Annual Report

2019

hbreavis

Contents

01 From The CEO

A message from Marian Herman

Leading The Workspace Evolution

People often ask me what I find most exciting about my role, and it's undoubtedly the speed at which the concept of 'Workspace as a Service' is evolving.

What was once considered a cost to most businesses is quickly becoming a competitive advantage – an asset that keeps employees healthy and engaged and fuels performance.

Here at HB Reavis, we deliver high quality, landmark workspaces. But we're also redefining the sector with a strategic approach that's inspiring new innovations and services devoted to workers' needs – from flexible, attractive leases to inspirational, community-building events.

A Pioneering Strategy

The key differentiator throughout is our commitment to the Workspace as a Service philosophy, which mirrors the way digital applications are added to IT hardware and offered to customers 'as a service'. A building's users are our customers.

> **The building itself is our hardware: glass, steel, concrete and stone. And to this, we add the 'software' – ideas, technologies and services that integrate with users to create a high-performing holistic proposition where the user experience comes first.**

Gaining Traction

We're steadily moving from bricks and mortar to a more visionary approach that also encompasses our sub-brands. HubHub is setting the standard for coworking spaces, as is Qubes for the fully-serviced office market with flexible leases. Origameo is winning new contracts for innovative strategic workspace consulting. Symbiosy's technology is uncovering new insights into the use of space and workers' behaviours. And More is broadening the ambition of what facilities management can be.

Excitingly, we're seeing these services win contracts outside of our own campuses. A great example is Symbiosy. Our tech and sensorics platform recently secured its first third-party installation with the Dubai Future Foundation.

Origameo too, after initially consulting for the Polish branch of Panalpina on their new office in 2017, saw it open last year. The Panalpina workspace scored extremely well across all the measured aspects in the Leesman database of over 600, 000 answers. It received the 3rd highest Lmi (workplace experience KPI) among workplaces of the same size or larger. All the ratings significantly exceeded the Leesman Index benchmarks for different categories.

On top of that, according to employees, the workspace supports 19 out of 21 work activities 100% and another two by 93% and 95%.

The most important aspect was to provide support for desk-based, focused jobs, where employees expressed 100% satisfaction and 97% of them are happy with their productivity.

Building on our Success

Elsewhere in 2019, we laid the first cornerstone of our newest project, DSTRCT.Berlin in Germany, and signed up our first tenants. In London, our proposals to redevelop One Waterloo have received the green light from Lambeth Council and 20 Farringdon Street was fully let. In Warsaw, Varso Place seems to climb higher by the day and the smaller buildings are now almost fully leased. Agora Budapest continues to keep pace, exceeding our commercial expectations for 2019. And in Slovakia, our New Nivy zone saw the rise of Nivy Tower and numerous milestones for Nivy Station.

Refocusing on our Strengths

Given our tight operating capacities and the current booming construction industry, we always strive to keep construction costs under control. A review of our operations led to the difficult decision, made in early 2019 to scale down our Prague operations.

2019 saw the disposal of three projects in the city. But we believe the redistribution of our financial and managerial resources will bring greater rewards in other markets, most notably in the scale-up of our presence in Germany.

In fact, we're actually strengthening our position across all six of our markets: expanding our HubHub coworking network into London and launching our new flexible office brand, Qubes, in Prague – with a second branch opening later this year in Nivy Tower in Bratislava.

Our Investment Management business has seen a very strong year too with AUM growth of 33% and the acquisition of Twin City B into the portfolio of its flagship HB Reavis CEREIF Fund. The investment business line will play an even more significant part in our future strategy, increasing the role of 3rd party capital in our growth ambitions.

New Inspiration

Robert Kubinsky also took over as our Hungary CEO from Jan Hubner at the end of the year – as Martin Miklas was named the new CFO. Across the business, I'm confident that we have the skills, experience and passion to smoothly implement our strategy and see continuous, long-term improvements.

A Bright Future

In the short term, our focus remains on top line growth – achieving our ambitious lease and commercial terms.

However, our vision to deliver our substantial pipeline and grow as a Workspace as a Service provider is giving us a blueprint for the future, one backed up by a divestment strategy that gives us the freedom to maximise the potential of our large-scale campuses by retaining control over them and the services that further enhance users' experiences.

Confidence in our Approach

That vision is engaging and inspiring everybody here.

> **“We all firmly believe that the future of real estate lies in its use as an HR tool: as an environment that delivers vast (behavioural) data and as a fertile market for connected ecosystems and innovative new services.”**

Put together, these initiatives are combining with our 2023 vision to significantly improve shareholder returns over the coming years. Already, we're moving in the right direction – Property EU ranked us 1st in European real estate pipelines with over 1 million sq m in GLA.

With the continuing support from all the teams across our six countries and our partners and clients, 2019 was a really exciting year.

I'd like to take this opportunity to thank everyone involved.

Turning challenges into opportunities

In my view, calling the beginning of 2020 a super turbulent period is not an exaggeration. The global pandemic brought many unexpected situations into the business and we'll be seeing the true impact of these over the long term. But what we can't deny is the notion that it will be significant.

We do not know exactly what the new reality will look like in the office occupational market (i.e. demand for the workspace), or the investment or financing markets (i.e. demand from investors and willingness of banks to finance), however we're a stable business and my overall priority is to seek new opportunities in the changed environment that COVID–19 outbreak has brought.

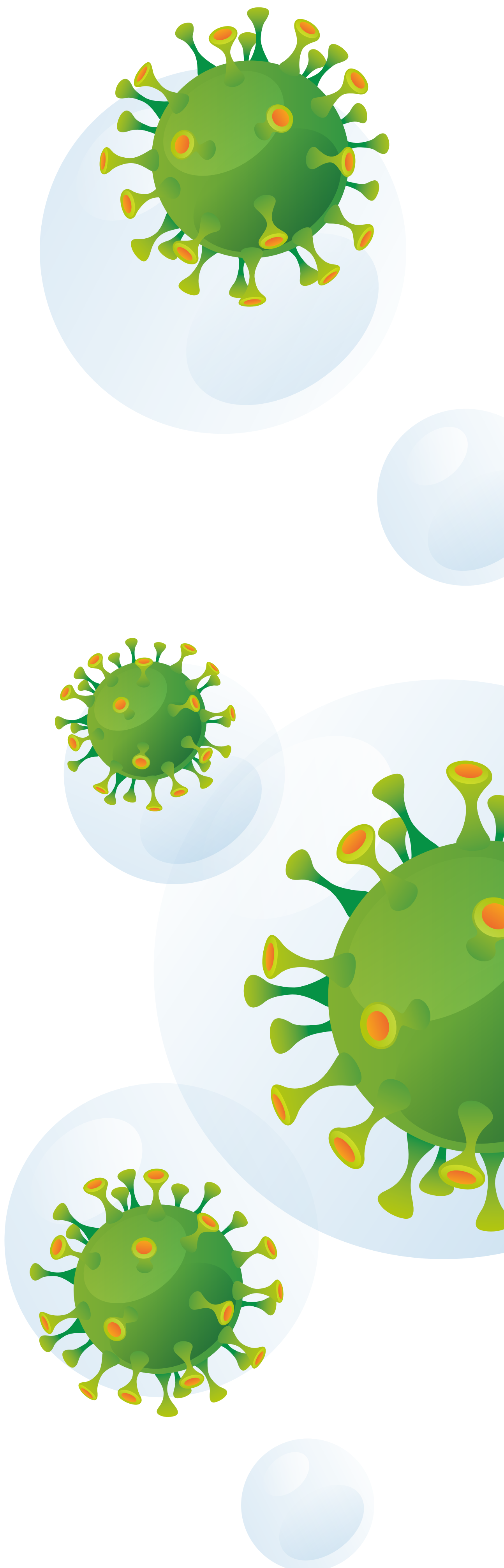
HB Reavis is well-positioned to face the current crisis given our strong balance sheet (our Total Assets far exceed Total Liabilities and Company Equity amounts to €1.7bn). The current COVID crisis impacts mostly short-term cash flow needs and cash flow balance. In the long-term, our company has enough assets and equity in order to weather even a substantial market recession and potential crisis.

"We can already see new opportunities in the market changes and that's where we focus our attention."

Our physical workspaces as well as the services under the WaaS approach are starting to be seen from the perspective of being a "safe and healthy return to the office" tool. Both can significantly help to accommodate the new Health and Safety standards. For example, our sensorics and tech platform, Symbiosy, supports social distancing regimes or provides solutions for measuring body temperature. It can even help with tracking possible COVID-19 exposure by telling us who of the colleagues may have come into direct contact with a positively tested person recently.

Initial signals from the market are extremely positive and our focus on wellbeing and health aspects of the workspace will become even more prominent and demanded by clients.

Marian Herman



02 Financial Highlights

How We Performed

In 2019, our financial performance increased robustly and outperformed our long-term target. It was primarily driven by both the huge progress of our projects under development and a positive trend in the investment market.

The Group generated a total comprehensive income of €388.6m (€102.1m in 2018). This translates into a 33.3% return on shareholders' equity (8.5% in 2018). Our balance sheet grew to €3.04bn and the adjusted net asset value reached around €1.739bn at the end of 2019.

At 32.4% the Group's net debt leverage returned closer to our target.

Net Debt Leverage Ratio (%)

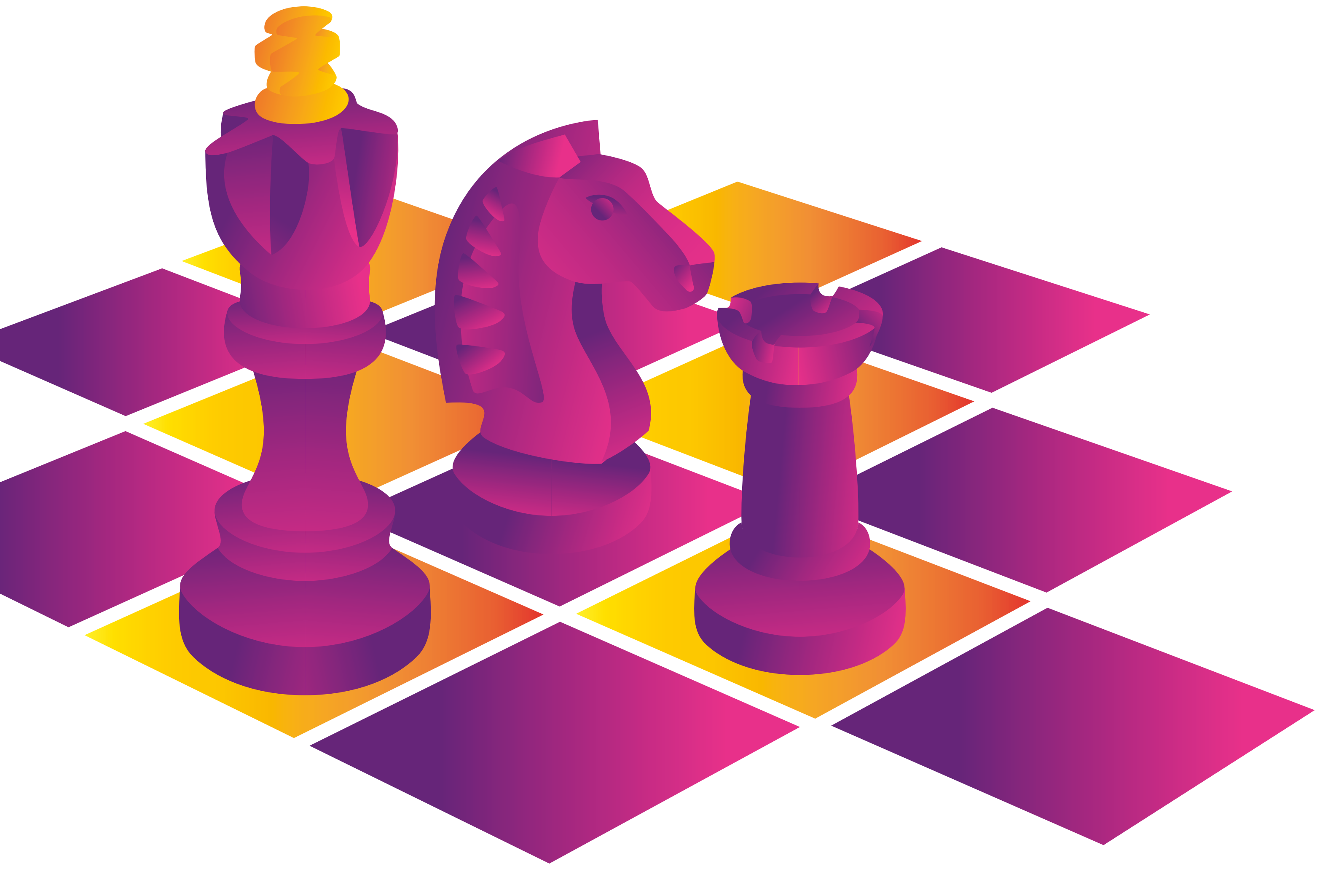
Return to Shareholders (%)

Comprehensive Income (€m)

Revaluation Gain (€m)

Net Asset Value (adjusted, €m)

03 Key Projects



One Waterloo

The site of Elizabeth House in Waterloo is one of London's most important redevelopment opportunities and adds an exciting dimension to our UK portfolio – doubling our pipeline in the capital.

The existing 1960s building was acquired in May 2017and is located immediately adjacent to Waterloo Station, the UK's busiest transport hub. Over 100 million people pass through the station every year, a number set to rise to 130 million passengers over the next five years.

Well-connected to London and the south of England, the site is also just a moment's walk away from the world-famous cultural destinations of the South Bank, including the Southbank Centre and the National Theatre.

The plans will create around 120,975 sq m (1,302,164 sq ft) of workspace, supporting up to 11,000 jobs. Along with the creation of a brand-new retail area and a transformed public realm for Waterloo, it will be better connected to the South Bank and the surrounding area.

Through the development, around 6,000 sq m of new public space will be created, including a one acre publicly-accessible garden promenade set above ground level. The entrances to the offices will be located on the promenade level, offering direct access to the station for the building's users. Below the promenade, at ground level, the 'Waterloo Curve', a brand-new pedestrianised street, will run. The Curve will be lined with shops and cafés and will connect to the station's main entrance via a pedestrianised Victory Arch Square.

We are focusing on creating a diverse business community ranging from startups and scaleups to larger corporations. We are looking to deliver a workspace of the future through our innovative Workspace as a Service approach. We are aiming to be among the first office buildings that are net zero carbon in their operation, underpinned by a high BREEAM environmental rating and pursuing WELL Building Standard focusing on occupants' health.

We were delighted that on 15th October 2019, Lambeth Council's Planning Applications Committee, unanimously voted to grant conditional planning consent for the scheme. This major milestone puts us on track to start preliminary work on site in the spring of 2020 with demolition of the existing Elizabeth House building later on in the year.

Location
Waterloo, London

Expected delivery*
2025

Architects
Allford Hall Monaghan Morris (AHMM)

Status
Planned

Estimated GLA
120,975 sq m /1,302,164 sq ft

Estimated GDV*
€2.605bn

Expected Certifications
BREEAM UK New Construction
WELL

*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting, construction delivery and commercialization.

Location
Clerkenwell, London

Expected delivery*
2021

Architects
John Robertson Architects

Status
Under Construction

Estimated GLA
13,229 sq m /142,393 sq ft

Estimated GDV*
€283m

Expected Certifications
WELL Certified Platinum
BREEAM Outstanding
Wired certification

Bloom

Bloom Clerkenwell occupies a location in London only matched by our own Elizabeth House project. It is sat adjacent to the newly built Farringdon Station – already one of the capital's most important transport hubs and soon to be further enhanced through the opening of the Elizabeth Line – and falls within the vibrant Clerkenwell neighbourhood, a focal point for London's creative industries.

The John Robertson Architects designed 13,229 sq m (142,393 sq ft) building will meet the highest standards of office wellbeing, catering for a variety of businesses that truly value the importance of having a well-designed and sustainable workspace where their employees can thrive.

Bloom Clerkenwell offers direct access to London's Cycle Superhighway, along with 243 cycle spaces, a 110 sq m (1,200 sq ft) multi-function training studio, events auditorium and more terrace spaces than any other office building in London of its size – helping to extend the working day beyond the desk. It is then connected to the thriving neighbourhood in which it sits through an activated ground floor public retail offering.

Testament to the quality of the building, we are aiming for Bloom to be among one of the first buildings in London to achieve a combination of BREEAM Outstanding, WiredScore Platinum and WELL Certified Platinum ratings. Its sustainability credentials are enhanced through its connection to the neighbouring district heating and cooling system, Citigen, which removes the need for high carbon energy-producing boilers and chillers on-site.

In October 2019 we achieved a key construction milestone as we 'topped out' the building meaning that the main structure is now complete, and we are now concentrating on adding its beautiful terracotta facade and delivering the spaces inside. The building is targeting competition in Spring 2021 and we are working to announce a potential occupier in the very near future.

DSTRCT.Berlin

Work. Eat. Meet… Repeat.

There's a new address – DSTRCT.Berlin – tailor-made for Berlin's creative and tech-led communities to get the most out of their day.

The multipurpose DSTRCT.Berlin is nestled between vibrant Friedrichshain and Prenzlauer Berg, just next to a major public transport hub and only a few minutes from Alexanderplatz and downtown Berlin. The new building's modern curves and hi-tech, symbiotic features are complemented by the charm of the former slaughterhouses – with four old halls currently under careful reconstruction to create a multifaceted destination with a new approach to business.

Because we want to integrate the development into the district as a whole, we've taken inspiration from our neighbours too. In particular, the Velodrome – the heart of Berlin's cycling scene – has driven the plan to install a large cycle garage which, along with other facilities and events, will encourage users to be active and focus on their wellbeing.

The current leasing status has a range of tenants that now account for 32% of the area. Two of them, STRATO AG and 1&1 IONOS, will bring 550 people to work in 15,864 sq m of the site – a space larger than 60 tennis courts.

The entire concept revolves around 'Work. Eat. Meet.' and aims to connect the local and emerging communities so they can share and contribute to the area's new character. Indeed, local residents, workers and businesses are invited to regular Neighbour Days for open discussions on the project and its development.

Wellbeing is at the heart of the people-centric design, with spaces for cultural events and eateries combining with a new office world to create a buzzing, cohesive district. We're applying for DGNB Gold status – which will prove DSTRCT.Berlin's sustainability credentials – and we have already received WiredScore Platinum certification, reflecting its superior tech capabilities.

WELL certification is naturally a must: we make applications for every single one of our projects. DSTRCT.Berlin is no different.

*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting,construction delivery and commercialization.

Location
Landsberger Allee, Berlin

Expected delivery*
2021

Architects
Gewers & Pudewill

Status
Under construction

Estimated GLA
Approx. 49,015 sq m

Estimated GDV*
€373m

Certifications
Pursuing DGNB Gold
WiredScore Platinum certification approved
WELL Precertified Gold

Varso Place

What makes Varso Place special? It's primarily due to its mixed-use character that brings together a number of other new developments to dramatically regenerate a location that's been left aside for some time.

Equally, it's not just a business address. The public is welcome here too. The buildings will have open areas including a covered walkway lined with shops and restaurants. And we're particularly looking forward to welcoming people to Varso Tower's spectacular public observation deck. In short, the positive change to the neighbourhood will be enormous.

2019 was a big year for the project. A syndicate of Santander Bank Polska, Bank Pekao, Helaba and UniCredit agreed to a €350 million loan for us to develop three Varso Place buildings – Poland's largest ever construction loan.

A lease deal was brokered with Bank Gospodarstwa Krajowego (BGK) too. Recognised as one of Poland's best employers, they were attracted to the site's numerous wellbeing features and will bring over 1,200 employees to the site this spring.

The central building is now also almost fully leased. Many of the tenants will add to the district's health and wellbeing scene, including a two-storey Zdrofit fitness club, a PZU Zdrowie health centre and a four-star NYX Hotel, known for its artistic and tranquil interiors.

So, there's a lot to look forward to and Varso Place is already winning admirers. National Geographic featured it in their new TV series, 'Europe From Above'. The show captures unique human creations as well as natural gems – and the Tower looked magnificent set against Warsaw's city centre.

It should be finished by the end of 2021. As well as being an architect's dream project, we plan to fill it with state-of-the-art technologies and well-equipped, healthy offices.

Location
Chmielna, Central Business District, Warsaw

Expected delivery*
Varso I – 2020
Varso II – 2020
Varso Tower – 2021

Architects
Foster + Partners, HRA Architects

Status
Under construction

Estimated GLA
143,806 sq m

Estimated GDV*
€971m

Certifications
First WELL Core&Shell Precertification at the Gold level in CEE
BREEAM NC "Outstanding" precertified

*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting, construction delivery and commercialization.

Location
Burakowska, Wola district, Warsaw

Expected delivery*
Forest I – 2020
Forest II – 2021

Architects
HRA Architects

Status
Under construction

Estimated GLA
78,306 sq m

Estimated GDV*
€325m

Certifications
BREEAM Communities 'Very Good'
BREEAM NC 'Excellent' precertified
WELL Precertified Gold

Forest

Forest will ensure a healthy, productive and creative environment for employees of different companies, from corporations to startups. Designed by HRA Architects, the office campus will feature Warsaw's largest office space on a single floor (nearly 8,000 sq m).

Young entrepreneurs will appreciate a large coworking space and the less formal setting of a place where life goes on after hours. We are going to place a food hall on the ground floor with various restaurants and coffee houses and a connecting courtyard and green areas the size of two football pitches between the buildings.

Construction went into high gear in the summer of 2019. Towards the end of 2019, earthworks were almost completed and the first building works are already reaching ground level. The lower campus part of Forest will be ready by the end of the year. The 120-metre high tower is scheduled for completion in autumn 2021.

*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting, construction delivery and commercialization.

Agora Budapest

World-class architects from London and Hungary collaborated to create this new landmark in one of Budapest's busiest transportation hubs.

The construction is moving forward at a steady pace, with a whole host of community-led features and facilities coming alive this year that are all inspired by local research. Together, they'll enhance the productivity and health of the people who work in the buildings and provide a rich mix of services that make everyday life simpler.

Agora Budapest has become the first commercial building in Hungary to be given BREEAM Communities pre-certification. And two pre-certifications have gone to our Agora Budapest Hub and Tower in the BREEAM New Construction Design Stage. If they pass, the Hub will boast the same environmental credentials as Bloomberg in London and the Edge in Amsterdam.

The future is already looking rosy. Raiffeisen Bank will move its more than 1,300 employees there before summer, where effectively two separate office locations will merge together in Agora Tower to create the bank's new headquarters. Origameo has planned their workspace and created a tailored office that fuels cooperation, productivity and greater employee wellbeing.

Raiffeisen will be joined by British Petrol's 1,800-strong Global Business Services employees this summer, a deal that was among the largest in the city last year.

The leasing department also closed deals with the first retailers and services (based on local research), including a Manna ABC supermarket, a quality coffee shop by Caffé Vergnano, a store from the dm-drogerie chain and the popular Hungarian restaurant chain, Belvárosi Disznótoros.

The district is attracting investors too: a new €140 million joint loan for construction and development from Erste Bank Hungary and Raiffeisen Bank was one of the local market's largest last year.

*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting, construction delivery and commercialization.

Location
Vaci Office Corridor, Budapest

Expected delivery*
Agora Tower – 2020
Agora HUB – 2020
Agora II – 2024

Architects
Make Architects, Finta Studio

Status
Agora Tower – Under construction
Agora HUB I – Under construction
Agora II – Planned

Estimated GLA
131,861 sq m

Estimated GDV*
€554m

Awards
CIJ Awards Hungary 2018
Portfolio Property Awards 2018
Best Leasing Transaction of the Year
CIJ Awards 2019
CRE Awards 2020

Certifications
Pursuing WELL Certification
Pre-certifications BREEAM New Construction Design Stage "Outstanding"/"Excellent"
Pre-certifications BREEAM Communities

New Nivy

Europe's largest construction site, the New Nivy zone encompasses a number of separate developments, including the exceptional Nivy Station – a bus station of international significance, accompanied by a contemporary shopping destination and a fresh food market. The zone is a modern city centre; a revitalised brownfield that's set to become the capital's vibrant new business district. We're pursuing the BREEAM Communities international standard, for which we were the first developer to apply. Our development will also bring much wider community benefits: green spaces, retail options and greater connectivity.

Location
Mlynske Nivy Street, New Nivy zone, Bratislava

Expected delivery*
2021

Architects
Benoy, Siebert+Talas

Status
Under construction

Estimated GLA
102,160 sq m

Estimated GDV*
€372m

Certifications
Pursuing BREEAM NC

Nivy Station

Nivy Station is unique. It's a combination of an international bus terminal, traditional and modern retail schemes, lifestyle and breakthrough concepts, a fresh food market and a green, walkable public roof.

The design draws inspiration from our years of experience, feedback from clients and the latest retail trends. We have thought about everything: from the natural movement of people to the maximum efficiency of operations. Combined with an affordable location and high standards, Nivy Station will create a new way of life for the city.

*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting, construction delivery and commercialization.

Nivy Tower

Imagine a unique location in the heart of the new city district with fantastic public transport connections and a cycle-friendly environment. Add in smart technologies, the country's fastest lifts and signature services like workspace counselling, asset management and flexible leasing, and that's what you can expect from the 125m tall Nivy Tower – Slovakia's tallest office building – with BREEAM and WELL certifications as the cherries on top. Welcome to Nivy Tower.

Location
Mlynske Nivy Street, New Nivy zone, Bratislava

Delivery
2020

Architects
Benoy, Siebert+Talas

Status
Delivered

Estimated GLA
32,732 sq m

Estimated GDV*
€132m

Expected Certifications
BREEAM NC
BREEAM Communities
WELL

*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting, construction delivery and commercialization.

Location
Prievozska, Bratislava

Expected delivery*
2022

Architects
Make Architects, Siebert+Talas

Status
Planned

Estimated GLA
53,519 sq m

Estimated GDV*
€179m

Expected Certifications
BREEAM NC
BREEAM Communities

New Apollo

The office scheme with Slovakia's biggest floorplan, New Apollo sits at the entrance to the New Nivy business district. A wide range of services are planned along with incredible bike arrangements – where you can cycle to work and get off at the bike hub, have a coffee with other riders and eat lunch in the shade of the green atrium's colonnade. Convenience, wellbeing and effectiveness have been considered at every stage – ensuring everything's in place to make work and everyday life go smoothly.

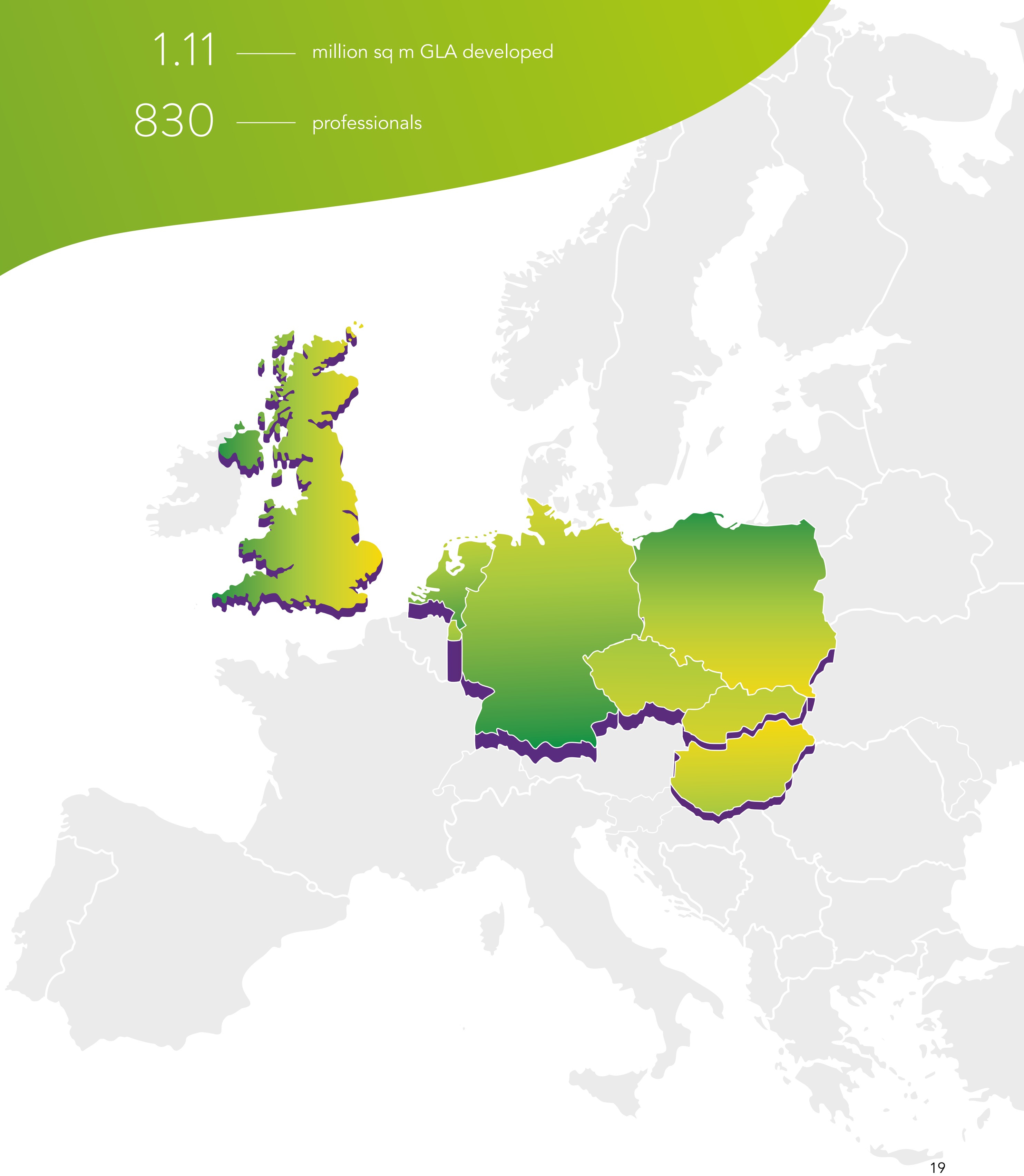
*Estimated GDV and project delivery are subject to the successful closing of acquisitions, permitting, construction delivery and commercialization.

04 Group Overview

1.25 — million sq m GLA under preparation

1.11 — million sq m GLA developed

830 — professionals



United Kingdom

€94.6	operating profit
€643.1	in investment property
36,021	sq m GLA developed
134,204	sq m GLA under preparation
75	professionals

Germany

€47.9	operating profit
€172.3	in investment property
89,495	sq m GLA under preparation
30	professionals

Poland

€161.6	operating profit
€834.2	in investment property
253,062	sq m GLA developed
262,487	sq m GLA under preparation
156	professionals

Czechia

€19.6	operating profit
€69.5	in investment property
160,062	sq m GLA developed
124,584	sq m GLA under preparation
27	professionals

Slovakia

€115.6	operating profit
€704.6	in investment property
637,824	sq m GLA developed
508,101	sq m GLA under preparation
470	professionals, incl. HQ based

Hungary

€84.1	operating profit
€284.1	in investment property
21,603	sq m GLA developed
131,861	sq m GLA under preparation
72	professionals

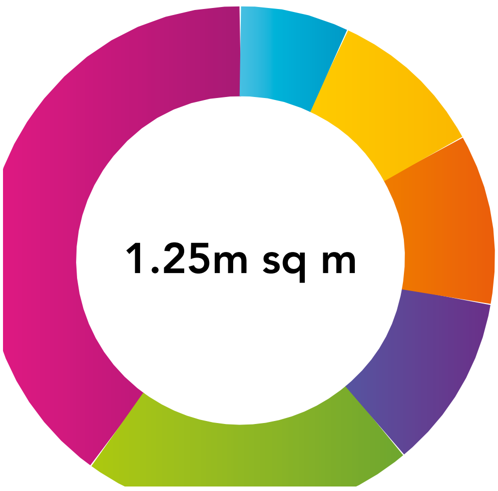
Note: Figures are as of the end of 2019 and based on internal management reports listing countries with real estate projects.

Project pipeline

Planned GLA by phase

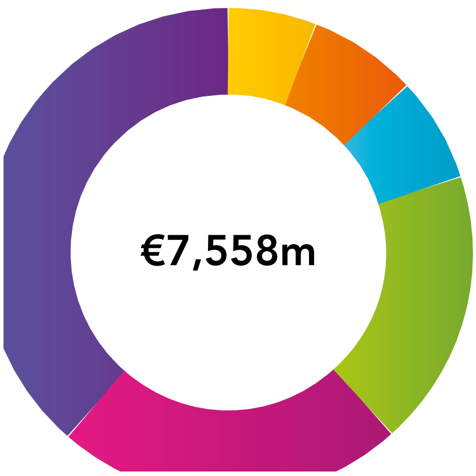
- **56%** Projects under construction
- **39%** Unpermitted pipeline
- **5%** Permitted pipeline

Planned GLA by country



- **11%** (134,204 sq m) United Kingdom
- **7%** (89,495 sq m) Germany
- **21%** (262,487 sq m) Poland
- **10%** (124,584 sq m) Czechia
- **40%** (508,101 sq m) Slovakia
- **11%** (131,861 sq m) Hungary

Market value upon completion by country

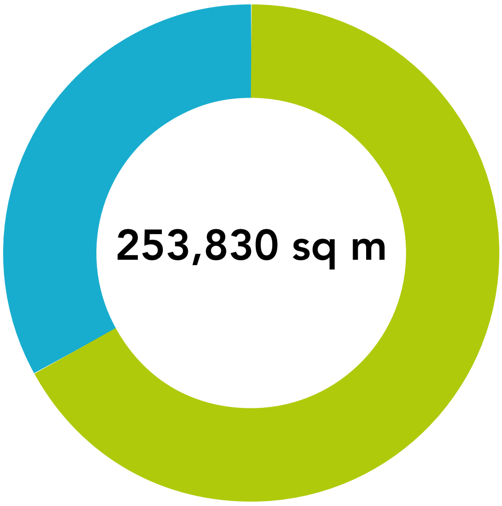


- **38%** (€2,888m) United Kingdom
- **7%** (€514m) Germany
- **19%** (€1,395m) Poland
- **6%** (€463m) Czechia
- **23%** (€1,744m) Slovakia
- **7%** (€554m) Hungary

Note: Figures based on external expert valuations and internal management reports.

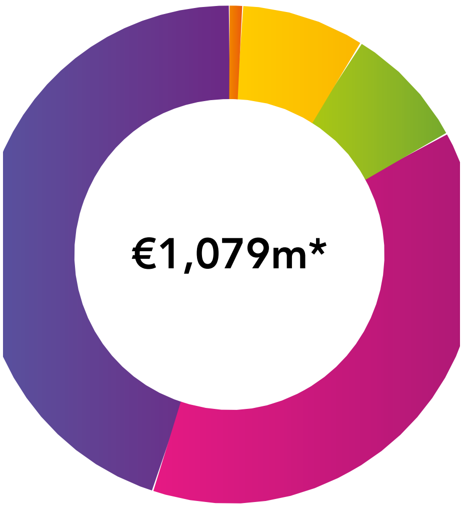
Asset Management

Managed GLA 253,830 sq m



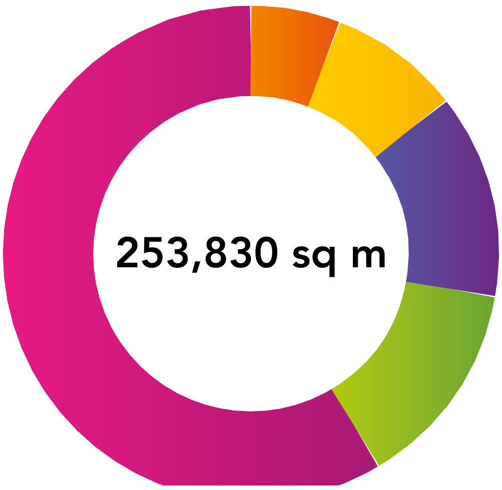
- **67%** (169,350 sq m) HB Reavis Asset Management
- **33%** (84,480 sq m) HB Reavis Investment Management

Market value by country



- **45%** (€484m) United Kingdom
- **8%** (€89m) Poland
- **8%** (€89m) Czechia
- **38%** (€408m) Slovakia
- **1%** (€10m) Hungary

Managed GLA by country



- **13%** (33,748 sq m) United Kingdom
- **14%** (34,468 sq m) Poland
- **9%** (22,150 sq m) Czechia
- **58%** (148,410 sq m) Slovakia
- **6%** (15,037 sq m) Hungary

Note: Figures based on external expert valuations and internal management reports.

05 Countries Overview

United Kingdom

From the CEO
2019 was the year of uncertainty that became even more uncertain. The protracted negotiations for the UK's departure from the European Union was amplified by a series of dramatic political votes on what an acceptable exit deal could look like, culminating in the resignation of the Prime Minister. This triggered a leadership election within the leadership party which gave some certainty on the exit deal and then led into a general election set against the backdrop of a slowing economy.

For HB Reavis in the UK, however, we saw one of our strongest years to date. Our commitment to putting our customers at the heart of all our decision making combined with our unique and flexible delivery model resulted in us finishing the year without any office space - neither completed nor under construction –available to lease. We also saw meaningful growth in the rental values that we were able to achieve, with all transactions ahead of valuation, further endorsing our approach to create the very best workspace for both companies and their employees that use them.

The definition of what is the "best" workspace is continues to evolve and we can see the emergence of the key themes of people, productivity and planet as the key drivers for the future of our industry. Our portfolio in the UK is positioned strongly to respond to these themes. We have developed from a 'bricks and mortar' developer to providing innovative services which help provide solutions around these key themes and have a strong resonance with both potential and existing customers.

Through our early adoption of wellbeing as a key focus, we provide workspaces which can have a positive impact on people. Our flexible occupational offerings along with our data-driven analysis of space usage allow us to offer our customers enhanced productivity. In addition, our adoption of leading technology combined with thoughtful design is resulting in our buildings having a greatly reduced impact on the planet.

As a result of our overall strategy and performance in 2019, I am totally confident that we remain at the very forefront of the substantial changes that our industry continues to experience and are positioned in a way to maximise the opportunities they will continue to create.

Economy

The economy in 2019 was relatively inconsistent and volatile based on changes to the timing on domestic Brexit related decisions along with political uncertainty around the leadership of the Conservative party and the subsequent general election. As a result, overall growth remained positive at 1.4% which was marginally higher than the 1.3% recorded in 2018. The final quarter of 2019 saw zero growth overall but after the general election, which seems positive for business, we saw growth return in December 2019 with firms committing to hiring and investment which had been put on hold.

The labour market continued to be strong with both the unemployment and employment rates hitting new records. 2019 also saw its first sustained period of wage growth in a decade, accelerating to above 3% with further positive indicators that the average weekly wage (adjusted for inflation) reached the pre-2008 financial crisis peak. Inflation also moved in the right direction with the CPI reading of 1.3% being the lowest for over 3 years and the inflationary outlook for the short term looks benign. Whilst the consumer's appetite to take on additional leverage remains subdued, the simultaneous pickup in wage growth and lowering of inflation allowed households to start to strengthen their financial position with a modest increase in the savings ratio, which had been at record lows.

The London economy continues to outperform the reset of the country in terms of economic growth and also workplace-based employment, with Central London seeing the highest level of office-based employment growth across the country, which is clearly positive for our London focused portfolio.

The outlook for monetary and fiscal policy remains positive with a Conservative government looking to offer support to the economy as it works through the Brexit and political headwinds of 2019.

The outlook for interest rates remains neutral with The Bank of England most probably keeping a "wait and see" attitude towards the impact of the decisive election result before deciding which way to move on interest rates. However, we do not see the risk of materially higher rates in 2020 and see the projected increase in rates delayed again until 2021.

The overall picture of the UK economy remains positive albeit with a sluggish growth forecast for 2020 of only 1%. The key risk looking forward will be the outcome of the negotiations on the future economic relations of the UK with both the European Union and the rest of the world. This will shape the UK's longer-term growth potential.

The Market

The occupational market continued its strong performance in 2018 into 2019 with total take up of just under 12 million sq ft (1.1 million sq m), which was 7% lower than the level seen the previous year but still ahead of long-term averages. As with 2018, we saw both larger and earlier transactions characterising the market as an increasing number of high-profile occupiers seek to secure the relatively small amount of available supply of best in class workspace. 2019 saw the highest number of transactions over 50,000 sq ft (4,600 sq m) in five years and continued the trend of 30% of all transactions being pre-lets that we have seen since 2013.

Our view is that London will continue to have one of the world's most attractive employee demographics which address the skills that employers are looking for: a young, highly educated, innovative and dynamic workforce.

Given the competition for the best workspace, we saw the return of rental growth during the year but this was not consistent across all sub-markets and varied depending on product quality. However, in Farringdon and Southbank, where we currently hold the majority of our portfolio, we experienced rental growth of 8.2% and 6.1% respectively, compared to 3.7% in the City core. Looking ahead we expect to see further inflationary pressure on rental values in 2020 as the imbalance between supply and demand for the type of size and quality of developments we carry out continues, as there are currently just 13 occupiers that are able to satisfy requirements of 107,600 sq ft (10,000 sq m).

When looking at the supply side, with the development pipeline we continue to see opportunity as there continues to be a lower than average commencement of new development, a more challenging planning environment to secure consents and 54% of all space under construction is already pre-let.

Investment transactions in Central London for 2019 were reduced by nearly 40% on 2018 and were 30% down on the five-year average due to Brexit and political uncertainty for the majority of the year. However, transaction volumes rebounded strongly post election result with just under 45% of the total volume for 2019 being recorded in the final quarter. Despite the low volumes pricing remained robust. Given the return of rental growth, high investor demand and London's relative attractive pricing to other gateway cities, we anticipate seeing yields moving in during the course of 2020.

Our Performance

The most significant achievement during the year was obtaining a resolution to grant planning consent for the re-development of One Waterloo (Elizabeth House at Waterloo). Lambeth Council voted unanimously in favour of the 1.3 million sq ft (120,975 sq m) scheme which will transform this area of London. The scheme will be one of the highest profiles in London and is a game changer for HB Reavis as we develop a scheme that will provide the highest quality of workspace, public squares, a new retail street and a one-acre garden that will be directly accessed from Waterloo Station. We are very excited to commence the first phase of construction works in 2020.

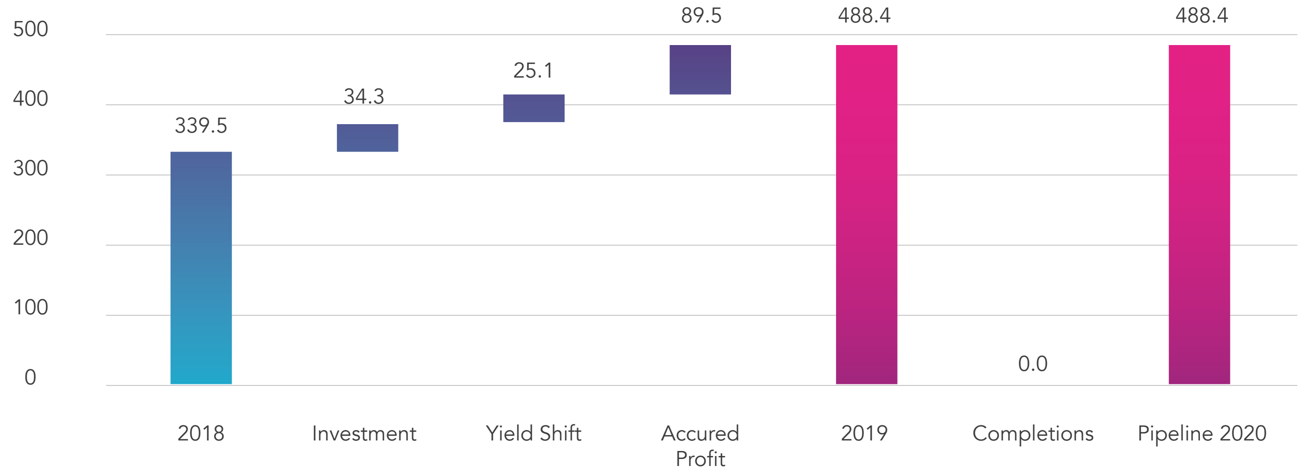
At 20 Farringdon Street, we successfully achieved the building being 100% let with clear evidence of rental growth secured during 2019. We also deployed our innovative leasing concept of "plug and play" in the building which offered our customers on demand but personalised space. We secured a pre-let to TMF Group before commencing the works, achieving a significant net rental premium. Our coworking concept, HubHub also opened in 2019 and performed well and attracted a wide and diverse selection of members of different sizes and sectors, building an inclusive and innovative community. This is the first building in London where the owner of the building has directly offered four different options for customers to choose from, a concept that we plan to roll out in other developments given its success.

At our development at Bloom Clerkenwell, we successfully commenced construction works and "topped out" in the last quarter of 2019. When completed in 2021, the building will be one of the very first in the world to have BREEAM "Outstanding", WELL Platinum and WiredScore Platinum and will be a flagbearer for new developments' need to focus on sustainability, wellness and digital connectivity. The building has generated a huge amount of early customer interest and we ended 2019 with 100% of the workspace under offer.

Note: The impact of COVID-19 was not known at the time of the preparation of the text.

HB Reavis Development UK	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2019
		2017	2018	2019				
Projects under construction	13,229	0.0	57.8	151.0	11.9	282.9	93.3	21.0
Projects in preparation	120,975	281.8	281.7	337.4	107.7	2,604.7	55.6	13.3
Total 2019	**134,204**	**281.8**	**339.5**	**488.4**	**119.6**	**2,887.6**	**148.9**	**34.3**
Total pipeline for 2020	**134,204**	**281.8**	**339.5**	**488.4**	**119.6**	**2,887.6**	**148.9**	**34.3**

Changes in UK development property value in €m



Project	Status	Expected GLA (sq m)	Expected GDV (in €m)	Expected Delivery
One Waterloo A	Planned	90,427	1,904.9	2024
One Waterloo B	Planned	30,548	699.8	2025
Bloom Clerkenwell	Under construction	13,229	282.9	2021

Note: Figures based on external expert valuations and internal management reports.

Germany

From the CEO

Upon looking back at 2019, we can see a lot of things our team can be proud of. In general, it proved our decision to enter the Berlin market as undoubtedly right. Our first project under construction – DSTRCT.Berlin – has attracted a lot of attention from market players. Still to be completed in summer 2021, the project is already 32% leased. It is clear confirmation of our strategy – to focus on the wellbeing of our users while broadly using digital work space technology (Symbiosy). On the people side, our growing Berlin team of almost 30 professionals is very well positioned now to deliver both the Berlin and Dresden projects, as well as focusing on new development opportunities in all key German centers.

Note: The impact of COVID-19 was not known at the time of the preparation of the text.

Economy

The German economy gradually overcame its weak phase and was able to recover dynamically as of the end of 2019. Although GDP growth in 2018 was still 1.5%, in 2019 the economy grew only 0.6%. For 2020, modest growth of 1.1% is forecast. A positive development on the consumption side – due to increasing employee income, tax relief, as well as increasing state expenditure – contrasts with the continuing challenges in industrial production, which is overwhelmingly export oriented.

The labour market in Germany set another record in 2019 but deteriorated slightly as of the year's end. With 45.3 million employed last year, the highest employment level since German reunification in 1990 was achieved. At the same time the unemployment rate stagnated at 4.9%, a low level at the end of the year. The forecasts for 2020 anticipate no serious fluctuations and expect an unemployment rate of around 5%.

The Market

For years now, the real estate market has been characterised by a shortage of office space. In 2019, the top 7 cities recorded office space taking up 3.9 million square meters, that is a 4% increase compared to the previous year. More than 1 million square meters of office space were newly let just in the German capital of Berlin. Vacancy rates declined sharply throughout the country and lies at only 2.9%, in Berlin merely 1.2%. The vacancy rate will also remain unchanged at this low level in 2020. As Berlin's new office supply (more than 1 million sq m under construction) is already half pre-leased, it seems we will continue to operate in a landlord-driven environment for some years to come.

Hence, rent price developments in the office segment were dynamic. The average rents for office spaces in the top 7 cities of Germany rose by 4%.Prime rents were obtained in Frankfurt am Main and lie at €45.50 per square meter as of year's end 2019, with rents of €39.90 per square metre in Berlin and €39.50 Munich. The average office rent in the capital, Berlin, was the highest at €26.30 per square metre. While the office take-up might decline slightly in 2020, this will hardly have any influence on rent levels due to low vacancy and limited supply.

In a global context, Germany has confirmed its position as an extremely popular destination for commercial real estate investments as investment volumes rose significantly in 2019. Turnover exceeded €71 billion; just 20% (18.2 %) more than in 2018. Berlin clearly outperformed other cities reaching unprecedented 70% y-o-y growth. Given the low interest rate environment, experts forecast high demand will continue, whereas overall volume might be affected by a relative lack of new products.

Our Performance

Last year, our primary focus was the DSTRCT.Berlin project, a 49,015 sq m A class office scheme – an attractive combination of modern spaces and historical "red brick" industrial halls, located directly on the S-Bahn ring. We are creating a unique project here in many aspects. It will not just be premium office work space. In cooperation with heritage authorities, we are keeping the original spirit of the place and protecting selected street-art paintings chosen by Berlin art experts. The revitalisation of the historical buildings will not only bring a new office edifice to the German capital, it will transform the area into a buzzing area full of cultural events and great culinary options. We will also provide space for local ateliers to support the local art scene. Last but not least, through a series of "Neighbour Days" we established transparent relations with our residential neighbours and the local community.

On the development side, we managed to achieve all the necessary permits and accelerate construction work, using our internal construction management and procurement teams instead of the traditional external GC model.

Leasing is another area in which we can be more than satisfied. In 2019, United Internet companies STRATO and IONOS (15,864 sq m) decided to choose our DSTRCT.Berlin project as their new place for business. We see it as clear confirmation of our strategy of focusing on innovative and healthy workspace solutions.

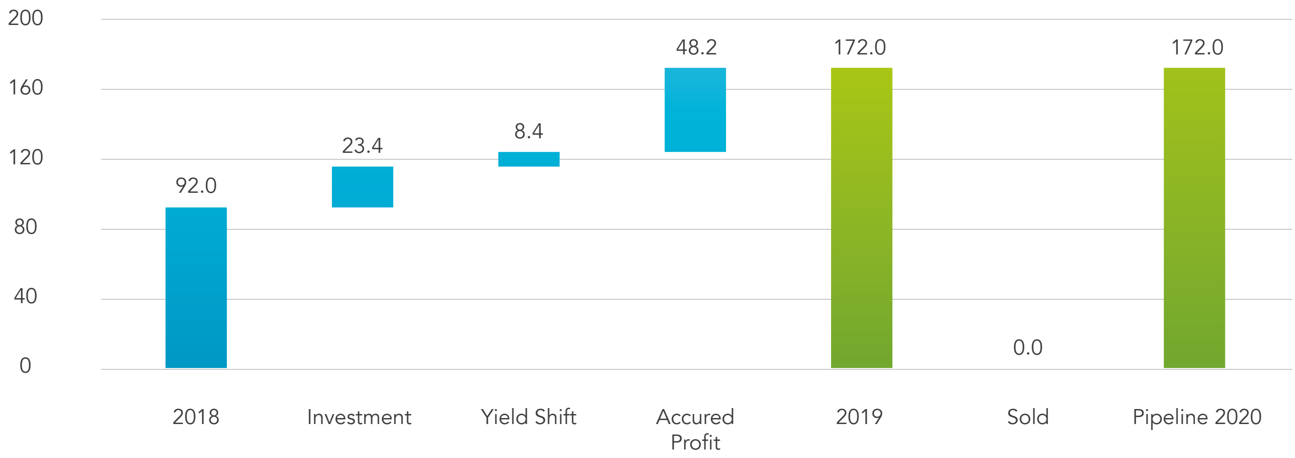
At the end of 2019, DSTRCT.Berlin became WELL pre-certified. This WELL certification proves the project is meeting all the standards of highly advanced buildings that support people's health. By being granted the pre-certification, we have created a solid base for reaching the full certificate of the WELL Building Standard (Gold). Keep your fingers crossed!

In our Dresden project, we have accelerated our concept design work and at the same time actively approached all relevant stakeholders in the city. The team is excited about the potential of the site, where construction is scheduled to start early next year.

This is no secret: it is all about our people, their talent, effort and engagement. I am happy to see that we've managed to strengthen the team, finalise the setup of our operational model and successfully accelerate our development, procurement and construction works. Looking ahead, the team is not only excited to progress our Berlin and Dresden projects, but is also ready for the new opportunities to come.

HB Reavis Development Germany	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2019
		2017	2018	2019				
Projects under construction	49,015	0.0	87.8	167.5	14.2	372.5	79.7	23.3
Projects in preparation	40,480	0.0	4.2	4.5	7.2	141.4	0.3	0.1
Total 2019	**89,495**	**0.0**	**92.0**	**172.0**	**21.4**	**513.9**	**80.0**	**23.4**
Total Pipeline for 2020	**89,495**	**0.0**	**92.0**	**172.0**	**21.4**	**513.9**	**80.0**	**23.4**

Changes in German development property value in €m



Project	Status	Expected GLA (sq m)	Expected GDV (in €m)	Expected Delivery
DSTRCT.Berlin	Under construction	49,015	372.5	2021
Dresden	Planned	40,480	141.4	2023

Note: Figures based on external expert valuations and internal management reports.

Poland

From the CEO

HB Reavis reinforced its position amongst the top real estate brands in Poland. The last 12 months were marked by important achievements that proved again that we are a highly trusted partner for financial institutions, international investors as well as the occupants of our workplaces.

We successfully continued our key developments in Warsaw throughout 2019. More than half of Varso Place is already pre-leased and its two lower buildings will open in H1 2020, while Varso Tower still needs several floors and months to be completed. Construction work on our green development inspired by nature – Forest – is now well underway.

We have also continued to observe a shift in tenants' needs. Employers expect a higher degree of service, convenience and flexibility from property developers and owners. Clients in Poland realise that their workplace is an important aspect in the competition for the best talent. Expectations of employees and employers regarding work-life balance and the need to spend time in places conducive to creativity, efficiency, productivity and health are factors that redefine both the management style in organisations and the way offices are planned, designed and operated.

Responding to these changes, we continue to provide Workspace as a Service to our existing and prospective tenants. Going beyond the expertise of a traditional real estate developer, our solutions Origameo, Symbiosy, More, HubHub and Qubes, are now gradually becoming available to our clients in Warsaw.

Following the successful divestment of West Station in H1 2019 which continued to prove the constant interest of investors in our assets, we are currently in exclusive negotiations regarding the potential divestment of Postepu 14 with the aim to finalise the transaction in H1 2020.

I am taking the opportunity to thank all of our colleagues and business partners for their continuous cooperation and support during 2019.

The Economy

The economic growth of Poland remained buoyant in 2019. Real GDP is estimated to have increased by 4.0%, driven by domestic demand, and, in particular, investment.

Private consumption growth is expected to remain strong in 2020, fuelled by favourable labour market developments, fiscal stimuli and strong consumer confidence. Further wage increases are expected to support private consumption, even though higher inflation is set to weigh on household purchasing power. Net exports are expected to have a neutral impact on GDP growth in 2020. Overall, real GDP growth is forecast to ease to 3.3% in both 2020 and 2021. Risks to this outlook are mainly related to the economic repercussions from the spread of COVID-19 and domestic investment trends.

The unemployment rate in December 2019 was fairly low at 5.2% with the number of registered unemployed people at 866.4 thousand.

The Market

The year 2019 was the third consecutive record year for the Polish real estate investment market. The total volume of transactions reached almost €7.8bn, representing an overall increase of 8% y-o-y. Offices were a dominant asset class comprising approximately 49% of the total volume and recording y-o-y investment growth of 37%. 65 office sector deals were closed in 2019 out of a total of 147 across all sectors. These numbers also include one of last year's largest transactions in Poland: the sale of our two West Station buildings for approximately €190 million. 2019 was a year of further yield compression, reported at 4.25% for prime city centre assets and this will probably continue in 2020.

Office tenant activity in Warsaw hit a record-breaking 878,000 sq m. 60% of that demand was represented by new transactions, 34% by renegotiations, whilst the remaining 6% were expansions. Pre-let contracts represented 26% of the total volume, the highest result in history. Total office stock in the capital city, where HB Reavis operates, amounted to 5.6m sq m at the end of 2019. In the course of the year, 17 projects delivered a total of 162,000 sq m, marking the lowest result in the last 10 years for the local market. The limited new supply in 2019 does not, however, represent a weakening in developer activity since there are currently 800,000 sq m of office space under construction in Warsaw. 2020 will see historically high volumes of new supply reaching the market, including Varso I and Varso II (75,000 sq m) as well as Forest's phase 1 (22,000 sq m).

High tenant activity combined with limited new supply has brought a decrease in the vacancy rate, which stood at 7.8% – the best result since 2012 – and even 5.3% in the city centre. In the year 2020, the vacancy rate is expected to decrease further, as planned new supply is at 70% pre-let or secured with LOI.

Increasing construction costs, high demand for office space and a low vacancy rate contributed to a slight increase in rent in 2019 – most notably in new office buildings.

A new trend in 2020 will be the impact of climate change on the investment market. For investors, this will have an impact on investment policy and due diligence.

Our Performance

In 2019, HB Reavis signed lease agreements for over 30,000 sq m of space in Poland. The most notable tenants for our workplaces in 2019 included Bank Gospodarstwa Krajowego (13,600 sq m), an extension of Samsung Electronics (5,300 sq m), the energy company Orsted (3,800 sq m) as well as Nvidia, Yves Rocher and Workday Poland.

The last 12 months were marked by two important achievements that proved again that HB Reavis is a highly trusted partner for financial institutions and international investors. We secured a €350 million construction loan to develop Varso Place. Granted by a syndicate of four banks, this is the largest construction loan in the history of the Polish real estate market. In early 2020, HB Reavis has also obtained a €162 million loan for the Forest business campus that's currently under construction in Warsaw.

In Warsaw, our mixed-use Varso Place and Forest are among the biggest projects of this type currently being developed in Central Europe. In 2020 – 2021 we plan to put into operation more than 220,000 sq m of workspace across Warsaw.

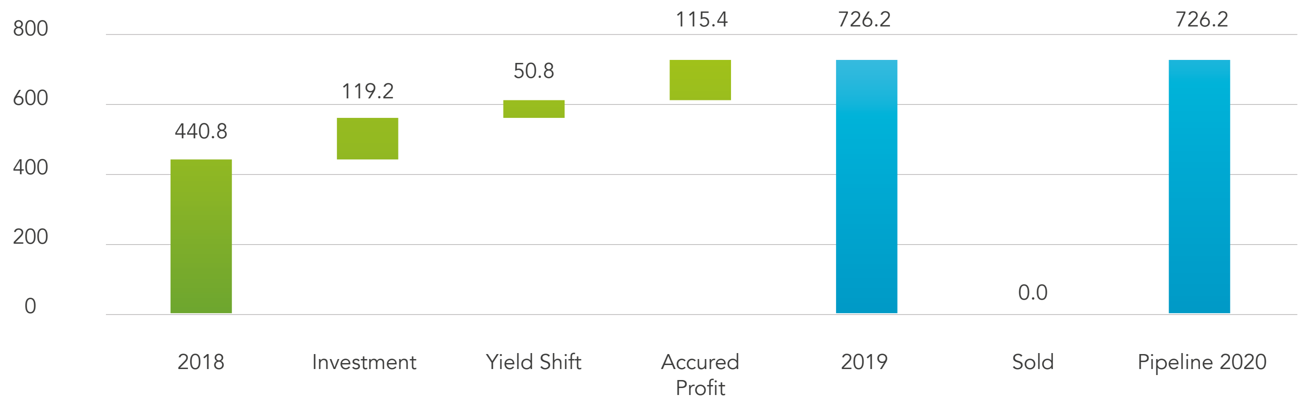
More than half of Varso Place, which is located opposite the Warsaw Central railway station, is almost completed, meaning the two lower buildings that will open in H1 2020. It will not only provide healthy workspaces supporting productivity and convenient retail opportunities, but will also have a positive impact on the neighbourhood, including the regeneration of Chmielna Street into a more pedestrian-friendly area.

Meanwhile, construction is now well underway at the Forest office campus on Burakowska Street, on the northern edge of the city centre. This ambitious development will respond to the needs of various generations of employees and provide healthy, productive and creative working conditions spread across a 120-meter tall tower and adjacent lower buildings.

Throughout 2019, we continued to observe a shift in tenants' needs. Employers expect a higher degree of service, convenience and flexibility from property developers and owners. Clients in Poland realise that the workplace is an important aspect in the competition for the best talent. Expectations regarding work-life balance and the need to spend time in places well served by public transport, conducive to creativity, efficiency and health are factors that redefine both management style in organisations and the way offices are planned. Responding to these changes, we provide tenants with Workspace as a Service, addressing their needs and maximising occupant experience. Going beyond the expertise of a traditional real estate developer, our solutions Origameo, Symbiosy, More, HubHub and Qubes are gradually being made available to our clients in Warsaw.

HB Reavis Development Poland	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2019
		2017	2018	2019				
Projects under construction	222,111	306.5	431.8	715.9	57.9	1,296.2	284.1	119.1
Projects in preparation	40,376	3.5	9.0	10.3	6.9	98.8	1.3	0.1
Total 2019	**262,487**	**310.0**	**440.8**	**726.2**	**64.8**	**1,395.0**	**285.4**	**119.2**
Total Pipeline for 2020	**262,487**	**310.0**	**440.8**	**726.2**	**64.8**	**1,395.0**	**285.4**	**119.2**

Changes in Polish development property value in €m



Project	Status	Expected GLA (sq m)	Expected GDV (in €m)	Expected Delivery
Varso I	Under construction	29,755	173.4	2020
Varso II	Under construction	44,234	303.9	2020
Varso Tower	Under construction	69,816	493.9	2021
Forest 1	Under construction	55,111	227.2	2021
Forest 2	Under construction	23,195	97.8	2020
Lodz	Planned	40,376	98.8	2023

Note: Figures based on external expert valuations and internal management reports.

Slovakia

From the CEO

2019 was a dynamic, successful and challenging year for us here in Slovakia.

We're not a real estate developer that builds single offices anymore. We're an international workspace provider developing entire districts, bringing together projects that form the foundation of a city's character.

These new zones not only give us an opportunity to deliver ambitious architecture, but also value-added services. To support this strategy, we have implemented a Workspace as a Service philosophy.

It's already coming to life in Bratislava's New Nivy zone – described by PropertyEU magazine as Europe's largest development. For proof of concept and an indicator of its attractiveness as an investment, you need look no further than the successful divestment of Twin City Tower – with the best ever yield for the Slovak market.

As Nivy Station nears completion, we were pleased to announce a substantial contract with Inditex Group, who'll bring their entire brand portfolio to the development. Mlynske Nivy Boulevard's reconstruction also continues at pace. We've successfully started redeveloping our New Apollo project and won permits for projects on Bottova Street, at the corner of Mlynske Nivy and Kosicka Street. Last but not least, we completed Slovakia's tallest building: Nivy Tower.

It's no surprise so many projects within the zone have won awards. But while there are individual successes, there's a story that binds them. This is a tight-knit ecosystem of large corporations, scaleups, startups and local residents. A community with the facilities, support systems and culture to help its users to increase Bratislava's competitiveness in terms of work, quality of life and ability to develop talent.

Our bonds too – issued twice during the year – were phenomenally successful, with the first issue selling out in under four days.

Economy

The economic performance in Slovakia in 2019 was quite steady. Following weaker growth in the Euro Area, the performance indicators of the Slovak Economy such as economic growth and the employment level slowed down and the speed of the inflation rate growth slightly increased. However, the shortage in the growth of GDP and the employment rate was not as big as was expected, and compared to EU performance, the Slovak economy remained without any change to economic policy.

The inflation rate measured by HICP increased by 0.3% (0.2% was expected) to 2.8%. The economic growth measured by the growth of GDP slowed down to 1.9% compared to the expected value of 2.4% and decreased by 1 percentage point compared to the previous year. The unemployment rate at the end of the year declined to a historical minimum at 5.7%. Nevertheless, the labour market's low capacity, tightening of economic growth and a slight increase in the growth of the inflation rate did not have any impact on the total economy and its competitiveness level was the highest in the last 5 years.

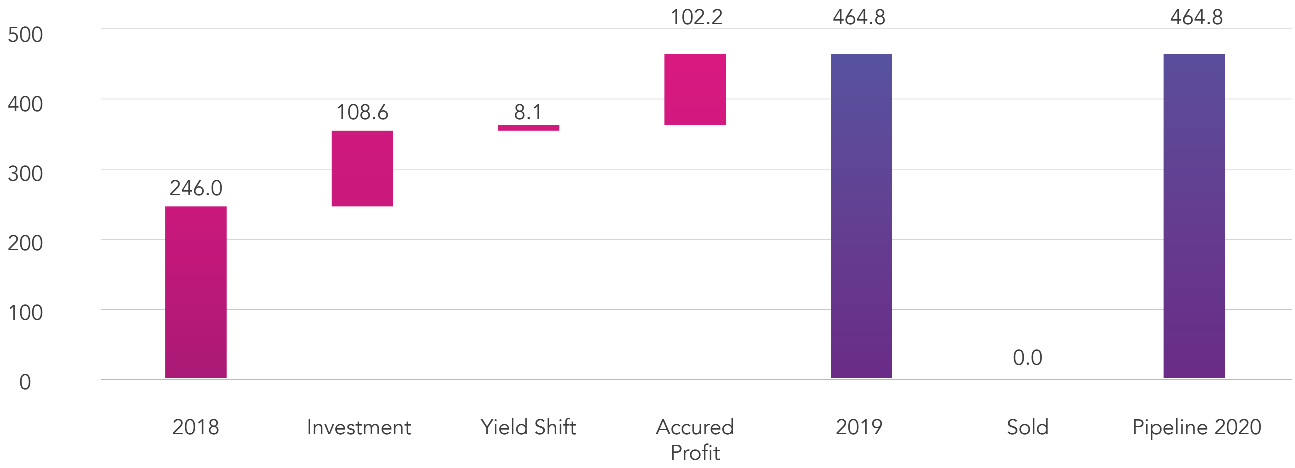
Market Overview

Even though the overall economic performance might have indicated a downturn, the construction sector in Slovakia reached its peak. It was caused by enormous investment activity in the local market. The gross capital formation which reflected the volume of investments in the sector was at its highest level of the last ten years. It reached 6.7bn Euros and its share of the GDP was 7.95%. The average size of CRE investment transactions increased this year compared to the previous year, which compressed the yields against the backdrop of continuously high take-up.

Construction production carried out per region remained the highest in Bratislava. Approximately two thirds of the 70,000 sq m of newly built premises were added to the office market by the end of 2019 in the capital. This increment has added to the supply which met high demand requirements and the rent prices per sq m increased to €17 within the city centre and business district. At the end of the year more than 127,000 sq m of office space was under construction, most of which lies in the city centre and city business district, both locations with high absorption potential.

HB Reavis Development Slovakia	GLA sq m	Valuation 2017	Valuation 2018	Valuation 2019	ERV	GDV	Value Change	Investment 2019
Projects under construction	134,892	92.9	157.2	327.2	28.7	504.9	170.0	108.4
Projects in preparation	373,209	82.8	88.8	137.6	73.9	1,239.5	48.8	0.2
Total 2019	**508,101**	**175.7**	**246.0**	**464.8**	**102.6**	**1,744.4**	**218.8**	**108.6**
Total Pipeline for 2020	**508,101**	**175.7**	**246.0**	**464.8**	**102.6**	**1,744.4**	**218.8**	**108.6**

Changes in Slovak development property value in €m



Project	Status	Expected GLA (sq m)	Expected GDV (in €m)	Expected Delivery
Forum Business Center II	Planned	16,654	44.9	2022+
Alfa Park	Planned	169,152	486.4	2025+
Nivy Hub	Planned	118,081	464.9	2023+
Nivy Lab	Planned	34,405	116.6	2022
Nivy Tower	Delivered	32,732	132.4	2020
Ryba	Planned	34,917	126.7	2025+
New Apollo	Planned	53,519	179.1	2022
Nivy Station	Under Construction	102,160	372.5	2021

Note: Figures based on external expert valuations and internal management reports.

Note: The impact of COVID-19 was not known at the time of the preparation of the text

Hungary

From the CEO

2019 took the Hungarian real estate market to new heights. I can proudly say that we took on the challenge and put all our efforts into delivering our flagship development, Agora Budapest, with an increased, strong and committed team.

During 2019 we announced that BP will move to Agora Budapest, which represented one of the largest new leasing transactions on the local market. As a result of the deal, 75% of the first phase of Agora has been pre-leased and will be occupied by thousands of Raiffeisen Bank and BP employees in 2020. Next to the office space, our team has successfully leased most of Agora's retail space, attracting a great mix of international and local tenants, such as the first Hungarian Vergnano Coffee Shop and Manna ABC.

Looking at the overall outcome of 2019, we truly believe that the stage is set for another prosperous year for the office ecosystem and new developments. Having said that, we are excited about starting the second phase of Agora Budapest.

Economy and The Market

If we'd like to use an expression that mutually describes the 2019 Hungarian economy and real estate market, it would be dynamic growth. GDP growth was 4.9% in 2019, very close to the 5% reported a year before. The increase was mainly influenced by rising household consumption, but other sectors like services and the construction industry had a significant impact too. The 3.5 % unemployment rate was a record low for this century.

This dynamic macroeconomic growth has affected the commercial real estate market positively, as it reached its own record leasing volume of 640,000 sq m, which is 17% more than the previous peak of 2015. There's never been a higher demand for offices in this country than last year and they are generally leased well before completion. Overall real estate investment figures were also strong at €1.7 billion and are expected to stay strong in 2020 as well.

Our performance

HB Reavis was ranked first for its European real estate pipeline by PropertyEU Magazine in 2019. We are currently building 5 of the 10 largest office projects in the pipeline, including Agora Budapest in the top 3.

Next to Agora, we have also successfully launched HB Reavis' coworking space concept, HubHub, which is located on Kiraly Street.

We have effectively introduced the company's Workspace as a Service concept, with a highlight on Symbiosy. For the local market, this is a technology and sensorics platform we use to gain insight on how to use space in the most effective way, how our collaborative networks work and what the quality of indoor environments is. This technology has been showcased to many of our clients and will be implemented in the Agora building as well.

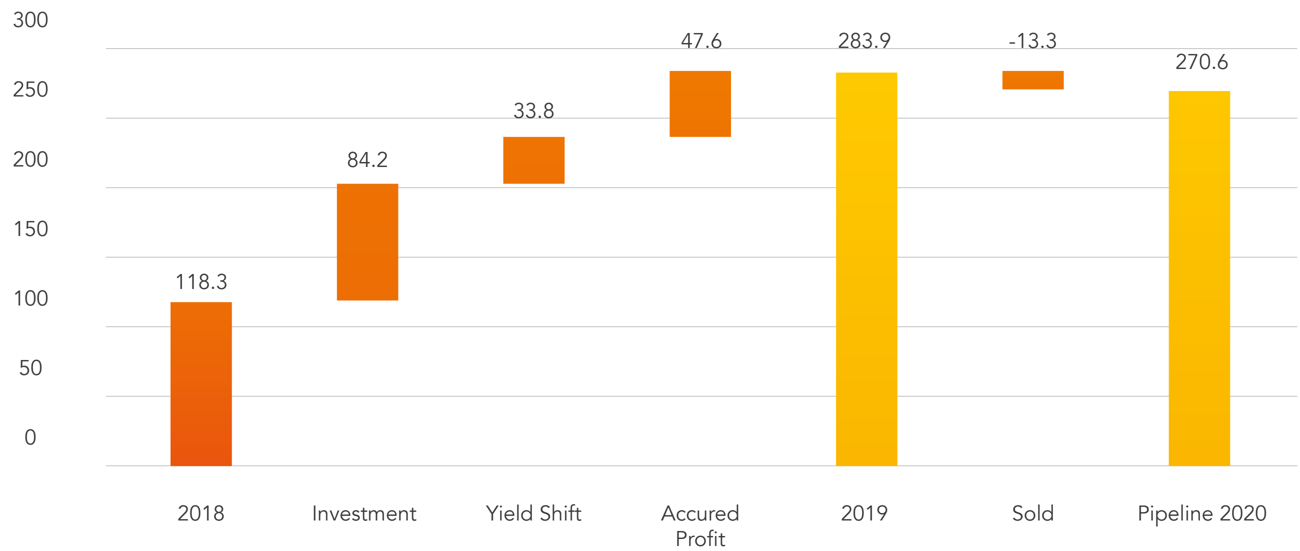
We're all looking forward to seeing Agora's first phase come alive in 2020. It will be also be the year for us to focus on starting the second phase, with approximately 60,000 sq m of office and retail development by 2023.

We are delighted that with the involvement of the local community and several other public organisations, we are about to deliver a space that is much more than just office buildings. Agora will be a true business and lifestyle hub, bringing a healthy and productive working environment to the market while inviting the local community to enjoy their free time here.

Our community focused and green approach was recognised with prestigious awards, the "Outstanding" and "Excellent" levels of BREEAM pre-certification. Moreover, the entire Agora scheme has been recognised by BREEAM Communities Interim certification, the first commercial project in Hungary to receive it.

HB Reavis Development Hungary	GLA sq m	Valuation			ERV	GDV	Value Change	Investment 2019
		2017	2018	2019				
Projects sold	30,421	13.3	13.3	13.3	6.4	97.4	0.0	0.0
Projects under construction	71,249	41.9	70.0	216.4	16.1	306.9	146.4	80.5
Projects in preparation	60,612	25.2	35.0	54.2	13.0	247.3	19.2	3.7
Total 2019	**162,282**	**80.4**	**118.3**	**283.9**	**35.5**	**651.7**	**165.6**	**84.2**
Total Pipeline for 2020	**131,861**	**67.1**	**105.0**	**270.6**	**29.1**	**554.3**	**165.6**	**84.2**

Changes in Hungarian development property value in €m

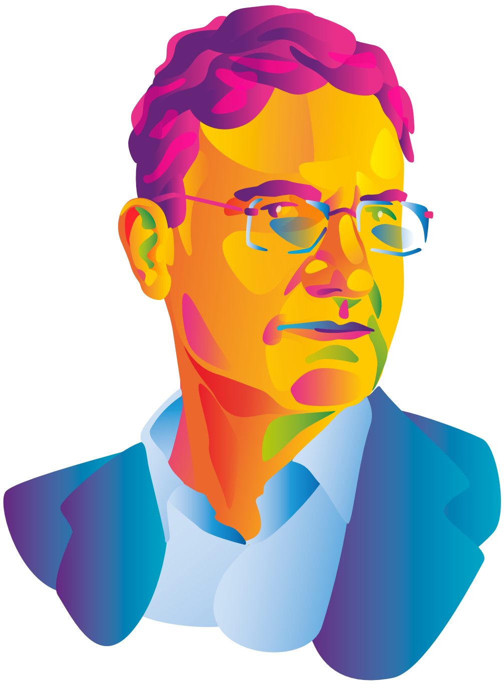


Project	Status	Expected GLA (sq m)	Expected GDV (in €m)	Expected Delivery
Agora Tower	Under construction	36,492	154.8	2020
Agora HUB	Under construction	34,757	152.1	2020
Agora II	Planned	60,612	247.3	2024

Note: Figures based on external expert valuations and internal management reports.

06 Board of Directors

Non-executive directors



Ivan Chrenko
Chairman

Ivan Chrenko is a co-founder of HB Reavis. He served as CEO of the HB Reavis Group from 1994 to October 2013.

Maarten J. Hulshoff
Non-executive director

Maarten Hulshoff chaired the HB Reavis Advisory Board for eleven years. Previously, he was CEO of Rodamco Europe and Rabobank International following a 19-year career at Citibank, holding a variety of senior positions internationally.

Pavel Trenka
Non-executive director

Pavel Trenka joined HB Reavis in 2007 and has since been responsible for the Group's overall strategy and international expansion. His previous positions include Associate Partner at McKinsey & Company and investment banker at IB Bank Austria. Pavel is a graduate of The University of Rochester's Simon Business School in New York, USA.

Executive directors

Marian Herman
CEO

Marian was appointed to the Group CEO position in March 2018. Marian has been our Group CFO and a member of the board since 2014. Before that he had been leading Investment Management and Divestment at HB Reavis since joining the company in 2010. Previously, he had worked in London for RREEF, Deutsche Bank and ING Group. Marian holds master's degrees in Finance from the London Business School and in Financial Management from the Comenius University in Bratislava, Slovakia.

Peter Ceresnik
Member of the Board

Peter joined HB Reavis in 2016 as a Group Leasing Director and was responsible for the overall leasing strategy, overseeing teams in Bratislava, Prague, Warsaw, Budapest and London. He was appointed to the Board in October 2017 and continues his contribution to delivering HB Reavis' successful workspace solution services and coworking scheme. Peter is an MBA graduate of the University of New York in Prague and City University Bratislava and has previous experience from the IT sector where he held leadership positions as the General Manager at Exe and Country Manager at both Microsoft and the SAS Institute.

Martin Miklas
CFO

Martin has been the CFO of HB Reavis since 2019. His previous responsibilities within the company were connected to the non-real estate businesses of HB Reavis shareholders. His rich expertise is backed by broad professional experience in chief finance positions in large utility companies such as RWE across multiple countries in Europe.

07 Our People

Our people are highly engaged and contributing team members.

This is one of three pillars of the company's vision. To achieve the expected progress in this area, in 2019 we focused on 3 main activities: our People Leadership Programme (PLP) – culture of leadership care, the HB Reavis Academy and the onboarding experience.

Since its implementation and rollout in 2018, we have recognised the PLP as the one and only performance management tool within the organisation. Based on feedback from the organisation, we implemented a few changes to make it even more impactful and flexible. These changes were focused on the frequency of feedback, longer and more flexible holistic feedback & aspiration cycles, improvement of the calibration process across teams, countries and the Group, and a higher alignment of holistic feedback with a compensation review to deliver consistent messages to employees. We also implemented a regular 'leadership survey' as a tool for the assessment and further development of our leadership capabilities.

As we believe people development is one of the most important topics for HB Reavis, we launched the HB Reavis Academy (further only 'Academy') in 2018 as a key building block of people's development at HB Reavis. The Academy is more an environment than an institution. It is built on a few main principles:

- The Academy reflects the strategy and values of HB Reavis
- The Academy promotes ownership and an accountability mindset
- The Academy is based on a mutual relationship – I take care of the company <–> the company takes care of me
- We invest where matters. Development activities by the Academy bring added value, both to the participant and the company

In 2019, we targeted our effort in a few areas. First, we wanted to provide a platform (training request app) to allow friendly usage and help people to follow key rules such the right budget allocation that supports strategic activities and development aligned with the agreed personal development plan in the PLP. As we believe development should be based on data, Power BI reporting was launched.

At the same time, we focused very intensively on the development of our leadership capabilities. We organised a series of leadership workshops, training sessions for the B-2 level and prepared a B-1 level competency model, made an assessment and development plan as well as proper succession planning.

We also focused on talent group identification and targeted people development via competency models, talent identification, the identification of development priorities and appropriate tools as well as setting personal development plans.

As we continue to have many new people to onboard, we strongly believe a well set up and organised onboarding & integration process for newcomers is key to allowing them to become successful and contributing team members in a short time.

Newcomer's journey

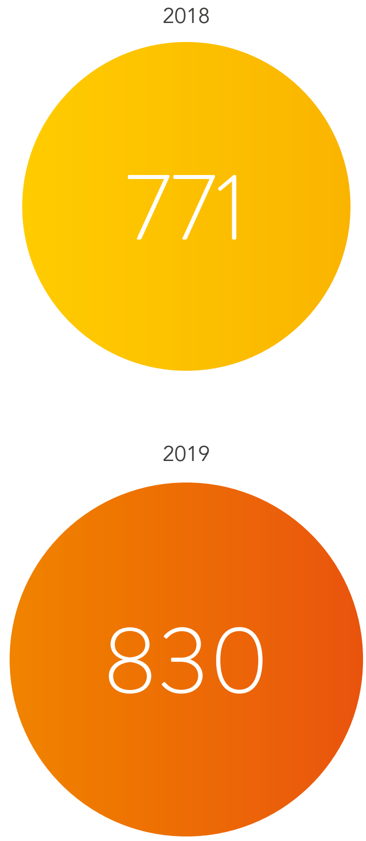
A mandatory 3 days programme taking place at the HQ office is designed for ALL newcomers to the HB Reavis Group on the first working Monday of the month. The programme focuses on newcomers, their personal mindsets and integrates them into the HB Reavis environment. Various internal stakeholders present our history, business model, strategy and vision. It also includes is a site visit. The goal is:

- to accelerate newcomers' orientation, understanding of the culture, mindsets, vision and strategy
- to provide newcomers with the necessary information that will enable him/her to get on board faster
- to provide a broader picture, networking with key stakeholders and "knowledge transfer" that is relevant to the job role

The integration phase is the period after international onboarding until the end of the trial period (typically the **first 3 months of the employment** (may vary for up to 6 months)).

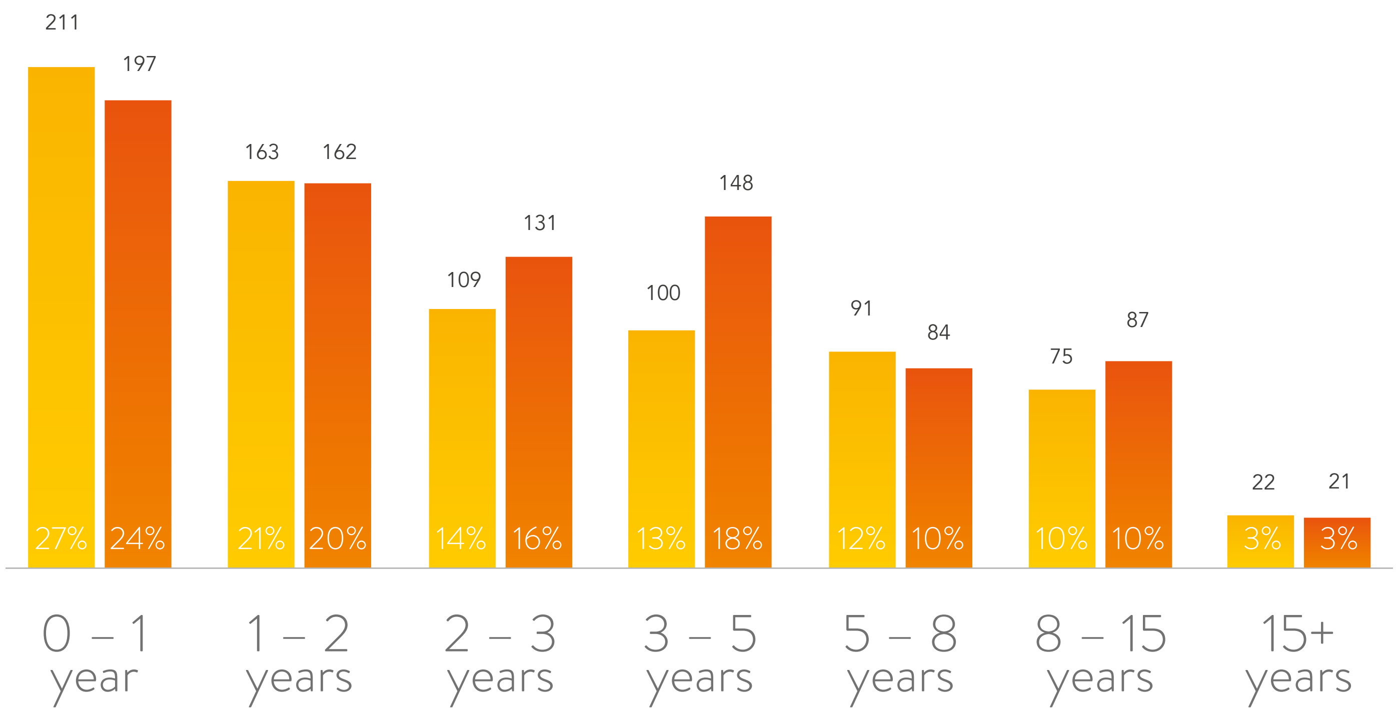
In this period, aspirations are being set and evaluated by the newcomer and the hiring manager. **A buddy system** is in place to support cultural and informal integration.

Headcount



Note: Figures based on Internal management reports.

Years with HB Reavis



08 Workspace as a Service

The Workspace of the Future is Being Built Around People

Over thousands of years, mankind moved from predominantly outdoor, farm-based vocations to working inside, in factories. But then, in just a few generations, we've seen the office become the most familiar workspace – effectively the symbol of work, and arguably the progress of the 20th century.

That said, although office work became common fairly recently, it's undergone rapid developments over the past 50 years.

New materials and construction techniques have helped office buildings and businesses to grow and employ hundreds or even thousands of workers in a small area.

And while managerial science, organisational structures and corporate cultures have grown in importance, office work environments have rarely been adapted to the dynamic changes of how 'work' is perceived.

"Workers have long been perceived as a resource, assessed on their performance and given optimal spatial organisation. But people are not evolutionarily adapted to a world of right angles, sedentary work and constant concentration for eight-hour periods. They're complex beings with unique personalities, ambitions and needs, as well as different work ethics."

This has led to a continual battle to maintain productivity and motivation, not to mention to alleviate any impact on the health and wellbeing of workers who spend so many hours in these kinds of environments.

The trends in architecture and workspace design have responded slowly to the challenge. As one of Europe's largest international workspace providers, we're passionate about providing a certain quality of life in the spaces we create. Thus, we have adopted a strategy known as Workspace as a Service (WaaS).

WaaS sees projects as more than just glass, concrete and square metres set aside for desks and chairs. It crafts workspaces with coherent zones where networks of people, companies and tech solutions are combined to create an environment that takes care of employees' health, wellbeing and productivity.

Hardware and Software

The term is a direct analogy from cloud technology: SaaS stands for 'Software as a Service' – a piece of software that integrates with customers and their hardware to deliver great benefits.

> **"A building is made up of hardware – glass, steel, stone, concrete and the space within is essentially software – décor, equipment, furniture, technology, processes and behaviours. WaaS is essentially about ensuring the building's hardware and software includes the capabilities, thoughts and ideas that integrate with people – workers – to deliver great benefits. In particular, the benefit of ensuring user experience comes first."**

Hardware

High-quality materials and technology
These are employed to create a sustainable low-energy site that emphasises the aesthetics of the building and creates a healthy environment.
A functional solution ensures a generous supply of light, heat and good quality air, tailored to the needs of the specific location. The aim is to supply the best conditions under all circumstances balanced against any possible cost savings.

Flexible Spaces
Interior spaces can be adapted to fit tenants' specific needs, and, importantly, are easy to add to lease agreements.

Aesthetics
This creates a positive relationship between people and their workspace, enhances their wellbeing and underscores the strength of the brand.

Software

Productivity and wellbeing
Different jobs see employees complete different tasks, often a number of tasks in any one day. To be productive, it helps to have the right space for each task. So, a high-quality workspace should be comprised of quiet zones, collaborative zones, spaces that foster networking and spaces where employees can relax and recharge their batteries.

Interconnectivity
Each zone only works well if it provides workers with enough opportunities for interconnectivity. This could be anything, from forming personal and professional relationships on individual, organisational or company-wide levels, to having various zones for lunch, personal development and relaxation.

Community
Everyone likes to feel as though they belong.
So, spaces where people can come together help to both attract and develop talent. This sense of community also promotes a good work-life balance, which positively impacts wellbeing.

Innovation
A high-quality office zone – in terms of technology and practical innovation – strengthens the interconnection of business and industry and increases the chance of new thoughts and ideas. Without high-quality workspace ‘software’, you end up with a bleak environment in which employees simply sit for eight hours.

Without the proper ‘hardware’, it’s difficult to concentrate on work due to unsatisfactory conditions and constant technical issues.
For our WaaS strategy, it’s important to combine both of these approaches into one functional strategy that goes far beyond the walls of a single building.

When we create entire neighbourhoods, there are several elements that redefine the site and the public’s relationship with it. Equally, our design teams and architects sense the needs of the people who work there.

These two drivers underpin many of our key design decisions. For example, in Bratislava’s former Nivy Industrial Zone – now New Nivy – we invited start-ups, innovative companies, freelancers and large corporations to have their headquarters located side by side – creating a unique business ecosystem.

A ‘Symbiosis’ of People, Buildings and the Wider Zone Benefits Everyone
People, businesses and buildings need each other. Together, they can form a complex, functional mechanism that benefits society more than the sum of each part.

As with any relationship, their coexistence can only work as long as each side gives it all they’ve got.

So, the better a company’s working conditions are, the better the productivity and health of its employees. Talented job candidates will become interested in the company and individual performance will improve, which in the vast majority of cases will translate into better economic results.

At HB Reavis, we’ve seen first-hand that when we develop buildings that create an environment for success, we attract prestigious and ambitious companies – giving us greater revenue and fuelling the growth of the businesses in our buildings, even across entire districts in the case of New Nivy.

To create the correct symbiosis, our WaaS strategy combines data and human-driven approaches to unveil a new perspective on productivity.

A Space Suitable for Different Types of Productivity
When setting up an office space, companies should ask themselves much more than simply: “What percentage of the office should be open space?”, and “How should each department be arranged?”. This is because productivity is driven by a diverse range of activities.

Concentration
Low productivity means significant financial loss, so it’s easy to see why so many studies focus on disturbances and stress in the workspace.

In general, studies agree that most people are happier when their workspace is both visually and acoustically separated, allowing them to work alone and undisturbed.

A person who can’t fully focus on their work won’t achieve satisfactory results, and will instead become frustrated and stressed. Over time, the employee’s health could deteriorate, or they might simply leave. As the situation becomes common knowledge internally and externally, it can also impact the business’ ability to attract and retain high-quality personnel.

Collaboration
In larger departments, teamwork is often vital to success. To provide the right environment, we must first look at layout. Our basic principle is to locate individual components so that employees can collaborate as easily as possible and to adapt the space to their workload while eliminating the impact of disturbances.

For individuals to collaborate effectively, it’s also important to create suitable meeting spaces with the right capacity – in spaces that don’t disturb non-participants.

All of this requires deep knowledge and comprehensive data about a company and its work, as well as expertise in other fields such as sociology and ergonomics.

Relaxation

Just as top athletes need adequate recovery periods, office workers can't deliver peak performance unless they can 'zone out' for a few moments during the day.

Break-out zones where they can chat undisturbed, prepare their own lunch or simply get away from everything for a couple of moments are highly valued by most skilled workers.

Our research also shows employees see this as a sign that the company cares about its people.

Data and humanity should have equal weight

Data is an important source of knowledge for improving the functionality of a company and the people working there. But satisfaction and productivity cannot only be determined through numbers.

WaaS comes with services that not only take into account how the workspace is supposed to work and how it should look – but also how workers come into contact with it.

A space that reflects the internal needs of a company

In urban planning, the key principle is to design an environment that is both functional and aesthetic, so that the standard of living and satisfaction increase, while things such as crime decrease.

The same is true of office environments, albeit on a smaller scale. An office that is well designed with superior materials and equipment helps people to perform better, without any distractions and with a greater sense of comfort and security. Their wellbeing also translates into better interpersonal relationships, both formally and informally.

Within our WaaS strategy, Origameo not only takes care of designing spaces that are 'eye-pleasing' – but also finds the right balance of professional office and living space. Productivity then stems from feeling comfortable rather than commands from authority figures.

The principles of creating a superior workspace are easy enough to understand. But a company is a complex system that's deeply rooted in its own space. It's hard to move it elsewhere without disrupting operations.

However, moving to a new space also creates an opportunity to improve from the ground up – if management is willing to answer important questions.

Origameo focuses on designing and implementing customised workspaces.

They cover the entire process, from data collection and analysis to the strategy and execution of design and fit-out.

Origameo can also create and deliver engaging communications around the move, deal with employees' questions and suggestions and help tackle any uncertainty or personal issues.

And it doesn't end there. Once you're in, the team evaluates the relocation's success and suggests further steps for improvement.

Ultimately, the process gives clients a tailor-made workspace that reflects the desired culture and incorporates the requirements of management and employees.

Employees have their expectations well-managed and their move is smoothly supported. And everyone moves into a new space that not only means a new start, but adds a strong competitive advantage.

Flexibility

Not every company is at the stage where they can justify investing in large, new, custom spaces. The first few years of a company's operations, in particular, tend to be unpredictable – with regular, costly and exhausting office moves.

Our product Qubes eliminates this issue. It provides fully-serviced modular office space on short-term leases that adapt to your company's changing needs.

As a client grows, they can lease another 'module', which again comes with all the infrastructure they need. If they need to downsize at all, they simply run the lease on a cube down, move out of it and instantly reduce their overheads.

Propagation of Ideas

History has shown us that the most profound ideas were often born at the crossroads of trade routes and cultures. Collisions of people and ideas are what businesses need to develop, improve and change lives.

How do they create these collisions? By creating spaces for their people to meet others with different talents, perhaps even working in different industries.

Usually a small stimulus, like a high-quality event, is sufficient to bring these people together – sparking conversations, meetings and collaborations.

HubHub is a great example of this kind of space. Practically speaking, it's coworking space with a focus on community activities for freelancers to gain a foothold in an industry and an address for growing startups.

Friendly Technologies

Buildings' and workspaces' functionality should directly address users' common needs. They must also be intuitive and easy to use. Then, people will be able to elevate their performance and wellbeing – rather than wasting time and energy venting, searching for meeting rooms or having to call maintenance.

SYMBIOSY converts data and workspace expertise into healthy, collaborative and productive spaces that can act sustainably.

It helps people to be oriented in their workspace, find and book meeting rooms, experience premises with healthy environmental conditions and save time finding suitable work spaces and people.

Also the Symbiosy system allows all users to easily adjust their physical environment (smart lighting and shading, control over environmental factors like air quality, booking spaces and even ordering coffee) and executive leaders to manage teams and spaces more effectively. Symbiosy workspace consultancy (or advisory/expertise) brings with it a deep understanding of company culture and needs and is the right base to fulfill the future company goals.

A better and higher quality of life

It's impossible not to bring your personal life into work and let it affect your performance in some way.

Equally, we believe a person's work should have a positive influence on their life outside the office. This is where our service 'More' steps in. In addition to dealing with day-to-day building and tenant operations, it also helps employees with their life admin.

More makes sure they don't have to worry about sacrificing their entire lunch break to send a parcel, take their clothes to the dry cleaner's or get their car washed. And shared city bikes make it easier to get to meetings or a favourite lunch spot.

It also curates cultural, health and gastronomic events that provide inspiration during the working day for employees and integrates the building into the local community.

The aim of these events is to dispel the myth that everyone has to rush home at five o'clock. If people enjoy their life in the workspace, they'll look forward to coming in again and see it as a place where they can feel good about themselves. This positivity will also be reflected in their physical and mental health – inside and outside the office.

A slightly bigger investment in a high-quality space will mean a big return on your investment in the long run.

A high-quality workspace improves lives

Aesthetically-pleasing and imaginatively furnished company spaces do more than impress clients. They help with concentration, lift morale and improve the performance of the people who spend several hours there every day.

Good results create an atmosphere of enthusiasm and satisfaction that snowballs over time. People feel more balanced and confident. They're stronger physically and mentally. They take shorter absences, require less healthcare and are more likely to stay with the business longer.

Health and Balance

Everyone knows a sedentary lifestyle isn't healthy. But recent evidence suggests that the effects of long-term sitting and a general lack of exercise may be comparable to long-term smoking.

To minimise these impacts, employers should provide alternatives wherever possible – such as stand-up desks or dedicated relaxation zones where people can at least do a small warm-up exercise or other activities that don't require sitting. Even a small activity that lasts just a few minutes can help prevent chronic problems like back pain.

However, these approaches are just half of the story. It's also important to create opportunities for employees to live a healthy life and transfer those habits and knowledge into their personal lives.

A good work-life balance relies on people feeling they can bring joy to and from work and banish other, more negative aspects of life. It's an increasingly important issue, with stress, burn-out and mental health issues often in the headlines.

Some companies offer gym and wellness memberships, as well as hand out free pedometers. This makes sense in terms of combatting the healthcare issues that cost companies millions of Euros a year. However, a more holistic approach acknowledges that a person's inner mood also has an impact on performance.

More, a service that forms a part of the WaaS strategy, delivers this holistic approach. It offers healthy exercise through a fleet of bike shares. It also runs sport classes tailored around the people working and living in a zone like New Nivy, where WaaS is part of the local DNA.

When companies do go further and are known to promote a good work-life balance, they attract better talent. And they do so without inflating benefit packages to compete with other companies. The culture helps them retain people too, saving time and money on recruiting and training, and keeping hold of their expertise and experience.

As the largest provider of workspaces in Europe, HB Reavis is championing a change in attitudes towards the misconception that people don't bring their emotions into work.

We're proving that the future workspace will take advantage of natural human behaviour to increase the performance of companies – and the satisfaction of the people who work there.

Space Experience Toolkit (SET)

We know that the companies in our buildings want to take good care of the people who work for them, because that's how they collectively create the most value. The Space and Experience Toolkit (SET) is our approach to designing buildings and offices where people are efficient, inspired, responsible and above all, well. Over the years, we have collected a library of over 300 solutions to achieve these four user needs. We have grouped these solutions under 10 goals. Physical health, mental health and strong personal relationships enable people to be well. Space, service and technology solutions that save time or reduce distractions enable people to be efficient in their everyday lives. Collaboration, stimulation and contemplation are three core ingredients for creating new, innovative ideas. Finally, people want to lead principled, socially and environmentally engaged lives, so our last set of solutions helps them live responsibly at home, but also at work.

Our services in a snapshot

Symbiosy

Services and solutions convert data into healthy, collaborative and productive spaces that can act sustainably.

It helps people to be oriented in their workspace, find and book meeting rooms, prefer premises with healthy environmental conditions and save time finding suitable workspaces and people.

Also the Symbiosy system allows all users to easily adjust their physical environment (smart lighting and shading, control over environmental factors like air quality, booking spaces and even ordering coffee) and executive leaders to manage teams and spaces more effectively.

Discover more at https://hbreavis.com/en/symbiosy/

Origameo

A strategic workspace advisory based on extensive data collection to help us develop your space in a way that enhances your wellbeing, collaboration and productivity.

Discover more at https://origameo.com/

HubHub

Co-working space with educational possibilities and community, where ideas happen and talent grows. It's a place providing the opportunity to meet likeminded people and move your business forward.

Discover more at https://www.hubhub.com/en/

More

A broad range of services from property and facility management to tailored B2B and B2C options that enhance employee personal engagement, talent attraction and retention,
all the while improving their wellbeing.

Discover more at https://hbreavis.com/en/more/

Qubes

Fully-serviced office space on short-term leases that flex to your company's changing needs. Qubes offers private and self-contained workspace for 20+ people and is ready and waiting to be conveniently adapted by businesses looking to expand.

Discover more at https://qubes.hbreavis.com/

09 A Positive Force in Our Communities

Community means opportunity. For everyone.

Shared by all or many: that's how we translate "communis", the Latin root of the word community. At HB Reavis, we create thriving business communities around our projects and strongly believe that every company and individual has the right to become part of them, bring in ideas and inspiration and soak up valuable insights, support and motivation in return.

Apart from building our schemes, we also build relationships. Being aware of the fact that brightly coloured walls and designer armchairs don't magically turn workspaces into vivid spaces, we do all it takes to make the people working in them relaxed, happy and productive. That's the secret recipe for creating environments where ideas happen, businesses grow and where their activities go far beyond the ordinary.

Having all these strong, inspiring and mindful business partners around, we can come up with even more impactful projects that we wouldn't be able to accomplish alone. We can help outside our business community and take good care of the wider surroundings of the places we're engaged in.

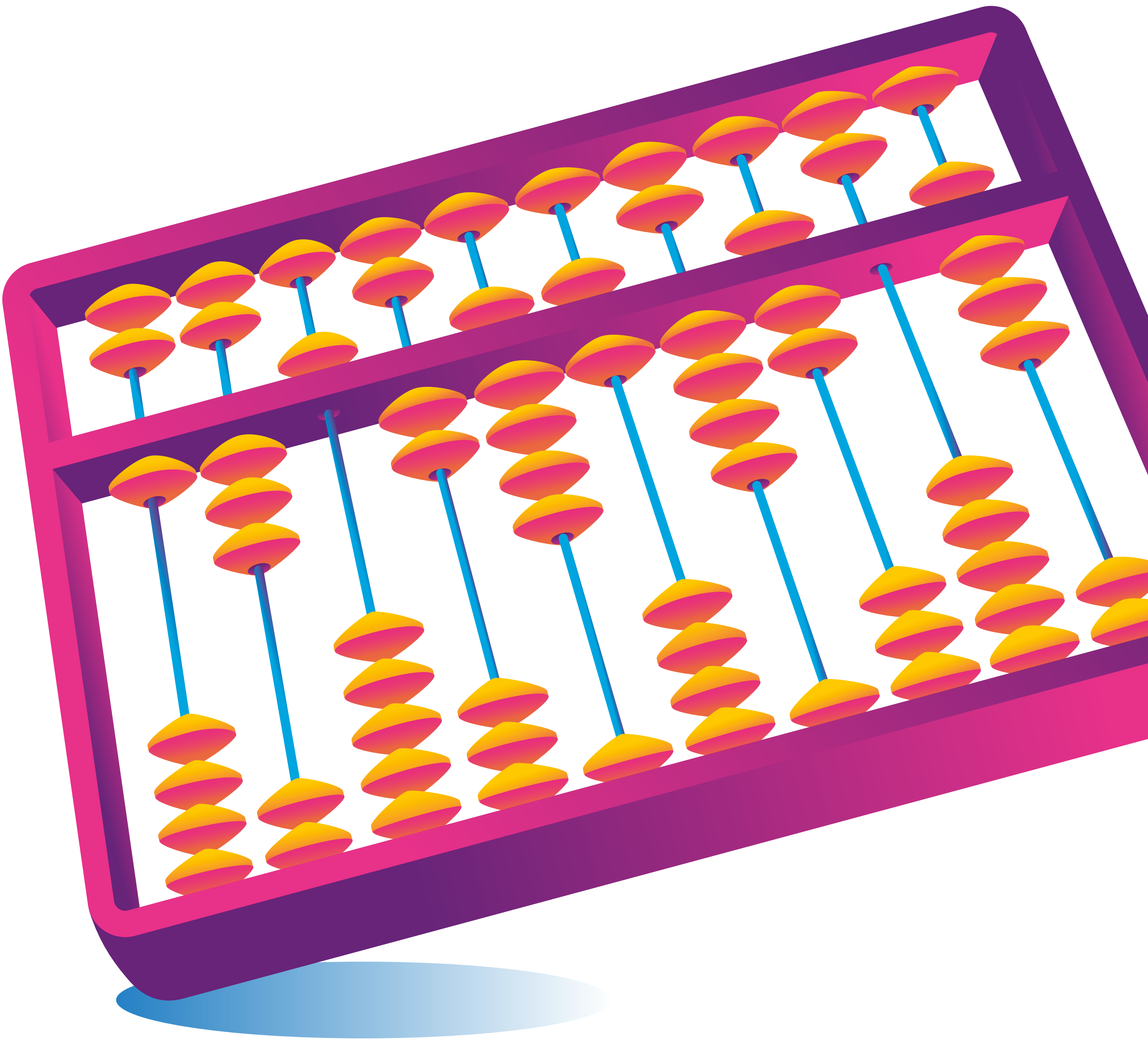
In Slovakia last year, we met directly with the neighbours of the New Nivy zone we're developing in Bratislava. We asked them for their tips on how to level up community life in the area. Now, all their tips are being used in future developments.

We're supporting social enterprises as well. In London, we offered spaces for the "With Love" initiative to happen – a social cafe that aims to take care of the Londoners that need it the most. And what goes best with a hot cup of coffee? A sincere chat for sure!

In Hungary, we didn't forget about the little ones. Our HB Reavis and HubHub teams worked together during Christmas time to provide some monetary and material help to kids in a local hospice. A doll for all, please! ;)

Apart from projects like these, we focus on being a good member of the community and especially on leading by example. In 2019, we made our offices plastic free and decided to give our employees two additional days off during the year for them to help the NGO of their choice. So we guess next year it will take many more pages of the annual report to tell you about all the activities we're supporting our communities with!

10 Business Review



> We are a real estate developer and an international workspace provider with a mission to bring remarkable experiences to people through our real estate solutions.

We aim to set trends in office space solutions. We are happy to bring something more than clients and communities expect from us, something that will differentiate us from others. We believe this way creates greater value for our partners, clients and local communities, as well as for our shareholders. Our commercial achievements together with robust results have confirmed we're on the right track.

Product design is the key

During our history and through the delivery of around 780,000 sq m of leasable office space, we have accumulated significant knowledge and experience. We understand how important it is to talk to clients, identify their needs and wishes and, moreover, incorporate these into our product design process. Recently we have been focusing on the following areas:

1. We are bringing international expertise into our projects. This is why we retained the services of highly acclaimed architectural studios such as Benoy, Foster+Partners, Make Architects, John Robertson Architects and Allford Hall Monaghan Morris for some of our recent flagship and landmark projects.

2. We are transforming ourselves from a fully integrated but 'standard' real estate developer into a Workspace as a Service (WaaS) provider. This move is a perfect umbrella for our user-centric related activities such as Origameo, HubHub, Symbiosy, Qubes and More. (For more information please read chapter 8).

3. Each project design is tested, focusing on potential user experience in terms of daylight quality, interactions between dedicated office space and shared spaces (primarily on the ground floor and roof) and the effects of greenery, fresh air and thermal control.

4. We are elevating our sustainability standards and design goals to at least BREEAM 'Excellent' and we aspire to comply with WELL standards as soon as feasible.

Leasing and marketing

We've invested significant effort and resources in recent years into building our leasing and marketing teams across the Group. These teams consistently and efficiently use the Group's know-how that has been accumulated over 26 years. In terms of the numbers, it was a successful year. Our leasing teams signed contracts for about 144,000 sq m of GLA, slightly more than the year before. Despite the challenging situation in some of our markets, we've kept our leasing performance at very high levels in recent years (we are number one in both Warsaw and Bratislava). This fact makes us quietly confident that we'll successfully lease our projects in the coming years as well.

Construction cost management

Efficient construction is a way of life at HB Reavis, not least because it has the potential to differentiate us in the market. We consistently and systematically focus on reducing costs by collaborating with our specialised procurement team and local construction management, all without compromising the quality of projects.

Development portfolio structure

Geographically, the structure of our whole development portfolio is shifting towards western countries, where the UK and Germany represent almost 45% of the future value in our pipeline. At year-end 2019, the share of UK assets represented 38% of the whole portfolio, Poland 18%, Czechia 6%, Slovakia 23%, Hungary 7% and Germany 7%, all based on the expected gross development value. As far as segments are concerned, during 2019, our strategic focus on office development reflects a 95% share of our development portfolio value while retail accounts for 5% based on gross development value.

Performance of development activities

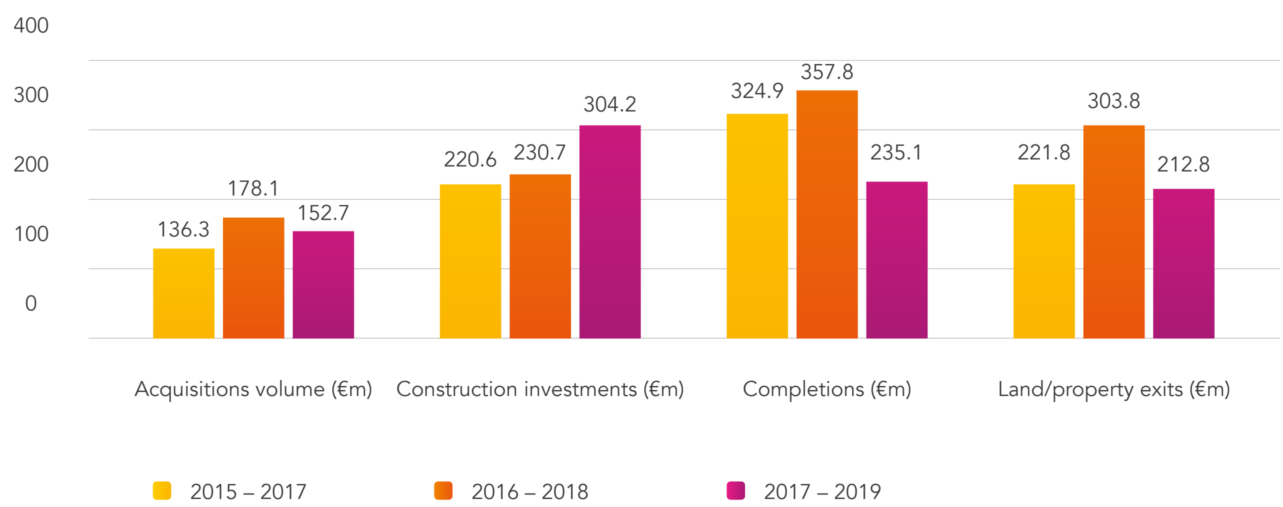
Our strategic plan is to keep our balance sheet on an even keel with the long-term share of the development portfolio of our total investment property at around 50%. The revaluation of our development pipeline portfolio continued to have a material impact on the structure of the balance sheet. The share of our development portfolio (excluding One Waterloo and non-core assets) increased to 69.5% (2018: 50%).

HB Reavis Development Total	GLA sq m	Valuation			ERV	GDV	Value change	Investment
		2017	2018	2019				
Retail	102,160	75.0	120.4	219.7	21.4	372.5	99.2	75.4
Office	1,229,036	827.8	1,177.9	2,008.0	356.9	7,411.7	830.1	295.3
Total Development 2019	1,331,196	902.8	1,298.3	2,227.7	378.3	7,784.2	929.3	370.7
Sold 2019	80,464	28.1	31.1	48.3	14.0	226.5	17.2	0.3
Retail	102,160	75.0	120.4	219.7	21.4	372.5	99.2	75.4
Office	1,148,572	799.7	1,146.8	1,959.7	342.9	7,185.2	812.9	295.0
Total Pipeline for 2020	1,250,732	**874.7**	**1,267.3**	**2,179.4**	**364.3**	**7,557.7**	**912.1**	**370.4**

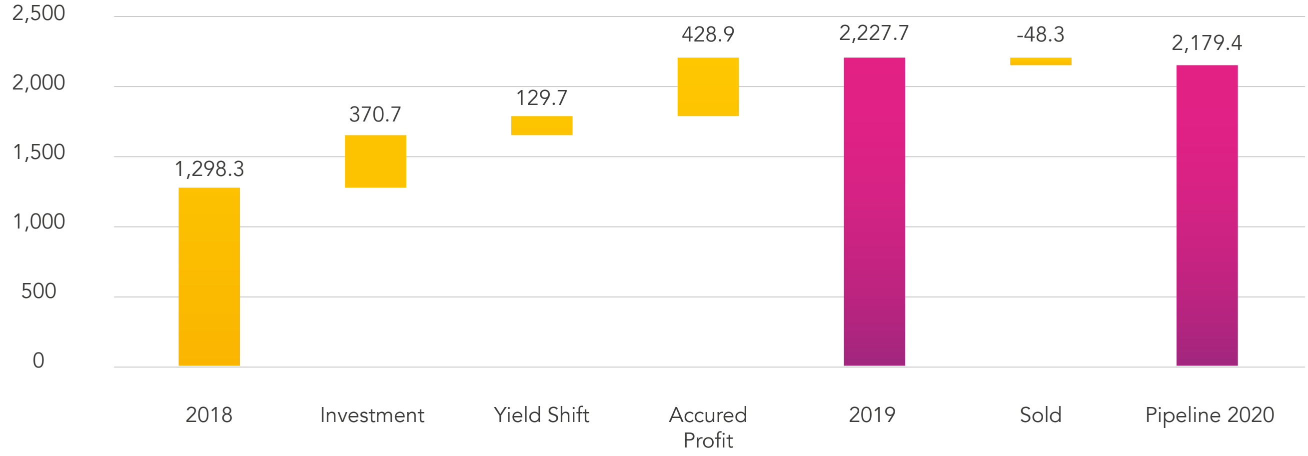
*Figures based on external expert valuations and internal management reports.
All figures in €m, except GLA.

The development portfolio's performance and potential are also visible from three-year moving averages of significant indicators, such as the volume of acquisitions, construction investment and property exits to further finance our expansion.

Group development activity, moving averages 2015 – 2019



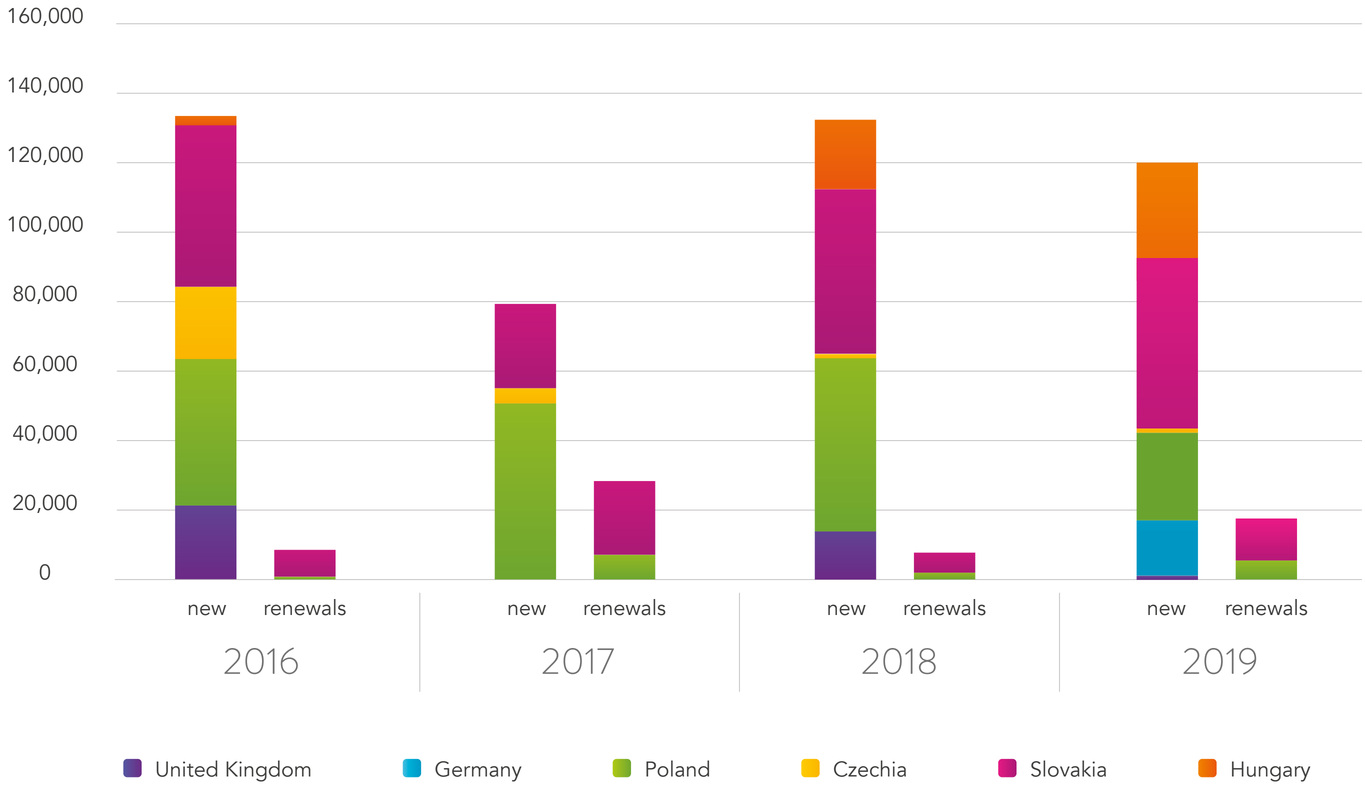
Changes in Group development property value, €m



* Figures based on external expert valuations and internal management reports.

TOP 5 deals for 2019			
British Petrol	22,057 sq m	Agora Hub	Hungary
United Internet	15,864 sq m	DSTRCT.Berlin	Germany
Bank Gospodarstwa Krajowego	13,668 sq m	Varso 2	Poland
INDITEX	7,192 sq m	Nivy Station	Slovakia
Orsted Polska	3,919 sq m	Varso 2	Poland

Leasing activity according to GLA



11 How We Manage Our Assets

At the end of 2019, we managed 12 income-producing properties with almost 253,830 sq m of GLA, out of which other projects of 84,480 sq m of GLA are managed on behalf of the HB Reavis CE REIF real estate fund.

The Group divested Mercuria in Czechia in June, West Station in Warsaw in May and Twin City Tower in November.

In terms of occupancy, the portfolio averaged a solid 91% at year end.

The total value of the Group's income-producing portfolio compared to 2018 decreased to €1.07bn as of year-end 2019 (2018: €1.27), mainly due to the divestment of West Station, Twin City Tower and Union.

Like-for-like, the portfolio value increased by €119.1m before yield shift effects. Total asset returns reached 12.5% (2018: 8.7%).

Group Income producing portfolio*	GLA sq m	Valuation			Rental income Y2019	ERV	Equiv. Yield		Capital return	Rental return	Total return
		2017	2018	2019			2018	2019			
Asset management portfolio from 2018	253,830	906.5	967.9	1,079.4	38.0	49.5	5.8%	5.7%	9.5%	3.9%	13.5%
Retail	22,150	89.6	89.0	89.4	4.2	5.4	6.0%	6.0%	0.4%	4.7%	5.1%
Office	231,680	816.9	878.9	990.0	33.8	44.1	5.8%	5.6%	10.5%	4.1%	14.6%
Property exits in 2019	107,443	235.0	306.0	313.6	5.6	20.5	5.8%	5.8%	1.8%	1.8%	3.6%
Asset management portfolio for 2019	253,830	906.5	1,273.9	1,079.4	43.6	49.5	5.8%	5.7%	7.7%	4.8%	12.5%

*Including our divested projects.

**Figures based on external expert valuations and internal management reports.

Note: Centrum Bottova and Elizabeth House are included in both asset management and the development portfolio as these projects are currently generating income but will be redeveloped in the future.

12 Financial Review

Workspace as a Service and the increasing deployment of analytical data are leading the changes in real estate trends. Collaboration, flexibility in terms of space – as well as duration and technological advancement – are tenants' key requirements for the way they use space. These changes are forcing real estate players to adopt new business models, or at least new business lines involving higher complexity. They also present new challenges for financial strategies. We're working hard to adopt a business model that addresses all these challenges in a proactive way and adjusting our financial strategy to support it.

At HB Reavis, we are constantly monitoring, anticipating and analysing market trends as well as adjusting the way we do business and reviewing our financial strategy to suit them. Our aim is to ensure our financial strategy is fit for purpose and allows us to maintain a healthy capital structure while ensuring the availability of both new debt and new equity to support the Group's ambitions.

Occupancy trends are changing. Increasingly, tenants are looking for greater flexibility, driven primarily by the ever-shifting dynamics of today's business models and new economy sectors.

"In competitive labour markets, tenants need attractive recruitment and retention packages and it is no longer only about remuneration and monetary benefits. The actual working environment now plays an increasingly strong role in recruiting top talent."

Given this new reality, the notion of a tenant committing to a long-term and inflexible lease contract (the most attractive to traditional finance providers and investors) is being challenged. As a major player in leasing markets, we're seeing a clear trend towards more occupational flexibility. This, together with the advent of another recent phenomenon in how tenants use space – the co-working platform – means there's a growing need for more agile debt and equity funding.

Through a combination of divestments and external financing operations, we accumulated cash at year-end 2019 amounting to €122.6m. This will help us continue our robust development programme and support our growth both in an organic manner, but potentially also through acquisitions should the opportunity come our way.

In 2019, dividends paid to our shareholders reached 4% of NAV in line with our financial policy guidelines.

Our financial policy formalises the key financial measures:

- Target Gross Debt to Total Assets at 40% (maximum 45%) and Net Debt to Total Assets at 35% (maximum 40%) with an appropriate mix of non-recourse project debt and Group-level debt
- Initial maturity of project loan financing and issued bonds to commensurate with the length of our product development cycle
- A cash reserve target of at least 5% of total Group debt, with a special reserve build-up profile to cover future debt-bullet repayments well in advance
- Dividend pay-out in line with historical levels up to 4% of NAV
- Careful risk management aimed primarily at mitigating foreign exchange fluctuations for all known and estimated non-Euro exposure 12-months forward, and interest-rate risks covering 50 – 100% of total medium to long-term debt exposure, both associated with macroeconomic and property cycles

Note: Figures in the Financial review section are based on audited consolidated financial statements, external valuations and internal management reports.

All valuations in the Business Review are based on external valuations and internal management reports before IFRS adjustments and excluded non-core properties.

For segment information related to non-core segment see Note 6 in the Consolidated Financial Statements.

For figures presented in the Segmental Analysis in the Consolidated Financial Statements, see Note 6 of the Consolidated Financial Statements.

How We Performed

Net profit	€366.5m
Total comprehensive income	€388.6m
EBIT	€488.1m
Net rental income	€34.2m
Revaluation gain	€519.4m
NAV (adjusted)	€1,738.6m
Shareholders' return	33.3%
Net Debt Leverage Ratio	32.4%

In 2019, we delivered significantly better financial results than in 2018.

Obviously, the main driver was a revaluation gain of €519.4m over the year, up from €194.8m in 2018. At €34.2m, net operating income, in line with our expectations, was down (2018: €38.0m). Disposals of subsidiaries decreased somewhat to €3m (2018: €21.8m).

In terms of the operating profit, the Group achieved €486.8m.

The Group balance sheet increased to almost €3.04bn. Adjusted net asset value increased by a significant 29.4% year-on-year and reached €1.738bn.

In contrast to the previous year, our net debt leverage ratio returned much closer to the targeted level of 35%. It was 32.4%, up from 30.5% in 2018.

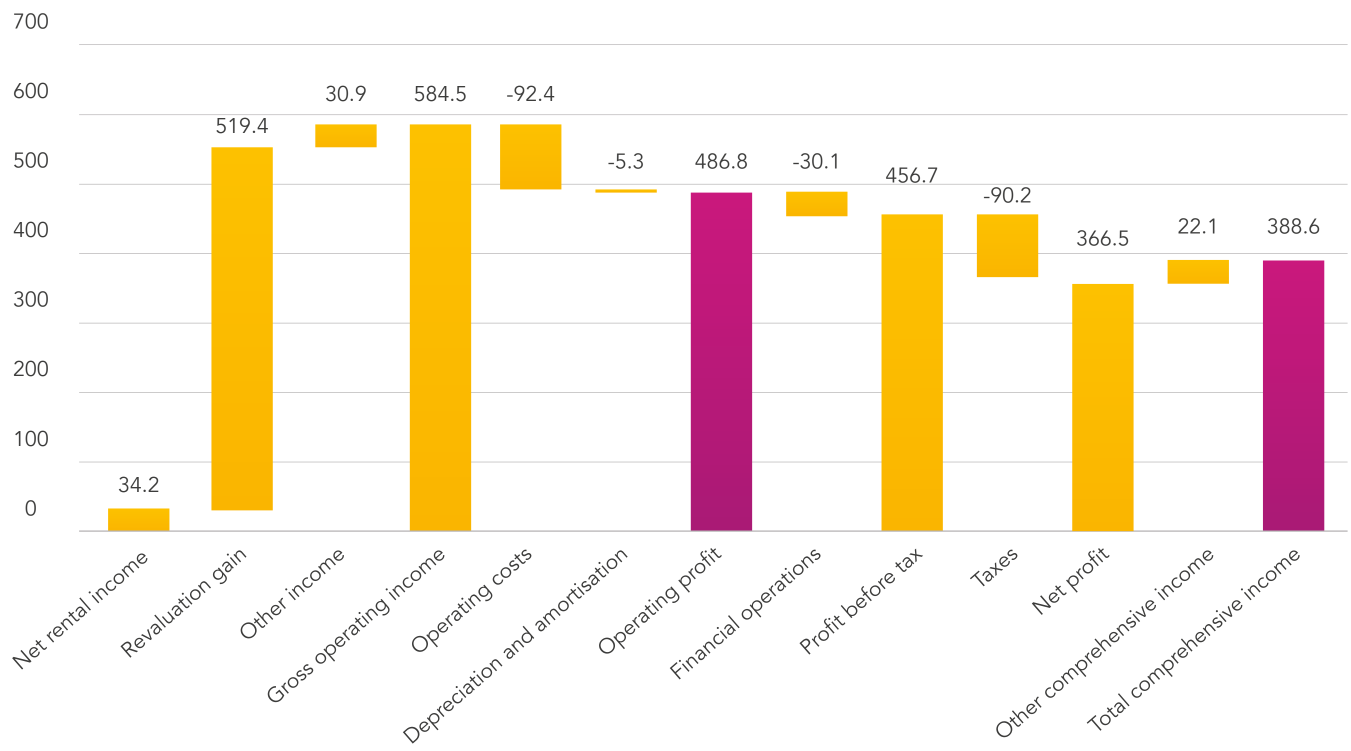
Bottom line: we achieved a total comprehensive income of €388.6m (2018: €102.1m).

€m	2015	2016	2017	2018	2019
Assets	2,089.3	2,112.3	2,294.8	2,349.9	3,040.3
Cash	115.4	316.4	279.1	173.8	122.6
Borrowings	736.3	683.0	893.0	891.5	1,106.8
Net Debt Leverage Ratio	**29.7%**	**17.4%**	**26.8%**	**30.5%**	**32.4%**

*Including borrowings presented on the consolidated balance sheet as liabilities directly associated with non-current assets classified as held for sale. Excluding borrowings in JV.

How We Created Value in 2019

Group profit decomposition (€m)



Net operating income from investment properties (€m)

34.2

Revaluation gains (Net of yield shift, €m)

382.0

Investment portfolio yield (%)

5.19

Note: Based on Internal Management Reports.

Revaluation gain

A revaluation gain on investment property resulted in €519.4m (2018: €194.8m) in our pipeline. This represents a significant year-on-year increase of around 167%, driven mostly by the construction progress of all our projects and a zoning permit for One Waterloo.

When adjusted for yield shift, the Group achieved a €382.0m (2018: €128.0m) net revaluation gain while the positive yield shift contributed €137.4 million to profits (2018: €66.8 million).

The average investment property portfolio yield decreased to 5.19% as we continued investments in lower-yield projects in the UK, Germany and Poland.

Income producing assets, primarily driven by higher-yielding Slovak assets, were valued at 5.67% at the end of 2019.

The average valuation yield of our development properties, now more heavily weighted to UK and Polish assets, was also down to 4.76%.

How business lines contributed

In terms of contributions made by our business lines to the overall return on shareholders' equity, the main drivers were both the development portfolio with a high ROE of 48.8% (2018: 20.8%) and income producing property with a ROE of 16.0% (2018: 9.0%). ROE of our non-core portfolio lagged behind with -75.5%, as did cash at -1.6% at the end of 2019 and the ROE of HubHub increased to 12.3%.

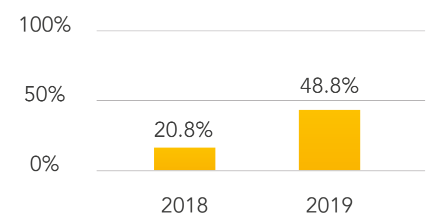
Note 1: Projects completed in 2019 included in Property under development.

Note 2: Segment results based on Profit before tax (excluding Translation of foreign operations to the presentation currency).

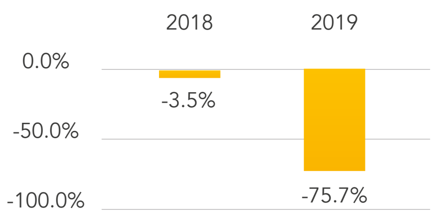
Note 3: Return to shareholders includes dividend paid out.

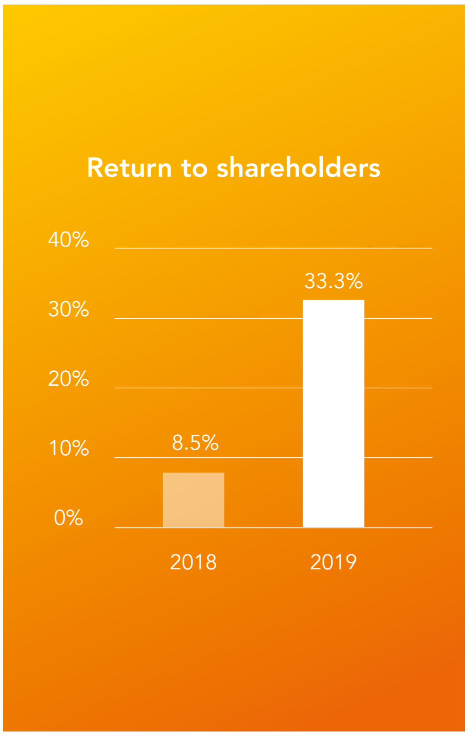
Note 4: Investment property value reflected in the calculation above represents HB Reavis' share on property Fair Market Value.

Property under development

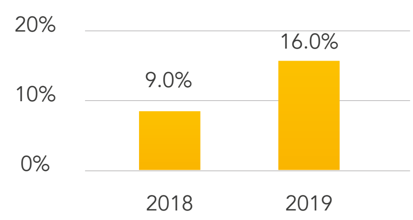


Non-Core

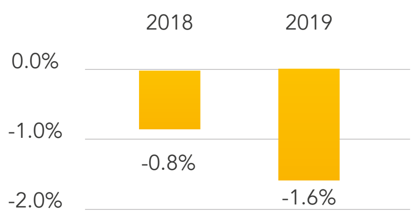




Income producing property



Cash



13 Consolidated Financial Statements

Contents

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Audit report

To the Shareholders of
HB Reavis Holding S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of HB Reavis Holding S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Management Report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

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- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Management Report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 15 May 2020

Isabelle Dauvergne

HB Reavis Holding S.A.
Consolidated Statement of Financial Position at 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

In millions of EUR	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Investment property in use or vacant	10	522.6	622.8
Investment property under development	10	1,880.3	1,043.6
Investment in joint ventures	11	2.2	54.5
Property, plant and equipment	8	4.8	9.3
Right-of-use assets	9	14.1	-
Intangible assets		1.2	0.9
Financial investments	18	27.4	51.8
Receivables and loans	7, 12	3.6	9.2
Deferred income tax asset	28	4.1	11.8
Other non-current assets	13	6.0	9.4
Total non-current assets		**2,466.3**	**1,813.3**
Current assets			
Non-current assets classified as held for sale	15	**334.3**	**271.2**
Inventories		0.4	0.4
Trade and other receivables	7, 14	78.1	72.4
Other assets	17	46.1	20.3
Cash and cash equivalents	16	115.1	172.3
		239.7	**265.4**
Total current assets		**574.0**	**536.6**
TOTAL ASSETS		**3,040.3**	**2,349.9**
EQUITY			
Share capital (30,000 shares at €1.00 each)	19	-	-
Share premium	19	402.5	455.9
Retained earnings		1,198.3	831.8
Revaluation reserve for assets transferred to investment properties at fair value	8	3.8	3.8
Currency translation reserve	2.3	(11.3)	(33.4)
Equity attributable to the Company's owners		1,593.3	1,258.1
Non-controlling interest		0.1	-
TOTAL EQUITY		**1,593.4**	**1,258.1**
Liabilities			
Non-current liabilities			
Borrowings	20	728.9	614.4
Deferred income tax liability	28	133.4	79.3
Trade and other payables	7, 21	25.2	15.2
Lease liabilities	9	68.8	-
Total non-current liabilities		**956.3**	**708.9**

HB Reavis Holding S.A.
Consolidated Statement of Financial Position at 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

(Continued)

In millions of EUR	Note	31 December 2019	31 December 2018
Current liabilities			
Liabilities directly associated with non-current assets classified as held for sale	15	**177.7**	**158.8**
Borrowings	20	192.4	133.2
Trade and other payables	7, 21	106.7	85.9
Lease liabilities	9	7.5	-
Deferred income	21	4.5	5.0
Current income tax payable		1.8	-
		312.9	**224.1**
Total current liabilities		**490.6**	**382.9**
TOTAL LIABILITIES		**1,446.9**	**1,091.8**
TOTAL LIABILITIES AND EQUITY		**3,040.3**	**2,349.9**

These consolidated financial statements have been approved for issue and signed on behalf of the HB Reavis Holding S.A. on 12 May 2020 by the members of the Board of Directors of HB Reavis Holding S.A. Shareholders have the power to amend these consolidated financial statements after issue.

Melanie Frauenkron Director A	Joel Cárdenas San Martin Director A	Isabel Schellenberg Director A	Marián Herman Director A

The accompanying notes on pages 77 to 147 are an integral part of these consolidated financial statements.

HB Reavis Holding S.A.
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

In millions of EUR	Note	2019	2018
Rental and similar income from investment property	22	60.6	62.1
Direct operating expenses arising from investment property	23	(26.4)	(24.1)
Net operating income from investment property		**34.2**	**38.0**
Revaluation gain on investment property	10	519.4	194.8
Share of (loss)/profit of joint ventures	11	(7.7)	10.0
Gain on disposal of subsidiaries	27	3.0	21.8
Gain on disposal of joint venture	11	23.7	-
Other operating income	7, 26	8.7	7.2
Revenue from construction contracts	24	22.8	21.9
Construction services		(19.6)	(22.3)
Employee benefits	7, 25	(25.1)	(25.7)
Depreciation and amortisation		(5.3)	(2.5)
Revaluation of investment in associate	18	(27.1)	-
Other operating expenses	26	(40.2)	(45.3)
Operating profit		**486.8**	**197.9**
Interest income calculated using the effective interest method	7	1.9	1.2
Interest expense		(33.3)	(33.2)
Foreign exchange gains/(losses), net	29	0.6	(8.5)
Gains less losses on financial derivatives		6.8	(3.7)
Other finance income		0.4	0.3
Other finance costs		(6.5)	(2.4)
Finance costs, net		**(30.1)**	**(46.3)**
Profit before income tax		**456.7**	**151.6**
Current income tax expense	28	(7.6)	(2.0)
Deferred income tax expense	28	(82.6)	(29.5)
Income tax expense		**(90.2)**	**(31.5)**
Net profit for the year		**366.5**	**120.1**

HB Reavis Holding S.A.
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

(Continued)

In millions of EUR	**Note**	**2019**	**2018**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations to the presentation currency for the year		28.8	(10.6)
Translation of foreign operations reclassified to profit or loss upon loss of control of subsidiary or repayment of subsidiaries' capital	27	4.6	(7.4)
Translation of foreign operations reclassified to profit or loss upon disposal of joint venture		(11.3)	-
Total other comprehensive income/(loss)		22.1	(18.0)
Total comprehensive income for the year		**388.6**	**102.1**
Net profit is attributable to:			
- Owners of the Company		366.5	120.1
- Non-controlling interest		-	-
Profit for the year		**366.5**	**120.1**
Total comprehensive income is attributable to:			
- Owners of the Company		388.6	102.1
- Non-controlling interest		**-**	**-**
Total comprehensive income for the year		**388.6**	**102.1**

The accompanying notes on pages 77 to 147 are an integral part of these consolidated financial statements.

HB Reavis Holding S.A.
Consolidated Statement of Changes in Equity for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

		Attributable to owners of the Company							
In millions of EUR	Note	Share capital (Note 19)	Share premium (Note 19)	Retained earnings	Translation reserve	Revaluation reserve	Total	Non-controlling Interest	Total equity
Balance at 1 January 2018		**-**	**494.0**	**711.7**	**(15.4)**	**3.8**	**1,194.1**	**1.6**	**1,195.7**
Profit for the year		-	-	120.1	-	-	**120.1**	-	**120.1**
Other comprehensive loss		-	-	-	(18.0)	-	**(18.0)**	-	**(18.0)**
Total comprehensive income/(loss) for 2018		-	-	**120.1**	**(18.0)**	**-**	**102.1**	**-**	**102.1**
Distribution to owners	19	-	(38.1)	-	-	-	**(38.1)**	-	**(38.1)**
Other		-	-	-	-	-	**-**	(1.6)	**(1.6)**
Balance at 31 December 2018		-	**455.9**	**831.8**	**(33.4)**	**3.8**	**1,258.1**	**-**	**1,258.1**
Profit for the year		-	-	366.5	-	-	**366.5**	-	**366.5**
Other comprehensive income		-	-	-	22.1	-	**22.1**	-	**22.1**
Total comprehensive income/(loss) for 2019		**-**	**-**	**366.5**	**22.1**	**-**	**388.6**	**-**	**388.6**
Distribution to owners	19	-	(53.4)	-	-	-	**(53.4)**	-	**(53.4)**
Other		-	-	-	-	-	**-**	0.1	**0.1**
Balance at 31 December 2019		**-**	**402.5**	**1,198.3**	**(11.3)**	**3.8**	**1,593.3**	**0.1**	**1,593.4**

The accompanying notes on pages 77 to 147 are an integral part of these consolidated financial statements.

HB Reavis Holding S.A.
Consolidated Statement of Cash Flows for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

In millions of EUR	Note	2019	2018
Cash flows from operating activities			
Profit before income tax		456.7	151.6
Adjustments for:			
Depreciation and amortisation	8, 9	5.3	2.5
Revaluation gains on investment property	10	(519.4)	(194.8)
Gains less losses on disposals of subsidiaries	27	(3.0)	(21.8)
Share of loss/(profit) or loss of joint ventures		7.7	(10.0)
Result on disposal of joint ventures	11	(23.7)	-
Interest income calculated using the effective interest method		(1.9)	(1.2)
Interest expense		33.3	33.2
Revaluation of investment in associate	18	27.1	-
Unrealised foreign exchange (gains)/losses	29	(10.6)	8.3
Unrealised (gains)/losses from financial derivatives		(4.9)	5.9
Operating cash flows before working capital changes		(33.4)	(26.3)
Working capital changes:			
Decrease/(increase) in trade and other receivables		(34.3)	18.1
Increase/(decrease) in trade and other payables		31.3	(2.5)
Cash generated from/(used in) operations		(36.4)	(10.7)
Interest paid	20	(28.1)	(31.9)
Income taxes paid		(4.4)	(1.8)
Net cash from/(used in) operating activities		**(68.9)**	**(44.4)**
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(4.1)	(2.7)
Purchases of investment properties	10	-	(127.1)
Proceeds from sale of joint venture		56.3	-
Loans repaid by related parties	7	-	23.3
Construction costs related to investment properties	10	(420.9)	(223.4)
Proceeds from sales of subsidiaries, net of cash disposed of	27	52.5	169.7
Proceeds from disposal of own use premises and equipment	8	1.0	1.2
Acquisition of financial investments	18	(1.7)	(49.8)
Acquisition of intangible assets		(0.7)	(0.6)
Dividends received from joint ventures	7	-	10.1
Restricted cash	16	(1.3)	(0.6)
Net cash from/(used in) investing activities		**(318.9)**	**(199.9)**
Cash flows from financing activities			
Proceeds from borrowings	20	493.2	294.4
Repayment of borrowings	20	(98.9)	(109.1)
Repayment of principal of lease liabilities	9, 20	(5.6)	-
Distributions paid to owners	19	(53.4)	(46.9)
Net cash from/(used in) financing activities		**335.3**	**138.4**

HB Reavis Holding S.A.
Consolidated Statement of Cash Flows for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

(Continued)

In millions of EUR	Note	2019	2018
Net (decrease)/increase in cash and cash equivalents		**(52.5)**	**(105.9)**
Cash and cash equivalents at the beginning of the year		171.0	276.9
Cash and cash equivalents at the end of the year		**118.5**	**171.0**
Reconciliation of cash and cash equivalents:			
- Restricted cash	16	4.1	2.8
- Cash within non-current assets classified as held for sale	15	(7.5)	(1.5)
Cash and cash equivalents at the end of the year presented in the statement of financial position	16	**115.1**	**172.3**

The accompanying notes on pages 77 to 147 are an integral part of these consolidated financial statements.

1. The HB Reavis Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU") for the year ended 31 December 2019 for HB Reavis Holding S.A. (the "Company") and its subsidiaries (together referred to as the "Group" or "HB Reavis Group").

The Company was incorporated and is domiciled in Luxembourg. The Company is a public limited liability company (société anonyme) and was set up in accordance with the Luxembourg regulations on 20 October 2010. The Company is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg no. B 156.287.

HB Reavis Holding S.A. is ultimately controlled by Mr. Ivan Chrenko. The Group's immediate parent as of the date of issuance of these consolidated financial statements is Kennesville Holdings Ltd based in Cyprus.

Principal activity
The HB Reavis Group is a real estate group with major portfolio of investment properties in Slovakia, Poland, Hungary, Germany, United Kingdom and the Czech Republic. It is principally involved in the development of properties for its own portfolio, in leasing out investment properties under operating leases, as well as in asset management and is also active in investment management. The Group develops and manages investment properties to earn rental income or for capital appreciation.

In 2017 the Group made its largest acquisition in HB Reavis history with acquisition of One Waterloo in London, in a prominent South Bank location next to the Waterloo station. In 2019, the project had received a permit enabling development of almost 120,000 sqm of office scheme for the projected Gross Development Value of EUR 2.3 billion. Our aim, after optimising the permit, is to commence construction of the new scheme in 2020 and delivery in 2024-2025, subject to COVID-19 emergency situation development. The Group has also an acquired additional land plot in 2018, in London, UK, aiming to develop a project called Bloom over the course of 2019-2021 with expected Gross Development Value of EUR 265 million. In February 2020 the Group had secured another project for the pipeline in London, called Worship square, with planned completion in 2023 and projected Gross Development Value of EUR 240 million.

With respect to Group's expansion to Germany, two acquisition opportunities have been secured in 2018. In Berlin, District project (Prenzlauer Hoefe) is under construction since 12/2018, with expected delivery by mid-2021; Gross Development Value shall reach about EUR 370 million. A land plot in Dresden, Germany, has been added into the portfolio in 07/2018, the scheme design is under preparation.

One project has been delivered in Bratislava, Slovakia, in 2019: Nivy Tower was completed in 12/2019. As of the date of preparation of these consolidated financial statements, construction of Bloom, London, UK, Forest and Varso projects, both in Warsaw, Poland, District, Berlin, Germany, Stanica Nivy in Bratislava, Slovakia and Agora projects in Budapest, Hungary is ongoing.

The Group divested 7 projects over the course of 2019; Mercuria and Radlická in Prague, Czech Republic, West Station Business Center I and West Station Business Center II in Warsaw, Poland, Twin City C and Twin City Tower in Bratislava, Slovakia and Buda Project in Budapest, Hungary.

HB Reavis Real Estate Fund structure
HB Reavis Real Estate Investment Fund (the "Fund") is an umbrella fund incorporated as a corporate partnership limited by shares (société en commandite par actions or S.C.A.) under the laws of Luxembourg, which is registered as an investment company with fixed capital (société d'investissement à capital fixe) within the meaning of article 461-4 of the law on commercial companies of 10 August 1915, as amended (the 1915 Law) and registered as an undertaking for collective investment governed by Part II (UCI Part II) of the 2010 UCI Law, governed by the present articles of association and by current Luxembourg laws. The Fund was initially set up on 25 May 2011 and was registered as an investment company with variable capital until 27 April 2017. The Fund is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg B 161.180. Furthermore, the Fund is in the scope of the Alternative Investment Fund Management Law of 12 July 2013 ("AIFM Law") and qualifies as an

Alternative Investment Fund ("AIF").

The Fund launched its first Sub-Fund named HB Reavis CE REIF (hereafter "Sub-Fund A" or "CE REIF") in 2011. A second Sub-Fund named HB Reavis Global REIF (hereafter "Sub-Fund B" or "Global REIF") was launched on 15 September 2015. The Fund is managed for the account of and in the exclusive interest of its shareholders by its general partner HB Reavis Investment Management S.à r.l. (the "Management Company"), a limited liability company organised under the laws of Luxembourg (registration number B 161.176) having its registered office at at 1b, rue Jean Piret, L-2350 Luxembourg and by its AIFM Crestbridge Management Company S.A., a licensed with the Luxembourg financial regulator the CSSF.

CE REIF Sub-Fund
While there is no specific country or real estate segment restrictions posed, the CE REIF Sub-Fund aims to mainly invest in the Central European region as Slovakia, the Czech Republic, Poland and Hungary in commercial real estate assets. The initial CE REIF Sub-Fund's portfolio included investments in prime properties only located in Slovakia. The office segment investments are restricted to A-class properties located in central business districts of capital cities in Slovakia, the Czech Republic and Hungary. In Poland however, both, capital and regional cities are eligible for investments in the office segment. The retail segment investments are aimed to be made in both capital and regional cities in the entire Central European region. Investments in logistic properties are restricted to attractive and strategic locations only. CE REIF Sub-Fund seeks to maximize the value via investing in properties, which in the past proved to bear characteristics of a prime-commercial real estate property, which as such implies to have a top-tier tenants portfolio being located in prime or strategic locations and soundly built from both technical and architectonic point of view. CE REIF Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income. The Group lost control of the Sub-Fund A in 2017.

Global REIF Sub-Fund
While there are no specific country or real estate segment restrictions posed, Global REIF Sub-Fund aims to mainly invest in commercial real estate assets located in the EU countries and Turkey. The initial Global REIF Sub-Fund's portfolio included investment properties in prime properties only located in Slovakia. The office segment investments are focused mainly on properties located in business districts of capital and regional cities in the EU countries and Turkey, but without any specific location restriction. The retail segment investments are aimed to be made in both capital and regional cities of EU countries and Turkey.

Investments in logistic properties are restricted to attractive and strategic locations in EU countries and Turkey. In case of "core" investments, Global REIF Sub-Fund seeks to maximize the value via investing in properties, which in the past proved to bear characteristics of a prime-commercial real estate property which as such implies to have a top-tier tenants portfolio being located in prime or strategic locations and soundly built from both technical and architectonic point of view. Global REIF Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

The Group is also involved in construction of real estate for third parties, including related parties.

The Group's strategy is reflected in its cash flow forecast that is regularly monitored by the Board of Directors, including their assessment of appropriateness of preparation of the financial statements on a going concern basis. The cash flow outlook is further described under the description of management of liquidity in Note 31. Valuation of properties of the Group in the less liquid markets necessarily involves an element of judgement. The critical accounting judgments used in valuation of the Group's investment properties are described in Note 3.

Registered address and place of business
The Company's registered address and principal place of business is:

21 Rue Glesener
L-1631 Luxembourg
Grand-Duchy of Luxembourg

As at 31 December 2019 the Group had offices in Luxembourg, Amsterdam, Bratislava, Warsaw, Prague, Budapest, London, and Berlin.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. Apart from the accounting policy changes resulting from the adoption of IFRS 16 effective from 1 January 2019, these policies have been consistently applied to all the periods presented.

2.1. Basis of Preparation

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). The Group applies all IFRS standards and interpretations issued by International Accounting Standards Board (hereinafter "IASB") as adopted by the European Union, which were in force as of 31 December 2019.

Income and cash flow statements
The Group has elected to present a single 'statement of profit or loss and other comprehensive income' and presents its expenses by nature. The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid are presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

Preparation of the consolidated financial statements
These consolidated financial statements are presented in millions of Euro ("EUR") rounded to one decimal place, unless otherwise stated.

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment properties (including those held for sale), financial investment, financial assets (eg earn-out receivables) and derivatives at fair value.

The preparation of these consolidated financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the counterparties are used to fair value certain financial instruments or investment properties for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Refer to Note 33.

2.2. Consolidated Financial Statements

Consolidated financial statements
In preparing the consolidated financial statements, the individual financial statements of the consolidated entities are aggregated on a line-by-line basis by adding together the like items of assets, liabilities, equity, income and expenses. Transactions, balances, income and expenses between the consolidated entities are eliminated.

Subsidiaries
Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date on which control ceases.

The entities included within these consolidated financial statements are as follows:

				Percentage ownership interest and voting rights held	
Numb.	**Subsidiaries**	**Functional currency**	**Country of incorporation**	**31 December 2019**	**31 December 2018**
1	HB Reavis Holding S.A. (Parent Company)	EUR	Luxembourg	N/A	N/A
2	GBC A S.à r.l. [4]	EUR	Luxembourg	-	100
3	GBC B S.à r.l. [4]	EUR	Luxembourg	-	100
4	Gdanski A SCSp. [4]	EUR	Luxembourg	-	100
5	Gdanski B SCSp. [4]	EUR	Luxembourg	-	100
6	HB Reavis DE1 S.à r.l.	EUR	Luxembourg	100	100
7	HB Reavis DE3 S.à r. l	EUR	Luxembourg	100	100
8	HB Reavis Finance LUX, Sarl	EUR	Luxembourg	100	100
9	HB Reavis Investment Management S.à r.l.	EUR	Luxembourg	100	100
10	Symbiosy Luxembourg S.a.r.l (former: HB Reavis Qubes Luxembourg S.a.r.l; former: Evolution Building Technologies S.à r.l.)	EUR	Luxembourg	100	100
11	HB Reavis REAL ESTATE INVESTMENT FUND (until 27.4.2017 as HB Reavis Real Estate SICAV-SIF) [5]	EUR	Luxembourg	100	100
12	HB Reavis Strategic Innovations Investments S.à r. l. (former THREE House S.à r.l.)	EUR	Luxembourg	100	100
13	HBR CE REIF LUX 3 S.à r.l.	EUR	Luxembourg	100	100
14	HBR CE REIF LUX 4 S.à r.l.	EUR	Luxembourg	100	100
15	HubHub Luxembourg S.à r.l. (former Tribazu S.à r.l.)	EUR	Luxembourg	100	100
16	ONE House S.à r.l.	GBP	Luxembourg	100	100
17	SIXTYFIVE House S.à r.l.	GBP	Luxembourg	100	100
18	THIRTYFIVE House S.à r.l.	GBP	Luxembourg	100	100
19	TWENTY House S.à r.l.	GBP	Luxembourg	100	100
20	UBX 2 Objekt Berlin S.à r.l. (former HB Reavis DE2 S.à r.l.) [3]	EUR	Luxembourg	100	100
21	HB Reavis CEE B.V. [3]	EUR	Netherlands	-	100
22	HB Reavis Croatia B.V. [4]	EUR	Netherlands	-	100
23	HB Reavis GROUP B.V.	EUR	Netherlands	100	100
24	HBRG Invest B.V. [4]	EUR	Netherlands	-	100
25	Twin City Holding N.V.	EUR	Netherlands	100	100
26	WATERFIELD Management B.V.	EUR	Netherlands	99.5	99.5
27	FILWOOD HOLDINGS LIMITED	EUR	Cyprus	100	100
28	HBR FINANCING LIMITED [1]	EUR	Cyprus	100	-
29	HBR HOLDING LIMITED	EUR	Cyprus	100	100
30	HBR IM HOLDING LTD	EUR	Cyprus	100	100
31	HBR INVESTORS LTD	EUR	Cyprus	100	100
32	10 Leake Street Ltd [6]	GBP	UK	100	100

HB Reavis Holding S.A.
Notes to Consolidated Financial Statements for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

(Continued)

				Percentage ownership interest and voting rights held	
Numb.	**Subsidiaries**	**Functional currency**	**Country of incorporation**	**31 December 2019**	**31 December 2018**
33	33 CENTRAL LIMITED	GBP	UK	100	100
34	4th Floor Elizabeth House Limited [6]	GBP	UK	100	100
35	Elizabeth Property Holdings Ltd [6]	GBP	UK	100	100
36	Elizabeth Property Nominee (No 1) Ltd [6]	GBP	UK	100	100
37	Elizabeth Property Nominee (No 2) Ltd [6]	GBP	UK	100	100
38	Elizabeth Property Nominee (No 3) Ltd [6]	GBP	UK	100	100
39	Elizabeth Property Nominee (No 4) Ltd [6]	GBP	UK	100	100
40	HB Reavis Construction UK Ltd.	GBP	UK	100	100
41	HB Reavis UK Ltd.	GBP	UK	100	100
42	HBR Capital Investment LP [6]	GBP	UK	100	100
43	HBR FM LTD [6]	GBP	UK	100	100
44	HubHub UK Ltd [6]	GBP	UK	100	100
45	HB Reavis IM ADVISOR LIMITED	EUR	Jersey	100	100
46	AGORA Budapest Kft. (former HB Reavis Project 2 Kft.)	HUF	Hungary	100	100
47	HB Reavis Buda Project Kft. [2]	HUF	Hungary	-	100
48	HB Reavis Construction Hungary Kft.	HUF	Hungary	100	100
49	HB Reavis Hungary Szolgáltató Kft.	HUF	Hungary	100	100
50	HB Reavis Ingatlanfejlesztési Alap	HUF	Hungary	100	100
51	HB Reavis Qubes Hungary Kft [1]	HUF	Hungary	100	-
52	HubHub Hungary Kft.	HUF	Hungary	100	100
53	KM Ingatlanbérbeadási Kft	HUF	Hungary	100	100
54	Symbiosy Hungary Kft. [1]	HUF	Hungary	100	-
55	ALISTON Finance I s. r. o.	EUR	Slovakia	100	100
56	ALISTON Finance II s.r.o.	EUR	Slovakia	100	100
57	ALISTON Finance III s. r. o.	EUR	Slovakia	100	100
58	ALISTON Finance IV s. r. o.	EUR	Slovakia	100	100
59	ALISTON Finance V s.r.o.	EUR	Slovakia	100	100
60	ALISTON Finance VI s. r. o. [1]	EUR	Slovakia	100	-
61	Apollo Business Center III a.s.	EUR	Slovakia	100	100
62	Apollo Business Center V a. s.	EUR	Slovakia	100	100
63	Apollo Property Management, s.r.o.	EUR	Slovakia	100	100
64	Bus Station Services s.r.o.	EUR	Slovakia	100	100
65	BUXTON INVEST a.s.	EUR	Slovakia	100	100
66	DVL Engineering a.s.	EUR	Slovakia	50	50
67	Eurovalley, a.s.	EUR	Slovakia	100	100

HB Reavis Holding S.A.
Notes to Consolidated Financial Statements for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

(Continued)

Numb.	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 31 December 2019	31 December 2018
68	Evolution Building Technologies a.s.	EUR	Slovakia	100	100
69	FORUM BC II s. r. o.	EUR	Slovakia	100	100
70	FutureNow s. r. o.	EUR	Slovakia	100	100
71	General Property Services, a.s.	EUR	Slovakia	100	100
72	HB Reavis Consulting k.s.	EUR	Slovakia	100	100
73	HB Reavis Finance SK II s. r. o.	EUR	Slovakia	100	100
74	HB Reavis Finance SK III s. r. o.	EUR	Slovakia	100	100
75	HB Reavis Finance SK IV s.r.o.	EUR	Slovakia	100	100
76	HB Reavis Finance SK s. r. o.	EUR	Slovakia	100	100
77	HB Reavis Finance SK V s. r. o.	EUR	Slovakia	100	100
78	HB Reavis Finance SK VI s.r.o. [1]	EUR	Slovakia	100	-
79	HB Reavis Finance SK VII s. r. o. [1]	EUR	Slovakia	100	-
80	HB Reavis Group s.r.o. (until 30.11.2017 as HB Reavis Development s. r. o.)	EUR	Slovakia	100	100
81	HB Reavis IM Advisor Slovakia s. r. o.	EUR	Slovakia	100	100
82	HB Reavis Investment Management správ. spol., a.s.	EUR	Slovakia	100	100
83	HB Reavis MANAGEMENT spol. s r.o.	EUR	Slovakia	100	100
84	HB Reavis Media s.r.o. (former Smart City Link s.r.o.)	EUR	Slovakia	100	100
85	Symbiosy s. r. o. (former HB Reavis Qubes Slovakia s.r.o.)[1]	EUR	Slovakia	100	-
86	HB Reavis Slovakia a. s.	EUR	Slovakia	100	100
87	HB REM, spol. s r.o.	EUR	Slovakia	100	100
88	HBR SFA, s. r. o.	EUR	Slovakia	100	100
89	HubHub Group s.r.o.	EUR	Slovakia	100	100
90	HubHub Slovakia s.r.o.	EUR	Slovakia	100	100
91	INLOGIS IV s. r. o.	EUR	Slovakia	100	100
92	INLOGIS LCR a. s.	EUR	Slovakia	100	100
93	INLOGIS V s. r. o.	EUR	Slovakia	100	100
94	INLOGIS VII s. r. o.	EUR	Slovakia	100	100
95	ISTROCENTRUM a. s.	EUR	Slovakia	100	100
96	Logistické centrum Trnava s.r.o.	EUR	Slovakia	100	100
97	LUGO, s.r.o.	EUR	Slovakia	100	100
98	Nivy Tower s.r.o.	EUR	Slovakia	100	100
99	Pressburg Urban Projects a. s.	EUR	Slovakia	100	100
100	Smart City Bridge s. r. o.	EUR	Slovakia	100	100
101	Smart City Eko s.r.o.	EUR	Slovakia	100	100

(Continued)

Numb.	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 31 December 2019	31 December 2018
102	Smart City Office I s.r.o.	EUR	Slovakia	100	100
103	Smart City Office II s.r.o.	EUR	Slovakia	100	100
104	Smart City Office III s.r.o.	EUR	Slovakia	100	100
105	Smart City Office IV s.r.o.	EUR	Slovakia	100	100
106	Smart City Office s.r.o.	EUR	Slovakia	100	100
107	Smart City Office V s.r.o.	EUR	Slovakia	100	100
108	Smart City Office VI s.r.o.	EUR	Slovakia	100	100
109	Smart City Office VII s.r.o.	EUR	Slovakia	100	100
110	Smart City Parking s.r.o.	EUR	Slovakia	100	100
111	Smart City Petržalka s. r. o.	EUR	Slovakia	100	100
112	Smart City s.r.o. (until 10.2.2017 as ALISTON II s. r. o.)	EUR	Slovakia	100	100
113	Smart City Services s.r.o. (until 4.5.2017 as AUPARK Property Management, s. r. o.)	EUR	Slovakia	100	100
114	SPC Property Finance II, s.r.o. v likvidácii	EUR	Slovakia	100	100
115	SPC Property Finance III, s.r.o. v likvidácii	EUR	Slovakia	100	100
116	SPC Property Finance IV, s. r. o. v likvidácii	EUR	Slovakia	100	100
117	SPC Property Finance V, s. r. o. [4]	EUR	Slovakia	-	100
118	SPC Property Finance, s. r. o. [4]	EUR	Slovakia	-	100
119	SPC Property I, spol. s r.o.	EUR	Slovakia	100	100
120	SPC Property III, s. r. o.	EUR	Slovakia	100	100
121	SPV Vištuk s. r. o.	EUR	Slovakia	100	100
122	Stanica Nivy s.r.o.	EUR	Slovakia	100	100
123	TC Nivy a. s.	EUR	Slovakia	100	100
124	TC Tower A1 s. r. o. [2]	EUR	Slovakia	-	100
125	Tower Nivy a. s.	EUR	Slovakia	100	100
126	Twin City III s.r.o.	EUR	Slovakia	100	100
127	Twin City Infrastructure s. r. o.	EUR	Slovakia	100	100
128	Twin City IV s.r.o.[2]	EUR	Slovakia	-	100
129	Twin City V s.r.o.	EUR	Slovakia	100	100
130	Twin City VIII s.r.o.	EUR	Slovakia	100	100
131	ANDAREA s.r.o.	CZK	Czech Rep	100	100
132	AR Consulting, a.s.	CZK	Czech Rep	100	100
133	AUPARK Hradec Králové - KOMUNIKACE, s.r.o.	CZK	Czech Rep	100	100
134	AUPARK Karviná s.r.o.	CZK	Czech Rep	100	100
135	DII Czech s.r.o.	CZK	Czech Rep	100	100
136	DNW Czech s.r.o.	CZK	Czech Rep	100	100

(Continued)

Numb.	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held 31 December 2019	31 December 2018
137	GALIM s.r.o.	CZK	Czech Rep	100	100
138	HB Reavis CZ, a.s.	CZK	Czech Rep	100	100
139	HB Reavis DEVELOPMENT CZ, a.s.	CZK	Czech Rep	100	100
140	HB Reavis Finance CZ, s.r.o.	EUR	Czech Rep	100	100
141	HB Reavis GROUP CZ, s.r.o.	EUR	Czech Rep	100	100
142	HB Reavis IZ s.r.o.	CZK	Czech Rep	100	100
143	HB Reavis MANAGEMENT CZ spol. s r.o.	CZK	Czech Rep	100	100
144	HB Reavis PROPERTY MANAGEMENT CZ, s.r.o.	CZK	Czech Rep	100	100
145	HubHub Czech Republic, s.r.o. (former RECLUN s.r.o.)	CZK	Czech Rep	100	100
146	ISTROCENTRUM CZ, a.s.	CZK	Czech Rep	100	100
147	KELOM s.r.o.	CZK	Czech Rep	100	100
148	MOLDERA, a.s.	CZK	Czech Rep	100	100
149	Multimodální Cargo MOŠNOV s.r.o.	CZK	Czech Rep	100	100
150	Nová Zvonařka s.r.o. (former AUPARK Brno, spol. s r.o.)	CZK	Czech Rep	100	100
151	Phibell s.r.o.	CZK	Czech Rep	100	100
152	Radlice Real Estate, s.r.o. [2]	CZK	Czech Rep	-	100
153	Radlická ATA s.r.o. [2]	CZK	Czech Rep	-	100
154	Temster, s.r.o. [2]	CZK	Czech Rep	-	100
155	Brookline Investments Sp. Z o.o.	PLN	Poland	100	100
156	Emmet Investments Sp. Z o.o. w likwidacji	PLN	Poland	100	100
157	GBC A Polcom Investment XXI Sp. z o.o. (former Polcom Investment VIII Sp. z o. o.) [4]	PLN	Poland	-	100
158	GBC B Polcom Investment XXII Sp. z o.o. (former Polcom Investment IX Sp. z o.o.) [4]	PLN	Poland	-	100
159	HB Reavis CONSTRUCTION PL Sp. z o. o	PLN	Poland	100	100
160	HB Reavis Finance PL 2 Sp. z o.o.	PLN	Poland	100	100
161	HB Reavis JV Spółka Akcyjna	PLN	Poland	100	100
162	HB Reavis Poland Sp. z o.o.	PLN	Poland	100	100
163	HB Reavis Property Management sp. z o.o. [4]	PLN	Poland	-	100
164	HB Reavis Qubes Poland Sp. z o.o. (former Polcom Investment XLVII Sp. z o.o.)	PLN	Poland	100	100
165	HubHub Poland Sp. z o.o. (former Polcom Investment XXVI Sp. z o.o.)	PLN	Poland	100	100
166	CHM1 Sp. z o. o.	PLN	Poland	100	100
167	CHM2 Sp. z o. o.	PLN	Poland	100	100
168	CHM3 Sp. z o. o. [4]	PLN	Poland	-	100
169	Konstruktorska BC Sp. z o.o.	PLN	Poland	100	100

(Continued)

				Percentage ownership interest and voting rights held	
Numb.	**Subsidiaries**	**Functional currency**	**Country of incorporation**	**31 December 2019**	**31 December 2018**
170	Mokoloco Sp. z o.o. (former Polcom Investment XXXVII Sp. z o.o.)[4]	PLN	Poland	-	100
171	P14 Sp. z o.o.	PLN	Poland	100	100
172	Polcom Investment II Sp. z o. o.	PLN	Poland	100	100
173	Polcom Investment III Sp. z o. o.	PLN	Poland	100	100
174	Polcom Investment VI Sp. z o. o.	PLN	Poland	100	100
175	Polcom Investment X sp. z o.o.	PLN	Poland	100	100
176	Polcom Investment XI sp. z o.o.	PLN	Poland	100	100
177	Polcom Investment XLI Sp. z o.o. w likwidacji	PLN	Poland	100	100
178	Polcom Investment XII sp. z o.o. [4]	PLN	Poland	-	100
179	Polcom Investment XIII sp. z o.o. [4]	PLN	Poland	-	100
180	Polcom Investment XIX Sp. z o.o. w likwidacji	PLN	Poland	100	100
181	Polcom Investment XL Sp. z o.o. w likwidacji	PLN	Poland	100	100
182	Polcom Investment XLII Sp. z o.o. w likwidacji	PLN	Poland	100	100
183	Polcom Investment XLIII Sp. z o.o.	PLN	Poland	100	100
184	Polcom Investment XLIX Sp. z o.o.	PLN	Poland	100	100
185	Polcom Investment XLVIII Sp. z o.o. [4]	PLN	Poland	-	100
186	Polcom Investment XVI Sp. z o.o.	PLN	Poland	100	100
187	Polcom Investment XVIII Sp. z o.o.	PLN	Poland	100	100
188	Polcom Investment XXI Sp. z o.o. [4]	PLN	Poland	-	100
189	Polcom Investment XXII Sp. z o.o. w likwidacji	PLN	Poland	100	100
190	Polcom Investment XXIV Sp. z o.o.	PLN	Poland	100	100
191	Polcom Investment XXIX Sp. z o.o.	PLN	Poland	100	100
192	Polcom Investment XXV Sp. z o.o. w likwidacji	PLN	Poland	100	100
193	Polcom Investment XXVII Sp. z o.o. w likwidacji	PLN	Poland	100	100
194	Polcom Investment XXVIII Sp. z o.o. [4]	PLN	Poland	-	100
195	Polcom Investment XXX Sp. z o.o.	PLN	Poland	100	100
196	Polcom Investment XXXIII Sp. z o.o.	PLN	Poland	100	100
197	Property Hetman Sp. Z o.o. (former Polcom Investment XXXIV Sp. z o.o. sp. K)	PLN	Poland	100	100
198	PSD Sp. Z o. o.	PLN	Poland	100	100
199	Rainford Sp. Z.o.o	PLN	Poland	100	100
200	Rainhill Sp. z o. o.	PLN	Poland	100	100
201	Elizabeth House GP LLC	GBP	US	100	100
202	Elizabeth House Limited Partnership	GBP	US	100	100
203	HB Reavis CIC INVESTCO US, LLC	EUR	US	100	100

(Continued)

Numb.	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held	
				31 December 2019	31 December 2018
204	HB Reavis Construction Germany GmbH	EUR	Germany	100	100
205	HB Reavis Germany GmbH	EUR	Germany	100	100
206	HB Reavis Verwaltungs GmbH	EUR	Germany	100	100
207	UBX 2 Objekt Berlin GmbH [3]	EUR	Germany	-	100
208	HubHub Austria GmbH	EUR	Austria	100	100

Numb.	Joint ventures	Functional currency	Country of incor-poration	Percentage ownership interest and voting rights held	
				31 December 2019	31 December 2018
209	PHVH SOLUTIONS II, s. r. o.	EUR	Slovakia	50	50
210	TANGERACO INVESTMENTS LIMITED	EUR	Cyprus	50	50
211	West Station Investment Sp. z o. o.	PLN	Poland	-	71
212	West Station Investment 2 Sp. z o. o. (former Polcom Investment XVII Sp. z o.o.)	PLN	Poland	-	72

1 Entities established/acquired by the Group during the year ended 31 December 2019
2 Entities disposed of during the year ended 31 December 2019 (refer to Note 27)
3 Entities were part of legal mergers or spin off and subsequently renamed during the year ended 31 December 2019
4 Entities were liquidated during the year ended 31 December 2019
5 In January 2017, the Group lost control over HB Reavis CE Real Estate Investment Fund, a sub-fund of a fully consolidated subsidiary HB Reavis Real Estate Investment Fund.
6 HBR FM LTD, HBR Capital Investment LP, HubHub UK Ltd, 4th Floor Elizabeth House Limited, 10 Leake Street Ltd, Elizabeth Property Nominee (No 1) Ltd, Elizabeth Property Nominee (No 2) Ltd, Elizabeth Property Nominee (No 3) Ltd, Elizabeth Property Nominee (No 4) Ltd and Elizabeth Property Holdings Ltd, registered in England and Wales, are claiming exemption from the requirements of the UK Companies Act 2006 (the "Act") relating to the audit of annual accounts under section 479A of the Act.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries that represent a business, except those acquired from parties under common control. A business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity. At acquisition date, the Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Acquisitions of subsidiaries holding investment properties
The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost of the acquisition to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. These transactions do not give rise to goodwill.

Purchases of subsidiaries from parties under common control
Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method, the consolidated financial statements are presented as if the businesses had been consolidated from the beginning of the earliest period presented or, if later, the date when the consolidated entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment within equity.

Associates
Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

When an investment in associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment – linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture.

The Group elected to measure its investment of non-controlling share in The Cambridge Incubator, LLC, a Delaware limited liability company acquired during 2018 at fair value through profit or loss.

Joint arrangements
Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Disposals of subsidiaries or joint ventures
When the Group ceases to have control or joint control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, where appropriate.

Purchases and sales of non-controlling interests
The Group applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

2.3. Foreign Currency Transactions and Translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of all the Group's entities is their local currency, except bonds issuance entities that are considered an extention of the Company and therefore have EUR as their functional currency. The consolidated financial statements are presented in millions of euro (EUR), which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair value in a foreign currency, including properties or equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet date are translated at the closing rates at the date of that balance sheet;
- income and expenses and movements in equity are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognized in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income/(loss).

When control over a foreign operation is lost, the previously recognised exchange differences on translation to a different presentation currency are reclassified from other comprehensive income to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of the accumulated currency translation differences is reclassified to non-controlling interest within equity.

2.4. Property, Plant and Equipment

All property, plant and equipment items are carried at cost less accumulated depreciation and accumulated impairment losses.

Cost

Cost includes expenditure that is directly attributable to the acquisition of the items of property plant and equipment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciation of property, plant and equipment starts in the month when the property, plant and equipment is available for use. Property, plant and equipment is depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the property, plant and equipment.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Group allocates the amount initially recognized in respect of an item of property, plant and equipment proportionally to its significant parts and depreciates separately each such part. Buildings include mainly administrative offices and premises used by the Group management. Equipment, fixtures and fittings include mainly hardware, servers, telephone exchanges, remote control equipment, office furniture and others. Motor vehicles include the Group's passenger cars.

	Useful lives in years
Buildings	30 years
Machinery, equipment, fixtures and fittings	4 to 6 years
Vehicles and other assets	6 to 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the conditions expected at the end of their useful life. The residual value of an asset is nil or its scrap value if the Group expects to use the asset until the end of its physical life.

Land and assets under construction are not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Items that are retired or otherwise disposed of are eliminated from the balance sheet, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

2.5. Investment Property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment property comprises freehold land, freehold commercial properties (retail, office and logistics) and leased land plots.
Prior to adoption of IFRS 16 land plots held under operating lease were classified and accounted for as investment property when the definition of investment property was met. In such cases the related operating leases were accounted for as if they were finance leases.

Investment property is initially valued at historical cost including related transaction costs. Costs include the works performed, the costs of staff directly related to technical supervision and project management on the basis of time spent up to the date of completion.

After initial recognition at cost, the investment property, including property under construction or development for future use as investment property, is carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on transaction prices from active markets, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Valuation reports as of the balance sheet date are prepared by independent appraisers, who hold a recognized and relevant professional qualification and who have recent experience in valuation of property of similar location and category. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including lease liabilities in respect of land classified as investment property; others, including contingent rent payments or future capital expenditure, are not recognized in the consolidated financial statements. Transaction costs, such as estimated agency and legal and accounting fees and transfer taxes are not deducted for the purposes of valuation of investment property in these financial statements irrespective whether or not they form part of the described valuations.
Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with these expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed to the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recorded in profit or loss as "Revaluation gain/(loss) on investment properties". Investment properties are derecognised when they have been disposed of or classified as Assets held for sale.

If an item of property, plant and equipment becomes an investment property because its use has changed, any revaluation gain resulting from a difference between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income and accumulated in a revaluation reserve in equity, until the asset's disposal when the revaluation reserve is reclassified to retained earnings.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property and stated at fair value.

Where an investment property undergoes a change in use evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

The Group classifies the investment property for the presentation purposes as investment properties in use or vacant and investment properties under development based on the stage of completion of the individual property construction and progress of leasing space to tenants. Consistently with classification for purposes of segmental analysis (see Note 6), the Group classifies a property as "in use or vacant" from the end of the accounting period in which legal requirements have been met. The Group also presents the value of investment properties and related income and expenses by following types of properties – office, retail, and industrial – classified by the prevailing function of the property for its tenants.
Prior to financial year 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset of investment property and a corresponding liability at the date at which the leased asset is available for use by the Group.

2.6. Right-of-use-assets

The Group leases various offices, equipment, vehicles and land. Rental contracts for offices, equipment and vehicles are typically made for periods of 3 to 10 years , but may have extension options. Rental contracts for land are made for period of 70 years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and restoration costs
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

	Useful lives in years
Buildings	30 years
Machinery, equipment, fixtures and fittings	4 to 6 years
Vehicles and other assets	6 to 8 years

The Group applies the fair value model to right-of-use assets that meet the definition of investment property in IAS 40. Changes in fair values are recognised as revaluation gains or losses in profit or loss.

2.7. Intangible Assets

Goodwill
See Note 2.2 for the accounting policy on goodwill. Goodwill is not amortised but is tested for impairment at the end of each annual reporting period.

Other intangible assets
All of the Group's other intangible assets have definite useful lives and primarily include externally acquired computer software licences.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the asset can be measured reliably. After initial recognition, the intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized on the straight-line basis over their useful lives:

	Useful lives in years
Software and software licences	5 years

The amortisation of an intangible asset starts in the month when the intangible asset is available for use. Intangible assets are depreciated in line with the approved depreciation plan using the straight-line method. Amortisation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the intangible assets. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Residual value of intangible assets is assumed to be zero unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:
- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.8. Impairment of Non-Financial Assets

Goodwill and intangible assets not yet available for use are not subject to amortization and are tested for impairment annually. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9. Financial Instruments

Initial recognition
Financial instruments at fair value through profit and loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price.

Financial assets – classification and subsequent measurement – measurement categories
The Group classifies financial assets in the following measurement categories: FVTPL, fair value through other comprehensive income ("FVOCI") and amortised cost ("AC"). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. The Group's financial assets consist of receivables and loans, trade and other receivables and derivatives. Financial assets recognised in the consolidated statement of financial position as trade and other receivables and

receivables and loans are recognised initially at fair value and subsequently measured at amortised cost less allowance for expected credit losses ("ECL"). Derivatives are measured at fair value at each end of the reporting period with changes in value recognised in profit or loss.

Financial assets – classification and subsequent measurement – business model
The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed. Refer to Note 3 for critical judgements applied by the Group in determining the business models for its financial assets.

Debt financial assets - Classification and subsequent measurement – cash flow characteristics
Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification
Debt financial assets are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL (expected credit losses)
The Group assesses, on a forward-looking basis, the ECL for financial instruments measured at amortised cost and FVOCI and for the exposures arising from loan commitments, financial guarantee contracts and for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial instruments measured at amortised cost and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, if any, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in other comprehensive income ("OCI") as gains less losses on debt instruments at FVOCI.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its

ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 29 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets – write-off
Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition
The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Cash & cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short- term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised costs using the effective interest method.

The Group calculates ECL on trade receivables using a provision matrix estimation technique. The Group uses its historic credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort for trade and other receivables to estimate ECL.The carrying amount of the asset is reduced through use of an allowance account, and the amount of the loss is included in other operating expenses. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Derivative financial instruments.
Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Financial liabilities – measurement categories
Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition
Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Loans and borrowings
All loans and borrowings are measured at amortised cost. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see Note 2.15 for the accounting policy on Borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted as its impact would be insignificant.

2.10. Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present values of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of various nature.

Prior to adoption of IFRS 16, where the Group was a lessee in a lease which did not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments were charged to profit or loss on a straight-line basis over the lease term with the exception of the operating leases for land classified as investment property; such leases were accounted for as finance leases.

Operating lease
Where the Group is a lessor in a lease which does not transfer substantially all the risks and rewards

incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income on a straight-line basis.

2.11. Current and Deferred Income Taxes

Income taxes have been provided for in the consolidated financial statements in accordance with applicable legislation enacted or substantively enacted by the financial position date and on entity by entity basis. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss unless it relates to transactions that are recognised, in the same or a different period, directly in equity or in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.
Deferred income tax is provided using the balance sheet liability method for tax loss carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the respective reporting period and are expected to apply to the period when the temporary differences will reverse or the tax losses carry forward will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The carrying value of Group's investment property is assumed to be realised by sale. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax considerations arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12. Inventories

Inventories represent land expected to be developed into residential property in line with the zoning and other regulatory requirements for the Group's projects and land held for disposal in the normal course of business. Inventories are presented as current because of the term of the operating cycle, but their carrying amount is expected to be recovered after 12 months. Inventories are recorded at the lower of cost and net realisable value. The cost of inventories comprises the cost of acquisition, and construction and other development costs incurred. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.13. Share Capital and Share Premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received or receivable over the par value of shares issued is presented as a share premium.

2.14. Dividends and Other Distributions to Owners

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or at the end of the reporting period. Dividends are disclosed when they are declared after the reporting period but before the consolidated financial statements are authorised for issue.

2.15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss using the effective interest method. The Group does not capitalise interest related to qualifying assets that are carried at fair value, including investment properties. Accordingly, interest costs on borrowings are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16. Trade and Other Payables

Trade payables are accrued when the counterparty performed its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17. Provisions for Liabilities and Charges

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.18. Uncertain Tax Positions

The Group's uncertain tax positions are reassessed by management at every balance sheet date. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities.

The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the balance sheet date and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

2.19. Revenue Recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

- Rental and similar income from investment property
- Construction revenues and
- Other revenues from sale of services.

Rental and similar income from investment property includes rental income from operating leases, service charges and management charges from properties.

Rental income is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. This applies to discounted rent periods and stepped rents. The resulting receivable is recognised within non–current assets or trade and other receivables depending on expected collection pattern. In determining the fair value of the related investment property, the Group does not double-count assets; the fair value of such investment property excludes accrued operating lease income because it is recognised as a separate asset. The contingent payments under lease agreements depending on the agreed level of sales turnover of tenants are recognized as income in the period when earned because the Group is unable to reliably estimate the future sales turnover of tenants in order to be able to recognise such expected contingent rents on a straight-line basis over the lease term.

Sales of services and management charges are recognised in the reporting period in which the services are rendered. Sales are shown net of VAT and discounts. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group constructs properties under both long-term and short-term contracts with customers. Under the terms of the long-term contracts, the Group is usually contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. In case of short-term contracts with customers the Group performs the analysis of agreed conditions and revenue is recognized either over time or at a point in time when the subject of contract is delivered.

The Group becomes entitled to invoice customers for construction of properties based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. It is presumed that there is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.20. Employee Benefits

Wages, salaries, contributions to the state and private pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group.

Certain senior managers are entitled to obtain payments from the Group's shareholders based on the net asset value of the Group. As the obligation was incurred by shareholders and not by the Group, and is unrelated to the entity's share price, the Group did not recognise these employee benefits as its expenses in profit or loss.

2.21. Other Operating Expenses

Expenses include marketing, rental expenses, legal, accounting, auditing and other professional fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

2.22. Non-current Assets Classified as Held for Sale

Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is highly probable and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified. Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

2.23. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of Directors of the Company.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Valuation of investment properties
The fair value estimates of 89.6% of investment properties (31 December 2018: 89.3%) were determined by the Group having received valuation advice from international valuation companies which have experience in valuing properties of similar location and characteristics. The remaining properties were valued on a basis of broker quotes or management estimates (which are based on letter of intent purchase price submitted by prospective bidders). The fair value of investment properties is estimated based on the income capitalisation method, where the value is estimated from the expected future benefits to be generated by the property in the form of rental income streams. The method considers net income generated by existing or comparable property, capitalised to determine the value for property which is subject to the valuation. The principal assumptions underlying the estimation of the fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; re-letting incentives; maintenance requirements; appropriate discount rates; and in case of properties under development, future constructions, finance and letting costs and market developers' profits. These valuations are regularly compared to actual market data and actual transactions by the Group and those reported by the market. For further details refer to Note 33.

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes in these assumptions are as follows for properties in the Western Europe:

- Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuers. Should the rental levels increase or decrease by 10% the carrying value of investment property would be higher or lower by EUR 308.2 million (2018: EUR 214.2 million).
- The income capitalisation rate (yield) across the portfolio was assumed to be 3.80% to 5.10%, or 4.44% on average (2018: from 4.5% to 4.75%, or 4.67% on average). Should this capitalisation rate increase/decrease by 25 basis points, the carrying value of the investment property would be EUR 43.8 million lower or EUR 49.1 million higher (2018: EUR 23.6 million lower or EUR 26.3 million higher).

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes in these assumptions are as follows for properties in the CEE region:

- Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuers. Should the rental levels increase or decrease by 10% the carrying value of investment property would be higher or lower by EUR 483.9 million (2018: EUR 407.8 million)
- The income capitalisation rate (yield) across the portfolio was assumed to be from 4.25% to 8.5%, or 5.27% on average (2018: from 4.76% to 8.5%, or 5.92% on average). Should this capitalisation rate increase/decrease by 25 basis points, the carrying

value of the investment property would be EUR 84.8 million lower or EUR 93.3 million higher (2018: EUR 59.9 million lower or EUR 65.2 million higher).

Income taxes
The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes, in particular in the area of transfer pricing. There are some transactions and calculations for which the ultimate tax determination is uncertain, therefore tax liability is recognised for exposures deemed probable. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The calculation of deferred tax on investment properties is not based on the fact that they might be realised through a share deal but through an asset deal. As a result of the Group's structure, the potential capital gain may be exempted from any tax in case of share deal if certain conditions are met and hence the accumulated deferred tax liabilities may be recognized as a gain upon disposal depending on the outcome of negotiations with future buyers.

Initial recognition of related party transactions
In the normal course of business, the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 7.

Expected credit losses (ECL)measurement
Measurement of ECL is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 31.

In line with IFRS 9 the Group use practical expedient for trade and other receivables and calculates ECL using a provision matrix based on its historical credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort.

Lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
For leases of offices, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate) the lease.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

4. Adoption of New or Revised Standards and Interpretations

The Group has applied the following standards and amendments for the first time for its reporting period commencing on 1 January 2019:
- IFRS 16 Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 9: Prepayments Features with Negative Compensation (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).

IFRS 16 Leases
The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for the

2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.9% p.a.

For leases previously classified as finance leases the Group recognised the carrying amount of the leased asset and finance lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16. The measurement principles of IFRS 16 are only applied after that date.

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Practical expedients applied
In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:
- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

A reconciliation of the operating lease commitments disclosed in Note 29 to the recognised liability is as follows:

Measurement of lease liabilities

In millions of EUR	**1 January 2019**
Total future minimum lease payments for non-cancellable* operating leases as at 31 December 2018 (Note 29)	93.0
Discounted total minimum lease payments for non-cancellable operating leases using the lessee's incremental borrowing rate of at the date of initial application	39.7
Finance lease liabilities recognised as at 31 December 2018	31.3
Total lease liability at 1 January 2019	**71.0**
of which are:	
Current lease liabilities	4.9
Non-current lease liabilities	66.1

* Non-cancellable leases include those cancellable only: (a) upon the occurrence of some remote contingency, (b) with the permission of the lessor, (c) if the lessee enters into a new lease for the same or an equivalent asset with the same lessor; or (d) upon payment by the lessee of such an additional amount that, at inception of the lease, continuation of the lease is reasonably certain.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued operating lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Measurement of lease liabilities

In millions of EUR	1 January 2019
Property Plant and Equipment (Note 8) increase/(decreased)	(0.3)
Right-of-use-asset (Note 9) increase/(decreased)	9.1
Investment property (Note 10) increase/(decreased)	30.9
Borrowings (Note 20) (increase)/decreased	31.3
Lease liabilities (Note 9) (increase)/decreased	(71.0)

As IFRS 16 substantially carried forward the lessor accounting requirements in IAS 17, the Group did not recognise any significant impact on the consolidated financial statements in respect of the Group's activities as a lessor.

5. New Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for reporting period commencing on 1 January 2019 and have not been early adopted by the Group:
- Amendment to IFRS 3 Business Combinations* (issued on 22 October 2018 and effective for annual periods beginning on or after 1 January 2020)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2020
- IFRS 17 Insurance Contracts* (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020) New Accounting Pronouncements (Continued)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).

* These new standards, amendments and interpretations have not been endorsed by the European union yet.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

6. Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Board of Directors of the Company.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is managing its business operations on the basis of the following segments:

Asset Management – representing management of income generating properties (properties in use or vacant) developed by the Group or acquired with no major development expected.

Development in Realisation – representing management of activities connected with construction, marketing and leasing activities. A property is reclassified from Development in Realisation to Asset Management at the end of the accounting period in which the property has been commissioned for its intended use and a final building approval has been carried out. This means that the revenues, costs, including the revaluation gains or losses related to the year when property reaches the described criteria, are included within Development in Realisation, whereas the completed property is shown on the balance sheet as of the last day of such period as property "in use or vacant" under the Asset Management business.

Development in Preparation – representing management of activities including acquisition of land and concept design and permitting until the construction commencement. A property is reclassified from Development in Preparation to Development in Realisation at the end of the accounting period in which the construction of the property started. The revenues, costs, including the revaluation gains or losses related to the year when the construction of the property started, are included within Development in Preparation, whereas the property is shown on the balance sheet as of the last day of such period as property under the Development in Realisation.

Investment Management – representing management of activities related to management of third party investment in properties managed by the Group.

Non-Core – representing management of land bank items designated as Non-Core properties of the Group.

HUB HUB – representing management of activities related to management of Group's co-working platform, providing flexible work space and business events.

Cash – representing management of entities that are set up for concentration of cash for its further investments and providing loans to other entities within consolidated group.

(b) Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different activities of the Group. They are managed separately because each business unit requires different skill sets, product and market, procurement and human resource strategies.

Segment financial information reviewed by the Board of Directors includes rental and similar income from Asset Management business less directly attributable costs associated with properties that equal to Net Operating Income (NOI). The Board of Directors also reviews the change in fair value of properties. With respect to Development in Preparation segment, the Board reviews acquisition opportunities and submits bids for land and properties and oversees property design, permitting and zoning. With respect to Development in Realisation segment, the Board reviews construction budgets and actual construction costs and delivery schedules as well as property marketing and letting activities at the end of the development cycle. With respect to Investment Management segment, Management reviews opportunities for transfer of further subsidiaries into this segment that would contribute to development and extend of portfolio offered for external investors.

(c) Measurement of operating segment profit or loss, assets and liabilities

The Board reviews financial information prepared based on International Financial Reporting Standards as adopted by the European Union. The Board evaluates performance of each segment based on profit before tax and net assets value. The Group allocates costs to segments based on specific identification of entities that belong to particular segments. Direct operating expenses arising from investment property are allocated on a basis of appropriate cost driver (e.g. MWh of electricity spent for electricity related costs). Transactions of the subsidiaries are allocated to relevant segment based on the substance of the transactions (e.g. expenses of subsidiary that supply utilities to other subsidiaries are allocated to segment for which the utility was purchased) unless it is not possible to allocate them to explicit segment category and they remain unallocated.

(d) Information about reportable segment profit or loss, assets and liabilities

The segment profit and loss information for the year ended 31 December 2019 is as follows:

HB Reavis Holding S.A.
Notes to Consolidated Financial Statements for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Cash	Unallocated	Total
Rental income from investment property	22									
- Office		27.7	0.6	0.4	-	0.1	6.1	-	-	**34.9**
- Retail		1.4	-	-	-	-	-	-	-	**1.4**
- Industrial		-	-	-	-	-	-	-	-	**-**
		29.1	**0.6**	**0.4**	**-**	**0.1**	**6.1**	**-**	**-**	**36.3**
Service charges income from investment properties	22									
- Office		17.5	-	0.2	-	-	-	-	-	**17.7**
- Retail		0.8	-	-	-	-	-	-	-	**0.8**
- Industrial		-	-	-	-	-	-	-	-	**-**
		18.3	**-**	**0.2**	**-**	**-**	**-**	**-**	**-**	**18.5**
Management charges income from investment properties	22									
- Office		4.6	-	-	-	-	0.7	-	-	**5.3**
- Retail		0.3	-	-	-	-	-	-	-	**0.3**
- Industrial		-	0.2	-	-	-	-	-	-	**0.2**
		4.9	**0.2**	**-**	**-**	**-**	**0.7**	**-**	**-**	**5.8**
Direct operating expenses arising from investment property	23									
- Office		(20.0)	(0.1)	(0.3)	(3.9)	-	(1.8)	-	-	**(26.1)**
- Retail		(0.1)	-	-	-	-	-	-	-	**(0.1)**
- Industrial		-	-	-	-	(0.2)	-	-	-	**(0.2)**
		(20.1)	**(0.1)**	**(0.3)**	**(3.9)**	**(0.2)**	**(1.8)**	**-**	**-**	**(26.4)**
Net operating income from investment property		**32.2**	**0.7**	**0.3**	**(3.9)**	**(0.1)**	**5.0**	**-**	**-**	**34.2**
Revaluation gain/(loss) on investment property	10									
- Office		71.7	377.4	57.4	-	-	0.5	-	-	**507.0**
- Retail		-	12.6	-	-	0.8	-	-	-	**13.4**
- Industrial		-	-	-	-	(1.0)	-	-	-	**(1.0)**
Share of profit or loss of joint ventures	11	(7.7)	-	-	-	-	-	-	-	**(7.7)**
		64.0	**390.0**	**57.4**	**-**	**(0.2)**	**0.5**	**-**	**-**	**511.7**
Interest expense - third parties		(6.9)	(22.5)	(0.5)	-	-	(0.4)	-	(3.0)	**(33.3)**
		89.3	**368.2**	**57.2**	**(3.9)**	**(0.3)**	**5.1**	**-**	**(3.0)**	**512.6**

Table continued on next page

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Cash	Unallocated	Total
Investment management fee		-	-	-	2.0	-	-	-	-	**2.0**
Revenue from construction contracts	24	0.3	17.5	-	-	-	2.1	-	2.9	**22.8**
Construction contract costs		(0.5)	(14.4)	-	-	-	(1.8)	-	(2.9)	**(19.6)**
Other expenses/revenues		13.4	(32.6)	(7.1)	(1.6)	(27.0)	(3.8)	(2.3)	(0.1)	**(61.1)**
Profit before income tax (segment result)		**102.5**	**338.7**	**50.1**	**(3.5)**	**(27.3)**	**1.6**	**(2.3)**	**(3.1)**	**456.7**
Purchases of investment property	10	-	-	-	-	-	-	-		**-**
Construction costs related to investment property	10	30.9	398.1	7.0	-	0.9	9.0	-		**445.9**
Construction costs related to joint ventures		1.0	-	-	-	-	-	-		**1.0**
Construction costs related to construction work		0.5	14.4	-	-	-	1.8	-	2.9	**18.6**
Total investments		**31.4**	**412.5**	**7.0**	**-**	**0.9**	**10.8**	**-**	**2.9**	**465.5**
Sale of investment property	10, 27	(198.3)	-	(48.3)	-	-	-	-	-	**(246.6)**
Sale of joint venture investment property		(130.2)	-	-	-	-	-	-	-	**(130.2)**
Total divestments		**(328.5)**	**-**	**(48.3)**	**-**	**-**	**-**	**-**	**-**	**(376.8)**

The segment information on segment assets and liabilities as of 31 December 2019 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Cash	Unallocated	Total
Investment property	10									
- Office		490.1	1,428.3	200.2	-	-	32.3	-	-	**2,150.9**
- Retail		0.9	219.7	-	-	0.8	-	-	-	**221.4**
- Industrial		-	-	-	-	30.6	-	-	-	**30.6**
- Investment property held for sale	15	297.7	-	-	-	5.0	-	-	-	**302.7**
Investment in joint ventures	11	2.2	-	-	-	-	-	-	-	**2.2**
Deferred tax asset	28	-	-	-	-	-	-	-	4.1	**4.1**
Other unallocated assets		-	-	-	-	-	-	115.1	213.3	**328.4**
Total assets		**790.9**	**1,648.0**	**200.2**	**-**	**36.4**	**32.3**	**115.1**	**217.4**	**3,040.3**
Borrowings										
- non-current	20	(70.7)	(648.9)	-	-	-	-	-	(9.3)	**(728.9)**
- current	7, 20	(3.8)	(97.6)	(5.9)	-	-	-	-	(85.1)	**(192.4)**
- included as held for sale	15	(152.3)	-	-	-	-	-	-	-	**(152.3)**
Leasing										
- non-current	9	(0.1)	(56.6)	(0.4)	-	-	(11.2)	-	-	**(68.3)**
- current	9	(0.2)	(4.1)	-	-	-	(3.2)	-	-	**(7.5)**
Deferred tax liability	28	-	-	-	-	-	-	-	(133.4)	**(133.4)**
Other unallocated liabilities		-	-	-	-	-	-	-	(164.1)	**(164.1)**
Total liabilities		**(227.1)**	**(807.2)**	**(6.3)**	**-**	**-**	**(14.4)**	**-**	**(391.9)**	**(1,446.9)**
Segment net asset value		**563.8**	**840.8**	**193.9**	**-**	**36.4**	**17.9**	**115.1**	**(174.5)**	**1,593.4**

Geographical information

Revenue, expenses and assets analysed by country for the year ended 31 December 2019 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Rental income	22	20.5	1.9	5.8	1.4	6.7	-	-	-	**36.3**
Service charges	22	11.1	0.2	1.7	-	5.5	-	-	-	**18.5**
Management charges	22	4.1	1.4	0.3	0.1	(0.1)	-	-	-	**5.8**
Direct operating expenses	22	(17.7)	(0.9)	(1.8)	(0.3)	(5.6)	(0.1)	-	-	**(26.4)**
Net operating income from investment properties		**18.0**	**2.6**	**6.0**	**1.2**	**6.5**	**(0.1)**	**-**	**-**	**34.2**
Revaluation gain	10	111.1	27.5	150.1	82.2	99.6	48.9	-	-	**519.4**
Revenue from construction contracts	24	6.8	2.4	6.3	3.9	3.4	-	-	-	**22.8**
Construction contract costs		(7.7)	(2.6)	(7.6)	(0.2)	(1.5)	-	-	-	**(19.6)**
Share of profit or loss of joint ventures	11	(0.2)	-	(7.5)	-	-	-	-	-	**(7.7)**
Interest expense		(18.4)	(3.8)	(8.5)	(0.5)	(1.6)	(0.5)	-	-	**(33.3)**
Investment management fee		-	-	-	-	-	-	2.0	-	**2.0**
Other (expenses)/revenues		(13.6)	(9.4)	19.2	(7.5)	(22.1)	(0.9)	(26.8)	-	**(61.1)**
Profit before tax		**96.0**	**16.7**	**158.0**	**79.1**	**84.3**	**47.4**	**(24.8)**	**-**	**456.7**
Investment property in use or vacant	10	142.1	11.1	4.1	13.7	352.4	-	-	-	**523.4**
Investment property under development	10	480.0	58.4	747.4	270.4	151.0	172.3	-	-	**1,879.5**
Investment in joint venture	11	2.2	-	-	-	-	-	-	-	**2.2**
Other non-current assets		13.1	1.1	3.1	2.5	8.4	0.8	27.9	4.3	**61.2**
Total non-current assets		**637.4**	**70.6**	**754.6**	**286.6**	**511.8**	**173.1**	**27.9**	**4.3**	**2,466.3**
Non-current assets classified as held-for-sale	15	86.6	-	96.9	-	150.8	-	-	-	**334.3**
Total non-current assets and assets held for sale		**724.0**	**70.6**	**851.5**	**286.6**	**662.6**	**173.1**	**27.9**	**4.3**	**2,800.6**
Cash and cash equivalents	16	18.8	4.4	23.9	9.7	12.4	9.5	36.4	-	**115.1**
Other unallocated assets		-	-	-	-	-	-	-	124.6	**124.6**
Total assets		**742.8**	**75.0**	**875.4**	**296.3**	**675.0**	**182.6**	**64.3**	**128.9**	**3,040.3**

Geographical information

Liabilities and capital expenditures analysed by country for the year ended 31 December 2019 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Borrowings	20									
- non-current		(452.9)	(49.2)	(198.3)	(24.1)	-	-	(4.4)	-	**(728.9)**
- current		(102.4)	(6.7)	(31.0)	(0.2)	-	(52.0)	(0.1)	-	**(192.4)**
Leasing	9									
- non-current		(9.7)	(6.0)	(15.2)	(1.0)	(36.5)	(0.4)	-	-	**(68.8)**
- current		(2.3)	(1.3)	(1.6)	(0.6)	(1.5)	(0.2)	-	-	**(7.5)**
Liabilities directly associated with non-current assets classified as held for sale	15	(49.6)	-	(71.5)	-	(56.6)	-	-	-	**(177.7)**
Deferred income tax liability	28	-	-	-	-	-	-	-	(133.4)	**(133.4)**
Other unallocated liabilities		-	-	-	-	-	-	-	(138.2)	**(138.2)**
Total liabilities		**(616.9)**	**(63.2)**	**(317.6)**	**(25.9)**	**(94.6)**	**(52.6)**	**(4.5)**	**(271.6)**	**(1,446.9)**
Net asset value		**125.9**	**11.8**	**557.8**	**270.4**	**580.4**	**130.0**	**59.8**	**(142.7)**	**(1,593.4)**
Purchases of investment property (including non-cash)	10	-	-	-	-	-	-	-	-	**-**
Construction costs related to investment property	10	134.4	4.7	133.8	90.3	51.6	31.1	-	-	**445.9**
Construction costs related to joint ventures		-	-	1.0	-	-	-	-	-	**1.0**
Construction costs related to construction work		7.7	2.6	6.6	0.2	1.5	-	-	-	**18.6**
Total investments		**142.1**	**7.3**	**141.4**	**90.5**	**53.1**	**31.1**	**-**	**-**	**465.5**
Sale of investment property	10, 27	(198.3)	(35.0)	-	(13.3)	-	-	-	-	**(246.6)**
Sale of joint venture investment property		-	-	(130.2)	-	-	-	-	-	**(130.2)**
Total divestments		**(198.3)**	**(35.0)**	**(130.2)**	**(13.3)**	**-**	**-**	**-**	**-**	**(376.8)**

HB Reavis Holding S.A.
Notes to Consolidated Financial Statements for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

The segment profit and loss information for the year ended 31 December 2018 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Cash	Unallocated	Total
Rental income from investment property	22									
- Office		35.6	2.2	0.9	-	-	1.3	-	-	**40.0**
- Retail		1.4	-	-	-	-	-	-	-	**1.4**
- Industrial		-	-	-	-	-	-	-	-	**-**
		37.0	**2.2**	**0.9**	**-**	**-**	**1.3**	**-**	**-**	**41.4**
Service charges income from investment properties	22									
- Office		14.4	0.1	0.4	-	-	-	-	-	**14.9**
- Retail		0.6	-	-	-	0.1	-	-	-	**0.7**
- Industrial		-	-	-	-	-	-	-	-	**-**
		15.0	**0.1**	**0.4**	**-**	**0.1**	**-**	**-**	**-**	**15.6**
Management charges income from investment properties	22									
- Office		3.8	-	-	-	-	0.6	-	-	**4.4**
- Retail		0.3	-	-	-	-	-	-	-	**0.3**
- Industrial		-	0.4	-	-	-	-	-	-	**0.4**
		4.1	**0.4**	**-**	**-**	**-**	**0.6**	**-**	**-**	**5.1**
Direct operating expenses arising from investment property	23									
- Office		(20.6)	-	(0.7)	(0.1)	-	(2.2)	-	-	**(23.6)**
- Retail		(0.3)	-	-	-	-	-	-	-	**(0.3)**
- Industrial		-	-	-	-	(0.2)	-	-	-	**(0.2)**
		(20.9)	**-**	**(0.7)**	**(0.1)**	**(0.2)**	**(2.2)**	**-**	**-**	**(24.1)**
Net operating income from investment property		**35.2**	**2.7**	**0.6**	**(0.1)**	**(0.1)**	**(0.3)**	**-**	**-**	**38.0**
Revaluation gain/(loss) on investment property	10									
- Office		7.5	176.8	2.3	-	-	0.1	-	-	**186.7**
- Retail		-	8.7	-	-	(0.1)	-	-	-	**8.6**
- Industrial		-	-	(0.2)	-	(0.3)	-	-	-	**(0.5)**
Share of profit or loss of joint ventures	11	10.0	-	-	-	-	-	-	-	**10.0**
		17.5	**185.5**	**2.1**	**-**	**(0.4)**	**0.1**	**-**	**-**	**204.8**
Interest expense - third parties		**(8.0)**	**(21.0)**	**(2.5)**	**-**	**(0.1)**	**-**	**-**	**(1.6)**	**(33.2)**
		44.7	**167.2**	**0.2**	**(0.1)**	**(0.6)**	**(0.2)**	**-**	**(1.6)**	**209.6**

Table continued on next page

In millions of EUR	**Note**	**Asset Management**	**Development in Realisation**	**Development in Preparation**	**Investment Management**	**Non-Core**	**HUB HUB**	**Cash**	**Unallocated**	**Total**
Investment management fee		-	-	-	1.6	-	-	-	-	**1.6**
Revenue from construction contracts	24	6.5	10.9	-	-	-	2.3	-	2.2	**21.9**
Construction contract costs		(8.9)	(11.2)	-	-	-	-	-	(2.2)	**(22.3)**
Other expenses/revenues		15.5	(40.6)	(7.3)	(1.4)	(0.8)	(3.3)	(1.8)	(19.5)	**(59.2)**
Profit before income tax		**57.8**	**126.3**	**(7.1)**	**0.1**	**(1.4)**	**(1.2)**	**(1.8)**	**(21.1)**	**151.6**
Purchases of investment property	10	8.1	83.1	66.6	-	-	-	-	-	**157.8**
Construction costs related to investment property	10	64.3	142.3	9.6	-	0.4	7.7	-	-	**223.4**
Construction costs related to joint ventures		8.9	-	-	-	-	-		-	**8.9**
Construction costs related to contruction work		-	11.2	-	-	-	-	-	2.2	**13.4**
Total investments		**80.4**	**236.6**	**76.2**	**-**	**0.4**	**7.7**	**-**	**2.2**	**403.5**
Sale of investment property	27	(385.3)	-	-	-	-	-	-	-	**(385.3)**
Total divestments		**(385.3)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(385.3)**

Table continued on next page

HB Reavis Holding S.A.
Notes to Consolidated Financial Statements for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

The segment profit and loss information for the year ended 31 December 2018 is as follows:

In millions of EUR	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non-Core	HUB HUB	Cash	Unallocated	Total
Investment property	10									
- Office		616.8	663.2	227.1	-	-	8.2	-	-	**1,515.3**
- Retail		-	120.4	-	-	-	-	-	-	**120.4**
- Industrial		-	-	-	-	30.7	-	-	-	**30.7**
- Investment property held for sale	15	224.1	-	13.3	-	5.0	-	-	-	**242.4**
Investment in joint ventures	11	54.5	-	-	-	-	-	-	-	**54.5**
Deferred tax asset	28	-	-	-	-	-	-	-	11.8	**11.8**
Other unallocated assets		-	-	-	-	-	-	172.3	202.5	**374.8**
Total assets		**895.4**	**783.6**	**240.4**	**-**	**35.7**	**8.2**	**172.3**	**214.3**	**2,349.9**
Borrowings										
- non-current	20	(165.7)	(376.8)	(37.2)	-	-	-	-	(34.7)	**(614.4)**
- current	20, 7	(5.0)	(57.7)	(7.3)	-	-	-	-	(63.2)	**(133.2)**
- included as held for sale	15	(143.9)	-	-	-	-	-	-	-	**(143.9)**
Deferred tax liability	28	-	-	-	-	-	-	-	(79.3)	**(79.3)**
Other unallocated liabilities		-	-	-	-	-	-	-	(121.0)	(121.0)
Total liabilities		**(314.6)**	**(434.5)**	**(44.5)**	**-**	**-**	**-**	**-**	**(298.2)**	**(1,091.8)**
Segment net asset value		**580.8**	**349.1**	**195.9**	**-**	**35.7**	**8.2**	**172.3**	**(83.9)**	**1,258.1**

Geographical information

Revenue, expenses and assets analysed by country for the year ended 31 December 2018 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Rental income	22	17.0	3.4	11.5	0.3	9.2	-	-	-	**41.4**
Service charges	22	9.0	1.1	2.8	-	2.7	-	-	-	**15.6**
Management charges	22	4.0	1.2	0.2	-	(0.3)	-	-	-	**5.1**
Direct operating expenses	23	(13.2)	(1.4)	(4.1)	(0.2)	(4.9)	(0.2)	(0.1)	-	**(24.1)**
Net operating income from investment properties		**16.8**	**4.3**	**10.4**	**0.1**	**6.7**	**(0.2)**	**(0.1)**	**-**	**38.0**
Revaluation gain	10	39.9	5.3	81.9	19.8	47.9	-	-	-	**194.8**
Revenue from construction contracts	24	3.6	5.4	11.9	0.1	0.9	-	-	-	**21.9**
Construction contract costs		(3.8)	(5.2)	(12.9)	-	(0.4)	-	-	-	**(22.3)**
Share of profit or loss of joint ventures	11	-	-	10.0	-	-	-	-	-	**10.0**
Interest expense		(16.5)	(3.7)	(9.9)	(1.3)	(1.4)	(0.1)	(0.3)	-	**(33.2)**
Investment management fee		-	-	-	-	-	-	1.6	-	**1.6**
Other (expenses)/revenues		(25.3)	1.4	(0.8)	(7.0)	(5.0)	(1.4)	(21.1)	-	**(59.2)**
Profit before tax		**14.7**	**7.5**	**90.6**	**11.7**	**48.7**	**(1.7)**	**(19.9)**	**-**	**151.6**
Investment property in use or vacant	10	132.4	1.5	74.7	11.0	403.2	-	-	-	**622.8**
Investment property under development	10	276.7	62.0	447.8	105.0	59.9	92.2	-	-	**1,043.6**
Investment in joint venture	11	2.3	-	52.2	-	-	-	-	-	**54.5**
Other non-current assets		3.5	1.2	19.3	0.6	3.8	-	52.0	12.0	**92.4**
Total non-current assets		**414.9**	**64.7**	**594.0**	**116.6**	**466.9**	**92.2**	**52.0**	**12.0**	**1,813.3**
Non-current assets classified as held-for-sale	15	257.4	-	-	13.8	-	-	-	-	**271.2**
Total non-current assets and assets held for sale		**672.3**	**64.7**	**594.0**	**130.4**	**466.9**	**92.2**	**52.0**	**12.0**	**2,084.5**
Cash and cash equivalents	16	39.2	4.0	52.3	9.8	11.9	7.3	47.8	-	**172.3**
Other unallocated assets		-	-	-	-	-	-	-	93.1	**93.1**
Total assets		**711.5**	**68.7**	**646.3**	**140.2**	**478.8**	**99.5**	**99.8**	**105.1**	**2,349.9**

HB Reavis Holding S.A.
Notes to Consolidated Financial Statements for the year ended 31 December 2019
Prepared in accordance with International Financial Reporting Standards as adopted by the EU

Geographical information

Liabilities and capital expenditures analysed by country for the year ended 31 December 2018 are as follows:

In millions of EUR	Note	Slovakia	Czech Republic	Poland	Hungary	UK	Germany	Other countries	Unallocated	Total
Borrowings	20									
- non-current		(300.9)	(54.3)	(174.5)	(5.5)	(79.2)	-	-	-	**(614.4)**
- current		(81.2)	(8.0)	(2.8)	(0.2)	(0.3)	(22.2)	(18.5)	-	**(133.2)**
Liabilities directly associated with non-current assets classified as held for sale	15	(158.2)	-	-	(0.6)	-	-	-	-	**(158.8)**
Deferred income tax liability	28	-	-	-	-	-	-	-	(79.3)	**(79.3)**
Other unallocated liabilities		-	-	-	-	-	-	-	(106.1)	**(106.1)**
Total liabilities		**(540.3)**	**(62.3)**	**(177.3)**	**(6.3)**	**(79.5)**	**(22.2)**	**(18.5)**	**(185.4)**	**(1,091.8)**
Net asset value		**171.2**	**6.4**	**469.0**	**133.9**	**399.3**	**77.3**	**81.3**	**(80.3)**	**1,258.1**
Purchases of investment property (including non-cash)	10	-	-	3.6	8.1	58.7	87.4	-	-	157.8
Construction costs related to investment property	10	95.9	4.7	66.0	24.0	28.1	4.7	-	-	**223.4**
Construction costs related to joint ventures		-	-	8.9	-	-	-	-	-	**8.9**
Construction costs related to contruction work		3.8	5.2	4.0	-	0.4	-	-	-	13.4
Total investments		**99.7**	**9.9**	**82.5**	**32.1**	**87.2**	**92.1**	**-**	**-**	**403.5**
Sale of investment property	27	-	(88.5)	(188.6)	-	(108.2)	-	-	-	(385.3)
Total divestments		**-**	**(88.5)**	**(188.6)**	**-**	**(108.2)**	**-**	**-**	**-**	**(385.3)**

7. Balances and Transactions with Related Parties

Related parties are defined in IAS 24, Related Party Disclosures. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or has joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's immediate parent and ultimate controlling party are disclosed in Note 1. Transactions are generally entered into on an arm's length basis. Key management of the Group consists of 7 senior managers (2018: 19). Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 December 2019 are detailed below.

At 31 December 2019, the outstanding balances with related parties are as follows:

In millions of EUR	Entities under common control	Key management personnel	Joint ventures	Total
Trade and other receivables (Note 14)	10.8	1.7	0.2	**12.7**
ECL allowance for trade receivables to related party	(2.9)	-	-	**(2.9)**
Other current assets (Note 17)	1.3	-	-	**1.3**
Financial assets (Note 12)	0.1	0.5	-	**0.6**
Loans (Note 14)	1.4	-	-	**1.4**
ECL allowance for loans to related party (Note 14)	(1.4)	-	-	**(1.4)**
Borrowings (Note 20)	-	-	-	**-**
Other non-current assets (Note 13)	-	-	-	**-**
Trade and other payables current (Note 21)	(3.7)	(0.8)	-	**(4.5)**
Trade and other payables non-current (Note 21)	(13.1)	-	-	**(13.1)**
Other payables non-current (Note 21)	(0.6)	-	-	**(0.6)**

The income and expense items with related parties for the year ended 31 December 2019 are as follows:

In millions of EUR	Entities under common control	Key management personnel	Joint ventures	Total
Revenue from services rendered	4.9	-	-	**4.9**
Revenue from construction contracts	1.4	2.9	0.1	**4.4**
Rental income	3.2	-	0.2	**3.4**
Rental expenses	(1.4)	-	-	**(1.4)**
Other services	(10.2)	(1.2)	-	**(11.4)**
Short-term employee benefits (salaries)	-	(2.5)	-	**(2.5)**
Long-term employee benefits (social security costs)	-	(0.5)	-	**(0.5)**
Interest income	0.2	-	0.1	**0.3**
Interest expense	(0.6)	-	0.2	**(0.4)**
Other financial expenses	(0.9)	-	-	**(0.9)**

At 31 December 2018, the outstanding balances with related parties are as follows:

In millions of EUR	Entities under common control	Key management personnel	Joint ventures	Total
Trade and other receivables (Note 14)	7.6	0.3	0.2	**8.1**
ECL allowance for trade receivables to related party	(3.4)	-	-	**(3.4)**
Financial assets (Note 12)	0.3	-	-	**0.3**
Loans (Note 14)	1.2	-	13.3	**14.5**
Borrowings (Note 20)	(14.0)	-	-	**(14.0)**
Other non-current assets (Note 13)	-	-	5.7	**5.7**
Trade and other payables current (Note 21)	(9.1)	(0.8)	(0.3)	**(10.2)**
Trade and other payables non-current (Note 21)	(6.4)	-	-	**(6.4)**
Other payables non-current (Note 21)	(0.7)	-	-	**(0.7)**

The income and expense items with related parties for the year ended 31 December 2018 are as follows:

In millions of EUR	Entities under common control	Key management personnel	Joint ventures	Total
Revenue from services rendered	4.3	-	-	**4.3**
Revenue from construction contracts	-	2.2	7.0	**9.2**
Rental income	2.4	-	0.3	**2.7**
Rental expenses	(1.2)	-	-	**(1.2)**
Other services	(9.0)	(0.6)	(0.1)	**(9.7)**
Short-term employee benefits (salaries)	-	(2.9)	-	**(2.9)**
Long-term employee benefits (social security costs)	-	(0.5)	-	**(0.5)**
Interest income	0.1	-	1.1	**1.2**
Interest expense	(0.2)	-	(0.1)	**(0.3)**
Other financial income	0.1	-	-	**0.1**

A shareholder entity has made an undertaking to pay to the senior managers of the Group an amount under a profit sharing scheme based on increase in Net Asset Value (adjusted) of the Group. As the amount is payable by the shareholder, and does not constitute a share based payment under IFRS, it has not been expensed by the Group. The amount paid or accrued with respect to 2018 and/or 2019 are not material in the context of the consolidated financial statements. The compensation of the Board of Directors of the Parent Company amounted to EUR 0.9 million in 2019 (2018: EUR 0.8 million).

The Group had no outstanding loans receivable from the members of the Board of Directors of the Group as at 31 December 2019 (2018: nil).

Distributions to owners paid by Group in 2019 and 2018 respectively are described in Note 19.

The Group's investment in joint ventures is described in Note 11.

8. Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In millions of EUR	Land and buildings	Machinery, equipment	Vehicles and other assets	Capital work in progress including advances (CIP)	Total
At 1 January 2018					
Cost	**14.1**	**6.4**	**28.4**	**0.2**	**49.1**
Accumulated depreciation and impairment charges	**(7.7)**	**(5.5)**	**(26.4)**	**-**	**(39.6)**
Net book value	**6.4**	**0.9**	**2.0**	**0.2**	**9.5**
Year ended 31 December 2018					
Additions	-	0.1	-	2.6	**2.7**
Transfers	0.1	0.1	-	(0.2)	**-**
Disposals	-	(0.1)	(0.8)	(0.3)	**(1.2)**
Depreciation charge	(0.1)	(0.9)	(0.8)	-	**(1.8)**
Closing net book value	**6.4**	**0.2**	**0.4**	**2.3**	**9.3**
At December 2018					
Cost	**14.2**	**6.6**	**27.6**	**2.3**	**50.6**
Accumulated depreciation	**(7.8)**	**(6.4)**	**(27.2)**	**-**	**(41.4)**
Net book value	**6.4**	**0.2**	**0.4**	**2.3**	**9.3**
Year ended 31 December 2019					
Additions	0.4	0.1	0.2	3.4	**4.1**
Transfers	0.7	1.1	-	(1.8)	**-**
Disposals	(0.9)	(0.1)	-	-	**(1.0)**
Transfer to assets held for sale	(4.8)	-	-	-	**(4.8)**
Transfer to right-of-use assets	-	-	(0.3)	-	**(0.3)**
Depreciation charge	(1.3)	(1.2)	-	-	**(2.5)**
Closing net book value	**0.5**	**0.1**	**0.3**	**3.9**	**4.8**
At December 2019					
Cost	**9.6**	**7.7**	**27.5**	**3.9**	**48.7**
Accumulated depreciation	**(9.1)**	**(7.6)**	**(27.2)**	**-**	**(43.9)**
Net Book Value	**0.5**	**0.1**	**0.3**	**3.9**	**4.8**

As at 31 December 2018, the Group did not lease any significant property, plant and equipment under finance leases (where the Group is the lessee). From 2019 leased assets are presented as a separate line item in the balance sheet, see Note 9.

At 31 December 2019, property, plant and equipment carried at EUR nil million (at 31 December 2018: EUR 4.9 million) has been pledged to third parties as collateral with respect to borrowings.

9. Right-of use assets and lease liabilities

Until 31 December 2018 leases of property, plant and equipment were classified as either finance leases or operating leases. Until then, the Group only recognised leased assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 4.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group. Right-of-use assets that are subleased under an operating lease or otherwise meet definition of investment property are presented within investment properties rather than separately in the statement of financial position.

Movements in right-of-use assets analysed by classes of underlying items are as follows:

In millions of EUR	Land and buildings	Machinery, equipment	Vehicles and other assets	Capital work in progress including advances (CIP)	Total
Carrying amount at 1 January 2019 upon adoption of IFRS 16	**7.1**	**-**	**2.0**	**-**	**9.1**
Additions	8.4	-	-	-	8.4
Disposals	(1.0)	-	-	-	(1.0)
Depreciation charge	(1.9)	-	(0.5)	-	(2.4)
Carrying amount at 31 December 2019	**12.6**	**-**	**1.5**	**-**	**14.1**

The Group recognised lease liabilities as follows:

In millions of EUR	31 December 2019	1 January 2019
Lease liabilities:		
Current	7.5	4.9
Non-current	68.8	66.1
Total lease liabilities**	**76.3**	**71.0**

The Group has included EUR 30.6 million right-of-use assets in investment properties as of 31 December 2019 – see Note 10.

As at 31 December 2019, current lease liabilities of EUR 0.3 million and non-current lease liabilities of EUR 4.7 million associated with Postepu property have been classified as Non-current assets held for sale.

**Non-current lease liabilities include:

- EUR 32.9 million liability (equivalent of GBP 28.0 million) that the Group has agreed to pay in return for becoming a leasehold owner of the premises at Farringdon West, London, UK, which is payable upon the completion of the project, and
- the liabilities associated with right-of-use assets presented in the above table, and
- the right-of-use assets classified as investment property.

The statement of profit or loss shows the following amounts relating to leases:

In millions of EUR	**31 December 2019**	**1 January 2019**
Depreciation of right-of-use asset		
Land and buildings	1.9	-
Vehicles and other assets	0.5	-
Total depreciation of right-of-use asset	**2.4**	**-**
Other (income)/expense related to Leases		
Revaluation (gain)/loss on investment property	(0.5)	-
Interest expense	1.8	-

Expenses relating to short-term leases and to leases of low-value assets that are not shown as short-term leases were EUR nill.

Total cash outflow for leases in 2019 was EUR 5.6 million.

Extension and termination options are included in a number of property and equipment leases across the Group. As at 31 December 2019, potential future cash outflows of EUR 17.7 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group. During the current reporting year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was a decrease in recognised lease liabilities and right-of-use assets of EUR 1.0 million.

The Group leases certain landplots in Poland which are presented within Investment property. Under an agreement with the local government unit in Poland the right to use the landplot is transferred to the Group in exchange for remuneration in the form of fees that are subject to indexation. The lease liability is based on the current level of the fees at 31 December 2019. The Group remeasures the lease liability to reflect changes to the lease payments when necessary.

10. Investment Property

	Year ended 31 December 2019					Year ended 31 December 2018				
	Under development		In use or vacant		Total	Under development		In use or vacant		Total
In millions of EUR	Owned	Leased	Owned	Leased		Owned	Leased	Owned	Leased	
Fair value at 1 January	**1,034.5**	**9.1**	**622.8**	**-**	**1,666.4**	**852.7**	**9.1**	**545.6**	**-**	**1,407.4**
Right-of-use assets recognised on 1 January 2019 due to IFRS 16 adoption	-	11.7	-	19.2	**30.9**	-	-	-	-	**-**
Acquisitions of investment property	-	-	-	-	**-**	149.7	-	8.1	-	**157.8**
Subsequent expenditure on investment property	407.2	1.7	34.6	2.4	**445.9**	192.6	-	30.8	-	**223.4**
Transfers from disposal groups classified as held for sale	-	-	-	-	**-**	19.9	-	-	-	**19.9**
Transfers from under development to in use	(5.3)	-	5.3	-	**-**	(226.7)	-	226.7	-	**-**
Transfers to disposal groups classified as held for sale (Note 15)	-	-	(228.4)	(4.9)	**(233.3)**	(18.3)	-	(177.6)	-	**(195.9)**
Disposals	(34.7)	-	(23.5)	-	**(58.2)**	(107.4)	-	(14.4)	-	**(121.8)**
Fair value gains/(losses) – properties completed during the year	-	-	-	-	**-**	62.7	-	-	-	**62.7**
Fair value gains/(losses)	447.4	-	71.5	0.5	**519.4**	124.5	-	7.6	-	**132.1**
Effect of translation to presentation currency	8.7	-	23.1	-	**31.8**	(15.2)	-	(4.0)	-	**(19.2)**
Fair value at 31 December	**1,857.8**	**22.5**	**505.4**	**17.2**	**2,402.9**	**1,034.5**	**9.1**	**622.8**	**-**	**1,666.4**

The Group classified certain leases as investment properties. The carrying value of such investment property as of 31 December 2019 was EUR 39.7 million (2018: EUR 9.1 million). The increase from prior reporting period has been caused by adoption of IFRS 16 Leases as described in Note 4.

At 31 December 2019, investment properties carried at EUR 1,786.9 million (at 31 December 2018: EUR 1,101.7 million) have been pledged to third parties as collateral with respect to borrowings.

Valuations obtained for investment properties were adjusted for the purpose of the financial statements to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities and with respect to non-binding offers, results of prospective purchaser due diligence and other factors. Reconciliation between the valuations obtained and the adjusted valuation included in the financial statements is as follows:

In millions of EUR		Note	31 December 2019	31 December 2018
Valuations obtained			**2,693.6**	**1,943.3**
Add:	right-of-use assets classified as investment property		35.5	-
Less:	property classified as property plant and equipment (own use)		-	(5.7)
Less:	management adjustments to consider subsequent non binding offers, results of prospective purchaser due diligence and other factors		-	3.3
Less:	lease incentive receivables	12 (a)	(2.5)	(8.7)
Less:	transfers to disposal groups classified as held for sale	15	(250.0)	(193.8)
Less:	transfers to disposal groups classified as held for sale in previous year	15	(73.7)	(72.0)
Fair value at 31 December			**2,402.9**	**1,666.4**

11. Investments in Joint Ventures

In 2014, the Group entered into a joint venture in Poland with 51% economic interest in West Station Investment. In 2015, the Group increased its economic interest in the joint venture to 71%.

The Group sold shares in two (2) joint ventures during the year ended 31 December 2019: West Station Investment Sp. z o. o. and West Station Investment 2 Sp. z o.o. with net gain on disposal of EUR 23.7 million.

The following amounts represent the assets, liabilities, revenue and results of the joint ventures:

	2019		2018	
In millions of EUR	West Station Investment 1-2	Other Joint Ventures	West Station Investment 1-2	Other Joint Ventures
Revenue	5.8	0.5	12.6	0.6
(Loss)/Profit and total comprehensive income for the year	(10.4)	(0.5)	14.1	0.4
Current assets	-	0.4	28.5	0.4
Non-current assets	-	7.5	199.2	8.2
Current liabilities	-	(3.4)	(16.0)	(3.7)
Non-current liabilities	-	(0.1)	(138.0)	(0.1)
Net assets of the investee	**-**	**4.4**	**73.7**	**4.8**
Share of other venturers	**-**	**(2.2)**	**(21.6)**	**(2.4)**
Investments in joint ventures	**-**	**2.2**	**52.1**	**2.4**

12. Receivables and Loans

In millions of EUR	Note	31 December 2019	31 December 2018
Lease incentives receivables	(a)	2.7	8.7
Loans to related parties – non-current (Note 7)	(b)	0.6	0.3
Loans to third parties		0.3	0.2
Total receivables and loans		**3.6**	**9.2**

Description and analysis by credit quality of receivables and loans is as follows:

(a) Lease incentive receivables of EUR 2.7 million (31 December 2018: EUR 8.7 million) represent cost of incentives recognised over the lease term, on a straight-line basis – see Note 2.10 and 2.19. These receivables are neither past due nor impaired. They are not secured and they are due from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

(b) The Group has provided loans to its related parties amounting to EUR 0.6 million as of 31 December 2019 (31 December 2018: EUR 0.3 million).

13. Other Non-Current Assets

In millions of EUR	Note	31 December 2019	31 December 2018
Other non-current assets	(a)	6.0	3.7
Construction contracts retention due from joint ventures	(b)	-	5.7
Total other non-current assets		**6.0**	**9.4**

(a) As at 31 December 2019, EUR 1.8 million related to projects in Hungary and EUR 1.6 related to projects in Poland. The remaining balance consists of many non-material items. As at 31 December 2018, EUR 1.2 million related to projects in Poland. The remaining balance consists of many non-material items.

(b) Refer to Note 7, Balances and Transactions with Related Parties.

14. Trade and Other Receivables

In millions of EUR	Note	31 December 2019	31 December 2018
Trade receivables		14.5	14.5
Trade receivables and advances to joint ventures	7	0.2	0.2
Derivatives and other financial assets		8.2	4.6
Accrued rental income		0.7	1.5
Unbilled receivables from service charges		3.5	5.3
Other financial receivables		11.5	1.7
Trade and other receivables from related parties	7	12.5	7.9
Less expected credit loss allowance for trade receivables		(5.5)	(5.0)
Loans to related parties	7 (a)	1.4	14.5
Less expected credit loss allowance for loans to related parties	7	(1.4)	-
Total financial assets/receivables		**45.6**	**45.2**
VAT receivable		26.5	15.7
Prepayments		6.0	10.1
Current income tax refund receivable		-	1.4
Total trade and other receivables		**78.1**	**72.4**

(a) Loans are provided under the following conditions – interest rate 8.16% (2018: 2.68-8.16%).

The expected credit loss allowance for trade and other receivables is determined according to provision matrix presented in the table below.

	31 December 2019				31 December 2018			
In thousands of EUR	Loss rate	Gross carrying amount	ECL	Net carrying amount	Loss rate	Gross carrying amount	ECL	Net carrying amount
Trade and other receivables								
- current	0.0%	24.9	-	24.9	0.5%	18.0	(0.1)	17.9
- less than 30 days overdue	2.5%	3.9	(0.1)	3.8	3.0%	2.6	(0.1)	2.5
- 30 to 90 days overdue	5.0%	1.8	(0.1)	1.7	5.0%	0.6	-	0.6
- 91 to 180 days overdue	10.0%	1.2	(0.1)	1.1	10.0%	2.6	(0.3)	2.3
- 181 to 360 days overdue	15.0%	4.5	(0.7)	3.8	25.0%	2.0	(0.5)	1.5
- over 360 days overdue	70.0%	6.6	(4.5)	2.1	75.0%	5.3	(4.0)	1.3
Total		**42.9**	**(5.5)**	**37.4**		**31.1**	**(5.0)**	**26.1**
Loans to related parties		1.4	(1.4)	-		14.5	-	14.5
Derivatives/other at fair value				8.2				4.6
Total financial assets				**45.6**				**45.2**

The primary factor that the Group considers in determining whether a receivable is impaired is its overdue status. As a result, the Group presents above an ageing analysis of trade and other receivables. Certain trade receivables are secured by either bank guarantee or deposit. The unsecured trade receivables are from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

The carrying amount of each class of trade and other receivables approximated their fair value.

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the annual financial reporting period:

In millions of EUR	2019	2018
Expected credit loss allowance at 1 January	**5.0**	**5.3**
Expected credit loss charge to profit or loss for the period	2.8	-
Write-offs	(0.9)	(0.3)
Expected credit loss allowance at 31 December	**6.9**	**5.0**

Receivables subject to credit enhancements are as follows at 31 December:

In millions of EUR	31 December 2019	31 December 2018
Trade receivables collateralised by:		
- bank guarantees	0.7	0.9
- tenant deposits	0.9	0.7
Total	**1.6**	**1.6**

The financial effect of collateral is presented by disclosing collateral or credit enhancement values separately for (i) those receivables where collateral and other credit enhancements are equal to or exceed carrying value of the receivable ("over-collateralised assets") and (ii) those receivables where collateral and other credit enhancements are less than the carrying value of the receivable ("under-collateralised assets").

Financial effect of collateral at 31 December 2019 is as follows:

	Over-collateralised Assets		Under-collateralised Assets	
In millions of EUR	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Trade and other receivables	0.2	5.8	9.0	0.8

Financial effect of collateral at 31 December 2018 is as follows:

	Over-collateralised Assets		Under-collateralised Assets	
In millions of EUR	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Trade and other receivables	1.0	6.1	10.8	0.6

Collateral will be utilized to settle any receivables in case of customer's default.

The Group has pledged the receivables of EUR 1.0 million as collateral for the borrowings as at 31 December 2019 (2018: EUR 2.1 million).

15. Non-current Assets Held for Sale

Major classes of assets classified as held for sale:

In millions of EUR	31 December 2019	31 December 2018
Property, plant and equipment	4.8	15.8
Investment property	302.7	242.4
Trade and other receivables	19.3	11.5
Cash and cash equivalents	7.5	1.5
Total assets classified as held for sale	**334.3**	**271.2**

As of 31 December 2019, the Group classified assets and liabilities of four (4) subsidiaries (P14 Sp. z o.o., Twin City III s. r. o., SPV Vištuk s. r. o., TWENTY House S.à r.l.) as held for sale.

As of 31 December 2018, the Group classified assets and liabilities of the five (5) subsidiaries (HB Reavis Buda Project Kft., TC Tower A1 s. r. o., Twin City III s. r. o., Twin City IV s. r. o. and SPV Vištuk s. r. o.) as held for sale.

The investment properties are valued annually on 31 December at fair value, with the benefit of advice by an independent, professionally qualified valuation expert who has recent experience in valuing similar properties in similar locations. The methods and significant assumptions applied in determining the fair value are described in Notes 3 and 33.

Major classes of liabilities directly associated with assets classified as held for sale:

In millions of EUR	31 December 2019	31 December 2018
Deferred income tax liability	16.0	10.5
Borrowings	152.3	143.9
Trade and other payables	4.4	4.4
Lease liabilities long-term	4.7	-
Lease liabilities short-term	0.3	-
Total liabilities directly associated with assets classified as held for sale	**177.7**	**158.8**

At 31 December 2019, investment properties held for sale carried at EUR 302.7 million (at 31 December 2018: EUR 242.4 million), property, plant and equipment of EUR 4.8 million (at 31 December 2018: EUR 15.8 million) and the receivables of EUR 19.3 million (at 31 December 2018: EUR 11.5 million) have been pledged to third parties as collateral with respect to borrowings.

Three (HB Reavis Buda Project Kft., TC Tower A1 s. r. o., Twin City IV s. r. o.) out of five subsidiaries classified held for sale as at 31 December 2018 were sold during the year 2019 (Note 27). Remaining two subsidiaries classified as held for sale as at 31 December 2018 are actively marketed for sale and the Group is committed to complete the sale during 2020.

16. Cash and Cash Equivalents

In millions of EUR	31 December 2019	31 December 2018
Cash at bank and in hand	115.1	172.3
Total cash and cash equivalents	**115.1**	**172.3**

At 31 December 2019, cash and cash equivalents were available for the Group's use, except for restricted cash in the amount of EUR 4.1 million (2018: EUR 2.8 million).

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2019. Refer to Note 31 for the description of the Group's credit risk grading system.

In millions of EUR	31 December 2019	31 December 2018
- Excellent	86.1	131.0
- Good	28.7	41.0
- Satisfactory	0.3	0.3
Total cash and cash equivalents	**115.1**	**172.3**

The Company classifies banks based on ratings as follows:
- Banks rated Excellent: Rating by Moody's A1, A2, A3 or rating by Fitch A+, A, A-
- Banks rated Good: Rating by Moody's Baa1, Baa2, Baa3 or Fitch BBB+, BBB, BBB-
- Banks rated Satisfactory: Rating by Moody's Ba1, Ba2, Ba3 or Fitch BB+, BB, BB-

The carrying amounts of cash and cash equivalents as of 31 December 2019 and 31 December 2018 are not substantially different from their fair value. The maximum exposure to credit risk relating to cash and cash equivalents is limited to the carrying value of cash and cash equivalents.

17. Other current assets

In millions of EUR	Note	31 December 2019	31 December 2018
Prepayments to trustee	(a)	22.6	-
Money market fund		5.1	5.1
Other Current Assets		17.1	15.2
Other Current Assets from related parties		1.3	-
Total other current assets		**46.1**	**20.3**

(a) As at 31 December 2019 EUR 22.6 million represent prepayments to trustee of Hungarian Real Estate Development Fund.

18. Financial investments

In millions of EUR	Note	31 December 2019	31 December 2018
Investment in The Cambridge Incubator, LLC	(a)	27.2	51.6
Investment in HB Reavis CE Real Estate Investment Fund		0.2	0.2
Total financial investments		**27.4**	**51.8**

(a) In February 2018 the Group acquired a non-controlling share in The Cambridge Incubator, LLC, a Delaware limited liability company for a consideration of EUR 49.8 million. As at 31 December 2019, the cumulative amount of investments by the Group totaled EUR 54.3 million, with a carrying amount of EUR 27.2 million (2018: EUR 51.6 million). The change compared to balance as at 31 December 2018 was caused by revaluation loss of EUR 27.1 million partly netted by purchase of shares of EUR 1.7 million during first quarter 2019 and the foreign exchange rates shift of EUR 1 million. The Group recognised that the fair value of The Cambridge Incubator, LLC entire equity decreased to EUR 100.3 million as of 31 December 2019 (2018: EUR 190.9 million), a result obtained by using the comparative method. All financial investments are measured at fair value through profit or loss (Note 2.2). The measurement is level 3 in fair value hierarchy.

19. Share Capital and Share Premium

	Number of shares	Ordinary shares in EUR	Share premium in EUR	Total in EUR
At 1 January 2018	12,500	12,500	494,002,499	**494,014,999**
At 31 December 2018	30,000	30,000	455,852,721	**455,882,721**
At 31 December 2019	30,000	30,000	402,465,609	**402,495,609**

The total authorised number of ordinary shares is 30,000 shares with a par value of EUR 1 per share. All issued ordinary shares are fully paid. Each ordinary share carries one vote. 12,500 shares were issued on 20 October 2010 and additional 17,500 shares were issued on 4 September 2018 due to change of legal form of the company from a private limited liability company into a public limited liability company.

The terms of external borrowings drawn by the Group impose limitations on the ability of the subsidiaries to pay distributions to owners.

Distributions to owners declared and paid during the year were as follows:

In millions of EUR, except dividends per share amount	Note	2019	2018
Distributions to owners payable at 1 January	21	-	**8.8**
Distributions declared during the year (from share premium)		53.4	38.1
Distributions paid during the year		(53.4)	(46.9)
Distributions to owners payable at 31 December	21	-	-
Amount per share declared during the year in EUR		1,778.8	1,271.7

20. Borrowings

In millions of EUR	Note	31 December 2019	31 December 2018
Non-current			
Bank borrowings		381.8	289.3
Issued bonds	(a)	347.1	293.8
Finance lease liabilities	(b)	-	31.3
Total non-current borrowings		**728.9**	**614.4**
Current			
Bank borrowings		148.4	84.0
Borrowings from related parties	7	-	14.0
Issued bonds	(a)	44.0	35.2
Total current borrowings		**192.4**	**133.2**
Total borrowings		**921.3**	**747.6**

(a) The bonds represent following debt instruments:

(i) EUR denominated bonds in the amount EUR 40 million, which were issued in Bratislava in March 2015 with maturity March 2020, bearing an interest of 4.25% p.a.;
(ii) CZK denominated bonds in the amount CZK 1,250 million (EUR 49.2 million) , which were issued in Prague in March 2016 with maturity March 2021, bearing an interest of 6M PRIBOR + 4% p.a.;
(iii) PLN denominated bonds in the amount PLN 100 million (EUR 23.5 million), which were issued in Warsaw in October 2016 with maturity April 2021, bearing an interest of 6M WIBOR + 4.40% p.a.;
(iv) EUR denominated bonds in the amount EUR 25 million, which were issued in Bratislava in December 2016 with maturity December 2021, bearing an interest of 3.50% p.a.;
(v) EUR denominated bonds in the amount EUR 12 million, which were issued in Bratislava in March 2017 with maturity March 2022, bearing an interest of 3.50% p.a.;
(vi) EUR denominated bonds in the amount EUR 20 million, which were issued in Bratislava in June 2017 with maturity June 2022, bearing an interest of 3.35% p.a.;
(vii) PLN denominated bonds in the amount PLN 220 million (EUR 51.7 million), which were issued in Warsaw in July 2017 with maturity January 2022, bearing an interest of 6M WIBOR + 4.20% p.a.;
(viii) EUR denominated bonds in the amount EUR 45 million, which were issued in Bratislava in September 2017 with maturity September 2027, bearing an interest of 4.45% p.a.;
(ix) EUR denominated bonds in the amount EUR 31 million, which were issued in Bratislava in November 2017 with maturity November 2023, bearing an interest of 3.25% p.a.;
(x) EUR denominated bonds in the amount EUR 15 million, which were issued in Bratislava in February 2019 with maturity February 2028, bearing an interest of 3.25% p.a.
(xi) EUR denominated bonds in the amount EUR 30 million, which were issued in Bratislava in July 2019 with maturity July 2026, bearing an interest of 2.75% p.a.
(xii) EUR denominated bonds in the amount EUR 20 million, which were issued in Bratislava in September 2019 with maturity September 2025, bearing an interest of 3.25% p.a.
(xiii) EUR denominated bonds in the amount EUR 25 million, which were issued in Bratislava in November 2019 with maturity November 2025, bearing an interest of 3.25% p.a.

The Group's borrowings are denominated in EUR, GBP, PLN or CZK.

(b) The finance lease liabilities fall due as follows:

In millions of EUR	31 December 2019	31 December 2018
Repayable between 2 and 5 years	-	31.3
Total	**-**	**31.3**

As of 31 December 2019, the finance lease liability of EUR 31.3. million was reclassified to Non-current lease liabilities (Note 9) due to adoption of standard IFRS 16.

The finance lease liability of EUR 31.3 million represents a consideration equivalent to GBP 28.0 million the Group agreed to pay in return for becoming a leasehold owner of the premises at Farringdon West, London, UK, which is payable upon the completion of the project.

The table below sets out an analysis of our debt and the movements in our debt. The debt items are those that are reported as financing in the statement of cash flows.

In millions of EUR	Bank borrowings	Bonds	Lease liabilities (2018 finance leases)	Total
Borrowings as presented in the Statement of financial position as at 1 January 2018	**351.0**	**330.0**	**-**	**681.0**
Borrowings under liabilities directly associated with non-current assets classified as held for sale as at 1 January 2018 (Note 15)	212.0	-	-	**212.0**
Total borrowings as at 1 January 2018	**563.0**	**330.0**	**-**	**893.0**
Proceeds from new drawdowns	294.4	-	-	**294.4**
Repayments	(109.1)	-	-	**(109.1)**
Foreign exchange adjustments	2.7	2.6	-	**5.3**
Non-cash movement due to loss of control in a subsidiary	(218.7)	-	-	**(218.7)**
Change in accrued interest	2.3	(1.0)	-	**1.3**
Effect of translation to presentation currency	(3.4)	(2.6)	-	**(6.0)**
New finance leases	-	-	31.3	**31.3**
Borrowings as presented in the statement of financial position as at 31 December 2018	**387.3**	**329.0**	**31.3**	**747.6**
Borrowings under liabilities directly associated with non-current assets classified as held for sale as at 31 December 2018 (Note 15)	143.9	-	-	**143.9**
Total borrowings as at 31 December 2018	**531.2**	**329.0**	**31.3**	**891.5**
Recognition of lease liabilities upon adoption of IFRS 16 as at 1.1.2019	-	-	39.7	**39.9**
New leases			12.5	**12.5**
Proceeds from new drawdowns	405.3	90.0	-	**495.3**
Repayments	(68.9)	(30.0)	(5.6)	**(104.5)**
Foreign exchange adjustments	0.1	(1.4)	2.5	**1.0**
Non-cash movement due to loss of control in a subsidiary	(187.9)	-	-	**(187.9)**
Change in accrued interest	1.3	2.1	1.8	**5.2**
Change in amortised transaction costs	(2.1)	-	-	**(2.1)**
Effect of translation to presentation currency	3.5	1.4	-	**4.9**
Non-cash movement due to derecognition of a lease	-	-	(1.0)	**(1.0)**
Borrowings and lease liabilities as presented in the Statement of financial position as at 31 December 2019	**530.2**	**391.1**	**76.3**	**997.6**
Borrowings under liabilities directly associated with non-current assets classified as held for sale as at 31 December 2019 (Note 15)	152.3	-	5.0	**157.2**
Total borrowings and lease liabilities as at 31 December 2019	**682.5**	**391.1**	**81.3**	**1,154.8**

The carrying amounts and fair values of the non-current borrowings are set out below:

	Carrying amounts at 31 December		Fair values at 31 December	
In millions of EUR	**2019**	**2018**	**2019**	**2018**
Bank borrowings	381.8	289.3	393.1	294.6
Issued bonds	347.1	293.8	353.9	330.9
Finance lease liability	-	31.3	-	31.3
Non-current borrowings	**728.9**	**614.4**	**747.0**	**656.8**

Assumptions used in determining fair value of borrowings are described in Note 33. The carrying values of current borrowings approximate their fair values. The fair value of lease liabilities would be affected by lease extension and termination options and it is thus not disclosed as allowed by IFRS 7 paragraph 29.

The Group has the following undrawn borrowing facilities:

In millions of EUR	**31 December 2019**	**31 December 2018**
Availability:		
- Expiring within one year	0.8	33.6
- Expiring beyond one year	470.6	297.5
Total undrawn facilities	**471.4**	**331.1**

Investment properties (Note 10), property, plant and equipment (Note 8) and receivables (Note 14) are pledged as collateral for borrowings of EUR 480.0 million (2018: EUR 364.8 million).

The loan agreements with third party creditors are governed by terms and conditions which include maximum loan to value ratios ranging from 65% to 75% (2018: 55% to 75%) and minimum debt service coverage ratios ranging from 1.10 to 1.20 (2018: 1.00 to 1.20). During 2019 and up to the date of authorisation of these consolidated financial statements for issue, the Group was in compliance with all loan agreement terms and no terms of the loans were renegotiated due to defaults or breaches. Furthermore, after 31 December 2019 and up to date of authorisation of these consolidated financial statements for issue, the Group repaid the loan of EUR 133.1 million including EUR 40 million of bond issue and drawn EUR 92.7 million of new loans.

21. Trade and Other Payables

In millions of EUR	Note	31 December 2019	31 December 2018
Non-current			
Long-term payables		25.2	15.2
Total non-current payables		**25.2**	**15.2**
Current			
Trade payables		10.9	13.8
Liabilities for construction of investment properties		64.8	39.8
Accrued liabilities		14.5	15.3
Distribution payable to owners	19	-	-
Derivative financial instruments		1.2	1.8
Other payables		6.2	5.5
Liabilities due to joint ventures		-	0.3
Refund liability		6.0	4.2
Total current financial payables		**103.6**	**80.7**
Items that are not financial instruments:			
Deferred rental income		4.5	5.0
Contract liability		2.0	1.7
Accrued employee benefit costs		1.0	1.4
Other taxes payable		0.1	0.6
VAT payable		-	0.7
Prepayments		-	0.8
Total current trade and other payables		**111.2**	**90.9**

The fair value of trade payables, finance lease liabilities, liabilities for construction of investment property, accrued liabilities, dividends payable, other trade payables to related parties and of other liabilities is not significantly different from their carrying amount.

22. Rental and Similar Income from Investment Property

In millions of EUR	2019	2018
Rental income		
Office	28.8	38.7
Retail	1.4	1.4
HubHub	6.1	1.3
Service charges		
Office	17.7	14.9
Retail	0.8	0.7
Management charges		
Office	4.6	3.8
Retail	0.3	0.3
Industrial	0.2	0.4
HubHub	0.7	0.6
Total rental and similar income from investment properties	**60.6**	**62.1**

Where the Group is the lessor, the future minimum lease payments receivable under operating leases over the lease term are as follows at 31 December 2019:

In millions of EUR	31 December 2019
Not later than 1 year	23.2
Later than 1 year and not later than 2 years	34.1
Later than 2 years and not later than 3 years	45.8
Later than 3 years and not later than 4 years	47.8
Later than 4 years and not later than 5 years	45.9
Later than 5 years	240.7
Total operating lease payments receivableproperties	**437.5**

Where the Group is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows at 31 December 2018:

In millions of EUR	31 December 2018
Not later than 1 year	29.0
Later than 1 year and not later than 5 years	126.5
Later than 5 years	209.0
Total operating lease payments receivable	**364.5**

The Group's rental income includes performance income depending on sales revenue of retail units leased by its tenants. These amounts are not included in the above payments receivable as the Group is unable to estimate them with sufficient certainty. Total variable lease payments receivable recognised as income in 2019 under the Group's operating leases were EUR 0.1 million (2018: EUR 0.1 million).

23. Direct Operating Expenses arising from Investment Property

In millions of EUR	2019	2018
Direct operating expenses arising from investment property that generate rental income:		
Materials consumed	1.0	1.1
Repairs and maintenance services	1.2	1.2
Utilities costs	6.2	5.1
Services relating to investment property	16.7	14.0
Real estate tax	0.6	0.9
Other costs	0.7	1.8
Total	**26.4**	**24.1**

24. Analysis of Revenue by Category

In millions of EUR	Note	2019	2018
Rental income	22	36.3	41.4
Service charges	22	18.5	15.6
Management charges	22	5.8	5.1
Total Rental and similar income from investment property		**60.6**	**62.1**
Services rendered	26	6.9	5.5
Other	26	1.8	1.7
Total Other operating income		**8.7**	**7.2**
Construction revenue		**22.8**	**21.9**
Total revenue and other income		**92.1**	**91.2**

As at 31 December 2019, the Group has completed all contracts for construction of properties.

25. Employee Benefits

In millions of EUR	2019	2018
Wages and salaries (including social and health insurance)	23.8	24.4
Pension costs – defined contribution plans	1.3	1.3
Total employee benefits	**25.1**	**25.7**

The Group had 762 employees in the core real estate operations of the Group (on full time equivalent basis) as at 31 December 2019 (2018: 758 employees).

26. Operating Income and Expenses

Operating expenses comprised the following:

In millions of EUR	2019	2018
Services	27.1	31.5
Rental expense	0.6	3.6
Cost of sold inventories	2.0	1.9
Audit fees	0.8	0.9
Material consumption	1.2	1.4
Energy costs	0.2	0.2
Net impairment losses on financial and contract assets	0.8	-
Other taxes	2.1	(0.3)
Other	5.4	6.1
Total operating expenses	**40.2**	**45.3**

Other operating income comprised the following:

In millions of EUR	2019	2018
Sales of services	6.9	5.5
Sales of inventories	1.2	1.1
Other operating income	0.6	0.6
Total other operating income	**8.7**	**7.2**

27. Disposals of Subsidiaries

The Group sold shares in six (6) subsidiaries during year 2019: Temster, s.r.o., Radlická ATA s.r.o., Radlice Real Estate, s.r.o. and HB Reavis Buda Project Kft., TC Tower A1 s. r. o., Twin City IV s. r. o., out of which HB Reavis Buda Project Kft., TC Tower A1 s. r. o. and Twin City IV s. r. o. were classified as Non-current assets held for sale as of 31 December 2018.

The Group sold shares in eight (8) subsidiaries during year 2018: GBC C Polcom Investment XXIX Sp. z o. sp. k, GBC D Polcom Investment XXX Sp. z o. sp. k, Jamestown Sp. z o.o., Jarrow Sp. z o.o., Gdanski C SCSp., Gdanski D SCSp., FORSEA s.r.o. and EIGHT House S.à r.l., of which GBC C Polcom Investment XXIX Sp. z o. sp. k, GBC D Polcom Investment XXX Sp. z o. sp. k and FORSEA s.r.o. were classified as Non-current assets held for sale as of 31 December 2017.

The assets and liabilities of subsidiaries disposed of, the sale proceeds and the gain on disposal comprised:

In millions of EUR	31 December 2019	31 December 2018
Investment property in use	231.0	385.3
Property, plant and equipment	15.6	-
Other non-current assets	-	12.7
Deferred tax asset/(liability)	(15.1)	(26.5)
Borrowings	(187.9)	(218.7)
Trade and other payables – long term	(0.6)	-
Trade and other payables – short term	(2.6)	(4.1)
Cash and cash equivalents	60.0	4.2
Other working capital	5.5	7.8
Net assets value	**105.9**	**160.7**
Gain on divestments of subsidiaries	3.0	21.8
Foreign currency translation differences transferred from other comprehensive income upon loss of control	4.6	(7.4)
Proceeds from sale of subsidiaries	**113.5**	**175.1**
Less cash in subsidiaries at the date of transaction	(60.0)	(4.2)
Less receivable from sale of subsidiary	(1.0)	(1.2)
Cash sale proceeds	**52.5**	**169.7**

28. Income Taxes

Income tax expense comprises the following:

In millions of EUR	2019	2018
Current tax	(7.6)	(2.0)
Deferred tax	(82.6)	(29.5)
Income tax credit/(expense) for the year	**(90.2)**	**(31.5)**

Reconciliation between the expected and the actual taxation charge is provided below.

In millions of EUR	2019	2018
Profit before income tax	**456.7**	**151.6**
Theoretical tax charge at applicable rate 19.29% (2018: 19.78%)	(88.1)	(30.0)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income exempt from taxation	3.7	6.3
- Non-temporary taxable items	(0.3)	(1.3)
- Change in estimate of prior period income taxes	(0.3)	(0.4)
- Unrecognised deferred tax assets	(5.7)	(6.7)
- Utilisation of previously unrecognised tax loss carry-forwards	0.5	0.6
Income tax credit/(expense) for the year	**(90.2)**	**(31.5)**

The Group uses 19.29% (2018: 19.78%) as the applicable tax rate to calculate its theoretical tax charge which is calculated as a weighted average of the rates applicable in the Slovak Republic of 21% (2018: 21%), the Czech Republic and Poland of 19% (2018: 19%), Hungary of 9% (2018: 9%), Germany of 16% (2018:15%) and the UK of 20% (2018: 20%) where majority of the Group's operations are located.

Differences between IFRS and applicable statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In millions of EUR	1 January 2018	Charged/(credited) to profit or loss	Divestment of subsidiaries	Transfer to assets held for sale	Currency translation difference	31 Dec 2018	Charged/(credited) to profit or loss	Divestment of subsidiaries	Transfer to assets held for sale	Currency translation difference	31 Dec 2019
Tax effect of deductible/ (taxable) temporary differences											
Investment properties	**(54.1)**	(32.8)	7.5	7.6	(0.1)	**(71.9)**	(84.3)	7.7	16.3	-	**(132.2)**
Unrealized foreign exchange (gains)/losses	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Tax losses carried forward	**1.3**	2.2	-	-	-	**3.5**	2.4	-	(4.1)	-	**1.8**
Property, plant and equipment	**0.5**	0.4	-	-	-	**0.9**	(0.1)	-	0.9	-	**1.7**
Other	**(0.7)**	0.7	-	-	-	**-**	(0.6)	-	-	-	**(0.6)**
Net deferred tax (liability)	**(53.0)**	**(29.5)**	**7.5**	**7.6**	**(0.1)**	**(67.5)**	**(82.6)**	**7.7**	**13.1**	**-**	**(129.3)**

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies. Accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

On adoption of IFRS 16, the Group has used modified retrospective approach permitted by the specific transitional provisions in the standard. Recognised lease liability amount is equal to amount of right-of-use asset therefore no deferred tax arises. For future periods there is expected impact of IFRS 16 on Group's balance of deferred tax.

The Group expects that substantially all of the deferred tax liability will crystallise after more than 12 months from the balance sheet date.

29. Foreign exchange gains/(losses)

In millions of EUR	**2019**	**2018**
Bank borrowings – unrealised	1.3	(5.3)
Inter-company loans to foreign operations that do not form part of net investment – unrealised	0.8	(4.2)
Trade and other receivables and payables – realised during period	(10.0)	(0.2)
Trade and other receivables and payables – unrealised	8.5	1.2
Foreign exchange {lossas)/gains	**0.6**	**(8.5)**

30. Contingencies, Commitments and Operating Risks

Tax legislation
Tax and customs legislation in countries where the Group operates is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities. The Group includes holding companies incorporated in various jurisdictions. The tax liabilities of the Group are determined on the assumption that these holding companies are not subject to profits tax in other countries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. Refer also to Note 3.

Capital expenditure commitments
Contractual obligations to purchase, construct or develop investment properties totalled EUR 372.0 million at 31 December 2019 (31 December 2018: EUR 169.8 million); this exposure will be partially financed by external loans (committed lines: EUR 471.4 million). The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Lease commitments
Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases were as follows at 31 December 2018:

In millions of EUR	**2018**
Not later than 1 year	5.2
Later than 1 year and not later than 5 years	22.4
Later than 5 years	65.4
Total operating lease commitments at 31 December 2018	**93.0**

The Group adopted IFRS 16 from 1 January 2019 and since then a lease liability is recognised for the future lease payments.

Contingent deposit
The Group has entered into sale and purchase agreement with a potential buyer to sell shares in TWENTY House S.à r.l. The Buyer has paid the Group a deposit of EUR 22.9 million (equivalent GBP 19.7 million) in October 2019 and the funds have been retained by Groups's solicitors in an escrow account. Upon completion of this transaction the funds will be paid to the Group. Because the deposit is part of the consideration and is contingent to completion of the transaction the Group did not record the deposit nor the liability towards the potential buyer in its balance sheet and thus treats both contingent asset and contingent liability as off-balance sheet items.

31. Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks: credit risk, market risk (including changes in foreign currency exchange rates, interest rate and price risk), liquidity risks, operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

(i) Credit risk
The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's rental income on credit terms and other transactions with counterparties giving rise to financial assets. The Group's maximum exposure to credit risk represents the carrying value of its financial assets in the consolidated statement of financial position.

The Group has no significant off-balance sheet exposures to credit risk as it did not issue financial guarantees nor loan commitments to other parties. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by Management. Such risks are monitored on a revolving basis and subject to an annual review.

Management has additional policies in place to secure trade receivables from rental business. The Group uses system of required bank guarantees or financial deposits to secure its receivables from rental business based on the rating of tenant.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 14.

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2019:

In millions of EUR	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure c) - d) - e)
				Financial instruments d)	Cash collateral received e)	
Assets						
Trade receivables	1.6	-	1.6	0.7	0.9	-
Liabilities						
Cash collateral received presented within trade and other payables	0.9	-	0.9	0.9	-	-

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2018:

In millions of EUR	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure c) - d) - e)
				Financial instruments d)	Cash collateral received e)	
Assets						
Trade receivables	1.6	-	1.6	0.9	0.7	-
Liabilities						
Cash collateral received presented within trade and other payables	0.7	-	0.7	0.7	-	-

According to the general terms and conditions of contracts with its customers, the Group requires either a cash collateral or bank guarantee in favour of the Group to ensure its receivables are collectible. The amount guaranteed by cash collateral or a bank guarantee is assessed by the Group annually. The Group has a right of set-off of any balances overdue against the collateral or amount drawn under a bank guarantee.

The amounts in columns (d) and (e) in the above table are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

Credit risks concentrations

As for the banks and financial institutions, Group has relationships only with those banks that have high independent rating assessment. The Group's bank deposits are held with 31 banks (2018: 35 banks) but 82.7% (2018: 90.7%) of cash balances as of 31 December 2019 are held with 10 (2018: 10) major banks. The Group's management considers the concentration of credit risk with respect to cash balances with banks as acceptable. The analysis by credit quality (bank rating) is provided in Note 16.

As at 31 December 2019, the Group receivables from joint ventures amounted to EUR 0.2 million (2018: EUR 0.2 million). The Group's management considers the concentration of credit risk with respect to receivables balances to joint ventures.

Expected credit loss (ECL) measurement
The Group uses expected credit loss ("ECL") measurement, which reflects the probability-weighted estimate of the present value of future expected credit losses. The Group applies a simplified approach to trade receivables, unbilled receivables from service charges and accrued rental income ("trade receivables") under IFRS 9 (including related party receivables), i.e. measures ECL using lifetime expected loss. The Group uses for the calculation of lifetime expected loss by applying a provision matrix that takes into account the ageing of trade receivables and trade receivables ultimately written off. Expected credit losses are modelled over receivables lifetime period.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. As for loans to other parties, 12-month ECL is recognised unless there is a significant increase in credit risk (SICR). 12-month ECL represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk. The assumptions used reflect the situation at the end of the reporting period and thus do not consider the situation around COVID-19 that developed after the reporting period. Refer to Note 36.

Significant increase in credit risk (SICR)
The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For other receivables and other financial assets, SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group's Management.

The Group considers other receivables and other financial assets to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

- 30 days past due;
- the Group regularly monitors debtors with increased credit risk and considers such portfolios to have a SICR.

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the debtor has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

The Group has two approaches for ECL measurement: (i) assessment on an individual basis and (ii) assessment on a portfolio basis. The Group performs an assessment on a portfolio basis for trade receivables. The Group performs an assessment on an individual basis for all receivables overdue more than 365 days taking into consideration the fact whether the receivable under the review is secured by a bank guarantee/cash deposit or not. Generally, the bank guarantee is deemed to provide a sufficient assurance that the receivable will not become illiquid and therefore provisions for receivables secured by a bank guarantee are not created.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics. The key shared credit characteristics considered are: financial instrument type, type of customer, date of initial recognition and remaining term to maturity. The different segments also reflect differences in credit risk parameters. The appropriateness of groupings is monitored and reviewed on a periodic basis by Management.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs.

Cash flow forecasts are provided by the Board of Directors and provide the best estimate of the expected macro-economic development over the next year. The Group has considered this information, and based on the fact that most of the financial assets are current, this did not have significant impact on the consolidated financial statements.
As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes. The assumptions used reflect the situation at the end of the reporting period and thus do not consider the situation around COVID-19 that developed after the reporting period. Refer to Note 36. The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit.

(ii) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements.

Currency risk

Due to continuous international expansion, Management acknowledges elevated exposure of the Group to foreign exchange risk arising from various currency exposures, primarily with respect to Czech Koruna, Polish Zloty, British Pound and Hungarian Forint. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currency that is not the entity's functional currency. Therefore, internal objectives, policies and processes for its management have been set. Management has set up a policy to require Group companies to manage their foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with the help of Group treasury. As a result, the Group has invested into hedging instruments, mostly forwards, that are set up to minimize foreign exchange losses.

Had the foreign exchange rates been by one tenth lower than they have been throughout the year ended 31 December 2019 with all other variables constant, profit for the year would have been approximately EUR 45.8 million lower (2018: EUR 49.4 million lower). Equity, after allowing for the tax effects, would have been EUR 36.2 million lower (2018: EUR 39.0 million lower). Had the foreign exchange rates been by one tenth higher than they have been throughout the year ended 31 December 2019 with all other variables constant, profit for the year would have been EUR 45.8 million higher (2018: EUR 49.4 million higher). Equity, after allowing for the tax effects, would have been EUR 36.2 million higher (2018: EUR 39.0 million higher).

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

In millions of EUR	Less than 12 months	Over 12 months	Total
31 December 2019			
Total monetary financial assets	206.8	0.9	**207.7**
Total monetary financial liabilities	(303.5)	(822.9)	**(1,156.4)**
Net interest sensitivity gap at 31 December 2019	**(96.7)**	**(822.0)**	**(948.7)**
31 December 2019			
Total monetary financial assets	237.8	6.3	**244.1**
Total monetary financial liabilities	(213.9)	(629.7)	**(843.6)**
Net interest sensitivity gap at 31 December 2019	**23.9**	**(623.4)**	**(599.5)**

Had the interest rates on the Group's variable interest rate loans (generally the third-party borrowings) been by one tenth lower than they have been throughout the year ended 31 December 2019 with all other variables constant, profit before tax for the year would have been higher by approximately EUR 1.1 million (2018: EUR 0.6 million higher). Equity, after allowing for the tax effects, would have been higher by approximately EUR 0.8 million higher (2018: higher by EUR 0.5 million).

Had the interest rates on the Group's variable interest rate loans (generally the third-party borrowings) been by one tenth higher than they have been throughout the year ended 31 December 2019 with all other variables constant, profit before tax for the year would have been lower by approximately EUR 1.1 million (2018: EUR 0.6 million lower). Equity, after allowing for the tax effects, would have been lower by approximately EUR 0.8 million (2018: lower by EUR 0.5 million).

The Group's interest rate risk principally arises from long-term borrowings (Note 20). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.
In addition to certain borrowings with fixed interest rate, the Group's policy is to actively manage the interest rate on its variable interest borrowings in selected cases. To manage this, the Group enters into various hedging instruments such as interest rate swaps or interest rate caps in relation to the relevant borrowings.

These provisions are taken into consideration by the Group's management when pursuing its interest rate hedging policy. Trade and other receivables and Trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a monthly basis to verify that the maximum potential loss is within the limits set by management.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

(iii) Liquidity risk
Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The table below shows liabilities at 31 December 2019 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated balance sheet because the carrying amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the respective reporting period. Foreign currency payments are translated using the spot exchange rate at the balance sheet date.

The maturity analysis of financial liabilities as at 31 December 2019 is as follows:

In millions of EUR	Demand and less than 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities					
Borrowings (principal repayments)	187.0	107.2	325.4	301.4	**921.0**
Borrowings (future interest payments)	28.2	24.8	50.1	27.5	**130.6**
Financial payables – current (Note 21)	102.4	-	-	-	**102.4**
Lease liabilities – principal (Note 9)	7.5	7.6	47.9	69.0	**132.1**
Lease liabilities – future interest payments	1.8	1.6	3.8	50.7	**57.9**
Derivatives and other financial instruments (Note 21)	1.2	-	-	-	**1.2**
Total future payments, including future principal and interest payments	**328.1**	**141.2**	**427.2**	**448.6**	**1,345.2**

The maturity analysis of financial liabilities as at 31 December 2018 is as follows:

In millions of EUR	Demand and less than 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities					
Borrowings (principal repayments)	120.0	133.7	401.6	58.8	**714.1**
Borrowings (future interest payments)	22.5	18.1	30.1	8.6	**79.3**
Financial payables – current (Note 21)	78.9	-	-	-	**78.9**
Finance lease liability (Note 9)	-	-	31.3	-	**31.3**
Derivatives and other financial instruments (Note 21)	1.8	-	-	-	**1.8**
Total future payments, including future principal and interest payments	**223.2**	**151.8**	**463.0**	**67.4**	**905.4**

On an ongoing basis the Board of Directors reviews a rolling cash flow forecast prepared on a consolidated basis. As of the date of preparation of these financial statements and based on our funding capacity the Board has considered cash flow scenarios, including a stress case, and concluded that it is appropriate to use the going concern assumption in preparation of the financial statements (see also note 36).

32. Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other companies in the industry, the Group monitors capital on the Net Asset Value (adjusted) basis. The Group calculates the Net Asset Value (adjusted) on the following basis:

In millions of EUR	Note	31 December 2019	31 December 2018
Equity attributable to the owners of HB Reavis Holding S.A.		1,593.3	1,258.1
Adjusted for Add: Deferred income tax liabilities (including joint ventures)	15, 28	145.3	86.0
Net Asset Value (adjusted) as monitored by management		**1,738.6**	**1,344.1**

The Group also manages the net debt leverage ratio. This ratio is defined as a ratio between interest bearing liabilities from third parties less Cash and Group total assets. During 2019, the Group's strategy was to steer the net debt leverage ratio up to 35% (2018: up to 35%). As is shown in the table below, the Group's ratio was below the targeted level as at 31 December 2019 and at the end of 2018. The Group management believe that this position places the Group conservatively in their pursuit of new development opportunities.

In millions of EUR	31 December 2019	31 December 2018
Bank borrowings and finance leases* less cash including those classified as held for sale	984.2	717.7
Total assets	3,040.3	2,349.9
Net debt leverage ratio	**32.37%**	**30.54%**

* Of the total lease liability recognised as at 31 December 2019, EUR 33.2 million represents finance lease liabilities as defined by IAS 17 (31 December 2018: EUR 31.3 million).

33. Fair Value Estimation

IFRS 13 requires the use of valuation techniques for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs. The degree of detail of the disclosure depends on the observability of the inputs used.

For this purpose, IFRS 13 establishes a fair value hierarchy that classifies the inputs into three levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

i) Investment properties

The following table presents the Group's investment properties that are measured at fair value:

In millions of EUR	Level 1	Level 2	Level 3	Total
Investment property – valuations obtained at 31 December 2019 (Note 10)	-	-	2,693.6	**2,693.6**
Investment property – valuations obtained at 31 December 2018 (Note 10)	-	-	1,943.3	**1,943.3**

Level 3 investment properties are fair valued using discounted cash flow method, yield method, residual method, comparative method and fair value at acquisition/divestment (cost) for assets which were either acquired/held for sale close to the balance sheet date or where reliable comparable information is unavailable and management used its judgement and experience to assess the fair value. The valuation techniques for level 3 are further described in Note 10.

Quantitative information about fair value measurements using unobservable inputs:

Asset Management and Investment Management

Segment	Valuation technique	Fair value 31 Dec 2019 (in €m)	Fair value 31 Dec 2018 (in €m)	Input	Range 31 Dec 2019	Range 31 Dec 2018
Slovakia						
Office	Discounted cash flow	118.8	120.3	Average annual rent in EUR per sq m	189 – 200	189 – 200
				Discount rate p.a.	6.85%	7.65%
				Capitalisation rate for terminal value	6.85%	6.9%
Office	Direct capitalisation method	79.0	254.2	Average annual rent in EUR per sq m.	185	138 – 200
				Capitalisation rate	5.4%	5.8% – 8.2%
Office	Residual method	16.0	-	Capitalised net revenues less cost to completion	30.16	-
				Capitalisation rate	5.75%	-
Total		**213.8**	**374.5**			
Poland						
Office	Discounted cash flow	88.5	85.5	Average annual rent in EUR per sq m	192.3	190.4
				Discount rate p.a.	7.3%	6.5%
				Capitalisation rate for terminal value	7.3%	7.5%
Office	At cost	0.2	0.2	-		-
Total		**88.7**	**85.7**			
Hungary						
Office	Direct capitalisation method	9.7	9.5	Average annual rent in EUR per sq m	82.0	90.8
				Capitalisation rate	7.0%	7.0%
Total		**9.7**	**9.5**			
United Kingdom						
Office	Residual value	337.3	281.7	Capitalised net revenues less cost to completion	879.45	619.5
				Capitalisation rate	4.75%	4.75%
Office	Direct capitalisation method	146.3	123.1	Average annual rent in EUR per sq m	133.5	791.0
				Capitalisation rate	4.5%	4.5%
Office	At cost	9.7	-	-	-	-
Total		**493.3**	**404.8**			
Total for segment		**805.5**	**874.5**			

Development in realisation and in preparation

Segment	Valuation technique	Fair value 31 Dec 2019 (in €m)	Fair value 31 Dec 2018 (in €m)	Input	Range 31 Dec 2019	Range 31 Dec 2018
Slovakia						
Office, Office/Retail	Residual Method	229.1	125.5	Capitalised net revenues less cost to completion	304.4	231.7
				Capitalisation rate	5.45% – 6.5%	6.2% – 6.5%
Retail	Residual Method	219.7	120.5	Capitalised net revenues less cost to completion	47.6	69.8
				Capitalisation rate	5.8%	5.5%
Total		**448.8**	**246.0**			

The average annual rent provided includes the Estimated Market Rental Value (EMRV) i.e. the open market rent of each space (not necessarily equal to the current passing rent) of the property, including rental income from office and retail space but including ancillary income from storage, parking, signage, technology and other income divided by square meters of lettable office, retail and storage space.

Development in realisation and in preparation (Continued)

Segment	Valuation technique	Fair value 31 Dec 2019 (in €m)	Fair value 31 Dec 2018 (in €m)	Input	Range 31 Dec 2019	Range 31 Dec 2018
Czech Republic						
Office	Residual Method	57.4	61.8	Capitalised net revenues less cost to completion	146.6	130.4
				Capitalisation rate	4.25% – 6.25%	5.8% – 6.5%
Logistics	At cost	-	0.2	-	-	-
Office	At cost	1.0	-	-	-	-
Total		**58.4**	**62.0**			
Poland						
Office	Residual Method	326.6	431.8	Capitalised net revenues less cost to completion	160.4	261.0
				Capitalisation rate	4.5% – 5.5%	4.8% – 5.8%
Office	Direct capitalisation method	389.3	-	Average annual rent in EUR per sqm completion	274.8	-
				Capitalisation rate	4.26% – 4.3%	-
Office	Comparative method	14.0	-	Price in EUR per sqm	195.7	-
Office	At cost	1.0	16.7	-	-	-
Total		**730.9**	**448.4**			

Development in realisation and in preparation (Continued)

Segment	Valuation technique	Fair value 31 Dec 2019 (in €m)	Fair value 31 Dec 2018 (in €m)	Input	Range 31 Dec 2019	Range 31 Dec 2018
United Kingdom						
Office	Residual Method	151.0	-	Capitalised net revenues less cost to completion	59.3	-
				Capitalisation rate	4.5%	-
Office	At cost	-	57.8	-	-	-
Total		**151.0**	**57.8**			
Hungary						
Office	Residual Method	54.2	105.0	Capitalised net revenues less cost to completion	61.4	90.9
				Capitalisation rate	5.25%	6.0%
Office	Discounted cash flow	216.4	-	Average annual rent in EUR per sq m completion	226.1	-
				Discount rate p.a.	6.0%	-
				Capitalisation rate for terminal value	5.25%	-
Office	At cost	-	13.3	-	-	-
Total		**270.6**	**118.3**			
Germany						
Office	At cost	4.8	92.2	-	-	-
Office	Residual Method	167.5	-	Capitalised net revenues less cost to completion	114.2	-
				Capitalisation rate	3.5%	-
Total		**172.3**	**92.2**			
Total for segment		**1,832.0**	**1,024.7**			
Non-core						
Logistics	Comparative method	33.1	29.5	Price in EUR per sq m	4.7 – 2,847.2	4.7 – 26.2
Retail	At cost	7.4	6.4	-	-	-
HubHub	At cost	15.6	8.2	-	-	-
Total for segment		**56.1**	**44.1**			

Sensitivity of measurement to variance of significant unobservable inputs

A decrease in the estimated annual rent will decrease the fair value. An increase in the discount rates and the capitalisation rates (used for terminal value of DCF and for the direct capitalisation method) will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions. Please refer to Note 3 for the quantitative sensitivity analysis.

Valuation process
The valuations of the properties are performed twice a year on the basis of valuation reports prepared by independent and qualified valuers.

These reports are based on both:

- information provided by the company such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the company's financial and property management systems and is subject to the company's overall control environment.
- assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yields and discount rates. These are based on their professional judgment and market observation. Generally, for income producing assets a DCF and direct capitalisation methods are used, for assets under construction residual method is used and comparative methodology is used for non-core and land bank assets.

The information provided to the valuers - and the assumptions and the valuation models used by the valuers - are reviewed by the controlling department and the Group Chief Financial Officer ('CFO'). This includes a review of fair value movements over the period.

ii) Financial Instruments
Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies as described below. However, judgement is necessarily required to interpret market data to determine the estimated fair value.

Financial assets carried at amortised cost
The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost
Considering that most borrowings have variable rate of interest and that own credit risk of the Group did not materially change, the amortised cost carrying value approximates fair value. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. The discount rate was 2.37% p.a. (2018: 2.25% p.a.). Refer to Note 20 for the estimated fair values of borrowings (for current borrowings Level 2 inputs are used, for non-current borrowings Level 3 inputs are used). Carrying amounts of trade and other payables approximate fair values.

Financial derivatives
The fair values of derivatives are based on counterparty bank quotes and are considered level 2 valuations. The fair value was estimated using the discounted cash flows technique.

34. Reconciliation of Classes of Financial Instruments with Measurement Categories

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. In addition, finance lease receivables form a separate category.

All of the Group's financial assets belong to the category financial assets at amortised cost except for financial derivatives that are classified as financial assets at FVTPL. All of the Group's financial liabilities are carried at amortised cost except for financial derivatives that are classified as financial liabilities at FVTPL (Note 20).

35. Consolidated Structured Entities

The Group issued 2 tranches of bonds through HB Reavis Finance PL 2 Sp. z o.o. incorporated in Poland, 1 tranche of bonds through HB Reavis Finance SK s. r. o., 1 tranche of bonds through HB Reavis Finance SK II s. r. o., 4 tranches of bonds through HB Reavis Finance SK III s. r. o., 1 tranche of bonds through HB Reavis Finance SK IV s. r. o., 3 tranches of bonds through HB Reavis Finance SK V s. r. o., 1 tranche of bonds through HB Reavis Finance SK VI s. r. o. all six incorporated in Slovakia and 1 tranche of bonds through HB Reavis Finance CZ, s.r.o., incorporated in Czech Republic. These entities were consolidated as they are wholly owned by the Group, they were specifically set up for the purposes of the Group, and the Group has exposure to substantially all risks and rewards through ownership and outstanding guarantees of the entities' obligations. The Group guarantees all obligations of these entities represented by the bonds issued amounting to PLN 320 million, EUR 263 million and CZK 1.25 billion (Note 20).

36. Events after the End of the Reporting Period

After 31 December 2019 and up to the date of authorization of these condensed consolidated financial statements, the Group has drawn EUR 92.7 million of the facilities undrawn as of 31 December 2019 and repaid loans of EUR 133.1 million including EUR 40 million of bond issue. The Group has secured 499.3 million of new bank financing in the post-reporting period, out of which 152.4 million has been utilized.

In February 2020, the Group completed the sale of 100% shares in its subsidiary Twin City III s. r. o. The subsidiary owned the office building Twin City B in Bratislava, Slovakia. Carrying value of the investment property disposed of was EUR 79.6 million.

In March 2020, the Group completed the sale of 100% shares in its subsidiary SPV Vištuk s.r.o. The subsidiary owned the land in Vištuk, Slovakia. Carrying value of the investment property disposed of was EUR 5.0 million.

In February 2020, the Group acquired office building Quick & Tower House in London, UK through share purchase of SHOREDITCH QT HOLDINGS GUERNSEY LIMITED, for consideration of GBP 64.1 million.

Towards the end of 2019, a new virus causing a severe acute respiratory syndrome ("COVID-19") emerged and infections started to occur around the globe. Subsequently, on 11 March, 2020, the World Health Organisation ("WHO") declared it a pandemic and national governments have implemented a range of policies and actions to combat it. As a result, the normal economic activity has almost come to a halt with severe restrictive consequences for the conduct of business.

Albeit the exact long-term impact of COVID-19 on world economies, different industries and the Group in particular, are not known, the management has focused on the following key areas and stress-tested several scenarios to see how the Group is resilient to negative impact of COVID-19:

- Overall liquidity position and access to existing and new credit facilities,
- Ability to meet the covenants of the Group's debt arrangements,
- Declining demand, falling sales and margin pressures experienced by Group's current and future tenants in retail, co-working and hospitality industry,
- Disruptions in domestic and international supply chains, logistics and shortage of construction workers due to restrictive measures protecting health, adversely impacting construction budgets and progress in construction works,

The Management has performed stress-test scenario based on the business plan covering 18 months from the 31 December 2019 to evaluate the Group's cash-flow and financial position. The stress test assumed unavailability of liquid markets with acceptable yields for the Group to sell its investment properties (other than a completion of an ongoing transaction of sale of TWENTY House S.à r.l.) until the end of the second quarter of 2021. Using the same timeframe, the Group assumed ability to raise additional financing using a high value asset with no current leverage and ability to continue raising finance under existing commitments for large projects that are currently fairly late in the development cycle – DSTRCT in Berlin, Agora in Budapest, Varso and Forrest in Warsaw and Nivy Mall in Bratislava. As of the date of preparation of these financial statements all loan utilisation requests related to these projects were fully funded by the financing banks.

The stress test for balance sheet position assumed a significant reduction in valuation of investment properties in both Western and CEE markets. The assumed declines in fair market values of investment properties would still keep the LTV covenant at the Group level below the threshold triggering default as defined by the bond prospectuses, which is the strictest of all LTV covenants in place. In addition, the outcome of stress-test exercise has resulted in a cash surplus and sufficient liquidity for the activities of the Group at the end of the stress test period.

Since 31 December 2019 the Group has been able to secure EUR 499.3 million of external bank loan financing by revolving and extending the existing credit facilities (EUR 10 million) and securing new facilities (EUR 489.3 million), while drawing EUR 152.4 million of fresh funds in 2020. In addition, the Group is actively negotiating another facility exceeding EUR 120 million that would be collateralised by a prime London project.
Growth in appraisal value was assumed for projects where construction is continuing and financing is secured through already contracted credit facilities. Speculative development projects in an early phase of development or construction in progress with no external loan financing secured, have been either temporarily put on hold or their construction, to the extent technically feasible, has been freezed and completion postponed. Possible contingencies from the already signed lease agreements have been assessed, but no major impact is expected as a result.

In addition, the Management have already taken steps to review existing construction contracts with contractors and have started negotiations that should lead to some 5% savings in the years 2020 and 2021. Slowing down of development projects and thereof resulting operational restructuring that has already started should in addition reduce the operating costs by 25%. In all countries of Group's operation, the Group has either started or is still exploring available options to utilise benefits from government aid programmes designed to support businesses, comprising of measures to compensate business for the lost rental income, deferral of payment in taxes and loan related payments etc. Distributions to owners will be reduced by 70% for 2020 when compared to 2019.

While the impact of the COVID-19 situation cannot be accurately predicted and it is not plausible to assess all possible future implications for the Group, based in this analysis and in the scenarios assessed, the Group believes that it has a solid financial position that will enable it to sustain the current disruptions in the economic environment.

The management will continue to monitor developments and their impact on the Group including its operations, lending arrangements and debt covenants, and the values and estimates reported in the consolidated financial statements and accompanying notes.

There were no other material events, which occurred after the end of the reporting period which have a bearing on the understanding of these consolidated financial statements.

hbreavis