

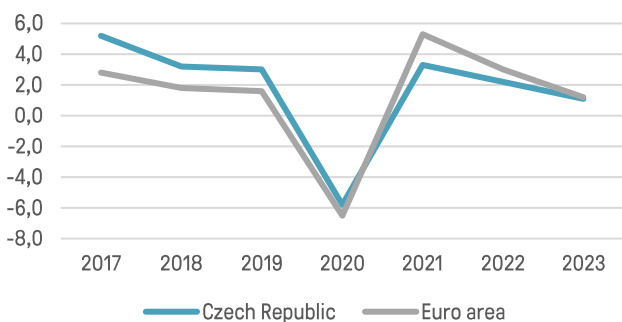
RISING ENERGY COSTS TO INCREASE SERVICE CHARGES NEXT YEAR

New supply reached 22,700 sq m in Q2 2022. Two office buildings were completed: **Dock In Five** (20,500 sq m) in Prague 8 and **Košířská brána** (2,200 sq m) in Prague 5. In H2 2022 28,800 sq m should be added to stock. In Q2 2022 216,000 sq m were under construction in Prague. Refurbishment started on **E Factory** (19,300 sq m) in Prague 9, construction started on **Hagibor 02** (15,000 sq m), **Hagibor 01** (12,100 sq m) in Prague 10 and **Rohan City A1** (9,300 sq m) in Prague 8. Annual new supply is expected to reach 77,000 sq m this year.

Gross take-up reached 123,700 sq m in Q2 2022, up by 41% y-o-y. The highest gross take-up was recorded in Prague 4 (40%), followed by Prague 8 (18%) and Prague 1 (17%). IT companies (33%) dominated in total leasing activity, followed by the pharmaceutical sector (11%) and the finance (8%) followed. **Net take-up** reached 84,100 sq m.

The **vacancy rate** remained stable q-o-q at 8.4% in Q2 2022. The highest vacancy was registered by Prague 4 (75,800 sq m) and Prague 5 (49,300 sq m). The highest vacancy rates were recorded in Prague 3 (26%) and Prague 9 (22.4%), the lowest in Prague 7 (4.4%) and Prague 8 (5.6%).

Real GDP growth, %

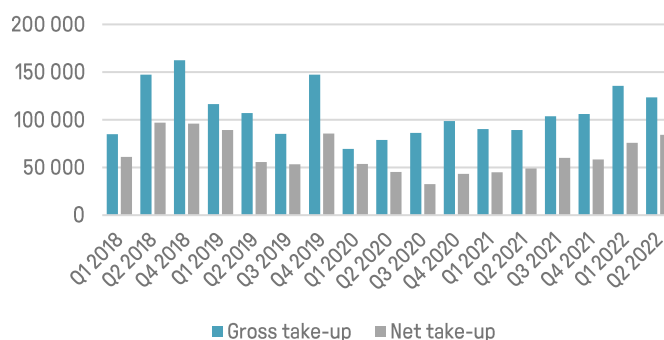


Source: MF ČR

Prime headline office rents stand at around 25.00-25.50 EUR/sq m/month in the city centre, inner city prime headline rents oscillate around 16.50-18.50 EUR/sq m/month and 14.00-16.00 EUR/sq m/month in the outer city areas. Rising construction costs and limited supply pipeline may result in further upward pressure on prime headline rents. Rising energy costs will translate into increased service charge payments.

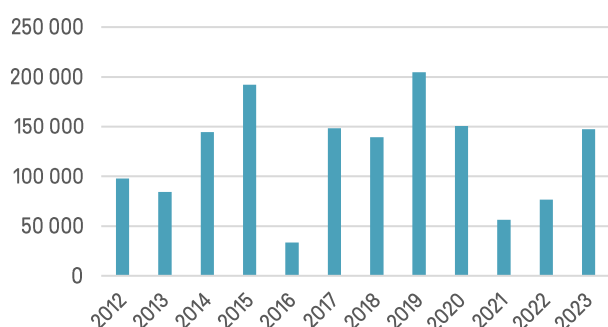
According to preliminary data by the Czech Statistical Office, real GDP, adjusted for seasonal and calendar effects, increased by 0.2% q-o-q and by 3.6% y-o-y in Q2 2022. While the economy had grown in the first half of this year despite adverse circumstances, it should experience a mild recession in the second half of the year. GDP for the full year 2022 could increase by 2.2%. Economic growth could slow further to 1.1% in 2023. Annual inflation is expected to accelerate further in the second half of the year and approach 20% according to latest August forecasts by the Ministry of Finance. Despite the expected shallow recession in the second half of this year and weak economic momentum in 2023, the unemployment rate should virtually stagnate.

Gross and net take-up, sq m



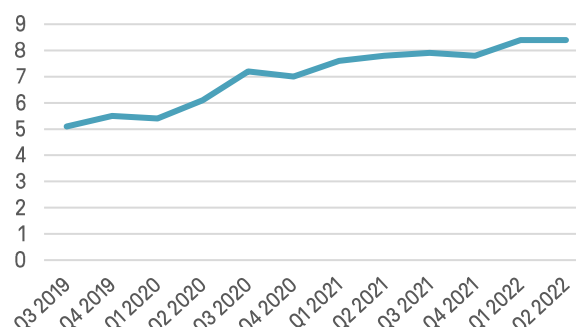
Source: 108 AGENCY, PRF

Annual supply, sq m



Source: 108 AGENCY

Vacancy rate, %



Source: 108 AGENCY, PRF

MAJOR DEALS IN Q2 2022

Property	District	Tenant	Sector	Deal type	Size (sq m)
Roztyly Plaza	Prague 4	SCS Software	IT	Pre-lease	9,700
BesNet Centrum	Prague 4	IT company	IT	Renegotiation	4,200
Filadelfia	Prague 4	Fleksi	Serviced offices	New lease	6,800

Source: 108 AGENCY, PRF

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