

MARKET SUMMARY & OUTLOOK

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

Transaction volume in Prague reached EUR 91M in 2020, down 83% from EUR 538M in 2019. This is partially due to the wait-and-see attitude amongst sellers and buyers since the onset of the pandemic. The second half of 2021 should see more activity, although the number of hotel assets being put on the market in Prague remains limited.

Despite the challenging market conditions, there was no notable indication of major yield changes in 2020. Going forward, continued restricted access to financing may lead to some upward pressure on yields in 2021. 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 was the most impacted market in Europe, with RevPAR down by 85%, due to strict travel restrictions in the first wave of the virus followed by surge in cases in the second wave. The impact was caused by a nearly 79% fall in occupancy and 28% decline in ADR. The low performance is expected to continue until summer 2021, with hope for recovery to start in H2.

Supply growth in 2020 remained constrained and most hotels were temporarily closed. Incoming hotel supply is also limited, with an expected annual growth rate of 1.5-2.0% 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.

Hotel nights in Prague fell by 79%, expectedly led by the decline from non-European markets (down by over 85%). Nonetheless, given Prague's lower reliance on long-haul international markets, generating only about 27% of overnight stays, the city is expected to see a healthy post-COVID market recovery, returning to pre-crisis levels by 2024 according to Oxford Economics.

INVESTMENT TRENDS

HIGHLIGHTS - YE Q4 2020

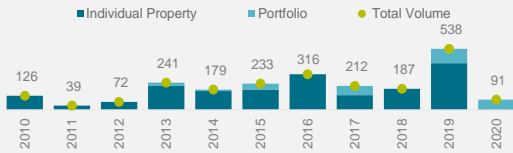
- € 91 million transacted
- 3 properties comprising 462 keys sold
- 100% of capital was from European buyers
- 67% of keys sold were in economy hotels

RECENT TRANSACTION TRENDS

	LAST 12 MONTHS		
	2019	2020	Change
Properties Sold	7	3	-57.1%
Rooms Sold	1,997	462	-76.9%
Volume Transacted*	538	91	-83.1%

*Volume transacted in EUR, millions

ANNUAL TRANSACTION VOLUMES (2010- YE Q4 2020, EUR MILLIONS)

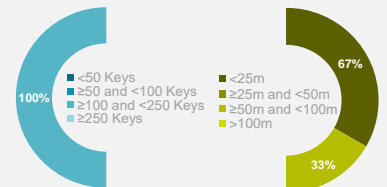


Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (YE Q4 2020, EUR)

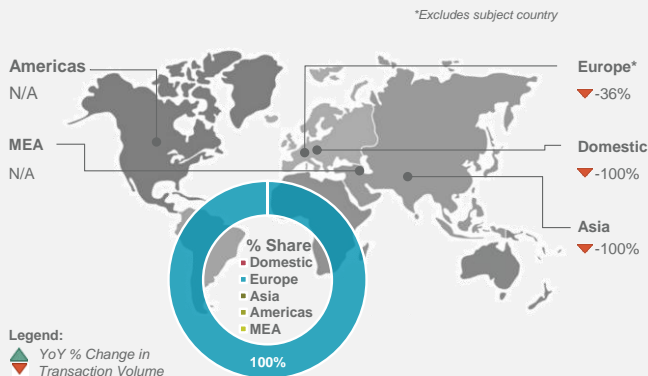


BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE (YE Q4 2020, % SHARE)



NATURE OF INVESTMENTS

TRANSACTION VOLUME BY SOURCE OF CAPITAL (% CHANGE, YE Q4 2020 vs. 2019)

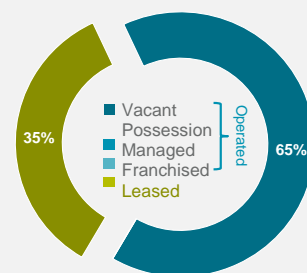


TRANSACTIONED KEYS BY HOTEL CLASS (% CHANGE, YE Q4 2020 vs. 2019)

HOTEL CLASS	% CHANGE	% SHARE OF TOTAL KEYS
Upper Upscale	▲ 100%	33%
Economy	▲ 100%	67%

No transaction records for Luxury, Upscale, Upper Midscale and Midscale

TRANSACTIONED KEYS BY OPERATING STRUCTURE (YE Q4 2020, % SHARE)



TRANSACTIONED KEYS BY TYPE OF INVESTOR (% CHANGE, YE Q4 2020 vs. 2019)

	BUYERS		SELLERS	
	% Share	% Change	% Share	% Change
Private	32%	-88%	35%	-86%
Institutional	35%	-79%	65%	17%
Public	33%	100%	0%	-100%

Source: Cushman & Wakefield / RCA

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

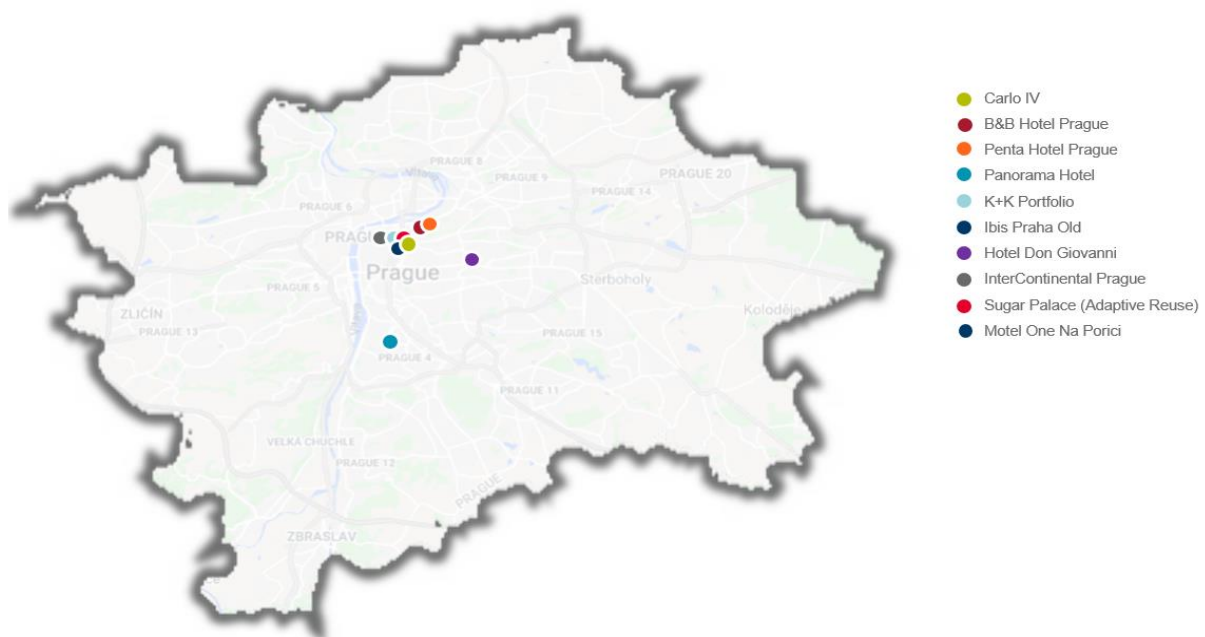
MAJOR DEALS

SELECTED MAJOR HOTEL TRANSACTIONS (PRAGUE, 2015 - 2020)

Year	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
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
2017	Motel One Na Porici	Prague 1	141	CEFC	CHI	Penta Investement	CZE

Source: Cushman & Wakefield

PRAGUE TRANSACTIONS - MAP VIEW (2015 - 2020)



Source: Cushman & Wakefield

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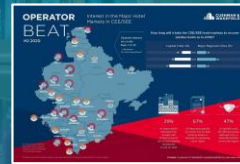
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