

MARKET SUMMARY & OUTLOOK

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

The total hotel transaction volume in Prague declined by 85% during the first nine months of 2020. The only property that was sold was the 152-room Carlo IV hotel, purchased by COVIVIO as part of a €487 million deal for a 8-hotel portfolio from Varde Capital. While this deal was agreed before the COVID-19 outbreak that had a notable impact on investment activity, the sentiment remains somewhat positive with at least one deal expected to close. So far there is no evidence of COVID-related yield change, however, some upward pressure is expected given the increased uncertainty and restricted access to financing. Nevertheless, the relatively high number of investors looking for opportunities and lack of assets on the market should prevent any major change.

Due to COVID-19, RevPAR fell by 81% to €14 in the first 9 months of 2020. This was primarily driven by a significant drop in occupancy to 21% (down by 73%), as well as a decline in ADR by 27% to €67. While there were some signs of recovery during the summer months, performance began to decline again in September, setting a muted outlook for the rest of the year.

The supply pipeline in Prague remains limited, totaling to 1,8K rooms with expected delivery over the next 3 years, accounting for a CAGR of only 1,5% over the period. The constrained supply together with the proposed regulations of the short-term accommodation is expected to support the recovery of the hotel sector.

With the rising COVID-19 cases and new restrictions, the demand is likely to remain constrained throughout 2020. Nevertheless, assuming the pandemic is contained in 2021, the full recovery is expected already in 2023/24.

INVESTMENT TRENDS

HIGHLIGHTS - YTD Q3 2020

- 1 property transacted
- 152 keys sold
- 100% of capital was from European buyers
- 100% of volume was invested in Upper upscale hotel

RECENT TRANSACTION TRENDS

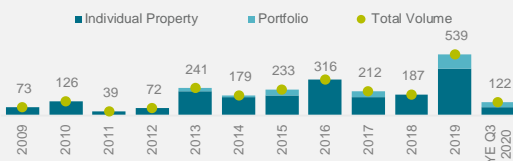
	YTD H1 2020	% Change**	YE Q2 2020	% Change***
Properties Sold	1	-91.4%	2	-71.4%
Rooms Sold	152	-87.5%	379	-79.6%
Volume Transacted*	Confidential	-85.1%	122	-75.5%

*Millions

** % Change compares to the same period last year

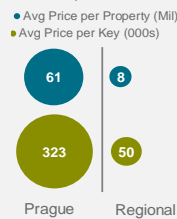
*** % Change compared to 2019 full year

ANNUAL TRANSACTION VOLUMES (2010- YE Q3 2020, EUR MILLIONS)

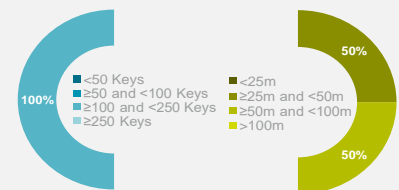


Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (YE Q3 2020)

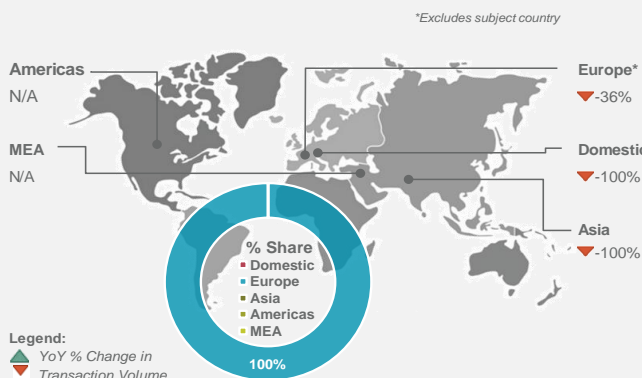


BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE (YE Q3 2020, % SHARE)



NATURE OF INVESTMENTS

TRANSACTION VOLUME BY SOURCE OF CAPITAL (% CHANGE, YE Q3 2019 vs. YE Q3 2020)

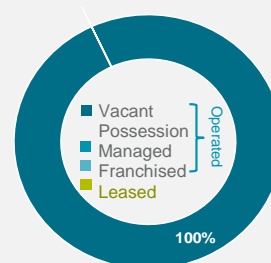


TRANSACTIONED KEYS BY HOTEL CLASS (% CHANGE, YE Q3 2019 vs. YE Q3 2020)

HOTEL CLASS	% CHANGE	% SHARE OF TOTAL KEYS
Upper Upscale	▲ 100%	40%
Upper Midscale	▲ 100%	60%

No transaction records for Luxury, Upscale, Midscale and Economy

TRANSACTIONED KEYS BY OPERATING STRUCTURE (YE Q3 2020, % SHARE)



TRANSACTIONED KEYS BY TYPE OF INVESTOR (% CHANGE, YE Q3 2019 vs. YE Q3 2020)

	BUYERS Last 6 Months		SELLERS Last 6 Months	
	% Share	% Change	% Share	% Change
Private	N/A	-100% ▼	60%	-81% ▼
Institutional	N/A	-100% ▼	40%	-41% ▼
Public	100%	100% ▲	N/A	-100% ▼

Source: Cushman & Wakefield / RCA

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

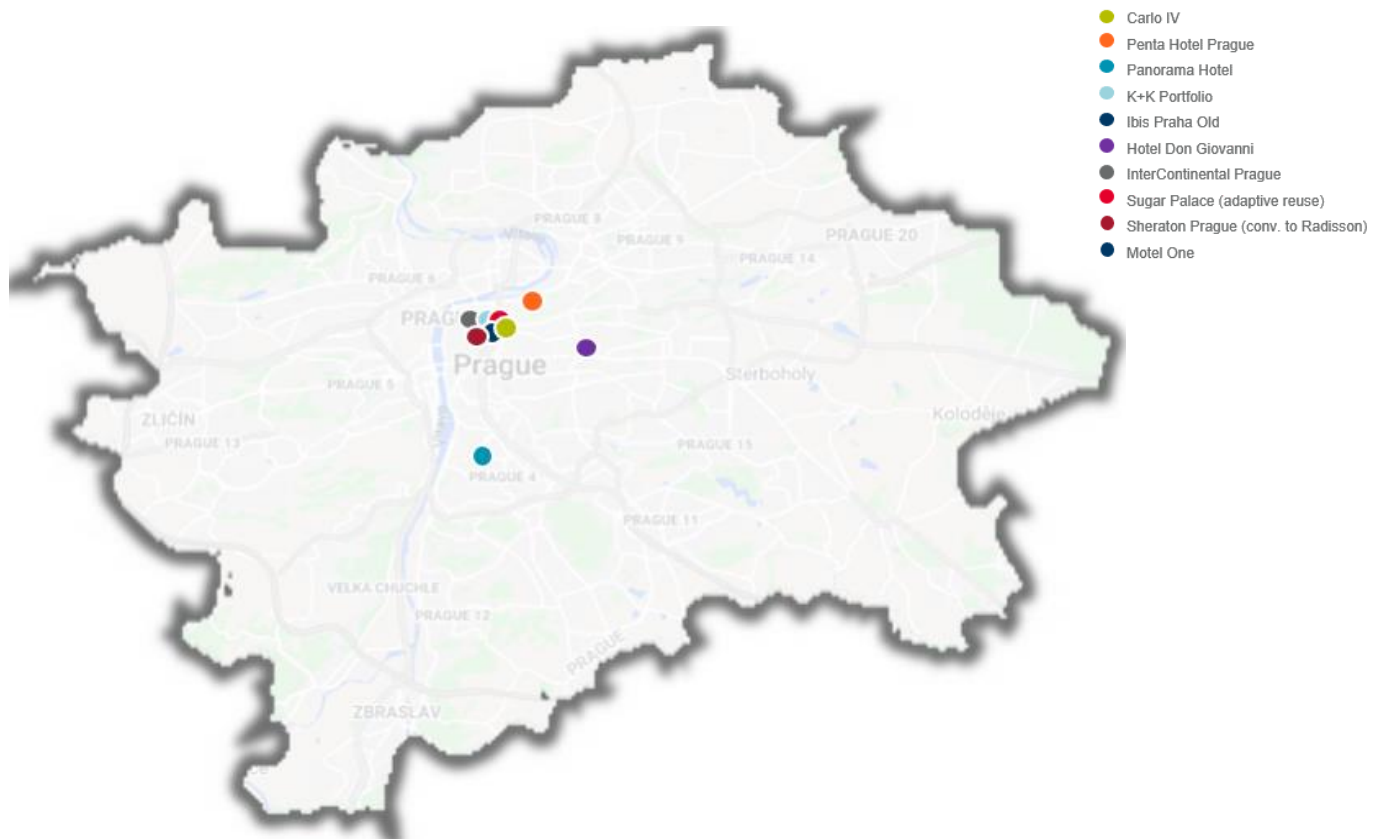
MAJOR DEALS

SELECTED MAJOR HOTEL TRANSACTIONS (PRAGUE, 2015 - Q3 2020)

Year	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
2020	Carlo IV	Prague 1	152	Covivio	FRA	Vadre Partners	USA
2019	Penta Hotel Prague	Prague 8	227	Aroundtown	LUX	CTF Development	USA
2019	Panorama Hotel	Prague 4	440	S+B Gruppe	AUS	Corinthia Hotels International Legner Holding	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	SLK/ CAN
2018	Sugar Palace (adaptive reuse)	Prague 1	175	UBM	AUS	UralNefteGazStroj	RUS
2018	Sheraton Prague (conv. to Radisson)	Prague 1	160	Wenaasgruppen	NOR	Orchid	ISR
2017	Motel One	Prague 1	141	CEFC	CHI	Penta Investement	CZE

Source: Cushman & Wakefield

PRAGUE TRANSACTIONS - MAP VIEW (2015 - Q3 2020)



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