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CEE Investment Market Perspective

February 2024

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Overview

Economy in convalescence – prospects for coming months:

A Review of 2023

The global investment market faced an unprecedented rise in borrowing costs in 2023, coupled with the possibility of a recession in major economies. This combination significantly reduced investor activity in the commercial real estate market. Additionally, the uncertainty surrounding price adjustments made market players hesitant to actively bid in most sectors due to challenges in determining potential exit strategies.

Furthermore, the lack of prime transaction evidence during a period of increasing capitalization rates disrupted the valuation process, which serves as a crucial reference point for both landlords and potential investors. Consequently, sellers' price expectations exceeded what most buyers were likely to offer, leading to a bid-ask spread. This situation resulted in a subdued transaction volume in 2023.

Poland

Poland’s total transaction volume has reached approx. €2.0 billion, translating into the lowest investment market activity since 2009.
The industrial sector, where almost a half of the turnover was recorded, reached €967 million of transaction volume, the lion’s share of which was generated by NREP's acquisition of an 80% stake in 7R marking a milestone transaction in last 12 months.

Czech Republic

In the Czech Republic, the total investment volume in 2023 was approx. €1.3 billion, which represents a decrease of 27% compared to last year.
Czech investors continue to be the most active buyers responsible for more than 70% of the total investment volume. Retail was the most dominant sector (39%) throughout 2023.

Hungary

In 2023, Hungary experienced a notably subdued total investment volume of approx. €610 million, marking a year-on-year decline of 30%. The primary driving force behind transactions were Hungarian buyers (80%). Offices maintained their status as the most active (40%) asset class.

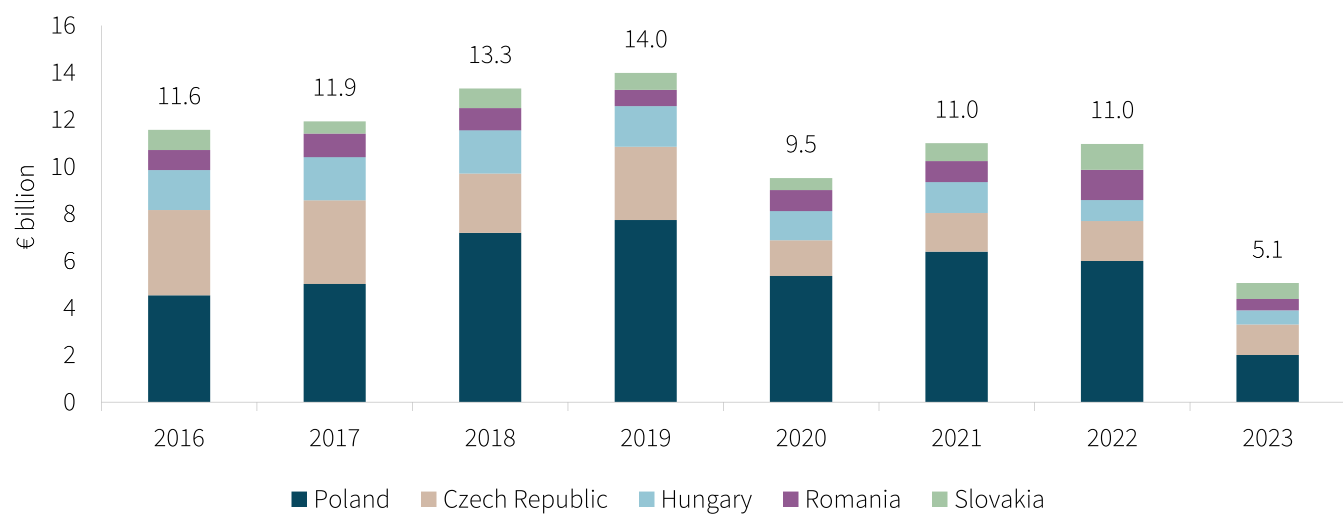
Romania

In Romania, the property investment volume in 2023 was approx. €500 million, which is 60% lower than the one registered in 2022. Retail transactions were dominant, with approx. 58% of the total, followed by office (17%).
Local (Romanian) investors were only responsible for 23% of the investment volume.

Slovakia

Investment volumes in Slovakia were diversed in 2023, with approx. €660 million total, which reflects a 40% decrease year-on-year. However, it’s worth to relate it to the five-year average annual volumes, where the decline stands at a more moderate 17%.

CEE Investment Volumes 2016 – 2023

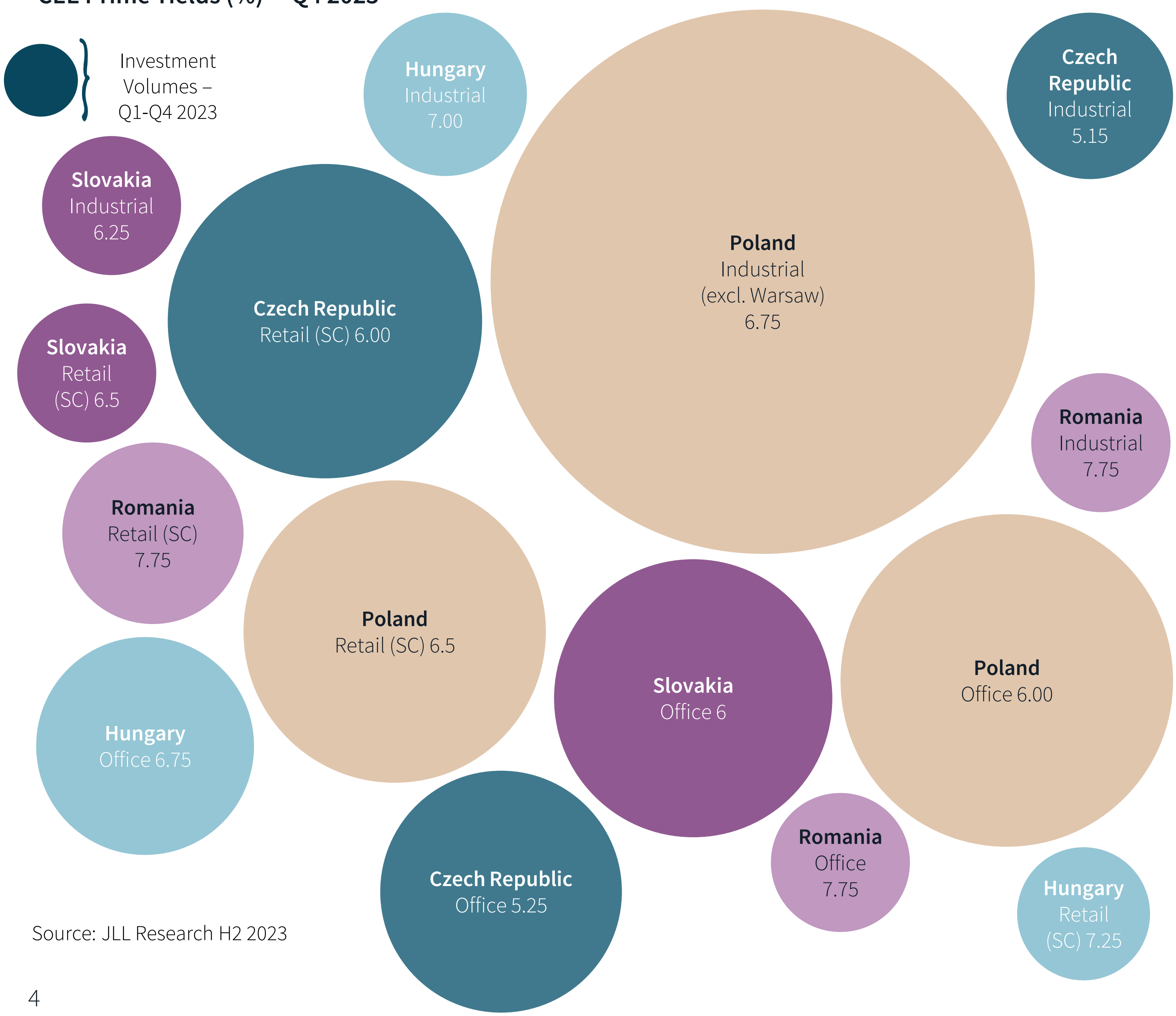


Source: JLL Research H2 2023

Despite the adoption of a cautious risk-averse strategy by some global participants, investors from Central and Eastern Europe (CEE) were active on the market. Currently, investors without leverage are notably competitive. Furthermore, there are signs of progress, such as reduced interest rate fluctuations, decreasing inflation rates, and stable property values.

Aforementioned determinants will affect the confidence of lenders and facilitate increased market participation, ultimately driving market growth in the upcoming year.

CEE Prime Yields (%) – Q4 2023



Source: JLL Research H2 2023

CEE Investment Overview

Economic Risk

Following a deceleration in 2023, there is expected to be a resurgence in Poland's economic growth in 2024 and 2025 driven by a recovery in private consumption, ongoing investment expansion, and successful export performance. Inflation is projected to diminish from 2023 onwards, although the gradual reduction will be influenced by the withdrawal of anti-inflation measures and substantial wage growth. Public spending is anticipated to remain elevated due to intended investments in defence and social initiatives, impeding the process of readjusting the general government budget.

Despite the challenges in 2023, the Czech Republic remains one of the most stable markets in Central and Eastern Europe due to its conservative fiscal and monetary policies, low government debt, and an equally prudent banking sector. Its growth potential benefits from a diversified industrial base and a high-skilled but cost-competitive labour force.

After experiencing robust economic growth in 2022, with Hungary outperforming the Eurozone (4.6% versus 3.3%), the anticipated economic slowdown occurred in 2023. During the first three quarters of the year, GDP growth entered modestly negative territory. Despite this, the labour market remained resilient, evidenced by an unemployment rate of 4.2% in December 2023. Although the average annual inflation rate had been in double digits, it began a significant decline from October, reaching 5.5% on a year-on-year basis by December 2023.

The growth of real GDP in 2023 in Romania slowed to 2.2% due to high inflation, tight financial conditions, and lower external demand. Inflation is expected to remain high, but the decline in headline inflation will only pick up in 2024 and 2025. Despite weaker growth, the labor market is expected to continue in strained conditions, resulting in high wage increases. The general government deficit is projected to decrease from 5.7% of GDP in 2023 to 5% in 2024, and the debt-to-GDP ratio is forecasted to reach 50.5% in 2025.

The Slovak economy has proven its resilience in the face of serious negative external factors that have affected many European economies. Despite a period of subdued economic growth in 2023, there is a promising upward trend for the coming years, with a growth rate projected to exceed 2% in 2025. Strong exports, investment volumes and the recovery of consumption will drive Slovakia's GDP to grow by 1.7% in 2024. Inflation is expected to cool down to 5.2% in 2024, after the uptick of energy prices in 2023. The labor market is expected to remain tight, with decreasing unemployment rates and increasing real wages.

CEE Investment Overview

Investment Overview

In 2023, the Polish investment market experienced the unprecedented increase of the cost of borrowing, which has substantially reduced the investor activity on the commercial real estate market. Moreover, the uncertainty in terms of size and duration of price adjustment kept market players reluctant to bid actively in most of sectors because of the exceptional difficulties concerning adoption of the assumptions on the potential exit strategy. On the other hand, lack of prime transaction evidence in the environment of upward movement in cap rates cause disturbance in the valuation process, which is a key a key reference point both for landlords and prospective investors. As a result, the prices expected by sellers are higher than most of buyers is likely to offer. Despite mentioned turbulences, the market is still facilitating transactions, albeit at a pace of around 33% of levels experienced in 2022.

The Czech Republic‘s total investment volume in 2023 represented a 27% year-on-year decrease. Czech investors continue to be the most active buyers in country itself, as well as in other CEE countries. The total office investment volume recorded a 56% decrease compared to 2022. The supply of new office stock remained notably low, which helped keep both the vacancy rate and rents stable. Retail was the most dominant sector (39%) throughout 2023 in Czech Republic‘s market.

The Hungarian investment market underwent in 2023 a substantial repricing of 75-100 basis points compared to 2022. Buyers exercised caution due to concerns about overall market fundamentals, particularly in the office sector, and faced obstacles with high financing costs that impeded negatively pricing. Mirroring global trends, the annual investment activity, amounting to €600 million, fell significantly below the long-term average of €1.25 billion. Despite transactions occurring in the prime/core asset category, a noteworthy proportion of concluded deals were driven by opportunistic considerations.

Liquidity in Romania was significantly impacted by the global headwinds in the context a lack of local investors. Interest in retail has made a comeback in 2023, a trend we anticipate will continue. The number of deals above €5 million concluded in Romania in 2023 decreased by a third to 24. Moreover, the average deal size decreased by approximately 40%, to €20.7 million.

The distribution among major real estate sectors in 2023 doesn't signal a strategic shift in investors’ preferences in Slovakia. While Logistics & Industrial remain attractive, accounting for 15% of last year's volumes, the lack of suitable products and sellers' expectations limit its contribution. The office sector emerges as the primary focus, making up 70% of the total volumes, with the remaining 15% contributed by the retail sector.

Exploring the Property Sectors in Poland | 2023

€427M Total Office Investments Volume	**€967M** Total Industrial Investments Volume	**€442M** Total Retail Investments Volume
18 Number of Transactions in the Office Market	**27** Number of Transactions in the Industrial Market	**28** Number of Transactions in the Retail Market

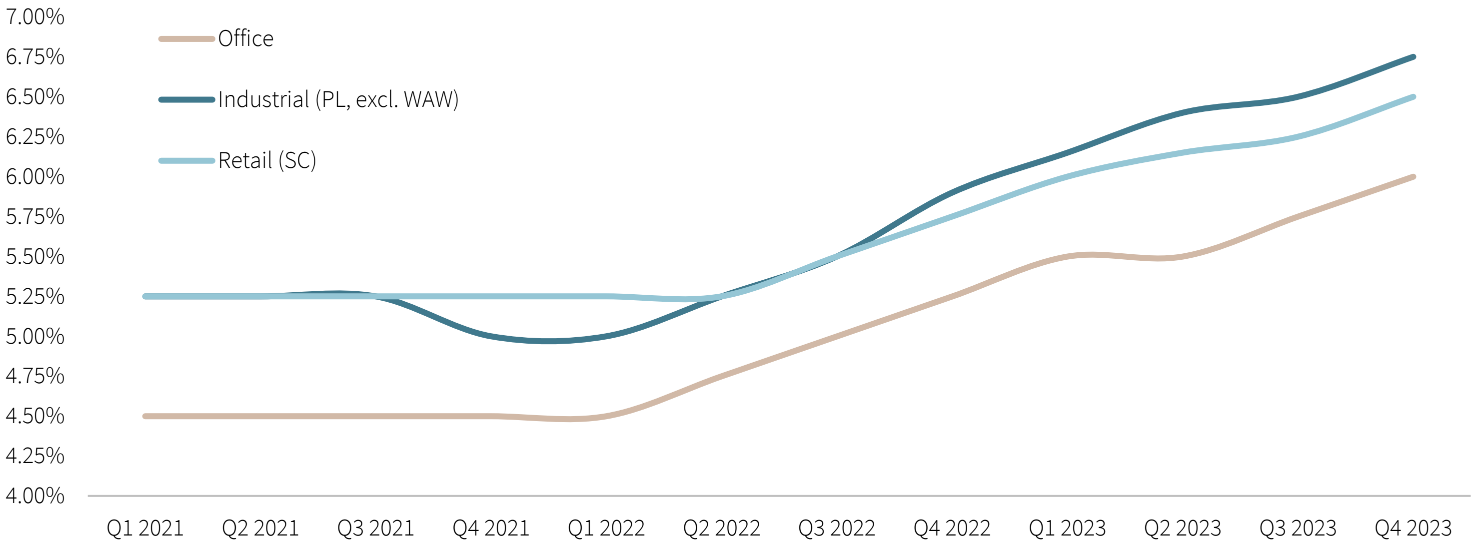
Offices

Transaction volume remains low but CEE investors buy in Warsaw

Office investment market has remained subdued throughout 2023. Investors committing approx. €151 million in Q4, taking the 12-month total to €427 million. It represents the lowest figures for corresponding period since 2009. Almost all of office acquisitions seen in 2023 were related to Warsaw properties. The only modern office scheme transacted in regional cities was Onyx in Kraków. Interestingly, the structure of capital invested in offices was dominated by CEE investors.

The largest office transaction in 2023 was a purchase of Moktów Nova bought by M&A Capital from Tristan Capital Partners for approx. €75 million. Equally noteworthy was the sale of Wola Retro. This office complex, developed by Develia in 2019, was sold to the Hungarian investor - Adventum International for approx. €70 million. 2023 transaction highlights also included the purchase of Warta Tower disposed by Globalworth to Cornerstone for €63.4 million. Another substantial transaction was the acquisition of My Place II, sold by Echo Investment to the Czech investor – Trigea. The value of this transaction reached almost €45 million.

Prime yields for Poland from Q1 2021 to Q4 2023



Source: JLL Research H2 2023

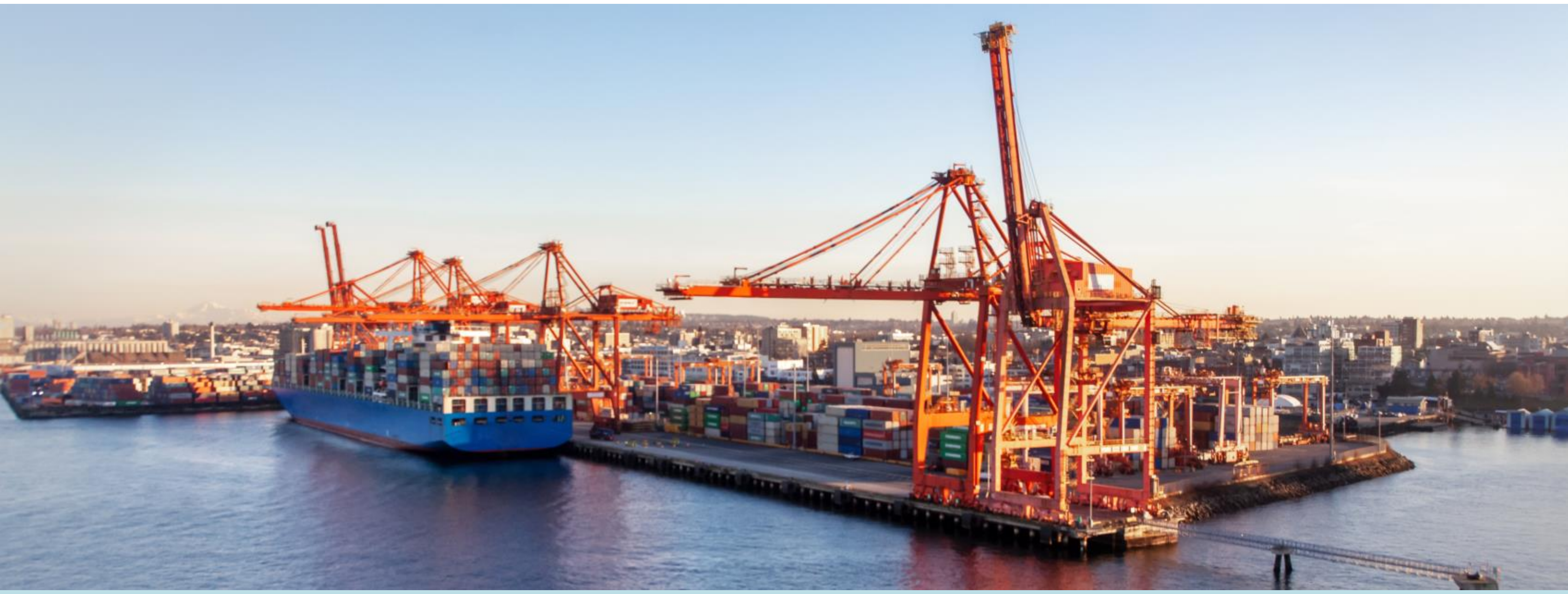
Despite the undermined activity, the office sector attracted also interest of new market players. Celebro office complex, with the largest tenant being Avon, was bought by Eika Real Estate Fund from White Stone, which was the Lithuanian investor's first transaction in Poland. Part of the acquired building has been adapted for a clinical trials centre of Pratia being a part of Neuca Group – one of the biggest pharmaceutical companies in the CEE region.

The moderation of bidding intensity and still elevated cost for debt led to a further upward movement in office yields. As of the end of December, the yield for prime Warsaw assets, with lease agreements exceeding five years, was expected at approx. 6.00%. The prime cap rates in Kraków, which remains the core regional city, are currently estimated at approx. 7.00%.

Industrial & Logistics

Warehouses represtnted alomst a half of all investments in Poland

In the industrial sector, which have attracted the bulk of investor attention in recent years, demand drivers remain firmly in place. The industrial sector is still benefiting from a growth in e-commerce spending, but more recently the emerging trends in supply chain nearshoring are about to add new layers of demand. Nevertheless, the rising financing costs have affected both sentiment and pricing in the sector. Prevailing macroeconomic and geopolitical environment has caused the decision-making processes to stretch in time. Volatile market conditions have limited the activity of capital and significantly reduced competition for the product being offered on the market. As a result, investors were more cautious in deployment of equity and investment volumes have been predominantly driven by smaller and medium-sized transactions.



Correspondingly, core product has been repriced and core+/value-add transactions have increased its footprint in the investment turnover.

During 2023 the total of €967 million was transacted across 27 deals. The true landmark transaction was an acquisition of an 80% stake in 7R by NREP. This Scandinavian investor invested approx. €200 million into the 7R, being one of the largest warehouse developers in Poland. The largest single-asset transaction was an acquisition of Campus 39 by P3 for nearly €140 million. The same investor purchased also 7R Park Łódź West II and 7R Park Szczecin from 7R. The total letting area of those two parks reaches almost 100,000 sqm. In terms of schemes with long-term agreements, one of the most noteworthy was the logistics property in Swarzędz near Poznan bought by Palmira from Akron Group.

Another trend is an increased activity of CEE players proved by a number of transactions. Czech investors Accolade and Trigea bought facilities located in the area of Bydgoszcz and Wrocław respectively. Slovakian IAD Investments purchased a warehouse located in Wrocław as well.

Finally, capital originating from our domestic market invested in warehouse complex located in Urzut next to the S8 express road between Warsaw and Mszczonów.

The market has witnessed the clear upward trend in rental levels since the beginning of 2022, especially in new developments, which have faced the unprecedented growth of construction costs at that time. The rates started to stabilise in the second half of 2023. Nevertheless, current prime rents are at present on average 20%-40% higher to those seen at the end of 2021. Simultaneously, financing costs have also risen rapidly. As a result, Cap rates have continued their upward movement, which is expected to decelerate during first months of 2024 as a result of lower interest rate volatility and a narrowing bid-ask spread leading the market to the price consensus. At the end of December 2023, prime warehouse yield for multi-tenant schemes with five-year lease agreements, was estimated to be at the level between 6.50% - 6.75%. Warsaw prime projects was expected between 6.25% - 6.50%.

Retail

Anticipated improved outcome in 2024

High financing costs and uncertain sentiment shaped investor appetite and market dynamics in 2023. In the first half of the year, bidder activity was very low, resulting in investment volumes falling to record lows. Despite an increase in rents, turnover and the generally good operational situation of most retail properties, investor activity remained moderate, as reflected in the very low transaction volumes in the retail sector recorded in 2023 - just €442 million. This was the third lowest result in a perspective of the last 16 years, following 2008 - 2009, when similar transaction volumes took place. It is worth noting, however, that the overall investment market in Poland declined by nearly 70% compared to 2022, with the retail segment accounting for 22% of total transaction volume in 2023, so the low activity in retail was part of broader market trends.

Despite the record low total transaction volume, as many as 28 transactions were recorded. Due to the high cost of financing, properties with volumes of up to €20 - 30 million were the most attractive product. Only three single property transactions exceeded the €30 million barrier and only one transaction exceeded €100 million - Matarnia Park Handlowy acquired by Frey from Ingka Centres for approx. €103 million. This was also the first investment of this French investor in Poland. Equally noteworthy was a disposal of the PKO TFI portfolio including five retail parks with the total area exceeding 35,000 sqm. The portfolio was sold to a Lithuanian investor - Lords LB Asset Management, which proves the increased activity of CEE investors across all real estate sectors. The most meaningful shopping centre deal was a sale of Atrium Molo located in Szczecin from G City to Metropol Group. The transaction proves that well-established and well-functioning shopping centres addressing every-day needs of customers are still on investors' radar.

Investors' activity currently focuses primarily on investment opportunities / projects with the potential to increase value through redevelopment, repositioning or management optimisation. Furthermore, retail parks, convenience facilities and free-standing grocery shops are of unwavering interest among both private and institutional investors. However, high interest rates have become the main factor differentiating the price expectations of buyers and sellers.

Despite the significant drop in investment volumes in 2023, we have seen an increase in investor activity in the last quarter of the year, particularly in the retail park segment, and we expect the bids submitted to translate into transactions as early as the first half of the year. The anticipated reduction in interest rates in 2024 should reduce the polarisation between the price expectations of buyers and sellers, and gradually increase investment volumes in the retail sector.

Although there is still no recent transactional evidence in Warsaw, based on the overall market sentiment JLL estimates the Q4 2023 prime shopping centre yields at 6.50%. The prime cap rates for the best retail parks are currently estimated at 7.25%

Living

M&A transactions dominated the landscape in 2023

Following a 28% drop in investment volume due to a turbulent macro-economic and geopolitical environment in 2022, investor sentiment in the Polish living sector remained subdued throughout 2023. As foreign exchange risk, expensive financing (despite the recent drop in the reference rate by 100 bps) and a booming BTS market continued to pose an obstacle to single-asset transactions, there was a growing focus on JVs, particularly equity stakes in PRS platforms, as well as M&A opportunities. Most notably, Polish developer Develia signed a preliminary agreement to acquire a 100% stake in the Polish subsidiaries of French

developer Nexity for EUR 100 million. Meanwhile, Robyg established a JV with a fund managed by Centerbridge Partners to expand its residential portfolio, with initial investments to include projects in Tri-City and Warsaw encompassing a total area of over 100,000 sqm. In August, Trei Real Estate and Kingstone announced a JV to develop rental apartments in major Polish cities, starting with Warsaw and Poznań. At the end of 2023, Spanish Grupo Lar and Lithuanian developer Hanner launched a PLN 1 billion joint venture for the construction of 1,300 flats in Warsaw over six years. Although investors remain convinced of the strong market fundamentals, only a few single-asset transactions were concluded in the living sector in 2023, i.e. the sale of a commercially zoned PRS project in Warsaw's Służewiec district and the disposal of a small residential building in non-central Poznań to Dutch newcomer Mosaic World. Investors await further drops in inflation and interest rates in 2024 and are expected to gradually increase their activity over the course of the year.

Compared to the previous quarter, prime yields for multifamily forward deals remained stable at an estimated level of 5.25% in Warsaw and 5.50% in regional cities based on developers' expectations and deals under negotiation. For student housing, prime yields stand at 5.75% in Warsaw and 6.00% in regional cities. Given the extremely limited transactional evidence, it can be estimated that yields for standing assets with stabilised cash flow should trade at a premium of 30-60 bps relative to forward deals.

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Looking back at 2023, the commercial real estate investment landscape in Poland witnessed a significant dip in investor activity, primarily due to unprecedented increase in borrowing costs globally.

Poland's market fundamentals showcased impressive resilience amidst this global uncertainty. Despite the challenges, Poland's GDP exhibited a strong positive growth rate in 2023 with a clear upward trend expected in the coming years.

Moreover, the anticipated deglobalisation effects provide new opportunities for the commercial real estate market, particularly in the industrial sector.

Dmytro Havrylenko
Head of Capital Markets Poland

Exploring the Property Sectors in Czech Republic | 2023

27%
Office Market had a Share of the Total Transaction Volume

10%
Industrial Market had a Share of the Total Transaction Volume

39%
Retail Market had a Share of the Total Transaction Volume

€95 million
The Largest Transaction in the Office Market

€45 million
The Largest Transaction in the Industrial Market

€205 million
The Largest Transaction in the Retail Market

Offices

No Office Deal Exceeds €100 Million Mark

In 2023, the office sector was the second most active, accounting for 27% of the total transaction volumes. This represents an 18% decrease compared to 2022. The majority of these transactions occurred in Prague's market, totalling 13 throughout the year. The most significant office transaction involved the sale of the Via Una building in Prague 1. Commerz Real sold it to Trinity Bank for approximately €90 - €95 million, earmarked as their new headquarters.

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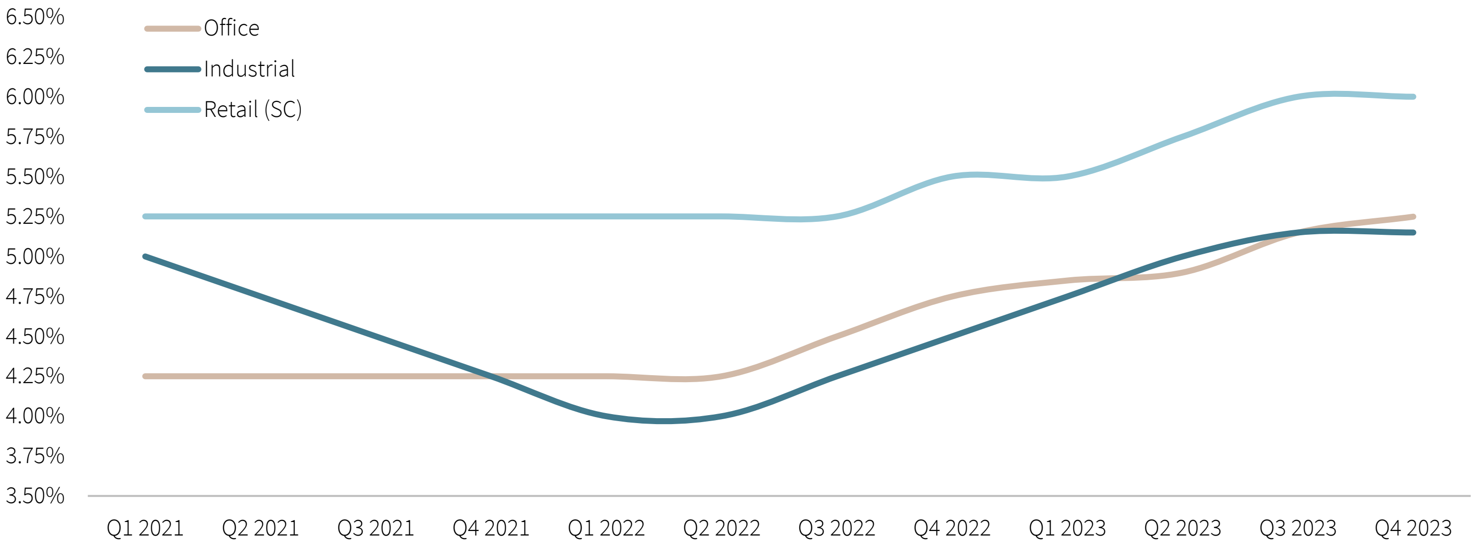
The Czech investment volume in 2023 experienced a 37% decrease compared to the five-year average.

Petr Strýček
Head of Capital Markets Czech Republic

Prime yields for Czech Republic from Q1 2021 to Q4 2023



Source: JLL Research H2 2023

This was followed by the sale of Václavské náměstí 33 by Generali for about €40 - €45 million and the acquisition of a 25% stake in the Churchill Square building by ČMN for approximately €40 - €45 million in the third quarter of 2023.

The total office investment volume recorded in 2023 was €353 million, a 56% decrease compared to 2022. The supply of new office stock remained notably low, which helped keep both the vacancy rate and rents stable.

Industrial & Logistics

95% of the volume recorded in Q1 2023

In 2023, the industrial and logistics sector accounted for the lowest market shamarking a 14% decrease from 2022. The year witnessed only five noteworthy transactions. The most significant deals included the sale of CBPI Park Liberec by Industrial & Capital Holding to CB Property Investors for approximately €40-45 million. This was followed by the purchase of Ostrava Hrušov Park (including development land) by CTP Invest for around €35 - €40 million from Bluehouse Capital, and Karlovarská Business Park, where Accolade acquired a 90% stake from Conseq for approximately €30 million. The total investment volume for 2023 was €131 million, a 69% decrease compared to the previous year.re among the main sectors, at 10%,

Retail

Solid performance in the retail sector

In 2023, the retail sector was the most dominant with the total of eleven transactions and represented 39% of the investment volume (+17% compared to 2022).

The most significant transactions included the Trei Portfolio of supermarkets and retail parks across the Czech Republic, purchased by Star Capital Finance from Trei Real Estate for approx. €200 - €205 million, followed by Palác Pardubice sold by G City Europe to Redstone for approx. €120 - €125 million and Arkády Pankrác in Prague 4, where G City Europe bought the remaining 25% share from ECE for approx. €60 - €65 million. The total retail investment volume amounted to €514 million in 2023 (+30% compared to the last year).

Living

The residential sector was the third strongest sector in 2023 and experienced seven transactions, totalling approx. €220 million. The largest transaction was represented by a residential project with more than 300 units in Opatov in Prague 4, forward-purchased by Kooperativa and Dostupné bydlení České spořitelny from Sekyra Group for approx. €80 - €85 million. This was followed by another acquisition of 220 units by Dostupné bydlení České spořitelny from FINEP and a purchase of 168 units by Mint from FINEP in Prague for approx. €35 - €40 million.
The volume of transactions in the residential market has almost doubled compared to last year.

Exploring the Property Sectors in Hungary | 2023

€610M Total Investments Volume in 2023	**€396M** Total Investments Volume in H2 2023	**Ca. €100M** The Largest Transaction in the Market
85% Market Share of Domestic Purchasers	**25** Number of Traded Properties	**75-100 bps.** Yield decompression in every asset class on YE 2022

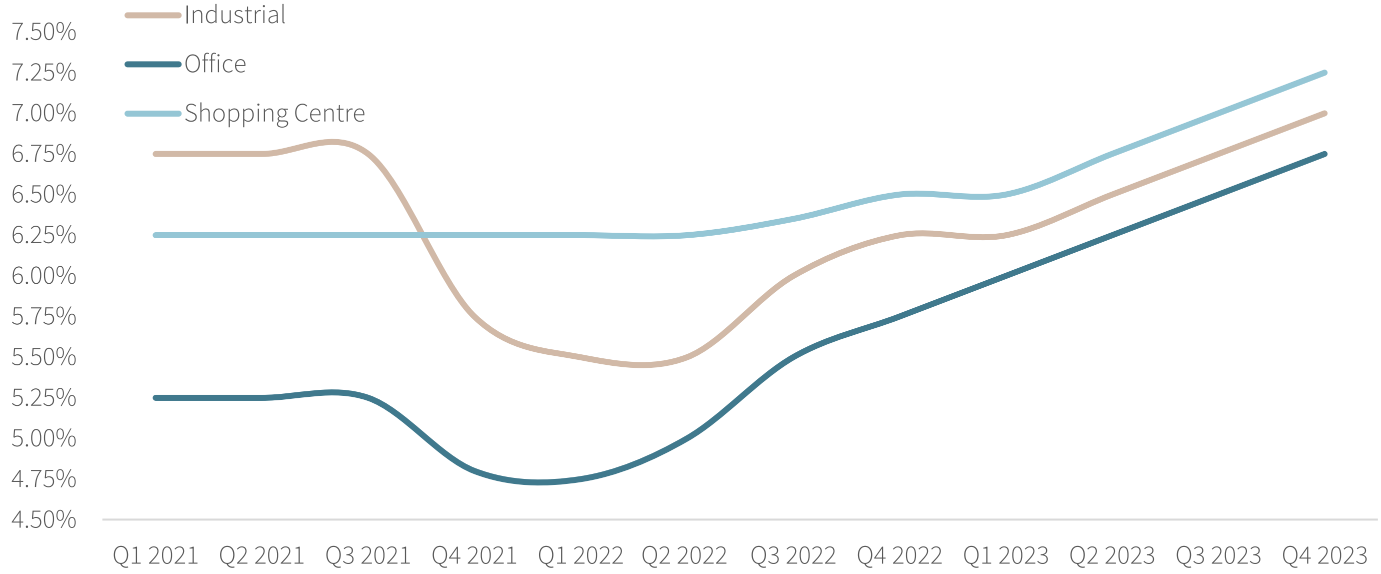
Offices

Swift and tangible repricing has been completed

Approximately 40% of the yearly investment deals in Hungary were generated through office transactions. However, the overall annual activity within the sector amounted to a modest €240 million, marking a 20% decrease from 2022 and indicating the weakest performance in the asset class since 2014. The subdued performance can be attributed to uncertainties in pricing, elevated financing costs, and general concerns about the sector's future.

> "
>
> There was a notable repricing across all asset classes, and we anticipate no additional yield decompression in 2024.
>
> **Ferenc Furulyás**
> *Head of Capital Markets Hungary*

Prime yields for Hungary from Q1 2021 to Q4 2023



Source: JLL Research H2 2023

The most significant transaction of the year was the sale of the initial phase of the H2O Office Building.

By Q4 2023 the prime office yield decompressed by 100 bps. on YE 2022 to 6.75%. There are numerous office transactions in the pipeline, especially in the value-add segment, including portfolios and single-asset deals. Anticipating subdued investment activity in the initial half of 2024, with a more noticeable recovery expected from mid-2024 onwards.

Logistics

Increasing transaction size

Despite the sector's continued popularity, the annual transaction volume in 2023 reached approximately €120 million, marking a 20% decline from 2022. However, significant large-scale core transactions boosted the average transaction size to €25 million in 2023, the highest average in the past decade, highlighting substantial interest in the asset class.

The most noteworthy transaction in 2023 was the forward sale of a new 32,000 sqm warehouse developed by Panattoni for Rossmann, serving as their new distribution center. OPT RE Fund acquired this asset. Interestingly, Panattoni accounted for over 60% of successful disposals in the asset class in 2023, including two additional new developments located in countryside areas, both fully pre-let.

Despite the strong competition for logistics assets, prevailing negative market sentiment impacted pricing, resulting in a prime yield decompression of 75 bps during 2023. As of Q4 2023, we assess the logistics prime yield to be at 7.00%.

Retail

The robust investment activity observed in the sector throughout 2022 was not replicated in 2023. The annual investment volume amounted to just below €90 million, marking a third of the 2022 volume. However, it's worth noting that sector activity has been fluctuating widely since 2019.

The most significant transaction in 2023 involved the sale of the prime Vörösmarty 1 high street scheme, encompassing approximately 6,200 sq m of retail space and 200 underground parking spaces, overlooking the prominent Vörösmarty Square in the heart of Budapest's CBD. The fully leased property, previously owned by Redevco, was acquired by Indotek.

In another notable deal, Hungarian asset manager Appeninn acquired a retail portfolio, including two strip malls in Zalaegerszeg and Székesfehérvár, and a smaller shopping mall in Nagykanizsa from a local asset manager.

The prime shopping center yield experienced a year-on-year shift of 75 bps and now stands at 7.25%.

Exploring the Property Sectors in Romania | 2023

€83M Total Office Investment Volume	**€75M** Total Industrial Investment Volume	**€286M** Total Retail Investment Volume
24 Total Number of Transactions in the Market	**€219M** Largest Transaction in the Market	**23%** Share of Domestic Capital in the Market

Offices

Subdued investment activity in 2023

During the period, 8 office transactions were concluded in Romania, totalling €82.5 million. This is close to 90% below 2022, when an exceptionally large portfolio deal was closed.

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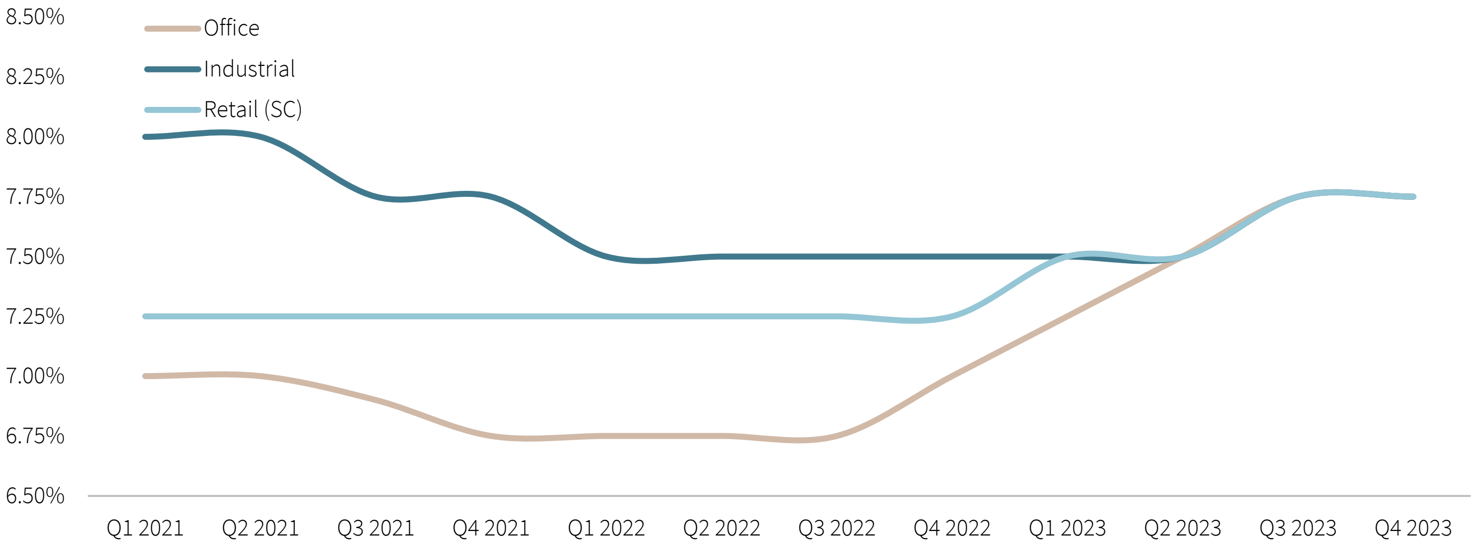
The Romanian investment volume in 2023 saw a 47% drop compared to the five-year average. With more intense activity at the start of the year, we expect to see improved liquidity and new price benchmarks across all asset classes.

Andrei Vacaru
Head of Capital Markets CEE for iO Partners

Prime yields for Romania from Q1 2021 to Q4 2023



Source: JLL Research H2 2023

The office sector was the second most active in 2023, after retail, accounting for almost 17% of the total transaction volumes,. With the exception of one deal, all the others were concluded in Bucharest.

The largest office transaction closed during 2023 was the sale of One Herastrau Office, situated in the northern part of Bucharest. The property has a size of approximately 8,000 sqm GLA, and was sold by One United Properties to a private investor, for €21 million.

Industrial & Logistics

A strong market, but few transaction

There were only 3 industrial transactions closed during 2023 in Romania., with a total value of €75 million. This represents a 29% decrease compared to 2022.

Industrial had a 15% share in total investment volumes in 2023. The two largest transactions were sale & leaseback deals.

- The first one was the sale of FM Logistic's portfolio, composed of 3 properties, out of which one in Bucharest, with a combined GLA of 98,000 sqm. The properties were purchased by CTP.
- The second largest deal was the sale & leaseback of a 20,700 sqm warehouse near Pitesti. The property was sold by SFC Solutions Solutions to WDP.

Retail

Outcomes on the rise in 2023

There were 7 retail deals closed during 2023, with a combined value of €286 million. This marks a 6% decrease compared to 2022.

Retail investments were dominant in 2023, with a share of 58% of the total.

By far the largest retail deal closed in 2023 was the sale of Mitiska's retail portfolio, composed of 25 retail parks spread across Romania. The properties were purchased by LCP part of M Core, for €219 million.

Hotel

During 2023, there were 5 hotel transactions closed in Romania, with a total value of €40.7 million, 29% below 2022.

Hotels had a share of 8% in total transactions volume in 2023, with an average size of €8 million, and targeted regional cities, except one deal closed in Bucharest.

British capital accounted for approximately 44% of the total investment volume in 2023. Romanian investors were second, with 23%.

The appetite for financing the real estate sector remains relatively healthy, especially for prime income-generating assets, although banks have become more selective.

Exploring the Property Sectors in Slovakia | 2023

Over €90M The Largest Transaction in the Office Market	**€100M** The Largest Transaction in the Industrial Market	**€50M** The Largest Transaction in the Retail Market
8 Number of Transactions in the Office Market	**Only 1** transaction in the Industrial Market	**5** Number of Transactions in the Retail Market

Offices

Office's dominance in Commercial Real Estate

Key transactions, each exceeding €80 million, involved JTRE selling prime office assets in CBD. The property Pribinova 19, with anchor tenant Allianz, was sold to the Slovak fund of IAD Investments. The second property – Landererova 12, was sold to the Czech fund ZFP realitny fond.

Institutional buyer – the real estate fund of Slovenska Sporitelna (Erste Group) acquired office in regional city of Zilina from the developer Reinoo for undisclosed sum.

We witnessed a creation of joint venture between Alto Real Estate and institutional real estate fund of Tatra Asset Management. The partial share of the buildings contributed significantly to office volumes.

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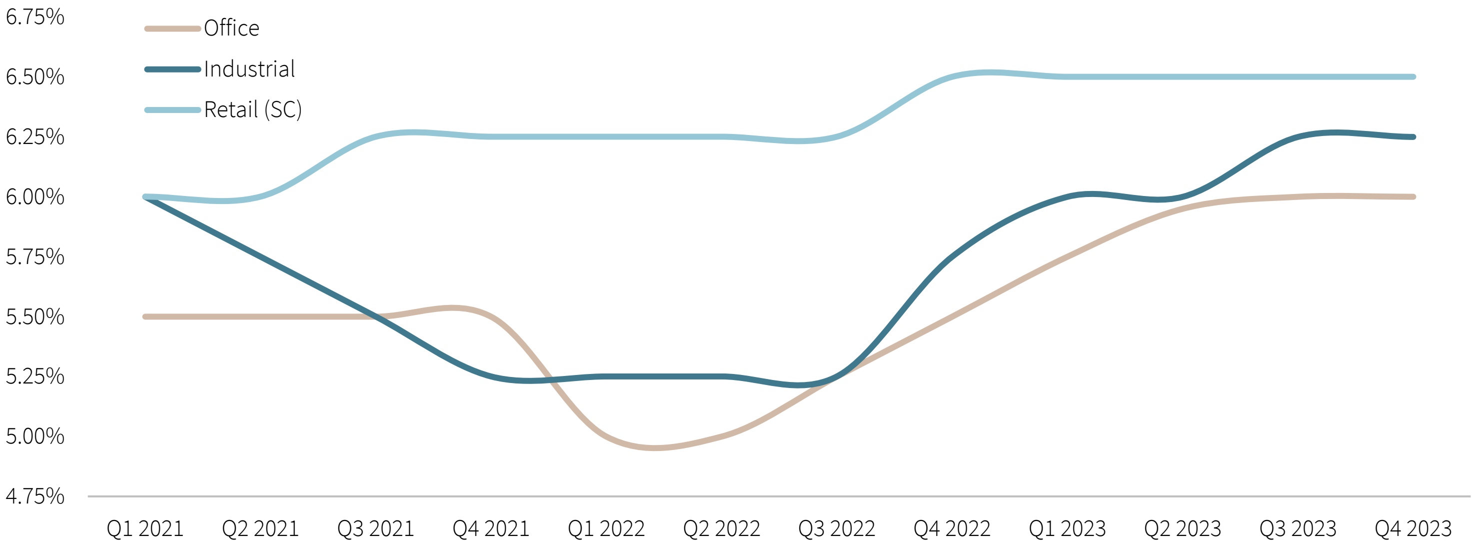
The dominance of the office sector underscores continued confidence from local and regional capital, despite sector's recent challenges.

Peter Nitschneider
Country Manager Slovakia

Prime yields for Slovakia from Q1 2021 to Q4 2023



Source: JLL Research H2 2023

Industrial & Logistics

Limited number of transactions on the plate

There was only one major transaction in I&L sector this year. Czech private equity group with activities in real estate BHM Group acquired industrial park in Trencin (ca. 120k sqm GLA) from Czech owner Redside for approximately €100 million.

Our view on prime yields as of Q4 2023 is as follows:

Offices:	6.00% - 6.50%
Logistics/warehouses:	6.25% - 6.50%
Light industrial:	6.75% - 7.00%
Shopping centres:	6.50% - 6.75%
Retail parks:	7.00% - 7.50%

Retail

Recovery of investment volumes in 2023

The momentum is sustained in retail parks, confirmed by several transactions:

- Trei Real Estate closed portfolio transaction worth over €200 million of which ca. 10% is in Slovakia. The buyer was Star Capital Finance;
- A transaction in which Czech investor ZDR Investments acquired retail park in Topolcany with anchor tenants of the grocery chain Billa and Danish JYSK;
- OPC Group as a developer sold its stake in Skalica retail park to its partner MITISKA Reim.

Other noteworthy transaction is the sale of the portfolio of car showrooms in CZ & SK to private equity LCN Capital Partners.

Selected key deals:

Property name	Location, Country	Approximate sale price (€ million)	Vendor	Purchaser
Takeover of 80% of 7R by Nrep	Various, PL	200	7R	NREP
Campus 39	Wrocław, PL	139	Panattoni	P3
Matarnia Park Handlowy	Gdańsk, PL	103	INGKA	Frey
Panattoni Portfolio	Various, PL	98	Panattoni	EQT Exeter
Mokotów Nova	Warsaw, PL	75	Tristan Capital Partners	M&A Capital
7R Łódź & Szczecin	Various, PL	Confidential	7R	P3
Wola Retro	Warsaw, PL	70	Develia	Adventum International
The Warsaw Hub A - hotel tower	Warsaw, PL	Confidential	Ghelamco	CORUM Asset Management
Warta Tower	Warsaw, PL	63	Globalworth	Cornerstone
Trei Retail Porfolio	Various, CZ & SK	200-205	Trei Real Estate	Star Capital Finance
Palác Pardubice	Pardubice, CZ	120-125	G City Europe	Redstone
Arkády Pankrác (25% share)	Prague, CZ	60-65	ECE	G City Europe
CBPI Park Liberec	Liberec, CZ	40-45	Industrial & Capital Holding	CB Property Investors
Václavské náměstí 33	Prague, CZ	40-45	Generali	Winterfell Three
H2O	Budapest, HUN	100	Skanska	ERSTE RE Fund
Roseville	Budapest, HUN	Confidential	Atenor	confidential
Rossmann DC	Üllő, HUN	Confidential	Panattoni	OTP RE Fund
Vörösmarty 1	Budapest, HUN	Confidential	Redevco	Indotek
Mitiska retail parks portfolio	Various, RO	219	Mitiska REIM	M Core
FM Logistic's industrial portfolio	Various, RO	60	FM Logistic	CTP
One Herastrau Office	Bucharest, RO	21	One United Properties	Private local
Landererova 12	Bratislava, SK	80+	JTRE	ZFP Investments
Pribinova 19	Bratislava, SK	80+	JTRE	IAD Investments
Trencin Industrial Park	Trencin, SK	Est. €100	Redside	BHM Group
NORDCITY Postova	Zilina, SK	Confidential	Reinoo	Erste realitná renta

Source: JLL Research 2023

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