

2017 was another great chapter for HB Reavis.

We had already raised our profile from a leading Slovak developer; combining our integrated services and country operations to become a Central European heavyweight.

06

Message from Maarten J. Hulshoff

New strategic focus

But it was two newer strategies that really accelerated our transformation into a wider European leader. The first was a shift in focus from developing 'office buildings' to creating entirely new CBDs on transport hubs. As well as increasing the scale of our vision, these locations delivered better value for our clients and greater security for our investors.

That focus on clear propositions hints at our new horizon: the re-evaluation of our services. We are no longer just a bricks and mortar company – we are now also a service business that offers clients office solutions that help them improve productivity and even attract and retain talent.

Office solutions like our workspace advisory service Origameo, which helps clients tailor their offices perfectly for their people. And HubHub, our innovative co-working brand, which is already helping start-ups, freelancers and contractors realise their ambitions in Warsaw and Bratislava.

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A year of success

These three strategic moves gave us the perfect footing to maximise a positive market. As the EU avoided a trade war, the economies in the countries we operate in grew. Capital cities outperformed the EU average, which drove the leasing markets. Foreign investment grew too, leading to increases in both leased and service offices, as businesses tested new markets.

In London, we divested our 33 Central development at great profit to Wells Fargo Bank. It is now their new regional headquarters. Our first UK project was, in addition to being well timed, smoothly managed by the local team.

We have great confidence in the UK market: despite Brexit, we have already reinvested the proceeds into One Waterloo. This project suits our strategy perfectly; a new central business district by Waterloo Station, a major travel connection.

We got the green light to develop our Agora project in Budapest, establishing a new 131,000 sq m GLA state-of-the-art CBD. Likewise, next to Warsaw Central Station in Poland, we started construction on Varso Place, including the Foster+Partner-designed 70,300 sq m Varso Tower.

Bratislava saw progress on our 135,900 sq m Nivy Zone, including its mall, matched by our 99,000 sq m Twin City and Tower development project. Twin City is already attracting clients such as SAP and Swiss Re, and we look forward to relocating our Head Office there later this year.



Meeting the market's needs

These projects are highly visible signs that we are becoming a CBD developer at well-connected locations in key European capitals. Just as importantly, they point to an entrepreneurial attitude that is creating value for our clients.

In practice, our clients are mostly renowned multinational companies. Businesses who appreciate our comprehensive integrated approach. Indeed, our acquisition, design, construction management, leasing and divestment expertise, coupled with our hands-on approach, is the foundation of our recent success. It is creating synergy across capital cities and giving us a deep understanding of our clients' needs – our main proposition.

Over the coming years, we expect to expand HubHub further, and are pleased to announce our joint venture participation in Cambridge Innovation Center, the US co-working organisation whose start-up innovation communities have delivered above-market rental growth.

The numbers speak for themselves. Our total income stood at €96.5m, 10% higher than 2016 with a much lower revaluation gain compensated by disposals and FX profit.

Thanks to our acquisitions, our total assets increased from €2.1bn to €2.3bn, despite of the deconsolidation of the CE REIF Fund reducing the balance sheet by €215m. And finally, we have seen NAV increase to €1.27bn while net leverage stood below 27% – an increase on last year, after funding some of our investment by issuing bonds.

A bright future

That performance is a fitting tribute to former CEO Pavel Trenka's leadership since 2007. His eye for the complexities of the market and understanding of how the integrated model could benefit us has created the highly-energised, multi-talented, 700-strong HB Reavis team of today.

I am also hugely pleased that Pavel is still here, growing our team of Non-Executive Directors to three. Together with Ivan Chrenko's exceptional talents, I feel we are well-equipped to guide the business through whatever opportunities may come.

The business is now in the capable hands of our new CEO, Marian Herman and Deputy CEO Radim Rimaneck. Their wealth of experience of both our operations and the wider banking and advisory fields will bring a new dimension to HB Reavis.

All told, it is very pleasing to sit here and be so positive about both the figures and the direction of the business. In the wider picture, the trend for protectionism is a concern, as well the potential for increased interest rates after a long spell of uniquely low rates in the US and EU.

The two new acquisitions in Germany are very exciting too. As with all our work, they are the product of a clear and unique strategy that is cutting through the competition to create value for clients and investors. It has already increased our value, and I look forward to seeing it bring us further success in 2018 and beyond.



Maarten J. Hulshoff
Non-executive director

