

HB Reavis Holding S.á r.l. („HB Reavis“)

FINANCIAL HIGHLIGHTS FOR SIX MONTHS TO 30 JUNE 2016 AND QUARTERLY BUSINESS UPDATE FOR THREE MONTHS TO 30 SEPTEMBER 2016

31 October 2016

HB Reavis, 3rd largest European office developer, as ranked by leading pan-European real estate magazine Property EU, today comments on financial highlights for the six months to 30 June 2016 and announces quarterly business update for three months to 30 September 2016.

Marian Herman, Chief Financial Officer said: “Despite challenging external environment during first six months of 2016, our efforts resulted in solid operational delivery that was however negatively off-set by currency movements of PLN and GBP after the vote in the EU-referendum in the United Kingdom. High-level of development activity across most of our markets, strong leasing and continued programme of divestments were key reasons behind our strong balance sheet enabling us to further expand our business. The third quarter 2016 has been strongly dominated by materialized effort in the area of divestments and has been historically best in terms of total divestment value. In the third quarter we have entered into forward sale of our key project 33 Central in London to Wells Fargo, we have completed the sale of Konstruktorska Business Center in Warsaw to Golden Star Estate and we have signed a sale agreement of Gdanski Business Center I in Warsaw to Global Wealth Pension Fund advised by Savills IM. Throughout 2016 year-to-date we have concluded divestments totaling almost €750m. Thanks to these accomplishments we have demonstrated our ability to complete project property cycle in each of our countries of operation. In addition to HB Reavis Group divestments, the fund HB Reavis CE REIF has completed the sale of Aupark Piestany in Slovakia to New Europe Property Investment (NEPI) which is the third acquisition by this investor of our “Aupark” project with Aupark in Zilina and Kosice being the first two. No new acquisition has materialized in the third quarter leaving the number of acquisitions year to date at three. The leasing activity continued at a strong pace with total amount of signed leases at 25.1 thousand sq m with the biggest tenants being the internationally well recognised brands such as Phillip Morris, GE and SAP. In addition we have secured occupier for the whole building 33 Central (21.1 thousand sq m) via forward sale to Wells Fargo, the third largest US bank by total assets. On financing front we have signed development loan for West Station I in total amount of €44.6m. Total amount of drawdowns from bank financings in the third quarter reached €50.8m. We have also returned to our debt capital market in Warsaw with setting-up of the bond programme amounting up to PLN 500m (approx. €116m) under which we have issued the first tranche of PLN 100m in early fourth quarter 2016. With respect to the progress of construction on our developments, we have commenced the refurbishment of our third project in London, Cooper&Southwark at 61 Southwark Street that we expect to complete in Q4 2017. We have received an occupancy permit for West Station I in Warsaw – joint venture project with PKP who is also the biggest occupier of the building. In parallel, we have secured also occupancy permit for Twin City building C in Bratislava. Lastly, we have completed refurbishment of Centrum Bottova in Bratislava that should serve as a temporary bus station in Slovak capital while HB Reavis will initiate preparatory and development works for its landmark project in Bratislava, the Nivy Mall & Stanica Nivy.”

Financial highlights for the six months until 30 June 2016:

1) Key Financial Highlights

- €2.2m (includes €57.3m of negative currency impact) in net profit vs €99.8m in 1H 2015;
- €80.9m in operating profit vs €106.1m in 1H 2015;
- Total assets at €2.18 billion vs €2.09 billion at the end of 2015
- Total shareholders' return negative 1.9% vs positive 10% in 1H 2015
- Net Asset Value reaching €1.14 billion vs €1.19 billion at the end of 2015
- Net debt leverage at 34.1% vs 29.7% at the end of 2015
- Cash reserves amounted to €110.9m vs €115.4m at the end of 2015

2) Balance Sheet

Strong Balance Sheet position

- Cash reserves as at the end of June 2016 amounted to €110.9m, or 5.1% of the total balance sheet
- Low leverage position despite increase in net debt to total assets ratio from 29.7% at the end of 2015 to 34.1% at the end of June 2016, moving the Group almost to its target capital structure
- Net Asset Value decreased slightly to €1.14 billion as a result of negative currency impact mostly driven by Brexit

Significant divestment programme materializing in course of 2016

- €476.2m non-current assets classified as held for sale with €261.3m in debt: unlocking significant amount of cash and reducing the Group leverage. Most of the transactions have already materialized in the third quarter except for River Garden II-III and TwinCity A which are under offer.

3) Income Statement

€80.9m in EBIT / operating profit

- Driven by revaluation gain of €63.5m as a consequence of development and leasing progress mainly on the following assets: Gdanski Business Center C and D, Aupark Hradec Kralove and River Garden II-III.

€24.7 in total comprehensive loss

- Total comprehensive loss caused chiefly by weakening of GBP (12.6%) and PLN (4.0%) against EUR. The overall negative currency impact for the six months ended to 30 June 2016 has been in the amount of €82.9m (primarily unrealised losses).

€82.9m negative currency impact, of which:

- €57.3m related to
 - a) intragroup loans denominated in GBP and PLN
 - b) bank loans denominated in EUR provided to Polish SPV's booked in local accounting in PLN
 - c) realized (€5.4m) and unrealized (€8.3m) FX (marked-to-market) losses from outstanding hedging positions
- €26.9m loss related to translation of accounting items in the local currencies into Euro – functional currency of the Group

Quarterly business update for the third quarter until 30 September 2016

1) Acquisitions

- We have made no new acquisition in the third quarter 2016 leaving the number of acquisitions year to date at three.

2) Leasing activity

- Total 23.7 thousand sq m of leases including renewals were signed during the third quarter 2016 with additional 1.4 thousand sq m in expansion options. Annual passing rent, excluding voids and rent free periods, represents €5.0m. Biggest new tenants are Phillip Morris and GE in Gdanski Business Center building D, SAP in Twin City C.
- In addition to traditional leasing activity, we have secured occupier for the whole building 33 Central (21.1 thousand sq m) via forward sale to Wells Fargo, third largest US bank by total assets.

3) Financing

- During Q3 2016, HB Reavis has drawdown the total amount of €50.8m from bank financing and signed a new facility agreement for its joint venture project West Station in the amount of €44.6m out of which €22.3m has already been disbursed.
- As at the end of September, the Group had available further €145.7m in bank loan commitments to be drawn against future capital expenditures or leasing progress.
- We have set-up the bond programme amounting up to PLN 500m (approx. €116m) in Poland under which we have issued the first tranche of PLN 100m in early fourth quarter 2016.

4) Completions and construction developments

- 6 development schemes with about 131 thousand sq m of GLA under construction (or demolition) in four countries, namely: West Station II in Warsaw, Poland, Twin City Tower in Bratislava, Slovakia, 33 Central, 20 Farringdon Street and Cooper&Southwark in London, United Kingdom and Aupark Shopping Center in Hradec Kralove, Czech Republic. Future gross development value of these projects has been estimated at around €884m.
- We have commenced the refurbishment of our third office project in London, Cooper&Southwark at 61 Southwark Street which will allow us to provide to our clients approx. 7.1 thousand sq m of GLA. The project is expected to come into operation in Q4 2017.
- We have received an occupancy permit of West Station BC I, Warsaw, Poland (30.6 thousand sq m of GLA) in line with the schedule. The building is a joint-venture project together with PKP (Polish Railway Company) who will be the biggest occupier of the building.
- We have secured also occupancy permit for Twin City building C, Bratislava, Slovakia (23.6 thousand sq m of GLA), a third office building forming Twin City complex.
- We have completed refurbishment of Centrum Bottova in Bratislava that should serve as a temporary bus station in Slovak capital while HB Reavis will initiate preparatory and development works for its landmark project in Bratislava, the Nivy Mall & Stanica Nivy.

5) Divestments

Poland

- We have completed the sale of Konstruktorska Business Center (Warsaw, Poland) consisting of 49.5 thousand sq m of GLA to international real estate investment company Golden Star Estate
- We have signed the preliminary sale agreement of Gdanski Business Center I (Warsaw, Poland), which includes buildings A and B consisting of 47.8 thousand sq m of GLA with expected completion of the transaction in Q4 2016. The investor is the Global Pension Fund advised by Savills Investment Management.

United Kingdom

- We have entered into a forward sale agreement with Wells Fargo for a disposal of our leading project 33 Central (London, United Kingdom) totalling 21.1 thousand sq m of GLA, in largest post-Brexit office transaction in the City of London. The forward sale shall complete with construction delivery of the project expected in Q3 2017.

Slovakia

- The Fund managed by HB Reavis, HB Reavis CE REIF sold Aupark in Piestany (Slovakia) for €39.5m to New Europe Property Investments (NEPI). The sale is the third transaction

between NEPI and HB Reavis Group, following NEPI's acquisition of the Aupark shopping centers in Zilina and Kosice.

- The negotiation for prospective sale of Twin City A (Bratislava, Slovakia), consisting of 16.5 thousand sq m of GLA, is on track and we expected the closing of the transaction in upcoming months.

Czech Republic

- The negotiation for prospective sale of River Garden II/III (Prague, Czech Republic), of 25.8 thousand sq m of GLA, is on track and we expect the closing of the transaction in upcoming months.
- The negotiation for prospective sale of Aupark in Hradec Kralove (Czech Republic), consisting of approx. 22.9 thousand sq m of GLA, has been commenced with an investor being HB Reavis CE REIF.

Forward-Looking Statements

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.

About HB Reavis

HB Reavis is an international commercial property group founded in 1993 in Bratislava. It operates on the key markets of Central and Eastern Europe (Poland, Czech Republic, Slovakia, Hungary), and in the United Kingdom and seeking to establish presence in Istanbul and Berlin. The operations so far have yielded a total of 971.7 thousand sq m of modern offices, shopping and entertainment spaces, and logistics facilities. Another 1.1 million sq m is in the planning or permit stages. HB Reavis relies on an integrated business model covering development, construction, property management, and investments. The group's Net Asset Value reaches €1.1 billion (as of 30 June 2016), while the total assets amount to €2.2 billion. With over 500 professionals working all over Europe, HB Reavis is a strong market leader. The group's position is confirmed by multiple distinctions, including the “Developer of the Year in Central and Eastern Europe, 2015” title in the CEE Quality Awards and the “Office Developer of the Year, CEE” title in Eurobuild Awards.

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