

HB Reavis Holding S.á r.l. („HB Reavis“)

FINANCIAL HIGHLIGHTS FOR SIX MONTHS TO 30 JUNE 2017 AND QUARTERLY BUSINESS UPDATE FOR THREE MONTHS TO 30 SEPTEMBER 2017

18th October 2017

HB Reavis, 3rd largest European office developer, as ranked by leading pan-European real estate magazine Property EU, today comments on its financial highlights for the six months to 30 June 2017 and releases quarterly business update for the three months to 30 September 2017.

Marian Herman, Chief Financial Officer, said: “Our financial results for the first half of the year were solid. We are progressing well with our iconic projects both in Warsaw and Bratislava and that progress contributed positively to our profitability. We have achieved a net profit of €34.5 million for the first six months of the year which is by €32.3 million higher compared to the same period last year. Despite carrying out the largest acquisition in HB Reavis’ history, we are very diligent in operating within the framework of our financial policy and our results demonstrate that. Our net debt leverage reached 31.4% which is slightly below our 35%-target, and our cash balance stood at 6.9% which is in line with our 5% cash maintenance level. Total balance-sheet amount was up by 1.7% on 30 June 2017 vs end of 2016 despite accounting deconsolidation of HB Reavis CE REIF fund that resulted in decrease of assets worth €183.7m. Deconsolidation of HB Reavis CE REIF fund from HB Reavis financial statements occurred more than 6 years since the fund establishment. Our financial results were not negatively impacted by the change in the fund accounting treatment but rather reflect positive progress in our business activities, which continued to be strong in the third quarter. Despite that we are in negotiations concerning several acquisitions, no acquisition materialized in the reported period. We progressed well in commercialization of our assets, particularly with respect to West Station II in Warsaw where we obtained occupancy permit, and achieved 63% occupancy at completion. We signed up total amount of 17 thsd. sq m of leases bringing the year to date commercialization to 67 thsd. sq m. Also, we reached another success on the financing front by successful issuance of bonds with a tenor of 10 years in the amount of €45.0m in Slovakia and second tranche from our Polish bond programme in the amount of €51.9m (PLN 220m). In addition, we proved to bond investors that we are long-term reliable partner by exercising a call option and repaying the first bonds issued in 2013 in Poland ahead of original maturity in November this year. In the area of divestments, we signed a letter of intent on a prospective sale of LC Lovosice project, which is our last remaining logistics project. The discussion on the divestment of Gdanski BC C and Gdanski BC D in Warsaw are well progressing with the aim to finalize the transaction by end of 2017. In line with the agreement with the buyer, we expect to complete 33 Central by early November and exchange the payments shortly thereafter.”

Financial highlights for the six months until 30 June 2017:

1) Key Financial Highlights

- €34.5m in net profit vs €2.2m in net profit in 1H 2016; 1H 2017 results were driven by our solid underlying business performance whereas 1H 2016 performance was significantly influenced by negative currency movements as a result of the UK referendum
- €41.4m in operating profit vs €80.9m in 1H 2016; driven mostly by progress on development and commercialization of assets, net operating income from our income-producing assets and gain on a disposal of subsidiaries connected with deconsolidation of HB Reavis CE REIF fund
- Total assets at €2.14 billion vs €2.11 billion at the end of 2016; balance sheet expanded despite the negative impact of €183.7m from de-consolidation of HB Reavis CE REIF fund

- Total shareholders' return 2.8% vs negative 1.9% for 1H 2016; shareholders return driven by increase in Net Asset Value of €20m and dividend payment of €13.6m which is in line with the financial policy being less than annualized 3% of Net Asset Value
- Net Asset Value €1.24 billion vs €1.22 billion at the end of 2016; Net Asset Value was driven primarily by positive business results
- Net Debt Leverage at 31.6% vs 17.4% at the end of 2016; our balance sheet remained strong with net debt leverage standing below our 35%-target
- Cash reserves amounted to €147.8m vs €316.4m at the end of 2016; slightly above our 5% cash maintenance level

2) Balance Sheet

Strong Balance Sheet position

- Cash reserve at the end of June 2017 amounted to €147.8m, or 6.9% of the total balance sheet
- Net debt leverage ratio close to our target capital structure at 31.6%
- Net Asset Value increased slightly to €1.24 billion as a result of positive returns from the business

3) Income Statement

€41.4m in operating profit vs €80.3m in 1H 2016

- The main drivers of our operating profit were:
 - €18.5m positive revaluation of our Slovakian assets Twin City B, Twin City C, Twin City Tower, Nivy Tower and Stanica Nivy due to development and leasing progress
 - €16m positive revaluation of our iconic Varso Place due to progress in development
 - The operating profit has been negatively impacted by €14.1m currency movements, in particular by appreciation of Polish Zloty and Czech Crown and by €10.0m one-off higher capital expenditures incurred on our 20 Farringdon project
 - €20.1m gain on subsidiaries as a result of de-consolidation of HB Reavis CE REIF fund
 - €15.7m Net Operating Income from our income-producing portfolio

Change in accounting treatment of HB Reavis CE REIF fund:

- HB Reavis set up HB Reavis CE REIF fund in 2011, seeded the fund with income-producing assets and was subsequently selling stakes in the fund to third-party investors
- HB Reavis was holding a stake in the fund that required the fund to be consolidated in HB Reavis consolidated financial statements
- As of June 2017, HB Reavis held minority stake in HB Reavis CE REIF fund and therefore change in accounting treatment was needed, resulting in the fund no longer being consolidated in HB Reavis financial statements

De-Consolidation of HB Reavis CE REIF fund had the following impact on the 2017 figures:

- Total assets decreased by €183.7m compared to the end of 2016 figures
- Total liability decreased by €176.8m compared to end of the 2016 figures which was result of a decrease in borrowings by €113.1m and decrease in Other Indebtedness by €63.7m

- Net Operating Income decreased by €9.5m compared to 1H 2016
- HB Reavis recorded a gain of €20.1m as a result of de-consolidation

Quarterly business update for the three months until 30 September 2017

1) Acquisitions

- We have not made any new acquisition in third quarter 2017 but we're intensively working on several opportunities that are likely to complete over the next few months

2) Commercialization of assets

- 15 projects totaling 377 thousand sq m GLA represented our income producing portfolio in four countries: Apollo Business Center III, Apollo Business Center V, Twin City B, Twin City C, Centrum Bottova and H-Business Center in Slovakia, Metronom Business Centre, Mercuria and LC Lovosice in Czech Republic, Postepu 14, Gdanski Business Center C, Gdanski Business Center D, West Station I and West Station II in Poland and One Waterloo in United Kingdom. Market value of these projects amounted €1.1bn as of end of June and weighted average occupancy stood at 89% as of September.
- Total 17 thousand sq m of leases including renewals were signed during the third quarter 2017. In addition, SAP exercised an expansion option for 2.5 thousand sq m in project Metronom Business Center, Czech Republic. Annual passing rent stemming out of these leases, excluding voids and rent-free periods, represents €3.3m including the expansion option. The biggest new tenants include names such as: HubHub (2.4 thsd sq m, Twin City C, Bratislava), LoanMe (1.5 thsd sq m, West Station II, Warsaw), Martinus (1.1 thsd sq m, Stanica Nivy, Bratislava)

3) Financing

- During the 3Q 2017, HB Reavis has drawdown the total amount of €74.7m in new external debt financing bringing the total year to date amount to €456.1m. Out of €74.7m drawdown in 3Q 2017, the bank financing represented €10.6m and additional new €64.1m was raised from debt capital markets, both in Slovakia and Poland.
- HB Reavis successfully issued secured bond in the amount of €45m, with 10-year tenor and 4.45% coupon rate
- HB Reavis successfully issued second unsecured tranche out of Polish bond program with a 4.5-year tenor and coupon 4.2% over 6M Wibor (hedged EUR rate of 4.05%) in the amount of PLN 220m (€51.9m)
- We have successfully repaid our first issue in Poland early in August in the total amount of €33m ahead of original maturity in November 2017

4) Completions and developments progress

- 11 development schemes with about 421 thousand sq m of GLA were under construction (or demolition) in four countries, namely: Varso Place (consisting of Varso I, Varso II and Varso Tower) in Warsaw, Poland, Twin City Tower, Nivy Tower & Stanica Nivy in Bratislava, Slovakia, 33 Central, 20 Farringdon and Cooper & Southwark in London, United Kingdom, Agora Hub & Agora Tower in Budapest, Hungary. Estimated future gross development value of these projects amounts to around €2.1bn.

- We have completed West Station II in Warsaw and obtained the occupancy permit. The current occupancy of the property stands at 63%.
- We expect the practical completion of project 33 Central and in exchange of payments to materialize 4Q 2017
- We have progressed with our permitting process where we gained a Zoning Permit on our projects in Warsaw: Burakowska Street I and Burakowska Street II

5) Divestments

- The negotiation for prospective sale of Gdanski Business Center building C and D, Warsaw consisting of 52.5 thousand sq m of GLA is on track and we expect the closing of the transaction in upcoming months.
- We have entered into exclusive negotiation for prospective sale of LC Lovosice, Czech Republic consisting of 43.5 thousand sq m of GLA by signing of the letter of intent.

6) HubHub

- Our co-working business line, HubHub, has been established with two new locations opened in Bratislava and Warsaw, offering more than 3.4 thousand sq m of supportive and dynamic office and event space, currently already home to 160 members.

Forward-Looking Statements

Certain statements contained in this release are “forward-looking”, based on current view on our markets, activities and prospects and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. In addition, we, through our management, from time to time, make forward-looking public statements concerning our expected future operations and performance and other developments. All forward-looking statements included in this release are made only as of the date hereof and no representation, assurance, guarantee or warranty is given in relation to them and HB Reavis assumes no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors.

About HB Reavis

HB Reavis’ mission is to bring remarkable experiences to people’s lives through our real estate solutions.

The people who experience our developments are our main focus - our aim is to deliver great spaces that enhance productivity, well-being and overall experience for those that use them as well as the surrounding communities. As an integrated pan-European developer we design, build and manage our buildings; we also act as investment manager and manage spaces for co-working. We operate in the UK, Poland, the Czech Republic, Slovakia and Hungary while exploring development opportunities in Germany and Turkey.

Since HB Reavis was founded in 1993 we have successfully delivered 1 million sq m of commercial space. We have further developments totaling more than 1.2 million sq m, with planned value of €5,7 billion. Our portfolio comprises more than 87 per cent modern workspace, making us one of the European leaders in workplace solutions across the continent. Another 11 schemes are under construction, with a leasable area of 421,000 sq m and value of €2,1 billion.

With capital exceeding €1,2 billion and staff of more than 600 people, we're proud to say that HB Reavis is among the European market leaders in real estate.

The exceptionally high standards we set in terms of development quality and sustainability have been recognised internationally with a series of awards, including "Best Employer in Poland" - awarded in 2016 by AON Hewitt, "Best Developer in CEE 2017" in the CEE Quality Awards and "Best European Office Developer 2016" in the World Finance awards.

More details at <http://www.hbreavis.com>