

MARKET SUMMARY & OUTLOOK

| | YoY Chg | 12-Mo. Forecast |
|---------------------------|---------|-----------------|
| Investment Trends | ▲ | ▬ |
| Prime Yields | ▬ | ▲ |
| Market Performance | ▼ | ▲ |
| Supply | ▬ | ▲ |
| Demand | ▼ | ▲ |

Transaction volume in the first half of 2021 reached EUR 83m, up from the same period in 2020, when no transactions were recorded as investor activity halted with the onset of the pandemic. Investor interest is returning and the gap in buyer-seller expectations narrowing, however the number of hotel assets being put on the market in Prague remains limited.

Despite the challenging market conditions, there have been no notable indication of major yield changes since the pandemic outbreak. Going forward, continued restricted access to financing may lead to some upward pressure on yields. However, this is expected to be limited, due to a lack of assets on the Prague market combined with strong investor appetite, as the city boasts healthy supply-demand fundamentals.

Prague had been the most impacted market in Europe in 2020, with RevPAR down by 85%. Continued restrictions led to constrained performance in H1 2021, which recorded an occupancy of 6% and ADR of EUR 55. Nonetheless, performance has been picking up even with a partial lifting of restrictions, with RevPAR in June reaching 41% above the same month last year, showing optimism for a healthy post-COVID market recovery.

Supply growth in H1 2021 remained constrained and many hotels were temporarily closed. Incoming hotel supply is also limited, with an expected annual growth rate of approximately 1.2% over the next two to three years. This marginal supply growth should help facilitate a faster market recovery, compared to other markets which are expecting a higher supply influx.

According to STR data, hotel demand in H1 2021 fell by about 77% compared to the same time last year, primarily due to continued restrictions since the beginning of the year, while 2020 was buoyed by healthy performances before the onset of the pandemic in mid-March. The strong supply-demand fundamentals of Prague should aid a quick recovery, with Oxford Economics expecting nights to return to pre-crisis levels by 2024.

INVESTMENT TRENDS

HIGHLIGHTS - YE Q2 2021

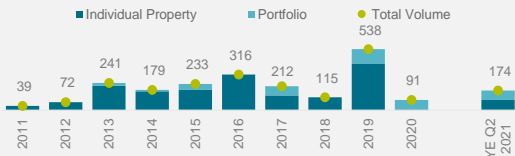
- € 83 million transacted
- 3 properties comprising 226 keys sold
- 100% of capital was from domestic buyers
- 86% of keys sold were in luxury and upper upscale hotels

RECENT TRANSACTION TRENDS

| | LAST 6 MONTHS | | |
|---------------------------|---------------|-------------|--------|
| | YTD Q2 2020 | YTD Q2 2021 | Change |
| Properties Sold | 0 | 3 | ▲ |
| Rooms Sold | 0 | 226 | ▲ |
| Volume Transacted* | 0 | 83 | ▲ |

*Volume transacted in EUR, millions

ANNUAL TRANSACTION VOLUMES (2011- YE Q2 2021, EUR MILLIONS)

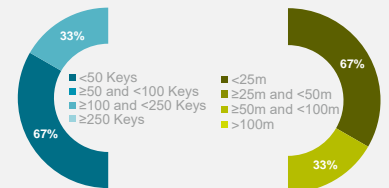


Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (YTD Q2 2021, EUR)

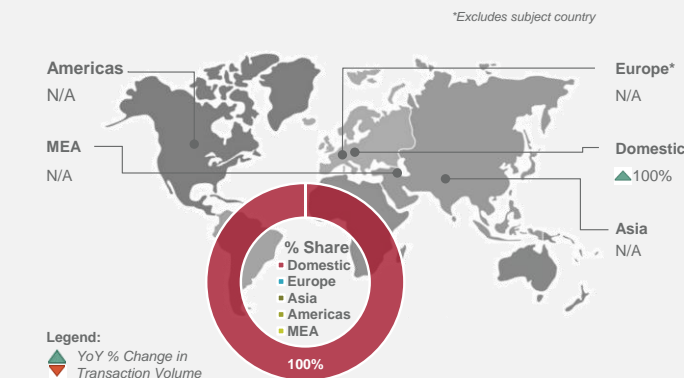


BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE (YTD Q2 2021, % SHARE)



NATURE OF INVESTMENTS

TRANSACTION VOLUME BY SOURCE OF CAPITAL (% CHANGE, YTD Q2 2021 vs. 2020)

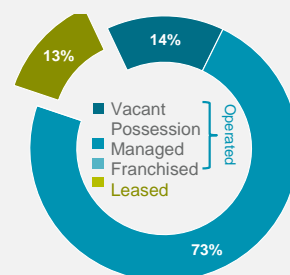


TRANSACTIONED KEYS BY HOTEL CLASS (% CHANGE, YTD Q2 2021 vs. 2020)

| HOTEL CLASS | % CHANGE | % SHARE OF TOTAL KEYS |
|----------------|----------|-----------------------|
| Luxury | ▲ 100% | 73% |
| Upper Upscale | ▲ 100% | 13% |
| Upper Midscale | ▲ 100% | 14% |

No transaction records for Upscale, Midscale and Economy

TRANSACTIONED KEYS BY OPERATING STRUCTURE (YTD Q2 2021, % SHARE)



TRANSACTIONED KEYS BY TYPE OF INVESTOR (% CHANGE, YTD Q2 2021 vs. 2020)

| | BUYERS Last 12 Months | | SELLERS Last 12 Months | |
|---------------|-----------------------|----------|------------------------|----------|
| | % Share | % Change | % Share | % Change |
| Private | 100% | 100% ▲ | 100% | 100% ▲ |
| Institutional | 0% | N/A | 0% | N/A |
| Public | 0% | N/A | 0% | N/A |

Source: Cushman & Wakefield / RCA

N/A - "Not Applicable" as no transaction in previous year

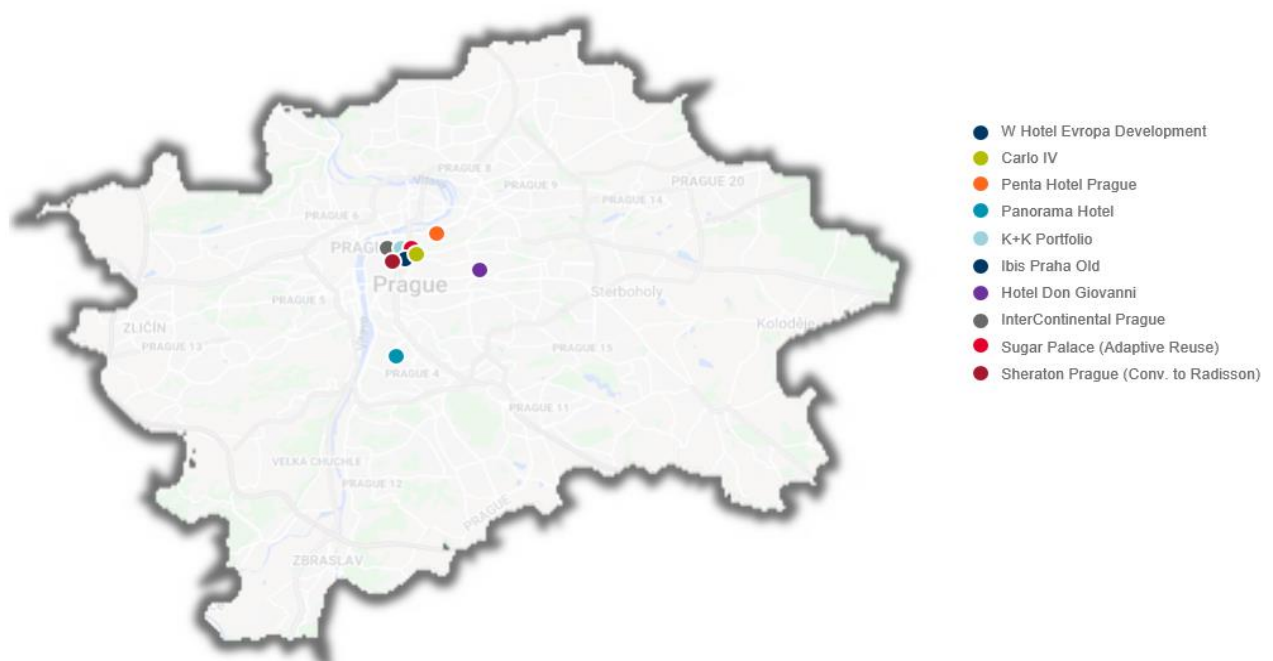
MAJOR DEALS

SELECTED MAJOR HOTEL TRANSACTIONS (PRAGUE, 2018 - Q2 2021)

| Year | Property | Market | Keys | Buyer | Buyer Origin | Seller | Seller Origin |
|------|--|----------|------|--|--------------|--|---------------|
| 2021 | W Hotel Evropa Development (90% of shares) | Prague 1 | 165 | FJ Investment a.s. | CZE | Julius Meinl Group | AUT |
| 2020 | Carlo IV | Prague 1 | 152 | Covivio | FRA | Varde Partners | USA |
| 2020 | B&B Hotel Prague City | Prague 8 | 160 | Primonial REIM | FRA | Financiere B&B Hotels | FRA |
| 2019 | Penta Hotel Prague | Prague 8 | 227 | Aroundtown | DEU | New World Development | HKG |
| 2019 | Panorama Hotel | Prague 4 | 440 | S+B Gruppe | AUT | Corinthia Hotels International | MLT |
| 2019 | K+K Central K+K Fenix | Prague 1 | 258 | InterGlobe Enterprises Event Hotels | IND/ DEU | Goldman Sachs Highgate Holdings, Inc | USA |
| 2019 | Ibis Praha Old Town | Prague 1 | 288 | Amundi | FRA | Cecopra a.s. | CZE |
| 2019 | Hotel Don Giovanni | Prague 3 | 412 | Wenaasgruppen | NOR | Mornington Capital | GBR |
| 2019 | InterContinental Prague | Prague 1 | 372 | R2G | CZE | Best Hotel Properties/ Westmont Hospitality | SLK/ CAN |
| 2018 | Sugar Palace (Adaptive Reuse) | Prague 1 | 175 | UBM | AUT | UralNefteGazStroj | RUS |

Source: Cushman & Wakefield

PRAGUE TRANSACTIONS - MAP VIEW (2018 - 2021)



Source: Cushman & Wakefield

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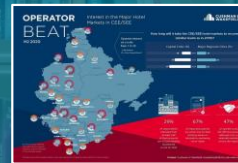
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