HB Reavis Holding S.A.

Condensed Consolidated Interim Financial Statements
30 June 2019

Contents

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE 6 MONTHS ENDED 30 JUNE 2019

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In millions of EUR	Note	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Investment property in use or vacant	10	471.9	622.8
Investment property under development	10	1,180.2	1,043.6
Investment in joint ventures	11	2.2	54.5
Property, plant and equipment	8	6.2	9.3
Right-of-use assets	9	7.8	-
Intangible assets		1.0	0.9
Financial investments	17	53.8	51.8
Receivables and loans	12	2.2	9.2
Other non-current assets	13	4.9	9.4
Total non-current assets		**1,730.2**	**1,801.5**
Current assets			
Non-current assets classified as held for sale	15	**668.1**	**271.2**
Inventories		0.4	0.4
Trade and other receivables	7, 14	67.2	72.4
Other assets		21.4	20.3
Cash and cash equivalents	16	155.9	172.3
		244.9	**265.4**
Total current assets		**913.0**	**536.6**
TOTAL ASSETS		**2,643.2**	**2,338.1**
EQUITY			
Share capital *(30,000 shares at EUR 1.00 each)*	18	-	-
Share premium	18	415.9	455.9
Retained earnings		973.1	831.8
Revaluation reserve for assets transferred to investment properties at fair value	8	3.8	3.8
Currency translation reserve		(42.1)	(33.4)
Equity attributable to the Company's owners		1,350.7	1,258.1
Non-controlling interest		-	-
TOTAL EQUITY		**1,350.7**	**1,258.1**
LIABILITIES			
Non-current liabilities			
Borrowings	19	518.0	614.4
Deferred income tax liability	27	84.9	67.5
Trade and other payables	7, 20	14.9	15.2
Lease liabilities	9	57.5	-
Total non-current liabilities		**675.3**	**697.1**
Current liabilities			
Liabilities directly associated with non-current assets classified as held for sale	15	**347.4**	**158.8**
Borrowings	19	170.7	133.2
Trade and other payables	7, 20	89.1	85.9
Lease liabilities	9	5.2	-
Deferred income	20	4.8	5.0
		269.8	**224.1**
Total current liabilities		**617.2**	**382.9**
TOTAL LIABILITIES		**1,292.5**	**1,080.0**
TOTAL LIABILITIES AND EQUITY		**2,643.2**	**2,338.1**

These condensed consolidated interim financial statements have been approved for issue and signed on behalf of the HB Reavis Holding S.A. on 30 September 2019 by the members of the Board of Directors of HB Reavis Holding S.A.. Shareholders have the power to amend these condensed consolidated interim financial statements after issue.

Melanie Koch Director A	Daan den Boer Director A	Isabel Schellenberg Director A	Marián Herman Director B

In millions of EUR	Note	6 months ended 30 June 2019	30 June 2018
Rental and similar income from investment property	21	30.9	34.2
Direct operating expenses arising from investment property	22	(14.7)	(11.4)
Net operating income from investment property		**16.2**	**22.8**
Revaluation gain/(loss) on investment property	10	183.6	145.7
Share of profit or loss of joint ventures	11	(7.7)	6.9
Gain on disposal of subsidiaries	26	1.5	9.5
Gain on disposal of JV	11	17.1	-
Other operating income	7, 25	4.0	2.9
Revenue from construction contracts	23	11.5	10.3
Construction services		(8.9)	(12.2)
Employee benefits	7, 24	(12.1)	(14.7)
Depreciation and amortisation		(2.6)	(0.9)
Other operating expenses	25	(11.1)	(25.1)
Operating profit		**191.5**	**145.2**
Interest income	7	1.0	1.3
Interest expense		(15.8)	(16.0)
Foreign exchange gains/(losses), net	28	3.2	(18.9)
Gains less losses on financial derivatives		2.5	(6.4)
Other finance income		-	0.1
Other finance costs		(1.8)	(2.0)
Finance costs, net		**(10.9)**	**(41.9)**
Profit before income tax		**180.6**	**103.3**
Income tax credit/(expense)	**27**	**(39.3)**	**(18.8)**
Net profit for the period		**141.3**	**84.5**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations to the presentation currency for the period		2.4	(24.7)
Translation of foreign operations reclassified to profit or loss upon loss of control of subsidiary or repayment of subsidiaries' capital	26	0.2	5.6
Translation of foreign operations reclassified to profit or loss upon disposal of JV		(11.3)	-
Items that may not be reclassified subsequently to profit or loss:			
Total other comprehensive income		(8.7)	(19.1)
Total comprehensive income for the period		**132.6**	**65.4**
Net profit is attributable to:			
- Owners of the Company		141.3	84.5
- Non-controlling interest		-	-
Profit for the period		**141.3**	**84.5**
Total comprehensive income is attributable to:			
- Owners of the Company		132.6	65.4
- Non-controlling Interest		-	-
Total comprehensive income for the period		**132.6**	**65.4**

		Attributable to owners of the Company							
In millions of EUR	**Note**	**Share capital (Note 18)**	**Share premium (Note 18)**	**Retained earnings**	**Transla-tion reserve**	**Revalua-tion reserve**	**Total**	**Non-controlling Interest**	**Total equity**
Balance at 1 January 2018		**-**	**494.0**	**711.7**	**(15.4)**	**3.8**	**1,194.1**	**1.6**	**1,195.7**
Profit for the period		-	**-**	84.5	**-**	**-**	**84.5**	**-**	**84.5**
Other comprehensive income		-	-	-	(19.1)	-	**(19.1)**	-	**(19.1)**
Total comprehensive income for the period		**-**	**-**	**84.5**	**(19.1)**	**-**	**65.4**	**-**	**65.4**
Distribution to owners	18	-	(10.0)	-	-	-	**(10.0)**	-	**(10.0)**
Other		-	-	-	-	-	**-**	(1.5)	**(1.5)**
Balance at 30 June 2018		**-**	**484.0**	**796.2**	**(34.5)**	**3.8**	**1,249.5**	**0.1**	**1,249.6**
Balance at 1 January 2019		**-**	**455.9**	**831.8**	**(33.4)**	**3.8**	**1,258.1**	**-**	**1,258.1**
Profit for the period		-	-	141.3	-	-	**141.3**	-	**141.3**
Other comprehensive income		-	-	-	(8.7)	-	**(8.7)**	-	**(8.7)**
Total comprehensive income for the period		**-**	**-**	**141.3**	**(8.7)**	**-**	**132.6**	**-**	**132.6**
Distribution to owners	18	-	(40.0)	-	-	**-**	**(40.0)**	-	**(40.0)**
Other		-	-	-	-	-	**-**	-	**-**
Balance at 30 June 2019		**-**	**415.9**	**973.1**	**(42.1)**	**3.8**	**1,350.7**	**-**	**1,350.7**

In millions of EUR	Note	6 months ended 30 June 2019	30 June 2018
Cash flows from operating activities			
Profit before income tax		180.6	103.3
Adjustments for:			
Depreciation and amortisation	8	2.6	0.9
Revaluation gains on investment property	10	(183.6)	(145.7)
Gains less losses on disposals of subsidiaries	26	(1.5)	(9.5)
Share of profit or loss of joint ventures	11	7.7	(6.9)
Result on disposal of joint ventures	11	(17.1)	-
Interest income		(1.0)	(1.3)
Interest expense		15.8	16.0
Unrealised foreign exchange (gains)/losses	28	(3.4)	17.4
Unrealised (gains)/losses from financial derivatives		(1.0)	5.7
Operating cash flows before working capital changes		(0.9)	(20.1)
Working capital changes:			
Decrease/(increase) in trade and other receivables		3.2	2.0
Increase/(decrease) in trade and other payables		3.1	5.0
Cash generated from operations		5.4	(13.0)
Interest paid		(12.0)	(11.8)
Interest received		-	1.3
Net cash from operating activities		**(6.6)**	**(23.5)**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	8	(3.5)	0.3
Acquisition of right-of-use asset	9	(0.2)	-
Purchases of investment properties	10	-	(80.4)
Investment in joint venture		-	2.5
Proceeds from sale of JV, net of cash disposed		49.7	-
Construction costs related to investment properties	10	(184.9)	(95.9)
Proceeds from sales of subsidiaries, net of cash disposed	26	40.0	100.1
Acquisition of financial investments		(1.7)	-
Acquisition of intangible assets		(0.2)	-
Proceeds from disposal of PPE	8	0.4	-
Purchases of financial instruments at fair value through profit and loss		-	(54.9)
Restricted cash		(4.5)	4.2
Net cash (used in)/from investing activities		**(104.9)**	**(132.5)**
Cash flows from financing activities			
Proceeds from borrowings	19	148.9	101.2
Repayment of borrowings	19	(16.0)	(25.0)
Distributions paid to owners	18	(29.1)	(14.3)
Net cash from / (used in) financing activities		**103.8**	**60.4**
Net (decrease) / increase in cash and cash equivalents		(7.7)	(95.6)
Cash and cash equivalents at the beginning of the period	16	173.8	276.9
Cash and cash equivalents at the end of the period		**166.1**	**181.3**
Reconciliation of cash and cash equivalents:			
- Restricted cash	16	4.5	6.4
- Cash within non-current assets classified as held for sale	15	(14.7)	(4.0)
Cash and cash equivalents on the balance sheet at the end of the 6-month period	16	**155.9**	**183.7**

1 The HB REAVIS Group and its Operations

These condensed consolidated interim financial statements have been prepared in accordance IAS 34, "Interim financial reporting" for the 6 months ended 30 June 2019 for HB Reavis Holding S.A. (the "Company") and its subsidiaries (together referred to as the "Group" or "HB REAVIS Group").

The Company was incorporated and is domiciled in Luxembourg. The Company is a public limited liability company (société anonyme) and was set up in accordance with the Luxembourg regulations on 20 October 2010. The Company is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg no. B 156.287.

HB Reavis Holding S.A. is ultimately controlled by Mr. Ivan Chrenko. The Group's immediate parent as of the date of issuance of these condensed consolidated interim financial statements is Kennesville Holdings Ltd based in Cyprus.

Principal activity. The HB REAVIS Group is a real estate group with major portfolio of investment properties in Slovakia, Poland, Hungary, Germany, United Kingdom and the Czech Republic. It is principally involved in the development of properties for its own portfolio, in leasing out investment properties under operating leases, as well as in asset management and is also active in investment management. The Group develops and manages investment properties to earn rental income or for capital appreciation.

In 2017 the Group made its largest acquisition in HB Reavis history with acquisition of One Waterloo in London, in prominent South Bank location next to the Waterloo station. The project counts with a permit enabling development of almost 120k sqm of office scheme for the projected Gross Development Value of EUR 2.0 billion. Our aim is to optimize current permit and apply for re-permitting with anticipated start of construction of the new scheme in 2020 and delivery of the project in 2024-2025. The Group has also acquired additional land plot in 2018, in London, UK, aiming to develop a project called Bloom over the course of 2019-2021 with expected Gross Development Value of EUR 255 million.

With respect to Group's expansion to Germany, two acquisition opportunities have been secured in 2018. In Berlin, District is under construction since 12/2018, with expected delivery in 2021; Gross Development Value shall reach about EUR 380 million. A land plot in Dresden, Germany, has been added into the portfolio in 07/2018, the scheme design is under preparation.

Two projects have been completed in London, UK, and one in Bratislava, Slovakia, in 2018: Cooper & Southwark and 20 Farringdon in London have been delivered in 2Q/2018, while Twin City Tower in Bratislava was opened in 10/2018.

As of the date of preparation of these consolidated financial statements, construction of Bloom, London, UK, Burakowska and Varso project, both in Warsaw, Poland, District, Berlin, Germany, Nivy Tower & Stanica Nivy in Bratislava, Slovakia and Agora project in Budapest, Hungary is ongoing.

The Group divested from 5 projects over the course of 2019; Mercuria and Radlická in Prague, Czech Republic, West Station Business Center I and West Station Business Center II in Warsaw, Poland and Buda Project in Budapest, Hungary.

HB Reavis Real Estate Fund structure. HB Reavis Real Estate Investment Fund (the "Fund") is an umbrella fund incorporated as a corporate partnership limited by shares (société en commandite par actions or S.C.A.) under the laws of Luxembourg, which is registered as an investment company with fixed capital (société d'investissement à capital fixe) within the meaning of article 461-4 of the law on commercial companies of 10 August 1915, as amended (the 1915 Law) and registered as an undertaking for collective investment governed by Part II (UCI Part II) of the 2010 UCI Law, governed by the present articles of association and by current Luxembourg laws. The Fund was initially set up on 25 May 2011 and was registered as an investment company with variable capital until 27 April 2017. The Fund is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg B 161.180. Furthermore, the Fund is in the scope of the Alternative Investment Fund Management Law of 12 July 2013 ("AIFM Law") and qualifies as an Alternative Investment Fund ("AIF").

The Fund launched its first Sub-Fund named HB Reavis CE REIF (hereafter "Sub-Fund A" or "CE REIF") in 2011. A second Sub-Fund named HB Reavis Global REIF (hereafter "Sub-Fund B" or "Global REIF") was launched on 15 September 2015. The Fund is managed for the account of and in the exclusive interest of its shareholders by its general partner HB Reavis Investment Management S.à r.l. (the "Management Company"), a limited liability company organised under the laws of Luxembourg (registration number B 161.176) having its registered office at 1b, rue Jean Piret, L-2350 Luxembourg and by its AIFM Crestbridge Management Company S.A., a licensed with the Luxembourg financial regulator the CSSF.

CE REIF Sub-Fund. While there is no specific country or real estate segment restrictions posed, the CE REIF Sub-Fund aims to mainly invest in the Central European region as Slovakia, the Czech Republic, Poland and Hungary in commercial real estate assets. The initial CE REIF Sub-Fund's portfolio included investments in prime properties only located in Slovakia. The office segment investments are restricted to A-class properties located in central business districts of capital cities in Slovakia, the Czech Republic and Hungary. In Poland however, both, capital and regional cities are eligible for investments in the office segment. The retail segment investments are aimed to be made in both capital and regional cities in the entire Central European region. Investments in logistic properties are restricted to attractive and strategic locations only. CE REIF Sub-Fund seeks to maximize the value via investing in properties, which in the past proved to bear characteristics of a prime-commercial real estate property, which as such implies to have a top-tier tenants' portfolio being located in prime or strategic locations and soundly built from both technical and architectonical point of view. CE REIF Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income. The Group lost control of the Sub-Fund A in 2017.

1 The HB REAVIS Group and its Operations (Continued)

Global REIF Sub-Fund. While there are no specific country or real estate segment restrictions posed, Global REIF Sub-Fund aims to mainly invest in commercial real estate assets located in the EU countries and Turkey. The initial Global REIF Sub-Fund's portfolio included investment properties in prime properties only located in Slovakia. The office segment investments are focused mainly on properties located in business districts of capital and regional cities in the EU countries and Turkey, but without any specific location restriction. The retail segment investments are aimed to be made in both capital and regional cities of EU countries and Turkey.

Investments in logistic properties are restricted to attractive and strategic locations in EU countries and Turkey. In case of "core" investments, Global REIF Sub-Fund seeks to maximize the value via investing in properties, which in the past proved to bear characteristics of a prime-commercial real estate property which as such implies to have a top-tier tenants' portfolio being located in prime or strategic locations and soundly built from both technical and architectonical point of view. Global REIF Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

The Group is also involved in limited construction of real estate for third parties, including related parties.

The Group's strategy is reflected in its cash flow forecast that is regularly monitored by the Board of Managers, including their assessment of appropriateness of preparation of the financial statements on a going concern basis. The cash flow outlook is further described under the description of management of liquidity in Note 30. Valuation of properties of the Group in the less liquid markets necessarily involves an element of judgement. The critical accounting judgments used in valuation of the Group's investment properties are described in Note 3.

Registered address and place of business. The Company's registered address and principal place of business is:

6, rue Jean Monnet
L-2180 Luxembourg
Luxembourg

As at 30 June 2019 the Group has offices in Luxembourg, Amsterdam, Bratislava, Warsaw, Prague, Budapest, London and Berlin.

2 Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are described below. These policies have been consistently applied to all the years presented, unless otherwise stated. Minor amendments have been made to the comparative periods to improve the clarity of the information disclosed.

2.1. Basis of Preparation

Statement of compliance. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU").

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this consolidated condensed interim financial information as compared with the annual consolidated financial statements for the year ended 31 December 2018.

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the condensed consolidated financial statements for the interim period ended 30 June 2019, became effective for the Group from 1 January 2019.

Income and cash flow statements. The Group has elected to present a single 'statement of profit or loss and other comprehensive income' and presents its expenses by nature. The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid are presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

Preparation of the condensed consolidated interim financial statements. These condensed consolidated interim financial statements are presented in millions of Euro ("EUR") rounded to one decimal place, unless otherwise stated.

The condensed consolidated interim financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment properties (including those held for sale), financial investment, financial assets (eg earn-out receivables) and derivatives at fair value.

2 Significant Accounting Policies (Continued)

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the condensed consolidated interim financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the counterparties are used to fair value certain financial instruments or investment properties for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Refer to Note 32.

2.2. Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim financial statements. In preparing the condensed consolidated interim financial statements, the individual financial statements of the consolidated entities are aggregated on a line-by-line basis by adding together the like items of assets, liabilities, equity, income and expenses. Transactions, balances, income and expenses between the consolidated entities are eliminated.

Subsidiaries. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

The entities included within these condensed consolidated interim financial statements are as follows:

				Percentage ownership interest and voting rights held	
Number	**Subsidiaries**	**Functional currency**	**Country of incorporation**	**30 June 2019**	**31 December 2018**
1	HB Reavis Holding S.A. *(Parent Company)*	EUR	Luxembourg	N/A	N/A
2	GBC A S.à r.l.	EUR	Luxembourg	100	100
3	GBC B S.à r.l.	EUR	Luxembourg	100	100
4	Gdanski A SCSp.	EUR	Luxembourg	100	100
5	Gdanski B SCSp.	EUR	Luxembourg	100	100
6	HB Reavis DE1 S.à r.l.	EUR	Luxembourg	100	100
7	HB Reavis DE3 S.à r.l	EUR	Luxembourg	100	100
8	HB Reavis Finance LUX, Sarl	EUR	Luxembourg	100	100
9	HB Reavis Investment Management S.à r.l.	EUR	Luxembourg	100	100
10	HB Reavis Qubes Luxembourg Sarl *(former Evolution Building Technologies S.à r.l.)*	EUR	Luxembourg	100	100
11	HB REAVIS REAL ESTATE INVESTMENT FUND (until 27.4.2017 as HB Reavis Real Estate SICAV-SIF) [5]	EUR	Luxembourg	100	100
12	HB Reavis Strategic Innovations Investments S.à r.l.*(former THREE House S.à r.l.)*	EUR	Luxembourg	100	100
13	HBR CE REIF LUX 3 S.à r.l.	EUR	Luxembourg	100	100
14	HBR CE REIF LUX 4 S.à r.l.	EUR	Luxembourg	100	100
15	HubHub Luxembourg S.à r.l. *(former Tribazu S.à r.l.)*	EUR	Luxembourg	100	100
16	ONE House S.à r.l.	GBP	Luxembourg	100	100
17	SIXTYFIVE House S.à r.l.	GBP	Luxembourg	100	100
18	THIRTYFIVE House S.à r.l.	GBP	Luxembourg	100	100
19	TWENTY House S.à r.l.	GBP	Luxembourg	100	100
20	UBX 2 Objekt Berlin S.à r.l. *(former HB Reavis DE2 S.à r.l.)* [3]	EUR	Luxembourg	100	100
21	HB Reavis CEE B.V. [3]	EUR	Netherlands	-	100
22	HB REAVIS Croatia B.V. [4]	EUR	Netherlands	-	100
23	HB REAVIS GROUP B.V.	EUR	Netherlands	100	100
24	HBRG Invest B.V. [4]	EUR	Netherlands	-	100
25	Twin City Holding N.V.	EUR	Netherlands	100	100
26	WATERFIELD Management B.V.	EUR	Netherlands	99.5	99.5

2.2 Condensed Consolidated Interim Financial Statements (Continued)

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 30 June 2019	31 December 2018
27	FILWOOD HOLDINGS LIMITED	EUR	Cyprus	100	100
28	HBR FINANCING LIMITED [1]	EUR	Cyprus	100	-
29	HBR HOLDING LIMITED	EUR	Cyprus	100	100
30	HBR IM HOLDING LTD	EUR	Cyprus	100	100
31	HBR INVESTORS LTD	EUR	Cyprus	100	100
32	10 Leake Street Ltd [6]	GBP	UK	100	100
33	33 CENTRAL LIMITED	GBP	UK	100	100
34	4th Floor Elizabeth House Limited [6]	GBP	UK	100	100
35	Elizabeth Property Holdings Ltd [6]	GBP	UK	100	100
36	Elizabeth Property Nominee (No 1) Ltd [6]	GBP	UK	100	100
37	Elizabeth Property Nominee (No 2) Ltd [6]	GBP	UK	100	100
38	Elizabeth Property Nominee (No 3) Ltd [6]	GBP	UK	100	100
39	Elizabeth Property Nominee (No 4) Ltd [6]	GBP	UK	100	100
40	HB Reavis Construction UK Ltd.	GBP	UK	100	100
41	HB Reavis UK Ltd.	GBP	UK	100	100
42	HBR Capital Investment LP [6]	GBP	UK	100	100
43	HBR FM LTD [6]	GBP	UK	100	100
44	HubHub UK Ltd [6]	GBP	UK	100	100
45	HB REAVIS IM ADVISOR LIMITED	EUR	Jersey	100	100
46	AGORA Budapest Kft. *(former HB Reavis Project 2 Kft.)*	HUF	Hungary	100	100
47	HB REAVIS Buda Project Kft. [2]	HUF	Hungary	-	100
48	HB Reavis Construction Hungary Kft.	HUF	Hungary	100	100
49	HB Reavis Hungary Szolgáltató Kft.	HUF	Hungary	100	100
50	HB REAVIS Ingatlanfejlesztési Alap	HUF	Hungary	100	100
51	HB Reavis Qubes Hungary Kft [1]	HUF	Hungary	100	-
52	HubHub Hungary Kft.	HUF	Hungary	100	100
53	KM Ingatlanbérbeadási Kft	HUF	Hungary	100	100
54	ALISTON Finance I s. r. o.	EUR	Slovakia	100	100
55	ALISTON Finance II s.r.o.	EUR	Slovakia	100	100
56	ALISTON Finance III s. r. o.	EUR	Slovakia	100	100
57	ALISTON Finance IV s. r. o.	EUR	Slovakia	100	100
58	ALISTON Finance V s.r.o.	EUR	Slovakia	100	100
59	Apollo Business Center III a.s.	EUR	Slovakia	100	100
60	Apollo Business Center V a. s.	EUR	Slovakia	100	100
61	Apollo Property Management, s.r.o.	EUR	Slovakia	100	100
62	Bus Station Services s.r.o.	EUR	Slovakia	100	100
63	BUXTON INVEST a.s.	EUR	Slovakia	100	100
64	DVL Engineering a.s.	EUR	Slovakia	50	50
65	Eurovalley, a.s.	EUR	Slovakia	100	100
66	Evolution Building Technologies a.s.	EUR	Slovakia	100	100
67	FORUM BC II s. r. o.	EUR	Slovakia	100	100
68	FutureNow s. r. o.	EUR	Slovakia	100	100
69	General Property Services, a.s.	EUR	Slovakia	100	100
70	HB REAVIS Consulting k.s.	EUR	Slovakia	100	100
71	HB REAVIS Finance SK II s. r. o.	EUR	Slovakia	100	100
72	HB REAVIS Finance SK III s. r. o.	EUR	Slovakia	100	100
73	HB REAVIS Finance SK IV s.r.o.	EUR	Slovakia	100	100
74	HB REAVIS Finance SK s. r. o.	EUR	Slovakia	100	100
75	HB REAVIS Finance SK V s. r. o.	EUR	Slovakia	100	100
76	HB REAVIS Finance SK VI s.r.o. [1]	EUR	Slovakia	100	-
77	HB Reavis Group s.r.o. *(until 30.11.2017 as HB REAVIS Development s. r. o.)*	EUR	Slovakia	100	100
78	HB REAVIS IM Advisor Slovakia s. r. o.	EUR	Slovakia	100	100
79	HB Reavis Investment Management správ. spol., a.s.	EUR	Slovakia	100	100
80	HB REAVIS MANAGEMENT spol. s r.o.	EUR	Slovakia	100	100
81	HB Reavis Media s.r.o. *(former Smart City Link s.r.o.)*	EUR	Slovakia	100	100
82	HB Reavis Qubes Slovakia s.r.o. [1]	EUR	Slovakia	100	-
83	HB REAVIS Slovakia a. s.	EUR	Slovakia	100	100
84	HB REM, spol. s r.o.	EUR	Slovakia	100	100
85	HBR SFA, s. r. o.	EUR	Slovakia	100	100
86	HubHub Group s.r.o.	EUR	Slovakia	100	100
87	HubHub Slovakia s.r.o.	EUR	Slovakia	100	100
88	INLOGIS IV s. r. o.	EUR	Slovakia	100	100
89	INLOGIS LCR a. s.	EUR	Slovakia	100	100
90	INLOGIS V s. r. o.	EUR	Slovakia	100	100
91	INLOGIS VII s. r. o.	EUR	Slovakia	100	100
92	ISTROCENTRUM a. s.	EUR	Slovakia	100	100
93	Logistické centrum Trnava s.r.o.	EUR	Slovakia	100	100
94	LUGO, s.r.o.	EUR	Slovakia	100	100
95	Nivy Tower s.r.o.	EUR	Slovakia	100	100
96	Pressburg Urban Projects a. s.	EUR	Slovakia	100	100
97	Smart City Bridge s. r. o.	EUR	Slovakia	100	100

2.2 Condensed Consolidated Interim Financial Statements (Continued)

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 30 June 2019	31 December 2018
98	Smart City Eko s.r.o.	EUR	Slovakia	100	100
99	Smart City Office I s.r.o.	EUR	Slovakia	100	100
100	Smart City Office II s.r.o.	EUR	Slovakia	100	100
101	Smart City Office III s.r.o.	EUR	Slovakia	100	100
102	Smart City Office IV s.r.o.	EUR	Slovakia	100	100
103	Smart City Office s.r.o.	EUR	Slovakia	100	100
104	Smart City Office V s.r.o.	EUR	Slovakia	100	100
105	Smart City Office VI s.r.o.	EUR	Slovakia	100	100
106	Smart City Office VII s.r.o.	EUR	Slovakia	100	100
107	Smart City Parking s.r.o.	EUR	Slovakia	100	100
108	Smart City Petržalka s. r. o.	EUR	Slovakia	100	100
109	Smart City s.r.o. *(until 10.2.2017 as ALISTON II s. r. o.)*	EUR	Slovakia	100	100
110	Smart City Services s.r.o. *(until 4.5.2017 as AUPARK Property Management, s. r. o.)*	EUR	Slovakia	100	100
111	SPC Property Finance II, s. r. o.	EUR	Slovakia	100	100
112	SPC Property Finance III, s.r.o.	EUR	Slovakia	100	100
113	SPC Property Finance IV, s. r. o.	EUR	Slovakia	100	100
114	SPC Property Finance V, s. r. o.	EUR	Slovakia	100	100
115	SPC Property Finance, s. r. o.	EUR	Slovakia	100	100
116	SPC Property I, spol. s r.o.	EUR	Slovakia	100	100
117	SPC Property III, s. r. o.	EUR	Slovakia	100	100
118	SPV Vištuk s. r. o.	EUR	Slovakia	100	100
119	Stanica Nivy s.r.o.	EUR	Slovakia	100	100
120	TC Nivy a. s.	EUR	Slovakia	100	100
121	TC Tower A1 s. r. o.	EUR	Slovakia	100	100
122	Tower Nivy a. s.	EUR	Slovakia	100	100
123	Twin City III s.r.o.	EUR	Slovakia	100	100
124	Twin City Infrastructure s. r. o.	EUR	Slovakia	100	100
125	Twin City IV s.r.o.	EUR	Slovakia	100	100
126	Twin City V s.r.o.	EUR	Slovakia	100	100
127	Twin City VIII s.r.o.	EUR	Slovakia	100	100
128	ANDAREA s.r.o.	CZK	Czech Rep	100	100
129	AR Consulting, a.s.	CZK	Czech Rep	100	100
130	AUPARK Brno, spol. s r.o.	CZK	Czech Rep	100	100
131	AUPARK Hradec Králové - KOMUNIKACE, s.r.o.	CZK	Czech Rep	100	100
132	AUPARK Karviná s.r.o.	CZK	Czech Rep	100	100
133	DII Czech s.r.o.	CZK	Czech Rep	100	100
134	DNW Czech s.r.o.	CZK	Czech Rep	100	100
135	GALIM s.r.o.	CZK	Czech Rep	100	100
136	HB Reavis CZ, a.s.	CZK	Czech Rep	100	100
137	HB REAVIS DEVELOPMENT CZ, a.s.	CZK	Czech Rep	100	100
138	HB Reavis Finance CZ, s.r.o.	EUR	Czech Rep	100	100
139	HB REAVIS GROUP CZ, s.r.o.	CZK	Czech Rep	100	100
140	HB Reavis IZ s.r.o.	CZK	Czech Rep	100	100
141	HB REAVIS MANAGEMENT CZ spol. s r.o.	CZK	Czech Rep	100	100
142	HB REAVIS PROPERTY MANAGEMENT CZ, s.r.o.	CZK	Czech Rep	100	100
143	HubHub Czech Republic, s.r.o. *(former RECLUN s.r.o.)*	CZK	Czech Rep	100	100
144	ISTROCENTRUM CZ, a.s.	CZK	Czech Rep	100	100
145	KELOM s.r.o.	CZK	Czech Rep	100	100
146	MOLDERA, a.s.	CZK	Czech Rep	100	100
147	Multimodální Cargo MOŠNOV s.r.o.	CZK	Czech Rep	100	100
148	Phibell s.r.o.	CZK	Czech Rep	100	100
149	Radlice Real Estate, s.r.o. [2]	CZK	Czech Rep	-	100
150	Radlická ATA s.r.o. [2]	CZK	Czech Rep	-	100
151	Temster, s.r.o. [2]	CZK	Czech Rep	-	100
152	Brookline Investments sp. Z o.o.	PLN	Poland	100	100
153	Emmet Investments sp. Z o.o.	PLN	Poland	100	100
154	GBC A Polcom Investment XXI Sp. z o.o. *(former Polcom Investment VIII Sp. z o. o.)*	PLN	Poland	100	100
155	GBC B Polcom Investment XXII Sp. z o.o. *(former Polcom Investment IX Sp. z o.o.)*	PLN	Poland	100	100
156	HB REAVIS CONSTRUCTION PL Sp. z o. o	PLN	Poland	100	100
157	HB Reavis Finance PL 2 Sp. z o.o.	PLN	Poland	100	100
158	HB Reavis JV Spółka Akcyjna	PLN	Poland	100	100
159	HB Reavis Poland Sp. z o.o.	PLN	Poland	100	100
160	HB REAVIS Property Management sp. z o.o.	PLN	Poland	100	100
161	HB Reavis Qubes Poland Sp. z o.o. *(former Polcom Investment XLVII Sp. z o.o.)*	PLN	Poland	100	100
162	HubHub Poland Sp. z o.o. *(former Polcom Investment XXVI Sp. z o.o.)*	PLN	Poland	100	100
163	CHM1 Sp. z o. o.	PLN	Poland	100	100
164	CHM2 Sp. z o. o.	PLN	Poland	100	100

2.2 Condensed Consolidated Interim Financial Statements (Continued)

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 30 June 2019	31 December 2018
165	CHM3 Sp. z o. o.	PLN	Poland	100	100
166	Konstruktorska BC Sp. z o.o.	PLN	Poland	100	100
167	Mokoloco Sp. z o.o.*(former Polcom Investment XXXVII Sp. z o.o.)*	PLN	Poland	100	100
168	P14 Sp. z o.o.	PLN	Poland	100	100
169	Polcom Investment II Sp. z o. o.	PLN	Poland	100	100
170	Polcom Investment III Sp. z o. o.	PLN	Poland	100	100
171	Polcom Investment VI Sp. z o. o.	PLN	Poland	100	100
172	Polcom Investment X sp. z o.o.	PLN	Poland	100	100
173	Polcom Investment XI sp. z o.o.	PLN	Poland	100	100
174	Polcom Investment XII sp. z o.o.	PLN	Poland	100	100
175	Polcom Investment XIII sp. z o.o.	PLN	Poland	100	100
176	Polcom Investment XIX Sp. z o.o.	PLN	Poland	100	100
177	Polcom Investment XL Sp. z o.o.	PLN	Poland	100	100
178	Polcom Investment XLI Sp. z o.o.	PLN	Poland	100	100
179	Polcom Investment XLII Sp. z o.o.	PLN	Poland	100	100
180	Polcom Investment XLIII Sp. z o.o.	PLN	Poland	100	100
181	Polcom Investment XLIX Sp. z o.o.	PLN	Poland	100	100
182	Polcom Investment XLVIII Sp. z o.o.	PLN	Poland	100	100
183	Polcom Investment XVI Sp. z o.o.	PLN	Poland	100	100
184	Polcom Investment XVIII Sp. z o.o.	PLN	Poland	100	100
185	Polcom Investment XXI Sp. z o.o.	PLN	Poland	100	100
186	Polcom Investment XXII Sp. z o.o.	PLN	Poland	100	100
187	Polcom Investment XXIV Sp. z o.o.	PLN	Poland	100	100
188	Polcom Investment XXIX Sp. z o.o.	PLN	Poland	100	100
189	Polcom Investment XXV Sp. z o.o.	PLN	Poland	100	100
190	Polcom Investment XXVII Sp. z o.o.	PLN	Poland	100	100
191	Polcom Investment XXVIII Sp. z o.o.	PLN	Poland	100	100
192	Polcom Investment XXX Sp. z o.o.	PLN	Poland	100	100
193	Polcom Investment XXXIII Sp. z o.o.	PLN	Poland	100	100
194	Property Hetman Sp. Z o.o. *(former Polcom Investment XXXIV Sp. z o.o. sp. K)*	PLN	Poland	100	100
195	PSD Sp. Z o. o.	PLN	Poland	100	100
196	Rainford Sp. Z.o.o	PLN	Poland	100	100
197	Rainhill Sp. z o. o.	PLN	Poland	100	100
198	Elizabeth House GP LLC	GBP	US	100	100
199	Elizabeth House Limited Partnership	GBP	US	100	100
200	HB REAVIS CIC INVESTCO US, LLC	EUR	US	100	100
201	HB Reavis Construction Germany GmbH	EUR	Germany	100	100
202	HB Reavis Germany GmbH	EUR	Germany	100	100
203	HB Reavis Verwaltungs GmbH	EUR	Germany	100	100
204	UBX 2 Objekt Berlin GmbH [3]	EUR	Germany	-	100
205	HubHub Austria GmbH	EUR	Austria	100	100

Number	Joint Venture	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 30 June 2019	31 December 2018
206	PHVH SOLUTIONS II, s. r. o.	EUR	Slovakia	50	50
207	TANGERACO INVESTMENTS LIMITED	EUR	Cyprus	50	50
208	West Station Investment Sp. z o. o.[2]	PLN	Poland	-	71
209	West Station Investment 2 Sp. z o. o. *(former Polcom Investment XVII Sp. z o.o.)* [2]	PLN	Poland	-	72

[1] Entities established / acquired by the Group during the 6 months period ended 30 June 2019
[2] Entities disposed of during the 6 months period ended 30 June 2019 (refer to Note 26)
[3] Entities were part of legal mergers or spin off and subsequently renamed during the 6 months period ended 30 June 2019
[4] Entities were liquidated during the 6 months period ended 30 June 2019
[5] In January 2017, the Group lost control over HB REAVIS CE Real Estate Investment Fund, a sub-fund of a fully consolidated subsidiary HB Reavis Real Estate Investment Fund.
[6] HBR FM LTD, HBR Capital Investment LP, HubHub UK Ltd, 4th Floor Elizabeth House Limited, 10 Leake Street Ltd, Elizabeth Property Nominee (No 1) Ltd, Elizabeth Property Nominee (No 2) Ltd, Elizabeth Property Nominee (No 3) Ltd, Elizabeth Property Nominee (No 4) Ltd and Elizabeth Property Holdings Ltd, registered in England and Wales, are claiming exemption from the requirements of the UK Companies Act 2006 (the "Act") relating to the audit of annual accounts under section 479A of the Act.

2.3. Interim Period Tax Measurement

Interim period income tax expense is accrued using the effective tax rate that would be applicable to the expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period, adjusted for income which is not subject to taxation. The effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

2.4. Leases

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for periods of 3 to 70 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset of investment property and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group applies fair value model to right-of-use assets that meet the definition of investment property in IAS 40. Changes in fair values are recognised as revaluation gain or losses in profit or loss.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of various nature.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the condensed consolidated interim financial statements. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Valuation of investment properties*.* The fair value estimates of 87.7% of investment properties (31 December 2018: 89.3%) were determined by the Group having received valuation advice from international valuation companies which have experience in valuing properties of similar location and characteristics. The remaining properties were valued on a basis of broker quotes or management estimates. The fair value of investment properties is estimated based on the income capitalisation method, where the value is estimated from the expected future benefits to be generated by the property in the form of rental income streams. The method considers net income generated by existing or comparable property, capitalised to determine the value for property which is subject to the valuation. The principal assumptions underlying the estimation of the fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; re-letting incentives; maintenance requirements; appropriate discount rates; and in case of properties under development, future constructions, finance and letting costs and market developers' profits. These valuations are regularly compared to actual market data and actual transactions by the Group and those reported by the market. For further details refer to Note 32.

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes for United Kingdom in these assumptions, are as follows:

- Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuers. Should the rental levels increase or decrease by 10% the carrying value of investment property would be higher or lower by EUR 17.8 million (31 December 2018: EUR 17.8 million).

- The income capitalisation rate (yield) across the portfolio was assumed to be from 4.5% to 4.75%, or 4.67% on average (31 December 2018: 4.5% to 4.75%, or 4.67% on average). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 26.8 million lower or EUR 29.9 million higher (31 December 2018: EUR 23.6 million lower or EUR 26.3 million higher).

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes for CEE region in these assumptions, are as follows:

- Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuers. Should the rental levels increase or decrease by 10% the carrying value of investment property would be higher or lower by EUR 34.0 million (31 December 2018: EUR 34.0 million)

- The income capitalisation rate (yield) across the portfolio was assumed to be from 4.76% to 8.5%, or 5.92% on average (31 December 2018: from 4.76% to 8.5%, or 5.92% on average). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 70.5 million lower or EUR 76.8 million higher (31 December 2018: EUR 59.9 million lower or EUR 65.2 million higher).

Income taxes. The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes, in particular in the area of transfer pricing. There are some transactions and calculations for which the ultimate tax determination is uncertain, therefore tax liability is recognised for exposures deemed probable. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The calculation of deferred tax on investment properties is not based on the fact that they might be realised through a share deal but through an asset deal. As a result of the Group structure, the potential capital gain may be exempted from any tax in case of share deal if certain conditions are met and hence the accumulated deferred tax liabilities may be recognized as a gain upon disposal depending on the outcome of negotiations with future buyers.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Initial recognition of related party transactions. In the normal course of business, the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 7.

Expected credit losses (ECL)measurement. Measurement of ECL is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 30. The following components have a major impact on credit loss allowance: definition of default and SICR, as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

In line with IFRS 9 the Group use practical expedient for trade and other receivables and calculates ECL using a provision matrix based on its historical credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Group considers all reasonable and supportable forward-looking information available without undue cost and effort. The Group identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. Refer to Note 30.

Fair value of investment in associate. In February 2018 the Group acquired a non-controlling share in The Cambridge Incubator, LLC, a Delaware limited liability company. Since the investment is held by entity that is a venture capital organisation, the Group elected to measure that investment in associate at fair value through profit or loss. Management estimated fair value of investment based on the projected cash flows and a discount rate of 12% (31 December 2018: 12%) based on the market interest rate, current market returns and cost of capital of similar companies. Should the estimated interest rate be higher or lower by 0.10% from management's estimate, the fair value of investment in associate would be approximately EUR 0.6 million lower or higher (31 December 2018: EUR 0.6 million lower or higher).

Lease terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

4 Adoption of New or Revised Standards and Interpretations

The Group has applied the following standards and amendments for the first time for its reporting period commencing on 1 January 2019:

- IFRS 16 Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 9: Prepayments Features with Negative Compensation (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).

IFRS 16 Leases

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.3%.

4 Adoption of New or Revised Standards and Interpretations (Continued)

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Practical expedients applied
In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
-

Measurement of lease liabilities

In millions of EUR	**1 January 2019**
Operating lease commitments disclosed as at 31 December 2018	99.9
Discounted using the lessee's incremental borrowing rate of at the date of initial application	37.2
Finance lease liabilities recognised as at 31 December 2018	31.6
Total lease commitment	**68.8**
of which are:	
Current lease liabilities	4.5
Non-current lease liabilities	64.3

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- property, plant and equipment decrease EUR 0.3 million
- right-of-use assets increase EUR 8.8 million
- investment property increase EUR 28.4 million
- deferred tax asset increase EUR 0.2 million
- borrowings decrease EUR 31.6 million
- lease liabilities increase EUR 68.8 million

5 New Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for reporting period commencing on 1 January 2019 and have not been early adopted by the Group:

- Amendment to IFRS 3 Business Combinations* (issued on 22 October 2018 and effective for annual periods beginning on or after 1 January 2020)

- Amendments to IAS 1 and IAS 8: Definition of Material* (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020)

- Amendments to References to the Conceptual Framework in IFRS Standards* (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).

  * These new standards, amendments and interpretations have not been endorsed by the European union yet.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's condensed consolidated interim financial statements.

6 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Board of Managers of the Company.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is managing its business operations on the basis of the following segments:

Asset Management – representing management of income generating properties (properties in use or vacant) developed by the Group or acquired with no major development expected.

Development in Realisation – representing management of activities connected with construction, marketing and leasing activities. A property is reclassified from Development in Realisation to Asset Management at the end of the accounting period in which the property has been commissioned for its intended use and a final building approval has been carried out. This means that the revenues, costs, including the revaluation gains or losses related to the year when property reaches the described criteria, are included within Development in Realisation, whereas the completed property is shown on the balance sheet as of the last day of such period as property “in use or vacant” under the Asset Management business.

Development in Preparation – representing management of activities including acquisition of land and concept design and permitting until the construction commencement. A property is reclassified from Development in Preparation to Development in Realisation at the end of the accounting period in which the construction of the property started. The revenues, costs, including the revaluation gains or losses related to the year when the construction of the property started, are included within Development in Preparation, whereas the property is shown on the balance sheet as of the last day of such period as property under the Development in Realisation.

Investment Management – representing management of activities related to management of third party investment in properties managed by the Group.

Non-Core – representing management of land bank items designated as Non-Core properties of the Group.

HUB HUB – representing management of activities related to management of Group’s co-working platform, providing flexible work space and business events.

Cash – representing management of entities that are set up for concentration of cash for its further investments and providing loans to other entities within consolidated group.

(b) Factors that management used to identify the reportable segments

The Group’s segments are strategic business units that focus on different activities of the Group. They are managed separately because each business unit requires different skill sets, product and market, procurement and human resource strategies.

Segment financial information reviewed by the Board of Directors includes rental and similar income from Asset Management business less directly attributable costs associated with properties that equal to Net Operating Income (NOI). The Board of Directors also reviews the change in fair value of properties. With respect to Development in Preparation segment, the Board reviews acquisition opportunities and submits bids for land and properties and oversees property design, permitting and zoning. With respect to Development in Realisation segment, the Board reviews construction budgets and actual construction costs and delivery schedules as well as property marketing and letting activities at the end of the development cycle. With respect to Investment Management segment, Management reviews opportunities for transfer of further subsidiaries into this segment that would contribute to development and extend of portfolio offered for external investors.

(c) Measurement of operating segment profit or loss, assets and liabilities

The Board reviews financial information prepared based on International Financial Reporting Standards as adopted by the European Union. The Board evaluates performance of each segment based on profit before tax and net assets value. The Group allocates costs to segments based on specific identification of entities that belong to particular segments. Direct operating expenses arising from investment property are allocated on a basis of appropriate cost driver (e.g. MWh of electricity spent for electricity related costs). Transactions of the subsidiaries are allocated to relevant segment based on the substance of the transactions (e.g. expenses of subsidiary that supply utilities to other subsidiaries are allocated to segment for which the utility was purchased) unless it is not possible to allocate them to explicit segment category and they remain unallocated.

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities

The segment profit and loss information for 6 months ended 30 June 2019 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non Core	HUB HUB	Cash	Unallocated	Total
Rental income from investment property	21									
- Office		13.7	2.0	0.4	-	-	1.9	-	-	**18.0**
- Retail		0.7	-	-	-	-	-	-	-	**0.7**
- Industrial		-	-	-	-	-	-	-	-	**-**
		14.4	**2.0**	**0.4**	**-**	**-**	**1.9**	**-**	**-**	**18.7**
Service charges income from investment properties	21									
- Office		6.1	2.8	0.7	-	-	-	-	-	**9.6**
- Retail		0.4	-	-	-	-	-	-	-	**0.4**
- Industrial		-	-	-	-	-	-	-	-	**-**
		6.5	**2.8**	**0.7**	**-**	**-**	**-**	**-**	**-**	**10.0**
Management charges income from investment properties	21									
- Office		1.6	-	-	-	-	0.3	-	-	**1.9**
- Retail		0.1	-	-	-	-	-	-	-	**0.1**
- Industrial		-	0.2	-	-	-	-	-	-	**0.2**
		1.7	**0.2**	**-**	**-**	**-**	**0.3**	**-**	**-**	**2.2**
Direct operating expenses arising from investment property	22									
- Office		(12.5)	(0.5)	(0.3)	-	-	(1.2)	-	-	**(14.5)**
- Retail		(0.1)	-	-	-	-	-	-	-	**(0.1)**
- Industrial		-	-	-	-	(0.1)	-	-	-	**(0.1)**
		(12.6)	**(0.5)**	**(0.3)**	**-**	**(0.1)**	**(1.2)**	**-**	**-**	**(14.7)**
Net operating income from investment property		**10.0**	**4.5**	**0.8**	**-**	**(0.1)**	**1.0**	**-**	**-**	**16.2**
Revaluation gain/(loss) on investment property	10									
- Office		41.7	127.1	15.6	-	-	(0.9)	-	-	**183.5**
- Retail		-	0.4	-	-	(0.3)	-	-	-	**0.1**
- Industrial		-	-	-	-	-	-	-	-	**-**
Share of profit or loss of joint ventures	11	(7.7)	-	-	-	-	-	-	-	**(7.7)**
		34.0	**127.5**	**15.6**	**-**	**(0.3)**	**(0.9)**	**-**	**-**	**175.9**
Interest expense - third parties		(3.7)	(10.2)	(0.3)	-	-	**(0.1)**	**-**	**(1.5)**	**(15.8)**
		40.3	**121.8**	**16.1**	**-**	**(0.4)**	**-**	**-**	**(1.5)**	**176.3**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

The segment profit and loss information for 6 months ended 30 June 2019 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non Core	HUB HUB	Cash	Unallocated	Total
Investment management fee		-	-	-	0.9	-	-	-	-	**0.9**
Revenue from construction contracts	23	0.2	7.5	0.8	-	0.1	2.1	-	0.8	**11.5**
Construction contract costs		(0.6)	(7.5)	-	-	-	-	-	(0.8)	**(8.9)**
Other expenses/revenues		11.6	(13.0)	(0.6)	(0.7)	(0.2)	(1.5)	(0.5)	5.7	**0.8**
Profit before income tax		**51.5**	**108.8**	**16.3**	**0.2**	**(0.5)**	**0.6**	**(0.5)**	**4.2**	**180.6**

The capital expenditures analysed by segment for the 6 months ended 30 June 2019 are as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non Core	HUB HUB	Cash	Unallocated	Total
Purchases of investment property	10	-	-	-	-	-	-	-	-	**-**
Construction costs related to investment property	10	17.7	155.9	4.2	-	0.3	6.8	-	-	**184.9**
Construction costs related to joint ventures		0.6	-	-	-	-	-	-	-	**0.6**
Construction costs related to contruction work		-	4.8	-	-	-	-	-	0.8	**5.6**
Total investments		**18.3**	**160.7**	**4.2**	**-**	**0.3**	**6.8**	**-**	**0.8**	**191.1**
Sale of investment property	26	-	-	(48.3)	-	-	-	-	-	**(48.3)**
Sale of joint venture investment property		(130.2)	-	-	-	-	-	-	-	**(130.2)**
Total divestments		**(130.2)**	**-**	**(48.3)**	**-**	**-**	**-**	**-**	**-**	**(178.5)**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

The segment information on segment assets and liabilities as of 30 June 2019 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non Core	HUB HUB	Cash	Unallocated	Total
Investment property	10									
- Office		448.2	863.3	129.0	-	-	23.7	-	-	**1,464.2**
- Retail		-	157.2	-	-	-	-	-	-	**157.2**
- Industrial		-	-	-	-	30.7	-	-	-	**30.7**
- Investment property held for sale	15	458.3	120.0	26.1	-	5.0	-	-	-	**609.4**
Investment in joint ventures	11	2.2	-	-	-	-	-	-	-	**2.2**
Other unallocated assets		-	-	-	-	-	-	155.9	223.6	**379.5**
Total assets		**908.7**	**1,140.5**	**155.1**	**-**	**35.7**	**23.7**	**155.9**	**223.6**	**2,643.2**
Borrowings										
- non-current	19	(67.1)	(443.1)	-	-	-	-	-	(7.8)	**(518.0)**
- current	19, 7	(3.5)	(75.5)	-	-	-	-	-	(91.7)	**(170.7)**
- included as held for sale	15	(241.5)	(52.0)	(5.9)	-	-	-	-	-	**(299.4)**
Leasing										
- non-current	9	(2.5)	(47.4)	(0.4)	-	(0.4)	(6.8)	-	-	**(57.5)**
- current	9	(0.3)	(3.0)	-	-	(0.1)	(1.8)	-	-	**(5.2)**
Deferred tax liability	27	-	-	-	-	-	-	-	(84.9)	**(84.9)**
Other unallocated liabilities		-	-	-	-	-	-	-	(156.8)	**(156.8)**
Total liabilities		**(314.9)**	**(621.0)**	**(6.3)**	**-**	**(0.5)**	**(8.6)**	**-**	**(341.2)**	**(1,292.5)**
Segment net asset value		**593.8**	**519.5**	**148.8**	**-**	**35.2**	**15.1**	**155.9**	**(117.6)**	**1,350.7**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

Geographical information. Revenue, expenses, non-current assets and capital expenditures analysed by country for 6 months ended 30 June 2019 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Rental income	21	11.1	0.9	2.9	0.6	3.2	-	-	-	**18.7**
Service charges	21	5.1	0.2	1.0	-	3.7	-	-	-	**10.0**
Management charges	21	1.4	0.7	0.1	-	-	-	-	-	**2.2**
Direct operating expenses	22	(10.0)	(0.5)	(1.6)	(0.1)	(2.5)	-	-	-	**(14.7)**
Net operating income from investment properties		**7.6**	**1.3**	**2.4**	**0.5**	**4.4**	**-**	**-**	**-**	**16.2**
Revaluation gain	10	22.4	15.5	62.1	32.2	35.5	15.9	-	-	**183.6**
Revenue from construction contracts	23	1.6	2.3	1.7	2.6	3.3	-	-	-	**11.5**
Construction contract costs		(2.0)	(0.4)	(3.5)	-	(3.0)	-	-	-	**(8.9)**
Share of profit or loss of joint ventures	11	(0.2)	-	(7.5)	-	-	-	-	-	**(7.7)**
Interest expense		(8.5)	(1.9)	(4.1)	(0.1)	(0.9)	(0.3)	-	-	**(15.8)**
Investment management fee		-	-	-	-	-	-	0.9	-	**0.9**
Other (expenses)/revenues		(11.0)	(0.8)	18.7	(3.2)	(4.0)	(0.4)	1.5	-	**0.8**
Profit before tax		**9.9**	**16.0**	**69.8**	**32.0**	**35.3**	**15.2**	**2.4**	**-**	**180.6**
Investment property in use or vacant	10	136.5	7.1	4.1	13.2	311.0	-	-	-	**471.9**
Investment property under development	10	336.1	20.0	575.4	162.1	82.0	4.6	-	-	**1,180.2**
Investment in joint venture	11	2.2	-	-	-	-	-	-	-	**2.2**
Other non-current assets		4.7	1.7	3.9	2.4	9.0	0.1	53.9	0.2	**75.9**
Total non-current assets		**479.5**	**28.8**	**583.4**	**177.7**	**402.0**	**4.7**	**53.9**	**0.2**	**1,730.2**
Non-current assets classified as held-for-sale	15	282.5	26.4	91.4	-	141.3	126.5	-	-	**668.1**
Total non-current assets and assets held for sale		**762.0**	**55.2**	**674.8**	**177.7**	**543.3**	**131.2**	**53.9**	**0.2**	**2,398.3**
Cash and cash equivalents	16	32.6	4.5	27.6	2.5	34.1	8.8	45.8	-	**155.9**
Other unallocated assets		-	-	-	-	-	-	-	89.0	**89.0**
Total assets		**794.6**	**59.7**	**702.4**	**180.2**	**577.4**	**140.0**	**99.7**	**89.2**	**2,643.2**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

Geographical information (Continued). Revenue, expenses, non-current assets and capital expenditures analysed by country for 6 months ended 30 June 2019 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Borrowings	19									
- non-current		(328.5)	(49.0)	(135.2)	(5.3)	-	-	-	-	**(518.0)**
- current		(135.2)	(0.8)	(30.1)	(0.2)	-	-	(4.4)	-	**(170.7)**
Leasing	9									
- non-current		(2.0)	(2.3)	(13.7)	(1.3)	(38.2)	-	-	-	**(57.5)**
- current		(0.8)	(0.6)	(2.3)	(0.6)	(0.9)	-	-	-	**(5.2)**
Liabilities directly associated with non-current assets classified as held for sale	15	(164.8)	(7.4)	(60.9)	-	(53.0)	(61.3)	-	-	**(347.4)**
Deferred income tax liability	27	-	-	-	-	-	-	-	(84.9)	**(84.9)**
Other unallocated liabilities		-	-	-	-	-	-	-	(108.8)	**(108.8)**
Total liabilities		**(631.3)**	**(60.1)**	**(242.2)**	**(7.4)**	**(92.1)**	**(61.3)**	**(4.4)**	**(193.7)**	**(1,292.5)**
Net asset value		**163.3**	**(0.4)**	**460.2**	**172.8**	**485.3**	**78.7**	**95.3**	**(104.5)**	**1,350.7**
Purchases of investment property (including non-cash)	10	-	-	-	-	-	-	-	-	**-**
Construction costs related to investment property	10	62.0	5.8	45.7	26.9	28.0	16.5	-	-	**184.9**
Construction costs related to joint ventures		-	-	0.6	-	-	-	-	-	**0.6**
Construction costs related to contruction work		2.0	0.4	2.9	-	0.3	0.0	-	-	**5.6**
Total investments		**64.0**	**6.2**	**49.2**	**26.9**	**28.3**	**16.5**	**-**	**-**	**191.1**
Sale of investment property	26	-	(35.0)	-	(13.3)	-	-	-	-	**(48.3)**
Sale of JV investment property		-	-	(130.2)	-	-	-	-	-	**(130.2)**
Total divestments		**-**	**(35.0)**	**(130.2)**	**(13.3)**	**-**	**-**	**-**	**-**	**(178.5)**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

The segment profit and loss information for 6 months ended 30 June 2018 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non Core	HUB HUB	Cash	Unallocated	Total
Rental and similar income from investment property	21									
- Office		27.2	1.0	0.7	4.0	-	0.4	-	-	**33.3**
- Retail		-	-	-	-	0.8	-	-	-	**0.8**
- Industrial		-	-	-	-	0.1	-	-	-	**0.1**
		27.2	**1.0**	**0.7**	**4.0**	**0.9**	**0.4**	**-**	**-**	**34.2**
Direct operating expenses arising from investment property	22									
- Office		(9.5)	(0.7)	(0.4)	(0.5)	-	(0.2)	-	-	**(11.3)**
- Retail		(0.1)	-	-	-	-	-	-	-	**(0.1)**
- Industrial		-	-	-	-	-	-	-	-	**-**
		(9.6)	**(0.7)**	**(0.4)**	**(0.5)**	**-**	**(0.2)**	**-**	**-**	**(11.4)**
Net operating income from investment property		**17.6**	**0.3**	**0.3**	**3.5**	**0.9**	**0.2**	**-**	**-**	**22.8**
Revaluation gain/(loss) on investment property	10									
- Office		16.5	113.7	5.1	(0.8)	-	-	-	-	**134.5**
- Retail		-	10.3	0.2	-	0.9	-	-	-	**11.4**
- Industrial		-	-	-	-	(0.2)	-	-	-	**(0.2)**
Subtotal		16.5	124.0	5.3	(0.8)	0.7	-	-	-	**145.7**
Share of profit or loss of joint ventures	11	7.4	(0.5)	-	-	-		-	-	6.9
Revaluation gain/(loss) on investment property, including joint ventures	10	**23.9**	**123.5**	**5.3**	**(0.8)**	**0.7**	**-**	**-**	**-**	**152.6**
Interest expense		(3.6)	(10.5)	(0.7)	(0.6)	-	-	-	(0.6)	**(16.0)**
Investment management fee		-	-	-	0.8	-	-	-	-	**0.8**
Other (expenses) / revenues		11.9	(26.3)	(8.6)	(0.5)	(4.1)	(0.8)	(3.2)	(25.3)	**(56.9)**
Profit before income tax		**49.8**	**87.0**	**(3.7)**	**2.4**	**(2.5)**	**(0.6)**	**(3.2)**	**(25.9)**	**103.3**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

The segment information on segment assets and liabilities as of 31 December 2018 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non Core	HUB HUB	Cash	Unallocated	Total
Investment property	10									
- Office		616.8	663.2	227.1	-	-	8.2	-	-	**1,515.3**
- Retail		-	120.4	-	-	-	-	-	-	**120.4**
- Industrial		-	-	-	-	30.7	-	-	-	**30.7**
- Investment property held for sale	15	224.1	-	13.3	-	5.0	-	-	-	**242.4**
Investment in joint ventures	11	54.5	-	-	-	-	-	-	-	**54.5**
Deferred tax asset	27	-	-	-	-	-	-	-	11.8	**11.8**
Other unallocated assets		-	-	-	-	-	-	172.3	202.5	**374.8**
Total assets		**895.4**	**783.6**	**240.4**	**-**	**35.7**	**8.2**	**172.3**	**214.3**	**2,349.9**
Borrowings										
- non-current	19	(165.7)	(376.8)	(37.2)	-	-	-	-	(34.7)	**(614.4)**
- current	19, 7	(5.0)	(57.7)	(7.3)	-	-	-	-	(63.2)	**(133.2)**
- included as held for sale	15	(143.9)	-	-	-	-	-	-	-	**(143.9)**
Deferred tax liability	27	-	-	-	-	-	-	-	(79.3)	**(79.3)**
Other unallocated liabilities		-	-	-	-	-	-	-	(121.0)	**(121.0)**
Total liabilities		**(314.6)**	**(434.5)**	**(44.5)**	**-**	**-**	**-**	**-**	**(298.2)**	**(1,091.8)**
Segment net asset value		**580.8**	**349.1**	**195.9**	**-**	**35.7**	**8.2**	**172.3**	**(83.9)**	**1,258.1**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

The capital expenditures analysed by segment for 6 months ended 30 June 2018 are as follows:

In millions of EUR	**Note**	**Asset Management**	**Development in Realisation**	**Development in Preparation**	**Investment Management**	**Non Core**	**HUB HUB**	**Cash**	**Unallocated**	**Total**
Purchases of investment property	10	-	-	80.4	-	-	-	-	**-**	**80.4**
Construction costs related to investment property	10	11.3	74.3	9.0	0.3	0.2	0.8	-	**-**	**95.9**
Construction costs related to joint ventures		8.2	-	-	-	-		-	**-**	**8.2**
Construction costs related to contract works		-	2.4	-	-	-		-	**-**	**2.4**
Total investments		**19.5**	**76.7**	**89.4**	**0.3**	**0.2**	**0.8**	**-**	**-**	**186.9**
Sale of investment property	10, 26	(88.5)	(108.3)	-	-	-	-	-	**-**	**(196.8)**
Total divestments		**(88.5)**	**(108.3)**	**-**	**-**	**-**	**-**	**-**	**-**	**(196.8)**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

Geographical information. Revenue, expenses and capital expenditures analysed by country for 6 months ended 30 June 2018 and geographical information about non-current assets as of 31 December 2018 were as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Rental income	21	13.3	4.3	10.7	-	5.9	-	-	-	**34.2**
Service charges	21	(5.8)	(0.8)	(2.4)	-	(2.4)	-	-	-	**(11.4)**
Management charges	21									
Direct operating expenses	22	**7.5**	**3.5**	**8.3**	-	**3.5**	-	-	-	**22.8**
Net operating income from investment properties										
Revaluation gain	10	39.9	8.1	51.1	5.4	41.2	-	-	-	**145.7**
Revenue from construction contracts		-	-	-	-	-	-	-	-	-
Construction contract costs		-	-	-	-	-	-	-	-	-
Share of profit or loss of joint ventures	11	-	-	6.9	-	-	-	-	-	**6.9**
Interest expense		(6.9)	(2.0)	(4.9)	(1.2)	(0.8)	-	(0.2)	-	**(16.0)**
Investment management fee		-	-	-	-	-	-	0.8	-	0.8
Other (expenses)/revenues		(14.5)	12.5	(20.7)	(4.5)	(11.3)	(0.9)	(17.5)	-	**(56.9)**
Profit before tax		**26.0**	**22.1**	**40.7**	**(0.3)**	**32.6**	(0.9)	**(16.9)**	-	**103.3**
Investment property in use or vacant	10	132.4	1.5	74.7	11.0	403.2	-	-	-	**622.8**
Investment property under development	10	276.7	62.0	447.8	105.0	59.9	92.2	-	-	**1,043.6**
Investment in joint venture	11	2.3	-	52.2	-	-	-	-	-	**54.5**
Other non-current assets		3.5	1.2	19.3	0.6	3.8	-	52.0	12.0	**92.4**
Total non-current assets		**414.9**	**64.7**	**594.0**	**116.6**	**466.9**	**92.2**	**52.0**	**12.0**	**1,813.3**
Non-current assets classified as held-for-sale	15	257.4	-	-	13.8	-	-	-	-	**271.2**
Total non-current assets and assets held for sale		**672.3**	**64.7**	**594.0**	**130.4**	**466.9**	**92.2**	**52.0**	**12.0**	**2,084.5**
Cash and cash equivalents	16	39.2	4.0	52.3	9.8	11.9	7.3	47.8	-	**172.3**
Other unallocated assets		-	-	-	-	-	-	-	93.1	**93.1**
Total assets		**711.5**	**68.7**	**646.3**	**140.2**	**478.8**	**99.5**	**99.8**	**105.1**	**2,349.9**

6 Segment Analysis (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities (Continued)

Geographical information. Revenue, expenses and capital expenditures analysed by country for 6 months ended 30 June 2018 and geographical information about non-current assets as of 31 December 2018 were as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Borrowings	19									
- non-current		(300.9)	(54.3)	(174.5)	(5.5)	(79.2)	-	-	-	**(614.4)**
- current		(81.2)	(8.0)	(2.8)	(0.2)	(0.3)	(22.2)	(18.5)	-	**(133.2)**
Liabilities directly associated with non-current assets classified as held for sale	15	(158.2)	-	-	(0.6)	-	-	-	-	**(158.8)**
Deferred income tax liability	27	-	-	-	-	-	-	-	(79.3)	**(79.3)**
Other unallocated liabilities		-	-	-	-	-	-	-	(106.1)	**(106.1)**
Total liabilities		**(540.3)**	**(62.3)**	**(177.3)**	**(6.3)**	**(79.5)**	**(22.2)**	**(18.5)**	**(185.4)**	**(1,091.8)**
Net asset value		**171.2**	**6.4**	**469.0**	**133.9**	**399.3**	**77.3**	**81.3**	**(80.3)**	**1,258.1**
Purchases of investment property (including non-cash)	10	-	-	-	-	-	80.4	-	-	**80.4**
Construction costs related to investment property	10	43.3	1.3	21.3	9.8	20.2	-	-	-	**95.9**
Construction costs related to joint ventures		-	-	8.2	-	-	-	-	-	**8.2**
Construction costs related to contruction work		-	-	-	-	2.4	-	-	-	**2.4**
Total investments		**43.3**	**1.3**	**29.5**	**9.8**	**22.6**	**80.4**	**-**	**-**	**186.9**
Sale of investment property	26	-	(88.5)	-	-	(108.3)	**-**	-	**-**	**(196.8)**
Total divestments		-	**(88.5)**	**-**	**-**	**(108.3)**	**-**	**-**	**-**	**(196.8)**

7 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, *Related Party Disclosures*. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or has joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's immediate parent and ultimate controlling party are disclosed in Note 1. Transactions are generally entered into on an arm's length basis.

Key management of the Group consists of 17 senior managers (31 December 2018: 19). Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 30 June 2019 are detailed below.

At 30 June 2019, the outstanding balances with related parties are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Senior management**	**Joint ventures**	**Total**
Trade and other receivables (Note 14)	8.8	4.3	-	0.1	**13.2**
Impairment loss provision for trade receivables to related party	(3.1)	-	-	-	**(3.1)**
Financial assets	0.2	-	-	-	**0.2**
Loans (Note 14)	1.3	-	-	-	**1.3**
Trade and other payables current (Note 20)	(16.0)	(0.8)	-	-	**(16.8)**
Trade and other payables non - current (Note 20)	(6.7)	-	-	-	**(6.7)**
Other payables non-current (Note 20)	(0.6)	-	-	-	**(0.6)**

The income and expense items with related parties for the 6 months ended 30 June 2019 are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Senior management**	**Joint ventures**	**Total**
Revenue from services rendered	2.5	-	-	-	**2.5**
Revenue from construction contracts	-	0.8	-	0.1	**0.9**
Rental income	1.2	-	-	0.1	**1.3**
Rental expenses	(0.5)	-	-	-	**(0.5)**
Other services	(0.8)	(0.3)	(0.3)	-	**(1.4)**
Short-term employee benefits (salaries)	-	(1.9)	-	-	**(1.9)**
Long-term employee benefits (social security costs)	-	(0.4)	-	-	**(0.4)**
Interest income	0.1	-	-	0.1	**0.2**
Interest expense	-	-	-	(0.2)	**(0.2)**
Other financial income	-	-	-	-	**-**
Depreciation and amortisation	-	(0.1)	-	-	**(0.1)**

At 31 December 2018, the outstanding balances with related parties are as follows:

In millions of EUR	**Entities under common control**	**Key management personnel**	**Joint ventures**	**Total**
Trade and other receivables (Note 14)	7.6	0.3	0.2	**8.1**
Impairment loss provision for trade receivables to related party	(3.4)	-	-	**(3.4)**
Financial assets	0.3	-	-	**0.3**
Loans (Note 14)	1.2	-	13.3	**14.5**
Borrowings (Note 19)	(14.0)	-	-	**(14.0)**
Other non-current assets (Note 13)	-	-	5.7	**5.7**
Trade and other payables current (Note 20)	(9.1)	(0.8)	(0.3)	**(10.2)**
Trade and other payables non - current (Note 20)	(6.4)	-	-	**(6.4)**
Other payables non-current (Note 20)	(0.7)	-	-	**(0.7)**

7 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the 6 months ended 30 June 2018 are as follows:

In millions of EUR	Entities under common control	Key management personnel	Joint ventures	Total
Revenue from services rendered	1.4	-	-	**1.4**
Revenue from construction contracts	-	0.5	5.2	**5.7**
Rental income	0.8	-	0.1	**0.9**
Rental expense	(0.5)	-	-	**(0.5)**
Other services	(1.1)	(0.2)	(0.1)	**(1.4)**
Short-term employee benefits (salaries)	-	(1.2)	-	**(1.2)**
Long-term employee benefits (social security costs)	-	(0.3)	-	**(0.3)**
Interest income	-	-	0.8	**0.8**
Interest expense	(0.1)	-	-	**(0.1)**
Other financial income	-	-	-	**-**

A shareholder entity has made an undertaking to pay to the senior managers of the Group an amount under a profit sharing scheme based on increase in Net Asset Value (adjusted) of the Group. As the amount is payable by the shareholder, and does not constitute a share based payment under IFRS, it has not been expensed by the Group. The amount paid or accrued with respect to 2018 and/or 2019 are not material in the context of the consolidated financial statements. The compensation of the Board of Directors of the Parent Company amounted to EUR 0.5 million during 6 months ended 30 June 2019 (during 6 months ended 30 June 2018: EUR 0.8 million).

The Group had no outstanding loans receivable from the members of the Board of Directors of the Group as at 30 June 2019 (31 December 2018: nil).

Distributions to owners paid by Group in 2019 and 2018 respectively are described in Note 18.

The Group's investment in joint ventures is described in Note 11.

8 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In millions of EUR	Land and buildings	Machinery, equipment	Vehicles and other assets	Capital work in progress including advances (CIP)	Total
At 1 January 2018					
Cost	**14.1**	**6.4**	**28.4**	**0.2**	**49.1**
Accumulated depreciation and impairment charges	**(7.7)**	**(5.5)**	**(26.4)**	**-**	**(39.6)**
Net book value	**6.4**	**0.9**	**2.0**	**0.2**	**9.5**
Year ended 31 December 2018					
Additions	**-**	**0.1**	**-**	**2.6**	**2.7**
Transfers	**0.1**	**0.1**	**-**	**(0.2)**	**-**
Disposals	**-**	**(0.1)**	**(0.8)**	**(0.3)**	**(1.2)**
Depreciation charge	**(0.1)**	**(0.9)**	**(0.8)**	**-**	**(1.8)**
Closing net book value	**6.4**	**0.2**	**0.4**	**2.3**	**9.3**
At 31 December 2018					
Cost	**14.2**	**6.6**	**27.6**	**2.3**	**50.6**
Accumulated depreciation and impairment charges	**(7.8)**	**(6.4)**	**(27.2)**	**-**	**(41.4)**
Net book value	**6.4**	**0.2**	**0.4**	**2.3**	**9.3**

8 Property, Plant and Equipment (Continued)

In millions of EUR	Land and buildings	Machinery, equipment	Vehicles and other assets	Capital work in progress including advances (CIP)	Total
6 months period ended 30 June 2019					
Additions	-	0.3	-	3.2	3.5
Transfers	-	0.8	-	(0.8)	-
Disposals	(0.2)	-	(0.1)	(0.1)	(0.4)
Transfer to assets held for sale	(4.9)	-	-	-	(4.9)
Transfer to right-of-use assets	-	-	(0.3)	-	(0.3)
Depreciation charge	(0.3)	(0.7)	-	-	(1.0)
Closing net book value	**1.0**	**0.6**	**-**	**4.6**	**6.2**
At 30 June 2019					
Cost	9.1	7.7	27.2	4.6	48.6
Accumulated depreciation and impairment charges	(8.1)	(7.1)	(27.2)	-	(42.4)
Net book value	**1.0**	**0.6**	**-**	**4.6**	**6.2**

As at 31 December 2018, the Group did not lease any significant property, plant and equipment under finance leases (where the Company is the lessee). From 2019 leased assets are presented as a separate line item in the balance sheet, see Note 9.
As at 30 June 2019, property, plant and equipment carried at EUR nil million (at 31 December 2018: EUR 4.9 million) has been pledged to third parties as collateral with respect to borrowings.

9 Leases

This note provides information for leases where the group is a lessee**.** The balance sheet shows the following amounts relating to leases:

In millions of EUR	30 June 2019	1 January 2019*
Right-of-use assets:		
Land and buildings	6.2	7.2
Vehicles and other assets	1.6	1.6
Total right-of-use assets	**7.8**	**8.8**
Lease liabilities:		
Current	5.2	4.5
Non-current	57.5	64.3
Total lease liabilities**	**62.7**	**68.8**

* In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 4.

Additions to the right-of-use assets during the 2019 financial year were EUR 0.2 million. The group has included EUR 22.5 million right-of-use assets in investment properties as of 30 June 2019.

As at 30 June 2019, short term lease liabilties of EUR 0.4 million and long-term lease liabilities of EUR 4.6 million associated with Postepu have been classified as Non-current assets held for sale.

**Non-current lease liabilities include:

- EUR 31.2 million liability (equivalent of GBP 28.0 million) the Group has agreed to pay in return for becoming a leasehold owner of the premises at Farringdon West, London, UK, which is payable upon the completion of the project, and
- the liabilities associated with right-of-use assets presented in the above table, and
- the right-of-use assets classified as investment property.

9 Leases (Continued)

The statement of profit or loss shows the following amounts relating to leases:

In millions of EUR	30 June 2019	30 June 2018
Depreciation of right-of-use asset:		
Land and buildings	1.0	-
Vehicles and other assets	0.2	-
Total depreciation of right-of-use asset	**1.2**	**-**
Other expenses:		
Revaluation (gain) / loss on investment property	1.0	-
Interest expense	0.8	-

10 Investment Property

	6 months ended 30 June 2019		6 months ended 30 June 2018		12 months ended 31 December 2018	
In millions of EUR	Under develop-ment	In use or vacant	Under develop-ment	In use or vacant	Under develop-ment	In use or vacant
Fair value at 1 January	**1,043.6**	**622.8**	**861.8**	**545.6**	**861.8**	**545.6**
Right-of-use assets recognised on 1 January 2019 due to IFRS 16 adoption	11.5	16.9	-	-	-	-
Acquisitions of investment property	-	-	80.4	-	149.7	8.1
Subsequent expenditure on investment property	163.2	21.7	83.5	12.4	192.6	30.8
Transfers from under development to in use	(4.9)	4.9	(108.7)	108.7	(226.7)	226.7
Transfers from disposal groups classified as held for sale	-	-	19.9	-	19.9	-
Transfers to disposal groups classified as held for sale (Note 15)	(146.1)	(234.3)	-	(9.3)	(18.3)	(177.6)
Disposals	(35.0)	-	(107.6)	(3.5)	(107.4)	(14.4)
Fair value gains/(losses) – properties completed during the year	-	-	21.0	-	62.7	-
Fair value gains/(losses)	142.9	40.7	109.0	15.7	124.5	7.6
Effect of translation to presentation currency	5.0	(0.8)	(23.2)	(11.3)	(15.2)	(4.0)
Fair value at 30 June	**1,180.2**	**471.9**	**936.1**	**658.3**	**1,043.6**	**622.8**

The Group classified certain leases as investment properties. The carrying value of such investment property as of 30 June 2019 was EUR 31.6 million (2018: EUR 9.1 million). The increase from prior reporting period has been caused by IFRS 16 Leases standard adoption as described in note 4.

At 30 June 2019, investment properties carried at 956.9 million (31 December 2018: EUR 1,086.2 million, 30 June 2018 EUR: 782.6 million) have been pledged to third parties as collateral with respect to borrowings.

Valuations obtained for investment properties were adjusted for the purpose of the financial statements to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities and with respect to non-binding offers, results of prospective purchaser due diligence and other factors.

10 Investment Property (Continued)

Reconciliation between the valuations obtained and the adjusted valuation included in the financial statements is as follows:

In millions of EUR		Note	30 June 2019	30 June 2018	31 December 2018
Valuations obtained			**2,270.2**	**1,879.7**	**1,943.3**
Add:	right-of-use assets classified as investment property		27.4	-	-
Less:	property classified as property plant and equipment (own use)		-	(5.7)	(5.7)
Less:	management adjustments to consider subsequent non binding offers, results of prospective purchaser due diligence and other factors		(5.1)	-	3.3
Less:	lease incentive receivables	12(a)	(1.9)	(9.6)	(8.7)
Less:	transfers to disposal groups classified as held for sale	15	(385.9)	(270.0)	(193.8)
Less:	transfers to disposal groups classified as held for sale in previous year		(252.6)	-	(72.0)
Fair value at the end of the period			**1,652.1**	**1,594.4**	**1,666.4**

11 Investment in Joint Ventures

In 2014, the Group entered into a joint venture in Poland with 51% economic interest in West Station Investment. In 2015, the Group increased its economic interest in the joint venture to 71%.
The Group sold shares in two (2) joint ventures during the six months period ended 30 June 2019: West Station Investment Sp. z o. o. and West Station Investment 2 Sp. z o.o..

The following amounts represent the assets, liabilities, revenue and results of the joint ventures:

	6 months ended 30 June 2019		6 months ended 30 June 2018	
In millions of EUR	West Station Investment 1-2	Other Joint Ventures	West Station Investment 1-2	Other Joint Ventures
Revenue	5.8	0.3	6.9	0.0
Profit and total comprehensive income for the year	(10.7)	(0.4)	9.7	0.1

	30 June 2019		31 December 2018	
In millions of EUR	West Station Investment 1-2	Other Joint Ventures	West Station Investment 1-2	Other Joint Ventures
Current assets	-	0.3	28.5	0.4
Non-current assets	-	7.5	199.2	8.2
Current liabilities	-	(3.4)	(16.0)	(3.7)
Non-current liabilities	-	(0.1)	(138.0)	(0.1)
Net assets of the investee	**-**	**4.3**	**73.7**	**4.8**
Share of other ventures	**-**	**(2.1)**	**(21.6)**	**(2.4)**
Investment in joint venture	**-**	**2.2**	**52.1**	**2.4**

12 Receivables and Loans

In millions of EUR	Note	30 June 2019	31 December 2018
Lease incentives receivables	(a)	1.9	8.7
Loans to third parties		0.3	0.5
Total receivables and loans		**2.2**	**9.2**

Description and analysis by credit quality of receivables and loans is as follows:

(a) Lease incentive receivables of EUR 1.9 million (31 December 2018: EUR 8.7 million) represent cost of incentives recognised over the lease term, on a straight-line basis. These receivables are neither past due nor impaired. They are not secured and they are due from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

13 Other Non-Current Assets

In millions of EUR	Note	30 June 2019	31 December 2018
Other non-current assets	(a)	4.9	3.7
Construction contracts retention due from joint ventures	(b)	-	5.7
Total other non-current assets		**4.9**	**9.4**

(a) As at 30 June 2019, EUR 1.6 milion related to projects in Hungary, EUR 1.5 milion related to projects in Poland. As at 31 December 2018, EUR 1.2 million related to projects in Poland. The remaining balance consists of many non-material items.
(b) Refer to Note 7, *Balances and Transactions with Related Parties*.

14 Trade and Other Receivables

In millions of EUR	Note	30 June 2019	31 December 2018
Trade receivables		13.2	14.5
Trade receivables and advances to joint ventures	7	0.1	0.2
Derivatives and other financial assets		5.4	4.6
Accrued rental income		0.6	1.5
Unbilled receivables from service charges		4.2	5.3
Loans to related parties	7	1.3	14.5
Other financial receivables		8.9	1.7
Trade and other receivables from related parties	7	13.1	7.9
Less impairment loss provision for trade receivables		(4.2)	(5.0)
Total financial receivables		**42.6**	**45.2**
VAT receivable		13.5	15.7
Prepayments		10.0	10.1
Income tax receivable		1.1	1.4
Total trade and other receivables		**67.2**	**72.4**

(a) Loans are provided under the following conditions – interest rate 8.16% (2018: 2.68-8.16%).

14 Trade and Other receivables (Continued)

As at 30 June 2019 the credit loss allowance for trade and other receivables is determined according to provision matrix presented in the table below.

	Loss rate	Gross carrying amount	Lifetime ECL
Trade and other receivables			
- current	0.5%	25.1	0.1
- less than 30 days overdue	3.0%	3.4	0.1
- 30 to 90 days overdue	5.0%	2.9	0.1
- 91 to 180 days overdue	10.0%	5.1	0.5
- 181 to 360 days overdue	25.0%	0.9	0.2
- over 360 days overdue	75.0%	4.0	3.2
Total trade receivables (gross carrying amount)		**41.4**	**4.2**
Credit loss allowance		(4.2)	
Total trade receivables (carrying amount)		**37.2**	
Fair value receivables		5.4	
Total financial receivables		**42.6**	

As at 31 December 2018 the credit loss allowance for trade and other receivables is determined according to provision matrix presented in the table below.

	Loss rate	Gross carrying amount	Lifetime ECL
Trade and other receivables			
- current	0.5%	32.5	0.2
- less than 30 days overdue	3.0%	2.6	0.1
- 30 to 90 days overdue	5.0%	0.6	-
- 91 to 180 days overdue	10.0%	2.6	0.3
- 181 to 360 days overdue	25.0%	2.0	0.5
- over 360 days overdue	75.0%	5.3	3.9
Total trade receivables (gross carrying amount)		**45.6**	**5.0**
Credit loss allowance		(5.0)	
Total trade receivables (carrying amount)		**40.6**	
Fair value receivables		4.6	
Total financial receivables		**45.2**	

The primary factor that the Group considers in determining whether a receivable is impaired is its overdue status. As a result, the Group presents above an ageing analysis of trade and other receivables that are individually determined to be impaired. Certain trade receivables are secured by either bank guarantee or deposit. The unsecured trade receivables are from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

The carrying amount of each class of trade and other receivables approximated their fair value.

14 Trade and Other receivables (Continued)

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the annual period:

In millions of EUR	30 June 2019	31 December 2018
Credit loss allowance at 1 January	**5.0**	**5.3**
Credit loss allowance charge in profit or loss for the period	-	-
Write-offs	(0.8)	(0.3)
Credit loss allowance at 30 June/31 December	**4.2**	**5.0**

Receivables collateralised by such inventory or other assets are as follows at 30 June 2019:

In millions of EUR	30 June 2019	31 December 2018
Trade receivables collateralised by:		
- bank guarantees	0.1	0.9
- tenant deposits	0.5	0.7
Total	**0.6**	**1.6**

The financial effect of collateral is presented by disclosing collateral values separately for (i) those receivables where collateral and other credit enhancements are equal to or exceed carrying value of the receivable ("over-collateralised assets") and (ii) those receivables where collateral and other credit enhancements are less than the carrying value of the receivable ("under-collateralised assets").

Financial effect of collateral at 30 June 2019 is as follows:

	Over-collateralised Assets		**Under-collateralised Assets**	
In millions of EUR	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Trade and other receivables	0.3	3.6	8.9	0.4

Financial effect of collateral at 31 December 2018 is as follows:

	Over-collateralised Assets		**Under-collateralised Assets**	
In millions of EUR	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Trade and other receivables	1.0	6.1	10.8	0.6

Collateral will be utilized to settle any receivables in case of customer's default.

The Group has pledged the receivables of EUR 0.8 million as collateral for the borrowings as at 30 June 2019 (2018: EUR 2.1 million).

15 Non-current Assets Held for Sale

Major classes of assets classified as held for sale:

In millions of EUR	30 June 2019	31 December 2018
Property, plant and equipment	20.5	15.8
Investment property	609.4	242.4
Trade and other receivables	20.9	11.5
Cash and cash equivalents	14.7	1.5
Other non-current assets	2.6	-
Total assets classified as held for sale	**668.1**	**271.2**

As of 30 June 2019, the Group classified assets and liabilities of eight (8) subsidiaries (P14 Sp. z o.o., TC Tower A1 s. r. o., Twin City III s. r. o., Twin City IV s. r. o., SPV Vištuk s. r. o., TWENTY House S.à r.l., Phibell s.r.o., HB Reavis DE2 S.à r. l) as held for sale.

As of 31 December 2018, the Group classified assets and liabilities of five (5) subsidiaries (HB REAVIS Buda Project Kft., TC Tower A1 s. r. o., Twin City III s. r. o., Twin City IV s. r. o. and SPV Vištuk s. r. o.) as held for sale.

The investment properties are valued semi-annually on 31 December and 30 June at fair value, with the benefit of advice by an independent, professionally qualified valuation expert who has recent experience in valuing similar properties in similar locations. The methods and significant assumptions applied in determining the fair value are described in Notes 3 and 32.

Major classes of liabilities directly associated with assets classified as held for sale:

In millions of EUR	30 June 2019	31 December 2018
Deferred income tax liability	29.2	10.5
Borrowings	299.4	143.9
Trade and other payables	13.8	4.4
Lease liabilities long-term	4.6	-
Lease liabilities short-term	0.4	-
Total liabilities directly associated with assets classified as held for sale	**347.4**	**158.8**

At 30 June 2019, investment properties held for sale carried at EUR 609.4 million (at 31 December 2018: EUR 242.4 million), property, plant and equipment of EUR 20.5 milion (at 31 December 2018: EUR 15.8 milion) and the receivables of EUR 20.9 million (at 31 December 2018: EUR 11.5 million) have been pledged to third parties as collateral with respect to borrowings.

One (HB REAVIS Buda Project Kft.) out of five subsidiaries classified held for sale as at 31 December 2018 was sold during year 2019 (Note 26). Remaining four subsidiaries classified as held for sale as at 31 December 2018 are actively marketed and the Group is commited to complete the sale during 2019.

16 Cash and Cash Equivalents

In millions of EUR	30 June 2019	31 December 2018
Cash at bank and in hand	155.9	172.3
Total cash and cash equivalents	**155.9**	**172.3**

At 30 June 2019, cash and cash equivalents were available for the Group's use, except for restricted cash in the amount of EUR 7.3 million (2018: EUR 2.8 million).

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 30 June 2019. Refer to Note 30 for the description of the Group's credit risk grading system.

16 Cash and cash equivalent (Continued)

In millions of EUR	30 June 2019	31 December 2018
- Excellent	127.0	131.0
- Good	28.2	41.0
- Satisfactory	0.7	0.3
Total cash and cash equivalents	**155.9**	**172.3**

The Company classifies banks based on ratings as follows:

- Banks rated Excellent: Rating by Moody's A1, A2, A3 or rating by Fitch A+, A, A-
- Banks rated Good: Rating by Moody's Baa1, Baa2, Baa3 or Fitch BBB+, BBB, BBB-
- Banks rated Satisfactory: Rating by Moody's Ba1, Ba2, Ba3 or Fitch BB+, BB, BB-

The carrying amounts of cash and cash equivalents as of 30 June 2019 and 2018 are not substantially different from their fair value. The maximum exposure to credit risk relating to cash and cash equivalents is limited to the carrying value of cash and cash equivalents.

17 Financial investments

In millions of EUR		30 June 2019	31 December 2018
Investment in The Cambridge Incubator, LLC	(a)	53.6	51.6
Investment in HB REAVIS CE Real Estate Investment Fund		0.2	0.2
Total financial investments		**53.8**	**51.8**

(a) In February 2018 the Group acquired a non-controlling share in The Cambridge Incubator, LLC, a Delaware limited liability company for a consideration of EUR 49.8 million. The change compared to balance as at 31 December 2018 was caused by purchase of shares during first quarter 2019 and the foreign exchange rates shift. All financial investments are measured at fair value through profit or loss (Note 3). The fair value of investment in The Cambridge Incubator, LLC as at 30 June 2019 approximates its acquisition costs.

18 Share Capital and Share Premium

	Number of shares	Ordinary shares in EUR	Share premium in EUR	Total in EUR
At 1 January 2018	12,500	12,500	494,002,499	**494,014,999**
At 31 December 2018	30,000	30,000	455,852,721	**455,882,721**
At 30 June 2019	30,000	30,000	415,852,719	**415,882,719**

The total authorised number of ordinary shares is 30,000 shares with a par value of EUR 1 per share. All issued ordinary shares are fully paid. Each ordinary share carries one vote. 12,500 shares were issued on 20 October 2010 and additional 17,500 shares were issued on 4 September 2018 due to change of legal form of the company from a private limited liability company into a public limited liability company.

The terms of external borrowings drawn by the Group impose limitations on the ability of the subsidiaries to pay distributions to owners.

Distributions to owners declared and paid during the period were as follows:

In millions of EUR, except dividends per share amount	Note	30 June 2019	31 December 2018
Distributions to owners payable at 1 January	20	**-**	**8.8**
Distributions declared during the year (from share premium)		40.0	38.1
Distributions paid during the year		(29.1)	(46.9)
Distributions to owners payable at 31 December	20	**10.9**	**-**
Amount per share declared during the year in EUR		1,333.3	1,271.7

19 Borrowings

In millions of EUR	Note	30 June 2019	31 December 2018
Non-current			
Bank borrowings		245.8	289.3
Issued bonds	(a)	272.2	293.8
Finance lease liabilities	(b)	-	31.3
Total non-current borrowings		**518.0**	**614.4**
Current			
Bank borrowings		95.9	84.0
Borrowings from related parties	7	-	14.0
Issued bonds	(a)	74.8	35.2
Total current borrowings		**170.7**	**133.2**
Total borrowings		**688.7**	**747.6**

(a) The bonds represent following debt instruments:
(i) EUR denominated bonds in the amount EUR 30 million, which were issued in Bratislava in August 2014 with maturity August 2019, bearing an interest of 4.25% p.a.;
(ii) EUR denominated bonds in the amount EUR 40 million, which were issued in Bratislava in March 2015 with maturity March 2020, bearing an interest of 4.25% p.a.;
(iii) CZK denominated bonds in the amount CZK 1,250 million (EUR 49.1 million) , which were issued in Prague in March 2016 with maturity March 2021, bearing an interest of 6M PRIBOR + 4% p.a.;
(iv) PLN denominated bonds in the amount PLN 100 million (EUR 23.5 million), which were issued in Warsaw in October 2016 with maturity April 2021, bearing an interest of 6M WIBOR + 4.40% p.a.;
(v) EUR denominated bonds in the amount EUR 25 million, which were issued in Bratislava in December 2016 with maturity December 2021, bearing an interest of 3.50% p.a.;
(vi) EUR denominated bonds in the amount EUR 12 million, which were issued in Bratislava in March 2017 with maturity March 2022, bearing an interest of 3.50% p.a.;
(vii) EUR denominated bonds in the amount EUR 20 million, which were issued in Bratislava in June 2017 with maturity June 2022, bearing an interest of 3.35% p.a.;
(viii) PLN denominated bonds in the amount PLN 220 million (EUR 51.8 million), which were issued in Warsaw in July 2017 with maturity January 2022, bearing an interest of 6M WIBOR + 4.20% p.a.;
(ix) EUR denominated bonds in the amount EUR 45 million, which were issued in Bratislava in September 2017 with maturity September 2027, bearing an interest of 4.45% p.a.;
(x) EUR denominated bonds in the amount EUR 31 million, which were issued in Bratislava in November 2017 with maturity November 2023, bearing an interest of 3.25% p.a.;
(xi) EUR denominated bonds in the amount EUR 15 million, which were issued in Bratislava in February 2019 with maturity February 2028, bearing an interest of 3.25% p.a..

The Group's borrowings are denominated in EUR, PLN or CZK.

(b) The finance lease liabilities fall due as follows:

In millions of EUR	30 June 2019	31 December 2018
Repayable between 2 and 5 years	-	31.3
Total	-	**31.3**

As of 30 June 2019 the finance lease liability of EUR 31.3. million was reclassified to Non-current lease liabilities (Note 9) due to adoption of standard IFRS 16.

As of 31 December 2018 the finance lease liability of EUR 31.3 million represents a consideration equivalent to GBP 28.0 million the Group agreed to pay in return for becoming a leasehold owner of the premises at Farringdon West, London, UK, which is payable upon the completion of the project.

The present value of finance lease liability approximates the gross finance lease liability payable.

19 Borrowings (Continued)

Net debt reconciliation

The table below sets out an analysis of our debt and the movements in our debt for the 6 months ended 30 June 2019. The debt items are those that are reported as financing in the statement of cash flows.

In millions of EUR	Bank borrowings	Bonds	Finance lease liabilities	Total
Borrowings as presented in the Statement of financial position as at 1 january 2018	**351.0**	**330.0**	**-**	**681.0**
Borrowings under liabilities directly associated with non-current assets classified as held for sale as at 1 January 2018 (Note 15)	212.0	-	-	**212.0**
Total borrowings as at 1 January 2018	**563.0**	**330.0**	**-**	**893.0**
Proceeds from new drawdowns	294.4	-	-	**294.4**
Repayments	(109.1)	-	-	**(109.1)**
Foreign exchange adjustments	2.7	2.6	-	**5.3**
Non-cash movement due to loss of control in a subsidiary	(218.7)	-	-	**(218.7)**
Change in accrued interest	2.3	(1.0)	-	**1.3**
Effect of translation to presentation currency	(3.4)	(2.6)	-	**(6.0)**
Finance lease additions	-	-	31.3	**31.3**
Borrowings as presented in the Statement of financial position as at 31 December 2018	**387.3**	**329.0**	**31.3**	**747.6**
Borrowings under liabilities directly associated with non-current assets classified as held for sale as at 31 December 2018 (Note 15)	143.9	-	-	**143.9**
Total borrowings as at 31 December 2018	**531.2**	**329.0**	**31.3**	**891.5**
Proceeds from new drawdowns	133.9	15.0	-	**148.9**
Repayments	(16.0)	-	-	**(16.0)**
Foreign exchange adjustments	(2.1)	(1.4)	-	**(3.5)**
Non-cash movement due to loss of control in a subsidiary	(7.5)			**(7.5)**
Change in accrued interest	0.8	3.0	-	**3.8**
Effect of translation to presentation currency	0.8	1.4	-	**2.2**
Reclass due to IFRS 16 adoption (Note 9)	-	-	(31.3)	**(31.3)**
Borrowings as presented in the Statement of financial position as at 30 June 2019	**341.7**	**347.0**	**-**	**688.7**
Borrowings under liabilities directly associated with non-current assets classified as held for sale as at 30 June 2019 (Note 15)	**299.4**	-	-	**299.4**
Total borrowings as at 30 June 2019	**641.1**	**347.0**	**-**	**988.1**

The carrying amounts and fair values of the non-current borrowings are set out below:

	Carrying amounts		Fair values	
In millions of EUR	**30 June 2019**	**31 December 2018**	**30 June 2019**	**31 December 2018**
Bank borrowings	245.8	289.3	442.0	294.6
Issued bonds	272.2	293.8	349.1	330.9
Finance lease liability	-	31.3	-	31.3
Non-current borrowings	**518.0**	**614.4**	**791.1**	**656.8**

Assumptions used in determining fair value of borrowings are described in Note 32. The carrying values of current borrowings approximate their fair values.

The Group has the following undrawn borrowing facilities:

In millions of EUR	**30 June 2019**	**31 December 2018**
Availability:		
- Expiring within one year	8.0	33.6
- Expiring beyond one year	595.9	297.5
Total undrawn facilities	**603.9**	**331.1**

Investment properties (Note 10), property, plant and equipment (Note 8) and receivables (Note 14) are pledged as collateral for borrowings of EUR 277.5 million (31 December 2018: EUR 364.8 million).

19 Borrowings (Continued)

The loan agreements with third party creditors are governed by terms and conditions which include maximum loan to value ratios ranging from 65% to 75% (2018: 55% to 75%) and minimum debt service coverage ratios ranging from 1.15 to 1.30 (2018: 1.00 to 1.20). During the half year period 2019 and up to the date of authorisation of these consolidated financial statements for issue, the Group was in compliance with all loan agreement terms and no terms of the loans were renegotiated due to defaults or breaches. Furthermore, after 30 June 2019 and up to date of authorisation of these consolidated financial statements for issue, the Group repaid the loan of EUR 73.2 million including EUR 30 million of bond issue and drawn EUR 20.0 million of new bond issue.

20 Trade and Other Payables

In millions of EUR	**Note**	**30 June 2019**	**31 December 2018**
Non – current			
Long-term payables		14.9	15.2
Total non-current payables		**14.9**	**15.2**
Current			
Trade payables		0.3	4.3
Liabilities for construction of investment properties		47.1	39.8
Accrued liabilities		14.1	18.2
Distribution payable to owners	18	10.9	-
Derivative financial instruments		0.8	1.8
Other payables		8.5	12.1
Liabilities due to joint ventures		-	0.3
Refund liability		2.5	4.2
Total current financial payables		**84.2**	**80.7**
Items that are not financial instruments:			
Deferred rental income		4.8	5.0
Contract liability		1.2	1.7
Accrued employee benefit costs		2.3	1.4
Other taxes payable		-	0.6
VAT payable		0.1	0.7
Prepayments		1.3	0.8
Total current trade and other payables		**93.9**	**90.9**

The fair value of trade payables, finance lease liabilities, liabilities for construction of investment property, accrued liabilities, dividends payable, other trade payables to related parties and of other liabilities is not significantly different from their carrying amount.

21 Rental and Similar Income from Investment Property

In millions of EUR	**6 months ended 30 June 2019**	**6 months ended 30 June 2018**
Rental income		
Office	18.0	23.7
Retail	0.7	0.7
Industrial	-	-
Service charges		
Office	9.6	8.3
Retail	0.4	0.1
Industrial	0.0	(0.1)
Management charges		
Office	1.9	1.3
Retail	0.1	-
Industrial	0.2	0.2
Total revenue	**30.9**	**34.2**

21 Rental and Similar Income from Investment Property (Continued)

Where the Group is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows:

In millions of EUR	**30 June 2019**	**30 June 2018**
Not later than 1 year	31.6	32.9
Later than 1 year and not later than 5 years	154.0	81.7
Later than 5 years	252.4	68.0
Total operating lease payments receivable	**438.0**	**182.6**

The Group's rental income includes performance income depending on sales revenue of retail units leased by its tenants. These amounts are not included in the above payments receivable as the Group is unable to estimate them with sufficient certainty. Total contingent payments receivable recognised as income for 6 months period ended 30 June 2019 under the Group's operating leases were EUR nill (6 months period ended 30 June 2018: nil).

Contingent rent payments receivable is calculated based on the expected revenues of the related tenants multiplied by contractually agreed percentage. Historical knowledge about the development of tenant's revenue as well as currently expected progress of revenues is taken into account in the calculation of the receivable.

22 Direct Operating Expenses arising from Investment Property

In millions of EUR	**6 months ended 30 June 2019**	**6 months ended 30 June 2018**
Direct operating expenses arising from investment property that generate rental income:		
Materials consumed	0.5	0.2
Repairs and maintenance services	0.5	0.5
Utilities costs	2.9	2.9
Services relating to investment property	8.5	6.8
Real estate tax	0.3	0.5
Other costs	2.0	0.5
Total	**14.7**	**11.4**

23 Analysis of Revenue by Category

In millions of EUR	**Note**	**6 months ended 30 June 2019**	**6 months ended 30 June 2018**
Rental income	21	18.7	24.4
Service charges	21	10.0	8.3
Management charges	21	2.2	1.5
Total Rental and similar income from investment property		**30.9**	**34.2**
Services rendered	25	3.7	2.2
Other	25	0.3	0.7
Total Other operating income		**4.0**	**2.9**
Construction revenue		**11.5**	**10.3**
Total revenue and other income		**46.4**	**47.4**

As at 30 June 2019, the Group has completed all contracts for construction of properties.

24 Employee Benefits

In millions of EUR	6 months ended 30 June 2019	6 months ended 30 June 2018
Wages and salaries	11.5	14.0
Pension costs – defined contribution plans	0.6	0.7
Total employee benefits	**12.1**	**14.7**

Number of employees in the core real estate operations of the Group was as follows (on full time equivalent basis):

	30 June 2019	30 June 2018
Real estate	736	694
Total number of employees	**736**	**694**

25 Operating Income and Expenses

Operating expenses comprised the following:

In millions of EUR	6 months ended 30 June 2019	6 months ended 30 June 2018
Services	3.6	18.9
Rental expense	1.3	1.7
Cost of sold inventories	0.7	1. 2
Other taxes	0.4	(0.7)
Material consumption	1.2	0.5
Audit fees	0.4	0.5
Energy costs	0.1	-
Other	3.4	2.9
Total operating expenses	**11.1**	**25.0**

Other operating income comprised the following:

In millions of EUR	6 months ended 30 June 2019	6 months ended 30 June 2018
Sales of services	3.7	2.2
Sales of inventories	0.2	0.7
Other operating income	0.1	-
Total other operating income	**4.0**	**2.9**

26 Disposals of Subsidiaries

The Group sold shares in four (4) subsidiaries during the six months period ended 30 June 2019: Temster, s.r.o., Radlická ATA s.r.o., Radlice Real Estate, s.r.o. and HB REAVIS Buda Project Kft.

The Group sold shares in two (2) subsidiaries during the six months period ended 30 June 2018: FORSEA s.r.o. and EIGHT House S.à r.l., of which FORSEA s.r.o. was classified as Non-current assets held for sale as of 31 December 2017.

The assets and liabilities of subsidiaries disposed of, the sale proceeds and the gain on disposal comprised:

In millions of EUR	**6 months ended 30 June 2019**	**6 months ended 30 June 2018**
Investment property in use	48.3	196.8
Deferred tax asset/(liability)	(2.7)	(8.6)
Borrowings	(7.5)	(98.5)
Trade and other payables	(0.1)	-
Cash and cash equivalents	0.3	0.5
Other working capital	0.3	6.7
Net assets value	**38.6**	**96.9**
Gain on divestments of subsidiaries	1.5	9.5
Foreign currency translation differences transferred from other comprehensive income upon loss of control	0.2	(5.6)
Proceeds from sale of subsidiaries	**40.3**	**100.8**
Less cash in subsidiaries at the date of transaction	(0.3)	(0.5)
Less receivable from sale of subsidiary	-	(0.2)
Cash sale proceeds	**40.0**	**100.1**

27 Income Taxes

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the average annual income tax rate expected for the full financial year adjusted for tax effect of income exempt from taxation. The effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate for the six months ended 30 June 2019 was 23.1% (six months ended 30 June 2018: 22.7%).

28 Foreign exchange gains/(losses)

In millions of EUR	**6 months ended 30 June 2019**	**6 months ended 30 June 2018**
Bank borrowings – unrealised as at 30 June	0.5	(8.0)
Inter-company loans to foreign operations that do not form part of net investment – unrealised as at 30 June	3.0	(8.9)
Trade and other receivables and payables – realised during period	(0.2)	(1.5)
Trade and other receivables and payables – unrealised as at 30 June	(0.1)	(0.5)
Foreign exchange gains/(losses)	**3.2**	**(18.9)**

29 Contingencies, Commitments and Operating Risks

Tax legislation. Tax and customs legislation in countries where the Group operates is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities. The Group includes holding companies incorporated in various jurisdictions. The tax liabilities of the Group are determined on the assumption that these holding companies are not subject to profits tax in other countries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. Refer also to Note 3.

Capital expenditure commitments. Contractual obligations to purchase, construct or develop investment properties totalled EUR 227.6 million at 30 June 2019 (31 December 2018: EUR 169.8 million); this exposure will be partially financed by external loans (committed lines: EUR 619.4 million). The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Lease commitments. Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

In millions of EUR	**30 June 2019**	**31 December 2018**
Not later than 1 year	5.6	4.9
Later than 1 year and not later than 5 years	17.4	19.0
Later than 5 years	75.8	76.0
Total operating lease commitments	**98.8**	**99.9**

Except for landplots in Poland (Note 4), the Group uses landplots in United Kingdom under the lease agreements. Under the agreements the right to use the landplots is transferred to the Group in exchange for remuneration in the form of fees that are subject to review or are dependent on market rent.

30 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks: credit risk, market risk (including changes in foreign currency exchange rates, interest rate and price risk), liquidity risks, operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's rental income on credit terms and other transactions with counterparties giving rise to financial assets. The Group's maximum exposure to credit risk represents the carrying value of its financial assets in the consolidated statement of financial position.

The Group has no significant off-balance sheet exposures to credit risk as it did not issue financial guarantees nor loan commitments to other parties. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by Management. Such risks are monitored on a revolving basis and subject to an annual review.

Management has additional policies in place to secure trade receivables from rental business. The Group uses system of required bank guarantees or financial deposits to secure its receivables from rental business based on the rating of tenant.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 14.

30 Financial Risk Management (Continued)

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 30 June 2019:

				Amounts subject to master netting and similar arrangements not set off in the statement of financial position		
In millions of EUR	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Financial instruments d)	Cash collateral received e)	Net amount of exposure c) - d) - e)
Assets						
Trade receivables	0.6	-	0.6	0.1	0.5	-
Liabilities						
Cash collateral received presented within trade and other payables	0.5	-	0.5	0.5	-	-

Financial instruments subject to offsetting, enforceable master netting and similar arrangements were as follows at 31 December 2018:

				Amounts subject to master netting and similar arrangements not set off in the statement of financial position		
In millions of EUR	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Financial instruments d)	Cash collateral received e)	Net amount of exposure c) - d) - e)
Assets						
Trade receivables	1.6	-	1.6	0.9	0.7	-
Liabilities						
Cash collateral received presented within trade and other payables	0.7	-	0.7	0.7	-	-

According to the general terms and conditions of contracts with its customers, the Group requires either a cash collateral or bank guarantee in favour of the Group to ensure its receivables are collectible. The amount guaranteed by cash collateral or a bank guarantee is assessed by the Group annually. The Group has a right of set-off of any balances overdue against the collateral or amount drawn under a bank guarantee.

The amounts in columns (d) and (e) in the above table are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

Credit risks concentrations

As for the banks and financial institutions, Group has relationships only with those banks that have high independent rating assessment. The Group's bank deposits are held with 33 banks (2018: 35 banks) but 86.7% (2018: 90.7%) of cash balances as of 30 June 2019 are held with 10 (2018: 10) major banks. The Group's management considers the concentration of credit risk with respect to cash balances with banks as acceptable. The analysis by credit quality (bank rating) is provided in Note 16.

As at 30 June 2019, the Group receivables to joint ventures amounted to EUR 0.1 million (31 December 2018 EUR 0.2 million). The Group's management considers the concentration of credit risk with respect to receivables balances to joint ventures.

30 Financial Risk Management (Continued)

Expected credit loss (ECL) measurement

The Group uses Expected credit loss ("ECL") measurement, which reflects the probability-weighted estimate of the present value of future expected credit losses. The Group applies a simplified approach to trade receivables, unbilled receivables from service charges and accrued rental income ("trade receivables") under IFRS 9 (including related party receivables), i.e. measures ECL using lifetime expected loss. The Group uses for the calculation of lifetime expected loss by applying a provision matrix that takes into account the amount of trade receivables turnover during the current period and the amount of trade receivables written off. Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

Significant increase in credit risk (SICR)

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For other receivables and other financial assets, SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group's Management.

The Group considers other receivables and other financial assets to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

- 30 days past due;
- the Group regularly monitors debtors with increased credit risk and considers such portfolios to have a SICR.

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the debtor has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

The Group has two approaches for ECL measurement: (i) assessment on an individual basis and (ii) assessment on a portfolio basis. The Group performs an assessment on a portfolio basis for trade receivables. The Group performs an assessment on an individual basis for all receivables overdue more than 365 days taking into consideration the fact whether the receivable under the review is secured by a bank guarantee/cash deposit or not. Generally, the bank guarantee is deemed to provide a sufficient assurance that the receivable will not become illiquid and therefore provisions for receivables secured by a bank guarantee are not created.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics. The key shared credit characteristics considered are: financial instrument type, type of customer, date of initial recognition and remaining term to maturity. The different segments also reflect differences in credit risk parameters. The appropriateness of groupings is monitored and reviewed on a periodic basis by Management.

30 Financial Risk Management (Continued)

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. Cash flow forecasts are provided by the Board of Directors and provide the best estimate of the expected macro-economic development over the next year. The Group has considered this information, and based on the fact that most of the financial assets are current, this did not have significant impact on the consolidated financial statements.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes. The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit.

(ii) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements.

Currency risk. Due to continuous international expansion, Management acknowledges elevated exposure of the Group to foreign exchange risk arising from various currency exposures, primarily with respect to Czech Koruna, Polish Zloty, British Pound and Hungarian Forint. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currency that is not the entity's functional currency. Therefore, internal objectives, policies and processes for its management have been set. Management has set up a policy to require group companies to manage their foreign exchange risk exposure with the group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with the help of group treasury. As a result, the Group has invested into hedging instruments that are set up to minimize foreign exchange losses.

Had the foreign exchange rates been by one tenth lower than they have been throughout the period of 6 months ended 30 June 2019 with all other variables constant, profit for the period would have been approximately EUR 49.2 million lower (30 June 2018: EUR 57.8 million lower). Equity, after allowing for the tax effects, would have been EUR 38.9 million lower (30 June 2018: EUR 45.7 million lower).

Had the foreign exchange rates been by one tenth higher than they have been throughout the period of 6 months ended 30 June 2019 with all other variables constant, profit for the period would have been approximately EUR 49.2 million higher (30 June 2018: EUR 57.8 million higher). Equity, after allowing for the tax effects, would have been EUR 38.9 million higher (30 June 2018: EUR 45.7 million higher).

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

In millions of EUR	**Less than 12 months**	**Over 12 months**	**Total**
30 June 2019			
Total monetary financial assets	219.9	0.3	**220.2**
Total monetary financial liabilities	(260.1)	(590.4)	**(850.5)**
Net interest sensitivity gap at 30 June 2019	**(40.2)**	**(590.1)**	**(630.3)**
31 December 2018			
Total monetary financial assets	237.8	6.3	**244.1**
Total monetary financial liabilities	(213.9)	(629.7)	**(843.6)**
Net interest sensitivity gap at 31 December 2018	**23.9**	**(623.4)**	**(599.5)**

30 Financial Risk Management (Continued)

Had the interest rates on the Group’s variable interest rate loans (generally the third-party borrowings) been by one tenth lower than they have been throughout the period of 6 months ended 30 June 2019 with all other variables constant, profit before tax for the period would have been higher by approximately EUR 0.5 million (31 December 2018: EUR 0.6 million higher). Equity, after allowing for the tax effects, would have been higher by approximately EUR 0.4 million higher (31 December 2018: higher by EUR 0.5 million).

Had the interest rates on the Group’s variable interest rate loans (generally the third-party borrowings) been by one tenth higher than they have been throughout the period of 6 months ended 30 June 2019 with all other variables constant, profit before tax for the period would have been lower by approximately EUR 0.5 million (31 December 2018: EUR 0.6 million lower). Equity, after allowing for the tax effects, would have been lower by approximately EUR 0.4 million (31 December 2018: lower by EUR 0.5 million).

The Group’s interest rate risk principally arises from long-term borrowings (Note 19). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

In addition to certain borrowings with fixed interest rate, the Group’s policy is to actively manage the interest rate on its variable interest borrowings in selected cases. To manage this, the Group enters into various hedging instruments such as interest rate swaps or interest rate caps in relation to the relevant borrowings.

These provisions are taken into consideration by the Group’s management when pursuing its interest rate hedging policy. Trade and other receivables and Trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

The Group’s interest rate risk is monitored by the Group’s management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Managers. Management analyses the Group’s interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a monthly basis to verify that the maximum potential loss is within the limits set by management.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

(iii) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The table below shows liabilities as at 30 June 2019 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated balance sheet because the carrying amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the respective reporting period. Foreign currency payments are translated using the spot exchange rate at the balance sheet date.

The maturity analysis of financial liabilities as at 30 June 2019 is as follows:

In millions of EUR	**Demand and less than 12 months**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**Total**
Liabilities					
Borrowings (principal)	160.6	79.5	321.5	125.7	**687.3**
Borrowings (future interest payments)	22.6	18.0	34.6	18.7	**93.9**
Financial payables - current (Note 20)	83.4	-	-	-	**83.4**
Financial lease liabilities (Note 9)	5.2	5.2	43.0	14.3	**67.7**
Derivatives and other financial instruments (Note 20)	0.8	-	-	-	**0.8**
Total future payments, including future principal and interest payments	**272.6**	**102.7**	**399.1**	**158.7**	**933.1**

30 Financial Risk Management (Continued)

The maturity analysis of financial liabilities as at 31 December 2018 is as follows:

In millions of EUR	Demand and less than 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities					
Borrowings (principal repayments)	120.0	133.7	401.6	58.8	**714.1**
Borrowings (future interest payments)	22.5	18.1	30.1	8.6	**79.3**
Financial payables - current (Note 20)	78.9	-	-	-	**78.9**
Finance lease liability (Note 19)	-	-	31.3	-	**31.3**
Derivatives and other financial instruments (Note 20)	1.8	-	-	-	**1.8**
Total future payments, including future principal and interest payments	**223.2**	**151.8**	**463.0**	**67.4**	**905.4**

On an ongoing basis, the Board of Managers reviews a three year rolling cash flow forecast for the core real estate business on a consolidated basis. The forecast for second half of year 2019 and first half of year 2020 shows positive cash flow of the Group of approximately EUR 96.3 million (30 June 2018: EUR 129.9 million). The Board of Managers is confident that the Group's cash position allows it to keep pursuing new opportunities in its chosen markets.

31 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other companies in the industry, the Group monitors capital on the Net Asset Value (adjusted) basis. The Group calculates the Net Asset Value (adjusted) on the following basis:

In millions of EUR	Note	30 June 2019	31 December 2018
Equity attributable to the owners of HB Reavis Holding S.A.		1,350.7	1,258.1
Adjusted for			
Add: Deferred income tax liabilities (including joint ventures)	15, 27	114.1	86.0
Net Asset Value (adjusted) as monitored by management		**1,464.8**	**1,344.1**

The Group also manages the net debt leverage ratio. This ratio is defined as a ratio between interest bearing liabilities from third parties less Cash and Group total assets. During 2019, the Group's strategy was to steer the net debt leverage ratio up to 35% (2018: up to 35%). As is shown in the table below, the Group's ratio was below the targeted level as at 30 June 2019 and at the end of 2018. The Group management believe that this position places the Group conservatively in their pursuit of new development opportunities.

In millions of EUR	30 June 2019	31 December 2018
Bank borrowings and finance leases* less cash including those classified as held for sale	849.0	717.7
Total assets	2,643.2	2,349.9
Net debt leverage ratio	**32.12%**	**30.54%**

*Of the total lease liability recognised as at 30 June 2019, EUR 31.5 million represents finance lease liabilities (31 December 2018: EUR 31.3.million).

32 Fair Value Estimation

IFRS 13 requires the use of valuation techniques for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs. The degree of detail of the disclosure depends on the observability of the inputs used.

For this purpose, IFRS 13 establishes a fair value hierarchy that classifies the inputs into three levels:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

i) Investment properties

The following table presents the group's investment properties that are measured at fair value:

In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property – valuations obtained at 30 June 2019 (Note 10)	-	-	2,270.2	**2,270.2**
Investment property – valuations obtained at 31 December 2018 (Note 10)	-	-	1,943.3	**1,943.3**

Level 3 investment properties are fair valued using discounted cash flow method, yield method, residual method, comparative method and fair value at acquisition/divestment (cost) for assets which were either acquired/held for sale close to the balance sheet date or where reliable comparable information is unavailable and management used its judgement and experience to assess the fair value. The valuation techniques for level 3 are further described in Note 10.

32 Fair Value Estimation (Continued)

Quantitative information about fair value measurements using unobservable inputs:

Asset Management and Investment Management

Segment	**Valuation technique**	**Fair value 30 Jun 2019 (in millions of EUR)**	**Fair value 31 Dec 2018 (in millions of EUR)**	**Input**	**Range 30 Jun 2019**	**Range 31 Dec 2018**
Slovakia						
Office	Discounted cash flow	119.6	120.3	Average annual rent in EUR per sqm Discount rate p.a. Capitalisation rate for terminal value	189 – 200 7.65% 6.9%	189 - 200 7.65% 6.9%
Office	Direct capitalisation method	279.2	254.2	Average annual rent in EUR per sqm Capitalisation rate	138 – 200 5.8% - 8.2%	138 – 200 5.8% - 8.2%
Total		**398.8**	**374.5**			
Poland						
Office	Discounted cash flow	84.7	85.5	Average annual rent in EUR per sqm Discount rate p.a. Capitalisation rate for terminal value	190.4 6.5% 7.5%	190.4 6.5% 7.5%
Office	At cost	0.2	0.2	-		-
Total		**84.9**	**85.7**			

32 Fair Value Estimation (Continued)

Segment	Valuation technique	Fair value 30 Jun 2019 (in millions of EUR)	Fair value 31 Dec 2018 (in millions of EUR)	Input	Range 30 Jun 2018	Range 31 Dec 2018
Asset Management and Investment Management (Continued)						
Hungary						
Office	Direct capitalisation method	9.5	9.5	Average annual rent in EUR per sqm Capitalisation rate	90.8 7.0%	90.8 7.0%
Total		**9.5**	**9.5**			
United Kingdom						
Office	Residual value	303.6	281.7	Capitalised net revenues less cost to completion Capitalisation rate	618.1 4.75%	619.5 4.75%
Office	Direct capitalisation method	137.7	123.1	Average annual rent in EUR per sqm Capitalisation rate	791.0 4.5%	791.0 4.5%
Total		**441.3**	**404.8**			
Total for segment		**934.5**	**874.5**			
Development in realisation and in preparation						
Slovakia						
Office, Office/Retail	Residual Method	148.1	125.5	Capitalised net revenues less cost to completion Capitalisation rate	231.6 6.2% - 6.5%	231.7 6.2% - 6.5%
Retail	Residual Method	157.2	120.5	Capitalised net revenues less cost to completion Capitalisation rate	18.5 5.7%	69.8 5.5%
Total		**305.3**	**246.0**			

The average annual rate provided includes the Estimated Market Rental Value (EMRV) i.e. the open market rent of each space (not necessarily equal to the current passing rent) of the property, including rental income from office and retail space but including ancillary income from storage, parking, signage, technology and other income divided by square meters of lettable office, retail and storage space.

32 Fair Value Estimation (Continued)

Segment	Valuation technique	Fair value 30 Jun 2019 (in millions of EUR)	Fair value 31 Dec 2018 (in millions of EUR)	Input	Range 30 Jun 2019	Range 31 Dec 2018
Development in realisation and in preparation (continued)						
Czech Republic						
Office	Residual Method	46.1	61.8	Capitalised net revenues less cost to completion Capitalisation rate	130.4 5.8% - 6.5%	130.4 5.8% - 6.5%
Logistics	At cost	-	0.2	-		
Total		**46.1**	**62.0**			
Poland						
Office	Residal Method	547.7	431.8	Capitalised net revenues less cost to completion Capitalisation rate	271.6 4.5% - 5.75%	261.0 4.8% - 5.8%
Office	At cost	17.0	16.7	-		-
Total		**564.7**	**448.4**			
United Kingdom						
Office	Residual method	82.0	-	Capitalised net revenues less cost to completion Capitalisation rate	101.3 4.5%	- -
Office	At cost	-	57.8	-		-
Total		**82.0**	**57.8**			

32 Fair Value Estimation (Continued)

Segment	Valuation technique	Fair value 30 Jun 2019 (in millions of EUR)	Fair value 31 Dec 2018 (in millions of EUR)	Input	Range 30 Jun 2019	Range 31 Dec 2018
Development in realisation and in preparation (Continued)						
Hungary						
Office	Residual method	162.2	105.0	Capitalised net revenues less cost to completion Capitalisation rate	77.0 5.75%	90.9 6.0%
Office	At cost	-	13.3	-		
Total		**162.2**	**118.3**			
Germany						
Office	At cost	4.6	92.2	-		-
Office	Residual method	120.0	-	Capitalised net revenues less cost to completion Capitalisation rate	94.3 4.5%	- -
Total		**124.6**	**92.2**			
Total for segment		**1,284.9**	**1,024.7**			
None - core						
Logistics	Comparative method	29.4	29.5	Price in EUR per sqm	4.7 – 26.2	4.7 – 26.2
Logistics	At cost	6.4	6.4	-		-
HubHub	At cost	15.0	8.2	-		
Total for segment		**50.8**	**44.1**			

32 Fair Value Estimation (Continued)

Sensitivity of measurement to variance of significant unobservable inputs

A decrease in the estimated annual rent will decrease the fair value. An increase in the discount rates and the capitalisation rates (used for terminal value of DCF and for the direct capitalisation method) will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions. Please refer to Note 3 for the quantitative sensitivity analysis.

Valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by independent and qualified valuers.

These reports are based on both:

- information provided by the company such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the company’s financial and property management systems and is subject to the company’s overall control environment.
- assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yields and discount rates. These are based on their professional judgment and market observation. Generally, for income producing assets a DCF and direct capitalisation methods are used, for assets under construction residual method is used and comparative methodology is used for non-core and land bank assets.

The information provided to the valuers - and the assumptions and the valuation models used by the valuers - are reviewed by the controlling department and the Chief Financial Officer (‘CFO’). This includes a review of fair value movements over the period.

ii) Financial Instruments

Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies as described below. However, judgement is necessarily required to interpret market data to determine the estimated fair value.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. Considering that most borrowings have variable rate of interest and that own credit risk of the Group did not materially change, the amortised cost carrying value approximates fair value. The fair value of liabilities repayable on demand or after a notice period (“demandable liabilities”) is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. The discount rate was 1.98% p.a. (2018: 2.25% p.a.). Refer to Note 19 for the estimated fair values of borrowings (for current borrowings Level 2 inputs are used, for non-current borrowings Level 3 inputs are used). Carrying amounts of trade and other payables approximate fair values.

Financial derivatives. The fair values of derivatives are based on counterparty bank quotes and are considered level 2 valuations. The fair value was estimated using the discounted cash flows technique.

33 Reconciliation of Classes of Financial Instruments with Measurement Categories

For the purposes of measurement, IFRS 9 “*Financial Instruments*” classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. In addition, finance lease receivables form a separate category.

All of the Group’s financial assets belong to the category financial assets at amortised cost except for financial derivatives that are classified as financial assets at FVTPL. All of the Group’s financial liabilities are carried at amortised cost except for financial derivatives that are classified as financial liabilities at FVTPL (Note 19).

34 Consolidated Structured Entities

As at 31 December 2016 the Group held less than 50% of voting rights in a HB REAVIS CE Real Estate Investment Fund a sub-fund of a fully consolidated subsidiary HB Reavis Real Estate SICAV-SIF, the Fund (Note 1). The Group had the power over this sub-fund through asset management contractual arrangements with the General Partner of this Fund, HB Reavis Investment Management S.à r.l. In January 2017 the Group lost control over the sub-fund and since that date the Group's interest in the structure is recognised as a financial investment.

The Group issued 2 tranches of bonds through HB Reavis Finance PL 2 Sp. z o.o. incorporated in Poland, 1 tranche of bonds through HB REAVIS Finance SK s. r. o., 1 tranche of bonds through HB REAVIS Finance SK II s. r. o., 4 tranches of bonds through HB REAVIS Finance SK III s. r. o., 1 tranche of bonds through HB REAVIS Finance SK IV s. r. o., 1 tranche of bonds through HB REAVIS Finance SK V s. r. o., all five incorporated in Slovakia and 1 tranche of bonds through HB Reavis Finance CZ, s.r.o., incorporated in Czech Republic. These entities were consolidated as they are wholly owned by the Group, they were specifically set up for the purposes of the Group, and the Group has exposure to substantially all risks and rewards through ownership and outstanding guarantees of the entities' obligations. The Group guarantees all obligations of these entities represented by the bonds issued amounting to PLN 320 million, EUR 218 million and CZK 1.25 billion (Note 19).

35 Events after the Balance Sheet Date

After 30 June 2019 and up to the date of authorization of these condensed consolidated interim financial statements, the Group has drawn EUR 71.4 million of the facilities undrawn as of 30 June 2019 and repaid the loans of EUR 73.2 million including EUR 30.0 million of bond issue. The Group also issued new tranche of bonds in the amount of EUR 30 million.

In August 2019, the Group completed the sale of 100% shares in its subsidiary Twin City IV s. r. o.. The subsidiary owned the office building Twin City C in Bratislava, Slovakia. Carrying value of the investment property disposed was EUR 82.8 million.

From 11 July 2019, HB Reavis Holding S.A. has only one shareholder, Kennesville Holdings Limited.

There were no other material events, which occurred after the end of the reporting period which have a bearing on the understanding of these condensed consolidated interim financial statements.