

# Quarterly business update for three months to 31<sup>st</sup> December 2022

*February 2023*

Peter Pecník, CFO of HB Reavis Holding S.A., comments on the quarterly business update for three months to 31<sup>st</sup> December 2022

The year-end period was characterized by a challenging macroeconomic environment, marked by persistent inflationary pressures, rising interest rates, and currency depreciations in all markets where we operate. Despite these conditions, our primary focus remains on deleveraging and fortifying our balance sheet, as well as realigning the HB Reavis organization to align with our new strategy.

In the fourth quarter, we successfully executed a strategic milestone by formally separating our investment arm, HB Reavis Investments Holding S.A., transforming HB Reavis Holding S.A. into our development arm. This was a significant accomplishment that was the result of over two and a half years of planning and preparation.

As part of our evolving strategy, we have taken the difficult but necessary step of implementing a workforce reduction to ensure that our personnel resources are optimally aligned with our updated operational requirements.

## Strategic update

### Re-organization

As we have previously informed all our stakeholders in advance, the group has made a strategic decision to formally split the investment and development arm of HB Reavis into two separate sister companies that should complement each other in the future with its business activities. In line with this strategic decision, the group has carried out over the course of 2022 a couple of initiatives to consolidate the first part of seed portfolio into investment arm and consequently on 30 November 2022, it has formally concluded this re-organization and formally separated both companies.

As at 31<sup>st</sup> December 2022, the portfolio of development arm (HB Reavis Holding S.A.) consisted of following assets:

- Nove Apollo, Nivy Mall, Apollo BC II in Bratislava, Slovakia
- DSTRCT (10.1% share), PLTFRM, DSTRCT 2, Central Tower in Berlin, Germany
- One Waterloo, Worship Square, Leake Street in London, United Kingdom
- Port Praski (50%) in Warsaw, Poland
- Other non-core projects across Slovakia, Czech Republic, Hungary considered for divestment

As at 31<sup>st</sup> December 2022, the portfolio of investment arm (HB Reavis Investment Holding S.A.) consisted of following assets:

- Bloom Clerkenwell in London, United Kingdom
- DSTRCT in Berlin, Germany
- Agora Tower and Agora Hub in Budapest, Hungary

- Nivy Tower in Bratislava, Slovakia
- Varso Tower, Varso 1, Varso 2, Forest Campus and Forest Tower in Warsaw, Poland

The group further informs its stakeholders that despite remaining under common control, starting from 2023, it will continue issuing quarterly business updates about the group activities with the main focus on the business activities of HB Reavis Holding S.A. (development arm).

#### Focus on core markets

As part of the new strategy, the group has also decided to narrow its focus for further projects development on three key markets which is UK, Germany, and Poland. The group would continue to do business activities in non-core markets such as Slovakia and Hungary but mainly in a role of asset management activities of its recently built portfolio of assets.

#### Quarterly business update of HB Reavis Holding S.A. (development arm) for three months to 31<sup>st</sup> December 2022

#### Acquisitions

We have made no further acquisitions in fourth quarter last year. In total, we have completed three new acquisitions last year in the amount of app. €130m in order to strengthen our pipeline in our core markets, mainly Germany and Poland.

#### Leasing update

Our buildings continued to attract interests from various tenants. During the fourth quarter of 2022 we have managed to lease and extend contracts of more than 6 000 sq m of GLA. Overall, we have signed close to 80 500 sq m of GLA in 2022 with annual passing rent of €20.7 million. Out of those numbers, 12 600 sqm of GLA have been signed in projects staying in the development arm with annual passing rent of €2.2 million.

#### Completions and development progress

HB Reavis reached a practical completion of Nove Apollo in Bratislava at the end of year which shall be handed over to its anchor tenant at the end of first quarter of 2023. Nove Apollo is designed with highest ESG credentials of BREEAM outstanding and at completion is significantly pre-let to its anchor tenant, IBM.

Currently, we have one project under construction in London, UK where we have funding fully secured until the practical completion and see significant interests from tenants. The construction progress on the site continues without any interruptions with aim to reach practical completion in 1Q 2024.

Construction works on our PLTFRM project in Berlin has begun in the fourth quarter of 2022.

HB Reavis Holding S.A., a development arm, is continuing its development activities related to the fit-out work of its recently completed projects, which are part of the recently separated investment portfolio.

#### Financing

During the fourth quarter of 2022, total of €21.9 million have been drawn down from external bank financing on the development arm side, including €15 million of corporate financing as well as €6.9 million of project financing costs mainly relating to Nove Apollo project. Further €41.5 million has been drawn down on project loans, that have been later transferred to the investment arm.

Our bond buyback programmes in Slovakia and Czechia continued during the fourth quarter. In total, out of the €109.1 million of Slovak bonds and €61.8 million (1,491.7 million CZK) of bonds in Czechia identified for buybacks, we were able to buy back €68.2 million of Slovak bonds and €11.6 million (303.7 million CZK) of Czech bonds. Moreover, we exchanged and issued total of €50.6 million (1,327.6 million CZK) of Czech bonds. Remaining €43.1 million of impacted bonds in Slovakia (€40.9 million) and Czech Republic (€2.2 million or equivalent of 53 million CZK) will continue to earn interest and will be repaid at original maturity date in line with their terms and conditions.

At the end of the quarter, the development arm was left with €989.3 million of external financing, of which €344.9 million came from bond issuance, while remaining amount of bank financing was split between €549.1 million of project financing and €95.3 million of corporate financing. As part of the re-organization and spin-off of investment arm, €1,224 million of outstanding loans including €100.0 million of corporate debt has been transferred to HB Reavis Investment Holding (investment arm).

## Divestments

As previously announced, we have divested plot in Lodz, Poland in fourth quarter and continue exploring divestments of non-core projects across Slovakia, Czech Republic, Hungary in line with the strategic decision to focus future development activities on our core markets in Germany, UK and Poland.

## HB Reavis Holding S.A (development arm) portfolio at year end after separation

- Nove Apollo, Nivy Mall, Apollo BC II in Bratislava, Slovakia
- DSTRCT (10.1%), PLTFRM, DSTRCT 2, Central Tower in Berlin, Germany
- One Waterloo, Worship Square, Leake Street, London, United Kingdom
- Port Praski (50%), Warsaw, Poland
- Other non-core projects across Slovakia, Czech Republic, Hungary considered for divestment

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