expected to severely restrict the liquidity of the shares and the setting of market prices for them. The Bidder reserves the right to implement a voluntary change in market segment.

Should the Bidder hold less than 90% but more than 75% plus one share of the registered share capital and of the shares with voting rights following the completion of the Offer, it would be possible to legally effect structural and capital measures under corporate law as well as a delisting. Should the Bidder hold more than 90% of the registered share capital and of the shares with voting rights of the Target Company following the completion of the Offer or at some later point in time, a squeeze-out (*Gesellschafterausschluss*) under the Austrian Squeeze-Out Act (*Gesellschafter-Ausschlussgesetz*) would be legally possible, which could then lead to the squeeze-out of the remaining BUWOG shareholders against payment of an adequate cash compensation within the meaning of the GesAusG and to the delisting of the BUWOG Shares. Currently, the Bidder has not taken any decisions concerning a change of market segment, any structural and capital measures under company law or a squeeze-out.

6.3 Effects on Employment and Headquarters

6.3.1 Headquarters

Due to its good positioning on the Austrian market, BUWOG is to retain its presence on the Austrian market. Following a successful offer, BUWOG will run the entire Asset Management for all properties located in Austria as a region as well as the "Property Sales" and "Property Development" business (for Austria, in each case) as an independent company under the existing business name. The future headquarters of BUWOG at Rathausstraße 1, 1010 Vienna, is to be retained long term.

The future combined group's "Property Development Deutschland" business segment will be managed from Berlin in the future.

6.3.2 Employment

Vonovia and BUWOG attach great importance to the skills and experience of the management of BUWOG and its employees. The combining of existing structures is being considered in connection with the integration of the property holdings of BUWOG and of Vonovia in Germany and in Austria. This will lead to a reduction of affected personnel; however, such headcount reduction is not a priority of this takeover. The focus in this regard will be on organising the management of the Austrian and German portfolios efficiently and profitably under joint leadership.

In the event of the implementation of integration measures as a result of the transaction, measures will be planned to mitigate any negative social impact on employees affected by any such measure. The main elements of such measures, such as a social hardship fund or a training guarantee for apprentices, have been agreed by the Bidder and the Target Company in the BCA.

The Bidder states that issues such as the anticipated impact of the Offer on employees (jobs, employment conditions, the future of sites) are also to be addressed in the statement that is still to be published by the management board and supervisory board of the Target Company in accordance with Section 14 ÜbG.

6.3.3 Management Board

It is the intention of the Bidder that Mr Daniel Riedl, chairman of the management board and chief executive officer (CEO) of the Target Company should also play a key role in the future Vonovia Group, especially with regard to the business in Austria and the property development business. The supervisory board of the Bidder therefore intends, in the event that the takeover offer is successful, to appoint Mr Daniel Riedl to the management board of

the Bidder and to offer him a three-year employment contract on the Bidder's customary terms and conditions, making him responsible for Austria as a region and for the development business.

Mr Daniel Riedl has declared to the Target Company that he does not intend to exercise the extraordinary right of termination that he would be entitled to as a result of the change of control at the Target Company resulting from the consummation of the offer to the extent he is appointed to the management board of the Bidder and receives an employment contract on the terms and conditions referred to above. The Target Company and Mr Daniel Riedl have informed the Bidder that, in such case, they will terminate the employment agreement with Mr Daniel Riedl by mutual consent and without severance pay simultaneously with the conclusion of the employment agreement with the Bidder.

Mr Andreas Segal, the deputy chairman of the management board and chief financial officer (CFO) has declared to the Target Company that he does not intend to exercise the extraordinary right of termination that he would be entitled to as a result of the change of control at the Target Company resulting from the consummation of the offer and to be available to the Target Company until 30 June 2018 and thus, at least until the completion of the transaction following the expiry of the Additional Acceptance Period, and, at the request of all involved, to provide support with the implementation of the transaction planned by Vonovia and endorsed by BUWOG. The Bidder and the Target Company assume and have declared that they are in agreement that the supervisory board of the Target Company will approve the termination of the employment contract with effect from the end of 30 June 2018 and the payment of an appropriate amount of severance pay, especially as compensation for the remaining term of the employment contract and for the waiver of the exercise of the extraordinary right of termination. The Bidder was informed that the conditional termination agreement between Mr Andreas Segal and the Target Company was concluded on 25 January 2018.

The Bidder and the Target Company assume that Mr Herwig Teufelsdorfer, member of the management board and chief operating officer (COO) of the Target Company will continue to be available for the management of the Austrian business at the Target Company (portfolio management, including the "Property Sales" business).

The Target Company operates long-term incentive programmes for the management board that are either financially linked to the BUWOG share price or confer an entitlement to the delivery of BUWOG shares on preferential terms. In the event of a successful takeover, the incentivising effect of the programmes will no longer apply in the opinion of the Bidder and the supervisory board of the Target Company.

The Target Company has informed the Bidder that the supervisory board of the Target Company has resolved to prematurely terminate the incentive programmes with the consent of the eligible management board members with effect from the end of the current financial year of the Target Company (30 April 2018) in cash and, in doing so, will take into account the Offer Price. The premature termination is subject to the successful consummation of the takeover offer in respect of the BUWOG Shares tendered during the original Acceptance Period. The Bidder has endorsed the means for the premature termination and cash settlement of the incentive programmes.

6.3.4 Supervisory Board

Five of the six members of the BUWOG supervisory board currently elected by the general meeting have declared that in the event that the Offer is successful, they will resign with effect from the end of the 2018 Extraordinary General Meeting (as defined below).

In the event that the Offer is successfully completed, the Bidder therefore intends, in the spirit of good corporate governance, to procure new appointments to the supervisory board in order to reflect the new shareholder structure, i.e. that Vonovia is the majority shareholder as well as the fact that there will probably continue to be minority BUWOG shareholders.

In this regard, the Bidder and the Target Company have agreed in the BCA that an extraordinary general meeting of BUWOG should be convened, likely for April or the beginning of May 2018 (the **2018 Extraordinary General Meeting**), to hold new elections for five of the six members of the supervisory board of the Target Company elected by the general meeting. Five suitable individuals designated by the Bidder should be proposed for election to the supervisory board. The Bidder thus intends to ensure that at the 2018 Extraordinary General Meeting, the persons designated by it will be elected to the supervisory board and will therefore form a majority on the supervisory board. In addition, one of the supervisory board positions up for election at the general meeting should remain filled by a person who has not been proposed by the Bidder so that the minority shareholders of the Target Company will also be represented in the supervisory board in future. In the event that the Offer is successful, the chairman of the supervisory board should be a person proposed by the Bidder.

It is the intention of the supervisory board of the Bidder, following the completion of the takeover offer in respect of BUWOG Shares tendered during the original Acceptance Period, to propose the election of the current chairman of the supervisory board, Mr Vitus Eckert, as a new member of the Vonovia supervisory board.

6.4 Transparency of the Bidder's Commitments to the Target Company's Representatives

With the exception of the provisions contained in sections 6.3.3 and 6.3.4, neither the Bidder, nor persons acting in concert with the Bidder, have granted, offered, or promised any pecuniary benefits to remaining or departing members of the management board or supervisory board of the Target Company in connection with the Offer.

7. Further Information

7.1 Financing of the Offer

Based on the offer of a Share Offer Price of EUR 29.05 per BUWOG Share and a Convertible Bond Offer Price of EUR 115,753.65 for each nominal amount of EUR 100,000 for 2016 Convertible Bonds tendered during the Acceptance Period, and taking into account the expected transaction and handling costs, the Bidder is looking at a total (cash) financing volume for the Offer of about EUR 3.64 billion if all the Holders of Securities accept the Offer. Vonovia has sufficient funds for financing the Offer in respect of all the Securities covered by the Offer and has ensured that these funds will be available in due time for the fulfilment of the Offer.

7.2 Tax Information

Income taxes and any other taxes, which are not deemed to be transaction costs, will not be borne by the Bidder.

The following information is of relevance to Holders of Securities that are tax resident in Austria or are subject to a limited tax liability in Austria. The following information shall only give a general overview of the implications with regard to Austrian income tax

legislation arising directly from the sale of the Securities for cash. No information can be given on the taxation of individual Holders of Securities. Holders of Securities are advised that the summary is based on Austrian domestic tax laws in force and as applied in practice at the time the Offer was published. This can change as a result of changes in the legal system or the application of the law in practice by the Austrian tax authorities, even with retroactive effect.

In view of the complexity of Austrian tax legislation, Holders of Securities are therefore advised to consult their tax advisors about the tax consequences of the acceptance of the Offer. Only such tax advisors are in a position to adequately take into account the special tax situation of the individual Holder of Securities.

7.2.1 Natural Persons

The acceptance of the Offer constitutes a disposal by Holders of Securities.

If the BUWOG Securities are held as private property by a natural person with an unlimited tax liability in Austria, the following applies with regard to the tax consequences of the acceptance of the Offer and/or the associated disposal in each case:

If the BUWOG Securities were acquired against payment after 31 December 2010 (so-called “New Holdings” (*Neubestand*)), the realisation process connected with the acceptance of the Offer generally gives rise to a tax liability in accordance with Section 27 paragraph 3 of the Austrian Income Tax Act (*Einkommensteuergesetz, EStG*). The tax base of the capital gains in principle amounts to the sale proceeds less the acquisition costs incurred by the respective Holder of Securities. No other associated expenses can be treated as tax deductible expenses. The resulting income is subject to a special tax rate of 27.5%.

If the disposal is realised by a domestic custodian agent or by a domestic paying agent, the income tax is collected by way of withholding tax (*Kapitalertragsteuer*). The income tax liability of the Holder of Securities in respect of such investment income (*Einkünfte aus Kapitalvermögen*) is extinguished with the deduction of the withholding tax in the amount of 27.5%. If no Austrian withholding tax is collected (because the custodian agent is located abroad, for example), the income received by the Holder of Securities is to be declared in the tax returns of the Holder of Securities and taxed in accordance with applicable general principles. The resulting income tax in such a case is also subject to a special tax rate of 27.5%. The setting off of losses incurred on disposal is subject to considerable restrictions.

Instead of the special rate of taxation, income can be taxed using the progressive rate of taxation upon application (so-called “regular taxation option” (*Regelbesteuerungsoption*)). If the effective tax rate is less than 27.5% in the context of tax assessment, the income subject to the special tax rate can in principle be taxed applying the progressive rate of taxation by way of tax assessment. The regular taxation option can only be exercised in respect of all income that is subject to the special tax rate.

BUWOG Shares that were acquired against payment up to and including 31 December 2010 (so-called “Old Holdings” (*Altbestand*)) are essentially subject to the previous taxation regime applicable to speculative transactions within the meaning of Section 30 EStG in the version of the 2011 Austrian Public Finance Act (*Budgetbegleitgesetz 2011, BGBl I 2010/111*) (the **BBG 2011**). In such case, the acceptance of the Offer will not give rise to a tax liability because of the expiry of the one-year speculation period in accordance with Section 30 EStG (old version). Old Holding shares that meet the conditions set forth in Section 31 EStG in the version of the BBG 2011 (rule applicable if the vendor’s holding has amounted to at least 1 per cent within the past five years) are, however, subject to taxation. If

such holdings referred to in Section 31 EStG in the version of the BBG 2011 were, however, acquired before 1 January 2011, they are exempt from the withholding tax obligation.

In the case of Securities held as business assets, acceptance of the Offer will give rise to a tax liability irrespective of whether the shares are treated as New Holdings or as Old Holdings. The applicable rate of taxation is 27.5%. An obligation in respect of deduction of withholding tax only exists in the case of New Holding shares if a domestic custodian agent or paying agent is involved and realises the disposal.

7.2.2 Corporate Holders of Securities

Both income and capital gains realised by corporations with an unlimited tax liability in Austria qualify as commercial profits (*Einkünfte aus Gewerbebetrieb*). Capital gains realised from the sale of Securities are therefore subject to the 25% corporate income tax rate.

Losses from the disposal of shares held as fixed assets may be offset against business profits of the business year of the sale and the following six business years on a *pro rata* basis (i.e. one seventh per business year), provided that the alienator proves that the loss is not connected to the use of income (e.g. a dividend distribution) by the Target Company. Losses in respect of fixed assets can be deducted immediately insofar as hidden reserves from the disposal of other holdings held as fixed assets have been realised with taxable effect during the same accounting period. Losses realised on the sale of Securities which are held as current assets are, however, tax deductible in their full amount for the year in which the shares were sold.

7.2.3 Partnerships

Partnerships as such are not taxable. If Securities held as assets by an Austrian partnership are sold, the profits or losses from such disposals are attributed to the individual partners. The tax treatment of capital gains or losses depends on whether the respective partner is an individual person or corporation as well as on whether the individual partner has an unlimited or limited tax liability in Austria.

7.2.4 Non-Austrian Resident Shareholders

Holders of Securities that are not resident for tax purposes in Austria under Austrian taxation law are only subject to tax on capital gains realised in connection with the acceptance of the Share Tender Offer if they (or their predecessors in the case of a gratuitous acquisition) at any time during the five years preceding the sale of shares held a holding of 1% or more in BUWOG. In such case, they are exempt from the withholding tax. The shareholders are therefore required to disclose the income in their tax returns.

Austria can, however, be prevented from the exercise of the right of taxation as a result of treaty provisions. However, in the case of shareholders tax-resident in a country that has entered into a Double Taxation Treaty with Austria, the capital gains may frequently not be taxed in Austria under the respective Double Taxation Treaty. The tax implications then depend on the taxation regime in the country of residence of the respective shareholder. If Securities are held as business assets of a permanent establishment in Austria, the same principles generally apply, both on the basis of the provisions of inter-state agreements as well as of treaties, with respect to the taxation of capital gains, as in the case of a person that is resident for tax purposes in Austria and holds shares as a business asset.

7.3 Applicable Law and Jurisdiction

The present Offer and its settlement, in particular the concluded purchase and transfer agreements for shares, as well as non-contractual claims arising from or in connection with the Offer, are governed exclusively by Austrian law, under the exclusion of the conflict of laws rules of Austrian private international law and UN sales law.

The competent court in 1010 Vienna (*Innere Stadt*) shall have exclusive jurisdiction, except in the case of consumer contracts.

7.4 Restriction of Publication

Other than in compliance with applicable law, the publication, dispatch, distribution, dissemination or granting access to this offer document or other documents connected with the offer outside the Republic of Austria is not permitted. The Bidder does not assume any responsibility for any violation of the above-mentioned provision. In particular, the Offer is not being made, directly or indirectly, in the United States of America, its territories or possessions or any area subject to its jurisdiction. Further, this Offer is not being made, directly or indirectly, in Australia or Japan, nor may it be accepted in or from Australia or Japan. This offer document does not constitute a solicitation to offer shares in the Target Company in or from any jurisdiction where it is prohibited to make such offer or solicitation or where it is prohibited to launch an offer by or to certain individuals. BUWOG shareholders who come into possession of the offer document outside the Republic of Austria and/or who wish to accept the offer outside the Republic of Austria are advised to inform themselves of the relevant applicable legal provisions and to comply with them. The Bidder does not assume any responsibility in connection with an acceptance of the offer outside of the Republic of Austria.

7.5 German Version to Govern

This offer document was prepared in a German version. The only binding and authoritative document is the German language offer document. The English convenience translation of the offer document is provided for information purposes only and is not binding.

7.6 Advisors to the Bidder

The following advisors to the Bidder were, *inter alia*, engaged:

- As legal advisor to the Bidder and as representative of the Bidder vis-à-vis the Austrian Takeover Commission (*Österreichische Übernahmekommission*):

Freshfields Bruckhaus Deringer LLP
Attorneys at Law
Seilergasse 16
1010 Vienna
Austria

- As advisor to the Bidder and independent expert according to Section 9 ÜbG:

KPMG Alpen-Treuhand GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Porzellangasse 51

1090 Vienna
Austria

- As financial advisors to and investment bank for the Bidder:

J.P. Morgan Securities plc.
25 Bank Street, Canary Wharf
London E14 5JP
United Kingdom

- As further financial advisors to the Bidder:

Kempen & Co N.V.
Beethovenstraat 300
1077 WZ Amsterdam
The Netherlands

VictoriaPartners GmbH
Eschersheimer Landstraße 14
60322 Frankfurt am Main
Germany

7.7 Further Information

For information regarding the settlement of the Offer, please contact UniCredit Bank Austria AG, Schottengasse 6-8, 1010 Vienna, Austria, E-Mail: 8473_Issuer_Services@unicreditgroup.at.

Further information can be obtained from the website of the Bidder (www.vonovia.de), the Target Company (www.buwog.com) and the Austrian Takeover Commission (Österreichische Übernahmekommission) (www.takeover.at). Any information on these websites is not part of this offer document.

7.8 Information on the Bidder's Expert

In December 2017, the Bidder designated KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, registration number FN 269874 z, Porzellangasse 51, 1090 Vienna, Austria, as its expert pursuant to Section 9 ÜbG.

Bochum, 5 February 2018

Vonovia SE

Rolf Buch, CEO

Prof. A. Stefan Kirsten, CFO

Confirmation by the Expert pursuant to Section 9 ÜbG

According to our investigation pursuant to Section 9 paragraph 1 of the Austrian Takeover Act (*Übernahmegesetz, ÜbG*), we have come to the conclusion that the voluntary public takeover offer to acquire a controlling interest pursuant to Section 25a ÜbG made by Vonovia SE as bidder to the Holders of Securities issued by BUWOG as the Target Company is complete and complies with applicable law, and in particular the statements made with respect to the consideration offered comply with legal requirements.

The Bidder has the necessary financial means to satisfy in full all terms and obligations under the Offer in due time.

Vienna, 18 January 2018

KPMG Alpen-Treuhand GmbH,
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft