

Quarterly business update for three months to 31 December 2019

February 2020

Executive Changes

Róbert Kubinský has been appointed as the new CEO of our Hungarian operations, replacing Jan Hübner who has stepped down after three years. Róbert will be leading team of 70 people and overseeing the delivery of the second stage of Agora Budapest. He joined our company 8 years ago as a Head of Operating Finance and led the HR Department for the last two years.

Acquisitions

No acquisitions were made during the reported quarter.

Leasing update

We signed 26.9 thousand sq. m of new leases or renewals during the last quarter (excluding leases related to HB Reavis CE REIF).

The largest tenants signed during 4Q 2019:

- Nivy Station (Bratislava) – Inditex (7.1 thousand sq. m)
- Nivy Station (Bratislava) – LPP (5.8 thousand sq. m)
- Varso 2 (Warsaw) – Orsted Polska sp. z o.o. (3.8 thousand sq. m)

With the above, the total leased square area signed in the past four quarters of 2019 was 135.3 thousand sq. m (excluding leases related to HB Reavis CE REIF).

Completions and developments progress

There are 11 projects with over 485.7 thousand sq. m of GLA (Gross Leasable Area) currently under construction, many of which have been progressing well 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 (I and II) in Warsaw, Poland
- Nivy Tower & Nivy Station in Bratislava, Slovakia
- Agora Tower & Agora Hub in Budapest, Hungary

One Waterloo, London

During the last quarter of 2019 the Lambeth Council has voted unanimously in favor of the proposal for the redevelopment of our Elizabeth House site in Waterloo. Designed by Stirling Prize-winning architects AHMM, the plans will create around 1.2 million sq. ft (110 thousand sq. m) of workspace supporting up to 11,000 jobs, creation of a brand-new retail and a transformed public realm next to the Waterloo Station - the UK's busiest train station.

Nivy Station, Bratislava

Construction on the Nivy Station has reached its highest point and is well underway to be completed by the end of 2020.

Construction completions

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

Financing

HB Reavis continued its activities on capital markets with the issuance of third retail tranche of €25m as part of our €150m regional bond programme, launched at the end of 2018.

During the last quarter, HB Reavis has drawn down a total of €114.7m of external debt financing including €25m of bonds. At the end of December 2019, the Group had €691.1m of bank financing (excluding €3.0m assigned to Joint Ventures), along with €384.4m of bond financing outstanding. As of the end of the quarter, the Group had €476.3m 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 successfully finalized the divestment of Twin City Tower in Bratislava to Valesco Group, a London headquartered European real estate investment manager, along with AIP Asset Management, a Seoul headquartered asset manager backed by South Korean institutional capital.

Twin City B, Bratislava

We have entered into exclusive negotiation for potential divestment of Twin City B with the aim to finalize the transaction in 1Q 2020. Twin City B was completed in 2016 and has 23,5 thousand sq. m of GLA.

Postepu 14, Warsaw

We have entered into exclusive negotiation for potential divestment of Postepu 14 with the aim to finalize the transaction in 1Q 2020. Postepu 14 was completed in 2015 and has 34,5 thousand sq. m of GLA.

WaaS update

HubHub

Our co-working business line, HubHub, continued its expansion progress. As previously indicated, new operations in Prague and in London have increased our co-working portfolio to eight co-working spaces – three in Prague, two in Warsaw, Bratislava, Budapest and London with a total GLA of 22.7 thousand sq. m and over 2,000 members. The new location is planned to open in Nivy Tower where it is going to be spread over three floors, covering an area of 3,6 thousand sq. m, and accommodating 590 members.

Symbiosy

Symbiosy, part of our WaaS portfolio, is revolutionizing the workspace experience by collecting data and turning it into actionable insights which make buildings predictive and

proactive. We are intensifying our market presence by actively engaging with customers in Middle East, London, Warsaw, and Budapest.

Qubes

Nivy Tower is going to accommodate Qubes as well, our newest business line offering flexible space leases, with almost 6.0 thousand sq. m. Furthermore, 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.

HB Reavis portfolio

Income producing portfolio

As of the end of the last quarter, the Group held a portfolio of 8 income producing office properties with a total of 200 thousand sq. m across four countries. The portfolio includes the following projects:

- 20 Farringdon & Elizabeth House (temporary income producing asset, site dedicated for development of One Waterloo) in London, UK
- Postepu 14 in Warsaw, Poland
- Twin City B, Apollo BC II, Centrum Bottova, and H Business Centrum (JV) in Bratislava, Slovakia
- Kesmark in Budapest, Hungary

The overall market value of the portfolio totaled up to €0.8bn (including One Waterloo) as of 30 June 2019, while the weighted average occupancy across the portfolio was 90% at the end of the last business quarter.

Projects under construction

Projects currently in the phase of construction (or demolition) account for 485.7 thousand sq. m of GLA and estimated future gross development value of around €2.5bn, all spread over five capital cities:

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

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