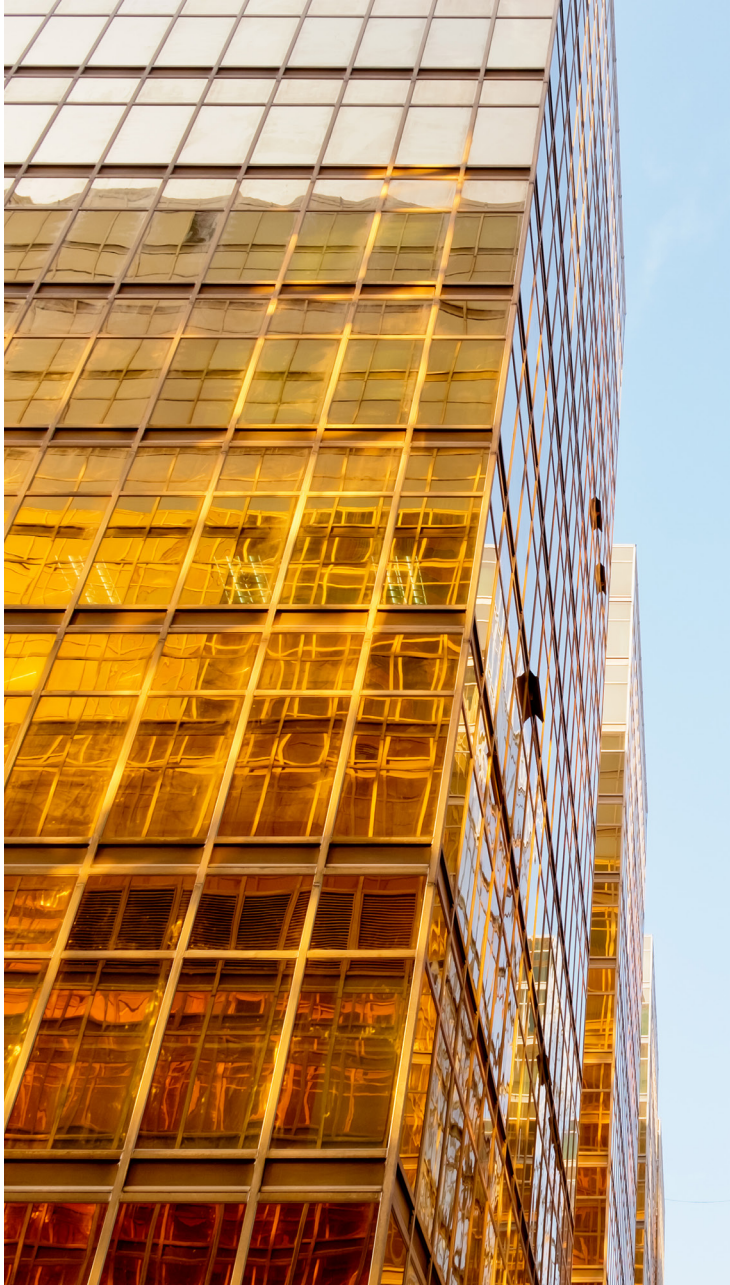


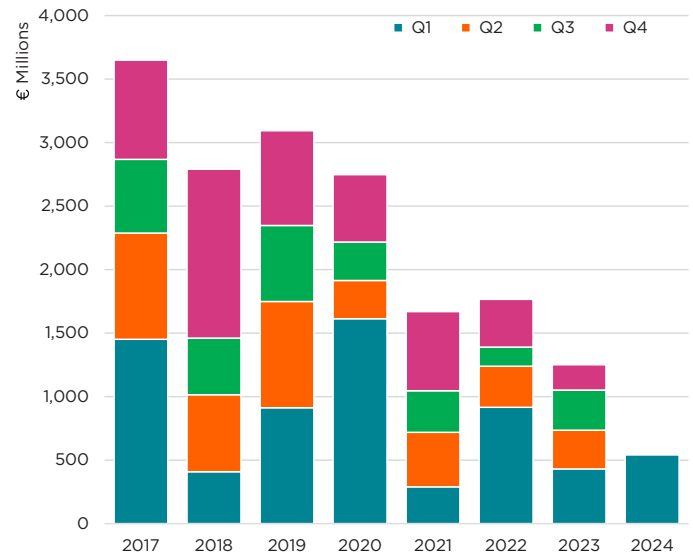
Czech Republic Investment Market



Investment Market Highlights

- First quarter investment was up on the same period of 2023. The market witnessed a total of eight transactions completed with a combined value of nearly €540 million.
- Domestic investors represented 68% of this total, marking the lowest share since Q4 2022. Assets based in Prague contributed to more than half of the total volume in Q1 2024.
- The average transaction size slightly exceeded €67 million, reflecting a 72% increase compared to the previous year. There were two large sized deals, each with value exceeding €100 million.
- Prime yields for core assets remained unchanged for the fourth consecutive quarter. In Q1 2024, prime office and industrial yields maintained stability at 5.25%, while yields for prime shopping centres remained at 6.50%.

Transaction Volumes



Quarterly Statistics

Investment Volume

€540M

YoY change: +25%

Office Yield

5.25%

YoY change: +25 bps

Industrial Yield

5.25%

YoY change: +25 bps

Retail Yield

6.50%

YoY change: none

Economic Indicators¹

GDP Growth

0.4%

(in Q1 2024, YoY)

Inflation

2.0%

(in March 2024)

Policy Rates

3.9%

3M EURIBOR*

Policy Rates - ČNB

5.25%

2-WEEK REPO RATE

¹⁾ Based on the data available on 30/04/2024 (Source: Czech Statistical Office, Czech National Bank, Ministry of Finance, European Central Bank)

^{*)} Q1 2024 average

Market Review Q1 2024

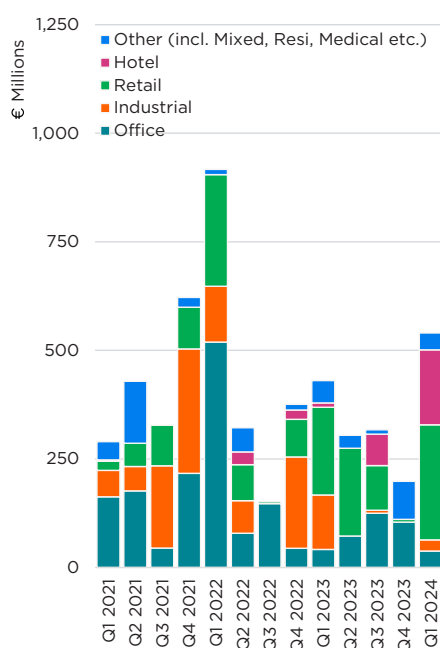
Investment Activity

- Investment sales climbed to €540 million in Q1 2024, marking the highest quarterly volume since Q1 2022 and representing a 25% increase compared to the same period last year.
- The share of cross-border capital rose substantially, climbing from 16% in Q1 2023 and 3% in the final quarter of 2023 to nearly one-third in Q1 2024, totaling €173 million (a 46% y-o-y increase).
- Similar to 2023 the investment volume in Q1 was dominated by the retail sector. Retail transactions in the first quarter of the year totalled €265 million (31% up y-o-y), representing 49% of the quarter's total volume. The second largest investment volume was recorded this quarter in the hotel sector, with closed deals amounting to €173 million and making 32% of the Q1 volume. After two strong quarters, office investment volume moderated in Q1 2024, declining to €38 million, an 8% decrease from Q1 2023 levels. Industrial asset sales also slowed, dropping by 80% y-o-y compared to Q1 2023. Despite this decline, the sector still achieved its highest transaction volume since the opening quarter of 2023, reaching slightly over €25 million.

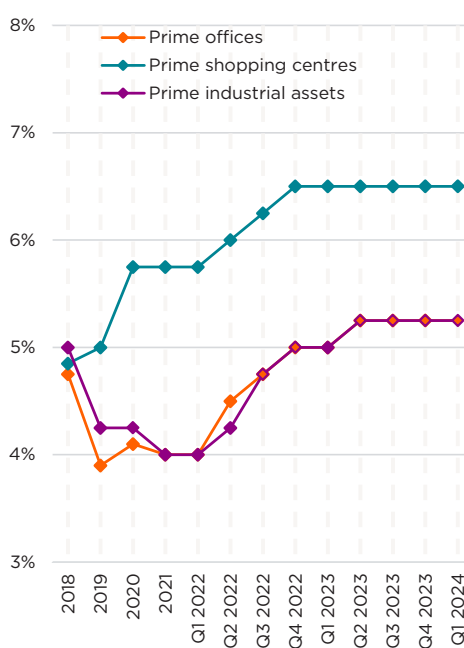
Forecast

- We previously predicted that 2024 would see a c. 20% increase on 2023's investment volume, up to c. €1.5 billion. With \$, £ and € interest rate decreases stalling there is still some nervousness in the market and the expected uptick in market activity has not materialised with as much vigour as was foreseen. Whilst the year has opened slower than had been expected, on-going transaction activity suggests that our former prediction is still a likely scenario and we remain positive that 2024 will show growth in total volumes traded y-o-y. We anticipate yields holding broadly firm over the year, with possible upward pressure towards year end resulting in minor increase of real estate values.

Investment Volume by Sectors



Prime Yields



Glossary of used terms



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