

Quarterly business update for three months to 31 December 2018

January 2019

Acquisitions

No acquisitions were made during the reported quarter.

Leasing update

During the last quarter in 2018, a total of 30.8 thousand sq m of new leases were signed, which represents 25.6% of the total leases signed over the year. The main contributor to the figure was closing a deal with Raiffeisen Bank for almost 20 thousand sq m in Agora Tower in Budapest, Hungary.

Annual passing rent stemming out of leases signed during 4Q 2018, excluding voids and rent-free periods, represents €9.0m, contributing to a total of €28.6m for the leases signed during the whole year.

The largest tenants signed during 4Q 2018:

- Agora Tower - Raiffeisen Bank (19,659 sq m)
- 20 Farringdon - HubHub (3,210 sq m)
- 20 Farringdon – RPS Group (1,605 sq m)
- 20 Farringdon - NG Bailey (1,084 sq m)
- Nivy Tower - Marsann IT (1,185 sq m)

The total amount of leasable area signed in 2018 was 120.6 thousand sq m (excluding the GLAs related to the HB Reavis CE REIF, as well as divested projects) – almost 32.2% higher than in 2017 (91.2 thousand sq m).

This quarter's leasing success was mainly driven by the successful signing of a large leasing transaction with Raiffeisen Bank to move their new headquarters with over 1,300 employees to Agora in Budapest. The deal was one of the largest new leasing transactions both in HB Reavis' history and in the Hungarian office market in 2018: the bank will occupy nearly 20 000 sq m of office space in Agora Tower.

[Read the press release about the Raiffeisen deal](#)

Completions and developments progress

3 development schemes in the preparatory and planning phase received a significant progress in planning and permitting:

- In Germany: progress has been made with the permitting process on our very first project in the country, Prenzlauer Hoefe in Berlin. In line with the obtained permit, we have started preparatory works for the commencement of construction in the upcoming weeks. Upon its completion in late 2020, the project shall accommodate 49 thousand sq m of leasable space, including offices, retail space and service outlets.

- In Slovakia: the end of the year was also marked by receiving a construction permit for Twin City Parkhouse in Bratislava. The building will provide additional parking spaces on 1.8 thousand sq m for Nivy Zone, particularly Twin City complex, which accommodates more than 40,000 employees. The construction of the parking is planned to be executed in stages and shall be fully completed by the end of 2020.
- In the United Kingdom: we have unveiled the latest plans for the transformation of the Elizabeth House site, directly next to Waterloo Station in London. The development of Elizabeth House will bring over 1 million sq ft of high-end workspace to support up to 12,000 jobs in Waterloo. The proposed designs purposefully feature a variety of floorplates to foster an ecosystem of businesses, accommodating start-ups and scale-ups through to large global companies.

[See the Elizabeth House website](#)

[Read the press release about our plans for Elizabeth House](#)

Financing

During the last quarter, HB Reavis has drawn down a total of €120.0m of external debt financing (excluding €69.4m of drawdowns related to Joint Ventures), bringing the total amount for the full year to €259.2m (excluding €70.4m of drawdowns related to Joint Ventures).

At the end of the quarter, we had €533.4m of bank financing (excluding €115.3m assigned to Joint Ventures), along with €324.4m of bond financing outstanding.

As of the end of the new year, the Group had nearly €339m of committed bank financing to be drawn down, mainly against the future capital expenditures of the Nivy Station, Nivy Tower, Varso Place and Prenzlauer Hoefe.

We have launched a new regional bond programme amounting up to €150m of which we expect to issue several tranches during the course of 2019.

HB Reavis has received a syndicated loan of € 175 million for the construction of the Nivy Station project in Bratislava. The loan is processed through a bank consortium of UniCredit Bank, Tatra banka, ČSOB and HYPO-BANK Burgenland, the transaction agent is UniCredit Bank. HB Reavis utilised the first part of the loan in December of 2018.

[Read the press release about the Nivy Station loan](#)

Divestments

During the last quarter we have entered into exclusive negotiation for the prospective sale of Twin City Tower in Bratislava, consisting of 35.3 sq m of GLA, which we completed in Q3 2018 at 94% occupancy level. The expected closing of the transaction is in 2H 2019

The negotiation for prospective sale of West Station I & West Station II in Warsaw are progressing and we expect the closing of the transaction in upcoming months. The projects West Station I and West Station II, consisting of 69 thousand sq m of GLA, are Joint Venture

projects with the polish national rail company PKP, with a share of 70.66% and 71.90% respectively.

HubHub

Our co-working business line, HubHub, was operating four co-working spaces in three locations at the end of the year, namely two in Warsaw and one each in Prague and Bratislava, with a total GLA of 9.4 thousand sq m.

HubHub has signed leases for further three locations of an additional GLA of 8.2 thousand sq m in Prague, London and Budapest. These are planned to be launched in the next few months.

At the end of the last quarter, HubHub had already close to 642 members.

[See the HubHub website](#)

HB Reavis portfolio

Income producing portfolio

As of the end of the last quarter in 2018, the Group held a portfolio of 12 income producing office properties with a total of 295 thousand sq m across four countries. The portfolio includes the following projects:

- Bratislava, Slovakia: Twin City C & B, Centrum Bottova, H Business Centrum (JV), Apollo BC II, and Twin City Tower;
- Prague, Czech Republic: Mercuria (temporary income producing asset);
- Warsaw, Poland: Postepu 14, West Station I and West Station II (both JV's);
- London, United Kingdom: 20 Farringdon and One Waterloo (temporary income producing asset)

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 last business quarter.

Projects under construction

8 development schemes with about 436 thousand sq m of GLA and estimated future gross development value of around €1.9bn were under construction (or demolition) in the capitals of three countries, namely in:

- Warsaw, Poland: Varso Place (consisting of Varso I, Varso II and Varso Tower)
- Warsaw, Poland: Forest (Formerly Burakowska Street I & II)
- Bratislava, Slovakia: Nivy Tower & Nivy Station
- Budapest, Hungary: Agora Hub & Agora Tower

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