

Quarterly business update for three months to 30 September 2019

October 2019

Acquisitions

No acquisitions were made during the reported quarter.

Leasing update

We signed 21.8 thousand sq m of new leases or renewals during the last quarter, with €5.9m annual passing rent contracted (excluding voids and rent-free periods, as well as signed leases related to HB Reavis CE REIF).

The largest tenants signed during 3Q 2019:

- DSTRCT.Berlin (Berlin) – Strato (15,864 sq m)
- Nivy Station (Bratislava) – New Yorker (1,349 sq m)
- Varso 2 (Warsaw) – WorkDay (1,245 sq m)
- Varso 1 (Warsaw) – Yves Rocher (863 sq m)

With the above, the total leases signed for the three quarters of 2019 was 111.1 thousand sq m, making the total contracted annual passing rent €25.4m.

Completions and developments progress

There are 10 projects with over 487.5 thousand sq m of GLA currently under construction, many of which have been well progressing during the last quarter, taking noticeable shapes already. These include projects across five countries, namely:

- Bloom Clerkenwell in London, UK
- DSTRCT Berlin, Germany
- Varso Place (Varso 1, 2 and Tower) & Forest in Warsaw, Poland
- Nivy Station & Nivy Tower in Bratislava, Slovakia
- Agora Tower & Agora Hub in Budapest, Hungary

Construction is well progressing on all sites, with four projects expected to be completed within 6 months. These include Nivy Tower (4Q 2019), Varso 1 (4Q 2019), Varso 2 (1Q 2020) and Agora Tower (1Q 2020).

Financing

The third quarter of the year was particularly successful for HB Reavis on the capital markets. Firstly, we have issued a second retail tranche of €20m as part of our €150m regional bond programme, launched at the end of 2018. In addition, we repaid and successfully refinanced €30m of secured bonds at favorable terms of 7 years tenor and pricing at 2.75%.

During the last quarter, HB Reavis has drawn down a total of €121.4m of external debt financing including €50m of bonds. At the end of September 2019, the Group had €669.8m of bank financing (excluding €3.0m assigned to Joint Ventures), along with €359.4m of bond financing outstanding. As of the end of the quarter, the Group had €535.4m of committed bank financing

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

Divestments

Twin City Tower, Bratislava

We have previously disclosed that HB Reavis and the Valesco Group, a London headquartered European real estate investment manager, along with AIP Asset Management, a Seoul headquartered asset manager, have exchanged contracts to acquire the newly developed Bratislava landmark, backed by South Korean institutional capital. The expected closing of the deal has been moved from previously expected September to November 2019.

Twin City C, Bratislava

The third quarter of the year was marked by successfully concluding the sales transaction of Twin City C in Bratislava with HB Reavis CE REIF. The project, completed in 2016, is located in a new, emerging business district, consists of 24 thousand sq m of GLA and is now fully occupied.

20 Farringdon, London

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

WaaS update

HubHub

Our co-working business line, HubHub, sustains significant expansion progress, not only growing its operations in London, but also opening and successfully leasing a new operation in Prague. With that, HubHub is now operating a total of eight co-working spaces in five locations – three in Prague, two in Warsaw, Bratislava, Budapest and London, with a total GLA of 22.7 thousand sq m and over 1,800 members. Further plans for expansion includes a new operation of 3.6 thousand sq m in Nivy Tower, an HB Reavis project currently under construction in Bratislava.

Qubes

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

More by HB Reavis

Since HB Reavis' main focus as a workspace provider is the wellbeing of the users of its buildings, facility and property management are key in providing high quality services to our tenants. In account of that, we have launched More by HB Reavis as a part of our WaaS product offerings to ensure safe and comfortable workspace with active asset management.

More has been successfully implemented at Twin City in Bratislava (including Twin City B, Twin City C and Twin City Tower), with the complete range of active elements, such as bike-sharing, events and concierge, are being offered. During the third quarter we have launched our mobile app with Concierge and Events modules and have been rolling it out across all services buildings. The app will also include features such as food delivery, car sharing or parenting services, and much more. In addition, The Nook, our special event café at Twin City Tower, has been operational since September, successfully attracting many people working in the area during lunchtime, as well as its evening social events. Within the next six months, we plan to implement our offering at three large-scale projects: Nivy Tower, Agora and Varso Place.

HB Reavis portfolio

Income producing portfolio

As of the end of the last quarter, the Group held a portfolio of 9 income producing office properties with a total of 203.9 thousand sq m across four countries. The portfolio includes the following projects:

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

The overall market value of the portfolio totaled up to €0.9bn (including One Waterloo) as of 30 June 2019, while the weighted average occupancy across the portfolio was 91% at the end of the last business quarter.

Projects under construction

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

- Bloom Clerkenwell in London, UK
- DSTRCT Berlin, Germany
- Varso Place (Varso 1, 2 and Tower) & Forest in Warsaw, Poland
- Nivy Station & Nivy Tower in Bratislava, Slovakia
- Agora Tower & Agora Hub in Budapest, Hungary.

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