

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

QUARTERLY BUSINESS UPDATE FOR THREE MONTHS TO 30 JUNE 2018

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2nd August 2018

HB Reavis, Europe’s leading innovative workspace provider, today announces quarterly business update for three months to 30 June 2018

Peter Pecnik, Head of Corporate Finance, said: “We have accomplished another important milestone in HB Reavis’ geographical expansion in the second quarter 2018 by making first two acquisitions in Germany, one in Berlin and one in Dresden, after almost two years of scouting the market for new opportunities. We expect that these development opportunities, will allow us to deliver jointly more than 85 thousand sq m of GLA, predominantly office space. In London, we completed third project by achieving practical completion on 20 Farringdon during this quarter. 20 Farringdon has also been chosen as a project where we plan to bring HubHub, our co-working business line, thus expanding this service division in the UK as well. During the reviewed quarter, we performed strongly in commercialization of our properties and were able to sign 43.8 thousand of sq m of new leases bringing the total amount of new leases to 81 thousand sq m for first half of 2018 which is by 31 thousand sq m higher compared to the same period last year. Particularly, we signed a lease contract with real estate CBRE’s Global Workplace Solutions division for the whole building of Cooper & Southwark and concluded a lease contract with an international blue-chip technology company taking up majority of Twin City Tower in Bratislava, making the building fully leased ahead of its planned completion in the 3Q/2018. Overall progress on Cooper & Southwark during the quarter has been phenomenal. In addition to the achieved practical completion, entering into the lease for the whole building, we’ve received an unsolicited purchase offer from a private investor which we decided to accept and completed the divestment of the project still in the second quarter. Further, we completed divestment of Metronom BC, in a transaction that became the single biggest investment transaction in Czech Republic this year so far to an investor, ČS nemovitostní fond, managed by Česká spořitelna’s REICO investiční společnost (member of Erste Group) who bought already a second project from us. In addition to the successful divestments of Metronom BC and Cooper & Southwark, we are still working on the divestment of Gdanski Business Center C&D which we believe will materialize in the coming weeks in 3Q 2018 and we’ve entered into exclusive negotiation for prospective sale of West Station I and West Station II, Warsaw. Furthermore, we are expanding our HubHub business and we had fully operational 3.3 thousand sq m in Bratislava and Warsaw at the end of June and in addition, HubHub earmarked for 20 Farringdon (as mentioned above), we have signed leases for additional new locations amounting to 15.9 thousand sq m in Bratislava, Prague, Budapest and Warsaw which we are launching during the summer and in early autumn.”

Quarterly business update for the three months until 30 June 2018

1) Acquisitions

- We made first two acquisitions in Germany, in Berlin and Dresden. In Berlin we invested in a development opportunity which we expect will allow us to develop 45 thousand sq m of future, predominantly office, GLA. We expect the start of the construction later this year with envisaged delivery in 2020.
- The location of the second plot is in Dresden whereas we bought a land plot for which we will be working on a new concept with a plan to receive permit in coming years. We envisage we will be able to develop a future GLA of approximately 40.5 thousand sq m predominantly of office space.

2) Leasing activity

- As at the end of 2Q 2018, the group owned 13 income producing office properties across four countries totaling 318 thousand sq m GLA: Apollo Business Center II, Twin City B, Twin City C, Centrum Bottova and H-Business Center in Slovakia, Mercuria (temporary income producing asset) in Czech Republic, Postepu 14, Gdanski Business Center C, Gdanski Business Center D, West Station I and West Station II in Poland and 20 Farringdon and One Waterloo (temporary income producing asset) in United Kingdom. Market value of these projects amounted €1.1bn (including One Waterloo and Mercuria) as of December 2017 and weighted average occupancy stood at 93% as of end June 2018.
- Total 43.8 thousand sq m of leases including renewals were signed during the second quarter 2018 bringing the total number for first two quarters to 81 thousand sq m which marks the strong first half of the year. Annual passing rent stemming out of these leases, excluding voids and rent-free periods, represents €12.4m for the leases signed in 2Q 2018 and €20.9m for the leases signed in 1H 2018. The biggest tenants signed in the quarter include names such as:
 - Blue chip technology company (Twin City Tower, Bratislava Slovakia)
 - CBRE (Cooper & Southwark, London, United Kingdom)
 - Astra Zeneca - expansion (Postepu 14, Poland)

3) Financing

- During the second quarter 2018, we have drawdown the total amount of €69m in new external debt financing and €86m during the first half of 2018.
- The Group repaid €97.5m of project finance loans related to divestments of Cooper & Southwark and Metronom BC projects.
- At the end of the quarter, we had €250.9m of bank financing commitments earmarked for the projects Varso Place, Nivy Tower and 20 Farringdon.

4) Completions and developments progress

- 8 development schemes with about 345 thousand sq m of estimated GLA were under construction (or demolition) in three countries, namely: Varso Place (consisting of Varso I, Varso II and Varso Tower), Twin City Tower, Nivy Tower & Nivy Station in Bratislava, Slovakia, Agora Hub & Agora Tower in Budapest, Hungary. Estimated future gross development value of these projects at practical completion and subject to full commercialization amounts to around €1.6bn.
- At the beginning of the quarter, we achieved practical completion on 20 Farringdon and thus completed the development of third project in London. 20 Farringdon has been chosen as our first UK location for HubHub taking up approximately 45% of the building.

- We began preparatory works on our project Burakowska I&II in Warsaw and expect the start of the construction in coming weeks. Once completed, we expect the project will bring approximately 79.7 thousand of mainly office GLA.

5) Divestments

- The negotiation for prospective sale of Gdanski Business Center buildings C and D, Warsaw consisting of 52.5 thousand sq m of GLA is on a good track and we expect the closing of the transaction in upcoming weeks.
- The sale of Metronom Business Center, Prague consisting of 34.0 thousand sq m of GLA completed and we closed the transaction in June which was the biggest office investment transaction in Czech Republic this year. The investor is ČS nemovitostní fond, managed by Česká spořitelna's REICO investiční společnost (member of Erste Group) who bought already a second project from the Group, the first being Forum BC in Bratislava.
- In 2Q 2018, we received an unsolicited offer from a private investor, which we decided to accept. The transaction has been one of the fastest divestment transactions in HB Reavis history whereas we were able to accept the offer, sign the Letter of Intent and close the transaction within one quarter. As a result, Cooper & Southwark became already our second project in the UK which we developed, commercialized and divested.
- We have entered into exclusive negotiation for prospective sale of West Station I and West Station II, Warsaw jointly consisting of 69 thousand sq m by signing the letter of intent. West Station I and West Station II are our JV projects where the Group holds share of 70.66% and 71.90% respectively.

6) Comments on new strategic initiatives

HubHub

- HubHub business line is expanding continuously and as of 30 June 2018 we had fully operational two locations in Bratislava and Warsaw amounting to 3.3 thousand sq m, and signed 15.9 thousand of sq m of additional new space in Bratislava, Warsaw, Prague as well as Budapest which we expect to put in operations in coming months.
- Additionally, HubHub will be leasing approximately 45% of building in 20 Farringdon, London whereas the signing of the lease agreement is expected in coming weeks.
- HubHub ended the second quarter 2018 with more than 230 members spread across two fully operational locations.

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

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