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How We Manage Our Assets

Events at Twin City

Strategically, the Group is focused on achieving and maintaining a balanced share of investment property and assets under development for the longer term. While we retain and manage these assets, we obviously aim to maintain them at top commercial and operational levels so that when we divest, we do so in the best possible conditions.

At the same time, and even more importantly, we aim to provide services that exceed tenants' and employees' expectations – mainly by focusing on user-centric design and maintaining long-term client relationships. As a part of our Workspace-as-a-Service approach, we have been working on Asset Management 2.0 More by HB Reavis – a platform that elevates the experience of using our buildings. As part of that, we now provide users of the buildings with a comprehensive mix of value-adding features and facilities through our Events & Services program.



Our pilot activities are focused on Twin City project in Bratislava and Postepu 14 in Warsaw. A variety of regular events organised by our asset management team include health days, food trucks, Christmas markets, sports days, art exhibitions, musicians, cooking courses, massages and more. Additionally, we're adding diverse services that enhance life. From handy concierge services to innovative bike facilities, car and cycle sharing platforms and multifunctional smartphone applications – we're striving to be both useful and practical. And we plan to further increase our offer with well-being focused surprises that make our spaces and the public areas around them even more inspirational during and after working hours.

In terms of results, we're receiving great feedback. In recent surveys, our Events and Services scored impressive NPS ratings (Net Promoter Score) that were well above 60 – some even reached 98. The results have served to strengthen our resolve to be even more creative in our approach.



At the end of 2018, we managed 16 income producing properties with almost 361,971 sq m of GLA, out of which other projects totalling 64,569 sq m of GLA are managed on behalf of the HB Reavis CE REIF real estate fund.

We added one completed project to the asset management portfolio during the reporting year: Twin City Tower, with 34,625 sq m of GLA in Bratislava. The Group divested from three projects – Metronom Business Center in Prague in June and Gdanski Business Center C and D in Warsaw in August.

In terms of occupancy, the portfolio averaged a solid 93% at year end.

The total value of the Group's income producing portfolio compared to 2017 remains at the level of €1.27bn as of year end 2018 (2017: €1.29), mainly due to the addition of 20 Farringdon Street and Twin City Tower as well as the divestment of Metronom Business Center and Gdanski Business Center.

Like-for-like, the portfolio value increased by €44m before yield shift effects. Total asset returns reached 8.7% (2017: 10.1%).

Group Income producing portfolio *	GLA m ²	Valuation			Rental income Y2018	ERV	Equival. Yield 2017	Equival. Yield 2018	Capital return	Rental return	Total return
		2016	2017	2018							
Asset management portfolio from 2017	304,426	634	1,003	1,038	42	60	5.92%	5.94%	1.0%	4.2%	5.2%
Retail	22,150	89	90	89	4	5	6.00%	6.00%	-0.9%	4.4%	3.4%
Office	282,276	545	913	949	38	55	6.11%	5.93%	1.2%	7.0%	8.1%
Additions to portfolio in 2018	57,545	74	139	236	0	15	4.94%	4.87%	49.4%	0.0%	108.6%
Property exits in 2018	86,519	254.9	283.8	292.2	10.9	17.4	5.86%	5.86%	2.1%	3.8%	6.0%
Asset management portfolio for 2018	361,971	708.2	1,286.4	1,273.9	52.9	75.0	5.90%	5.74%	1.2%	7.5%	8.7%

*Including our divested projects

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