

CBRE



Palác Křižík

Preliminary
Investment
Memorandum
2023





“An exceptional opportunity to acquire premium office complex in the heart of the Anděl Office Hub”

Introduction

Dear Investor,

We are pleased to present to you an unique opportunity to acquire Palác Křižík, an exceptional office complex located in one of the most popular Prague office sub-markets, Anděl.

The property is situated directly on one of the city's busiest transport hubs, which serves over 100,000 people a day.

The strategic positioning ensures excellent accessibility and visibility for the building, making it stand out from the surroundings.

Palác Křižík boasts an exceptional tenant mix, anchored by Seznam.cz, the most visited website in the Czech Republic, and L'Oréal, a renowned French cosmetics company. This diverse tenant portfolio brings together local and global players, further enhancing the prestige and stability of the property.

Moreover, Palác Křižík has obtained an impressive BREEAM Excellent level certification, affirming its commitment to sustainability, which makes it an excellent investment opportunity with added value.

We are therefore excited to discuss this exceptional opportunity with you at your convenience.

Yours sincerely,

CBRE



Investment Highlights



CORE LOCATION

Palác Křižík is located in one of the most popular Prague office sub-markets – Anděl. Due to the character of this low-rise submarket integrated into the urban landscape of the city, the building is naturally insulated from direct competition and will benefit from additional construction in the adjacent Smíchovské Nádraží market.



UNIGNORABLE CONNECTIVITY

The building sits directly on the 4th busiest transport hub in Prague – the transfer point of the B-line metro and 9 tram lines, serving a large part of western Prague. With 100,000 people a day crossing the hub, the project's location is one of the most prominent places in Prague. In addition to that the project sits on the western part of Prague's inner ring road.



VIBRANT URBAN DISTRICT

Palác Křižík is located right in the middle of Anděl district, next to one of the top 3 shopping centres in Prague, large cinema, several hotels, restaurants and cafes, offering a product that goes beyond office space itself.



EXCELLENT TENANT MIX

With Seznam.cz, the most visited site on the Czech internet and L'Oreal, a leading French cosmetics company, the tenant mix of the building offers an exceptional balance of local and global and new and traditional in terms of industries. Both tenants have recently prolonged their leases, confirming the rental levels as sustainable.



GREEN CREDENTIALS

The project offers green credential both in terms of BREEAM Excellent Level, but also excellent level of the Czech EPC (PENB) at the level of B for Palác Křižík II and C for Palác Křižík I. Both EPCs can be improved to A, offering the investor an excellent value-add opportunity in the future.



SUPERB TENANT LOYALTY

Palác Křižík offers WAULT of 4.7 years with strong tenant retention of the major tenants such as Seznam.cz, L'Oreal, and Česká spořitelna. Seznam.cz and L'Oreal are both in occupation since the completion of the property.



RESISTANCE TO WORK FROM HOME

Prague Office market offers a unique opportunity to acquire office assets that are insulated from WFH impact. Based on C&W's research, Prague's office employees are least likely to prefer work from home, likely in large part thanks to excellent public transport provision in the city, rated 2nd best in the world.



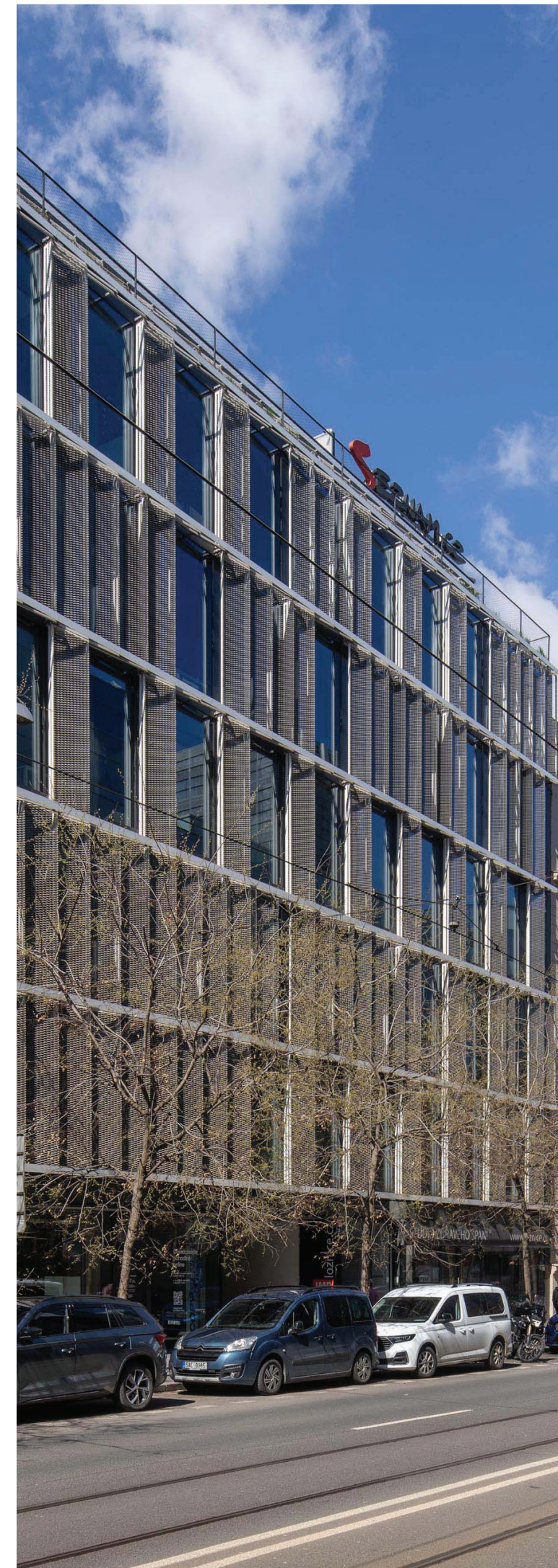
UNIQUE FEEL AND ARCHITECTURE

Due to the combination of historical facade of Palác Křižík I and a fully modern look of Palác Křižík II, the project offers space and architecture that will speak to a wide range of tenants, both in terms of aesthetical preferences as well as sectors and size categories.



RARE OFFICE OPPORTUNITY

Palác Křižík presents a rare and exceptional opportunity for office investors in Prague in 2023. This esteemed property offers high-quality office spaces strategically situated in an unbeatable location, complemented by a generous parking ratio. Currently occupied by internationally renowned tenants.



Key Facts

2023 NOI

EUR 5.02 mil

WAULT

4.7 years

Occupancy

89%

GLA

25,207
sq m

Floors

7 aboveground
levels

4 underground
levels

Underground Parking Spaces

243

Parking Ratio

1:84

Green Certification

BREEAM Excellent (PKII)
EPC at B (PKII) and C (PKI) ratings

Strong Anchor Tenants

One of the biggest internet portal companies
Seznam.cz and global cosmetic brand L'Oreal

Corner Asset

Composed of two phases
PKI & PKII

Established business hub

Home to many blue-chip HQ including
Google, BNP Paribas, Pfizer and others

Excellent Accessibility

and full range of amenities

Developing area

In the upcoming years there are development
projects that are going to enhance the location

Microlocation



23 office buildings
offering ca. 181,000 sq m
of leasable area



Vital **Smíchov train station**
in close
proximity



Best performing shopping center Nový Smíchov with over
150 retail units and
Hypermarket Tesco



Various services
including restaurants,
cinemas, gym centers,
hairdressers etc.



Metro station and bus station Anděl in
5-minute walk distance



Two large **public parks**
in the nearby area



Development of
new residential area
Smíchov City

- | | |
|-----------------------------|------------------------|
| Palác Křižík | Hotels |
| Office Projects | Bus and Train Stations |
| Shopping/entertainment | Anděl Metro Station |
| Area under development | Main routes |
| Landscaped relaxation areas | |



Property Overview

GENERAL DESCRIPTION

Located in the prestigious Anděl area of Prague 5, **Palác Křižík** is a true landmark asset that seamlessly combines state-of-the-art office space with distinctive historic architecture. The asset boasts industrially high ceilings and excellent visibility, making it highly sought after by multinational corporate occupiers. Palác Křižík was constructed in two phases:

- **Palác Křižík I (PKI):** Comprised of six interconnected historic buildings that underwent complete reconstruction in 2006, PKI offers unique office spaces with original high ceilings exposed during the renovation.
- **Palác Křižík II (PKII):** This award-winning modern sustainable office space was delivered in 2012 and is defined by two connected building blocks.

GLA

25,207 sq m

UNDERGROUND PARKING SPACES

243

PARKING RATIO

1:84 sq m



BREEAM & Energy Performance Certificate



BREEAM EXCELLENT FOR PALÁC KŘÍŽÍK II

Palác Křižík II obtained the prestigious **BREEAM “Excellent”** certification in 2013 upon its completion, scoring an impressive 74.8%. BREEAM, the world’s foremost independent sustainability assessment method, acknowledges a building’s environmental, social, and economic sustainability performance. By assessing various categories, from energy efficiency to ecological impact, BREEAM effectively quantifies the sustainable value of a structure.

ENERGY PERFORMANCE CERTIFICATE

An Energy Performance Certificate (EPC) is a comprehensive document that provides an **energy efficiency rating** for a property, along with valuable recommendations to enhance its efficiency. The EPC rating takes into account various factors, including construction materials and interior lighting choices. These certificates are graded on a scale of A to G, with an A grade representing the highest level of efficiency and a G grade indicating the lowest efficiency. Here are the EPC ratings for Palác Křižík:

- **Palác Křižík I: C rating with actions how to achieve B rating**
- **Palác Křižík II: B rating**

Both EPCs can be improved to an A rating, offering the investor an excellent future upside.



Tenancy & Income

OVERVIEW

Palác Křižík offers occupiers **modern, high-quality accommodation** in a prestigious location, providing direct access to Prague’s extensive public transport system, excellent connections to the highway network, and proximity to Václav Havel International Airport.

Due to these key factors, Palác Křižík has consistently attracted **top-quality tenants from various business sectors**, benefiting from an excellent quality covenant. Among the existing tenants are leading corporations, including:



The transaction will be based on the **2023 net operating income (NOI) amounting EUR 5.02 mil.** A detailed explanation of the NOI breakdown is provided later in this Investment Memorandum. Furthermore, a comprehensive tenancy schedule and the estimation of the NOI are included electronically as part of the Data Pack.

OCCUPANCY STATUS

Palác Křižík is leased to a total of 16 occupiers and has **current occupancy by income and rentable area at 89%**. The remaining available space comprises 2,381 sq m of office space, 231 sq m of retail, and 203 sq m of storage. The current owner is actively engaged in negotiations with multiple interested parties to minimize, if not entirely eliminate, the remaining vacancy before the conclusion of this transaction.

Moreover, Palác Křižík offers a total of 243 secure car parking spaces, presenting an **enticing parking ratio of 84 sq m of office space per parking space**. Currently, there are 24 vacant parking spaces.



Area Type	Occupied GLA	Vacant GLA	% Share Occupied	% Share Vacant	Total GLA
Office	18,132 sq m	2,369 sq m	88.4%	11.6%	20,501 sq m
Retail	1,316 sq m	231 sq m	85.1%	14.9%	1,548 sq m
Storage	833 sq m	203 sq m	80.4%	19.6%	1,036 sq m
Teaching room	306 sq m	0 sq m	100.0%	0.0%	306 sq m
Canteen	282 sq m	0 sq m	100.0%	0.0%	282 sq m
Terrace	1,075 sq m	0 sq m	100.0%	0.0%	1,075 sq m
Common areas	448 sq m	11 sq m	97.5%	2.5%	459 sq m
Parking	219 spaces	24 spaces	90.1%	9.9%	243 spaces
Other	13 units	0 unit	100.0%	0.0%	13 units
Total	22,392 sq m	2,815 sq m	88.8%	11.2%	25,207 sq m

Anděl Sub-Market

 **133,704** sq m
Total Stock

 **8.5%**
Vacancy Rate

 **0** sq m
Space Under Construction

 **17.80** €/sq m/month
Prime Rent

 **17**
Office Buildings

● Office Building



Microlocation New Development

New HQ of Správa Železnic

Redevelopment of
Smíchov Train Station

New HQ of Česká Spořitelna

Smíchov City

Redevelopment of Bus Station

Palác Křížík

OC Nový Smíchov

Anděl Office Hub

The future developments in Prague's Anděl district are set to significantly enhance and elevate the attractiveness and importance of this inner-city location. Furthermore, it will enlarge the thriving office hub Anděl which is centered around Palác Křížík.

Contact

JAKUB STANISLAV

Director

Jakub.Stanislav@cbre.com

+420 735 729 410

PETR STRÝČEK

Associate Director

Petr.Strycek@cbre.com

+420 602 263 923

MICHAL SOTÁK

Partner

Michal.Sotak@cushwake.com

+420 733 126 973

ANNA KREIŽOVÁ

Analyst

Anna.Kreizova@cushwake.com

+420 725 096 029

Disclaimer

The owner ("Vendor") of Palác Křižík ("Project") hereby provides this Document for the exclusive use of parties that are considering participation in the proposed disposal process ("Transaction"). Cushman & Wakefield and CBRE ("Advisor") act on behalf of the Vendor in the process disposing the Property. This Document has been prepared by the Advisor on the basis of information provided by the Vendor and according to its market knowledge. Each recipient of this Document, that is describing the Transaction details and Property characteristics shall evaluate and analyse the Project on the basis of the information it deems appropriate, without relying solely on information provided by the Vendor or the Advisor. This Placement Document contains certain statements, estimates and projections regarding future performance of the Properties, that reflect the assumptions used by the Vendor and the Advisor, which may or may not be true. Neither Vendor nor Advisor make any representations regarding the accuracy or completeness of such statements, estimates, projections or any other materials contained in this Document. This Document is provided for information purposes only. It does not constitute or contain investment advice nor it is an offer, invitation, recommendation or solicitation to conclude a Transaction, including transactions involving the purchase or sale of any securities, financial instruments or other investments, nor will it be construed as such offer, solicitation, recommendation or solicitation. Vendor and Advisor, their executives and employees do not accept any liability for any direct, indirect or consequential loss or damage that may arise in connection with the use of this Document or the information contained therein. Neither Advisor nor the Vendor will be held liable for any statements (express or implied) contained in this Document, or for any omissions in this document, nor for any other written or oral information given recipient of this Document for the assessment of the proposed Transaction.