

Quarterly business update for three months to 30 June 2019

August 2019

Acquisitions

No acquisitions were made during the reported quarter.

Leasing update

A total of 58.6 thousand sq m of new leases and renewals were signed during the last quarter, with €13.3 million annual passing rent contracted (excluding voids and rent-free periods, as well as signed leases related to HB Reavis CE REIF). Total leases signed during the first two quarters have been 86.1 thousand sq m, contracting €18.7 million annual passing rent.

Commercialization of our assets has been especially successful at Agora Budapest, having signed another record breaking transaction on the Hungarian leasing market in 2019, with the multinational oil and gas company, British Petrol (BP). The company's Budapest branch plans to move into its new 22 thousand sq m workspace in Agora in the summer of 2020. Along with one of the largest global energy businesses in the world, the roughly 140 thousand sq m Agora Budapest will also accommodate HB Reavis' new service lines, including a HubHub coworking space for small companies and freelancers and Qubes, a format that offers flexible space leases with the possibility of changing them over time.

[Read the press release about BP's leasing deal](#)

The largest tenants signed during 2Q 2019:

- Agora (Budapest) – British Petrol (22,000 sq m)
- Agora (Budapest) – Qubes (8,600 sq m)
- Nivy Tower (Bratislava) – Qubes (6,000 sq m)
- Nivy Station (Bratislava) – Trznica Nivy (5,700 sq m)
- Postepu (Warsaw) - Samsung (5,300 sq m)

Completions and developments progress

There are 11 projects with over 487.5 thousand sq m of GLA currently under construction, many of which have been well progressing during the second quarter, taking noticeable shapes already. These include projects across five countries, namely:

- Bloom Clerkenwell in London, UK
- DSTRCT Berlin, Germany
- Varso Place (Varso I, II and Tower) & Forest (I and II) in Warsaw, Poland
- Nivy Station & Nivy Tower in Bratislava, Slovakia
- Agora Tower & Agora Hub in Budapest, Hungary

One Waterloo, London

We are pleased to confirm that our plans have been submitted to Lambeth Council for the redevelopment of our Elizabeth House site in Waterloo. Our proposed scheme involving the

redevelopment of Elizabeth House, Waterloo, designed by Stirling Prize winning architects AHMM, aims to deliver around 1.2 million square feet (117 thousand sq m) of workspace, new retail and a transformed public realm next to the UK's busiest train station (Waterloo Station).

[Read the press release about the Elizabeth House planning submission](#)

[Find out more about our One Waterloo project](#)

DSTRCT.Berlin

Construction is well progressing in Berlin at DSTRCT (formerly known as Prenzlauer Hoefe) as well, set to soon become a unique, human-centric scheme designed with well-being of its users in mind. The Alter Schlachthof Landsberger area should welcome approximately 45 thousand sq m of prime offices, event facilities and a wide selection of retail and culinary options. We plan to introduce our co-working initiative, as well as designs aimed at and catering to a range of businesses, from start-ups and scale-ups to larger corporations, all while fostering well-being and productivity.

[See the DSTRCT Berlin website](#)

Forest, Warsaw

Construction works on our Forest scheme in Warsaw have also gone into high gear. Our latest project in the polish capital with 78 thousand sq m is being developed on Burakowska street, just a few hundred metres away from Gdański Business Center, a highly successful HB Reavis office project, and one of the most comfortable places to work in the capital. Forest will ensure a healthy and creative environment for employees of different generations and fields, and for both corporations and startups.

[Read the press release about the Forest construction progress](#)

Nivy Tower, Bratislava

Turning to out Slovak projects, we have reached a significant milestone in the construction of Nivy Tower in Bratislava, having reached its full height. At its 125 meters, or 29 storeys, it's officially the tallest building in the city. Nivy Station will reach its full height by September/October this year.

Financing

During the last quarter, HB Reavis has drawn down a €96 million of external debt funding, making the total amount of new funds utilized €146 million up to half year. During the quarter, the Group had repaid €163 million of financing (including €112 million related to JV's not consolidated in the Group's figures), mainly with respect to divestment of projects, such as West Station I-II, Mercuria, as well as the refinancing of the bridge loan on Varso. At the end of June 2019, the Group had €6434 million of bank financing (excluding €3 million assigned to Joint Ventures), along with €339 million of bond financing, outstanding, along with €619 million

of committed bank financing to be drawn down, mainly against the future capital expenditures of Varso Place, Agora, Nivy Station and Nivy Tower.

Agora financing

The second quarter of the year was marked by signing a €140 million loan dedicated to the construction of Agora project in Budapest. The award-winning development, which is under construction at a busy junction of the Róbert Károly körút - Váci út office corridor, is set to become a multifunctional and modern city centre with unique, contemporary architectural solutions, as well as green areas and community spaces, adding to the beauty of the city and providing various services.

Divestments

West Station I-II, Warsaw

The second quarter of the year was notably successful in terms of divestments. One of the highlights was the successful closing of the sale of two West Station buildings in Warsaw, developed by HB Reavis in joint venture with PKP S.A., to Mapletree Investments, a leading real estate development, investment, capital and property management company headquartered in Singapore. West Station is not only a modern workspace, but also a lively part of the Jerozolimskie Corridor stretching west of the Warsaw city centre. Apart from introducing offices with easy access to the urban transportation system and publicly accessible ground floors, the project involved reshaping a part of the Warszawa Zachodnia railway station and improving the road and bike infrastructure in the area.

[Read the press release about the sale of West Station I and II](#)

Twin City Tower, Bratislava

The quarter was also marked by the record setting sale of Twin City Tower in Bratislava. The Valesco Group, a London headquartered European real estate investment manager, along with AIP Asset Management, a Seoul headquartered asset manager, have exchanged contracts to acquire the newly developed Bratislava landmark, backed by South Korean institutional capital, for EUR 120m, making this one of HB Reavis' largest transactions on the Slovak office market. The purchase price reflects an acquisition yield of 5.75%. The transaction represents the first South Korean investment in the Slovak real estate market. The deal is expected to be settled in September 2019.

[Read the press release about the sale of Twin City Tower](#)

Prague market

In line with the Group's strategic decision to leave the Prague market, we have proceeded to sell our stand-alone projects in the Czech capital that would not fulfill our aim of focusing on large scale schemes. Thus, we closed the sale of two our plots during the second quarter, Radlicka and Mercuria, with Skanska.

Twin City C, Bratislava

In addition, there is an ongoing negotiation for the prospective sale of Twin City C in Bratislava, with the transaction expected to be finalized and closed during the course of the third quarter. The project, completed in 2016, is located in a new, emerging business district, consists of 24 thousand sq m of GLA and is now fully occupied.

20 Farringdon, London

We are also negotiating the prospective divestment of 20 Farringdon in London, with the aim to finalize the sale by the end of the year. 20 Farringdon is our second development in London, completed in 2018. The greatly accessible, centrally located building offers around 8.0 thousand sq m (85 thousand sq ft) of Grade A office accommodation arranged over 11 floors, with exceptional skyline views, outdoor terraces and state of the art security. The user-focused office building is by now almost fully occupied.

[WaaS update](#)

HubHub

Our co-working business line, HubHub, sustains significant expansion progress, not only growing its operations in London, but also opening and successfully leasing a new operation in Prague. With that, HubHub is now operating a total of eight co-working spaces in five locations – three in Prague, two in Warsaw, Bratislava, Budapest and London, with a total GLA of 19.1 thousand sq m and over 1,500 members. Further plans for expansion includes a new operation of 3.6 thousand sq m in Nivy Tower, an HB Reavis project currently under construction in Bratislava.

Qubes

After its completion at the end of 2019, Nivy Tower will also accommodate Qubes, our newest business line offering flexible space leases, with almost 6.0 thousand sq m. Qubes has also signed lease for over 8.5 thousand sq m in Agora Hub in Budapest, another project under construction. With that, Qubes will operate at least two locations by Q2 2020, further supporting HB Reavis' Workspace-as-a-Service efforts.

More by HB Reavis

Since HB Reavis' main focus as a workspace provider is the wellbeing of the users of its buildings, facility and property management are key in providing high quality services to our tenants. In account of that, we have launched More by HB Reavis as a part of our WaaS product offerings to ensure safe and comfortable workspace with active asset management. More has been successfully implemented at Twin City in Bratislava (including Twin City B, Twin City C and Twin City Tower), with the complete range of active elements, such as bike-sharing, events and concierge, are being offered. Since January, we have finished 1,200+ concierge tasks, organized 91 events and rented 1,000+ bike and e-scooters per month. On top of that, we were able to deliver our unique bike-sharing for an external client - showcasing our ability to deliver elements of asset management outside of our building operations. During the second quarter we opened Thenook, our special event café at Twin City Tower, which aims to build communities within the building through various social events. Within the next six months, we plan to implement our offering at three large-scale projects: Nivy Tower, Agora and Varso Place. We also plan to launch our smartphone application, food delivery portal, car sharing and carpooling services, parenting services and much more.

HB Reavis portfolio

Income producing portfolio

As of the end of the last quarter, the Group held a portfolio of 10 income producing office properties with a total of 227.7 thousand sq m across four countries. The portfolio includes the following projects:

- London, United Kingdom: 20 Farringdon, One Waterloo (temporary income producing asset)
- Warsaw, Poland: Postepu 14
- Bratislava, Slovakia: Twin City C & B, Apollo BC II, Twin City Tower, Centrum Bottova and H Business Centrum (JV);
- Budapest, Hungary: Kesmark

The overall market value of the portfolio totaled up to €0.9bn (including One Waterloo) as of 31 December 2018, while the weighted average occupancy across the portfolio was 96% at the end of the last business quarter.

Projects under construction

487.5 thousand sq m of GLA and estimated future gross development value of around €2.5bn were under construction (or demolition) in the capitals of five countries, namely in:

- Bloom Clerkenwell in London, UK
- DSTRCT Berlin, Germany
- Varso Place (Varso I, II and Tower) & Forest (I and II) in Warsaw, Poland
- Nivy Station & Nivy Tower in Bratislava, Slovakia
- Agora Tower & Agora Hub in Budapest, Hungary.

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