

# Quarterly business update for three months to 31<sup>th</sup> December 2021

*February 2022*

HB Reavis has hereby published its Quarterly Business Update for three months ended on 31st of December 2021.

## **Peter Pecník, Group CFO, comments on the business achievements for the year 2021 and current situation:**

Last year presented us with continued challenges related to waves of Covid-19 pandemic that has consequences on our lives and various segments of the economy. Amongst others we have faced continuing supply chain constraints, high inflation, shifts in tenant behavior and lengthy decision making, as well as various restrictions related to Covid-19 pandemic impacting our daily operations. Thanks to great effort of our professional teams, we were able to navigate these challenges bravely and recorded several remarkable achievements.

Firstly, we completed 4 developments during the year with gross development value (GDV) of €1.1 billion which demonstrates the strength of our unique integrated development model. In fact, since the outbreak of the pandemic, we were able to complete 11 developments with a total GDV of about €2 billion across all markets of our operations despite challenging environment. It has been a stunning achievement considering the fact that projects in the development represented about half of our balance sheet.

In addition to that and thanks to our premium workspaces and services, we have achieved the best commercialization result within the past five years whereas we leased-up premises for overall 166 thousand sq m (including renewals and leases on behalf of [HB Reavis CE REIF fund](#)) without compromising our targeted terms.

These remarkable accomplishments in challenging times gave us a confidence in our business model to deliver an outstanding product with unique desired location and highest ESG credentials for our clients. All of the recently completed projects were designed with certification of BREEAM excellent or higher. This confidence in our product allowed us to start construction of [Worship Square](#) in London, United Kingdom designed with highest BREEAM certification "Outstanding" and aspiring for net zero carbon including delivery phase. Also, we started construction of project [Nove Apollo](#) in Bratislava where we signed a lease with IBM for majority of the premises.

We continued to enjoy favour of our lenders and investors and during the year we issued bonds amounting to €106.5 million in Slovakia (€47.8 million) and in the Czech Republic (1.49 billion CZK). We ended the year with ample liquidity of cash position at €238.4million which gives us a strong starting position to the year 2022.

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## Acquisitions

The Group has finalised the acquisition of a plot located in central Berlin which shall allow us to build app. 27k sq m by the year end 2024.

## Leasing update

Our leasing performance for the fourth quarter of 2021 was driven by a conclusion of three major deals in combined GLA of 34.9k sq m: a technology listed company signed 10.7k sq m at [Bloom Clerkenwell](#) project in the United Kingdom. After leases signed at our landmark project [Varso Tower](#) (Warsaw) in the previous quarter, we have continued strong trend with signing 15.6k sq m lease with Box, a technology company and 8.6k sq m lease with a public entity. Overall, we signed total leases for 41.4k sq m during the last quarter and almost 166k sq m for the full year 2021 which significantly overperformed year 2020 and was even higher than in years preceding the pandemic. This is great testament that premium product that we have delivered has strong resilience even in the challenging market environment.

We've just leased 10 floors – almost 16,000 sq m – of [Varso Tower](#) to Box. The Silicon Valley-based cloud content management company will make the EU's tallest building their largest Research and Development site out of the US.

For press release about Box lease click [here](#).

## Completions and developments progress

During the fourth quarter of 2021 we achieved significant construction progress on all of our projects. We were finishing the last touches to prepare the premises for the tenant Strato in the Neubau building of the [DSTRCT.Berlin](#) project before the handover of premises to tenant at the beginning of new year.

## Financing

During the fourth quarter of 2021, HB Reavis has drawn down a total of €191.3 million of external debt financing, out of which €155.7 million was primarily linked to properties currently under construction and €35.7 was linked to general corporate purposes. The group has also repaid its bonds in Slovakia in the amount of €25 million and issued a new bond in the amount of €18.7 million with 5-year maturity. At the end of the quarter and year end, the Group had € 238.4million of liquid and reserved cash and cash equivalents in hand, €1.5 billion of bank financing along with €394.9 million of bond financing outstanding.

## Divestments

As part of HB Reavis intensified focus on core locations and pipeline deliverable in near term, the Group has agreed at the end of the year, a divestment of plots in Bratislava, Slovakia and Lodz in Poland where both of the transactions should conclude during the course of 2022.

## HB Reavis portfolio

### Income producing portfolio

As of the end of the last quarter, the Group held an income producing portfolio of 11 income producing office properties with a total of 412.6k sq m across five countries with operating income at full occupancy of €104.6 million. The portfolio includes the following projects:

- [Bloom Clerkenwell](#) in London, United Kingdom
- [DSTRCT](#) in Berlin, Germany
- [Agora Tower](#) and [Agora Hub](#) in Budapest, Hungary
- [Nivy Mall](#), [Nivy Tower](#), Apollo BC II in Bratislava, Slovakia
- [Varso 1](#), [Varso 2](#), [Forest Campus](#) in Warsaw, Poland

The overall market value of the portfolio totalled up to €1.80 billion as of 30<sup>th</sup> June 2021 based on management estimates.

### Projects under construction

Projects currently in the phase of construction (or demolition) account for 194.3k sq m of future GLA in five buildings and estimated future gross development value of around €1.07 billion as of 31<sup>th</sup> December 2021 based on management estimates, all spread over four capital cities:

- [Worship Square](#) in London, United Kingdom
- [Varso Tower](#) & [Forest Tower](#) in Warsaw, Poland
- [Nove Apollo](#) in Bratislava, Slovakia

## Information about the Reorganization of the HB Reavis Group

HB Reavis hereby notifies that it has taken steps with an intention of corporate reorganization aimed at consolidating part of the HB Reavis Group's investment portfolio and separating a significant portion of its assets from the HB Reavis Group.

These assets include following projects: [Bloom Clerkenwell](#) in London, United Kingdom, [Agora Hub](#) and [Agora Tower](#) in Budapest, Hungary, [DSTRCT in Berlin](#), Germany, [Forest Campus](#), [Forest Tower](#), [Varso 1](#), [Varso 2](#) and [Varso Tower](#) in Warsaw, Poland and [Nivy Tower](#) in Bratislava, Slovakia. HB Reavis notifies that the assets that will be separated from the HB Reavis Group are subject to internal discussion within the HB Reavis Group and may change.

The reorganization is of strategic significance for HB Reavis Group and is considered important for its further development.

There is a possibility that the implementation of the Reorganization may breach the terms and conditions of certain bonds issued by some issuers of the HB Reavis Group bonds. Therefore, respective issuers of the HB Reavis Group bonds have decided to repurchase such bonds. More detailed information will be provided by respective issuers to relevant bondholders at appropriate time. The HB Reavis Group plans to remain active on the capital markets in its existing jurisdictions.

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Certain statements contained in this release are “forward-looking”, based on current view on our markets, activities and prospects and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. In addition, we, through our management, from time to time, make forward-looking public statements concerning our expected future operations and performance and other developments. All forward-looking statements included in this release are made only as of the date hereof and no representation, assurance, guarantee or warranty is given in relation to them and HB Reavis assumes no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors.

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