

Quarterly business update for three months to 31st March 2023

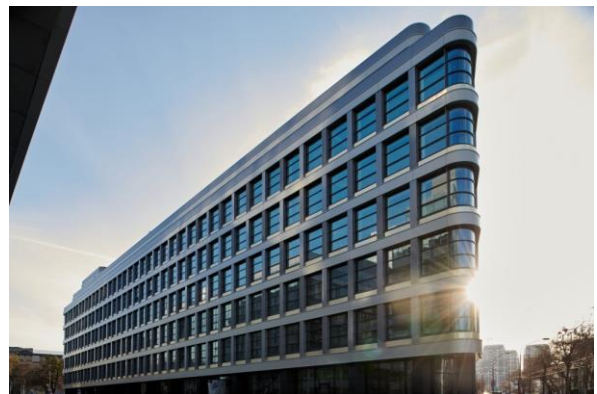
May 2023

Peter Pecník, CFO of HB Reavis Holding S.A., comments on the quarterly business update for three months to 31st March 2023

We entered 2023 accompanied by continuing challenging macroeconomic environment caused by persistent inflationary pressures, high interest rates and lack of liquidity on capital markets. All these factors are expected to be present throughout the year 2023 and the economy of two of our key markets, UK and Germany, is expecting full-year contraction in course of 2023. Despite that the demand for high-quality, energy efficient office space in superb location remains, overall attitude of investors towards the office sector is cautious and highly selective. As reaction to these factors, our construction and development activities has been reduced, focusing on completion of Worship project in the UK. Development of recently announced acquisitions in Berlin and Warsaw is expected to regain pace later in 2024/2025. We continue in divestments of our non-core assets, on the markets we announced to be leaving, aimed to use the proceeds from those divestments on reduction of our leverage. In line with the reduced development pipeline, the Group right sizes its organization to support its current and future activities.

Completions and development progress

Occupancy permit for our project Apollo Nivy in Bratislava (formerly referred to as Nove Apollo) has been received and the anchor tenant, IBM, moved in in May this year. Apollo Nivy is designed with the highest ESG credentials of BREEAM outstanding. Thanks to its design, Apollo Nivy reached an area of almost 8,000 square meters per floor, making it the building with largest floor plate in CEE. Altogether, it offers more than 55,000 square meters of leasable area on eight floors.



Worship project in London, UK is the sole project under construction 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 decelerated to minimum required activities as we currently focus on Worship delivery.

We are also conducting development activities related to the fit-out work of recently completed projects, some of which are part of the separated investment portfolio.

Leasing update

We have signed more than 6 thousand sq. m of GLA in our office buildings in the first quarter of 2023 with annual passing rent of €3.9 million, most of which being signed for Worship in London and Apollo Nivy in Bratislava.

Financing

We have repaid €9.5 million and utilized new drawdowns of €25.6 million. At the end of the quarter, total debt was €1,005.5 million.

Divestments

We have successfully completed divestment of almost 15 thousand sq m of land plots in Bratislava's new business district Nivy to Alto Real Estate. Negotiations for further non-core land plots in non-core markets are ongoing.

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