Annual Report

hbreavis

2020

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01 That's us

I think we can all say 2020 was one of the most challenging years we've ever experienced. But as often happens in difficult times, people have become more open to new ideas.

Perhaps one of the most obvious signs of this is the broader faith employers have in their people working from home. What was once considered a prized job benefit is now growing to become a modus operandi of the way we all operate.

A new approach to the office?

This has unquestionably accelerated a change in the way we think about workspaces. Offices are evolving from rows of desks to collaborative spaces with productivity-boosting features. And businesses will need more flexibility in terms of usage, size and lease terms.

Yes, the pandemic has affected occupational activity. Tenants have put off decisions until the future is clearer, and rental levels are under pressure as a result. However, we expect to see a full recovery in the medium term. So, while transactional and financial liquidity are under pressure, the long-term fundamentals in the sector remain solid.

Facing up to COVID-19

Our employees have been our first priority throughout the pandemic. Yet, even as we embedded new safety and escalation protocols – across both sites and offices – we kept all 11 of our buildings under construction moving smoothly forward.

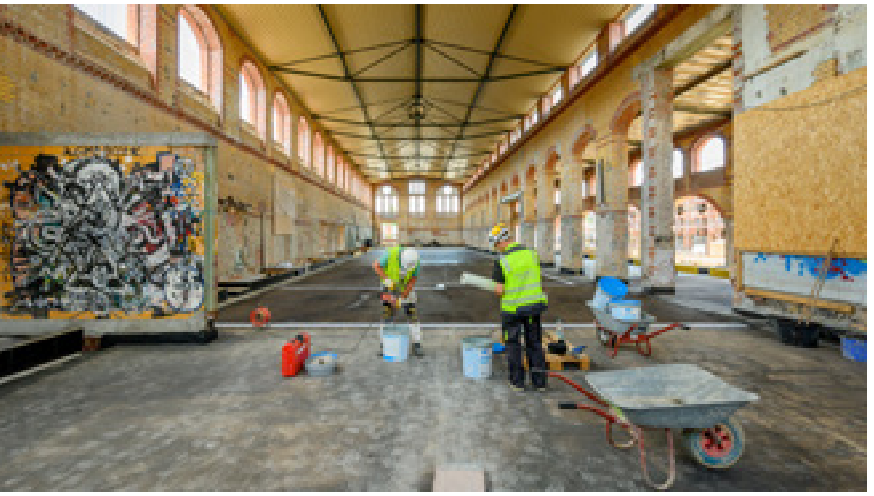
The only delays were down to supply chain issues. This meant we were able to complete five buildings during the year and saw huge success in terms of commercialisation, despite the challenging environment. We also secured 100% funding for all our projects under construction – they're now all covered for full completion.

Success across Europe

There were other highlights too. In Hungary, we leased over 90% of Agora – and have since seen Huawei sign a large deal. And Bratislava saw progress on all our projects under construction, from Nivy Mall to New Apollo – with the latter signing an important global anchor tenant IBM in February of this year.

Varso Tower in Warsaw is now the EU's tallest structure at 310 m and offers new tenants an address in one of the world's most iconic new buildings. Elsewhere in the city, one of Forest's buildings was smoothly completed, and we've since signed a contract with French home improvement business Leroy Merlin, who'll make it their new 12,358 sq m HQ.

Our UK colleagues are continuing work on Bloom Clerkenwell in London. With finance secured, we expect the occupational market there to take off once the restrictions are lifted. Equally, we now have all the permits for One Waterloo, – huge congratulations to the team – and as the market stabilises the demolition phase will begin. The fledgeling One Worship Square project is now ready to see more concentrated activity over the coming months too.



Things are also moving forward at speed in Germany. Our DSTRCT.Berlin project is progressing according to plan and several large leasing deals should be pushed through shortly. One of them, e-commerce furniture brand, home24, take more than 13,000 sq m in May 2021.

Although 2020 saw a net loss of €184 million and our NAV as a result declined to €1.514 billion, we confidently expect to capitalise on our development pipeline across all four markets and use new business opportunities to help us get fully back on track.

Looking forward
The year brought changes to our business strategy. We discontinued our future development activities in Hungary to focus on our projects in London, Berlin, Warsaw and Bratislava.

So, our updated 2025 Group Strategy can be distilled into four areas:

1 to concentrate on our four core countries

2 retain completed projects in a soon-to-be-created separate investment vehicle rather than sell them

3 evolve our Workspace as a Service portfolio

4 roll out the Way We Work (WWW) initiative, which helps us efficiently run projects with clear expectations

A bright future
Financially, we are now very well positioned – especially after raising €90m by tapping into the bond markets in the Czech Republic, Poland and Slovakia from December to March 2021.

Our key 2021 targets now revolve around replenishing our development pipeline, mainly in Germany and Poland, and founding the REIT vehicle, which will hold our completed developments. We also expect our Investment Management business to grow the assets under management, mainly through its flagship CE REIT fund.

Going forward, we'll continue building our core development business by focusing on high-quality modern workspace products: super-prime core, well-connected locations crafted with exceptional quality and sustainability standards to create healthy, stimulating and modern workspaces.

The function of the workspace will innovatively shift from desks and chairs towards collaborative, healthy workspaces and supportive environments. So our strategy, with wellbeing and productivity at its heart, will garner positive results.

In fact, the topic of responsibility and the overall ESG policy is a pivotal part of our value creation and product development. We have incorporated ESG into our development process, making it a key component in ensuring our products comply with today's standards. We aim to become market leaders in this area by securing future-proof developments.

Although occupational activity last year was restricted due to COVID-19, we are already seeing a gradual return to normal, with leasing activity picking up at the beginning of 2021 – a strong sign for healthy demand in the future.

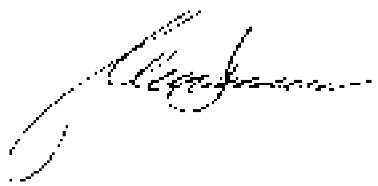
We are also seeing the results of our well-established focus on wellbeing and productivity. Clients associate us with people-centrism, and this gave us a competitive advantage during and after the pandemic.

Of course, success depends completely on our people. To that end, we have created a new mentoring programme that launches later this year. And, following research, we have also adjusted how we set goals and recognise performance – putting more weight on variable rewards. The result is that we all are now even more invested in the success of HB Reavis.

Let me finish by thanking all of my colleagues and our partners for their commitment. I'm in awe of the way they've balanced the demands of home life and work over the last 12 months while delivering such great performance.

I very much look forward to seeing what we can all achieve together – and seeing the progress in person – when all the restrictions are lifted.

Marian Herman



01 That's us

Maarten Hulshoff

I've been associated with HB Reavis for some 13 years now, but I've never been more proud to be part of the company.

It's at times of pressure that the quality of our people really shines through. And over the last year, I've seen so many among us manage our business in a proactive, hands-on manner – always keeping our clients' interests at the forefront of our minds.

Naturally, most clients spent the majority of the year dealing with the COVID-19 crisis. Ultimately, this led to some delayed office moves – a situation compounded by larger companies releasing space and creating a new market for subleases. However, companies were generally positive about the long-term situation, with many enquiring how we can help them improve productivity and efficiency.

This was primarily down to the great strides we've made with our Workspace as a Service (WaaS) strategy. During 2020, we focused further on providing advisory services to our clients – enhancing employee satisfaction, productivity, health and wellbeing on one hand, and raising sustainability standards on the other.

In fact, environmental, social and governance have been at the top of our agenda. Last year saw the introduction of a new strategy and set of principles that will help to create a further point of difference in the market.

Its ethos is reflected in the work of services like Symbiosy and Origameo. These were already established, but will now become even more important as we look to the future. Increasingly, we will move from hard-core office development to an approach centred around soft and motivational people issues – combining stimulating office environments with innovative technologies that create a hybrid form of working that improves the employee experience.

As for the office developments themselves, we will be even more selective and, what I like to call, laser-beam focused on developing prime properties. Making decisions based on location, connectivity and sustainability, these will become the best possible environments for our clients and their employees.

Effectively, I expect to see an evolution from being a pure developer recycling our capital by exiting our projects, to a more selective and focused developer that creates then holds onto assets for a long time. In Bratislava, where the company was originally established, we will also start to diversify with some residential development opportunities.

At the end of 2020, our development portfolio, all located at vital transport crossroads, added up to some 1.1 million sq m. Around 44% of this is in London (market value on completion), with the most eye-catching scheme at One Waterloo – next to the UK's busiest station, handling over 92 million visitors a year.

Financially, the year was not as rewarding as we hoped. Our clients went through difficult times staying safe and managing employees at a distance. This led to uncertainties that resulted in the demand for leases stagnating, and in some cases longstanding deals were cancelled or postponed. Agora, however, was an impressive exception, leasing almost 71,000 sq m.

Overall, we managed to keep construction going despite supply chain disruptions, but increases in the price of materials did lead to a few cases of cost overruns. As a result, we do have a leasing backlog.

What is positive, however, is our impressive performance in Q1 2021. It's clear that businesses feel the end is in sight and want to make ambitious decisions so they're best-placed to succeed in the long term.

We're grateful for all the support and patience given from our stakeholders, including our clients, financiers, suppliers and our own staff.

There's no doubting that our staff spent 2020 under pressure, dealing with both work and family dilemmas. Yet I have been constantly impressed by their resilience, and want to complement everyone for coping so well in spite of the challenges we all faced.

How we performed

The pandemic situation has significantly impacted the real estate sector. Leasing activity has recorded its lowest volumes in a decade. Deferrals of future rental income linked to our under-construction portfolio has been driving the fair market values, translating into net revaluation gains in 2020 of €28.7m (€519.4m in 2019).

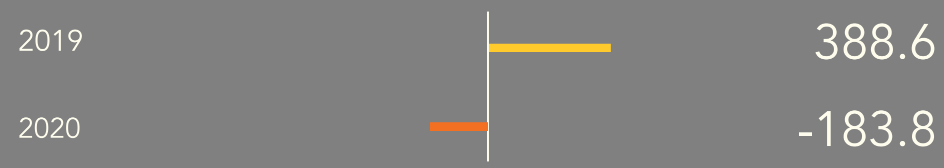
In connection with a depreciation of CEE currencies and FX losses of €110.2m (compared to €22.7m profit in 2019), this resulted in a comprehensive loss of €183.8m (€388.6m in 2019).

Despite the macro situation, the Group managed to keep the construction activities going while securing debt financing to maintain progress on developments. The balance sheet value has grown to €3,097m (€3,040m in 2019) due to debt deployment, bringing the net debt ratio level to 38.2% (32.4% in 2019), within our targeted range of 35–40%.

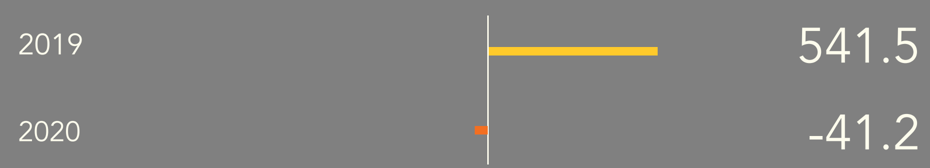
Net Debt Leverage Ratio (%)

Return to Shareholders (%)

Comprehensive Income (€m)



Revaluation Gain (€m)



(incl. the translation of foreign operations to the presentation currency)

Net Asset Value (adjusted, €m)

Note: Data based on internal management reports.

03 Key Projects

One Waterloo

Bloom Clerkenwell

One Worship Square

DSTRCT.Berlin

Varso Place

Forest

New Nivy

Nivy Station

Nivy Tower

Agora Budapest

One Waterloo

Location: Waterloo, London
Status: Consent
Estimated GLA*: 122,510 sq m/1,318,689 sq ft
Estimated GDV: €2.443bn/£2.196bn
Architects: AHMM
Expected Certifications:
BREEAM UK New Construction 'Outstanding', WELL Core Platinum, WiredScore Platinum

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

One Waterloo, in the heart of the South Bank, is our largest project in the UK to date. After 22 Bishopsgate, it's also the largest office single build in Central London's history.

The 122,510 sq m/1.3 million sq ft redevelopment of what is currently known as Elizabeth House will be an inclusive, wellbeing-focused environment for 11,000 workers – from startup and scale-up businesses to larger organisations.

This iconic and vibrant multi-purpose destination is located next to Waterloo Station – the busiest in the capital, supporting 180 million journeys each year. And it will be a prominent scheme influenced by connected themes: the neighbourhood, nature and health, sustainability and future workspace – all underpinned by the user and visitor experience.

Targeting WELL Platinum with a focus on health and wellbeing, three acres of outdoor space will be created within One Waterloo to support the office workers and the wider community.

A publicly accessible 200 m long garden promenade which is elevated two floors above street level will create a scenic journey from the concourse level at Waterloo Station directly into the building.

Victory Arch Square, the uniquely covered Waterloo Square and 'The Curve', a major new pedestrianised retail street lined with shops and cafés, will transform the public realm. Cascading terraces and gardens for office occupiers will provide a choice of outdoor spaces to find the right place to relax and rest. Additionally, an urban sky farm will offer ultra-fresh produce for the scheme's occupiers.

With aspirations to be one of London's most sustainable developments, the office space will be fossil fuel free, implementing low carbon solutions in all the project stages. We are targeting net zero carbon in operation too with over a 35% reduction in energy consumption through a 'Lean, Clean and Green' innovative building design by specialist Swedish designers that maximises efficiency through an all-electric solution combining integrated heat pumps and heat recovery. In addition, 98.8% of demolition waste is to be diverted from landfills. These initiatives, among others, will support the building in achieving BREEAM 'Outstanding'.

Since our possession of the vacant offices at Elizabeth House in April 2020 and throughout the COVID-19 lockdown, we have provided ongoing support to the ground floor retailers to help the local business community, in particular by providing free car parking for NHS staff at Guy's & St Thomas' Hospital.

Bloom Clerkenwell

Bloom is ideally positioned within the vibrant Clerkenwell neighbourhood and in close proximity to the City of London.

It's also situated adjacent to the newly built Farringdon Station, giving it optimum connectivity. Currently, the station serves overground Thameslink trains as well as District, Circle and Hammersmith and City Underground Lines. And with the forthcoming opening of the Elizabeth Line, a quarter of the UK population will soon be within a 45-minute commute.

John Robertson Architects designed the building to meet the highest standards of office wellbeing, catering to a variety of businesses that truly value the importance of having a well-designed and sustainable workspace where employees can thrive. The design of the building reflects the rich and varied context of Clerkenwell and nearby Hatton Garden, with a unique coloured, glazed terracotta façade.

Bloom Clerkenwell offers direct access to London's Cycle Superhighway along with 243 cycle spaces, a 110 sq m (1,200 sq ft) multi-function training studio and more terrace space than any other office building of its size in London– helping to move the working day beyond the desk. It's also connected to the thriving Clerkenwell neighbourhood through an activated ground floor public retail offering.

Location: Clerkenwell, London
Status: Under construction
Expected Delivery: 2021
Estimated GLA: 13,274 sq m /142,884 sq ft
Estimated GDV: €260m/£234m
Architects: John Robertson Architects
Expected Certifications:
BREEAM UK New Construction 'Outstanding',
WELL Core&Shell Platinum, WELL Healt-Safety Rating,
WiredScore Platinum

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

Its sustainability credentials are enhanced by its use of a neighbouring district's heating and cooling system, Citigen, which removes the need for high carbon energy-producing boilers and chillers on-site.

The building is targeting completion in June 2021, when it will become owner operated. Our new Ready to Work office space concept will be featured on the first floor, fully integrated with the Symbiosy platform. Companies choosing the Ready to Work offer will benefit from a tailored approach to workspace design, reduced upfront capital expenditure and a flexible approach to leasing.

Testament to the quality of the building, we are aiming for Bloom to be among the first buildings in London to achieve a combination of BREEAM 'Outstanding', WiredScore Platinum and WELL Certified Platinum ratings.

One Worship Square

One Worship Square is ideally located in Shoreditch, in the heart of London's Tech City. It's only minutes from Old Street, Liverpool Street, Moorgate and Shoreditch High Street Stations – together serving 200 million journeys a year. The neighbourhood is also one where creative entrepreneurs want to work, and where growing companies want to be.

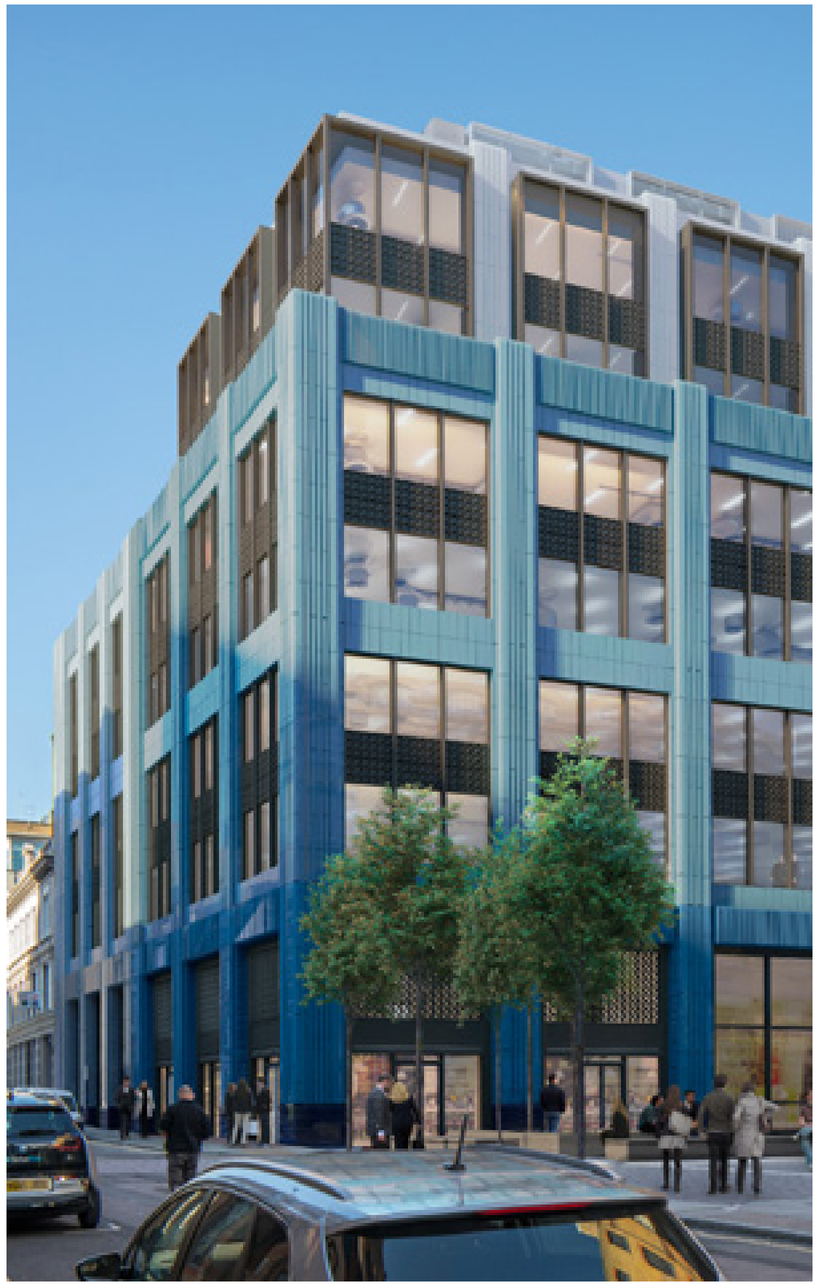
The building's eye-catching design and blue façade will create a recognisable local landmark with a distinct identity. The 13,000 sq m/138,000 sq ft of floor space spread over nine storeys will be a mix of high-quality communal, collaborative and flexible spaces to suit the everyday needs of occupiers and their business activities. The ground floor lobby will open directly onto a new public square and feature a café and retail spaces.

Location: Shoreditch, London
Status: Planned
Expected Delivery: 2023
Estimated GLA: 12,836 sq m/138,165 sq ft
Estimated GDV: €242m/£217m
Architects: MAKE Architects
Expected Certifications:
BREEAM UK New Construction 'Excellent',
WELL Core&Shell Gold, WELL Healt-Safety Rating,
WiredScore Platinum

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

The project is HB Reavis' first London building designed for the post-COVID-19 world, with fully integrated office and space management technology powered by Symbiosy.

Flexibility, sustainability, technology and wellbeing create a future-proofed workspace designed for employees first.



One Worship Square will be managed using a native app and in-house concierge teams. The app will give occupiers access to food delivery, laundry services and environmental and recycling monitoring data. The building will also please socially conscious employees: it will be net zero carbon in operation and a plastic free workspace. Just as well, the lobby will be a green heart of the building, featuring biophilic design and digital displays showing environmental and sustainable indicators.

The site was purchased with planning consent, but we've redrawn plans to include more outdoor terrace space as well as cycle storage directly on the ground floor.

Targeting WELL Platinum, the highest certification for wellbeing, the design includes a fitness suite for employees as well as free rentable bikes and e-scooters for those dashing to a meeting. One Worship Square will also sit on a new public square, available for employees and the public to use year-round. The aim is to host events there too, from a weekly food market to summer 'big screen' days, to create a lively and sociable space in addition to the project's outdoor terraces.

Its high-quality design reflects the personality and creativity of Shoreditch and London Tech's City. Designed by MAKE Architects, it's scheduled for completion in 2023 with plans to start on-site in 2021.

DSTRCT.Berlin

Work. Eat. Meet… repeat.

There's a new address tailor-made for Berlin's creative and tech-led communities. Multipurpose DSTRCT.Berlin is nestled between vibrant Friedrichshain and Prenzlauer Berg. 20 million people travel through a major public transport hub yards away. It's also only a few minutes from Alexanderplatz and downtown Berlin.

The new building's modern curves and symbiotic features complement the charm of the former slaughterhouses – the four old halls are being carefully reconstructed to create a multifaceted destination with a new approach to business.

To help the development integrate with the area as a whole, we've taken the lead from our neighbours. The nearby Velodrome – the heart of Berlin's cycling scene – inspired us to include a cycle garage for over 800 bikes. And there are a number of other wellbeing features, including spaces for cultural events and eateries, which combine with the new offices to create a buzzing, cohesive district.

A WiredScore Platinum certification reflects DSTRCT.Berlin's superior tech capabilities. It also received WELL GOLD Precertification early in 2020, and we're applying for DGNB Gold status – which will prove DSTRCT.Berlin's sustainability credentials.

Beyond the benchmarks, the fact we secured a €235m development loan with Helaba proves others believe in our vision. The project is now 100% financed.

The end of 2020 saw a key construction milestone with the 'topping out' of the building. With the main structure complete, the focus is now on adding the beautiful glass façade and crafting the interiors. We aim to complete this project in autumn 2021 and hope to announce occupiers in the very near future.

Location: Landsberger Alee, Berlin
Status: Under construction
Expected Delivery: 2021
Estimated GLA: 48,535 sq m/522,426 sq ft
Estimated GDV: €399m/£358m
Architects: Gewers & Pudewill
Expected Certifications: WELL Core&Shell Gold, DGNB Gold, WiredScore Platinum

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

03 Key Projects

Varso Place

The three high-rise buildings in central Warsaw that make up Varso Place encompass offices, a hotel and a shopping arcade, and will soon include a public terrace at the top of Varso Tower with views over the city.

The nearby Warsaw Central Station with neighbouring Warszawa Srodmiescie and WKD commuter railway support 57 million passenger journeys each year. Both metro lines and several dozen public transport options are within just a few minutes' walk. It's also next to the city's most popular mall – Zlote Tarasy – which sees more than 20 million visitors annually. And as well as both lines of Warsaw's metro, there is excellent access to several dozen public transport options within just a few minutes' walk.

Designed by Warsaw-based studio HRA Architekci, the two lower buildings were completed and almost fully leased in 2020.

Location: Chmielna Street, Warsaw
Status: Varso 1 and 2 delivered in 2020
Varso Tower under construction,
expected delivery in 2022
Estimated GLA: 143,806 sq m/1,547,911 sq ft
(without the viewing platform and aerial storage)
Estimated GDV: €884m/£795m
Architects:
Foster + Partners, HRA Architekci, Benoy
Expected Certifications:
BREEAM New Construction 'Outstanding',
BREEAM Core&Shell Gold,
WELL Health-Safety Rating

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

Varso 1 (29,736 sq m/320,285 sq ft) is home to Poland's first four-star NYX hotel, which boasts a total of 331 rooms. For fitness enthusiasts, Varso Place's health centre and two-storey fitness club will be opened during 2021.

Varso 2 (44,264 sq m/476,133 sq ft) has welcomed a mix of Polish and international companies, including Bank Gospodarstwa Krajowego, Cambridge Innovation Center, Orsted, Nvidia, Workday and act BSWW legal firm and VISA International.

Designed by Foster + Partners

Varso Tower (69,816 sq m/751,493 sq ft without the viewing platform) is the centrepiece of this new mixed-use district.

When the roof topped out at 230 metres last year, the building surpassed Warsaw's Palace of Culture and Science to become the tallest building in Poland. And as works continued into Q1 2021, an additional 80-metre-tall spire means Varso Tower reached 310 m to become the tallest building in the European Union.

Varso Tower combines sustainable design with energy efficiency as one of the country's greenest buildings. It scores highly across all safety, energy and comfort benchmarks, which helped it earn the highest level of BREEAM and WELL certifications.

Most of Varso Tower building is already clad in a 4 m tall glass curtain wall, which provides the interiors with an abundance of natural light. Construction is set to be completed in Q1 2022. When finished, it will be an inviting haven for passers-by, with a tree-filled internal courtyard and 10-metre high lobby walls covered with handmade ceramic mosaics.

Forest

A campus-style environment, Forest offers around 79,000 sq m/864,000 sq ft of workspace, ground floor retail and restaurant opportunities – and a public courtyard filled with 200 trees.

It's located between Burakowska Street and Westfield Arkadia – Warsaw's largest mall at 117,000 sq m with 18 million visitors each year. Warszawa Gdanska train station and Dworzec Gdanski metro station, with 8 million journeys a year, is just a 12-minute walk away.

Location: Burakowska, Wola district, Warsaw
Status: Under construction
Expected Delivery: 2021-2022
Estimated GLA: 79,391 sq m/864,560 sq ft
Estimated GDV: €292m/£262m
Architects: HRA Architects
Certifications: BREEAM Communities 'Very Good'
Expected Certifications: WELL Core&Shell Gold, BREEAM New Construction 'Excellent'

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

Perfect for corporate, creative and startup businesses, it will offer the city's largest floor plate as well as astonishingly flexible office layouts and coworking spaces.

The design maximises resources. Rainwater will be reused to irrigate the landscaping and improve Forest's carbon footprint. The roofs also feature a community farm, relaxation zones and views of the lush greenery – all of this with the aim of improving the health, wellbeing and productivity of the people who work there.

public courtyard with
200 trees

It's an approach that helped it become one of the country's greenest offices, with BREEAM and BREEAM Communities certifications and WELL Precertification.

The first buildings are due to be completed in Q1 2021, with the 120-metre tall Forest Tower ready for the beginning of 2022.

New Nivy

The largest construction site in Europe.

A revitalised brownfield that's set to become the capital's vibrant new business district, New Nivy encompasses a number of separate developments.

At its heart is an inspirational new international bus terminal, Nivy Station. With Twin City – and WELL Certified Twin City Tower – also creating a new spirit and energy in the heart of Bratislava, New Nivy is already thriving.

For proof, look no further than the BREEAM Communities certification at the 'Excellent' level that New Nivy received last year – making it their fourth-highest rated development worldwide. The unique design standard assesses the impact of developments on their environment with an emphasis on social responsibility.

The certification is further recognition of our ability to create people-centric workspaces that enhance local and business communities.

Nivy Station

A future-proofed destination, 20 million passengers pass through Nivy Station each year – making it one of the region's key transport hubs. But it's the breadth of lifestyle activities offered in one location that elevates its role in the city.

Location: Mlynske nivy Street, Bratislava
Status: Under construction
Expected Delivery: 2021
Estimated GLA: 102,160 sq m/1,099,641 sq ft
Estimated GDV: €345m/£310m
Architects: Benoy, Siebert+Talas
Certifications: BREEAM Communities 'Excellent'
Expected Certifications:
BREEAM New Construction 'Very Good'

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

The design draws inspiration from our years of experience, feedback from clients and the latest retail trends.

Bratislavians now have a new airport-style bus terminal, over 250 retail outlets, a fully-fledged gastronomic zone and fresh produce market, and a green roof for exercise and relaxation. All within a dynamically developing business zone.

Nivy Tower

Location: Mlynske nivy Street, Bratislava
Delivered: 2020
Architects: Benoy, Siebert+Talas
GLA: 32,470 sq m/349,504 sq ft
Estimated GDV: €124m/£111m
Certifications: BREEAM Communities 'Excellent'
Expected Certifications:
BREEAM New Construction 'Outstanding',
WELL Core Gold, WELL Health-Safety Rating

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

Bratislava's new 125 m architectural landmark offers innovation, breathtaking views and exceptional flexibility. There's a direct link to the international Nivy Station travel hub. And smart technologies like the country's fastest lifts complement signature services like workspace counselling, asset management and flexible leasing to make everyday life simpler.

It's a stunning space and now officially Slovakia's tallest office. We hope it will also win both BREEAM and WELL certifications.

Agora Budapest

Location: Vaci Office Corridor, Budapest
Delivered: 2020
Architects: Make Architects, Finta Studio
GLA: 71,885 sq m/773,764 sq ft
Estimated GDV: €280m/£252m
Certifications: BREEAM 2016 New Construction 'Excellent' and 'Outstanding', BREEAM Communities 'Very Good'
Expected Certifications: WELL Core&Shell Gold

Note: The estimated GLA/GDV and delivery of the project are subject to the successful closing of acquisitions, permitting, construction delivery and commercialisation.

World-class architects from London and Hungary have worked together to create this new landmark at one of Budapest's busiest transport crossroads.

The Arpad Bridge metro station close by is the city's fourth busiest with 37 million yearly journeys, and Volan Bus station adds 2 million more.

When completed, Agora will offer a range of community-led facilities. Inspired by local research, they're designed to improve the productivity and health of everyone around the buildings and provide a rich combination of services that make everyday life easier.

Agora Budapest became the first commercial building in Hungary to receive preliminary BREEAM community certification. Furthermore, Agora Hub and Agora Tower both received BREEAM preliminary certifications – with the Hub matching top performers like Bloomberg's London HQ and Edge in Amsterdam.

2020 saw major tenants start to move into the buildings. In one of the year's biggest deals, Raiffeisen Bank now has over 1,300 people spread across Agora Tower in their new headquarters. Their Origameo-inspired workspace is based on data-driven designs and will enhance employees' collaboration, productivity and wellbeing.

bp also moved in during the summer and, together with their neighbours, are enjoying all the features of this new business district, from the quality cafés and restaurants to conveniences like the supermarket and barbershop.

04 Group Overview

€2,766.1m
in investment property

1,287,016 sq m
developed

1,144,873 sq m
under preparation

705
professionals

United Kingdom

€-7.3m	operating profit
€620.5m	in investment property
36,021 sq m GLA	developed
153,540 sq m GLA	under preparation
64	professionals

Germany

€28.2m	operating profit
€246.5m	in investment property
89,015 sq m GLA	under preparation
28	professionals

Poland

€7.8m	operating profit
€831.2m	in investment property
327,140 sq m GLA	developed
189,583 sq m GLA	under preparation
140	professionals

Czechia

€-0.7m	operating profit
€70.6m	in investment property
160,062 sq m GLA	developed
124,834 sq m GLA	under preparation
22	professionals

Slovakia

€-34.8m	operating profit
€667.7m	in investment property
670,294 sq m GLA	developed
523,799 sq m GLA	under preparation
384	professionals incl. HQ based

Hungary

€14.2m	operating profit
€329.6m	in investment property
93,488 sq m GLA	developed
64,101 sq m GLA	under preparation
56	professionals

Luxembourg

5 professionals

Netherlands

3 professionals

Cyprus

3 professionals

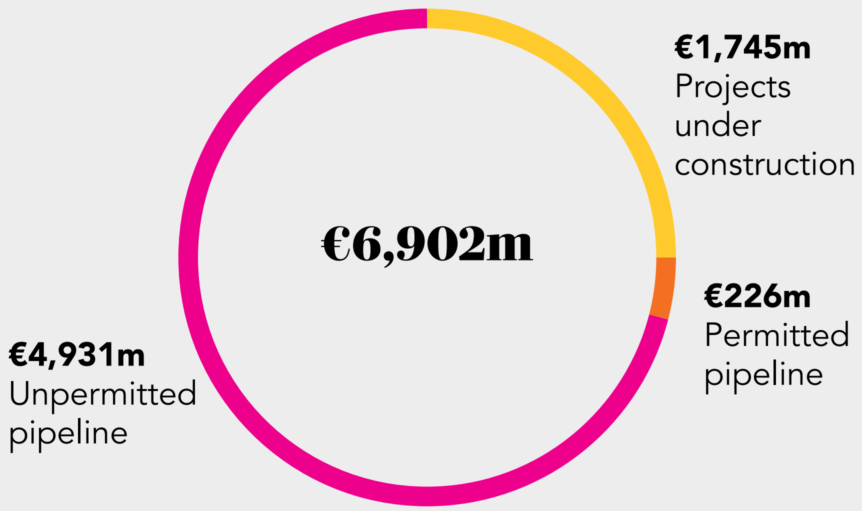
Note: Data based on external expert valuations and internal management reports.

Property under development 2020

Portfolio of properties under development 2020

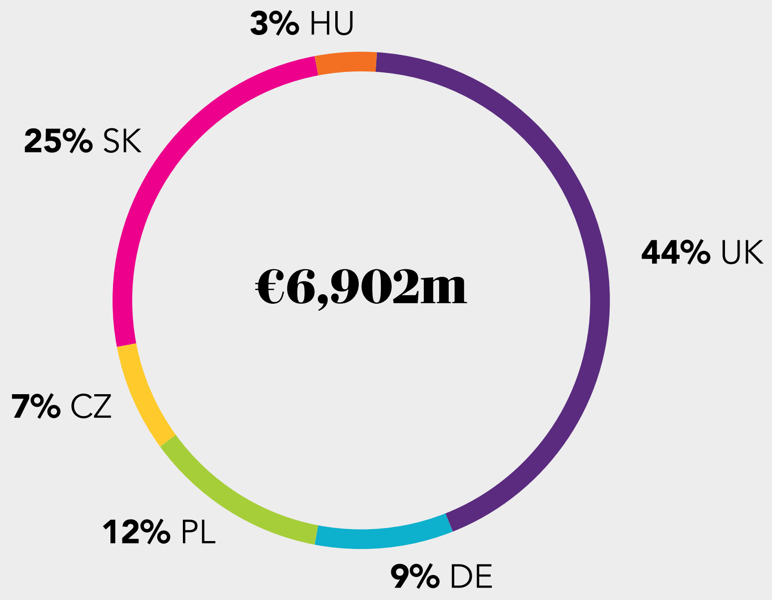
Country	No. of projects	Planned GLA sq m	Market value upon completion €m
United Kingdom	**5**	**153,540**	**3,023.7**
Office	5	153,540	3,023.7
Germany	**2**	**89,015**	**596.3**
Office	2	89,015	596.3
Poland	**5**	**189,583**	**848.0**
Office	5	189,583	848.0
Slovakia	**14**	**523,799**	**1,715.0**
Retail	1	102,160	345.1
Residential	1	42,505	152.1
Office	12	379,134	1,217.8
Czech Republic	**3**	**124,834**	**465.9**
Office	3	124,834	465.9
Hungary	**3**	**64,101**	**253.0**
Office	3	64,101	253.0
Total	**32**	**1,144,873**	**6,901.9**

Planned GDV by phase

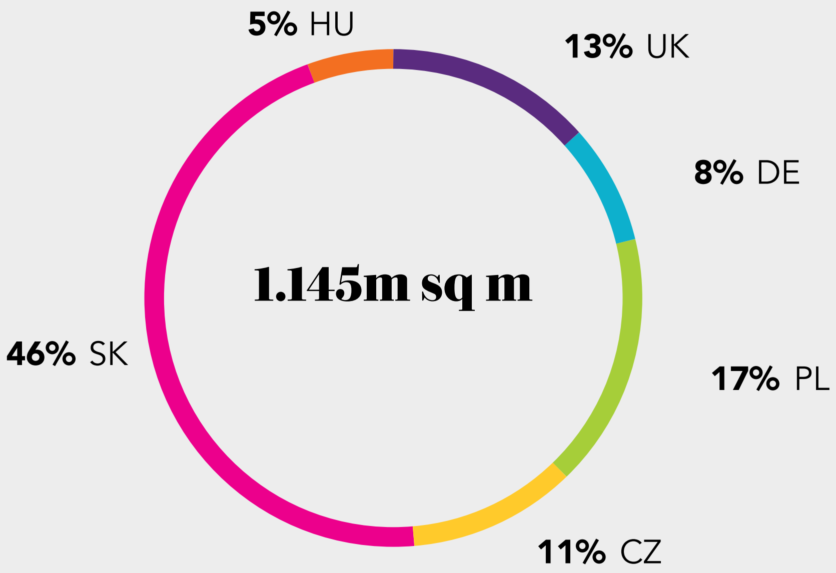


04 Group Overview

Market value upon completion by country



Planned GLA by country

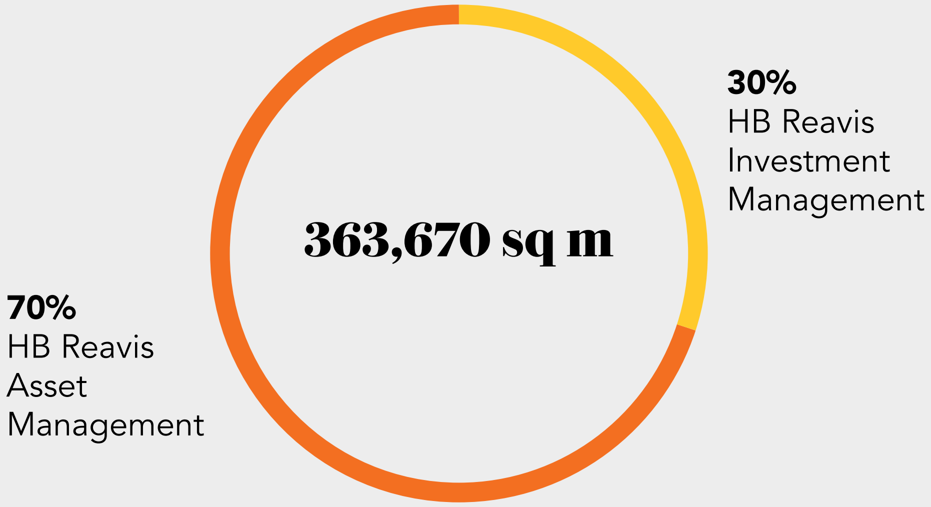


Note: Data based on external expert valuations and internal management reports.

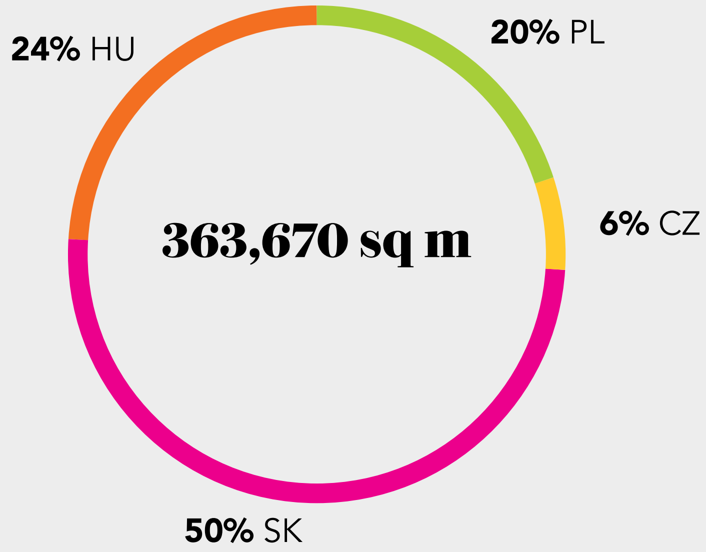
04 Group Overview

Asset management

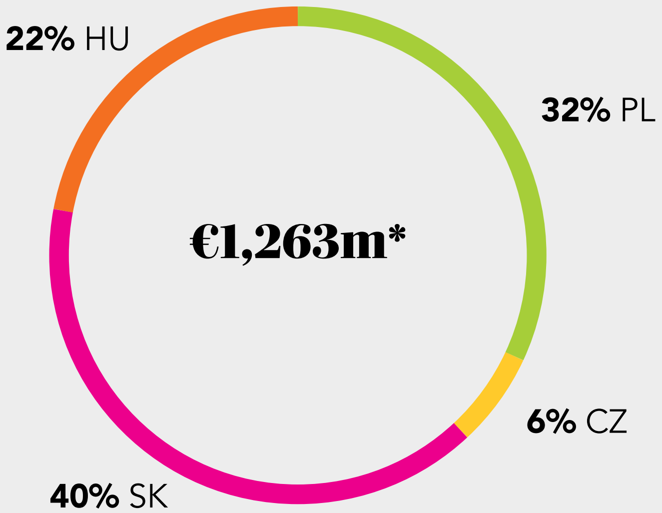
Managed GLA, of total 363,670 sq m



Managed GLA by country



Market value by country €1,263m*



Asset management portfolio

Country	No. of projects	GLA sq m	Market value €m*
Poland	**2**	**74,000**	**404.2**
Office	2	74,000	404.2
Czech Republic	**1**	**22,741**	**82.9**
Retail (HB Reavis Investment Management)	1	22,741	82.9
Slovakia	**7**	**180,008**	**500.9**
Office	4	93,892	238.2
Office (HB Reavis Investment Management)	3	86,116	262.7
Hungary	**3**	**86,921**	**274.9**
Office	3	86,921	274.9
Total	**13**	**363,670**	**1,262.9**

Note: Data based on external expert valuations and internal management reports.

05 Countries Overview

UK

United Kingdom

From the CEO
Looking back at 2020, it is hard to focus on much else other than the pandemic. However, we shouldn't forget that due to the efforts of our exceptional team in the UK, we started the first few months of last year in a solid position with a positive outlook.

HB Reavis UK had successfully completed the leasing programme of 20 Farringdon Street ahead of valuation, with all of the new customers moved in and enjoying the workspace.

In the same building, we had successfully opened our community-focused coworking space HubHub, which was attracting a wide range of startups, scale-ups and companies wanting to use office space in a new, flexible way. HubHub was exceeding expectations with near full occupancy and significant increases in average desk rates over the year.

Our major project under construction, Bloom Clerkenwell, was making significant progress – under budget, on programme and fully under offer (again significantly ahead of valuation) with a sustainability-focused financing package agreed.

At Elizabeth House, alongside achieving vacant possession, we had secured the resolution to grant planning consent for what will become one of London's landmark projects. We were working well through the final parts of the stage 3 design and the development obligations to be able to start works.

We were also continuing to recruit and grow our UK operations.

And with the addition of our One Worship Square project, we had further secured our development pipeline with a strategically-sized and timed project to optimise and transfer our knowledge and learnings from Bloom.

And then COVID-19 came along, turning the world on its head. We are all too familiar with the impact it's had on our sector, our business and each one of us personally. As the first lockdown in late March arrived, the business adjusted to working remotely.

We were well positioned to do so, after previously adopting flexible working tools and technologies. Our internal collaboration, external consultant management, planning committees and discussions, pitches and presentations, and supplier relationships all switched to a 'virtual' setting – and I'm very proud of how our teams showed both the resilience and adaptability to ensure a seamless transition during a time of unprecedented stress.

The other parts of our business in the UK were also impacted, and none more so than in the leasing market. During the year, as uncertainty grew, we saw many potential occupiers adopt a 'wait and see' approach which led to record low levels of take up and a near doubling of the vacancy rate.

Unfortunately, this led to both of our prospective customers at Bloom deciding against relocating their offices and agreeing short-term lease re-gears at their current older buildings. This was a theme seen throughout the London market, with over 3.5 million sq ft of lease expiries pushed out by 2-5 years as occupiers sought optionality. However, given the very limited supply of new space, we have yet to see any material impact on rental levels.

While the overall financial performance of the projects was negatively impacted as a result, our teams worked incredibly hard to mitigate any impacts, and we should not let that be forgotten in all the negativity of the year.

In May, we sold 20 Farringdon Street during the period of total lockdown when there was almost zero liquidity. At that time it was the largest City of London asset to trade.

It emphasised both the appeal and liquidity of the high-quality workspaces we develop – especially as the completed price was the highest per sq ft for a building in the City.

At Bloom Clerkenwell, we faced the difficult challenge of deciding if it was safe for our works to continue. To protect our teams and our supply partners, we made the decision to suspend construction for a number of weeks to give time to assess how we could continue to operate safely. Then, following all government guidance we reopened the site with new health and safety measures in place.

I'm especially proud of how our collaborative approach to our supply chain allowed us to jointly agree to suspend all works on-site in a matter of days. The same collaborative approach allowed us to restart the works in an optimised way. We remain on budget and on programme for practical completion in June 2021, when Bloom will be one of the very first buildings globally to target WELL Platinum, BREEAM 'Outstanding' and WiredScore Platinum.

For our new One Worship Square project, we effectively assembled a brand-new team and started the project journey remotely. The team spent the majority of the year working on the concept design, focusing on providing a sustainable, flexible, people-focused place of work, supported by smart building technology.

We're now adding an additional penthouse office floor, introducing a communal roof garden along-side an in-house gym. The development will also feature our affordable and flexible workspace concepts and will be supported by Symbiosy to provide the very best customer experience. We have now secured vacant possession and are preparing to commence construction works in early 2021.

At One Waterloo, we have made excellent progress getting ourselves into the best position for starting major construction works. We successfully achieved vacant possession and concluded our stage 3 design in excess of our target net internal area (NIA) and in line with the cost target.

We have continued to make progress on the development obligations, concluding the Asset Protection Agreement (APA) with Network Rail and having the agreements with the Secretary of State for Transport and TfL substantially agreed. We also finished the year with the great news that the S.106 (which secures the planning consent) was agreed and is now in the process of being signed.

Last but not least, I think the biggest achievement was by each individual member of our team dealing with all the personal and professional adversity that last year threw at us. I am not sure if I can ever find the right words to express this, but I was just so incredibly impressed and proud of how adaptable and resilient everyone was to getting on with it and getting through it – I can't thank each and every one of them enough.

A special mention here must go to our site-based teams who have continued to turn up on-site every day despite a global pandemic to keep our projects on track – I salute you.

Looking forward to 2021

We start the first part of 2021 back in a national lock down, but I am filled with cautious optimism. We now have a Brexit deal secured, the most recent lockdown appears to have reduced the number of cases significantly and the UK's vaccination roll out is moving at great speed. With projections that the majority of the UK population may be vaccinated by the summer, we now have been provided with what will be a permanent plan to exit lockdown and return back to a more normal way of life.

The outlook for the London office market remains robust with low levels of supply of the high-quality workspaces we create – there is currently only 3 million sq ft of space under construction and available with over 9 million sq ft of active demand.

There will remain a temporary period of supply/active demand imbalance. We expect this to be quickly reversed by year-end as our customers are able to plan for the future with more certainty, and when they return to the market, they will be focused on how their workplace will be used in a more flexible, collaborative and people-focused way – all of which we are well-placed to provide.

Capital markets remain supportive too, with £9 billion transacted in 2020, over half of which was transacted in the final quarter of the year.

With a Brexit deal now in place and over £50 billion of capital looking to invest in London, we are already starting to see some yield compression for highly sought after new office buildings.

We will also continue to explore building our UK pipeline and taking advantage of any market distress, but only as and when we can do so in a financially prudent and sustainable way.

I would like to finish by saying that I have a huge amount of optimism for HB Reavis and our future in the UK. The future success of office developers will rely on businesses that control their own capital, have a deep understanding of their customers and can develop best in class assets with great transport connections that have a clear focus on individual wellbeing, sustainability, flexibility and technology.

We continue to be one of the very few developers that can meet this brief with the added benefit of having a sustainable competitive advantage through our fully-integrated model of design, procurement, delivery and operation. Unlike many of our competitors, this isn't a reaction to COVID-19 – we have been operating like this for many years and continue to deliver on our promise to create remarkable customer experiences for everyone that uses our projects.

I really do believe we have something special. By challenging the established way of providing workspaces and by doing it in an entrepreneurial and creative way, we can become the leading office developer in London.

So please, do all you can to support each other through these difficult months in order to give us the best chance of success in 2021 and beyond.

Hope to see you all soon and stay safe.

The market

The market in London started 2020 with very strong fundamentals: historically low availability, a committed development pipeline of over 50% pre-let, a well-balanced and robust customer demand outlook and both headline and net effective rental values growing.

Following Q1, the majority of the year was spent in varying degrees of COVID-19 restrictions, albeit with some initial easing that was quickly reversed after the summer.

Many companies adopted a wait-and-see approach to their real estate strategy as they adapted to working remotely and then started thinking longer term about how their workspaces would be used. As a result, we saw a total central London office take up of 5.6 million sq ft, which was about a 56% decline on the long-term average of 12 million sq ft.

Of this 5.6 million sq ft, 45% was completed before March and the first of the lockdowns, resulting in the remaining quarters seeing some of the lowest levels of activity ever recorded.

Transaction sizes were also significantly reduced in 2020 with only 10 leases signed for over 50,000 sq ft – which is 70% below the long-term average – and nearly all deals were either concluded or already agreed by the start of the first lockdown.

The amount of active occupier requirements remained somewhat more resilient than the take up figures, with a decrease of around 25% to end 2020 at 5.5 million sq ft compared to 7.7 million sq ft at the end of 2019.

This should be seen in a positive light given there remains a commitment from customers to keep requirements live as well as a large increase in short-term lease renewals of 3.5 million sq ft, which is essentially deferred and not cancelled demand. We remain well placed to capture demand as and when it returns with our established strategy of people, planet and productivity-focused workspaces.

The overall availability of office space has increased substantially over the year to just over 23 million sq ft – the highest levels seen since 2004 with an additional 10.5 million sq ft added in just 12 months.

The majority of this space is second hand, only available in smaller units or in relatively tired buildings on short lease or sublease terms. These offices are less appealing to most occupiers given the ever-increasing focus we're clearly seeing on new, high-quality workspaces focused on employee wellbeing and sustainability.

More relevant to us is an analysis of availability of new or Grade A space. Here we can clearly see that the available pipeline for the type of workspaces our customers want remains limited. There is currently a peak of 2.4 million sq ft under construction and available for delivery in 2021.

Looking forward, we can clearly see the COVID-19 impact where schemes are being delayed, with only 3.1m sq ft of space under construction and available to be delivered in 2022 and 2023 against the long-term average of 5.8 million sq ft per annum.

As a result, we saw the overall vacancy rate rise from 4% to 8.1%, but with the majority of this coming from the 95% increase in second-hand space. When looking at Grade A vacancy in isolation, the rate has risen only marginally to 2.9% against the long-term average of 2.6%.

It is expected that vacancy will peak in 2021 before reducing quickly as transaction volumes recover swiftly for new workspaces and sublet space is withdrawn from the market.

In the context of falling demand and increased supply, prime rents in Central London have been remarkably resilient during 2020, reflecting that where there is customer demand for larger scale, high-quality workspaces the choices remain somewhat limited.

Headline rents declined slightly during the year. Net effective rents came under more pressure, with rent-free incentives increasing as tenants either renegotiated previously agreed deal terms or owners offered more inducements such as deferred lease start dates to secure the few deals available.

Overall, we expect prime rents in 2021 to remain stable. As tenant demand returns, it will continue to pivot into the best-in-class assets. And beyond 2021, we anticipate headline rental recovery before reaching pre-COVID-19 levels by 2023.

Investment volumes totalled £7.5 billion for the year, which was 33% down on 2019 levels and 50% down on the long-term average. Q2 and Q3 were partially weak with limited liquidity during the first lockdown, resulting in the lowest quarterly volume figures on record.

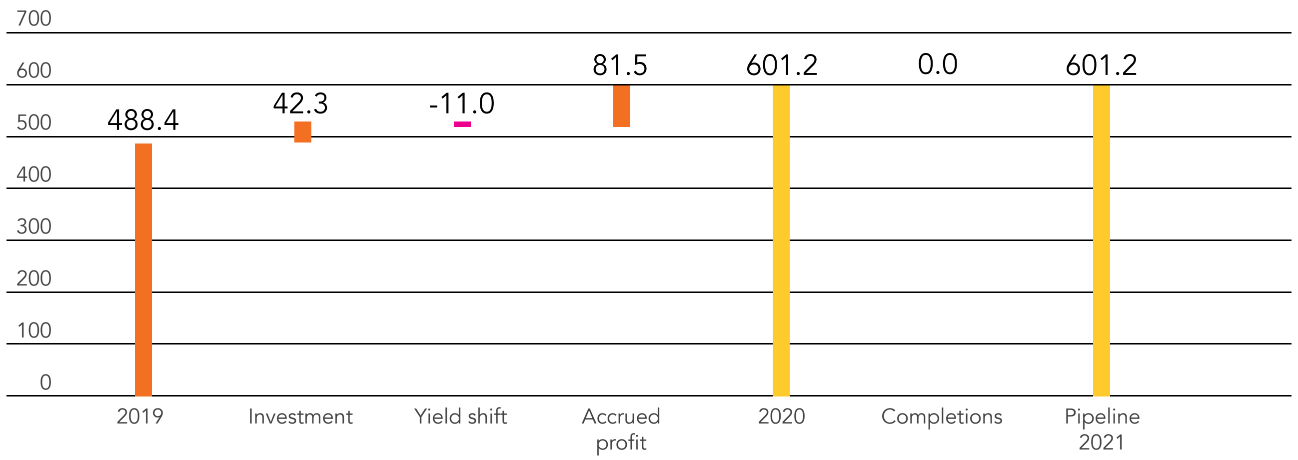
However, as a Brexit deal was formalised and before the new lockdown restrictions post summer, Q4 saw a large spike in volume with £4.3 billion transacted – broadly in line with the Q4 long-term average.

While volumes will clearly be impacted by the degree of travel restrictions in place, investors are clearly looking through the short-term occupational market indicators with a clear focus on acquiring the very highest quality future-proofed buildings with the clear ability to meet their ESG requirements.

There continues to be record levels of international capital targeting London assets of this quality, and coupled with the continued relative pricing divergence from other European gateway cities such as Paris and Berlin, we have seen prime yields remain stable through 2020 and have already started to see some indications of them actually decreasing for certain assets. As a result, we anticipate the outlook for yields is further compression throughout 2021 and beyond.

HB Reavis Development UK	GLA sq m	Valuation 2018	Valuation 2019	Valuation 2020	ERV	GDV	Value Change	Investment 2020
Projects under construction	13,274	57.8	151.0	153.6	11.7	260.4	2.6	23.4
Projects in preparation	140,266	246.0	337.4	447.6	122.8	2,763.3	110.2	18.9
Total 2020	**153,540**	**303.8**	**488.4**	**601.2**	**134.5**	**3,023.7**	**112.8**	**42.3**
Total Pipeline for 2021	**153,540**	**303.8**	**488.4**	**601.2**	**134.5**	**3,023.7**	**112.8**	**42.3**

Changes in UK Development Property Value (€m)



Note: Data based on external expert valuations and internal management reports.

DE

Germany

Marcel Sedlak

From the CEO

Well. 2020. What a journey!

Over the course of the year, we organised a couple of very popular bike tours. On these tours, the road could suddenly turn surprisingly bumpy. Similarly, in our business, after several years of relative stability, we suddenly found ourselves in a turbulent environment that heavily impacted our daily operations.

I'm happy to say that the Berlin team coped with the new challenges extremely well. We continued construction on DSTRCT.Berlin without any interruption. The team even grew – to almost 40 professionals.

Where some saw the current events as a threat to our market, we saw an opportunity. If companies are to meet their business targets in the coming years, they'll need high quality and healthy workspaces more than ever.

Therefore, we intensified our acquisition activities in Berlin, and should start to see tangible results in H1 2021.

More and more, HB Reavis is being recognised in Germany as THE provider of modern workspaces driven by wellbeing and technology.

We look forward to 2021 as the year DSTRCT.Berlin is completed. So let me use this opportunity to thank everyone in our Berlin team for their efforts during last year. At the same time, I would like to give huge credit to our growing network of business partners for their trust and close cooperation.

The economy

Germany's economy hasn't been immune to the consequences of the COVID-19 pandemic. It affected – in principle – all sectors and put the economy into a recession comparable with the economic and financial crisis in 2008 and 2009. GDP declined by 5% after ten years of continuous growth.

However, in comparison to other countries, the results were better than originally expected. Thanks to the robust flow of government subsidies on many fronts, the country managed to stabilise key economic pillars in the second half of 2020. The federal government expects around 3% GDP growth in 2021.

Nevertheless, the pandemic has had an impact on the German labour market. 14 years of steady increases in employment ended, with unemployment rising 0.9% to 5.9%. Part-time employees and the self-employed were hit particularly hard.

On the other hand, the government's broad programme (Kurzarbeit) helped to keep a significant part of the economically active population employed. With the recovery expected to start in the second half of 2021 and throughout 2022, the labour market should return to more positive dynamics before the end of the year.

Data sources:

GDP

Bundesministerium für Wirtschaft und Energie

https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2021/01/20210127-bundeskabinett-beschliesst-jahreswirtschaftsbericht-corona-krise-ueberwinden-wirtschaftliche-erholung-unterstuetzen-strukturen-staerken.html

https://www.bmwi.de/Redaktion/DE/Dossier/konjunktur-und-wachstum.html

Statistisches Bundesamt

https://www.destatis.de/DE/Presse/Pressekonferenzen/2021/BIP2020/statement-bip.pdf?__blob=publicationFile

Labour market

Bundesagentur für Arbeit

https://www.arbeitsagentur.de/presse/2021-02-jahresrueckblick-2020

https://www.arbeitsagentur.de/presse/2021-05-der-arbeitsmarkt-im-januar-2021

Statistisches Bundesamt

https://www.destatis.de/DE/Presse/Pressekonferenzen/2021/BIP2020/statement-bip.pdf?__blob=publicationFile

The market

Despite the pandemic, in general, the German real estate market proved relatively robust in 2020, in terms of both investment and leasing. Transactions totalled €59.2 billion, with over half conducted in the top 7 cities: Berlin, Dusseldorf, Frankfurt, Hamburg, Koln, Munich and Stuttgart. Investment yields remained relatively sharp with midterm forecasts set to strengthen even further.

The office leasing market was mostly driven by uncertainty among tenants, resulting in slower decisions to move or expand operations. Office take-up in the top 7 cities totalled approx. 2.6 million sq m compared to 3.9 million sq m in 2019 – a 35.3% decline.

Once again, the highest take up for 2020 was recorded in Berlin, with a better-than-expected 734,000 sq m total (-28.7% compared to 2019). This still met the 10-year average.

Germany's office vacancy rate rose from a historic low of 2.9% (2019) to 3.5%. – so office space still remains scarce, especially in Berlin where the vacancy rate remains at a low level at 2.4%.

The significant growth of office rent seen in the last couple of years slowed down in 2020. However, averages still rose in several cities: Berlin 9%, Frankfurt 8% and Munich 7%. In particular, Berlin's prime rent reached €41.00 per sq m. Only Frankfurt recorded a higher prime level with €45.00 per sq m.

Optimistic signs of recovery as well as GDP growth are expected to gradually translate into positive real estate market dynamics during 2021.

Data sources:

Colliers International

City Survey

Büro- und Investmentmärkte im Überblick 2020/2021 (Top 7 Cities)

Bulwiengesa

https://www.bulwiengesa.de/sites/default/files/bulwiengesa_immobilienindex_pm_2021_dt_0.pdf

https://www.bulwiengesa.de/sites/default/files/immobilienindex_2021_0.pdf

Our performance

Our first German project, DSTRCT.Berlin, remained our focus for the whole year. The development team, together with our construction and procurement colleagues, managed to deliver construction and related works according to plan – worth over €50 million.

We continued to strengthen DSTRCT.Berlin's wellbeing philosophy, enhancing the campus with unique features such as a large-scale bike garage solution, an attractive art concept and extensive greenery.

On the leasing side – with Matthias Goßmann as our new Head of Leasing – we built a robust active pipeline of over 50,000 sq m GLA plus several ongoing leads. These should see further progress in Q1 2021.

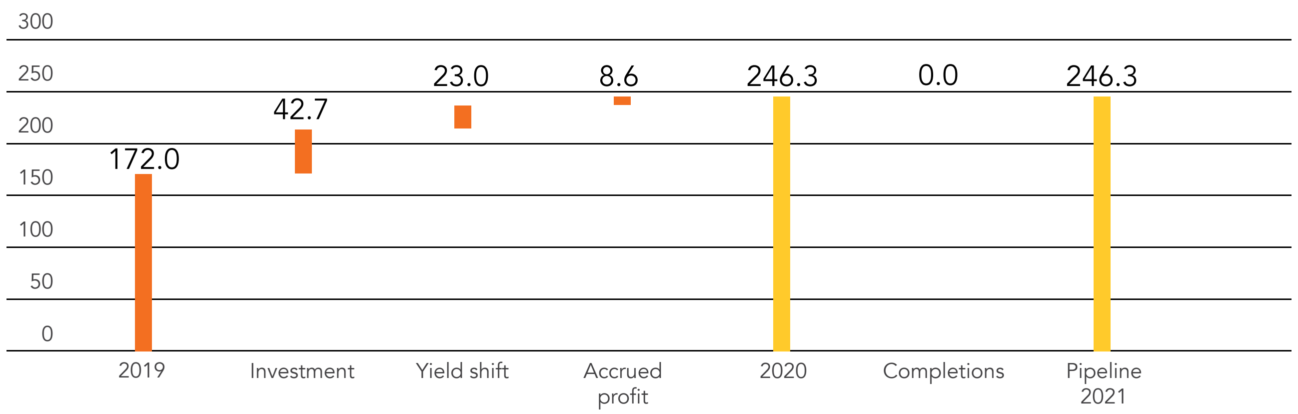
Our German pipeline is a key focus for the company's strategy – and we're pleased to say our efforts led to two exclusive acquisition negotiations towards the end of the year.

Looking back, 2020 was not lacking business success.

We continued to build on our solid base and developed our team, our portfolio and our partner network to support further growth in the German market.

HB Reavis Development DE	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2020
		2018	2019	2020				
Projects under construction	48,535	87.8	167.5	240.3	14.1	398.5	72.8	42.7
Projects in preparation	40,480	4.2	4.5	6.0	8.6	197.8	1.5	0.0
Total 2020	**89,015**	**92.0**	**172.0**	**246.3**	**22.7**	**596.3**	**74.3**	**42.7**
Total Pipeline for 2021	**89,015**	**92.0**	**172.0**	**246.3**	**22.7**	**596.3**	**74.3**	**42.7**

Changes in German Development Property Value (€m)



Note: Data based on external expert valuations and internal management reports.

PL

Poland

From the CEO

The global pandemic brought many unexpected situations into the business, and we will be seeing its impact over the long term. We're putting all our efforts into ensuring we emerge stronger from this crisis.

HB Reavis is well-positioned to face the current crisis given all our Polish projects under construction have committed bank financing in place. Even in the period of immediate uncertainty over the outbreak of the pandemic in Poland, we were able to adapt our response, introduce safety procedures on construction sites and in our offices, and continue works with minor delays.

Strong demand for downtown Warsaw offices meant that most of our new buildings were leased prior to opening, as was the case with our Varso 1 and Varso 2. However, companies are now taking more time to carefully analyse their office needs.

The lockdowns demonstrated that working from home is not an ideal response to every profession or person. People need spaces to focus on work, interact with colleagues and collaborate in a user-friendly environment.

With our tenants continuing to move in and launch their operations in Varso Place in mid-2020, we focused our More by HB Reavis efforts on their work environment safety. These included contactless technology, designs that allowed for greater social distancing and smart solutions.

One of the elements we provide is our Symbiosy platform, which helps to control work environment conditions and room occupancy, as well as office traffic flow and the distance between users. The pandemic has shown that we were right to make health and wellbeing the focus of our long term strategy and introduce solutions that are now sought after by employers.

The new paradigm accelerated trends in using offices on more flexible terms, all while boosting productivity and being compatible with a work style that involves greater mobility and remote work. At HB Reavis, we are well-equipped to respond with our flexi leasing and coworking offering, providing clients with HubHub and Qubes solutions.

The recent sale of Postepu 14 shows how a strategy built on wellbeing, technology, services and sustainable design increased the resilience of our portfolio, even during something as tumultuous as the COVID-19 pandemic.

I would like to thank each of our employees, clients and business partners for their impressive effort and contributions during the pandemic-hit 2020.

The economy

The pandemic and the restrictions imposed to combat the virus resulted in a marked fall in economic activity in the first half of the year.

The general government deficit is set to deteriorate strongly in 2020 due to the economic downturn and the support measures adopted to mitigate the economic fallout of the pandemic. Private consumption, the backbone of Poland's growth in recent years, posted a double-digit drop, as social distancing measures and low confidence took their toll.[1]

Real GDP declined by 2.8% in 2020 and remained below 2019 levels until the end of 2021. Economic growth is expected to resume in 2021 and 2022 in line with the assumed easing of containment measures and increased foreign demand, although the fading away of policy support could weigh on growth in early 2021.[2] Investment activity is projected to recover in tandem with reduced uncertainty and increased domestic and foreign demand.

Unemployment rose to 6.2% in December 2020 from 5.2% in the same month last year. It was the highest jobless rate since April of 2018, as the number of unemployed increased by 179,600 to a near three-year high of 1.046 million.[3]

The property market

Despite a strong start in 2020, the year turned out to be a tumultuous year full of seismic shifts in everyday norms. The global pandemic caused uncertainty that dominated business and private activities. Poland, as in many other countries, experienced COVID-19 waves and related restrictions that influenced general business activities.

Overall, the year recorded relatively robust outcomes in the investment market, exceeding expectations from the onset of the crisis.

Investment turnover on the property market in Poland totalled €5.6 billion. This was a 30% decline on 2019, but also the third best result ever. Still, quite a few meaningful transactions were postponed and are expected to carry on in 2021.[4]

These positive signs were underpinned by the industrial sector. While gradually growing over the recent years, the outbreak of the pandemic accelerated its progress. And despite the trend of postponing transactions, office assets were the second most traded product.

With nearly €2 billion transacted, the sector represented 36% of the total investments. Prime office yields in Warsaw were discussed at 4.50%.[5] We expect that investment in the office sector will start to recover as we go back to our workplaces following the roll-out of the vaccination program in 2021.

The Warsaw office market grew by 314,000 sq m of new supply, including 12 new developments delivered. Some 50% of the capital's total new supply is located in the Rondo Daszyńskiego area. Warsaw reached 5.9m sq m of total office stock by the end of 2020[6], with our own Varso 1 and Varso 2 projects among the largest completed investments in 2020.

Office space under construction has significantly decreased compared to previous quarters. However, it still exceeds 576,000 sq m or almost 10% of the actual office stock. There is an expected scarcity of new product in coming years. This may further boost the appeal of, and competition for, space in best-in-class buildings located outside of the central parts of Warsaw.[7] Office tenant activity in Warsaw amounted to almost 602,000 sq m leased in 2020, which is approx. 276,000 sq m less than in the previous year. Moreover, tenants often decided to extend their lease for the short term, while waiting for a return to normality before making any long-term commitments.[8]

The slowing pace of leasing seen in the Warsaw office market, along with the high supply of new space not yet fully pre-leased resulted in a further increase in the vacancy rate, which stands at 9.9% (up 2.2%). Despite the market situation, asking rents on the Warsaw market remain stable.[9]

Gross Take Up

602,000 sq m
(2020)

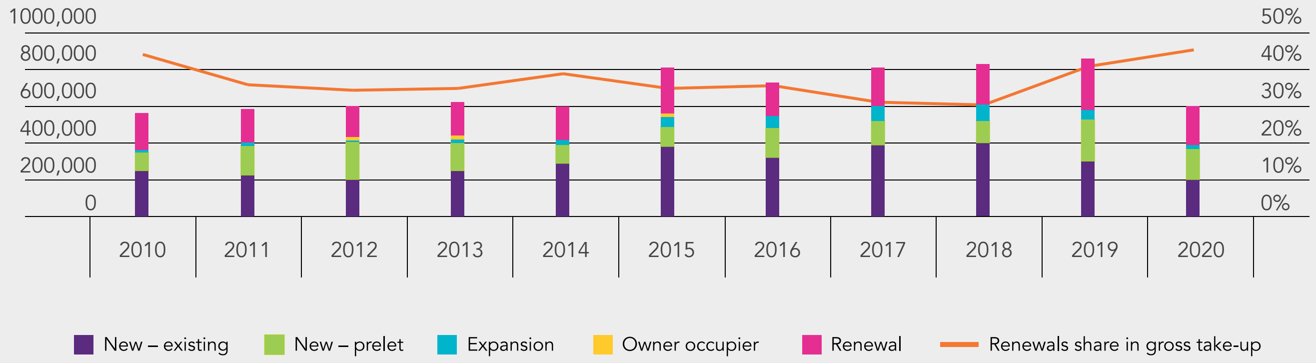
-31%
(to 2019)

Absorption

165,600 sq m
(2020)

-15%
(to 2019)

Gross Demand Evolution in Warsaw (2020)

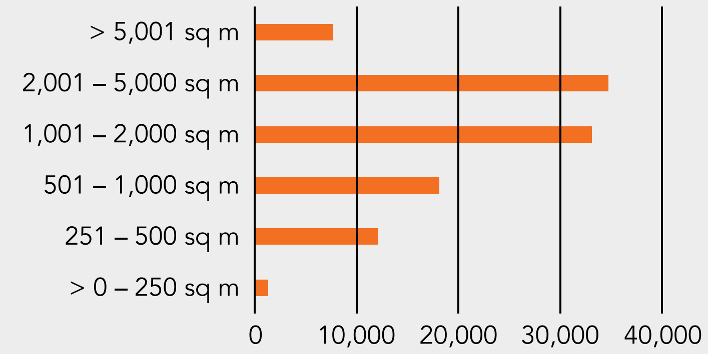


Vacancy Rate

9.9%

+2.2%
(to Q4 2019)

Sublets Structure



Sublets

Over 130,000 sq m — Vacancy + Sublets → Real Vacancy rate **12.1%**

1. https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2020-economic-forecast_en
2. https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2020-economic-forecast_en
3. https://tradingeconomics.com/poland/unemployment-rate?continent=europe
4. https://www.jll.pl/en/trends-and-insights/research/cee-investment-market
5. https://www.jll.pl/en/trends-and-insights/research/cee-investment-market
6. https://content.knightfrank.com/research/1164/documents/en/office-market-in-warsaw-2020-7760.pdf?_c=26/01/2021%2011:00:09
7. https://www.jll.pl/en/trends-and-insights/research/office-market-in-warsaw
8. ibid
9. https://www.cushmanwakefield.com/en/poland/insights/covid-19-impacts-poland-real-estate

Note: Data based on external expert valuations and internal management reports.

Our performance

Despite the challenging times of 2020, we delivered 74,000 sq m in two Varso Place buildings with close to a 100% occupancy rate. Proving the commercial health of our assets, we also divested Postepu 14 (34,582 sq m) to CA Immo for almost €87m.

In 2020, HB Reavis in Poland signed lease agreements for around 19,000 sq m of space. The most notable tenants obtained included Leroy Merlin (12,360 sq m) in Forest – one of the largest Warsaw office transactions that year – as well as act BSWW Legal & Tax (2,170 sq m), VISA (1,280 sq m) and Ipsen (950 sq m). We are continually negotiating with prospective tenants that are interested in leasing office space in Varso Tower and Forest.

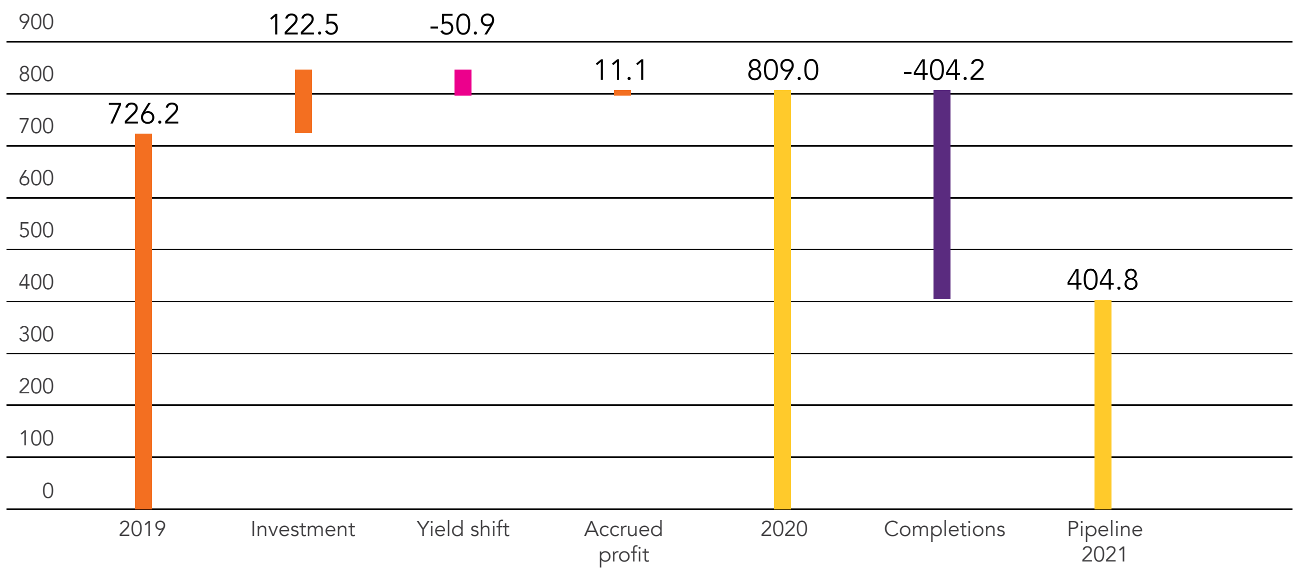
Early in the 2020, we secured a €162 million loan to develop the Forest business campus in Warsaw from a syndicate of four banks, namely Santander Bank Polska, Bank Pekao, PKO Bank Polski and BNP Paribas Bank Polska. We also issued a €18.7m tranche of bonds in Poland that mature in December 2023.

We continue to work on the construction of Varso Tower (69,816 sq m), which has now been topped out and is planned to be completed in Q1 2022. Meanwhile, Forest's campus-style building (23,702 sq m) have also been topped out and were practically completed in Q1 2021. The adjacent 120-metre tall tower (55,689 sq m) is gaining a new floor each week and should be ready by the beginning of 2022.

In the reporting year, there were changes to our Polish leadership team. Apart from his role as CEO for Poland, Peter Pecnik has become Group CFO and a member of the HB Reavis Group Executive Board. Maciej Olczyk has also been promoted to Deputy Country Construction Officer in Poland.

HB Reavis Development PL	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2020
		2018	2019	2020				
Projects completed	74,000	217.0	389.3	404.2	20.3	435.1	14.9	34.0
Projects under construction	149,207	214.8	326.6	395.9	36.1	740.7	69.3	88.5
Projects in preparation	40,376	9.0	10.3	8.9	7.0	107.3	-1.4	0.0
Total 2020	**263,583**	**440.8**	**726.2**	**809.0**	**63.4**	**1,283.1**	**82.8**	**122.5**
Total Pipeline for 2021	**189,583**	**223.8**	**336.9**	**404.8**	**43.1**	**848.0**	**67.9**	**88.5**

Changes in Polish Development Property Value (€m)



Note: Data based on external expert valuations and internal management reports.

Slovakia

From the CEO

It's natural that I'm not the only one describing 2020 as a year of challenges. There is no industry or single person who was not affected by the pandemic. But despite this, we've taken many great steps forward.

We managed to finish the reconstruction of Mlynske Nivy Street, a complex task because of crucial project modifications and dynamically changing restrictions.

On account of COVID-19, we had to postpone the opening of Nivy Station. However, the situation in fact strengthened our relationships with our business partners. We used the additional time to modify some elements of the final project, thanks to which, we look forward to offering a future-proofed project – a real game changer – in August 2021.

The year also brought a change in perspective for offices, where workplaces are no longer seen as just a space between walls. Now, the focus is on employees as human beings rather than numbers in a company's budget. This has resulted in greater interest in our services, especially Qubes, Origameo and Symbiosy. Our offer of flexibility, effective cooperation and smart technology has made us more attractive to companies looking for healthy, productive spaces that support wellbeing.

Last but not least, I'm very proud of the BREEAM Communities certification at the 'Excellent' level we received for the New Nivy zone – the first ever in Slovakia and one of just four worldwide.

It's proof of our philosophy to build sustainable projects within the city district and great motivation for the future.

The economy

Slovakia is one of the most open export-oriented economies, with close ties to the German economy. Although services account for almost 66% of GDP, it relies on the automotive and electronics industries, which dominate exports.

In fact, Slovakia is the world's largest producer of cars per capita, with four manufacturers in the west of the country building over one million cars a year. Investors are driven by the availability of the cheap and well-educated workforce and government incentives.

The outbreak of COVID-19 and the consequent slowdown in production and consumption caused GDP to drop 5.1% in Q1 and 12.1% in Q2, rebounding partially with a 2.4% drop in Q3. The estimated GDP contraction for 2020 amounted to 6.3%.

The large volatility in GDP was down to the openness of the local economy, which depends heavily on the demand and performance of its main economic partners, mainly Germany.

The economy is expected to grow by 7.4% in 2021 with a revival from the negative effects of the pandemic. Actual performance will depend on whether there are additional lockdowns and how much demand there is from export partners.

Unemployment is expected to grow to 8% from a record low of 4.9% in 2019.

The second wave of COVID-19 continues to hamper the economy. The mass testing programmes that were implemented in early November only brought a temporary drop in infection rates. Still, the economy continues to fare better than during the first lockdown. Retail sales dipped 1.2% month-on-month in October but stayed above pre-pandemic levels. Services turnover fell 0.8%, although November likely saw a much steeper fall as lockdown restrictions took their toll on contact-intensive consumption. This is all the more worrying because these areas had still not recovered from the first wave – accommodation and food were 23% below pre-pandemic levels.

Confidence in services dropped sharply by 17% to -28.7% in November, but had reclaimed half of the fall by April 2021.

Averaged across all sectors, the economy grew 11.6% in Q3 compared to 2019. Consumption grew by 5.9%, while investment expanded by 9%. Exports grew by 37.2% on the back of strong external demand. This was reflected in a strong Q3 for industrial production, which rose 31.6%.

Overall, the economy remained 2.8% smaller in Q3 relative to pre-pandemic levels, mainly due to a sharp drop in investment in H1. Oxford Economics expects capital expenditure to recover fully only once the uncertainty around the pandemic dissipates.

Industry was set to remain a bright spot during the winter. Following the strong Q3, it rose a further 3.8% month-on-month in October – well above pre-pandemic levels – and entered the latest lockdown with solid momentum.

Unfortunately, consumption was set to drive a fall in Q4 – the contact-intensive services sector was essentially shut down. Consumer confidence remains subdued and, worryingly, unemployment is expected to rise.

On the upside, Q3 data proved that consumers are willing to spend their excess funds once the virus is contained.

Less directly exposed to the pandemic and buoyed by strengthening external demand, industrial production rose 3.6% in October while industrial confidence and volumes of domestic and export order books made solid gains in November.

The market

The changes in global economic activity have not yet impacted H1 investment volumes in Slovakia. Both industrial and office sectors recorded relatively average volumes, comparable with the last three years.

We estimate the market traded around €400 million-worth of space, surpassing the first half of 2019. This relatively high volume, especially in Q1, is a consequence of slipped deals from the end of 2019. In fact, the number of deals actually decreased – but their average size was approx. €50 million, in part due to large industrial transactions.

Volume-wise, the largest office transaction was our sale of Twin City B to one of its investment fund structures. This prime scheme, located in the CBD, is anchored by Swiss Re with an above market standard WAULT. Neighbouring Twin City Tower, mostly leased to Amazon, was acquired by South Korean institutional capital in 2019.

The industrial sector, especially logistics and warehousing, has been increasing its share of overall investment volumes over recent years. The pandemic strengthened this trend.

We expect 2021 to see a number of smaller transactions take place, in particular retail parks. Anchored by a food retailer and boasting the right tenant mix and a strategic location, these assets will prove to be resilient, tradeable and liquid as their KPIs bounce back swiftly following the loosening of pandemic regulations.

Our expectations are that the second half of the year will mostly depend on a few factors such as the likelihood of another COVID-19 wave, macroeconomic data and the economic outlook for 2021.

Resources: JLL, Cushman & Wakefield

05 Countries Overview

Our performance

2020 was quite a challenging year for us as we were delivering the tallest office building in Slovakia with more than 32,000 sq m onto the Slovak market and continued to build a new retail destination with a leasable area of 70,000 sq m. We were also actively managing COVID-19 impacts that had a considerable impact on the real estate and construction environment.

Yet, Nivy Tower has found its place on the market. Our unique strategy, anchored by the Workspace as a Service concept, has been an unmitigated success and proved its value, especially with the service portfolio of Origameo and the new workspace option Qubes providing a fully-serviced and flexible option for SME and corporate project teams.

Nivy Tower has not only become a home for international companies like Resco and CAPCO, but also for startups Akular and Wolt who have settled into the HubHub coworking network. Closed deals for Nivy Tower have reached 14,000 sq m in total in 2020.

With regard to retail leasing, Nivy Station retained 3/4 occupancy though the year, with our leasing team keeping 99% of signed tenants and also acquiring new ones despite the critical situation.

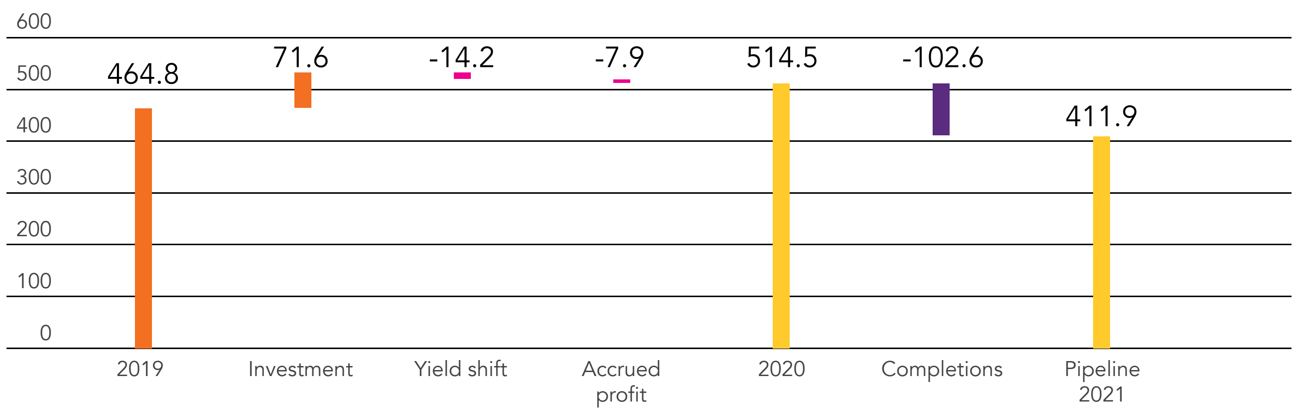
In 2020, we started the demolition of Apollo I and excavation works for a new scheme – New Apollo*. After more than three years of assessment, the New Nivy zone acquired BREEAM Communities certification at the 'Excellent' level – making it the first certified area in CEE region.

2020 was also a considerable success for our project team on the revitalisation and reconstruction of 500 metres of important city infrastructure which reopened after two years and a €40 million investment.

* The New Apollo project was as of 31.12. 2020 owned by a related party outside of the Group. The current owner intends for HB Reavis to develop the project and that the ownership will be transferred to the Group during 2021.

HB Reavis Development SK	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2020
		2018	2019	2020				
Projects completed	32,470	36.8	107.5	102.6	6.8	124.1	-5.0	6.3
Projects under construction	102,160	120.4	219.7	269.8	22.5	345.1	50.1	60.1
Projects in preparation	421,639	88.8	137.6	142.1	51.7	1,369.9	4.5	5.2
Total 2020	**556,269**	**246.0**	**464.8**	**514.5**	**81.0**	**1,839.1**	**49.5**	**71.6**
Total Pipeline for 2021	**523,799**	**209.2**	**357.3**	**411.9**	**74.2**	**1,715.0**	**54.6**	**65.3**

Changes in Slovak Development Property Value (€m)



Note: Data based on external expert valuations and internal management reports.

Hungary

From the CEO

Even though 2020 turned out to be an extremely difficult year for everybody, HB Reavis managed to provide a working environment filled with quality and safety.

2020 also marked the opening of Agora Budapest, Agora Hub – home to companies like bp, B+N Referencia, Nowy Styl and Stada Hungary – and Agora Tower, in which Raiffeisen Bank has established its headquarters with more than 1,300 employees.

The building centre – in one of the capital's busiest intersections – has already become one of the most pleasant spots in the downtown area of Budapest due to its friendly atmosphere and people-oriented design. These premium offices include green areas and a variety of services, all designed to nurture employees' wellbeing.

Three of our Workspace as a Service brands – Symbiosy, More and Origameo – have successfully launched in Hungary. Now, apart from taking care of unique needs, HB Reavis actively participates in progressing technical development. For example, in Agora Hub, the workplace environment is supported by the professional data analysing technology, Symbiosy, which creates a more pleasant office experience, and it is also crucial regarding protection during the pandemic.

We're delighted these ambitious plans have finally become reality and, despite the unusual events of 2020, that we were able to progress and look forward to the future.

Our achievements

Feedback from our employees is important to us. However, the opinion of the real estate market is significant as well. Fortunately, HB Reavis stood its ground last year.

The two newly-opened Agora Budapest buildings, Agora Tower and Agora Hub, received WELL Certification at the Gold level in the autumn. Thanks to HB Reavis' people-oriented building standards, the buildings were able to meet stringent standards regarding the areas of clean air, water, proper lighting, healthy eating, comfort, fitness and mental health, among others.

We maintained our first place in the Property EU real estate market ranking too. And, as the largest workspace provider in the European Union, we finished as the top developer in Euromoney's 2020 real estate market survey – in the Mixed, Office/Business, Retail/Shopping and Overall subcategories.

This is an outstanding achievement for an international workplace provider company which designs, builds and manages office buildings with a focus on wellbeing at work and productivity.

Challenges for the future

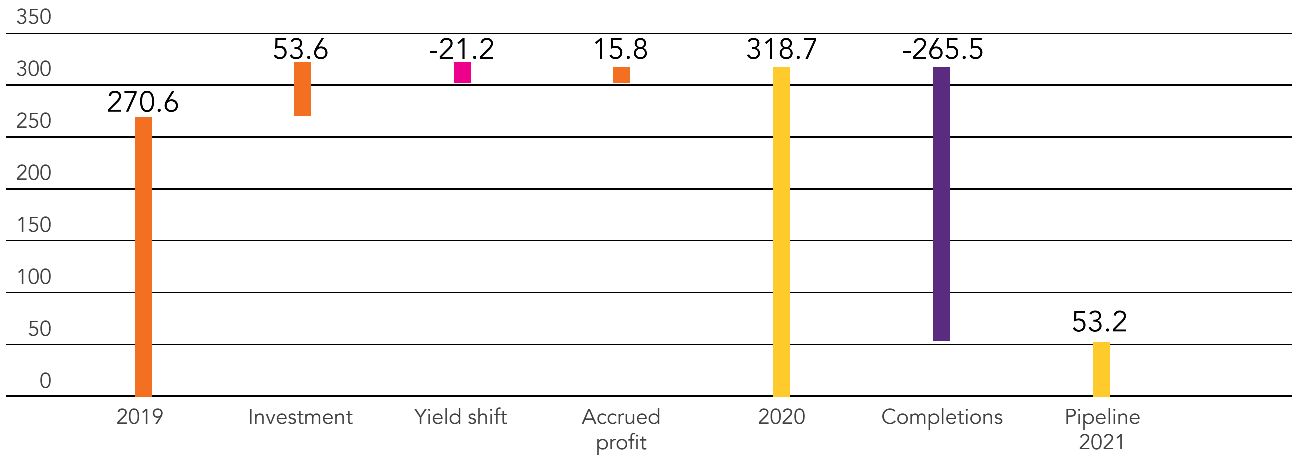
The situation created by the virus, which changed life for all of us, had to be handled with speed and efficiency. Initiating our breakthrough technologies for personal safety was therefore essential.

Symbiosy's sensor positioning technology enabled us to track the path of any employees who tested positive, identifying potentially infected office environments. Using alert messages on mobiles, we also detected and indicated potential social distancing issues where the lack of distance could be a problem. Our workspaces have shown that we're ready to face the challenges of the future.

Due to curfew restrictions and social distancing, we all deal with surrounding working from home. While it might have seemed comfortable at first, after a few months it turned out to be stifling. So naturally, it has only strengthened our commitment to providing exceptional experiences for employees though our offices. Using state-of-the-art techniques and solutions, we continue to put an emphasis on mental and physical wellbeing. As soon as the quarantine restrictions are suspended and employees return to our offices, we will not disappoint them.

HB Reavis Development HU	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2020
		2018	2019	2020				
Projects completed	71,249	70.0	216.4	265.5	15.4	280.5	49.1	52.5
Projects in preparation	64,101	35.0	54.2	53.2	14.6	253.0	-1.0	1.0
Total 2020	**135,350**	**105.0**	**270.6**	**318.7**	**30.0**	**533.5**	**48.1**	**53.5**
Total Pipeline for 2021	**64,101**	**35.0**	**54.2**	**53.2**	**14.6**	**253.0**	**-1.0**	**1.0**

Changes in Hungarian Development Property Value (€m)



Note: Data based on external expert valuations and internal management reports.

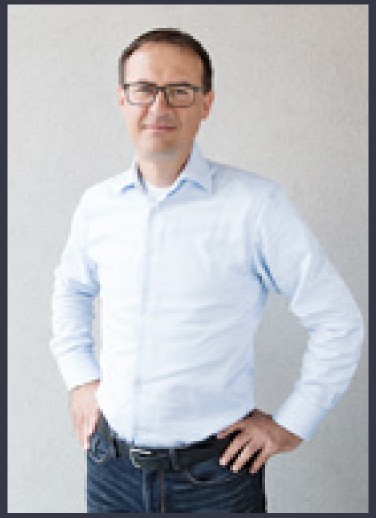
06 Board of Directors

In 2020, the Board of Directors adopted a standardised ESG strategy as a framework covering environmental, social and governance areas.

The ambition in the field of corporate governance is to develop an organisational structure, processes and policies that follow the principles of transparency, professionalism and accountability.

Members of the Executive Board 2020

Marian Herman
Group CEO



Martin Miklas
CFO

Peter Ceresnik
Member of the Executive Board

HB Reavis Holding SA is not required to follow the Luxembourg 'Ten Principles of Corporate Governances' rules set for listed companies. Nevertheless, it has committed to comply with these requirements as much as possible. As a part of this, the number of executives and independent members of the Board of Directors have increased since January 1st, 2021. At HB Reavis we believe that a diversity of opinions is key.

Our Board of Directors consists of dedicated professionals, including experts in the real estate industry and workspaces. The Executive Management consists of long-term professionals with a proven track record who oversee the running of the Group's daily operations.

With effect from January 1st, 2021, the Executive Board has been renamed the Executive Management and has been enriched by new members.

Members of the Executive Management 2021

As of May 31, 2021.

Marian Herman
CEO

Peter Pecnik
Group CFO

Peter Ceresnik
Member of the Executive Management

Pavel Jonczy
Member of the Executive Management

Members of the Board of Directors

As of May 31, 2021.

Marian Herman
Director

Peter Pecnik
Director

Peter Ceresnik
Director

Pavel Jonczy
Director

Isabel Schellenberg
Director

Liviu-Constantin Rusu
Director

Peter Vazan
Director

Neil Ross
Independent Director

Melanie Koch
Independent Director

Erik van Os
Independent Director

Marija Prechtlein
Independent Director

Ivan Chrenko
Non-Executive Director

Maarten Hulshoff
Non-Executive Director

Martin Miklas
Non-Executive Director

07 Our People

2020 was unprecedented due to the COVID-19 pandemic situation. It not only significantly influenced our business perspective, but also the way we operate.

COVID-19 reality
The outbreak of the pandemic in the spring of 2020 tested our team's readiness for unexpected situations and our ability to operate in difficult conditions. From day one of state ordered quarantines across all HB Reavis markets, we were able to switch most of our operations to remote working.

Previous investments into a cloud IT infrastructure and mobile devices for our people enabled us to perform the majority of our business activities from home. At the same time, special COVID-19 task forces in all our offices took immediate measures towards the security of our own and 3rd party employees on construction sites, as well as those who needed to stay in the office.

Our technology platform Symbiosy, with its indoor positioning functionality, provided ongoing monitoring of office density. If an employee tested positive for COVID-19, it also enabled us to track all the contacts at risk and provide employees with tests, disinfect the working space and instruct the relevant employees to go into quarantine. These measures helped us keep our offices safe, and no work-related virus transfers were reported.

Ongoing monitoring of the mood within our team showed that people preferred a hybrid work-style of time in the office environment with the flexibility to work from home. This confirms the long-term workplace strategy reflected in our employee benefits and policies that were implemented prior to the outbreak of the pandemic (individual wellbeing, workspace experience and personal flexibility).

People strategy update
As part of our Business Strategy 2025, the People strategy is one of its building blocks. The People strategy update brought refreshed aspirations in the following areas:

Our mindsets

Commitment to our success

Our leaders

Our mindsets

We revised our Mindsets model that defines our culture and the expected behaviours of our people: passion, entrepreneurship, professionalism, innovativeness, a focus on people and long-term relationships.

Commitment to our success

Our commitment is expressed by several key aspirations:

- Alignment of individual/team and company goals
- Transparency in measuring our success via individual contribution and company results
- Team spirit and drive help us achieve our goals
- Balancing autonomy and accountability for our actions
- Creating opportunities to utilise our potential and constantly improve our capabilities

Our leaders

Our leaders are accountable for achieving company targets through people. A high standard of people leadership is expected and will be continually measured through internal surveys as well as our performance management system.

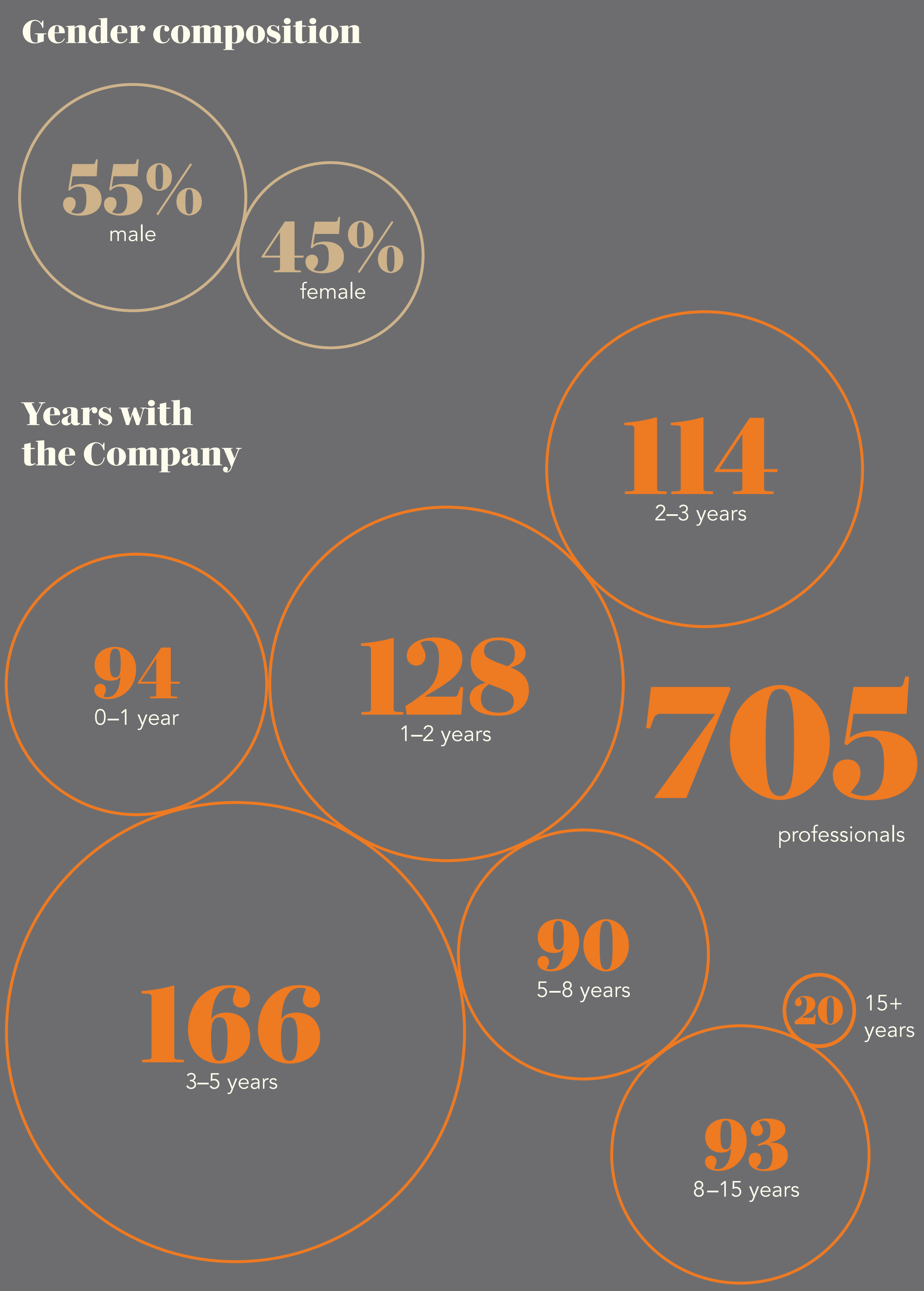
Our people strategy aspirations have been translated into specific actions and initiatives that will be carried out and monitored on an ongoing basis.

Compensation system review
As part of the business strategy update, we have also reviewed our compensation system. Unlike the past couple of years, we have returned back to a more merit-based philosophy with a broader use of variable components of total target compensation packages.

In practice, we provide variable components to 80% of our employee population (in contrast to 30% of employees prior to the change).

Only employees holding more junior or administrative roles stay on fully fixed compensation.

This step will enable our people to participate in our company's success to a greater extent when we surpass our company goals. A variable component structure is linked both to team/company results as well as individual goals. We believe this change aligns our compensation system with the entrepreneurial mindset and nature of our culture.



Note: Data based on external expert valuations and internal management reports.

08 ESG

Designing a responsible future

We've created healthy offices that follow responsible principles for over 65,000 people.

Now, after 27 years in business, we've brought together all our learnings and experience to create our ESG strategy, which is inspired by our well-established ESG framework.

ESG is a set of standards that cover environmental, social and governance activities. It considers how a company performs as a steward of nature, examines how a company manages its relationships with employees, suppliers, customers and the community, and assesses how a company is governed.

Responsible from the very beginning
We've taken innovative approaches to our work before. But we want to continue raising the bar. So we've set ourselves new challenges, like reducing our carbon footprint and developing better building performance markers.

In turn, the BREEAM and WELL Building Standard certifications are key drivers for us: validation of our thinking, methods and solutions. In 2020 alone, we saw New Nivy in Slovakia become one of just four projects worldwide to achieve the BREEAM Communities 'Excellent' level. In addition, Bratislava's Twin City Tower also received WELL Core & Shell Gold Certification.

How does our ESG strategy influence our work?
Firstly, it's important to say that everyone – tenants, business partners, suppliers, local neighbourhoods, authorities and employees, as well as ourselves – need to take responsibility for creating spaces that work for people, communities and the planet.

Naturally, our strategy was principally developed with the people who use our premises every day in mind. A higher ESG standard reflects their values and helps them achieve their responsibility goals.

This has led us to build a formidable breadth of internal expertise around environmental responsibility, user-centric design, health and wellbeing, and community engagement.

A strategy that drills down to the everyday
Before 2020, we had been delivering exceptional solutions, but were missing a comprehensive and integrated strategy. A single-minded approach had covered all our responsibility activities, from land acquisition, through design, development, construction and finally in the asset management of our buildings.

Now, we have a framework set in stone that lays out our ESG priorities and areas of expertise. One that can be distilled into a set of actions and activities that continuously strengthen our proposition to the market.

Our ESG pillars

Environmental

With respect to nature
Our processes, policies, practices and the impact we have on the natural environment, applicable to both our buildings and our company.

Social

Taking care of people
Activities affecting both the internal and external people with whom we interact, applicable within different project phases and in the company.

Governance

The way we're directed
Organisational structure, transparency, measures, protocols, procedures and formalised governing bodies, roles & responsibilities defining our business nature.

Our ESG areas and priorities

Under each pillar, we've developed a number of activities that have a long-lasting impact. But we're always looking forward. In particular, our environmental priorities concentrate on carbon reduction and green transport, our social priorities focus on people, health and wellbeing, communities and the employee experience, and our governance priorities are our mindsets and supply chain management.

A closer look at our aspirations

As we work towards our priorities, we look at the needs of our stakeholders. ESG is a crucial aspect of our work for employees, clients, end users, communities, investors and future generations. Therefore, our ESG strategy isn't just about the product. It covers a range of activities that are performed across our organisation – underpinning our entire approach.

Environmental

Energy performance

Improve the way we deliver and operate buildings, helping clients to maximise energy efficiency while they use them.

Carbon reduction

Implement low carbon solutions during all project stages, including design, demolition, construction and operation in order to reduce carbon footprints.

Water consumption

Improve water efficiency through innovative building technologies and fittings.

Waste management

Encourage good design and construction practices that minimise waste across our value chain, including building operations.

Green transport

Support green transportation choices by helping the people working in our buildings and our own employees to use emission-free transportation.

Biodiversity

Create green infrastructure that increases the biodiversity around our projects.

Social

Client engagement

Engage clients with events and activities throughout the year that upgrade their experience with and in our buildings.

Focus on people

Design and create all our projects with people and their needs in mind.

Health and wellbeing

Design our buildings in line with wellbeing principles so they enhance health, wellbeing and performance.

Communities

Engage and support the communities around our projects in the cities where we live, work and build.

Employee experience

Provide inspirational projects and activities that stimulate the growth and development of our employees.

Safety

Protect our employees, contractors and all those who work for us on construction sites by providing them with the right education about safety and securing a safe environment.

Governance

Corporate government

Ensure that our business is managed in line with good corporate governance standards.

Our mindsets

Increase awareness of the importance of our values/HB Reavis mindsets: passion, entrepreneurship, professionalism, innovativeness, long-term relationships and a focus on people.

Business ethics

Ensure our employees and key business partners comply with the principles we stand for as outlined in our Code of Ethics.

Speak-up culture

Foster openness and develop a speak-up culture in our company.

Supply change management

Build long-term relationships with our suppliers based on mutual prosperity and trust.

Diversity and inclusion

Provide fair working conditions and equal opportunities for everyone throughout the whole employee journey.

Download the full ESG brochure:
https://hbreavis.com/wp-content/uploads/2021/01/ESG_Strategy_HB-Reavis.pdf

Real estate development is a very complex business. Being an international workspace provider brings even higher complexity. We make life even tougher for ourselves because our mission is to bring remarkable experiences to people through our real estate solutions.

We aim to set trends in office space solutions. We aspire to always deliver something more than clients and communities expect, something that will differentiate our projects from others. We believe this is the right way to create greater value for our partners, clients and local communities, as well as for our shareholders to achieve their projected growth and desired return.

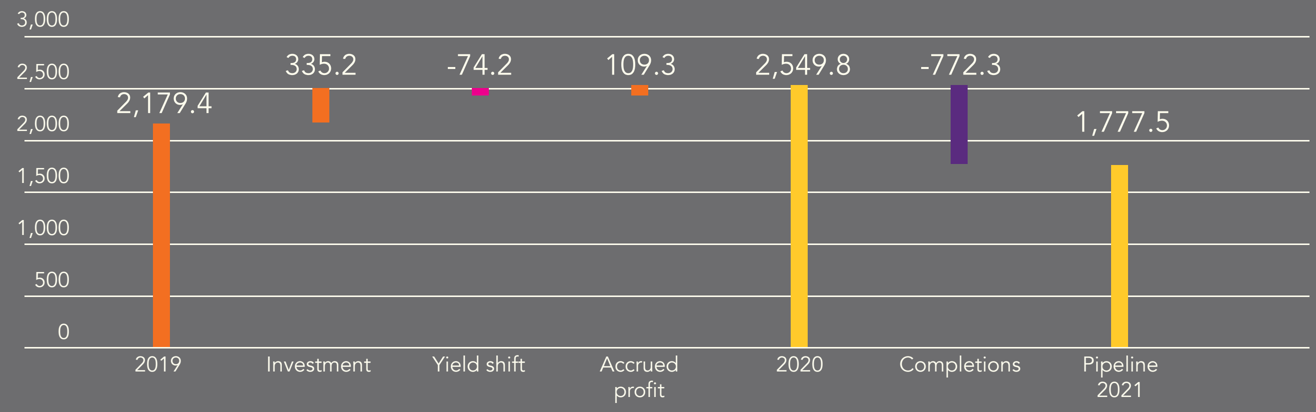
The development landscape

Looking at our portfolio, the share of development in our total investment property is 65%. The increase from our targeted 50/50 split was driven by the reallocation of One Waterloo into our development arm as preparations for construction progress.

Despite the difficult investment market, we also took opportunities to divest assets valued at €325m with an eye on building a strong cash position for the near term.

In the reporting year, we focused mainly on both speeding up and growing the share of developments in the permit stage as well as making progress with our projects in the construction phase. During 2020, the portfolio value of core development property increased by €370.2m*, while properties valued at €772.3m* were completed and handed over to our asset management arm.

Changes in Group Development Property Value (€m)



Data source: internal management reports.

Product design matters and distinguishes us in the market

During our history and through the delivery of 961,000 sq m* of leasable office space, we have accumulated significant knowledge and experience. We understand why it is so important to talk to clients, identify their needs and wishes and, moreover, incorporate these into our product design process.

Currently, we have around 140 professionals in our dedicated product design team infusing client experience and technical innovations into our products. Recently we've focused on the following areas:

1. Bringing international expertise into our projects. We retained the services of highly acclaimed architectural studios such as Benoy, Foster+Partners, MAKE Architects, John Robertson Architects and Allford Hall Monaghan Morris for some of our recent flagship projects.

2. Transforming ourselves from a fully integrated but 'standard' real estate developer into a Workspace as a Service (WaaS) provider. This move is a perfect umbrella for our user-centric related activities such as UX methodology, Origameo, HubHub, Symbiosy, Qubes and More.

3. Testing project design. All of our designs are rigorously assessed, focusing on potential user experience in terms of daylight quality, interactions between dedicated office space and shared spaces (primarily on the ground floor and roof) and the effects of greenery, fresh air and thermal control.

4. Elevating our sustainability standards and design goals to at least BREEAM 'Excellent'. We also aspire to comply with WELL standards as soon as feasible.

Leasing and marketing

Yet again, we've invested significant effort and resources during the recent year into building our leasing teams across the Group. Over the last couple of years, we've grown our marketing capability so that we can more effectively offer these projects to our clients.

These teams consistently and efficiently use the Group's know-how that has been accumulated over 27 years.

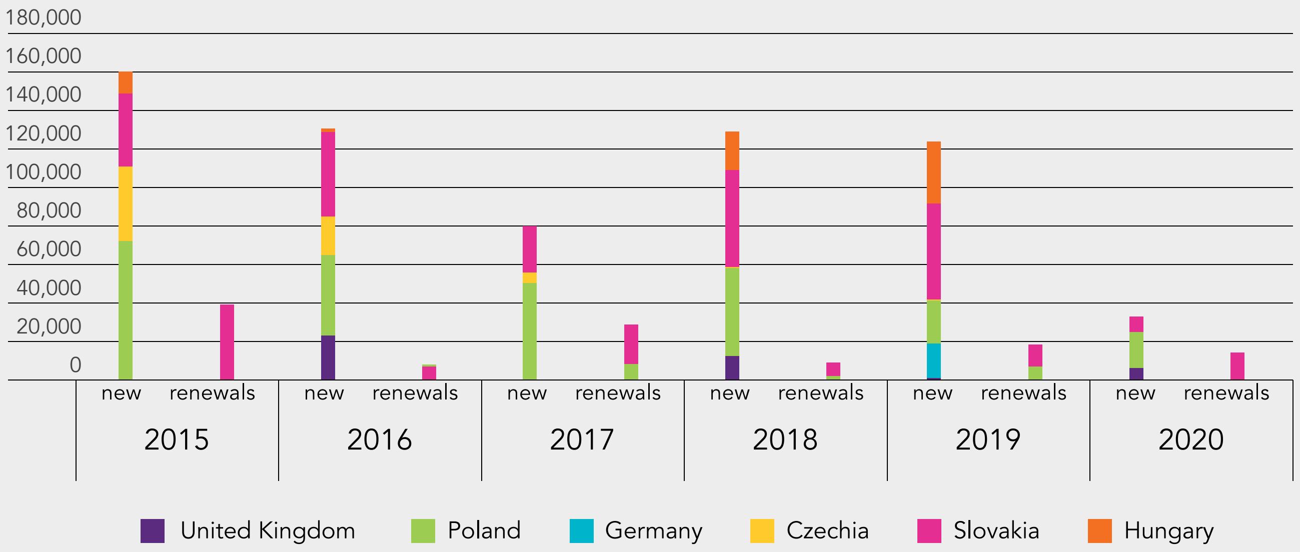
In terms of the numbers, facing a mix of market challenges that were significantly impacted by the COVID-19 pandemic, our leasing teams signed contracts for about 50,000 sq m of GLA*, down roughly 65% compared to 2019 (144,000 sq m signed in 2019).

TOP Deals for 2020

Forest	Leroy Merlin	**12,358 sq m**
Agora Tower	B+N Referencia Ipari	**3,758 sq m**
Varso 2	BSWW	**2,174 sq m**
Varso 2	VISA International	**1,283 sq m**
Nivy Tower	Dobry Mlyn Surany	**1,216 sq m**

Data source: internal management reports.

Leasing Activity according to GLA



Development portfolio structure

Geographically, the structure of our whole development portfolio is continuously shifting towards western countries, where the UK and Germany represent 52% of the future value in our pipeline. At year end 2020, the share of UK assets represented 44% of the whole portfolio, Poland 12%, Czechia 7%, Slovakia 25%, Hungary 4% and Germany 9%, all based on the expected gross development value.*

As far as segments are concerned, during 2020 our strategic focus on office development was reflected in a 93% share of our development portfolio value, while retail and residential accounts for 7% based on gross development value.*

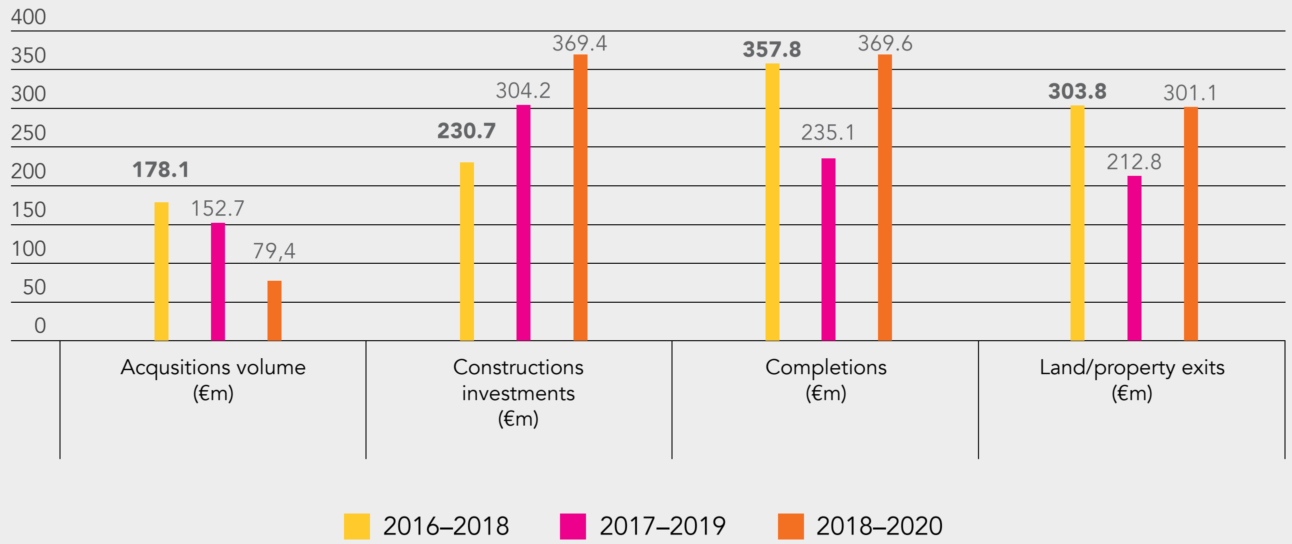
Developments in the office segment continued to achieve growth, adding around €294m of value and reaching a total of €2,254m* (including completed properties before their transfer to use). In terms of the creation of the net value of the required investment to achieve the value growth, office properties contributed €85m* (net of the yield shift).

Performance of development activities

Our strategic plan is to keep our balance sheet on an even keel with the long-term share of the development portfolio of our total investment property at around 50%. Due to our divestment efforts and reallocation of One Waterloo, the share of our development portfolio (excluding One Waterloo and non-core assets) increased to 75% (2019: 69.5%).

HB Reavis Development Total	GLA sq m	Valuation 2018	Valuation 2019	Valuation 2020	ERV	GDV	Value Change	Investment 2020
Retail	102,160	120.4	219.7	269.8	22.5	345.1	50.1	60.0
Office	1,177,926	1,111.2	1,959.7	2,253.9	335.9	7,244.4	294.1	271.6
Residential	42,505	0.0	0.0	26.1	0.0	152.1	26.1	3.6
Total Development 2019	1,322,591	1,231.6	2,179.4	2,549.8	358.5	7,741.6	370.3	335.2
Completions 2020	177,719	323.7	713.2	772.3	42.6	839.6	59.0	92.8
Retail	102,160	120.4	219.7	269.8	22.5	345.1	50.1	60.0
Office	1,000,207	787.5	1,246.5	1,481.6	293.4	6,404.7	235.1	178.7
Residential	42,505	0.0	0.0	26.1	0.0	152.1	26.1	3.6
Total Pipeline for 2021	**1,144,872**	**907.9**	**1,466.2**	**1,777.5**	**315.9**	**6,901.9**	**311.3**	**242.3**

Group development activity, moving averages 2016 – 2020



*Note: Data based on external expert valuations and internal management reports.

10 — How We Managed Our Assets

In all aspects of More by HB Reavis, our in-house asset management department, we always look for innovative and practical solutions for our clients. Through property managers we foster the creation of long-term relationships focusing on the best client experience.

We also thoroughly oversee the technical operations with our facility management specialists by focusing on delivering a high quality of service, effective building management that optimises the energy spent, wellbeing and being accessible 24/7 for clients' requests. The closeness to our clients coupled with our capabilities enabled us to implement immediate actions ensuring the safety of our premises.

2020 was also a milestone thanks to the significant growth of our managed assets.
A great accomplishment of all our teams was that we opened the Agora Hub and Agora Tower buildings in Budapest with prime anchor tenants, Raiffeisen Bank and British Petroleum.
In the centre of the Warsaw central business district we enlarged our portfolio with Varso 1 and Varso 2, and in Bratislava we opened Nivy Tower, the tallest building in Slovakia.
With these additions, we have expanded our portfolio with another 200,000 sq m under our management.

Income producing asset portfolio

255k sq m	GLA
€54.9 million	ERV
€917.3 million	FMV
74%	Occupancy

Nivy Tower

Bratislava

GLA: 32.5k sq m
Currently Bratislava's highest office building, it is the latest completed project in the New Nivy zone. The project is adjacent to Nivy Station which, alongside its location, enhance its transport connectivity. The building is aspiring for BREEAM and WELL certificates.

Postepu 14

Warsaw

GLA: 34.5k sq m
This sustainable A-class office building with efficient floor plate was completed in 2015 and benefits from great visibility and transport connectivity. The building was sold to CA Immo in 4Q/2020.

10 How We Managed Our Assets

Varso 1 & 2

Warsaw

Combined GLA: 74.0k sq m
Varso 1 and Varso 2 benefit from their close location to the core city centre, a shopping centre and a railway station. The buildings offer 74k sq m of GLA and are currently leased at 89% of their full capacity.

Agora Tower & HUB

Budapest

Combined GLA: 71.3k sq m
The practical completion of the Agora Tower and Agora Hub concludes the development of the first phase. The Budapest landmark already accomodates anchor tenants BP and Raiffeisen in an area with BREEAM and WELL certificates.

Apollo Business Center III–V

Bratislava

Combined GLA: 48.7k sq m
Completed in 2009, the project is one of the first in Slovakia to obtain BREEAM certificates. The building offer a variety of service and are occupied at more than 90% of their available area.

Source: Company information as of December 2020
[1] Including non-core projects Centrum Bottova and Kesmark. Projects under asset management of HB Reavis CE REIF are not included.

A summary of the actions taken by More by HB Reavis in response to COVID-19:

- Intensive daily support and contact with tenants to support overcoming the pandemic (both retail and office)
- A strong focus on the health & safety of our buildings to ensure a safe return to our buildings for tenants such as: disinfection routines with an extra focus on palpable surfaces, social distancing in lifts and common areas, natural ventilation, HVAC disinfection and strict pandemic procedures in case of an identified infected person in the building
- Contactless and touchless journeys via the Hi.Building application – from the entrance to the building to the office premises
- Remote work (home office) service offer to support the employees of our tenants in the new daily challenges, from concierge and courier services through to online events focusing on mental health and wellbeing

The Hi.Building app, a solution integrating the building's amenities and systems:

- Buildings operated by More by HB Reavis provide the most modern digital experience for building users. The Hi.Building platform is the one solution that lets people take advantage of all the building's features and services. It allows users to access the building, the parking lot, common areas and lifts directly with their mobile phone. It enables the smooth management of visitors, gives people the opportunity to take advantage of concierge services, bike and e-scooter sharing, news, special offers and vibrant events.

These value-added services are to be further expanded to Agora, Varso Place and Nivy Tower, all supported by the rollout of the Hi.Building app:

- Within our standards, in addition to property and facility management, we offer seamless and exceptional user experiences in all our assets through a rich set of amenities to building occupiers that support personal services, work-life integration, wellbeing and a sense of community. This year we decided that all our newly opened projects will offer value-added services for all our clients.
- Our clients can enjoy bike sharing, a reception with concierge services and various experiences delivered by our dedicated service teams. Everything is at the client's fingertips and connected via our Hi.Building platform. It's the easiest way to join yoga classes, take part in various medical checks directly in our premises or to mix fresh smoothies with world class bartenders in the comfort of the client's home via online streaming platforms.
- This app serves as the main gateway to the whole building itself, from parking, elevators and building access to visitor management, providing comfortable, easy and secure solutions for our clients and their partners to move around our premises. In addition, it minimises the use of plastic cards. With this expansion of our services, we offer clients hospitality combined with innovative solutions. It doesn't matter if they are at home or in our buildings, our home office package keeps our clients connected with a focus on wellbeing. Our teams are also here for the most ambitious clients and are able to customise our portfolio to their needs.

Divestments:

In October 2020, HB Reavis sold Postepu 14, which is located in Warsaw, to CA Immo, a real estate investment company based in Vienna. The building was almost fully leased with high quality tenants such as Astra Zeneca and Samsung.

The divestment strengthened the position of HB Reavis in Poland as a successful developer, topping up its office portfolio of 220,000 sq m by another 34,500 sq m. Postepu 14 was recognised by the new landlord for having the most state-of-the-art technologies and solid tenants who, with the assistance of the More by HB Reavis team, managed to fulfil their financial obligations in spite of the COVID-19 impact. The handover process of the property went smoothly due to professionally delivered property and facility management services from May 2015, when the use permit was granted. The More by HB Reavis team not only supervised the building's operations, but offered wide support during the due diligence and exit processes.

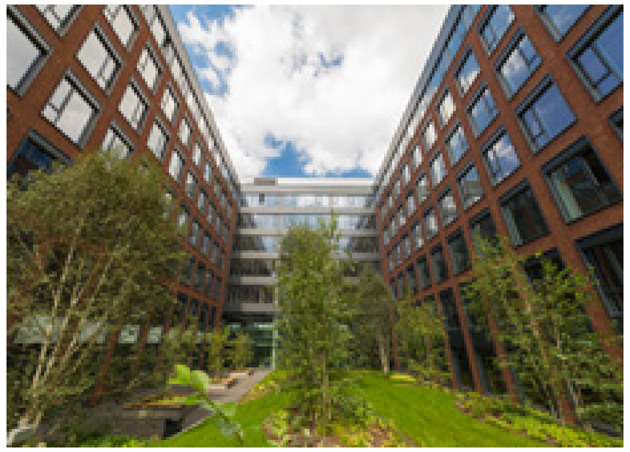
In May 2020, the divestment of 20 Farringdon Street was completed. The asset was sold to a Hong Kong consortium, Tenacity Group, which operates in the UK and the Greater China region. The 8,000 sq m building was fully leased to a range of companies including The Berkeley Partnership, TMF Group, HubHub coworking and Canon UK. Divesting the asset in the middle of the UK lockdown was a huge achievement for the business. The More by HB Reavis team worked hard to ensure all rent payments were made within a timely manner in order for the sale to progress.

11 Investment Management

HB Reavis' investment management arm was founded ten years ago and is a key pillar of our strategy. With a heritage in real estate, the team focuses on delivering exceptional long-term returns and superior client service for investors looking for value in European commercial real estate.

The business capitalises on its asset management capabilities and 27-year track record of leasing, asset management capabilities, property management and construction management. We believe that our active asset management, opportunistic trading approach and strategic decision making are the driving force behind the consistent returns we deliver to our investors.

Currently, the fund manager manages assets worth almost €800 million* across three core Central European countries (CZ, SK, HU). The flagship fund, the HB Reavis CE REIF, follows a core/core+ strategy, investing equity on behalf of over 250 high-net-worth individuals and institutional investors into a portfolio of prime investment properties with top-tier tenants in prime or strategic Slovak and Czech Republic locations.



Twin City B, Bratislava

City Business Center II, Bratislava

Twin City C, Bratislava

The CE REIF fund has, since its inception in 2011, on average delivered excellent returns of 10% p.a., of which almost half has been distributed in cash to investors. These returns are the fruit of our diligent focus on maximising returns and enhancing the portfolio's value through excellent lease management and hands-on asset management. The total assets under management grew to €345 million with an increasing number of investors trusting us to manage their wealth and funds.

The active asset management is provided by an experienced team of professionals from the HB Reavis Group – a unique value proposition that sets us apart from the competition.

Aupark, Hradec Kralove

City Business Center I, Bratislava

* A combination of the HB Reavis Real Estate Investment Fund (with two sub-funds HB Reavis CE REIF and HB Reavis Global REIF) and the HB REAVIS Real Estate Development Fund

Financial Review

12

Workspace as a Service features and the use of analytical workspace data are driving innovations in real estate trends. The ability to collaborate and use spaces flexibly – as well as durability and technological advances – are now key requirements for tenants.

These changes are forcing real estate players to adopt new business models, or at least new, more complex business lines. They also present new challenges for financial strategies. Our model addresses all these challenges, and we have also adjusted our financial strategy to support it – while ensuring we maintain a healthy capital structure that gives us access to both new debt and new equity when needed.

Occupancy trends are changing. Increasingly, tenants are looking for greater flexibility, driven primarily by the ever-shifting dynamics of their actual business models and new economy sectors. In competitive labour markets, tenants need attractive recruitment and retention packages beyond remuneration and monetary benefits. The actual working environment now plays an increasingly strong role in recruiting top talent.

Given this new reality, the notion of a tenant committing to a long-term and inflexible lease contract (the most attractive to traditional finance providers and investors) is being challenged. As a major player in leasing markets, we're seeing a clear trend towards more occupational flexibility.

This, together with the advent of another recent phenomenon in how tenants use space – the coworking platform – means there's a growing need for more agile debt and equity funding.

Through a combination of divestments and external financing operations, we accumulated cash at year end 2020 amounting to €192.7 million. This will help us continue our robust development programme and support our growth, both in an organic manner and potentially through acquisitions, should the opportunity come our way.

In 2020, dividends paid to our shareholders reached 1.4% of NAV, reflecting the challenges of the pandemic year, in line with our financial policy guidelines.

40%

Target Gross Debt to Total Assets at 40% (maximum 45%) and Net Debt to Total Assets at 35% (maximum 40%) with an appropriate mix of non-recourse project debt and Group-level debt.

5% of total Group debt

Initial maturity of project loan financing and issued bonds to commensurate with the length of our product development cycle.

4% of NAV

Dividend payouts in line with historical levels, up to 4% of NAV.

interest-rate risk coverimg **50–100%**

Careful risk management aimed primarily at mitigating foreign exchange fluctuations for all known and estimated non-Euro exposure 12-months forward, and interest-rate risks covering 50 – 100% of the total medium to long-term debt exposure, both associated with macroeconomic and property cycles.

Note: Data in the Financial Review section are based on audited consolidated financial statements, external valuations and internal management reports. All valuations in the Business Review are based on external valuations and internal management reports before IFRS adjustments and excluded non-core properties. For segment information related to non-core segment, see Note 6 in the Consolidated Financial Statements. For balances presented in the Segmental Analysis in the Consolidated Financial Statements, see Note 6 of the Consolidated Financial Statements.

How we performed

In terms of overall performance, the financial results of 2020 were strongly driven by a frozen leasing market and more conservative leasing assumptions, which were reflected in fair market values in general having an impact on future cash flows through longer void and rent-free periods, higher discount rates and so on.

Obviously, the main driver was a revaluation loss down from €541.5m in 2019 to €41.2m over the year (including the translation of foreign operations to the presentation currency of €-70m). At €27.8m, net operating income from investment property, in line with our expectations, was down slightly (2019: €34.2m).

In terms of the operating profit, the Group recorded a loss €8.4 million. The Group balance sheet increased to almost €3.1 billion. The adjusted net asset value reached €1.514 billion. Our net debt leverage ratio remained within the targeted range of 35-40%, reaching 38.2% (32.4% in 2019).

The disposal of subsidiaries impacted our financials negatively by €16.3m (2019: €3 million). Bottom line: we achieved a total comprehensive income of €-183.8 million (2019: €388.6 million).

€-113.9m
NET PROFIT

€-183.8m
TOTAL COMPREHENSIVE INCOME

€-71.8m
EBIT

€27.8m
NET RENTAL INCOME

€1.514bn
NET ASSET VALUE

€-41.2m
NET REVALUATION LOSS*

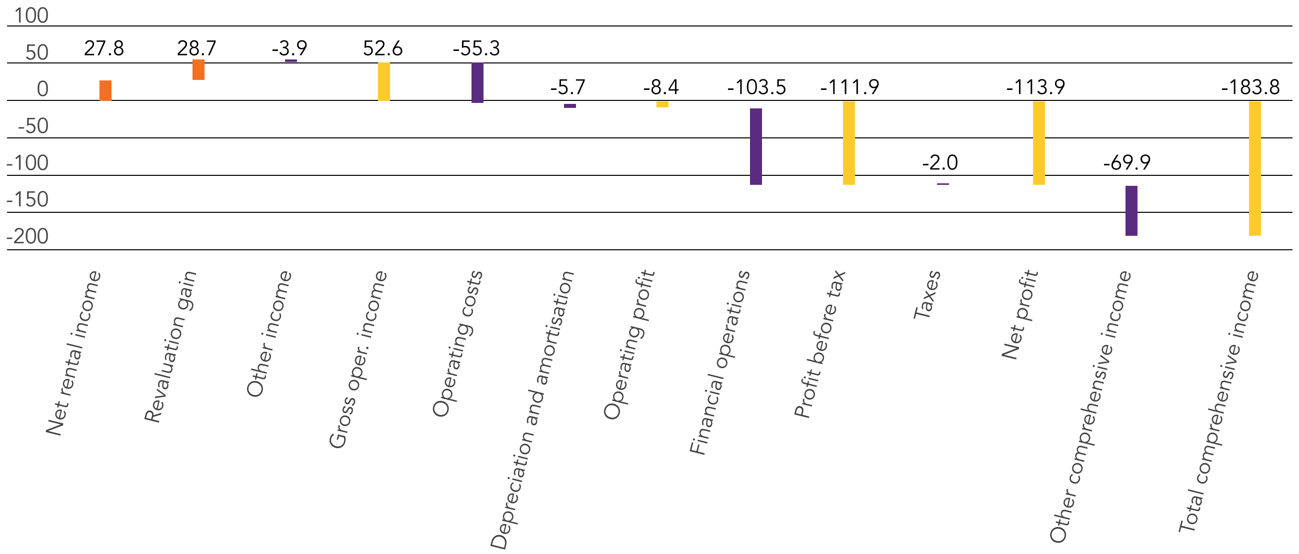
38.2%
NET DEBT LEVERAGE RATIO

-11.6%
SHAREHOLDERS' RETURN

*Note: Including impacts of translation reserve

€m	2016	2017	2018	2019	2020
Assets	2,112.3	2,294.8	2,349.9	3,040.3	3,097.1
Cash	316.4	279.1	173.8	122.6	192.7
Borrowings	683.0	893.0	891.5	1,106.8	1,376.8
Net Debt Leverage Ratio	**17.4%**	**26.8%**	**30.5%**	**32.4%**	**38.2%**

Group profit decomposition (€m)



Revaluation Gain (€m)

(Net of yield shift)

(incl. the translation of foreign operations to the presentation currency)

Investment Portfolio Yield (%)

Note: Data based on internal management reports.

Revaluation gain*

The net revaluation gain on investment property, including the impact captured by the translation of foreign operations to the presentation currency, resulted in €-41.2m (2019: €541.5m). This represents a significant year-on-year drop driven by the pandemic emergency and related market lockdowns, leading to leasing activity fallouts and a development progress slowdown.

When adjusted for yield shift, the Group achieved a €26.7m (2019: €404.1m) net revaluation gain while the yield shift contributed to an overall loss of €67.9m (2019: €137.4 million).

The average investment property portfolio yield decreased by 11 basis points to 5.08% as we continued investments in lower-yield projects in the UK while divesting CEE assets.

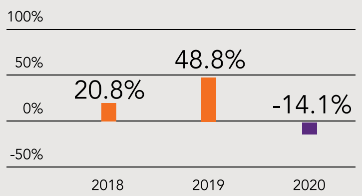
Income producing assets, primarily driven by higher yielding Slovak assets, were valued at a 5.55% yield at the end of 2020. The average valuation yield of our development properties, now more heavily weighted to UK, Polish and German assets, was also down by 2 basis points to 4.74%.

As our strategy in the mid-term is to keep and manage our assets longer after they become mature, the growth potential for our net operating income could be higher in the coming years.

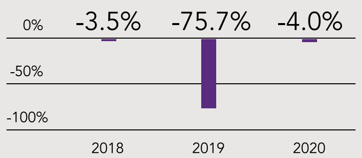
How business lines contributed

In terms of contributions made by our business lines to the overall return on shareholders' equity, leasing and revaluation drivers impacted both the development portfolio with a ROE of -12.3% (2019: 48.8%) and income producing property with a ROE of 5.9% (2019: 16%). The ROE of our non-core portfolio lagged behind with -4% as did the cash at -3.4% at the end of 2020.

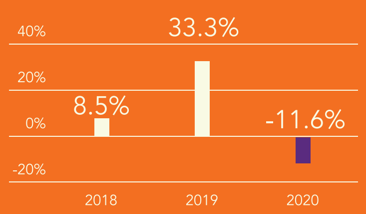
Property Under Development



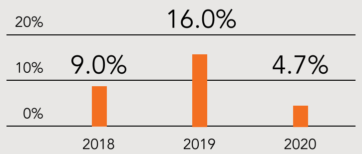
Non-Core



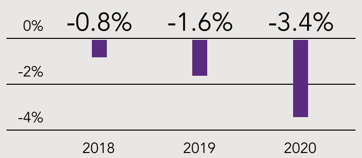
Return to Shareholders



Income Producing Property



Cash



*Note: Data based on external expert valuations and internal management reports

How we divest

During 2020, despite the steep slowdown on the investment markets caused by the pandemic, we managed to finalise transactions in the UK, Poland and Slovakia – successfully completing almost €325 million of divestments.

Important transactions include the divestment of 20 Farringdon Street in London, Postepu 14 in Warsaw and Twin City B in Bratislava. These sales underline the quality of assets we develop as well as our strong divesting capabilities, even during difficult times.

The real estate industry has long been slow to adopt new trends and technologies. But, similarly to almost all other industries, COVID-19 has accelerated its interest and implementation of new innovations.

Over recent years, we have significantly invested money and time into our Workplace as a Service (WaaS) solutions that are focused on occupier flexibility and user wellbeing and productivity. And with our business model transformed and a commitment to fusing progressive solutions into our buildings, they are proving to be an attractive proposition to prospective tenants and investors.

It's an approach that's helping us build long-term relationships with the tenants where we can provide valuable insights and wellbeing solutions focused not only on a safe and healthy workspace environment, but also on effective utilisation and better productivity. The result is higher tenant retention and therefore also increased valuations of our properties.

We maintain close relationships with our investors, a number of which have repeatedly invested their faith and money into our real estate products. Nonetheless, our divestment preferences are also evolving to maximise shareholders' value and reflect the Group's strategy.

Now, apart from standard sales, we are also focusing on (i) creating long-term partnerships and joint ventures with the investors who buy our projects and (ii) prolonging the holding period of our assets to drive value creation.

This move will prove to be critical to the realisation of our divestment strategy and to increase the shareholders' value.

Auditor's Report

Consolidated financial statements as at and for the year ended 31 December 2020

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Audit report

To the Shareholder of
HB Reavis Holding S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of HB Reavis Holding S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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R.C.S. Luxembourg B 65 477 - TVA LU25482518

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Management Report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Management Report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 21 April 2021

Alessio Chiesa

In millions of EUR	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Investment property in use or vacant	10	715.4	522.6
Investment property under development	10	1,749.2	1,880.3
Investment in joint ventures	11	2.3	2.2
Property, plant and equipment	8	4.6	4.8
Right-of-use assets	9	12.9	14.1
Intangible assets		2.4	1.2
Financial investments	18	-	27.4
Receivables and loans	7, 12	6.8	3.6
Deferred income tax asset	26	10.8	4.1
Other non-current assets	13	11.4	6.0
Total non-current assets		**2,515.8**	**2,466.3**
Current assets			
Non-current assets classified as held for sale	15	300.8	334.3
Inventories		0.3	0.4
Trade and other receivables	7, 14	53.3	78.1
Other assets	17	34.2	46.1
Cash and cash equivalents	16	192.7	115.1
		280.5	**239.7**
Total current assets		**581.3**	**574.0**
TOTAL ASSETS		**3,097.1**	**3,040.3**
EQUITY			
Share capital *(30,000 shares at EUR 1,00 each)*	19	-	-
Share premium	19	820.5	402.5
Retained earnings		642.9	1,198.3
Revaluation reserve for assets transferred to investment properties at fair value		3.8	3.8
Currency translation reserve	23	(81.2)	(11.3)
Equity attributable to the Company's owners		1,386.0	1,593.3
Non-controlling interest		0.1	0.1
TOTAL EQUITY		**1,386.1**	**1,593.4**
LIABILITIES			
Non-current liabilities			
Borrowings	20	965.2	728.9
Deferred income tax liability	26	130.7	133.4
Trade and other payables	7, 21	31.9	25.2
Lease liabilities	9, 20	43.0	68.8
Total non-current liabilities		**1,170.8**	**956.3**
Current liabilities			
Liabilities directly associated with non-current assets classified as held for sale	15	121.9	177.7
Borrowings	20	266.8	192.4
Trade and other payables	7, 21	101.6	106.7
Lease liabilities	9, 20	42.1	7.5
Deferred income	21	7.8	4.5
Current income tax payable		-	1.8
		418.3	**312.9**
Total current liabilities		**540.2**	**490.6**
TOTAL LIABILITIES		**1,711.0**	**1,446.9**
TOTAL LIABILITIES AND EQUITY		**3,097.1**	**3,040.3**

These consolidated financial statements have been approved for issue and signed on behalf of the HB Reavis Holding S.A. on 12 April 2021 by the members of the Board of Directors of HB Reavis Holding S.A. Shareholders have the power to amend these consolidated financial statements after issue.

Peter Vážan Director A	Liviu-Constantin Rusu Director A	Isabel Schellenberg Director A	Peter Pecnik Director B

In millions of EUR	Note	2020	2019
Rental and similar income from investment property	22	50.6	60.6
Direct operating expenses arising from investment property	23	(22.8)	(26.4)
Net operating income from investment property		**27.8**	**34.2**
Net revaluation gain on investment property	10	28.7	519.4
Share of profit or (loss) of joint ventures	11	(0.1)	(7.7)
(Loss)/gain on disposal of investment in associate	18	(7.7)	-
(Loss)/gain on disposal of subsidiaries	27	(8.6)	3.0
Gain on disposal of joint venture	11	-	23.7
Other operating income	7, 26	8.9	8.7
Revenue from construction contracts	24	25.5	22.8
Construction services		(21.9)	(19.6)
Employee benefits	7, 25	(22.8)	(25.1)
Depreciation and amortisation		(5.7)	(5.3)
Revaluation of investment in associate	18	-	(27.1)
Other operating expenses	26	(32.5)	(40.2)
Operating (loss)/profit		**(8.4)**	**486.8**
Interest income calculated using the effective interest method		0.5	1.9
Interest expense		(40.6)	(33.3)
Foreign exchange (losses)/gains, net	29	(40.3)	0.6
Net gains/(losses) on financial derivatives		(14.2)	6.8
Other finance income		-	0.4
Other finance costs		(8.9)	(6.5)
Finance costs, net		**(103.5)**	**(30.1)**
(Loss)/Profit before income tax		**(111.9)**	**456.7**
Current income tax expense	28	(2.1)	(7.6)
Deferred income tax benefit/(expense)	28	0.1	(82.6)
Income tax expense		**(2.0)**	**(90.2)**
Net (loss)/profit for the year		**(113.9)**	**366.5**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations to the presentation currency for the year		(78.2)	28.8
Translation of foreign operations reclassified to profit or loss upon loss of control of subsidiary or repayment of subsidiaries' capital	27	8.3	4.6
Translation of foreign operations reclassified to profit or loss upon disposal of joint venture		-	(11.3)
Total other comprehensive income/(loss)		(69.9)	22.1
Total comprehensive (loss)/income for the year		**(183.8)**	**388.6**
Net (loss)/profit is attributable to:			
- Owners of the Company		(113.9)	366.5
- Non-controlling interest		-	-
(Loss)/Profit for the year		**(113.9)**	**366.5**
Total comprehensive (loss)/income is attributable to:			
- Owners of the Company		(183.8)	388.6
- Non-controlling interest		-	-
Total comprehensive(loss)/ income for the year		**(183.8)**	**388.6**

		Attributable to owners of the Company							
In millions of EUR	Note	Share capital (Note 19)	Share premium (Note 19)	Retained earnings	Translation reserve	Revaluation reserve	Total	Non-controlling Interest	Total equity
Balance at 1 January 2019		**-**	**455.9**	**831.8**	**(33.4)**	**3.8**	**1,258.1**	**-**	**1,258.1**
Profit for the year		**-**	**-**	366.5	-	-	**366.5**	-	**366.5**
Other comprehensive income		**-**	**-**	-	22.1	-	**22.1**	-	**22.1**
Total comprehensive income for 2019		**-**	**-**	**366.5**	**22.1**	**-**	**388.6**	**-**	**388.6**
Distribution to owners	19	-	(53.4)	-	-	-	**(53.4)**	-	**(53.4)**
Other		-	-	-	-	-	**-**	0.1	**0.1**
Balance at 31 December 2019		**-**	**402.5**	**1,198.3**	**(11.3)**	**3.8**	**1,593.3**	**0.1**	**1,593.4**
Loss for the year		**-**	**-**	(113.9)	-	-	**(113.9)**	-	**(113.9)**
Other comprehensive loss		**-**	**-**	-	(69.9)	-	**(69.9)**	-	**(69.9)**
Total comprehensive loss for 2020		**-**	**-**	**(113.9)**	**(69.9)**	**-**	**(183.8)**	**-**	**(183.8)**
Distribution to owners	19	-	(23.5)	-	-	-	**(23.5)**	-	**(23.5)**
Retained earnings capitalisation	19	-	441.5	(441.5)	-	-	**-**	-	**-**
Balance at 31 December 2020		**-**	**820.5**	**642.9**	**(81.2)**	**3.8**	**1,386.0**	**0.1**	**1,386.1**

In millions of EUR	Note	2020	2019
Cash flows from operating activities			
(Loss)/Profit before income tax		(111.9)	456.7
Adjustments for:			
Depreciation and amortisation	8, 9	5.7	5.3
Revaluation gains on investment property	10	(28.7)	(519.4)
Gains less losses on disposals of subsidiaries	27	8.6	(3.0)
Share of loss of joint ventures	11	0.1	7.7
Result on disposal of joint ventures	11	-	(23.7)
Interest income calculated using the effective interest method		(0.5)	(1.9)
Interest expense		40.6	33.3
Revaluation of investment in associate	18	-	27.1
Unrealised foreign exchange (gains)/losses	29	39.6	(10.6)
Unrealised (gains)/losses from financial derivatives		18.1	(4.9)
Loss on disposal of investment in associate	18	7.7	-
Operating cash flows before working capital changes		(20.7)	(33.4)
Working capital changes:			
Decrease/(increase) in trade and other receivables		54.3	(34.3)
Increase/(decrease) in trade and other payables		(1.8)	31.3
Cash generated from/(used in) operations		31.8	(36.4)
Interest paid		(31.8)	(28.1)
Income taxes paid		(5.8)	(4.4)
Net cash used in operating activities		**(5.8)**	**(68.9)**
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(2.1)	(4.1)
Purchases of investment properties including advance payments made	10	(78.3)	-
Proceeds from sale of joint venture		-	56.3
Loans repaid by related parties	7	1.4	-
Construction costs related to investment properties	10	(391.7)	(420.9)
Contribution to investment in joint venture		(0.2)	-
Proceeds from sales of subsidiaries, net of cash disposed of	27	131.5	52.5
Proceeds from disposal of own use premises and equipment	8	0.3	1.0
Proceeds from sale of financial investments	18	17.5	-
Acquisition of financial investments	18	-	(1.7)
Acquisition of intangible assets		(1.4)	(0.7)
Restricted cash	16	(21.9)	(1.3)
Net cash used in investing activities		**(344.9)**	**(318.9)**
Cash flows from financing activities			
Proceeds from borrowings	20	539.9	493.2
Repayment of borrowings	20	(109.1)	(98.9)
Repayment of lease liabilities	9, 20	(8.4)	(5.6)
Distributions paid to owners	19	(23.5)	(53.4)
Net cash from financing activities		**398.9**	**335.3**
Net (decrease) / increase in cash and cash equivalents		**48.2**	**(52.5)**
Cash and cash equivalents at the beginning of the year		118.5	171.0
Cash and cash equivalents at the end of the year		**166.7**	**118.5**
Reconciliation of cash and cash equivalents:			
- Restricted cash	16	26.0	4.1
- Cash within non-current assets classified as held for sale	15	-	(7.5)
Cash and cash equivalents at the end of the year presented in the statement of financial position	16	**192.7**	**115.1**

The accompanying notes on pages 6 to 79 are an integral part of these consolidated financial statements

1. The HB REAVIS Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU") for the year ended 31 December 2020 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 consolidated 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 a prominent South Bank location next to the Waterloo station. In 2019, the project had received a permit enabling development of over 120,000 sqm of office scheme for the projected Gross Development Value of EUR 2.4 billion. Our aim is to commence construction of the new scheme in 2022 and delivery in 2026-2027, subject to Covid-19 emergency situation development. The Group has also an 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 260 million. In February 2020 the Group had secured another project for the pipeline in London, called Worship square, with planned completion in 2023 and projected Gross Development Value of EUR 242 million.

With respect to Group's expansion to Germany, two acquisition opportunities have been secured in 2018. In Berlin, District project is under construction since 12/2018, with expected delivery by end of 2021; Gross Development Value shall reach about EUR 378 million. A land plot in Dresden, Germany, has been added into the portfolio in 07/2019, the scheme design is under preparation.

One project has been delivered in Bratislava, Slovakia, in 2019: Nivy Tower was completed in 12/2019. Agora Tower and Hub projects in Budapest, Hungary, have been completed over the summer 2020 and were handed over to tenants.

Varso 1 and Varso 2 buildings in Warsaw, Poland have been handed over to tenants during the first half of 2020. As of the date of preparation of these consolidated financial statements, construction of Bloom, London, UK, Forest Tower and Varso Tower projects, both in Warsaw, Poland, District, Berlin, Germany, Stanica Nivy in Bratislava, Slovakia are in progress.

The Group divested 3 completed schemes over the course of 2020; Twin City B, Bratislava, Slovakia, 20 Farringdon, in London, UK and Postepu14, Warsaw, Poland.

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 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 architectonic 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 and remaining interest as at 31 December 2020 is immaterial to the Group. From 1st Janaury 2020 CE REIF Sub-fund Investor shares are listed on the regulated market of the Luxembourg Stock Exchange.

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. 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, but without any specific location restriction. The retail segment investments are aimed to be made in both capital and regional cities of EU countries.

Investments in logistic properties are restricted to attractive and strategic locations in EU countries. 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 architectonic 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 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 Directors, 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 31. 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:

21 Rue Glesener
L-1631 Luxembourg
Grand-Duchy of Luxembourg

As at 31 December 2020 the Group had 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 consolidated financial statements are described below. The accounting policies have been consistently applied to all the periods presented.

2.1 Basis of Preparation

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). The Group applies all IFRS standards and interpretations issued by International Accounting Standards Board (hereinafter "IASB") as adopted by the European Union, which were in force as of 31 December 2020.

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

The consolidated 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 and derivatives at fair value.

Towards the end of 2019, a new virus causing a severe acute respiratory syndrome ("COVID-19") emerged and infections started to occur around the globe. Subsequently, on 11 March, 2020, the World Health Organisation ("WHO") declared it a pandemic and national governments have implemented a range of policies and actions to combat it. As a result, the normal economic activity has almost come to a halt with severe restrictive consequences for the conduct of business.

Albeit the exact long-term impact of COVID-19 on world economies, different industries and the Group in particular, are not known, the management has focused on the following key areas and stress-tested several scenarios to see how the Group is resilient to negative impact of COVID-19:

- Overall liquidity position and access to existing and new credit facilities,
- Ability to meet the covenants of the Group's debt arrangements,
- Declining demand, falling sales and margin pressures experienced by Group's current and future tenants in office segment, retail, co-working and hospitality industry,
- Disruptions in domestic and international supply chains, logistics and shortage of construction workers due to restrictive measures protecting health, adversely impacting construction budgets and progress in construction works.

The Management has performed stress-testing based on the business plan covering 18 months from the 31 December 2020 to evaluate the Group's cash-flow and financial position. The stress test assumed unavailability of liquid markets with acceptable yields for the Group to sell its investment properties until the end of June 2022. Using the same timeframe, the Group assumed ability to raise additional financing using a high value asset with no current leverage and ability to continue raising finance under existing commitments for large projects that are currently fairly late in the development cycle – DSTRCT in Berlin, Bloom in London, Varso Tower and Forrest Tower in Warsaw and Stanica Nivy in Bratislava. As of the date of preparation of these consolidated financial statements all loan utilisation requests related to these projects were fully funded by the financing banks. In addition to the above, the Group has EUR 438.2 million of undrawn borrowing facilities as at 31 December 2020 (Note 20).

The stress test for balance sheet position assumed a significant reduction in valuation of investment properties in both Western and CEE markets. The assumed declines in fair market values of investment properties would still keep the LTV covenant at the Group level below the threshold triggering default as defined by the bond prospectuses, which is the strictest of all LTV covenants in place.

The preparation of these consolidated financial statements in conformity with IFRS as adopted by the EU 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 consolidated 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 33.

2.2. Consolidated Financial Statements

Consolidated financial statements

In preparing the consolidated 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 consolidated financial statements are as follows:

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held: 31 December 2020	31 December 2019
1	**HB Reavis Holding S.A.** ***(Parent Company)***	EUR	Luxembourg	N/A	N/A
2	HB Reavis DE1 S.à r.l.	EUR	Luxembourg	100	100
3	HB Reavis DE3 S.à r..l	EUR	Luxembourg	100	100
4	HB Reavis Investment Management S.à r.l.	EUR	Luxembourg	100	100
5	Symbiosy Luxembourg S.a.r.l. (*former: HB Reavis Qubes Luxembourg Sarl; former: Evolution Building Technologies S.à r.l.)*	EUR	Luxembourg	100	100
6	HB REAVIS REAL ESTATE INVESTMENT FUND *(until 27.4.2017 as HB Reavis Real Estate SICAV-SIF)* [5]	EUR	Luxembourg	100	100
7	HB Reavis Strategic Innovations Investments S.à r.l. (*former THREE House S.à r.l.)*	EUR	Luxembourg	100	100
8	HBR CE REIF LUX 3 S.à r.l.	EUR	Luxembourg	100	100
9	HBR CE REIF LUX 4 S.à r.l.	EUR	Luxembourg	100	100
10	HubHub Luxembourg S.à r.l. *(former Tribazu S.à r.l.)*	EUR	Luxembourg	100	100
11	ONE House S.à r.l.	GBP	Luxembourg	100	100
12	SIXTYFIVE House S.à r.l.	GBP	Luxembourg	100	100
13	THIRTYFIVE House S.à r.l.	GBP	Luxembourg	100	100
14	TWENTY House S.à r.l. [2]	GBP	Luxembourg	-	100
15	UBX 2 Objekt Berlin S.à r.l. (*former HB Reavis DE2 S.à r.l.)*	EUR	Luxembourg	100	100
16	FORTYTWO House S.à r. l. [3] (*former HB Reavis Finance LUX, S.à r.l)*	GBP	Luxembourg	100	100
17	PropCo DE4 S.à r.l. [1]	EUR	Luxembourg	100	-
18	More Luxembourg S.a.r. l.[1]	EUR	Luxembourg	100	-
19	Qubes Luxembourg S.à r.l.[1]	EUR	Luxembourg	100	-
20	HBR KI GP S.a r.l. [1]	EUR	Luxembourg	100	-
21	HB REAVIS GROUP B.V.	EUR	Netherlands	100	100
22	Twin City Holding N.V.	EUR	Netherlands	100	100
23	WATERFIELD Management B.V.	EUR	Netherlands	100	100
24	HB Reavis RE B.V.[1]	EUR	Netherlands	100	-
25	FILWOOD HOLDINGS LIMITED [4]	EUR	Cyprus	-	100
26	HBR FINANCING LIMITED	EUR	Cyprus	100	100
27	HBR HOLDING LIMITED[4]	EUR	Cyprus	-	100
28	HBR IM HOLDING LTD	EUR	Cyprus	100	100
29	HBR INVESTORS LTD	EUR	Cyprus	100	100
30	10 Leake Street Ltd [6]	GBP	UK	100	100
31	33 CENTRAL LIMITED	GBP	UK	100	100
32	4th Floor Elizabeth House Limited [6]	GBP	UK	100	100
33	Elizabeth Property Holdings Ltd [6]	GBP	UK	100	100
34	Elizabeth Property Nominee (No 1) Ltd [6]	GBP	UK	100	100
35	Elizabeth Property Nominee (No 2) Ltd [6]	GBP	UK	100	100
36	Elizabeth Property Nominee (No 3) Ltd [6]	GBP	UK	100	100
37	Elizabeth Property Nominee (No 4) Ltd [6]	GBP	UK	100	100
38	HB Reavis Construction UK Ltd.	GBP	UK	100	100
39	HB Reavis UK Ltd.	GBP	UK	100	100
40	HBR Capital Investment LP [6]	GBP	UK	100	100
41	HBR FM LTD [6]	GBP	UK	100	100
42	HubHub UK Ltd [6]	GBP	UK	100	100

				Percentage ownership interest and voting rights held	
Number	Subsidiaries	Functional currency	Country of incorporation	31 December 2020	31 December 2019
43	HB REAVIS IM ADVISOR LIMITED	EUR	Jersey	100	100
44	AGORA Budapest Kft. *(former HB Reavis Project 2 Kft.)*	HUF	Hungary	100	100
45	Symbiosy Hungary Kft.	HUF	Hungary	100	100
46	HB Reavis Construction Hungary Kft.	HUF	Hungary	100	100
47	HB Reavis Hungary Szolgáltató Kft.	HUF	Hungary	100	100
48	HB REAVIS Ingatlanfejlesztési Alap	HUF	Hungary	100	100
49	HB Reavis Qubes Hungary Kft	HUF	Hungary	100	100
50	HubHub Hungary Kft.	HUF	Hungary	100	100
51	KM Ingatlanbérbeadási Kft	HUF	Hungary	100	100
52	ALISTON Finance I s. r. o.	EUR	Slovakia	100	100
53	ALISTON Finance II s.r.o.	EUR	Slovakia	100	100
54	ALISTON Finance III s. r. o.	EUR	Slovakia	100	100
55	ALISTON Finance IV s. r. o.	EUR	Slovakia	100	100
56	ALISTON Finance V s.r.o.	EUR	Slovakia	100	100
57	Apollo Business Center III a.s.	EUR	Slovakia	100	100
58	Apollo Business Center V a. s.	EUR	Slovakia	100	100
59	Apollo Property Management, s.r.o.	EUR	Slovakia	100	100
60	Bus Station Services s.r.o.	EUR	Slovakia	100	100
61	BUXTON INVEST a.s. [2]	EUR	Slovakia	-	100
62	DVL Engineering a.s.	EUR	Slovakia	100	50
63	Eurovalley, a.s.	EUR	Slovakia	100	100
64	Evolution Building Technologies a.s. [4]	EUR	Slovakia	-	100
65	FORUM BC II s. r. o.	EUR	Slovakia	100	100
66	FutureNow s. r. o.	EUR	Slovakia	100	100
67	General Property Services, a.s.	EUR	Slovakia	100	100
68	HB REAVIS Consulting k.s.	EUR	Slovakia	100	100
69	HB REAVIS Finance SK II s. r. o.	EUR	Slovakia	100	100
70	HB REAVIS Finance SK III s. r. o.	EUR	Slovakia	100	100
71	HB REAVIS Finance SK IV s.r.o.	EUR	Slovakia	100	100
72	HB REAVIS Finance SK s. r. o.	EUR	Slovakia	100	100
73	HB REAVIS Finance SK V s. r. o.	EUR	Slovakia	100	100
74	HB REAVIS Finance SK VI s.r.o.	EUR	Slovakia	100	100
75	HB REAVIS Finance SK VII s. r. o.	EUR	Slovakia	100	100
76	HB Reavis Group s.r.o. *(until 30.11.2017 as HB REAVIS Development s. r. o.)*	EUR	Slovakia	100	100
77	HB REAVIS IM Advisor Slovakia s. r. o.	EUR	Slovakia	100	100
78	HB Reavis Investment Management správ. spol., a.s.	EUR	Slovakia	100	100
79	HB REAVIS MANAGEMENT spol. s r.o.	EUR	Slovakia	100	100
80	HB Reavis Media s.r.o. *(former Smart City Link s.r.o.)*	EUR	Slovakia	100	100
81	Symbiosy s. r. o. *(former HB Reavis Qubes Slovakia s.r.o.)*	EUR	Slovakia	100	100
82	HB REAVIS Slovakia a. s.	EUR	Slovakia	100	100
83	HB REM, spol. s r.o.	EUR	Slovakia	100	100
84	HBR SFA, s. r. o.	EUR	Slovakia	100	100
85	HubHub Group s.r.o.	EUR	Slovakia	100	100
86	HubHub Slovakia s.r.o.	EUR	Slovakia	100	100
87	INLOGIS IV s. r. o.	EUR	Slovakia	100	100
88	INLOGIS LCR a. s.	EUR	Slovakia	100	100
89	INLOGIS V s. r. o.	EUR	Slovakia	100	100
90	INLOGIS VII s. r. o.	EUR	Slovakia	100	100
91	ISTROCENTRUM a. s.	EUR	Slovakia	100	100
92	Logistické centrum Trnava s.r.o.	EUR	Slovakia	100	100
93	LUGO, s.r.o.	EUR	Slovakia	100	100
94	Nivy Tower s.r.o.	EUR	Slovakia	100	100
95	Pressburg Urban Projects a. s.	EUR	Slovakia	100	100
96	Smart City Bridge s. r. o.	EUR	Slovakia	100	100
97	Smart City Eko s.r.o.	EUR	Slovakia	100	100
98	Smart City Office I s.r.o.	EUR	Slovakia	100	100
99	Smart City Office II s.r.o.	EUR	Slovakia	100	100
100	Smart City Office III s.r.o.	EUR	Slovakia	100	100
101	Smart City Office IV s.r.o.	EUR	Slovakia	100	100
102	Smart City Office s.r.o.	EUR	Slovakia	100	100
103	Smart City Office V s.r.o.	EUR	Slovakia	100	100
104	Smart City Office VI s.r.o.	EUR	Slovakia	100	100
105	Smart City Office VII s.r.o.	EUR	Slovakia	100	100
106	Smart City Parking s.r.o.	EUR	Slovakia	100	100
107	Smart City Petržalka s. r. o.	EUR	Slovakia	100	100
108	Smart City s.r.o. *(until 10.2.2017 as ALISTON II s. r. o.)*	EUR	Slovakia	90	100

				Percentage ownership interest and voting rights held	
Number	Subsidiaries	Functional currency	Country of incorporation	31 December 2020	31 December 2019
109	Smart City Services s.r.o. (*until 4.5.2017 as AUPARK Property Management, s. r. o.)*	EUR	Slovakia	100	100
110	SPC Property Finance II, s. r. o. [4]	EUR	Slovakia	-	100
111	SPC Property Finance III, s.r.o. [4]	EUR	Slovakia	-	100
112	SPC Property Finance IV, s. r. o. [4]	EUR	Slovakia	-	100
113	SPC Property I, spol. s r.o.	EUR	Slovakia	100	100
114	SPC Property III, s. r. o.	EUR	Slovakia	100	100
115	SPV Vištuk s. r. o. [2]	EUR	Slovakia	-	100
116	Stanica Nivy s.r.o.	EUR	Slovakia	100	100
117	TC Nivy a. s.	EUR	Slovakia	100	100
118	HB Reavis Divitiae I s.r.o. *(former Tower Nivy a. s.)*	EUR	Slovakia	100	100
119	Twin City III s.r.o. [2]	EUR	Slovakia	-	100
120	Twin City Infrastructure s. r. o.	EUR	Slovakia	100	100
121	Twin City V s.r.o.	EUR	Slovakia	100	100
122	Twin City VIII s.r.o.	EUR	Slovakia	100	100
123	ALISTON Finance VI s. r. o.	EUR	Slovakia	100	100
124	ANDAREA s.r.o.	CZK	Czech Rep	100	100
125	AR Consulting, a.s.	CZK	Czech Rep	100	100
126	Nová Zvonařka s.r.o. (*former AUPARK Brno, spol. s r.o.)*	CZK	Czech Rep	100	100
127	AUPARK Hradec Králové - KOMUNIKACE, s.r.o.	CZK	Czech Rep	100	100
128	AUPARK Karviná s.r.o.	CZK	Czech Rep	100	100
129	DII Czech s.r.o.	CZK	Czech Rep	100	100
130	DNW Czech s.r.o.	CZK	Czech Rep	100	100
131	GALIM s.r.o.	CZK	Czech Rep	100	100
132	HB Reavis CZ, a.s.	CZK	Czech Rep	100	100
133	HB REAVIS DEVELOPMENT CZ, a.s.	CZK	Czech Rep	100	100
134	HB Reavis Finance CZ, s.r.o.	EUR	Czech Rep	100	100
135	HB Reavis Finance CZ II, s.r.o. [1]	EUR	Czech Rep	100	-
136	HB REAVIS GROUP CZ, s.r.o.	CZK	Czech Rep	100	100
137	HB Reavis IZ s.r.o.	CZK	Czech Rep	100	100
138	HB REAVIS MANAGEMENT CZ spol. s r.o.	CZK	Czech Rep	100	100
139	HB REAVIS PROPERTY MANAGEMENT CZ, s.r.o.	CZK	Czech Rep	100	100
140	HubHub Czech Republic, s.r.o. *(former RECLUN s.r.o.)*	CZK	Czech Rep	100	100
141	ISTROCENTRUM CZ, a.s.	CZK	Czech Rep	100	100
142	KELOM s.r.o.	CZK	Czech Rep	100	100
143	MOLDERA, a.s.	CZK	Czech Rep	100	100
144	Multimodální Cargo MOŠNOV s.r.o.	CZK	Czech Rep	100	100
145	Phibell s.r.o.	CZK	Czech Rep	100	100
146	Brookline Investments sp. Z o.o.	PLN	Poland	100	100
147	Emmet Investments sp. Z o.o. w likwidacji [4]	PLN	Poland	-	100
148	HB REAVIS CONSTRUCTION PL Sp. z o. o	PLN	Poland	100	100
149	HB Reavis Finance PL 2 Sp. z o.o.	PLN	Poland	100	100
150	HB Reavis JV Spółka Akcyjna	PLN	Poland	100	100
151	HB Reavis Poland Sp. z o.o.	PLN	Poland	100	100
152	HB Reavis Qubes Poland Sp. z o.o. *(former Polcom Investment XLVII Sp. z o.o.)*	PLN	Poland	100	100
153	HubHub Poland Sp. z o.o. *(former Polcom Investment XXVI Sp. z o.o.)*	PLN	Poland	100	100
154	CHM1 Sp. z o. o.	PLN	Poland	100	100
155	CHM2 Sp. z o. o.	PLN	Poland	100	100
156	Konstruktorska BC Sp. z o.o.	PLN	Poland	100	100
157	P14 Sp. z o.o. [2]	PLN	Poland	-	100
158	Polcom Investment II Sp. z o. o.	PLN	Poland	100	100
159	Polcom Investment III Sp. z o. o.	PLN	Poland	100	100
160	Polcom Investment VI Sp. z o. o.	PLN	Poland	100	100
161	Polcom Investment X sp. z o.o.	PLN	Poland	100	100
162	Polcom Investment XI sp. z o.o.	PLN	Poland	100	100
163	Polcom Investment XIX Sp. z o.o. [4]	PLN	Poland	-	100
164	Polcom Investment XL Sp. z o.o. [4]	PLN	Poland	-	100
165	Polcom Investment XLI Sp. z o.o. [4]	PLN	Poland	-	100
166	Polcom Investment XLII Sp. z o.o. w likwidacji [4]	PLN	Poland	-	100
167	Polcom Investment XLIII Sp. z o.o.	PLN	Poland	100	100
168	Polcom Investment XLIX Sp. z o.o.	PLN	Poland	100	100
169	Polcom Investment XVI Sp. z o.o.	PLN	Poland	100	100
170	Polcom Investment XVIII Sp. z o.o.	PLN	Poland	100	100
171	Polcom Investment XXII Sp. z o.o. [4]	PLN	Poland	-	100

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 31 December 2020	31 December 2019
172	Polcom Investment XXIV Sp. z o.o.	PLN	Poland	100	100
173	Polcom Investment XXIX Sp. z o.o.	PLN	Poland	100	100
174	Polcom Investment XXV Sp. z o.o. w likwidacji	PLN	Poland	100	100
175	Polcom Investment XXVII Sp. z o.o. w likwidacji [4]	PLN	Poland	-	100
176	Polcom Investment XXX Sp. z o.o.	PLN	Poland	100	100
177	Polcom Investment XXXIII Sp. z o.o.	PLN	Poland	100	100
178	Property Hetman Sp. Z o.o. (*former Polcom Investment XXXIV Sp. z o.o. sp. K*)	PLN	Poland	100	100
179	PSD Sp. Z o. o.	PLN	Poland	100	100
180	HB Reavis Finance PL 3 Sp. z o.o. (f*ormer: Rainford Sp. Z.o.o)*	PLN	Poland	100	100
181	Rainhill Sp. z o. o.	PLN	Poland	100	100
182	Elizabeth House GP LLC	GBP	US	100	100
183	Elizabeth House Limited Partnership	GBP	US	100	100
184	HB REAVIS CIC INVESTCO US, LLC	EUR	US	100	100
185	HB Reavis Construction Germany GmbH	EUR	Germany	100	100
186	HB Reavis Germany GmbH	EUR	Germany	100	100
187	HB Reavis Verwaltungs GmbH	EUR	Germany	100	100
188	HubHub Austria GmbH	EUR	Austria	100	100
189	Shoreditch QT Guernsey Limited [1]	GBP	Guernsey	100	-

Number	Joint ventures	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 31 December 2020	31 December 2019
190	PHVH SOLUTIONS II, s. r. o.	EUR	Slovakia	50	50
191	TANGERACO INVESTMENTS LIMITED	EUR	Cyprus	53.62	50

1 *Entities established / acquired by the Group during the year ended 31 December 2020*
2 *Entities disposed of during the year ended 31 December 2020 (refer to Note 27)*
3 *Entities were part of legal mergers or spin off and subsequently renamed during the year ended 31 December 2020*
4 *Entities were liquidated during the year ended 31 December 2020*
5 *In January 2017, as a result of sale of controlling share in HB REAVIS CE Real Estate Investment Fund, 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.*

Business combinations
The acquisition method of accounting is used to account for the acquisition of subsidiaries that represent a business, except those acquired from parties under common control. A business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The acquisition method is used for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group, except those acquired from parties under common control. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services.

Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity. At acquisition date, the Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Acquisitions of subsidiaries holding investment properties
The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost of the acquisition to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. These transactions do not give rise to goodwill.

Purchases of subsidiaries from parties under common control
Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method, the consolidated financial statements are presented as if the businesses had been consolidated from the beginning of the earliest period presented or, if later, the date when the consolidated entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment within equity.

Associates
Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying

amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

When an investment in associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment – linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture.

The Group elected to measure its investment of non-controlling share in The Cambridge Incubator, LLC, a Delaware limited liability company acquired during 2018 at fair value through profit or loss.

Joint arrangements
Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Disposals of subsidiaries, associates or joint ventures
When the Group ceases to have control or joint control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, where appropriate.

Purchases and sales of non-controlling interests
The Group applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

2.3. Foreign Currency Transactions and Translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of all the Group's entities is their local currency, except bonds issuance entities that are considered an extention of the Company and therefore have EUR as their functional currency. The consolidated financial statements are presented in millions of euro (EUR), which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair value in a foreign currency, including properties or equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet date are translated at the closing rates at the date of that balance sheet;
- income and expenses and movements in equity are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognized in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive (loss)/income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive (loss)/income.

When control over a foreign operation is lost, the previously recognised exchange differences on translation to a different presentation currency are reclassified from other comprehensive income to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of the accumulated currency translation differences is reclassified to non-controlling interest within equity.

2.4. Property, Plant and Equipment

All property, plant and equipment items are carried at cost less accumulated depreciation and accumulated impairment losses.

Cost
Cost includes expenditure that is directly attributable to the acquisition of the items of property plant and equipment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the

Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciation of property, plant and equipment starts in the month when the property, plant and equipment is available for use. Property, plant and equipment is depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the property, plant and equipment.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Group allocates the amount initially recognized in respect of an item of property, plant and equipment proportionally to its significant parts and depreciates separately each such part.

Buildings include mainly administrative offices and premises used by the Group management. Equipment, fixtures and fittings include mainly hardware, servers, telephone exchanges, remote control equipment, office furniture and others. Motor vehicles include the Group's passenger cars.

	Useful lives in years
Buildings	30 years
Eqipment, fixtures and fittings	4 to 6 years
Vehicles and other assets	6 to 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the conditions expected at the end of their useful life. The residual value of an asset is nil or its scrap value if the Group expects to use the asset until the end of its physical life.

Land and assets under construction are not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Items that are retired or otherwise disposed of are eliminated from the balance sheet, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

2.5. Investment Property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment property comprises freehold land, freehold commercial properties (retail, office and logistics) and leased land plots.

Investment property is initially valued at historical cost including related transaction costs. Costs include the works performed, the costs of staff directly related to technical supervision and project management on the basis of time spent up to the date of completion.

After initial recognition at cost, the investment property, including property under construction or development for future use as investment property, is carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on transaction prices from active markets, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Valuation reports as of the balance sheet date are prepared by independent appraisers, who hold a recognized and relevant professional qualification and who have recent experience in valuation of property of similar location and category. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including lease liabilities in respect of land classified as investment property; others, including contingent rent payments or future capital expenditure, are not recognized in the consolidated financial statements. Transaction costs, such as estimated agency and legal and accounting fees and transfer taxes are not deducted for the purposes of valuation of investment property in these financial statements irrespective whether or not they form part of the described valuations.

Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with these expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed to the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recorded in profit or loss as "Revaluation gain/(loss) on investment properties". Investment properties are derecognised when they have been disposed of or classified as Assets held for sale.

If an item of property, plant and equipment becomes an investment property because its use has changed, any revaluation gain resulting from a difference between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income and accumulated in a revaluation reserve in equity, until the asset's disposal when the revaluation reserve is reclassified to retained earnings.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property and stated at fair value.

Where an investment property undergoes a change in use evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

The Group classifies the investment property for the presentation purposes as investment properties in use or vacant and investment properties under development based on the stage of completion of the individual property construction and progress of leasing space to tenants. Consistently with classification for purposes of segmental analysis (see Note 6), the Group classifies a property as "in use or vacant" from the end of the accounting period in which legal requirements have been met. The Group also presents the value of investment properties and related income and expenses by following types of properties – office, retail, and industrial – classified by the prevailing function of the property for its tenants.

2.6. Right-of-use-assets

The Group leases various offices, equipment, vehicles and land. Rental contracts for offices, equipment and vehicles are typically made for periods of 3 to 10 years, but may have extension options. Rental contracts for land are made for period of 70 years. 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.

Assets arising from a lease are initially measured on a present value basis.

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
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are 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 which is disclosed in Note 2.4.

The Group applies the 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 gains or losses in profit or loss.

2.7. Intangible Assets

Goodwill
See Note 2.2 for the accounting policy on goodwill. Goodwill is not amortised but is tested for impairment at the end of each annual reporting period.

Other intangible assets
All of the Group's other intangible assets have definite useful lives and primarily include externally acquired computer software licences.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the asset can be measured reliably. After initial recognition, the intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized on the straight-line basis over their useful lives:

	Useful lives in years
Software and software licences	5 years

The amortisation of an intangible asset starts in the month when the intangible asset is available for use. Intangible assets are depreciated in line with the approved depreciation plan using the straight-line method. Amortisation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the intangible assets. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Residual value of intangible assets is assumed to be zero unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.8. Impairment of Non-Financial Assets

Goodwill and intangible assets not yet available for use are not subject to amortization and are tested for impairment annually. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9. Financial Instruments

Initial recognition
Financial instruments at fair value through profit and loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price.

Financial assets - classification and subsequent measurement – measurement categories
The Group classifies financial assets in the following measurement categories: FVTPL, fair value through other comprehensive income ("FVOCI") and amortised cost ("AC"). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. The Group's financial assets consist of receivables and loans, trade and other receivables and derivatives. Financial assets recognised in the consolidated statement of financial position as trade and other receivables and receivables and loans are recognised initially at fair value and subsequently measured at amortised cost less allowance for expected credit losses ("ECL"). Derivatives are measured at fair value at each end of the reporting period with changes in value recognised in profit or loss.

Financial assets - classification and subsequent measurement – business model
The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed. Refer to Note 3 for critical judgements applied by the Group in determining the business models for its financial assets.

Debt financial assets - Classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification

Debt financial assets are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL (expected credit losses)

The Group assesses, on a forward-looking basis, the ECL for financial instruments measured at amortised cost and FVOCI and for the exposures arising from loan commitments, financial guarantee contracts and for contract assets.

The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial instruments measured at amortised cost and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, if any, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in other comprehensive income ("OCI") as gains less losses on debt instruments at FVOCI.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 31 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Cash & cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised costs using the effective interest method.

The Group calculates ECL on trade receivables using a provision matrix estimation technique. The Group uses its historic credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort for trade and other receivables to estimate ECL.The carrying amount of the asset is reduced through use of an allowance account, and the amount of the loss is included in other operating expenses. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Loans and borrowings
All loans and borrowings are measured at amortised cost. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see Note 2.15 for the accounting policy on Borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted as its impact would be insignificant.

2.10. Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present values 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 remeasured 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.

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.

Operating lease
Where the Group is a lessor in a lease which does not transfer substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income on a straight-line basis. Operating lease receivables are subject to ECL model. The Group calculates ECL on operating lease receivables using a provision matrix estimation technique.

2.11. Current and Deferred Income Taxes

Income taxes have been provided for in the consolidated financial statements in accordance with applicable legislation enacted or substantively enacted by the financial position date and on entity by entity basis. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss unless it relates to transactions that are recognised, in the same or a different period, directly in equity or in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the respective reporting period and are expected to apply to the period when the temporary differences will reverse or the tax losses carry forward will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The carrying value of Group's investment property is assumed to be realised by sale. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax considerations arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12. Inventories

Inventories represent land expected to be developed into residential property in line with the zoning and other regulatory requirements for the Group's projects and land held for disposal in the normal course of business. Inventories are presented as current because of the term of the operating cycle, but their carrying amount is expected to be recovered after 12 months. Inventories are recorded at the lower of cost and net realisable value. The cost of inventories comprises the cost of acquisition, and construction and other development costs incurred. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.13. Share Capital and Share Premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received or receivable over the par value of shares issued is presented as a share premium.

2.14. Dividends and Other Distributions to Owners

Dividends and other distributions to owners are recognised as a liability and deducted from equity (retained earnings or share premium account) at the balance sheet date only if they are declared before or at the end of the reporting period. Dividends or other distributions to owners are disclosed when they are declared after the reporting period but before the consolidated financial statements are authorised for issue.

2.15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss using the effective interest method. The Group does not capitalise interest related to qualifying assets that are carried at fair value, including investment properties. Accordingly, interest costs on borrowings are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16. Trade and Other Payables

Trade payables are accrued when the counterparty performed its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17. Provisions for Liabilities and Charges

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.18. Uncertain Tax Positions

The Group's uncertain tax positions are reassessed by management at every balance sheet date. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities.

The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the balance sheet date and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

2.19. Revenue Recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

- Rental and similar income from investment property
- Construction revenues and
- Other revenues from sale of services.

Rental and similar income from investment property includes rental income from operating leases, service charges and management charges from properties.

Rental income is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. This applies to discounted rent periods and stepped rents. The resulting receivable is recognised within Non-current Assets or trade and other receivables depending on expected collection pattern. In determining the fair value of the related investment property, the Group does not double-count assets; the fair value of such investment property excludes accrued operating lease income because it is recognised as a separate asset. The contingent payments under lease agreements depending on the agreed level of sales turnover of tenants are recognized as income in the period when earned because the Group is unable to reliably estimate the future sales turnover of tenants in order to be able to recognise such expected contingent rents on a straight-line basis over the lease term.

Sales of services and management charges are recognised in the reporting period in which the services are rendered. Sales are shown net of VAT and discounts. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

In addition to development and construction of investment property the Group is from time to time engaged in construction of properties under both long-term and short-term contracts with customers. Under the terms of the long-term contracts, the Group is usually contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. In case of short-term contracts with customers the Group performs the analysis of agreed conditions and revenue is recognized either over time or at a point in time when the subject of contract is delivered.

The Group becomes entitled to invoice customers for construction of properties based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. It is presumed that there is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.20. Employee Benefits

Wages, salaries, contributions to the state and private pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group.

Certain senior managers are entitled to obtain payments from the Group's shareholders based on the net asset value of the Group. As the obligation was incurred by shareholders and not by the Group, and is unrelated to the entity's share price, the Group did not recognise these employee benefits as its expenses in profit or loss.

2.21. Other Operating Expenses

Expenses include marketing, rental expenses, legal, accounting, auditing and other professional fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

2.22. Non-current Assets Classified as Held for Sale

Non-current Assets and disposal groups, which may include both Non-current Assets and Current Assets, are classified in the statement of financial position as 'Non-current Assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is highly probable and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current Assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (Current or Non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current Assets are assets that include amounts expected to be recovered or collected more than twelve months after the end of the reporting period. If reclassification is required, both the current and Non-current portions of an asset are reclassified. Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

2.23. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of Directors of the Company.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated 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 consolidated 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 89.5% of investment properties (31 December 2019: 89.6%) 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 (which are based on letter of intent purchase price submitted by prospective bidders). 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 33.

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

- 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 339.9 million (2019: EUR 308.2 million).

- The income capitalisation rate (yield) across the portfolio was assumed to be 3.45% to 4.50%, or 4.16% on average (2019: from 3.80% to 5.10%, or 4.44% on average). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 48.3 million lower or EUR 54.5 million higher (2019: EUR 43.8 million lower or EUR 49.1 million higher).

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

- 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 441.3 million (2019: EUR 483.9 million).

- The income capitalisation rate (yield) across the portfolio was assumed to be from 4.30% to 9.5%, or 5.34% on average (2019: from 4.25% to 8.5%, or 5.27% on average). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 83.9 million lower or EUR 92.2 million higher (2019: EUR 84.8 million lower or EUR 93.3 million higher).

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has continued to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date of 31 December 2020 property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which the valuers based their opinions of value.

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's 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.

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 31.

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.

Lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate) the lease.

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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 2020:

- Amendment to IFRS 3 Business Combinations: Definition of a Business (issued on 22 October 2018 and effective for annual periods beginning on or after 1 January 2020). Business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019 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).

The above standards and amendments did not have any material impact on the Group.

5. New Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for reporting period commencing on 1 January 2020 and have not been early adopted by the Group:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current and Non-current – Deferral of Effective Date* (issued on 23 January 2020 and 15 July 2020 respectively and effective for annual periods beginning on or after 1 January 2023)

- Amendment to IFRS 3 Business Combinations* (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)

- Amendment to IAS 16 Property, Plant and Equipment* (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)

- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets* (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)

- Annual Improvements 2018-2020* (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimated and Errors: definition of Accounting Estimates* (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)

- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions* (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020)

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020 and effective for annual periods on or after 1 January 2021)

* 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 consolidated 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 Directors 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.

Symbiosy – representing management of activities related to the provision of smart building solutions for tenants of the Group and other third-parties, across various geographies.

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.

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

The segment profit and loss information for the year ended 31 December 2020 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Symbiosy	Cash	Unallocated	Total
Rental income from investment property	22										
- Office		15.4	10.7	-	-	0.1	6.9	-	-	-	**33.1**
- Retail		1.1	-	-	-	-	-	-	-	-	**1.1**
- Industrial		-	-	-	-	-	-	-	-	-	**-**
		16.5	**10.7**	**-**	**-**	**0.1**	**6.9**	**-**	**-**	**-**	**34.2**
Service charges income from investment properties	22										
- Office		6.5	1.6	-	4.7	-	-	-	-	-	**12.8**
- Retail		-	-	-	0.8	-	-	-	-	-	**0.8**
- Industrial		-	-	-	-	-	-	-	-	-	**-**
		6.5	**1.6**	**-**	**5.5**	**-**	**-**	**-**	**-**	**-**	**13.6**
Management charges income from investment properties	22										
- Office		2.3	-	-	-	-	0.3	-	-	-	**2.6**
- Retail		0.2	-	-	-	-	-	-	-	-	**0.2**
- Industrial		-	-	-	-	-	-	-	-	-	**-**
		2.5	**-**	**-**	**-**	**-**	**0.3**	**-**	**-**	**-**	**2.8**
Direct operating expenses arising from investment property	23										
- Office		(7.3)	(3.2)	(3.0)	(4.3)	-	(4.2)	-	-	-	**(22.0)**
- Retail		(0.4)	-	-	-	-	-	-	-	-	**(0.4)**
- Industrial		-	(0.2)	-	-	(0.2)	-	-	-	-	**(0.4)**
		(7.7)	**(3.4)**	**(3.0)**	**(4.3)**	**(0.2)**	**(4.2)**	**-**	**-**	**-**	**(22.8)**
Net operating income from investment property		**17.8**	**8.9**	**(3.0)**	**1.2**	**(0.1)**	**3.0**	**-**	**-**	**-**	**27.8**
Revaluation gain/(loss) on investment property	10										
- Office		25.3	13.4	14.4	-	-	(4.5)	-	-	-	**48.6**
- Retail		-	(23.8)	-	-	-	-	-	-	-	**(23.8)**
- Industrial		-	-	-	-	3.9	-	-	-	-	**3.9**
Share of profit or (loss) of joint ventures	11	(0.1)	-	-	-	-	-	-	-	-	**(0.1)**
		25.2	**(10.4)**	**14.4**	**-**	**3.9**	**(4.5)**	**-**	**-**	**-**	**28.6**
Interest expense - third parties		**(4.0)**	**(29.2)**	**(0.2)**	**(0.1)**	**-**	**(1.0)**	**-**	**-**	**(6.1)**	**(40.6)**
		39.0	**(30.7)**	**11.2**	**1.1**	**3.8**	**(2.5)**	**-**	**-**	**(6.1)**	**15.8**

Table continued on next page

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

The segment profit and loss information for the year ended 31 December 2020 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Symbiosy	Cash	Unallocated	Total
Investment management fee		-	-	-	2.4	-	-	-	-	-	**2.4**
Revenue from construction contracts	24	-	24.9	-	-	-	-	-	-	0.6	**25.5**
Construction contract costs		-	(21.3)	-	-	-	-	-	-	(0.6)	**(21.9)**
Other expenses/revenues		(11.5)	(34.0)	(10.1)	(2.0)	(6.6)	(2.5)	1.4	(5.3)	(63.1)	**(133.7)**
Profit/(loss) before income tax (segment result)		**27.5**	**(61.1)**	**1.1**	**1.5**	**(2.8)**	**(5.0)**	**1.4**	**(5.3)**	**(69.2)**	**(111.9)**
Purchases of investment property	10	-	-	71.3	-	-	-	-	-	-	**71.3**
Construction costs related to investment property	10	2.4	344.3	25.8	-	-	-	-	-	-	**372.5**
Construction costs related to joint ventures		-	-	-	-	-	-	-	-	-	**-**
Construction costs related to construction work		-	21.3	-	-	-	-	-	-	0.6	**21.9**
Total investments		**2.4**	**365.6**	**97.1**	**-**	**-**	**-**	**-**	**-**	**0.6**	**465.7**
Sale of investment property	10,27	(299.9)	-	-	-	(6.0)	-	-	-	-	**(305.9)**
Sale of joint venture investment property		-	-	-	-	-	-	-	-	-	**-**
Total divestments		**(299.0)**	**-**	**-**	**-**	**(6.0)**	**-**	**-**	**-**	**-**	**(305.9)**

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Symbiosy	Cash	Unallocated	Total
Investment property	10										
- Office		672.6	853.3	591.9	-	-	42.0	-	-	-	**2,159.8**
- Retail		0.8	269.8	-	-	0.8	-	-	-	-	**271.4**
- Industrial		-	-	-	-	33.4	-	-	-	-	**33.4**
- Investment property held for sale	15	-	264.0	35.2	-	-	-	-	-	-	**299.2**
Investment in joint ventures	11	2.3	-	-	-	-	-	-	-	-	**2.3**
Deferred tax asset	28	-	-	-	-	-	-	-	-	10.8	**10.8**
Other unallocated assets		-	-	-	-	-	-	-	192.7	127.5	**320.2**
Total assets		**657.7**	**1,387.1**	**627.1**	**-**	**34.2**	**42.0**	**-**	**192.7**	**138.3**	**3,097.1**
Borrowings											
- non-current	20	(254.0)	(673.8)	-	-	-	-	-	-	(37.4)	**(965.2)**
- current	7,20	(4.5)	(109.7)	-	-	-	-	-	-	(152.6)	**(266.8)**
- included as held for sale	15	-	(114.0)	-	-	-	-	-	-	-	**(114.0)**
Leasing											
- non-current	9	(6.4)	(15.4)	(0.4)	-	-	(20.8)	-	-	-	**(43.0)**
- current	9	(0.7)	(35.1)	-	-	-	(6.3)	-	-	-	**(42.1)**
Deferred tax liability	28	-	-	-	-	-	-	-	-	(130.7)	**(130.7)**
Other unallocated liabilities		-	-	-	-	-	-	-	-	(149.2)	**(149.2)**
Total liabilities		**(265.6)**	**(948.0)**	**(0.4)**	**-**	**-**	**(27.1)**	**-**	**-**	**(469.9)**	**(1,711.0)**
Segment net asset value		**410.1**	**439.1**	**626.7**	**-**	**34.2**	**14.9**	**-**	**192.7**	**(331.6)**	**1,386.1**

Geographical information. Revenue, expenses and assets analysed by country for the year ended 31 December 2020 are as follows:

In millions of EUR	Note	Slovakia	Republic	Poland	Hungary	UK	Germany	countries	Unallocated	Total
Rental income	22	11.6	1.8	8.4	4.5	7.9	-	-	-	**34.2**
Service charges	22	8.7	-	1.9	1.0	2.0	-	-	-	**13.6**
Management charges	22	1.6	0.9	0.1	0.1	0.1	-	-	-	**2.8**
Direct operating expenses	23	(11.8)	(0.6)	(2.7)	(1.3)	(6.4)	-	-	-	**(22.8)**
Net operating income from investment properties		**10.1**	**2.1**	**7.7**	**4.3**	**3.6**	**-**	**-**	**-**	**27.8**
Revaluation gain/(loss)	10	(34.1)	2.2	(0.1)	12.3	17.2	31.2	-	-	**28.7**
Revenue from construction contracts	24	9.8	-	7.6	9.3	(1.2)	-	-	-	**25.5**
Construction contract costs		(8.3)	(0.3)	(6.6)	(6.7)	-	-	-	-	**(21.9)**
Share of profit or loss of joint ventures	11	(0.1)	-	-	-	-	-	-	-	**(0.1)**
Interest expense		(20.7)	(2.9)	(12.1)	(1.7)	(1.6)	(1.6)	-	-	**(40.6)**
Investment management fee		-	-	-	-	-	-	2.4	-	**2.4**
Other (expenses)/revenues		(13.6)	(4.3)	(27.7)	(27.3)	(8.7)	(3.0)	(49.1)	-	**(133.7)**
Profit/(loss) before tax		**(56.9)**	**(3.2)**	**(31.2)**	**(9.8)**	**9.3**	**26.6**	**(46.7)**	**-**	**(111.9)**
Investment property in use or vacant	10	245.3	9.5	411.3	12.4	36.9	-	-	-	**715.4**
Investment property under development	10	420.1	25.9	419.9	53.2	583.6	246.5	-	-	**1,749.2**
Investment in joint venture	11	2.3	-	-	-	-	-	-	-	**2.3**
Other non-current assets		13.9	1.0	6.1	10.3	5.8	0.8	0.2	10.8	**48.9**
Total non-current assets		**681.6**	**36.4**	**837.3**	**75.9**	**626.3**	**247.3**	**0.2**	**10.8**	**2,515.8**
Non-current assets classified as held-for-sale	15	-	35.3	-	265.5	-	-	-	-	**300.8**
Total non-current assets and assets held for sale		**681.6**	**71.7**	**837.3**	**341.4**	**626.3**	**247.3**	**0.2**	**10.8**	**2,816.6**
Cash and cash equivalents	16	25.6	2.7	60.8	34.8	30.7	14.8	23.3	-	**192.7**
Other unallocated assets		-	-	-	-	-	-	-	87.8	**87.8**
Total assets		**707.2**	**74.4**	**898.1**	**376.2**	**657.0**	**262.1**	**23.5**	**98.6**	**3,097.1**

Geographical information. Liabilities and capital expenditures analysed by country for the year ended 31 December 2020 are as follows:

In millions of EUR	Note	Slovakia	Republic	Poland	Hungary	UK	Germany	countries	Unallocated	Total
Borrowings	20									
- non-current		(535.6)	-	(322.7)	(5.2)	-	(101.7)	-	-	**(965.2)**
- current		(148.3)	(48.1)	(66.4)	(0.2)	-	(3.8)	-	-	**(266.8)**
Leasing	9									
- non-current		(8.0)	(5.0)	(15.3)	(0.6)	(13.7)	(0.4)	-	-	**(43.0)**
- current		(2.4)	(1.5)	(2.4)	(0.5)	(35.1)	(0.2)	-	-	**(42.1)**
Liabilities directly associated with non-current assets classified as held for sale	15	-	(2.9)	-	(119.0)	-	-	-	-	**(121.9)**
Deferred income tax liability	28	-	-	-	-	-	-	-	(130.7)	**(130.7)**
Other unallocated liabilities		-	-	-	-	-	-	-	(141.3)	**(141.3)**
Total liabilities		**(694.3)**	**(57.5)**	**(406.8)**	**(125.5)**	**(48.8)**	**(106.1)**	**-**	**(272.0)**	**(1,711.0)**
Net asset value		**12.9**	**16.9**	**491.3**	**250.7**	**608.2**	**156.0**	**23.5**	**(173.4)**	**1,386.1**
Purchases of investment property (including non-cash)	10	-	-	-	-	71.3	-	-	-	**71.3**
Construction costs related to investment property	10	81.9	0.7	135.0	61.7	50.2	43.0	-	-	**372.5**
Construction costs related to joint ventures		-	-	-	-	-	-	-	-	**-**
Construction costs related to construction work		8.3	0.3	6.6	6.7	-	-	-	-	**21.9**
Total investments		**90.2**	**1.0**	**141.6**	**68.4**	**121.5**	**43.0**	**-**	**-**	**465.7**
Sale of investment property	10,27	(84.7)	-	(81.8)	-	(139.4)	-	-	-	**(305.9)**
Sale of joint venture investment property		-	-	-	-	-	-	-	-	**-**
Total divestments		**(84.7)**	**-**	**(81.8)**	**-**	**(139.4)**	**-**	**-**	**-**	**(305.9)**

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

The segment profit and loss information for the year ended 31 December 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	22									
- Office		27.7	0.6	0.4	-	0.1	6.1	-	-	**34.9**
- Retail		1.4	-	-	-	-	-	-	-	**1.4**
- Industrial		-	-	-	-	-	-	-	-	-
		29.1	**0.6**	**0.4**	**-**	**0.1**	**6.1**	**-**	**-**	**36.3**
Service charges income from investment properties	22									
- Office		17.5	-	0.2	-	-	-	-	-	**17.7**
- Retail		0.8	-	-	-	-	-	-	-	**0.8**
- Industrial		-	-	-	-	-	-	-	-	-
		18.3	**-**	**0.2**	**-**	**-**	**-**	**-**	**-**	**18.5**
Management charges income from investment properties	22									
- Office		4.6	-	-	-	-	0.7	-	-	**5.3**
- Retail		0.3	-	-	-	-	-	-	-	**0.3**
- Industrial		-	0.2	-	-	-	-	-	-	**0.2**
		4.9	**0.2**	**-**	**-**	**-**	**0.7**	**-**	**-**	**5.8**
Direct operating expenses arising from investment property	23									
- Office		(20.0)	(0.1)	(0.3)	(3.9)	-	(1.8)	-	-	**(26.1)**
- Retail		(0.1)	-	-	-	-	-	-	-	**(0.1)**
- Industrial		-	-	-	-	(0.2)	-	-	-	**(0.2)**
		(20.1)	**(0.1)**	**(0.3)**	**(3.9)**	**(0.2)**	**(1.8)**	**-**	**-**	**(26.4)**
Net operating income from investment property		**32.2**	**0.7**	**0.3**	**(3.9)**	**(0.1)**	**5.0**	**-**	**-**	**34.2**
Revaluation gain/(loss) on investment property	10									
- Office		71.7	377.4	57.4	-	-	0.5	-	-	**507.0**
- Retail		-	12.6	-	-	0.8	-	-	-	**13.4**
- Industrial		-	-	-	-	(1.0)	-	-	-	**(1.0)**
Share of profit or loss of joint ventures	11	(7.7)	-	-	-	-	-	-	-	**(7.7)**
		64.0	**390.0**	**57.4**	**-**	**(0.2)**	**0.5**	**-**	**-**	**511.7**
Interest expense - third parties		(6.9)	(22.5)	(0.5)	-	-	(0.4)	-	(3.0)	**(33.3)**
		89.3	**368.2**	**57.2**	**(3.9)**	**(0.3)**	**5.1**	**-**	**(3.0)**	**512.6**

table continued on next page

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

The segment profit and loss information for the year ended 31 December 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		-	-	-	2.0	-	-	-	-	**2.0**
Revenue from construction contracts	24	0.3	17.5	-	-	-	2.1	-	2.9	**22.8**
Construction contract costs		(0.5)	(14.4)	-	-	-	(1.8)	-	(2.9)	**(19.6)**
Other expenses/revenues		13.4	(32.6)	(7.1)	(1.6)	(27.0)	(3.8)	(2.3)	(0.1)	**(61.1)**
Profit/(loss) before income tax (segment result)		**102.5**	**338.7**	**50.1**	**(3.5)**	**(27.3)**	**1.6**	**(2.3)**	**(3.1)**	**456.7**
Purchases of investment property	10	-	-	-	-	-	-	-		-
Construction costs related to investment property	10	30.9	398.1	7.0	-	0.9	9.0	-		**445.9**
Construction costs related to joint ventures		1.0	-	-	-	-	-	-		**1.0**
Construction costs related to construction work		0.5	14.4	-	-	-	1.8	-	2.9	**18.6**
Total investments		**31.4**	**412.5**	**7.0**	**-**	**0.9**	**10.8**	**-**	**2.9**	**465.5**
Sale of investment property	10,27	(198.3)	-	(48.3)	-	-	-	-	-	**(246.6)**
Sale of joint venture investment property		(130.2)	-	-	-	-	-	-	-	**(130.2)**
Total divestments		**(328.5)**	**-**	**(48.3)**	**-**	**-**	**-**	**-**	**-**	**(376.8)**

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		490.1	1,428.3	200.2	-	-	32.3	-	-	**2,150.9**
- Retail		0.9	219.7	-	-	0.8	-	-	-	**221.4**
- Industrial		-	-	-	-	30.6	-	-	-	**30.6**
- Investment property held for sale	15	297.7	-	-	-	5.0	-	-	-	**302.7**
Investment in joint ventures	11	2.2	-	-	-	-	-	-	-	**2.2**
Deferred tax asset	28	-	-	-	-	-	-	-	4.1	**4.1**
Other unallocated assets		-	-	-	-	-	-	115.1	213.3	**328.4**
Total assets		**790.9**	**1,648.0**	**200.2**	**-**	**36.4**	**32.3**	**115.1**	**217.4**	**3,040.3**
Borrowings										
- non-current	20	(70.7)	(648.9)	-	-	-	-	-	(9.3)	**(728.9)**
- current	7,20	(3.8)	(97.6)	(5.9)	-	-	-	-	(85.1)	**(192.4)**
- included as held for sale	15	(152.3)	-	-	-	-	-	-	-	**(152.3)**
Leasing										
- non-current	9	(0.1)	(56.6)	(0.4)	-	-	(11.2)	-	-	**(68.3)**
- current	9	(0.2)	(4.1)	-	-	-	(3.2)	-	-	**(7.5)**
Deferred tax liability	28	-	-	-	-	-	-	-	(133.4)	**(133.4)**
Other unallocated liabilities		-	-	-	-	-	-	-	(164.1)	**(164.1)**
Total liabilities		**(227.1)**	**(807.2)**	**(6.3)**	**-**	**-**	**(14.4)**	**-**	**(391.9)**	**(1,446.9)**
Segment net asset value		**563.8**	**840.8**	**193.9**	**-**	**36.4**	**17.9**	**115.1**	**(174.5)**	**1,593.4**

Geographical information.

Revenue, expenses and assets analysed by country for the year ended 31 December 2019 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Rental income	22	20.5	1.9	5.8	1.4	6.7	-	-	-	**36.3**
Service charges	22	11.1	0.2	1.7	-	5.5	-	-	-	**18.5**
Management charges	22	4.1	1.4	0.3	0.1	(0.1)	-	-	-	**5.8**
Direct operating expenses	23	(17.7)	(0.9)	(1.8)	(0.3)	(5.6)	(0.1)	-	-	**(26.4)**
Net operating income from investment properties		**18.0**	**2.6**	**6.0**	**1.2**	**6.5**	**(0.1)**	**-**	**-**	**34.2**
Revaluation gain	10	111.1	27.5	150.1	82.2	99.6	48.9	-	-	**519.4**
Revenue from construction contracts	24	6.8	2.4	6.3	3.9	3.4	-	-	-	**22.8**
Construction contract costs		(7.7)	(2.6)	(7.6)	(0.2)	(1.5)	-	-	-	**(19.6)**
Share of profit or loss of joint ventures	11	(0.2)	-	(7.5)	-	-	-	-	-	**(7.7)**
Interest expense		(18.4)	(3.8)	(8.5)	(0.5)	(1.6)	(0.5)	-	-	**(33.3)**
Investment management fee		-	-	-	-	-	-	2.0	-	**2.0**
Other (expenses)/revenues		(13.6)	(9.4)	19.2	(7.5)	(22.1)	(0.9)	(26.8)	-	**(61.1)**
Profit/(loss) before tax		**96.0**	**16.7**	**158.0**	**79.1**	**84.3**	**47.4**	**(24.8)**	**-**	**456.7**
Investment property in use or vacant	10	142.1	11.1	4.1	13.7	352.4	-	-	-	**523.4**
Investment property under development	10	480.0	58.4	747.4	270.4	151.0	172.3	-	-	**1,879.5**
Investment in joint venture	11	2.2	-	-	-	-	-	-	-	**2.2**
Other non-current assets		13.1	1.1	3.1	2.5	8.4	0.8	27.9	4.3	**61.2**
Total non-current assets		**637.4**	**70.6**	**754.6**	**286.6**	**511.8**	**173.1**	**27.9**	**4.3**	**2,466.3**
Non-current assets classified as held-for-sale	15	86.6	-	96.9	-	150.8	-	-	-	**334.3**
Total non-current assets and assets held for sale		**724.0**	**70.6**	**851.5**	**286.6**	**662.6**	**173.1**	**27.9**	**4.3**	**2,800.6**
Cash and cash equivalents	16	18.8	4.4	23.9	9.7	12.4	9.5	36.4	-	**115.1**
Other unallocated assets		-	-	-	-	-	-	-	124.6	**124.6**
Total assets		**742.8**	**75.0**	**875.4**	**296.3**	**675.0**	**182.6**	**64.3**	**128.9**	**3,040.3**

Geographical information.

Revenue, expenses and assets analysed by country for the year ended 31 December 2019 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Borrowings	20									
- non-current		(452.9)	(49.2)	(198.3)	(24.1)	-	-	(4.4)	-	**(728.9)**
- current		(102.4)	(6.7)	(31.0)	(0.2)	-	(52.0)	(0.1)	-	**(192.4)**
Leasing	9									
- non-current		(9.7)	(6.0)	(15.2)	(1.0)	(36.5)	(0.4)	-	-	**(68.8)**
- current		(2.3)	(1.3)	(1.6)	(0.6)	(1.5)	(0.2)	-	-	**(7.5)**
Liabilities directly associated with non-current assets classified as held for sale	15	(49.6)	-	(71.5)	-	(56.6)	-	-	-	**(177.7)**
Deferred income tax liability	28	-	-	-	-	-	-	-	(133.4)	**(133.4)**
Other unallocated liabilities		-	-	-	-	-	-	-	(138.2)	**(138.2)**
Total liabilities		**(616.9)**	**(63.2)**	**(317.6)**	**(25.9)**	**(94.6)**	**(52.6)**	**(4.5)**	**(271.6)**	**(1,446.9)**
Net asset value		**125.9**	**11.8**	**557.8**	**270.4**	**580.4**	**130.0**	**59.8**	**(142.7)**	**(1,593.4)**
Purchases of investment property (including non-cash)	10	-	-	-	-	-	-	-	-	**-**
Construction costs related to investment property	10	134.4	4.7	133.8	90.3	51.6	31.1	-	-	**445.9**
Construction costs related to joint ventures		-	-	1.0	-	-	-	-	-	**1.0**
Construction costs related to construction work		7.7	2.6	6.6	0.2	1.5	-	-	-	**18.6**
Total investments		**142.1**	**7.3**	**141.4**	**90.5**	**53.1**	**31.1**	**-**	**-**	**465.5**
Sale of investment property	10,27	(198.3)	(35.0)	-	(13.3)	-	-	-	-	**(246.6)**
Sale of joint venture investment property		-	-	(130.2)	-	-	-	-	-	**(130.2)**
Total divestments		**(198.3)**	**(35.0)**	**(130.2)**	**(13.3)**	**-**	**-**	**-**	**-**	**(376.8)**

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 7 senior managers (2019: 7). 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 31 December 2020 are detailed below.

At 31 December 2020, 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)	11.0	0.2	-	**11.2**
ECL allowance for trade receivables to related party	(2.3)	-	-	**(2.3)**
Other current assets (Note 17)	1.8	-	-	**1.8**
Financial assets (Note 12)	0.1	0.5	-	**0.6**
Trade and other payables current (Note 21)	(4.8)	-	-	**(4.8)**
Trade and other payables non - current (Note 21)	(15.1)	-	-	**(15.1)**

The income and expense items with related parties for the year ended 31 December 2020 are as follows:

In millions of EUR	Entities under common control	Key management personnel	Joint ventures and associates	Total
Revenue from services rendered	4.7	-	-	**4.7**
Revenue from construction contracts	7.1	0.6	4.5	**12.2**
Rental income	2.8	-	0.1	**2.9**
Rental expenses	(5.3)	-	-	**(5.3)**
Other services	(2.5)	(0.5)	-	**(3.0)**
Short-term employee benefits (salaries)	-	(2.0)	-	**(2.0)**
Long-term employee benefits (social security costs)	-	(0.4)	-	**(0.4)**
Interest income	0.2	-	-	**0.2**
Other financial expenses	(0.2)	-	-	**(0.2)**

At 31 December 2019, 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)	10.8	1.7	0.2	**12.7**
ECL allowance for trade receivables to related party	(2.9)	-	-	**(2.9)**
Other current assets (Note 17)	1.3	-	-	**1.3**
Financial assets (Note 12)	0.1	0.5	-	**0.6**
Loans (Note 14)	1.4	-	-	**1.4**
ECL allowance for loans to related party (Note 14)	(1.4)	-	-	**(1.4)**
Trade and other payables current (Note 21)	(3.7)	(0.8)	-	**(4.5)**
Trade and other payables non - current (Note 21)	(13.1)	-	-	**(13.1)**
Other payables non-current (Note 21)	(0.6)	-	-	**(0.6)**

The income and expense items with related parties for the year ended 31 December 2019 are as follows:

In millions of EUR	Entities under common control	Key management personnel	Joint ventures	Total
Revenue from services rendered	4.9	-	-	**4.9**
Revenue from construction contracts	1.4	2.9	0.1	**4.4**
Rental income	3.2	-	0.2	**3.4**
Rental expenses	(1.4)	-	-	**(1.4)**
Other services	(10.2)	(1.2)	-	**(11.4)**
Short-term employee benefits (salaries)	-	(2.5)	-	**(2.5)**
Long-term employee benefits (social security costs)	-	(0.5)	-	**(0.5)**
Interest income	0.2	-	0.1	**0.3**
Interest expense	(0.6)	-	0.2	**(0.4)**
Other financial expenses	(0.9)	-	-	**(0.9)**

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 2019 and/or 2020 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 1.1 million in 2020 (2019: EUR 0.9 million).

The Group had no outstanding loans receivable from the members of the Board of Directors of the Group as at 31 December 2020 (2019: nil).

Distributions to owners paid by Group in 2020 and 2019 respectively are described in Note 19.

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
Net book value as at 1 January 2019	**6.4**	**0.2**	**0.4**	**2.3**	**9.3**
Additions	0.4	0.1	0.2	3.4	**4.1**
Transfers	0.7	1.1	-	(1.8)	**-**
Disposals	(0.9)	(0.1)	-	-	**(1.0)**
Transfer to assets held for sale	(4.8)	-	-	-	**(4.8)**
Transfer to right-of-use assets	-	-	(0.3)	-	**(0.3)**
Depreciation charge	(1.3)	(1.2)	-	-	**(2.5)**
Net book value as at 31 December 2019	**0.5**	**0.1**	**0.3**	**3.9**	**4.8**
Additions	-	0.1	-	2.0	**2.1**
Transfers	0.1	2.1	0.6	(2.8)	**-**
Disposals	(0.1)	-	(0.2)	-	**(0.3)**
Depreciation charge	-	(1.7)	(0.3)	-	**(2.0)**
Net book value as at 31 December 2020	**0.5**	**0.6**	**0.4**	**3.1**	**4.6**

At 31 December 2020, property, plant and equipment carried at EUR nil million (at 31 December 2019: EUR nil million) has been pledged to third parties as collateral with respect to borrowings.

9. Right-of use assets and lease liabilities

Leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group. Right-of-use assets that are subleased under an operating lease or otherwise meet definition of investment property are presented within investment properties rather than separately in the statement of financial position.

Movements in right-of-use assets analysed by classes of underlying items are as follows:

In millions of EUR	Land and buildings	Machinery, equipment	Vehicles and other assets	Capital work in progress including advances (CIP)	Total
Carrying amount at 1 January 2019 upon adoption of IFRS 16	**7.1**	**-**	**2.0**	**-**	**9.1**
Additions	8.4	-	-	-	8.4
Disposals	(1.0)	-	-	-	(1.0)
Depreciation charge	(1.9)	-	(0.5)	-	(2.4)
Carrying amount at 31 December 2019	**12.6**	**-**	**1.5**	**-**	**14.1**
Year ended 31 December 2020					
Additions	2.1	-	-	-	2.1
Disposals	-	-	-	-	-
Depreciation charge	(2.7)	-	(0.6)	-	(3.3)
Carrying amount at 31 December 2020	**12.0**	**-**	**0.9**	**-**	**12.9**

The Group recognised lease liabilities as follows:

In millions of EUR	31 December 2020	31 December 2019
Lease liabilities:		
Current**	42.1	7.5
Non-current	43.0	68.8
Total lease liabilities	**85.1**	**76.3**

The Group has included EUR 50.4 million right-of-use assets in investment properties as of 31 December 2020 (at 31 December 2019: EUR 39.7 million) – see Note 10.

As at 31 December 2019, current lease liabilities of EUR 0.3 million and Non-current lease liabilities of EUR 4.7 million associated with Postepu property have been classified as Non-current Assets held for sale.

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**Current lease liabilities include:

- EUR 31.1 million liability (equivalent of GBP 28.0 million) that 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 in Q3 2021, and
- the liabilities associated with right-of-use assets presented in the above table, and
- the liabilities associated with right-of-use assets classified as investment property.

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

In millions of EUR	Note	31 December 2020	31 December 2019
Depreciation of right-of-use asset			
Land and buildings		2.7	1.9
Vehicles and other assets		0.6	0.5
Total depreciation of right-of-use asset		**3.3**	**2.4**
Other (income)/expense related to Leases			
Revaluation (gain) / loss on investment property	10	4.8	(0.5)
Interest expense		2.3	1.8

Expenses relating to short-term leases and to leases of low-value assets that are not shown as short-term leases were EUR nil (31 December 2019: nil).

Total cash outflow for leases in 2020 was EUR 8.4 million (31 December 2019: EUR 5.6 million).

Extension and termination options are included in a number of property and equipment leases across the Group. As at 31 December 2020, potential future cash outflows of EUR 18.0 million (at 31 December 2019: EUR 17.7 million) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group. During the current reporting year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was nil (at 31 December 2019: EUR 1.0 million decrease in recognised lease liabilities and right-of-use assets).

The Group leases certain landplots in Poland which are presented within Investment property as at 31 December 2020 and 31 December 2019. Under an agreement with the local government unit in Poland the right to use the landplot is transferred to the Group in exchange for remuneration in the form of fees that are subject to indexation. The lease liability is based on the current level of the fees at 31 December 2020. The Group remeasures the lease liability to reflect changes to the lease payments when necessary.

10. Investment Property

	Year ended 31 December 2020					Year ended 31 December 2019				
	Under development		In use or vacant		Total	Under development		In use or vacant		Total
In millions of EUR	Owned	Leased	Owned	Leased		Owned	Leased	Owned	Leased	
Fair value at 1 January	**1,857.8**	**22.5**	**505.4**	**17.2**	**2,402.9**	**1,034.5**	**9.1**	**622.8**	**-**	**1,666.4**
Right-of-use assets recognised on 1 January 2019 due to IFRS 16 adoption	-	-	-	-	**-**	-	11.7	-	19.2	**30.9**
Right-of-use-asset acquired during the year	-	-	-	15.5	**15.5**	-	1.7	-	2.4	**4.1**
Acquisitions of investment property	71.3	-	-	-	**71.3**	-	-	-	-	**-**
Subsequent expenditure on investment property	369.4	-	3.1	-	**372.5**	407.2	-	34.6	-	**441.8**
Transfers from in use to under development*	337.3	-	(337.3)	-	**-**	-	-	-	-	**-**
Transfers from under development to in use	(502.0)	(6.2)	502.0	6.2	**-**	(5.3)	-	5.3	-	**-**
Transfers to disposal groups classified as held for sale (Note 15)	(299.2)	-	-	-	**(299.2)**	-	-	(228.4)	(4.9)	**(233.3)**
Disposals	(1.0)	-	(1.5)	-	**(2.5)**	(34.7)	-	(23.5)	-	**(58.2)**
Fair value gains/(losses) – properties completed during the year**	(8.1)	-	-	-	**(8.1)**	-	-	-	-	**-**
Fair value gains/(losses)**	16.3	(0.2)	25.3	(4.6)	**36.8**	447.4	-	71.5	0.5	**519.4**
Effect of translation to presentation currency**	(108.7)	-	(15.9)	-	**(124.6)**	8.7	-	23.1	-	**31.8**
Fair value at 31 December	**1,733.1**	**16.1**	**681.1**	**34.3**	**2,464.6**	**1,857.8**	**22.5**	**505.4**	**17.2**	**2,402.9**

* One Waterloo premises in London have been vacated and prepared for development of office scheme. Therefore, investment property of EUR 337.3 related to One Waterloo has been transferred from in use to under development category as at 1 January 2020. Subsequent movements in its fair value during the year 2020 have been recorded in under development category.

** As of 31 December 2020, the investment property portfolio of the Group with fair value of EUR 1,552.7 million or 63.0% of total investment property of the Group as of that date (2019: EUR 1,608.5 or 66.9% of total investment property of the Group) - see also Note 6 Segmental Analysis – Geographical Information, was based in the United Kingdom, Poland, Hungary and the Czech Republic. The functional currency of the Group's subsidiaries which own such investment properties is GBP, PLN, HUF and CZK, respectively. The appreciation in fair value of these properties expressed in the local functional currencies is presented above as a fair value gain. With the exception of the United Kingdom, this appreciation in value is partly attributable to the fact that most rental contracts are concluded in EUR, and, based on experience from other emerging markets, only a more severe local currency depreciation would necessitate the lessor to provide rent concessions in order to reflect the devalued local currency exchange rates. The effects of 2020 depreciation of the local functional currencies compared to EUR is presented above as effect of translation from functional to presentation currency.

The Group classified certain leases as investment properties. The carrying value of such investment property as of 31 December 2020 was EUR 50.4 million (2019: EUR 39.7 million).

At 31 December 2020, investment properties carried at EUR 1,835.6 million (at 31 December 2019: EUR 1,786.9 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. Reconciliation between the valuations obtained and the adjusted valuation included in the financial statements is as follows:

In millions of EUR	Note	31 December 2020	31 December 2019
Valuations obtained		**2,729.9**	**2,693.6**
Add: right-of-use assets classified as investment property		41.3	35.5
Less: lease incentive receivables	12(a)	(5.9)	(2.5)
Less: transfers to disposal groups classified as held for sale	15	(300.7)	(250.0)
Less: transfers to disposal groups classified as held for sale in previous year	15	-	(73.7)
Fair value at 31 December		**2,464.6**	**2,402.9**

11. Investments 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 year ended 31 December 2019: West Station Investment Sp. z o. o. and West Station Investment 2 Sp. z o.o. with net gain on disposal of EUR 23.7 million.

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

	2020		2019	
In millions of EUR	West Station Investment 1-2	Other Joint Ventures	West Station Investment 1-2	Other Joint Ventures
Revenue	-	0.5	5.8	0.5
(Loss)/Profit and total comprehensive income for the year	-	(0.1)	(10.4)	(0.5)
Current assets	-	0.1	-	0.4
Non-current assets	-	7.3	-	7.5
Current liabilities	-	(3.2)	-	(3.4)
Non-current liabilities	-	-	-	(0.1)
Net assets of the investee	**-**	**4.2**	**-**	**4.4**
Share of other venturers	**-**	**(1.9)**	**-**	**(2.2)**
Investments in joint ventures	**-**	**2.3**	**-**	**2.2**

12. Receivables and Loans

In millions of EUR	Note	31 December 2020	31 December 2019
Lease incentives receivables	(a)	6.0	2.7
Loans to related parties – non-current (Note 7)	(b)	0.6	0.6
Loans to third parties		0.2	0.3
Total receivables and loans		**6.8**	**3.6**

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

(a) Lease incentive receivables of EUR 6.0 million (31 December 2019: EUR 2.7 million) represent cost of incentives recognised over the lease term, on a straight-line basis – see Note 2.10 and 2.19. 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.

(b) The Group has provided loans to its related parties amounting to EUR 0.6 million as of 31 December 2020 (31 December 2019: EUR 0.6 million).

13. Other Non-Current Assets

In millions of EUR	Note	31 December 2020	31 December 2019
Other non-current assets	(a)	11.4	6.0
Total other non-current assets		**11.4**	**6.0**

(a) As at 31 December 2020, EUR 8.3 million related to projects in Hungary and EUR 1.4 million related to projects in Poland. The remaining balance consists of many non-material items. As at 31 December 2019, EUR 1.8 million related to projects in Hungary and EUR 1.6 million related to projects in Poland. The remaining balance consists of many non-material items.

14. Trade and Other Receivables

In millions of EUR	Note	31 December 2020	31 December 2019
Trade receivables		12.3	14.5
Trade receivables and advances to joint ventures	7	-	0.2
Derivatives and other financial assets		2.3	8.2
Accrued rental income		0.6	0.7
Unbilled receivables from service charges		2.1	3.5
Other financial receivables		5.9	11.5
Trade and other receivables from related parties	7	11.2	12.5
Less expected credit loss allowance for trade receivables		(4.9)	(5.5)
Loans to related parties	(a)	-	1.4
Less expected credit loss allowance for loans to related parties	7	-	(1.4)
Total financial assets / receivables		**29.5**	**45.6**
VAT receivable		16.3	26.5
Prepayments		5.6	6.0
Current income tax refund receivable		1.9	-
Total trade and other receivables		**53.3**	**78.1**

(a) The loan was repaid in 2020. Loans are provided under the following conditions – interest rate 8.16% in 2019.

The expected credit loss allowance for trade and other receivables is determined according to provision matrix presented in the table below.

	31 December 2020				31 December 2019			
In thousands of EUR	Loss rate	Gross carrying amount	ECL	Net carrying amount	Loss rate	Gross carrying amount	ECL	Net carrying amount
Trade and other receivables								
- current	0.25%	13.2	-	13.2	0.0%	24.9	-	24.9
- less than 30 days overdue	2.5%	5.0	(0.1)	4.9	2.5%	3.9	(0.1)	3.8
- 30 to 90 days overdue	5.0%	3.8	(0.2)	3.6	5.0%	1.8	(0.1)	1.7
- 91 to 180 days overdue	10.0%	1.6	(0.2)	1.4	10.0%	1.2	(0.1)	1.1
- 181 to 360 days overdue	15.0%	3.0	(0.5)	2.5	15.0%	4.5	(0.7)	3.8
- over 360 days overdue	70.0%	5.5	(3.9)	1.6	70.0%	6.6	(4.5)	2.1
Total		**32.1**	**(4.9)**	**27.2**		**42.9**	**(5.5)**	**37.4**
Loans to related parties		-	-	-		1.4	(1.4)	-
Derivatives / other at fair value				2.3				8.2
Total financial assets				**29.5**				**45.6**

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. 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.

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 financial reporting period:

In millions of EUR	2020	2019
Expected credit loss allowance at 1 January	**6.9**	**5.0**
Expected credit loss (release)/charge to profit or loss for the year	(1.1)	2.8
Write-offs	(0.9)	(0.9)
Expected credit loss allowance at 31 December	**4.9**	**6.9**

Receivables subject to credit enhancements are as follows at 31 December:

In millions of EUR	31 December 2020	31 December 2019
Trade receivables collateralised by:		
- bank guarantees	0.2	0.7
- tenant deposits	2.7	0.9
Total	**2.9**	**1.6**

The financial effect of collateral is presented by disclosing collateral or credit enhancement 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 31 December 2020 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	0.7	10.3	9.5	2.2

Financial effect of collateral at 31 December 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	0.2	5.8	9.0	0.8

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

The Group has pledged the receivables of EUR 4.1 million as collateral for the borrowings as at 31 December 2020 (2019: EUR 1.0 million).

15. Non-current Assets Held for Sale

Major classes of assets classified as held for sale:

In millions of EUR	31 December 2020	31 December 2019
Property, plant and equipment	-	4.8
Investment property	299.2	302.7
Trade and other receivables	1.6	19.3
Cash and cash equivalents	-	7.5
Total assets classified as held for sale	**300.8**	**334.3**

As of 31 December 2020, the Group classified assets and liabilities of two (2) subsidiaries (Phibell s.r.o., HB REAVIS REAL ESTATE DEVELOPMENT FUND) as held for sale.

As of 31 December 2019, the Group classified assets and liabilities of four (4) subsidiaries (P14 Sp. z o.o., Twin City III s. r. o., SPV Vištuk s. r. o., TWENTY House S.à r.l.) as held for sale.

The investment properties are valued annually on 31 December 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 33.

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

In millions of EUR	31 December 2020	31 December 2019
Deferred income tax liability	7.9	16.0
Borrowings	114.0	152.3
Trade and other payables	-	4.4
Lease liabilities long-term	-	4.7
Lease liabilities short-term	-	0.3
Total liabilities directly associated with assets classified as held for sale	**121.9**	**177.7**

At 31 December 2020, investment properties held for sale carried at EUR 299.2 million (at 31 December 2019: EUR 302.7 million), property, plant and equipment of EUR nil million (at 31 December 2019: EUR 4.8 million) and the receivables of EUR 1.6 million (at 31 December 2019: EUR 19.3 million) have been pledged to third parties as collateral with respect to borrowings.

Four (P14 Sp. z o.o., Twin City III s. r. o., SPV Vištuk s. r. o., TWENTY House S.à r.l.) out of four subsidiaries classified held for sale as at 31 December 2019 were sold during year 2020 (Note 27).

16. Cash and Cash Equivalents

In millions of EUR	31 December 2020	31 December 2019
Cash at bank and in hand	192.7	115.1
Total cash and cash equivalents	**192.7**	**115.1**

At 31 December 2020, cash and cash equivalents were available for the Group's use, except for restricted cash in the amount of EUR 26.0 million (2019: EUR 4.1 million).

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2020. Refer to Note 31 for the description of the Group's credit risk grading system.

In millions of EUR	31 December 2020	31 December 2019
- Excellent	106.0	86.1
- Good	86.6	28.7
- Satisfactory	0.1	0.3
Total cash and cash equivalents	**192.7**	**115.1**

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 31 December 2020 and 31 December 2019 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. Other current assets

In millions of EUR	Note	31 December 2020	31 December 2019
Prepayments to trustee	(a)	7.9	22.6
Money market fund investment		-	5.1
Downpayment for investment property		7.0	-
Advances paid		4.6	6.4
Other Current Assets		12.9	10.7
Other Current Assets from related parties		1.8	1.3
Total other current assets		**34.2**	**46.1**

(a) As at 31 December 2020 EUR 7.9 million (at 31 December 2019: EUR 22.6 million) represent prepayments to trustee of Hungarian Real Estate Development Fund.

18. Financial investments

In millions of EUR	Note	31 December 2020	31 December 2019
Investment in The Cambridge Incubator, LLC	(a)	-	27.2
Investment in HB REAVIS CE Real Estate Investment Fund		-	0.2
Total financial investments		**-**	**27.4**

(a) In December 2020, the Group sold a non-controlling share in The Cambridge Incubator, LLC, a Delaware limited liability company for a cash consideration of EUR 17.5 million. The Group reported net loss on disposal of EUR 7.7 million as at 31 December 2020.

19. Share Capital and Share Premium

	Number of shares	Ordinary shares in EUR	Share premium in EUR	Total in EUR
At 1 January 2019	30,000	30,000	455,852,721	**455,882,721**
At 31 December 2019	30,000	30,000	402,465,609	**402,495,609**
At 31 December 2020	30,000	30,000	820,472,758	**820,502,758**

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.

In 2020, the sole shareholder resolves to capitalise retained earnings in the amount of EUR 441.5 million to Share premium without issuing new shares.

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 year were as follows:

In millions of EUR, except dividends per share amount	Note	2020	2019
Distributions to owners payable at 1 January	21	-	-
Distributions declared during the year (from share premium)		23.5	53.4
Distributions paid during the year		(23.5)	(53.4)
Distributions to owners payable at 31 December	21	-	-
Amount per share declared during the year in EUR		782.3	1,778.8

20. Borrowings

In millions of EUR	Note	31 December 2020	31 December 2019
Non-current			
Bank borrowings		686.1	381.8
Issued bonds	(a)	279.1	347.1
Total non-current borrowings		**965.2**	**728.9**
Current			
Bank borrowings		172.6	148.4
Issued bonds	(a)	94.2	44.0
Total current borrowings		**266.8**	**192.4**
Total borrowings		**1,232.0**	**921.3**

a. The bonds represent following debt instruments:

i. CZK denominated bonds in the amount CZK 1,250 million (EUR 47.6 million), which were issued in Prague in March 2016 with maturity March 2021, bearing an interest of 6M PRIBOR + 4% p.a.;
ii. PLN denominated bonds in the amount PLN 100 million (EUR 21.9 million), which were issued in Warsaw in October 2016 with maturity April 2021, bearing an interest of 6M WIBOR + 4.40% p.a.;
iii. 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.;
iv. 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.;
v. 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.;
vi. PLN denominated bonds in the amount PLN 220 million (EUR 48.3 million), which were issued in Warsaw in July 2017 with maturity January 2022, bearing an interest of 6M WIBOR + 4.20% p.a.;
vii. 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.;
viii. 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.;
ix. 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..
x. EUR denominated bonds in the amount EUR 30 million, which were issued in Bratislava in July 2019 with maturity July 2026, bearing an interest of 2.75% p.a..
xi. EUR denominated bonds in the amount EUR 20 million, which were issued in Bratislava in September 2019 with maturity September 2025, bearing an interest of 3.25% p.a..
xii. EUR denominated bonds in the amount EUR 25 million, which were issued in Bratislava in November 2019 with maturity November 2025, bearing an interest of 3.25% p.a..
xiii. EUR denominated bonds in the amount EUR 15 million, which were issued in Bratislava in September 2020 with maturity September 2024 , bearing an interest of 3.35% p.a..
xiv. EUR denominated bonds in the amount EUR 5 million, which were issued in Bratislava in December 2020 with maturity December 2024 , bearing an interest of 3.35% p.a..
xv. PLN denominated bonds in the amount PLN 85 million (EUR 18.6million), which were issued in Warsaw in December 2020 with maturity December 2023, bearing an interest of 5.0% p.a..

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

The table below sets out an analysis of our debt and the movements in our debt.
The debt items are those that are reported as financing in the statement of cash flows.

In millions of EUR	Bank borrowings	Bonds	Lease liabilities	Total
Borrowings and lease liabilities as presented in the Statement of financial position as at 1 January 2019	**387.3**	**329.0**	**31.3**	**747.6**
Borrowings and lease liabilities under liabilities directly associated with non-current assets classified as held for sale as at 1 January 2019 (Note 15)	143.9	-	-	**143.9**
Total borrowings and lease liabilities as at 1 January 2019	**531.2**	**329.0**	**31.3**	**891.5**
Cash flows				
Proceeds from new drawdowns	405.3	90.0	-	**495.3**
Repayments	(68.9)	(30.0)	(5.6)	**(104.5)**
Non-cash changes				
Recognition of lease liabilities upon adoption of IFRS 16 as at 1.1.2019	-	-	39.7	**39.9**
New leases	-	-	12.5	**12.5**
Foreign exchange adjustments	0.1	(1.4)	2.5	**1.0**
Non-cash movement due to loss of control in a subsidiary (Note 27)	(187.9)	-	-	**(187.9)**
Change in accrued interest	1.3	2.1	1.8	**5.2**
Change in amortised transaction costs	(2.1)	-	-	**(2.1)**
Effect of translation to presentation currency	3.5	1.4	-	**4.9**
Non-cash movement due to derecognition of a lease	-	-	(1.0)	**(1.0)**
Borrowings and lease liabilities as presented in the statement of financial position as at 31 December 2019	**530.2**	**391.1**	**76.3**	**997.6**
Borrowings and lease liabilities under liabilities directly associated with non-current assets classified as held for sale as at 31 December 2019 (Note 15)	152.3	-	5.0	157.3
Total borrowings and lease liabilities as at 31 December 2019	**682.5**	**391.1**	**81.3**	**1,154.9**
Cash flows				
Proceeds from new drawdowns	500.8	38.2	-	**539.0**
Repayments	(61.1)	(48.0)	(8.4)	**(117.5)**
Non-cash changes				
New leases	-	-	17.6	**17.6**
Foreign exchange adjustments	21.2	-	(0.9)	**20.3**
Non-cash movement due to loss of control in a subsidiary (Note 27)	(158.7)	-	(5.0)	**(163.7)**
Change in accrued interest	7.7	(1.0)	2.1	**8.8**
Change in amortised transaction costs	0.9	-	-	**0.9**
Effect of translation to presentation currency	(20.6)	(7.0)	(1.6)	**(29.2)**
Borrowings and lease liabilities as presented in the Statement of financial position as at 31 December 2020	**858.7**	**373.3**	**85.1**	**1,317.1**
Borrowings and lease liabilities under liabilities directly associated with non-current assets classified as held for sale as at 31 December 2020 (Note 15)	114.0	-	-	114.0
Total borrowings and lease liabilities as at 31 December 2020	**972.7**	**373.3**	**85.1**	**1,431.1**

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

	Carrying amounts at 31 December		Fair values at 31 December	
In millions of EUR	**2020**	**2019**	**2020**	**2019**
Bank borrowings	686.1	381.8	676.1	393.1
Issued bonds	279.1	347.1	283.2	353.9
Non-current borrowings	**965.2**	**728.9**	**959.3**	**747.0**

Assumptions used in determining fair value of borrowings are described in Note 33.
The carrying values of current borrowings approximate their fair values. The fair value of lease liabilities would be affected by lease extension and termination options and it is thus not disclosed as allowed by IFRS 7 paragraph 29.

The Group has the following undrawn borrowing facilities:

In millions of EUR	31 December 2020	31 December 2019
Availability:		
- Expiring within one year	29.3	0.8
- Expiring beyond one year	408.9	470.6
Total undrawn facilities	**438.2**	**471.4**

Investment properties (Note 10), property, plant and equipment (Note 8) and receivables (Note 14) are pledged as collateral for borrowings of EUR 838.9 million (2019: EUR 480.0 million).

The loan agreements with third party creditors are governed by terms and conditions which include maximum loan to value ratios ranging from 50% to 70% (2019: 65% to 75%) and minimum debt service coverage ratios ranging from 1.00 to 1.20 (2019: 1.10 to 1.20). During 2020 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. After 31 December 2020 and up to date of authorization of these consolidated financial statements, the Group repaid the loans of EUR 49.8 million including EUR 47.8 million of repaid bonds and drawn EUR 147.2 million of new loans including EUR 77.0 million of new bond issue (Note 36).

21. Deferred income, Trade and Other Payables

In millions of EUR	Note	31 December 2020	31 December 2019
Non–current			
Long-term payables (Note 7)		31.9	25.2
Total non-current payables		**31.9**	**25.2**
Current			
Trade payables (Note 7)		15.6	10.9
Liabilities for construction of investment properties		45.6	64.8
Accrued liabilities		12.3	14.5
Derivative financial instruments		6.3	1.2
Other payables		7.7	6.2
Refund liability		8.6	6.0
Total current financial payables		**96.1**	**103.6**
Items that are not financial instruments:			
Deferred rental income		7.8	4.5
Contract liability		2.0	2.0
Accrued employee benefit costs		2.5	1.0
Other taxes payable		0.6	0.1
VAT payable		0.1	-
Prepayments		0.3	-
Total deferred income, current trade and other payables		**109.4**	**111.2**

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.

22. Rental and Similar Income from Investment Property

In millions of EUR	2020	2019
Rental income		
Office	26.2	28.8
Retail	1.1	1.4
HubHub	6.9	6.1
Service charges		
Office	12.8	17.7
Retail	0.8	0.8
Management charges		
Office	2.3	4.6
Retail	0.2	0.3
Industrial	-	0.2
HubHub	0.3	0.7
Total rental and similar income from investment properties	**50.6**	**60.6**

Where the Group is the lessor, the future minimum lease payments receivable under operating leases over the lease term are as follows at 31 December 2020:

In millions of EUR	2020	2019
Not later than 1 year	25.4	23.2
Later than 1 year and not later than 2 years	34.7	34.1
Later than 2 years and not later than 3 years	38.7	45.8
Later than 3 years and not later than 4 years	38.8	47.8
Later than 4 years and not later than 5 years	36.2	45.9
Later than 5 years	177.4	240.7
Total operating lease payments receivable	**351.2**	**437.5**

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 variable lease payments receivable recognised as income in 2020 under the Group's operating leases were EUR 0.1 million (2019: EUR 0.1 million).

23. Direct Operating Expenses arising from Investment Property

In millions of EUR	2020	2019
Direct operating expenses arising from investment property that generate rental income:		
Materials consumed	1.0	1.0
Repairs and maintenance services	1.5	1.2
Utilities costs	12.1	6.2
Services relating to investment property	6.4	16.7
Real estate tax	0.4	0.6
Other costs	1.4	0.7
Total	**22.8**	**26.4**

24. Analysis of Revenue by Category

In millions of EUR	Note	2020	2019
Rental income	22	34.2	36.3
Service charges	22	13.6	18.5
Management charges income	22	2.8	5.8
Total Rental and similar income from investment property		**50.6**	**60.6**
Services rendered	26	7.1	6.9
Other	26	1.8	1.8
Total Other operating income		**8.9**	**8.7**
Revenue from construction contracts		**25.5**	**22.8**
Total revenue and other income		**85.0**	**92.1**

As at 31 December 2020, the Group has completed all contracts for construction of properties.

25. Employee Benefits

In millions of EUR	2020	2019
Wages and salaries (including social and health insurance)	21.7	23.8
Pension costs – defined contribution plans	1.1	1.3
Total employee benefits	**22.8**	**25.1**

The Group had 665 employees in the core real estate operations of the Group (on full time equivalent basis) as at 31 December 2020 (2019: 762 employees). The average number of employees in 2020 was 724 (2019: 763).

26. Other Operating Income and Expenses

In millions of EUR	2020	2019
Services	18.5	27.1
Rental expense	1.5	0.6
Cost of sold inventories	0.8	2.0
Audit fees	1.0	0.8
Material consumption	0.6	1.2
Energy costs	0.4	0.2
Net impairment losses on financial and contract assets	1.1	0.8
Other taxes	1.2	2.1
Other	7.4	5.4
Total other operating expenses	**32.5**	**40.2**

The following table summarizes audit fees incurred by the parent entity and its subsidiaries, billed by the principal approved audit firm, PricewaterhouseCoopers, Société coopérative, Luxembourg and other network firms of the principal approved audit firm for the audit of these consolidated financial statements:

In millions of EUR	Fees billed by PricewaterhouseCoopers, Luxembourg 2020	2019	Fees billed by other network firms 2020	2019	Total 2020	2019
Audit fees	0.1	0.1	0.4	0.4	0.5	0.5
Audit-related fees	-	-	-	-	-	-
Tax fees	-	-	-	-	-	-
Other fees	-	-	-	-	-	-
Total audit fees	**0.1**	**0.1**	**0.4**	**0.4**	**0.5**	**0.5**

Other operating income comprised the following:

In millions of EUR	2020	2019
Sales of services	7.1	6.9
Sales of inventories	0.4	1.2
Other operating income	1.4	0.6
Total other operating income	**8.9**	**8.7**

27. Disposals of Subsidiaries

The Group sold shares in five (5) subsidiaries during year 2020: Twin City III s. r. o., SPV Vištuk s. r. o, TWENTY House S.à r.l., P14 Sp. z o.o which were classified as Non-current assets held for sale as of 31 December 2019 and BUXTON INVEST a.s..

The Group sold shares in six (6) subsidiaries during year 2019: Temster, s.r.o., Radlická ATA s.r.o., Radlice Real Estate, s.r.o. and HB REAVIS Buda Project Kft., TC Tower A1 s. r. o., Twin City IV s. r. o., out of which HB REAVIS Buda Project Kft., TC Tower A1 s. r. o. and Twin City IV s. r. o. were classified as Non-current assets held for sale as of 31 December 2018.

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

In millions of EUR	31 December 2020	31 December 2019
Investment property in use	305.9	231.0
Property, plant and equipment	4.4	15.6
Deferred tax asset/(liability)	(17.4)	(15.1)
Borrowings	(158.7)	(187.9)
Trade and other payables – long term	(5.3)	(0.6)
Trade and other payables – short term	(13.3)	(2.6)
Cash and cash equivalents	2.7	60.0
Other working capital	16.2	5.5
Net assets value	**134.5**	**105.9**
Gain/(loss) on divestments of subsidiaries	(8.6)	3.0
Foreign currency translation differences transferred from other comprehensive income upon loss of control	8.3	4.6
Proceeds from sale of subsidiaries	**134.2**	**113.5**
Less cash in subsidiaries at the date of transaction	(2.7)	(60.0)
Less receivable from sale of subsidiary	-	(1.0)
Cash sale proceeds	**131.5**	**52.5**

28. Income Taxes

Income tax expense comprises the following:

In millions of EUR	2020	2019
Current tax	(2.1)	(7.6)
Deferred tax	0.1	(82.6)
Income tax credit/(expense) for the year	**(2.0)**	**(90.2)**

Reconciliation between the expected and the actual taxation charge is provided below.

In millions of EUR	2020	2019
Profit before income tax	**(111.9)**	**456.7**
Theoretical tax charge at applicable rate 18.43% (2019: 19.29%)	20.6	(88.1)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- (Loss)/Income not subject to taxation	(3.0)	3.7
- Non-temporary taxable items	(15.5)	(0.3)
- Change in estimate of prior period income taxes	0.8	(0.3)
- Unrecognised deferred tax assets from tax losses carried-forward	(4.9)	(5.7)
- Utilisation of previously unrecognised tax loss carry-forwards	-	0.5
Income tax credit/(expense) for the year	**(2.0)**	**(90.2)**

The Group uses 18.43% (2019: 19.29%) as the applicable tax rate to calculate its theoretical tax charge which is calculated as a weighted average of the rates applicable in the Slovak Republic of 21% (2019: 21%), the Czech Republic and Poland of 19% (2019: 19%), Hungary of 9% (2019: 9%), Germany of 16% (2019:16%) and the UK of 19% (2019: 20%) where majority of the Group's operations are located.

Differences between IFRS and applicable statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In millions of EUR	1 January 2019	(Charged)/ credited to profit or loss	Divest-ment of subsi-diaries	Transfer to assets held for sale	Currency translation difference	31 Dec 2019	(Charged)/ credited to profit or loss	Divest-ment of subsi-diaries	Transfer to assets held for sale	Currency translation difference	31 Dec 2020
Tax effect of deductible/(taxable) temporary differences											
Investment properties	**(71.9)**	(84.3)	7.7	16.3	-	**(132.2)**	(4.9)	1.4	7.9	-	**(127.8)**
Unrealized foreign exchange (gains)/losses	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Tax losses carried forward	**3.5**	2.4	-	(4.1)	-	**1.8**	4.9	-	-	-	**6.7**
Property, plant and equipment	**0.9**	(0.1)	-	0.9	-	**1.7**	-	-	-	-	**1.7**
Other	**-**	(0.6)	-	-	-	**(0.6)**	0.1	-	-	-	**(0.5)**
Net deferred tax (liability)	**(67.5)**	**(82.6)**	**7.7**	**13.1**	**-**	**(129.3)**	**0.1**	**1.4**	**7.9**	**-**	**(119.9)**

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies. Accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group expects that substantially all of the deferred tax liability will crystallise after more than 12 months from the balance sheet date.

29. Foreign exchange gains/(losses)

In millions of EUR	2020	2019
Bank borrowings – unrealised	(21.2)	1.3
Inter-company loans to foreign operations that do not form part of net investment – unrealised	(19.0)	0.8
Lease liabilities	0.9	-
Trade and other receivables and payables – realised during period	(0.7)	(10.0)
Trade and other receivables and payables – unrealised	(0.3)	8.5
Foreign exchange (losses)/gains	**(40.3)**	**0.6**

30. 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 271.5 million at 31 December 2020 (31 December 2019: EUR 372.0 million); this exposure will be partially financed by external loans (committed lines: EUR 438.2 million). The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

31. 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.

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2020:

				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	2.9	-	2.9	0.2	2.7	-
Liabilities						
Cash collateral received presented within trade and other payables	2.7	-	2.7	2.7	-	-

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 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	1.6	-	1.6	0.7	0.9	-
Liabilities						
Cash collateral received presented within trade and other payables	0.9	-	0.9	0.9	-	-

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 30 banks (2019: 31 banks) but 93.8% (2019: 82.7%) of cash balances as of 31 December 2020 are held with 10 (2019: 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 31 December 2020, the Group receivables from joint ventures amounted to nil EUR (2019: EUR 0.2 million). The Group's management considers the concentration of credit risk with respect to receivables balances to joint ventures.

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 ageing of trade receivables and trade receivables ultimately written off. Expected credit losses are modelled over receivables lifetime period.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. As for loans to other parties, 12-month ECL is recognised unless there is a significant increase in credit risk (SICR). 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.

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. 31 Financial Risk Management (Continued)

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, mostly forwards, 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 year ended 31 December 2020 with all other variables constant, profit for the year would have been approximately EUR 38.2 million lower (2019: EUR 45.8 million lower). Equity, after allowing for the tax effects, would have been EUR 30.2 million lower (2019: EUR 36.2 million lower). Had the foreign exchange rates been by one tenth higher than they have been throughout the year ended 31 December 2020 with all other variables constant, profit for the year would have been EUR 38.2 million higher (2019: EUR 45.8 million higher). Equity, after allowing for the tax effects, would have been EUR 30.2 million higher (2019: EUR 36.2 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
31 December 2020			
Total monetary financial assets	256.4	0.8	**257.2**
Total monetary financial liabilities	(405.0)	(1,040.1)	**(1,445.1)**
Net interest sensitivity gap at 31 December 2020	**(148.6)**	**(1.039.3)**	**(1,187.9)**
31 December 2019			
Total monetary financial assets	206.8	0.9	**207.7**
Total monetary financial liabilities	(303.5)	(822.9)	**(1,156.4)**
Net interest sensitivity gap at 31 December 2019	**(96.7)**	**(822.0)**	**(948.7)**

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 year ended 31 December 2020 with all other variables constant, profit before tax for the year would have been higher by approximately EUR 1.0 million (2019: EUR 1.1 million higher). Equity, after allowing for the tax effects, would have been higher by approximately EUR 0.8 million higher (2019: higher by EUR 0.8 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 year ended 31 December 2020 with all other variables constant, profit before tax for the year would have been lower by approximately EUR 1.0 million (2019: EUR 1.1 million lower). Equity, after allowing for the tax effects, would have been lower by approximately EUR 0.8 million (2019: lower by EUR 0.8 million).

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 Directors. 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 at 31 December 2020 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 31 December 2020 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)	260.0	271.7	386.4	314.7	**1,232.8**
Borrowings (future interest payments)	34.5	25.5	48.0	23.5	**131.5**
Financial payables - current (Note 21)	89.8	-	-	-	**89.8**
Future lease payments (Note 9)	42.0	10.7	20.3	56.3	**129.3**
Derivatives and other financial instruments (Note 21)	6.3	-	-	-	**6.3**
Total future payments, including future principal and interest payments	**432.6**	**307.9**	**454.7**	**394.5**	**1,589.7**

The maturity analysis of financial liabilities as at 31 December 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 repayments)	187.0	107.2	325.4	301.4	**921.0**
Borrowings (future interest payments)	28.2	24.8	50.1	27.5	**130.6**
Financial payables - current (Note 21)	102.4	-	-	-	**102.4**
Lease liabilities – principal (Note 9)	7.5	7.6	47.9	69.0	**132.1**
Lease liabilities – future interest payments	1.8	1.6	3.8	50.7	**57.9**
Derivatives and other financial instruments (Note 21)	1.2	-	-	-	**1.2**
Total future payments, including future principal and interest payments	**328.1**	**141.2**	**427.2**	**448.6**	**1,345.2**

On an ongoing basis the Board of Directors reviews a rolling cash flow forecast prepared on a consolidated basis. As of the date of preparation of these financial statements and based on our funding capacity the Board has considered cash flow scenarios, including a stress case, and concluded that it is appropriate to use the going concern assumption in preparation of the financial statements (see also Note 2).

The maturity analysis of financial liabilities as at 31 December 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 repayments)	187.0	107.2	325.4	301.4	**921.0**
Borrowings (future interest payments)	28.2	24.8	50.1	27.5	**130.6**
Financial payables - current (Note 21)	102.4	-	-	-	**102.4**
Lease liabilities – principal (Note 9)	7.5	7.6	47.9	69.0	**132.1**
Lease liabilities – future interest payments	1.8	1.6	3.8	50.7	**57.9**
Derivatives and other financial instruments (Note 21)	1.2	-	-	-	**1.2**
Total future payments, including future principal and interest payments	**328.1**	**141.2**	**427.2**	**448.6**	**1,345.2**

On an ongoing basis the Board of Directors reviews a rolling cash flow forecast prepared on a consolidated basis. As of the date of preparation of these financial statements and based on our funding capacity the Board has considered cash flow scenarios, including a stress case, and concluded that it is appropriate to use the going concern assumption in preparation of the financial statements (see also Note 2).

32. 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	31 December 2020	31 December 2019
Equity attributable to the owners of HB Reavis Holding S.A.		1,386.0	1,593.3
Adjusted for			
Add: Deferred income tax net (including joint ventures)	15, 28	127.8	145.3
Net Asset Value (adjusted) as monitored by management		**1,513.8**	**1,738.6**

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 2020, the Group's strategy was to steer the net debt leverage ratio up to 40% (2019: up to 35%). As is shown in the table below, the Group's ratio was below the targeted level as at 31 December 2020 and at the end of 2019. The Group management believe that this position places the Group conservatively in their pursuit of new development opportunities.

In millions of EUR	31 December 2020	31 December 2019
Bank borrowings and finance leases* less cash including those classified as held for sale	1,184.1	984.2
Total assets	3,097.1	3,040.3
Net debt leverage ratio	**38.23%**	**32.37%**

* Of the total lease liability recognised as at 31 December 2020, EUR 30.8 million represents finance lease liabilities as defined by IAS 17 (31 December 2019: EUR 33.2 million).

33. 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:

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 31 December 2020 (Note 10)	-	-	2,729.9	**2,729.9**
Investment property – valuations obtained at 31 December 2019 (Note 10)	-	-	2,693.6	**2,693.6**

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 3.

Quantitative information about fair value measurements using unobservable inputs:

Segment	Valuation technique	Fair value 31 Dec 2020 (in millions of EUR)	Fair value 31 Dec 2019 (in millions of EUR)	Input	Range 31 Dec 2020	Range 31 Dec 2019
Slovakia						
Office	Discounted cash flow	112.4	118.8	Average annual rent in EUR per sqm Discount rate p.a. Capitalisation rate for terminal value	185-193 7.85% 7.85%	189-200 6.85% 6.85%
Office	Direct capitalisation method	102.6	79.0	Average annual rent in EUR per sqm Capitalisation rate for terminal value	212 5.63%	185 5.40%
Office	Residual method	26.1	16.0	Capitalised net revenues less cost to completion Capitalisation rate	58.02 5.75%	30.16 5.75%
Total		**241.1**	**213.8**			
Poland						
Office	Discounted cash flow	-	88.5	Average annual rent in EUR per sqm Discount rate p.a. Capitalisation rate for terminal value	- - -	192.3 7.3% 7.3%
Office	Direct capitalization method	404.2	-	Average annual in EUR per sqm Capitalization rate	245-289 4.44% – 4.65%	- -
Office	At cost	0.1	0.2	-		-
Total		**404.3**	**88.7**			
Hungary						
Office	Direct capitalisation method	9.4	9.7	Average annual rent in EUR per sqm Capitalisation rate	93.0 9.5%	82.0 7.0%
Total		**9.4**	**9.7**			

Quantitative information about fair value measurements using unobservable inputs:

United Kingdom						
Office	Residual value	17.6	337.3	Capitalised net revenues less cost to completion Capitalisation rate	31.4 4.5%	879.45 4.75%
Office	Direct capitalisation method	-	146.3	Average annual rent in EUR per sqm Capitalisation rate	- -	133.5 4.5%
Office	At cost	-	9.7	-		
Total		**17.6**	**493.3**			
Total for segment		**672.4**	**805.5**			
Development in realisation and in preparation						
Slovakia						
Office, Office/Retail	Residual Method	115.8	229.1	Capitalised net revenues less cost to completion Capitalisation rate	388.1 5.75% - 6.25%	304.4 5.45% - 6.5%
Retail	Residual Method	269.8	219.7	Capitalised net revenues less cost to completion Capitalisation rate	2.2 6.32%	47.6 5.8%
Office	At cost	0.2	-	-		
Total		**385.8**	**448.8**			

The average annual rent 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.

Quantitative information about fair value measurements using unobservable inputs:

Segment	Valuation Technique	Fair value 31 Dec 2020 (in millions of EUR)	Fair value 31 Dec 2019 (in millions of EUR)	Input	Range 31 Dec 2020	Range 31 Dec 2019
Development in realisation and in preparation (Continued)						
Czech Republic						
Office	Residual method	60.1	57.4	Capitalised net revenues less cost to completion Capitalisation rate	112.2 4.3% - 6.25%	146.6 4.25% - 6.25%
Office	At cost	1.0	1.0	-		
Total		**61.1**	**58.4**			
Poland						
Office	Residual Method	395.9	326.6	Capitalised net revenues less cost to Completion Capitalisation rate	157.1 4.79% - 5.65%	160.4 4.5% - 5.5%
Office	Direct capitalisation method	-	389.3	Average annual rent in EUR per sqm Capitalisation rate	- -	274.8 4.26% - 4.3%
Office	Comparative method	12.4	14.0	Price in EUR per sqm of land	828.0 – 1,025.0	959.0 -1,096.0
Office	At cost	1.0	1.0	-		-
Total		**409.3**	**730.9**			
United Kingdom						
Office	Residual method	583.6	151.0	Capitalised net revenues less cost to Completion Capitalisation rate	1,210.7 4.35% - 4.5%	59.3 4.5%
Total		**583.6**	**151.0**			

Quantitative information about fair value measurements using unobservable inputs:

Segment	Valuation Technique	Fair value 31 Dec 2020 (in millions of EUR)	Fair value 31 Dec 2019 (in millions of EUR)	Input	Range 31 Dec 2020	Range 31 Dec 2019
Development in realisation and in preparation (Continued)						
Hungary						
Office	Residual method	53.2	54.2	Capitalised net revenues less cost to completion Capitalisation rate	34.0 5.75%	61.4 5.25%
Office	Discounted cash flow	265.5	216.4	Average annual rent in EUR per sqm Discount rate p.a. Capitalisation rate for terminal value	216.0 6.0% 5.57%	226.1 6.0% 5.25%
Total		**318.7**	**270.6**			
Germany						
Office	At cost	0.2	4.8	-		-
Office	Residual method	246.2	167.5	Capitalised net revenues less cost to completion Capitalisation rate	121.0 3.45% - 4.25%	114.2 3.5%
Total		**246.4**	**172.3**			
Total for segment		**2,004.9**	**1,832.0**			
None - core						
Logistics	Comparative method	36.8	33.1	Price in EUR per sqm	2,673.0	4.7 – 2,847.2
Retail	At cost	1.4	7.4	-		-
HubHub	At cost	14.4	15.6	-		-
Total for segment		**52.6**	**56.1**			

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 Group 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 price that would be received to sell the financial instrument in an orderly transaction between market participants at the measurement date and is best evidenced by the transaction price or 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 3.19% p.a. (2019: 2.37% p.a.). Refer to Note 20 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.

34. 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 20).

35. Consolidated Structured Entities

The Group issued 2 tranches of bonds through HB Reavis Finance PL 2 Sp. z o.o., 1 tranche of bonds through HB Reavis Finance PL 3 Sp. z o.o. both incorporated in Poland, 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., 3 tranches of bonds through HB REAVIS Finance SK V s. r. o., 1 tranche of bonds through HB REAVIS Finance SK VI s. r. o., 2 tranches of bonds through HB REAVIS Finance SK VII s. r. o. all seven 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 405 million, EUR 243 million and CZK 1.250 billion (Note 20).

36. Events after the End of the Reporting Period

In March 2021, the Group completed the sale of shares in TANGERACO INVESTMENTS LIMITED classified as an investment in joint venture as of 31 December 2020. Carrying value of the investment in joint venture was EUR 2.3 million as of 31 December 2020.

After 31 December 2020 and up to date of authorization of these consolidated financial statements, the Group repaid the loans of EUR 2 million and drawn EUR 70.2 million of new loans. The Group also issued new tranches of bonds in the amount of EUR 77 million and repaid the bonds of EUR 47.8 million.

On 16 April 2021 the Group disposed of 100% shares in Phibell s.r.o. for a consideration of EUR 33.5m.

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