CEE **Investment** Market

January 2021

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2020 will undoubtedly go down as one of the most memorable years for all the wrong reasons. The arrival of the Covid-19 pandemic in March 2020 has impacted the CEE real estate market across all sectors. Some with positive gains, such as in the logistics sector, but others with clear negative impact, such as retail and tourism.

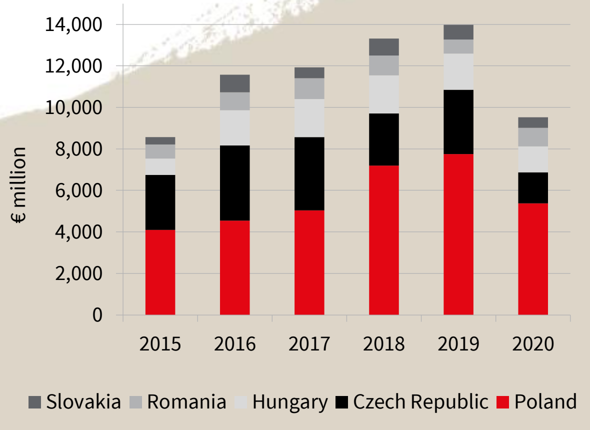
There is a continuing debate around the impact onto the office occupational markets where we have seen falling demand and increasing vacancy rates and an increase in sub-leasing activity. It is expected that the offices sector will start to recover as we go back to our office workplaces following the successful roll-out of the vaccination program through 2021.

Even with these challenges, the CEE markets continue to attract strong interest from investors, both international and domestic. However, with a shortage of available product and the impact of Covid-19, there have been volume declines across nearly all markets.

Please find listed below some of the major trends and highlights of 2020:

- The total CEE investment volume represented a total of over €9.7 billion, representing an almost 32% decline from 2019.
- Poland continued its dominance with 57% of total CEE volume and notably a strong year in logistics. Q1 was very active with roll-over deals from 2019 but as the year progressed volumes declined compared to previous years with a country total of €5.6 billion, showing a 30% decline from 2019. Still the 3rd highest volume on record.
- Czech Republic did see the largest deal in its history with the Residomo transaction of €1.3 billion. Excluding this transaction, in order to make realistic comparisons year-on-year, the Czech market saw a 52% decline in volumes. Investor demand remains strong for core product but there were limited core office transactions – notably only Churchill Square and Rustonka, both in Prague.
- In Hungary there was a smaller decline of 25% with a market dominated by the office sector representing 65% of investment volume. The previous high dominance of domestic capital in 2019 has been reversed back in 2020 to an equal split between foreign and domestic capital.
- In Romania, 2020 started with a large pipeline of transactions; several high-profile office deals were in advanced stages of negotiation. While the outbreak of COVID-19 had a significant impact on the investment market, the total transaction volume for 2020 represented a significant increase from 2019. The only country in the region to show an increase, driven mainly by the large NEPI/Rockcastle portfolio acquired by AFI.
- In Slovakia, despite a very promising start to the year and expectations of 1bn, investment volumes actually declined by 32% as a result of Covid-19. Investor demand remains in strong for core and core+ industrial product as the occupational market recovered in Q4 2020. In 2020, prime yields saw some upward pressure in comparison to 2019, with the most visible decompression in the office and retail sectors. The logistics sector is expected to see some small compression as 2021.
- The outlook for 2021 is with cautious optimism but the outcome will be dependent on the successful roll out vaccination programme and a return to confidence in the markets. Leading international and domestic regional investors are still heavily focused on investing into the CEE region, especially in the industrial sector which seems to be the least affected by the global pandemic.

CEE Investment Volumes 2015 – 2020



CEE Prime Yields (%) – Q4 2020

Country / Sector	Office	Retail (SC)	Industrial
Czech Republic	4.25	5.25	5.25
Poland	4.50	5.25	5.75
Hungary	5.25	6.00	6.90
Slovakia	5.50	6.00	6.00
Romania	7.00	7.25	8.00

Source: JLL, Q4 2020

01. Poland highlights

Despite the uncertainty surrounding the COVID-19 pandemic, 2020 turned out to be robust in the investment market, exceeding expectations from the onset of the crisis. Investment turnover in 2020 totalled €5.6 billion equating to a 30% decline on 2019, but also proving to be the third best result ever. Higher volumes were recorded only in 2018 and 2019.

The pandemic has significantly changed the priorities of purchasers, as evidenced by the investment structure. The 2020 outcome was led by the industrial sector, which importance has gradually grown over the recent years, while the outbreak of the pandemic has accelerated this process substantially. A total of €2.7 billion spent on warehouses represented almost half of the total turnover in Poland, thus setting an all-time record for the sector.

Despite the trend of postponing a part of transactions, office assets were the second most traded product in 2020. With nearly €2 billion transacted, the sector represented 36% of the total investments. Warsaw raised the vast majority of this outcome with Kraków taking the lion's share of the remaining part. The retail segment, which has been severely hurt by COVID-19 related lockdowns, decreased its share to 12% of the total turnover. However, investors are still deeply interested in some asset classes, such as retail parks, convenience stores, DIY stores and food stores. The living sector has brought a piece of around €260 million accounting for the remaining 5% of the total investment volume and proving that this budding segment expands its presence in Poland. The €260 million divided into shares of 72% multifamily and 28% student housing deals.

What can we expect this year? Much hinges on the universal vaccination programme, which has already commenced. Its success will trigger the return to offices, full activity of shopping centres, full return of international students and a revival of the hotel, gastronomy, entertainment and conference sectors. Consequently, a pent-up demand of both consumers and investors shall be released, boosting investment market. However, 2021 outcome can be also limited by the scarcity of core product available for trade, which combined with high availability of equity can lead to a return of yield compression.

Investment turnover in **the industrial sector** totalled €2.7 billion in 2020, up 81% on 2019 and 48% above the previous record result from 2018. In consequence, warehouses have become the most traded asset class for the first time in the history of the real estate investment market in Poland. The tremendous outcome was driven by a myriad of large portfolio transactions, many of which exceeded €100 million per deal.

The largest transaction was an acquisition of a large CEE Goodman portfolio by GLP. The total value of the transaction reached €1 billion, and the assets located in Poland accounted for more than a half of that volume. In December 2020 an equally impressive deal was concluded – Hillwood disposed of a significant portfolio of properties located in Warsaw Suburbs, Upper Silesia, Central Poland and Wrocław. The sector also witnessed other large-scale deals, namely: the portfolio sale of five Panattoni properties to Savills Investment Management, the acquisition of Hines distribution parks by CGL and the purchase by GIC of a portfolio of six logistics properties from funds managed by the Apollo Global Management group. Moreover, the fourth quarter of the previous year saw two transactions of Amazon Fulfilment Centers (Amazon Poznań, Amazon Wrocław). The assets, with areas exceeding 120,000 sqm each, were acquired for €190 million in total by Blackbrook Capital and Hines, respectively.

The industrial sector was the only one, which saw the first signs of return to yield compression in 2020. The enormous level of demand, relatively low financing costs and limited number of prime products on the market suggest that downward pressure on cap rates should become evident throughout this year. At the end of 2020 prime warehouse yields in Poland stood at 5.75% with exceptional long leased assets trading at sub- 4.50% and Warsaw inner city projects at around 5.50%.

The office sector is currently in flux in light of the COVID-19 crisis. An unprecedented home office experiment, which touched most of companies to some extent, put a question mark over the future of office demand. Therefore, a part of investors decided to postpone their real estate decisions, awaiting reliable data on scale and duration of a take-up decline.

However, the first half of the year saw a strong investment volume in the office sector (€1.3 million). The market was led mainly by legacy transactions (initiated still in 2019) with a very limited number of completely new deals. As the coronavirus outbreak continued to spread globally, the investors' activity was significantly undermined. Over H2, purchasers spent ca. €650 million, taking the full year total to almost €2 billion, 48% down on 2019 but still 26% up on the 10-years average (2009-2019).

The largest deal recorded in 2020 was the acquisition of a majority stake (61.49%) in GTC by the Hungarian Optimum Ventures Private Equity Fund, which in Poland has a portfolio of both office buildings and shopping centres. Another meaningful transacted project included the first phase of the Lixa scheme (buildings A&B), located in City Centre West in Warsaw, disposed by Yareal to CommerzReal in JV with a Korean investor in December 2020. A milestone for regional investment markets was the acquisition of High 5ive II (buildings 4&5) by Credit Suisse from Skanska, being the biggest transaction outside Warsaw setting the benchmark core yield for the city.

At the end of 2020, prime office yields in Warsaw were discussed at 4.50%, whereas yields in the core regional cities (Kraków & Wrocław) stood at 5.75%. The cases of discounts, observed in the previous year , ranged 25-50 bps compared to pre-COVID expectations. As a result, transactions were traded at cap rates at a similar level as seen in 2019. Across 2020 quite a few meaningful transactions were postponed. These are expected to carry on this year, which shall drive the 2021 result.

As a result of difficulties connected with COVID-19 restrictions the sentiment in **the retail sector** remained subdued throughout 2020. The full year total fell to €644 million, which was 68% below the previous year result and 58% below the 10-years average (2009-2019).

Despite the significant slowdown in the retail investment sector, a number of assets still changed hands, whereas the shopping centre sector seemed to be the least popular. Investors in the retail sector predominantly focused on retail parks, convenience stores, DIY stores, food stores or assets for repositioning, repurposing or operator change. No shopping centre exceeding 20,000 sqm was transacted in a direct deal in 2020. The only transaction including shopping centres was the sale of 61.49% stake in GTC by Lonestar in a corporate deal to Hungarian Investment Fund – Optima. Given GTC owns two shopping centres in Poland (Galeria Północna in Warsaw and Galeria Jurajska in Częstochowa), respective volumes were included in the overall €644 million number representing an important part in it. One deal in the factory outlet sector was recorded – a 50% stake in Wrocław Fashion Outlet was sold as part of the European Portfolio deal by Hammerson to APG for circa €22 million in July 2020. Assuming that the vaccination programme will be successful, the situation should return to normal, lockdowns should be ceased, and the retail market should be back on track. Investments in the shopping centre segment are likely to gradually return when shopping centres reopen, their performance can be monitored and sustainable NOIs comfortably underwritten. Nevertheless, widely observed in 2020 investors' demand for simple retail formats like convenience centres, retail parks and standalone assets (food stores & DIYs) leased long term should continue to be an important theme in 2021.

Despite lack of any transactional evidence in the shopping centre sector, the markets expect the prime shopping centre yields to widen to the level of 5.25% driven entirely by sentiment. Prime retail park yields remain at the level of 6.8% and are expected to compress due to increased investors' demand for that type of product.

In total the year 2020 closed with an investment volume in **the living sector** of €260 million, split into 72% multifamily and 28% in student housing deals. While this means a lower volume by 20% than in 2019, it is still roughly double the size of the annual transaction levels in 2015-2018.

After the first transactions in both multifamily and student housing in the beginning of 2020, investors' activity was significantly undermined by the coronavirus outbreak. At the same time, ironically, the COVID-19 situation accelerated interest of global capital in the living sector due to the resilience of the asset class.

Because of the lack of tradable standing stock in Poland and the need to transact development projects, it took the Polish market a bit longer to make use of the increased investors' interest. Finally, the end of the year then noted a considerably surge in transactions. However, many deals were still ongoing at year's end and are likely to be closed in early 2021.

At the end of 2020 prime multifamily yields for forward funding deals of single assets in Warsaw were unchanged at 5.25%, whereas the main regional cities stood around 5.50%. The gap between multifamily and student housing is still at least 50 basis points, though in some student housing projects further COVID-adjustments were discussed. However, given the resilience of the market, we still see prime Warsaw student housing yields for single asset forward deals at 5.75% and in prime locations in regional cities around 6.00%. We observed lower yields for transactions of multiple assets in pipeline deals. Likewise, we expect lowered cap rates for standing assets, though there has been little evidence of such transactions on the Polish market, yet.

02. Czech Republic highlights

GDP in the Czech Republic is expected to fall 6.8% in 2020, with a fall in the Q4 outlook being offset by an increase seen in Q3. In the short term the outlook is challenging, as the second wave of coronavirus creates more downward pressure on the economy and markets and restrictions are likely to be maintained through Q1 2021. A rebound is anticipated in 2021 as the pandemic is brought under control by mass vaccination with GDP growth forecast at 3.2%

The solid Q3 GDP growth of 6.9% offers some optimism that the economy will rebound again as the pandemic is contained. However, this may not occur until confidence returns and vaccination completed across the country. Trade and industrial production is expected to fare better in Q4 2020 than during the first lockdown, leading to a much less severe contraction. But we expect GDP to fall 4.6% q/q in Q4 2020.

Consumption will make up a large share of the fall in GDP in Q4. Impacted by both the second wave and the containment measures, consumer confidence has fallen and there is uncertainty for how long. Unemployment expectations and hiring intentions have also worsened. This uncertainty will induce households to build up precautionary savings, which will only be unwound later in 2021 as consumer confidence returns. Employment has held up relatively well so far, but this depends on continued fiscal support.

Retail sales figures took a significant hit; even double-digit growth in e-commerce did not manage to compensate for the overall double-digit decline.

Logistics sector entered the Covid-19 era in a good condition with strong fundamentals - historic low vacancy, strong rental growth, positive take up - and has been relatively resilient compared with other sectors.

Office sector was marked by a fall in leasing activity and by a pause in investment activity, driven mainly by lack of product than lack of investor appetite – this was true for all other sectors in the Czech Republic.

The second half of 2020 provided transactional volumes of €737 million. This represents a 54% decrease on the same period in the previous year, however it is roughly on par with H1 2020 (€756 million; excluding Residomo portfolio transaction).

The average transaction size in H2 2020 was €32 million, seen across 24 transactions in total. Volume-wise in H2, the office sector dominated with 44% of total investments followed by industrial (24%) and retail (23%). The hotel, residential and mixed-use sectors accounted for the remaining 9% of the total commercial H2 2020 volumes.

The largest transaction by volume in H2 2020 was the purchase of Churchill Square in Prague 2 sold by Penta Investment for €153 million. International capital took the majority investment share, accounting for ca 61% of the total volume, with domestic capital accounting for the remaining 39%.

The **Office** sector was the most dominant and represented 44% of investment volume in H2 2020. The most significant office investment transactions included Churchill Square in Prague 2 sold by Penta Investment for €153 million to a joint venture of CFH and Českomoravská Nemovitostní; followed by the new J&T Bank headquarters (Rustonka 4) located in Prague 8, which transacted from Gramexo to J&T Bank for €75 – 80 million and IBC in Prague 8 sold by Mint Investments to Generali for ca. €70 million. The total office investment volume recorded for H2 2020 reached €323 million; down by 37% compared with H1 2020

The **Retail** sector had the third largest market share in H2 2020 with 22% primarily thanks to the Central Kladno shopping centre located in the regional city of Kladno (45 minutes from Prague) sold by Crestyl to Portiva for ca. €75 million. In H2 2020, retail sector witnessed six transactions. The largest transactions included already mentioned Central Kladno; together with Velký Špalíček shopping centre situated in Brno city centre and acquired by the Roman Catholic Diocese of Brno from Generali for approximately €30 million and two Mitiska retail parks in Prague and Litvínov purchased by Immofinanz from Mitiska REIM as part of a portfolio deal for €26 million. The total retail investment volume recorded for H2 2020 reached €165 million; a decrease of 26% compared with H1 2020.

With the largest transaction of the year in the **Industrial & Logistics** sector being the acquisition of a Goodman portfolio by GLP worth €123 million, the I&L sector volume totalled €181 million in H2 2020. Investor activity and appetite for this investment product continues to be strong, however, it is limited by a lack of supply of prime assets and high price expectations of sellers. In H2 2020 the I&L sector accounted for 24% of overall investment activity.

Residential sector, specifically rental apartments, had started to evidence an increased activity in investment transactions. The largest recorded deals in H2 2020 included 70 apartments in Prague-Barrandov purchased by Zeitgeist Asset Management from the residential developer Finep for approximately €20 million and MINT Living Brno Campus consisting of 120 apartments and office and retail components sold by a private individual to Mint Investments for €19+ million.

To conclude, pricing adjustments are expected in some sectors and one of the greatest concerns is around debt as margins have increased and LTVs decreased, however, banks are continuing to lend and support the prime core investment product. If an upward shift in yields occurs in some sectors, it should not be as severe as during the Global Financial Crisis because of significant amount of sidelined capital targeting real estate and general lack of product.

Our views on prime yields in H2 2020 are 4.25% in the office sector, prime industrial & logistics are at 5,25%, whilst retail parks remain at 6.00%. Prime shopping centre yields are at 5.25% and high-street properties are at 4.00%.

03. Hungary highlights

As expected, since the outbreak of the COVID-19 pandemic in March 2020 investment activity in Hungary experienced a drop from 2019. The annual transaction volume amounted to ca. €1.25 billion, reflecting a decrease of 26% on 2019. More than 80% of this amount was generated by income producing assets, whereas the rest was made up by development site sales and the disposals of properties suitable for re-development purposes. The annual statistics also include two modern office buildings for which the agreements were signed in 2019 but financial closing was upon delivery of the assets over 2020.

Only a handful of transactions collapsed as a result of the pandemic and most of the deals were just delayed. We saw numerous examples of negotiations being halted in Q2 and then re-started after September. Some of these deals managed to close by the end of 2020, while several deals are scheduled to close only in the first half of 2021. We expect the first half of 2021 to record a very strong investment activity including some large-ticket landmark transactions.

Pricing of the various asset classes was in question during the first half of 2020. Most of the buyers were in a wait-and-see mode to make sure that they could exploit any potential drop in values. By the end of 2020 it became evident that pricing in the core and premium office segment did not change much while further yield compression was experienced in the logistics asset class. On the other hand, re-pricing in the Core+, value-add and Grade B office categories was more noticeable while interest for hotels and retail assets (save for retail warehouse parks and convenient stores) weakened.

Similarly, to previous years, domestic buyers remained very active on the market, however international buyers also closed high-profile deals, therefore the market shares of local and international purchaser were nearly even (53% and 47% respectively).

The strongest transaction activity was recorded in the **office** asset class, amounting to ca. 65% of the 2020 volume. The asset class typically generates ca. 45% of the annual activity and the high 2020 share reflects that as the retail and hotel asset classes became less attractive, investors turned their attention to offices as promising targets despite of the home office phenomenon.

Office transactions generated nearly €800 million in 2020, 5% above the 2019 level. The most significant deal of the year was the acquisition of a majority ownership (61.49%) of GTC SA by the Hungarian Optima Zrt from Lonestar including assets on nearly 130,000 sqm in Hungary. Furthermore, Allianz Real Estate acquired the Eiffel Square office building while the UK based Resolution Property carried out its first Hungarian transaction by purchasing two offices on the Buda side (Margit Palace and Buda Square). Spiral office building, the HQ of the Hungarian Tax Authority, was traded by GTC while the closing on Váci Greens E and Nordic Light Trio also took place.
Hungarian buyers generated 62% of the acquisitions in the asset class.

Activity in the **hotel** sector reached almost €150 million. More than 50% of this volume was generated by one deal: the French investment and development company, Covivo, acquired the New York Palace Hotel and New York Residence from Varde Partners. As a result of the acquisition the properties were rebranded under the Anantara Hotel&Resort brand. Further significant transaction in the asset class included the acquisition of the 185-room Barcelo Hotel, by DWS, the German asset manager.

Activity in the **logistics** asset class reached nearly €160million, which is the highest annual volume since 2017 and clearly indicates the strong appetite for the sector. The leading deal of the sector was the sale of Goodman's Hungarian assets as part of their Central and Eastern European platform, which was acquired by GLP.

The liquidity of the **retail** asset class remained limited with the exception of food anchored assets and long leases. That said, we recorded two countryside shopping centre transactions in 2020 including Indotek's acquisition of the 15,000 sqm Pécs Plaza and ERSTE RE Fund's purchase of Target Center, a strip mall situated in Kecskemét, ca 80kms to the South of Budapest.

Based on the pipeline of transactions the beginning of 2021 will see the closing on various large-scale transactions in Hungary.

In terms of yields, we see the prime shopping centre yield standing at 6.00%, prime office yields flat at 5.25% and prime logistics compressing by 10 bps q-o-q to 6.90%.

04. Romania highlights

The property investment volume for Romania in 2020 is estimated at circa €900 million, a value almost 30% higher than the one registered in 2019 (€694 million).

Even though the Covid-19 outbreak had a strong impact on the Romanian macro-economic environment, the real estate investment market managed to register a healthy year on year increase (the only registered in CEE), boosted by the closing of some of the largest office transactions ever registered. Most of the transactions completed in 2020 were initiated before March, the start of the pandemic locally, with fewer projects coming to market during the rest of the year.

The focus of the owners shifted in the last 9 months on asset management initiatives and the implementation of new rules for adjusting the buildings to the ever-changing 'new reality', with much fewer considering disposals.

Compared to last year, the number of transactions decreased, with the average deal size increasing to €36 million.

Bucharest increased its dominance as the preferred investment destination in Romania and accounted for around 85% of the total transaction volume in 2020, followed by Timisoara, Cluj-Napoca and Pitesti.

Far more than in previous years, **offices** were the most liquid asset class in 2020, making up for 85% of the total market volume, while industrial accounted for over 8% and retail for only 4%.

The largest transaction registered in 2020 was the sale of the NEPI Rockcastle office portfolio, comprising three properties in Bucharest - Aviatorilor 8, The Lakeview and Floreasca 169 and one in Timisoara - City Business Center, with a total of approximately 120,000 sqm GLA. The buyer was AFI, one of the major developers in the Romanian market, making their first acquisition of an income producing product.

Other notable office transactions in Romania in 2020 were the sale of approximately 61.49% of the GTC portfolio to Optima, the sale of the 37,500 m^2 GLA Floreasca Park in Bucharest to Resolution Property Investment Management and Zeus Capital and the acquisition by local group Dedeman of the third phase of The Bridge - a 21,100 m^2 building part of an 80,000 m^2 office park in the Center-West of Bucharest.

The total office investment volume for 2020 reached €770 million, an all-time record for this market segment.

The largest **industrial** transactions in 2020 were two acquisitions made by CTP - Equest Logistic Park and A1 Business Park – both located on the A1 Highway, at Km. 13, the most important logistic sub-market in Bucharest. CTP also bought the Mobexpert warehouse on the A1 Highway in a sale and lease back transaction, consolidating its position as the largest owner of industrial/logistic space in Romania and one of the two dominant players in the west of Bucharest. The limited investment activity in this segment is due to lack of product as the market is dominated by strategic players who very rarely sell.

The only significant **retail** transaction concluded in 2020 was the sale of Jupiter City, a 41,500 sqm shopping centre in Pitesti, bought by Supernova. Important to mention that this was closed towards the end of the year after the harsh measures retail had to face because of the pandemic.

Local capital is starting to play an increasing role in the Romanian investment market. Romanian buyers accounted for 28% of the transaction volume in 2019 over 15% in 2020 from levels close to 5% until 2017. The most active players were Dedeman, One United, Lotus Center and Element Industrial.

Prime office yields are at 7.00%, prime retail yields at 7.25%, while prime industrial yields are at 8.00%. Yields for office and industrial are at the same level as 12 months ago, while retail yields have increased by 25 bps over the year. Romania is still well positioned from a yield perspective, as the current values are still well above those registered in the last peak (2007) and those currently quoted in the rest of the region.

While it continues to be difficult to make accurate predictions as the entire economy is still very sensitive to the evolution of the pandemic, we expect that transaction volumes might slightly decrease in 2021. Nevertheless, with the vaccination process started and considering the significant amount of sidelined capital targeting real estate, these forecasts may improve during the next months. Prime yield is unlikely to change for the office and logistic segments, however we may witness pricing adjustments for non core properties depending also on the evolution of debt availability and terms.

05. Slovakia highlights

Whereas investment volumes in first half of the year were not impacted, the consequences of the pandemic were visible in its second half. Overall annual volumes are 25% lower than 5 years average, estimated at €520 million.

Y-o-Y drop is even higher at 35% and number of deals also decreased. H2's volume totalled just €65 million consisting of seven deals and making up 12% of the total investment volumes.

Commercial real estate trends in Slovakia does not considerably differ from global trends such as investor appetite for logistics, prime offices and data centres, however sheer numbers suggest that the most – 28% of investment volumes was traded in retail asset class, followed by hotel and office classes.

Moderate investment activity in H2 2020 is expected to progressively increase over 2021 and investment volumes should surpass the last year. Plentiful of equity mostly coming from institutional investors targeting narrower variety of property types, investments and risk profiles might cause slight yield compression in specific asset classes. Among beneficiaries is logistics, core A-class offices, residential, data centres and niche retail (retail parks and grocery units).

Our view on prime yields as of Q4 2020 is as follows:

- Offices: 5.50% - 5.75%
- Logistics/warehouses: 6.00% - 6.50%
- Light industrial: 6.15% - 6.65%
- Shopping malls: 6.00% - 6.50%
- Retail parks: 7.25% - 7.75%

H2 deals summary:

Two **office** deals were concluded in H2, none of which could be described as a major transaction. Two neighbouring office buildings were sold in Kosice, the second most important office market in Slovakia, to Intrade Group. CPI Property Group has finally concluded sale of Office Center Postova, B-class office building in Bratislava city centre, to Amigal Group.

We expect more traction on office market in 2021 as many investors believe in gradual recovery of market aligned with the end of the current pandemic situation. Prime core office assets are at the forefront of investors' interest, especially institutional ones.

Opportunities for wide variety of investors may also arise from (owner) occupiers reconsidering workplace strategies and their real estate portfolios. Office buildings suitable for redevelopment/repurposing could attract new investors without presence in Slovakia , value-add & opportunistic investors along with developers whilst historic properties in the city centre could attract different type of capital.

Industrial & logistics sector's occupational sentiment has shown a significant recovery in Q4 2020 and further keeps the optimistic outlook for the upcoming months. As for the perception of investors for this asset class there was no need for recovery since strong interest continued over the year. The only setback in 2020, which also applies to the upcoming year, might come from the fact that high demand does not meet with the sufficient supply of products.

Sale of light industrial facility with R&D centre in Kezmarok, anchored by company Hengstler, with further development potential was the only transaction closed in H2. The purchase price for asset of 10,000 sqm of GLA passed €10 million. The buyer was Czech investment group with focus on industrial real estate – Arete Group.

Fundamentals for **retail** properties might not be very positive across the globe but we witnessed two deals closed and a few other is in different stages of transaction process.

This shows some degree of resilience not only for preferred retail properties such as retail parks and grocery units but for well-managed shopping centres. Value can also be found in repurposing and repositioning of B & C class shopping centres what can be appealing opportunity for some investors.

Previously an outlet centre, thus the retail scheme, now waiting for repurposing – Outlet Centre Voderady was sold to Koruna Finance, Slovak HNWI for undisclosed final sale price. Second deal took place in city of Komarno where retail park Korzo Komarno with ca. 4,500 sqm of GLA was sold for roughly €8 million. Private Slovak investors sold the asset to real estate investment fund of ZDR Investments.

06. Selected key deals

Property name	City, Country	Approximate sale price (€ million)	Vendor	Purchaser
Goodman portfolio	Various, CEE	confidential	Goodman	GLP
GTC (61.49% stake)	Various, CEE	confidential	Lone Star Funds	Optima
Hillwood portfolio	Various, PL	253	Hillwood	Rosewood
Amazon Wrocław, Amazon Poznań	Wrocław, Poznań, PL	190	GLL	Hines, Blackrbrook Capital,
Panattoni/SIM portfolio	Various, PL	188	Panattoni	Savills Investment Management
Lixa	Warsaw, PL	138	Yareal	Commerz Real / JV
Wola Center	Warsaw, PL	102	Develia	Hines
Equal Business Park A, B, C	Kraków, PL	confidential	Cavatina	Apollo Rida / JV
High 5ive II	Kraków, PL	confidential	Skanska	Credit Suisse Real Estate Asset Management
DP Portfolio	Various, PL	confidential	Hines LLC	CGL Investment Holdings Corporation
P3 Mszczonów	Mszczonów, PL	confidential	P3	Elite Partners Capital
ELI porfolio (46.5%)	Various, PL	confidential	Redefine (93%)/ Griffin (7%)	Madison International Realty
Maximus portfolio	Various, PL	confidential	Apollo Global Management LLC	GIC Private
Residomo Portfolio	Various, CZ	1,300	Blackstone / Round Hill Capital	Heimstaden Bostad AB
Churchill Office	Prague, CZ	153	Penta Investments	CFH
OC Kotva	Prague, CZ	138	PSN	Generali
City West C1 and C2	Prague, CZ	75	CFH	Českomoravská nemovitostní
City Empiria	Pilsen, CZ	75	Generali	PSN
Central Kladno	Kladno, CZ	74.9	Crestyl	Portiva
Lighthouse	Prague, CZ	55	Deka Immobilien	Star Capital Investments

06. Selected key deals

Property name	City, Country	Approximate sale price (€ million)	Vendor	Purchaser
OC Čestlice	Prague, CZ	42	Ahold	HSTN
AZ Tower	Brno, CZ	40	Private Individual	Natland
OC PLZEŇ ROKYCANSKÁ	Pilsen, CZ	32	Tesco	Trigea
Albatros	Prague, CZ	30	PSN	FID Group
Argo Alpha	Prague, CZ	30	Peakside Capital	bpd Development
U Půjčovny 10	Prague, CZ	26	I.J.O. Prague Investments	Generali
Starzone and Black Pine Pardubice	Pardubice	ca. 26	REDSTONE	J&T
Spálená 51	Prague, CZ	20	Crestyl	FID Group
Barrandov Appartment House	Prague, CZ	ca. 20	Finep	Zeitgeist
Brno Campus Living	Brno, CZ	19	Private Individual	MINT Investments
Táborská 31	Prague, CZ	14.3	100 Towers Holding	Zeitgeist
City Park Hostivar	Prague, CZ	Confidential	CODECO	Confidential
IBC	Prague, CZ	Confidential	Mint Investments	Generali
Mitiska Retail Parks	Prague and Litvínov, CZ	Confidential	Mitiska REIM	Immofinanz
Velký Špalíček	Brno, CZ	Confidential	Generali	Roman Catholic Diocese of Brno
Pentahotel Prague	Prague, CZ	unknown	New World Development	Aroundtown
New York Palace Hotel and Residence	Budapest, HU	80-90	Varde Partners	Covivo
Margit Palace+Buda Square	Budapest, HU	75-85	Adventum	Resolution Property
Váci Greens E	Budapest, HU	65-75	Atenor	Private HUN
Spiral	Budapest, HU	60-70	GTC	MFB

06. Selected key deals

Property name	City, Country	Approximate sale price (€ million)	Vendor	Purchaser
Lánchíd Palota	Budapest, HU	20-30	HU private	International Investment Bank
M Square Hotel	Budapest, HU	10-20	Dominarium	Fattal Hotels
Rumbach Center	Budapest, HU	10-20	Al Habtoor	Galeon Capital
Pecs Plaza	Pecs, HU	10-20	Investum	Indotek
Barcelo Hotel	Budapest, HU	confidential	Sunbelt	DWS
Budapest 360	Budapest, HU	confidential	Recovery Zrt.	Futureal
Eiffel Square	Budapest, HU	confidential	Optima Zrt.	Allianz RE
Corvin Offices (Phase V 2)	Budapest, HU	confidential	Futureal	OTP RE
NEPI Rockcastle office portfolio	Bucharest, Timisoara, RO	307	NEPI Rockcastle	AFI
Floreasca Park	Bucharest, RO	101	GLL	Resolution Property & Zeus Capital
The Bridge Phase 3	Bucharest, RO	55	Forte Partners	Dedeman
Global City Business Park	Bucharest, RO	53	Global Finance	Arion Green Investments
50% of Renault Bucharest Connected	Bucharest, RO	35	Elgan Group	Globalworth
3 office buildings portfolio	Cluj-Napoca, RO	30	Hexagon	Ideal Projects Services
Equest Logistic Park	Bucharest, RO	30	Forum Serdika	CTP
Jupiter City	Pitesti, RO	20 - 25	Jupiter Group	Supernova
A1 Business Park	Bucharest, RO	Confidential	Cromwell	CTP
Rosum	Bratislava, SK	60	PENTA Real Estate	ECE – European City Estates
PNK Park Sered	Sered, SK	30.6	PNK Group	REICO IS ČS
Hengstler Kezmarok	Kezmarok, SK	10+	Ingos	Arete Group

06. Selected key deals

Property name	City, Country	Approximate sale price (€ million)	Vendor	Purchaser
Retail park Korzo	Komarno, SK	8	Private investors	ZDR Investments
Kriva 18 & 23	Kosice, SK	6	Arcona Capital RE	Intrade Group
Bory Business Park (land)	Bratislava, SK	Confidential	PENTA Real Estate	Karimpol Group
Office Center Postova	Bratislava, SK	Confidential	CPI Property Group	Amigal Group
Twin City B	Bratislava, SK	Confidential	HB Reavis	HB Reavis Fund
Atrium Duben	Zilina, SK	Confidential	Atrium	HNWI
Aviv Park	Zrenjanin, SK	Confidential	Aviv Arlon	BIG Shopping Centers
BCT 1	Kosice, SK	Confidential	PENTA Real Estate	Occam Real Estate
Palmira Park Senec	Senec, SK	Confidential	Palmira / Apollo	GIC
Outlet Centre Voderady	Voderady, SK	N/A	VUB Bank	Koruna Finance

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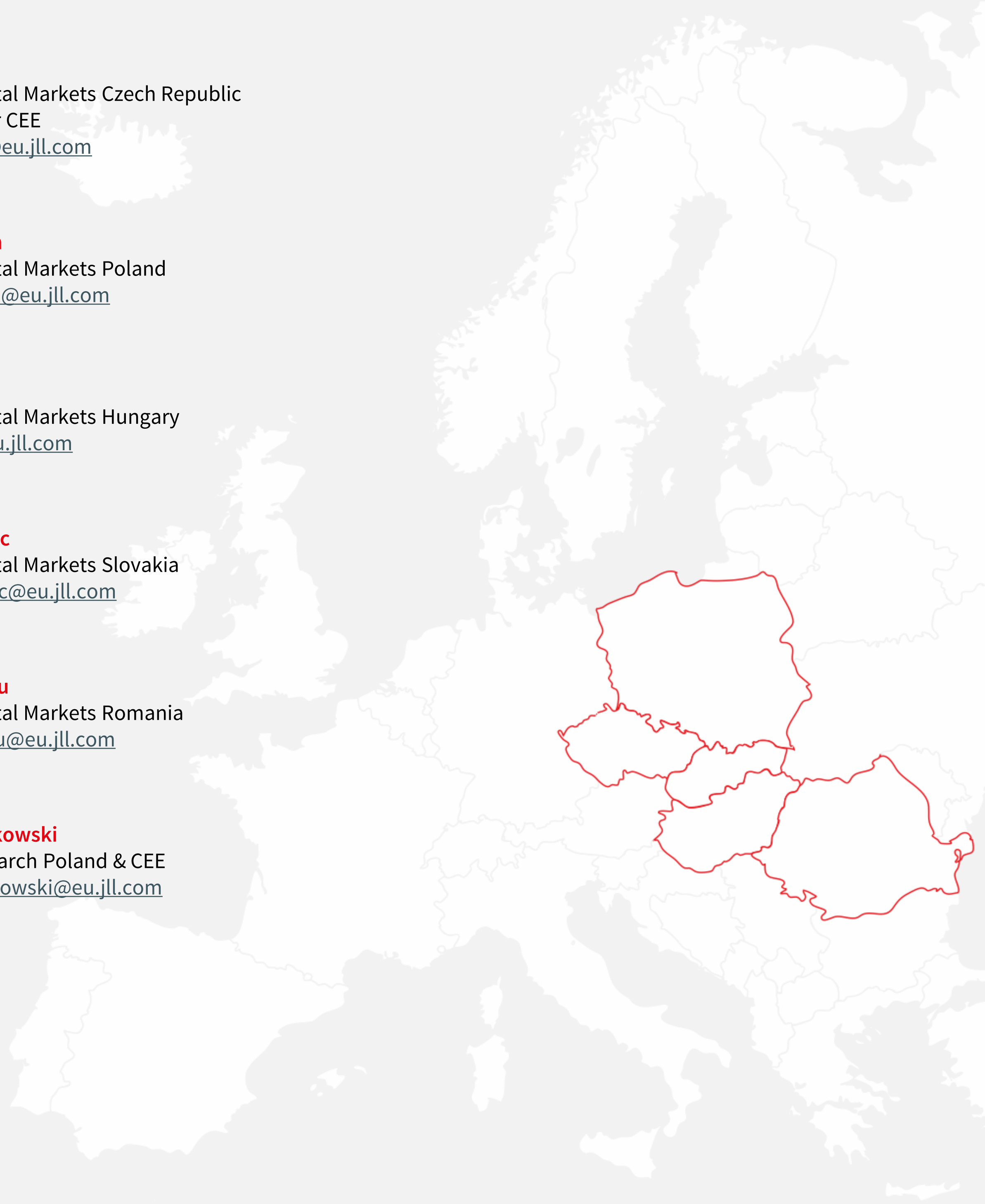

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