



Ahoj!

Currently, the outlook across Slovakia is very positive. It's good news for us, and business generally.

For our clients though, it does mean their employees can be more difficult to attract and retain. The net result is that employers are listening to employees more; understanding what they want from work and designing new office layouts to suit them. Workspace solutions and change management are no longer nice-to-haves, but essential elements to the employer proposition.

It's something we're acutely aware of, because our business is capable of fulfilling so many of our clients' needs. From Origameo's consulting and workspace solutions and HubHub's large-scale co-working platform, to events and services like bike-sharing Hi.bike and Concierge; we have a variety of innovations tailor-made for the current climate. So, between our inventiveness and the quality of our buildings, we continue to play a vital role in solving two of our clients' biggest issues – hiring the very best people, and then making sure they excel at what they do.

Simply put, we are transforming into a service provider and WaaS is our way to get there.

Adrian Rac

Country CEO

SLOVAKIA

THE ECONOMY



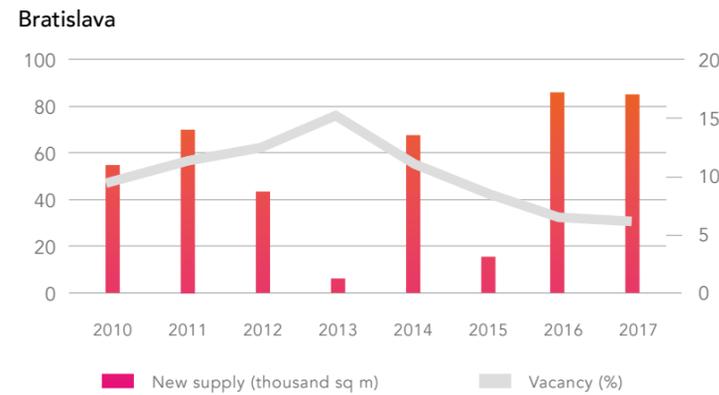
The global and Eurozone economies are both performing well and are having a very positive impact on affairs here in Slovakia.

GDP rose 0.9% in the last three months of 2017, similar to the previous four quarters and a touch above our estimate. We conservatively expect the economy to grow by 3.2% in 2018. This is down slightly on 2017's 3.4%, but we see some upside risk to our forecast as recent data suggest the regions are performing very well. In particular, the strength of the single currency is likely to power our industrial sector, and help it expand 5% in 2018, up from 4% last year.

On the other hand, inflation has returned after three years of mild deflation. It's set to continue rising as the labour market grows but should be gradual: averaging 1.7% this year and 2.2% in 2019.

The labour market may even be approaching 'full employment' after the number of people out of work hit a new low of just 7.4% in December. In the short term though, the outlook is positive for household incomes and spending, with real wages likely to increase by a healthy 2-2.5%.

THE MARKET

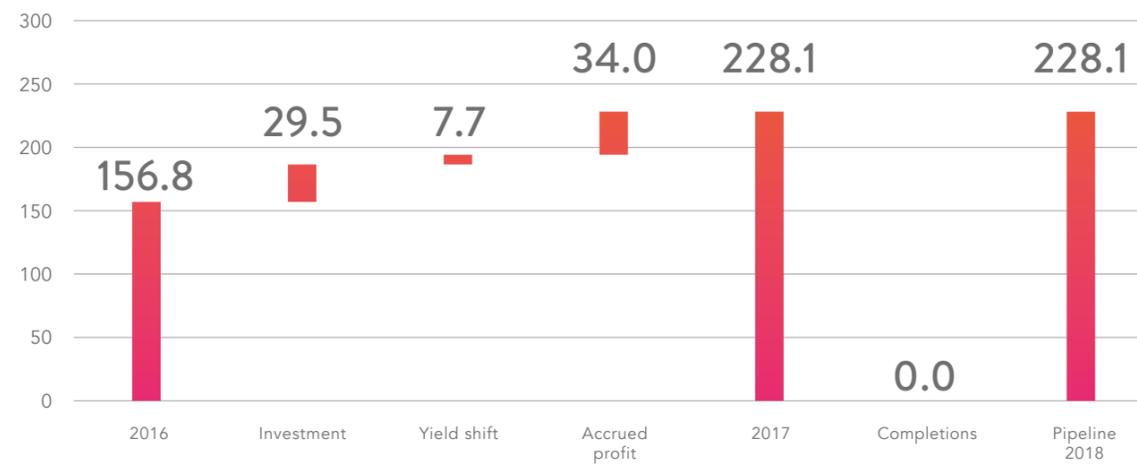


Source: CBRE, JLL

There's an almost equal balance of Grade A (59%) and B (41%) office space here in Slovakia. Whatever their grade, though, offices present a complex set of factors for businesses, particularly in relation to employees who spend the majority of their day in them.

Companies are beginning to see that they need the best people if they're to grow. This has led to an interest in high quality working environments. Clients from every industry are now asking not only how many square meters an office has, but also how it will support wellbeing, reduce stress and increase efficiency.

Changes in our Slovak development property value (€m)



OUR PERFORMANCE

We continued our development of Twin City Tower last year, and also broke ground on Nivy Tower. Both the projects are on Mlynske Nivy Street and represent the first time we have broadened our focus from merely creating a building, to crafting an entire district.

Twin City Tower will also be the country's first to hold a WELL certificate. Going forward, we intend all our future buildings to gain the accreditation, along with the BREEAM community certification.

It's this kind of focus on quality that differentiates us from the rest of the market. And after leasing all 100% of Twin City Tower, we're confident that we'll end the year as we started – at the top of the Slovak market.

HB Reavis development Slovakia	GLA sq m	Valuation				ERV	GDV	Value change	Investment
		2014	2015	2016	2017				
Projects under construction	171,166	34.8	47.6	77.1	145.3	35.7	618.3	68.2	28.2
Projects in preparation	330,358	76.2	78.1	79.6	82.8	63.7	984.3	3.1	1.3
Total 2017	501,524	111.0	125.7	156.8	228.1	99.4	1,602.5	71.3	29.5
Total Pipeline for 2018	501,524	111.0	125.7	156.8	228.1	99.4	1,602.5	71.3	29.5

Award

'Best Office/Business Developer (Slovakia)', Euromoney Real Estate Survey

Projects Under Construction

Twin City Tower Bratislava

Construction of the Twin City Tower (expected 35,300 sq m of GLA) was launched in July 2016. This project, next to the group of already-completed A, B, and C buildings will complete the Twin City scheme.

In the heart of the business district, and just a few steps away from the historical city centre, the modern tower with copper cladding will closely 'communicate' with the rest of the block and reflect the area's industrial heritage and the old Kablo factory.

Equally, it will provide a modern top-class office space designed to outstanding BREEAM standards and featuring access to a roof garden with a panoramic view of the city. We plan to deliver Twin City Tower to its tenants in the fall of 2018. From the beginning of construction of the zone, it was obvious that it would attract extraordinary tenants; proved by the rental contract for almost an entire building with a major international technology company, whose name has not been disclosed yet.



Nivy Tower Bratislava

With around 30,800 sq m of GLA, will be a remarkable office tower rising out of the Nivy Station. The tower will provide modern office space solutions for demanding clients and will be designed to BREEAM Outstanding standard. The construction of tower was launched in May 2017, followed by Nivy Station in October 2017, due to planned complete at the end of 2019.



Nivy Station Bratislava

Nivy Station will clearly be a landmark project in a unique location. And that deserves unique solutions. In co-operation with London's Benoy, the well-known architectural studio behind top class retail schemes, we're aiming not only for a unique and large (expected 69,300 sq m of retail GLA including terraces) shopping complex – but much more.

We will create a concept that is sophisticated in every detail. There will be around 2,000 sq m for a fresh produce market. There will be plenty of green areas inside, and a green roof on top. And we will also include gateway to Bratislava through a fully-integrated planned 34,400 sq m bus station. Currently, we're running construction at full speed with the aim to delivering everything before the end of 2020.



Projects in Preparation



In the Twin City B and C zone, adjacent to the completed A zone, we're planning the development of more than 130,000 sq m of office GLA. In 2016, we fine-tuned the concept and design, and since then we are in the process of gaining necessary permits. As we continually push the envelope, we engaged with the UK's AHMM to help us with the concepts, and expect construction to start in the first quarter of 2019, subject to permits and leasing progress, of course.

With two additional office schemes in Bratislava in the permit stage – the large-scale, expected 176,000 sq m GLA Alfa Park on the right bank of the River Danube and the expected 16,600 sq m GLA Forum Business Centre II adjacent to our Forum Business Centre I – the Group has a substantial Slovakian pipeline and will clearly continue to be the country's leading developer.