HB Reavis Holding S.A. („HB Reavis“)

FINANCIAL HIGHLIGHTS FOR SIX MONTHS TO 30 JUNE 2018 AND QUARTERLY BUSINESS UPDATE FOR THREE MONTHS TO 30 SEPTEMBER 2018

6th November 2018

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HB Reavis, Europe´s leading innovative workspace provider, today comments on its financial highlights for the six months to 30 June 2018 and releases quarterly business update for the three months to 30 September 2018.

Peter Andrasina, Head of Corporate Financing, said: “Our financial performance for the first half of the year was rather strong, reflecting the positive progress in our development activities and commercialization across most of our markets, as well as our continued agenda of divestments. As a result of these, we have achieved a net profit of €84.5 million for the first six months of the year, which is by €50.3 million higher than the profit for the same period last year and already higher compared to the full 2017 year. The strong profit growth was driven mainly by significant increase in revaluation gain due to the positive progress in our business activities. Net Asset Value grew by €67.8 million since the year end 2017, as a result of strong profits and conservative dividend payments. Positive results were delivered within the framework of our financial policy, whereas we ended the second quarter with a net debt leverage of 29.7%, slightly higher than 26.7% at year-end 2017 but still below our target of 35%. Our cash balance stood at 8% of the balance sheet in line with our 5% maintenance level.

Turning to the third quarter business achievements, we have successfully concluded our fifth acquisition in London of approximately 14,600 sq m Crossrail Over-Site Development (OSD) at Farringdon West, located in the heart of Clerkenwell in Central London. The scheme has been designed with clear focus on delivering the highest quality and placing user wellbeing at the centre of the development. During the third quarter we also completed the development of Twin City Tower office property in Bratislava, which has 94% occupancy with a single large tenant occupying the majority of the building. This project is the newest addition to the new Nivy Zone large scheme development in Bratislava, with a total GLA of 390 thousand sq m across 12 buildings. We continue to perform strongly on the commercialization front as well by leasing 16 thousand sq m of GLA; mostly related to Nivy Mall, Varso Place and 20 Farringdon. In the area of divestments, we completed the sale of two of our Warsaw projects, Gdanski Business Centre II - C and D, for over €200m which became one of the largest transactions in Poland this year. The buyer was Savills Investment Management (Savills IM) who acted on behalf of a global pension fund client, who also bought the first phase of Gdanski Business Centre I (buildings A and B). Following the signing of the letter of intent, the exclusive negotiation for the prospective sale of West Station I and West Station II in Warsaw are also well progressing with the aim to finalize the transaction in coming months.”

Financial highlights for the six months until 30 June 2018:

1) Key Financial Highlights

- €84.5m in net profit vs €34.2m in net profit in 1H 2017; Increase in net profit was mostly driven by our solid underlying business performance despite slightly negative impact from FX losses (caused by weaker PLN and HUF)
- €145.2m in operating profit vs €41.4m in 1H 2017; driven mostly by progress on development and commercialization of assets including completion of two our UK assets Cooper & Southwark and 20 Farringdon
- Total assets at €2.33 billion vs €2.28 billion at the end of 2017; balance sheet expanded due to higher profits and its retention in the company.
- Total shareholders' return 6.6% vs 2.8% for 1H 2017; shareholders return driven by increase in Net Asset Value of €67.8m and dividend payment of €10.0m which is in line with the financial policy being less than annualized 3% of Net Asset Value
- Net Asset Value €1.34 billion vs €1.27 billion at the end of 2017; increase in Net Asset Value was driven primarily by positive business results
- Net Debt Leverage at 29.7% vs 26.8% at the end of 2017; our balance sheet remained strong with net debt leverage standing below our 35%-target
- Cash reserves amounted to €187.7m vs €279.1m at the end of 2017; slightly above our 5% cash maintenance level

2) Operating Profit Breakdown
€145.2m in operating profit vs €41.4m in 1H 2017

- The main driver of our operating profit was the revaluation gain which was higher by €131.5m compared to 1H 2017:
  - €51.1m positive revaluation of our Polish assets - mainly related to the development and leasing progress of Varso Place
  - €41.2m positive revaluation of our UK assets – mainly related to the development completion and commercialization of 20 Farringdon and Cooper & Southwark
  - €39.9m positive revaluation of our Slovak assets – mainly related to the development progress and commercialization of Twin City Tower as well as Nivy Mall and Nivy Tower
  - €22.8m of net operating income from our income-producing portfolio was higher by €7.1 million compared to last year mainly related to the lapse of rent-fall periods and additional income from One Waterloo compared to the same period last year.

Quarterly business update for the three months until 30 September 2018

1) Acquisitions

- We have acquired our fifth project in London, Farringdon West, located immediately adjacent to the newly built, and one of the best connected transportation hubs, Farringdon Station. The expected GLA of the project is 14.6 thousand sq m, of which 1.4 thousand sq m are terraces: one of the highest terrace-to-office ratio in central London. The construction is expected to be commenced in 4Q 2018, with anticipated delivery in late 2020.

2) **Commercialization of assets**

- As of the end of the third quarter in 2018, the Group held a portfolio of 12 income producing office properties across four countries, with a total of 295 thousand sq m. The portfolio includes projects Twin City C & B, Centrum Bottova, H Business Centrum, Apollo BC II, and the recently completed Twin City Tower in Bratislava, Slovakia, Mercuria (temporary income producing asset) in Prague, Czech Republic, Postepu 14, West Station I and West Station II in Warsaw, Poland, as well as 20 Farringdon and One Waterloo (temporary income producing asset) in London, United Kingdom. The overall market value of the portfolio totaled up to €1.0bn (including One Waterloo and Mercuria) as of 30 June 2018, while the weighted average occupancy across the portfolio was 95% at the end of the third business quarter

- Total 16 thousand sq m of leases including renewals were signed during the third quarter 2018, mounting the total of our leasing activity up to 84 thousand sq m. The total leases signed during the first three quarters was therefore by 21% higher than for the same period in the previous year.
    - €4.2m of annual passing rent stemming out of these leases for this quarter, excluding voids and rent-free periods.
    - The biggest new tenants include names such as: SPIE Elektrovod (Apollo BC II, Bratislava, Slovakia), NG Bailey (office, 20 Farringdon, London, United Kingdom), Zdrofit (gym facility, Varso I, Warsaw, Poland)

3) Financing

- During the 3Q 2018, HB Reavis has drawdown the total amount of €54.4m in new external debt financing bringing the total year to date amount to €140.1m.
- We repaid €196.1m of borrowings with the majority of repayments related to the successful divestment of Gdanski Business Centre II C & D.
- At the end of the quarter, we had €196.3m 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 436 thousand sq m of GLA were under construction (or demolition) in three countries, namely: Varso Place (consisting of Varso I, Varso II and Varso Tower) and Forest in Warsaw, Poland, Nivy Tower & Nivy Mall in Bratislava, Slovakia and Agora Hub & Agora Tower in Budapest, Hungary. Estimated future gross development value of these projects amounts to around €1.9bn.
- We have completed Twin City Tower in Bratislava and obtained the occupancy permit. The current occupancy of the property stands at 94% with majority of the building leased to a single tenant, a blue-chip global company from technology sector. Twin City Tower is thus the newest addition to the new Nivy Zone in Bratislava with a total GLA of the Zone of 390 thousand sq m, of which 85 thousand sq m of GLA has already been completed (Twin City Tower, Twin City B and Twin City C all in HB Reavis income-producing portfolio), 135 thousand sq m is under construction (Nivy Mall & Nivy Tower) and 170 thousand sq m of GLA is in the pipeline (Mlynské Nivy Zone)
- Progressing with our permitting process, we have obtained a building permit on our Forest (Burakowska Street) project in Warsaw and started preparatory works for the construction. Upon completion, the office campus will comprise 79.7 thousand sq m of leasable space, including offices as well as restaurants, coffee houses and service outlets on ground floors.

5) Divestments

- We completed the sale of Gdanski Business Center II (buildings C and D) in Warsaw, consisting of 52.5 thousand sq m of GLA, for over €200m to an investor Savills Investment Management (Savills IM), acting on behalf of a global pension fund client who also bought the first phase of Gdanski Business Centre I (buildings A and B).

- The negotiation for prospective sale of West Station I & West Station II, Warsaw consisting of 69 thousand sq m of GLA is on a good track and we expect the closing of the transaction in upcoming months. West Station I and West Station II are our JV projects, with a share of 70.66% and 71.90% respectively.

6) HubHub

- Our co-working business line, HubHub, has been operating in three locations in third quarter in Warsaw, Prague and Bratislava on total GLA of 6.1 thousand sq m and has signed leases for further four locations for additional GLA of 9.3 thousand sq m.
- HubHub has opened two new locations in Twin City C in Bratislava and Na Prikope in Prague in third quarter and closed one location in Twin City B in Bratislava due to the tenant expansion needs for the remaining space in Twin City B building.
- At the end of third quarter, HubHub had close to 460 members.

7) Other

Changes in the Executive Board of Directors

- In line with a planned transition, Rene Popik and Robert Kantor have stepped down from the Board of Directors, effective as of September 2018. Robert Kantor will leave the company after 18 years of true dedication to HB Reavis, while René Popik is stepping away from his Board duties for being appointed as new CEO to Slovakia.

- The Board of Directors thereupon consists of three members: CEO Marian Herman, overseeing CFO responsibilities as well, Deputy CEO Radim Rimanek and Peter Ceresnik.

Change in legal structure

- As of September 2018, the legal form of HB Reavis Holding S.à r.l. has changed from S.à r.l. (limited liability company) to S.A. (joint stock company)

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.

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