

ECONOMY OVERVIEW

INVESTMENT OVERVIEW

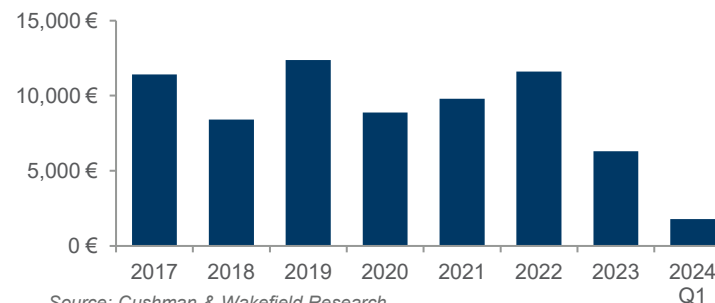
With 510€Mn invested in Q1 24, the **Office** sector have quadrupled in respect to the first quarter of 2023, the worst year ever, but circa 50% of the volume is represented by a single transaction in Rome, where negotiations started more than one year ago. Notwithstanding the regain in volumes, investors are still prudent. **Industrial & Logistics** sector has maintained a positive trend, covering the 20% of the quarterly investment volume. The registered volume is circa 365€Mn, mainly represented by two big portfolio of sale & lease back in the industrial sector (62% of the total sector volume), while single assets have primarily consisted of logistics assets. Investors remain confident about market fundamentals. The fastest repricing compared to other asset classes favored the greater liquidity in this sector. **Retail** volumes remained modest at some 60€Mn, although in growth in comparison to Q1 2023. Active investors currently are sale-and-leaseback specialists, targeting retail warehouses portfolios, and value-add investors looking at secondary shopping centers attracted by double-digit returns. Limited availability of financing remains a constraint in this environment. While liquidity challenges persist, the return of global capital is a promising sign, indicating a gradual stabilisation and potential growth in the sector. Within the alternative asset classes, the **Hospitality** sector, with almost 20% increase in the first quarter investment volume compared to Q1 23 (with 210€Mn), confirms the strong momentum, backed by solid fundamentals. In 2023, Italy recorded the highest RevPar increase since 2019, +45% compared to other European Countries. Investor demand is heavily pivoting towards Southern European markets, Italy being the second after the Iberian Peninsula as the most sought after target in Europe. Rome follows Madrid, Barcelona and Paris in the ranking of cities where investment interest is strongest. The increasing attention of investors in these destinations is led by the growing interest in resorts and urban markets with strong tourism appeal, underpinned by the expected growth of leisure demand in the long term. **Living** Investment volumes, although the asset class remains of strong interest to investors, remained subdued at ca. 100€Mn, covering the 6% of the quarterly volume. the slowdown of the investment is due to a mix of causes including the fact that Repricing on Living opportunities has not yet taken place and the urban planning and administrative uncertainty currently affecting the city of Milan. During the quarter many transactions have involved old office buildings to be converted and this represents a great opportunity for investors who are keen to invest in this sector.

OUTLOOK

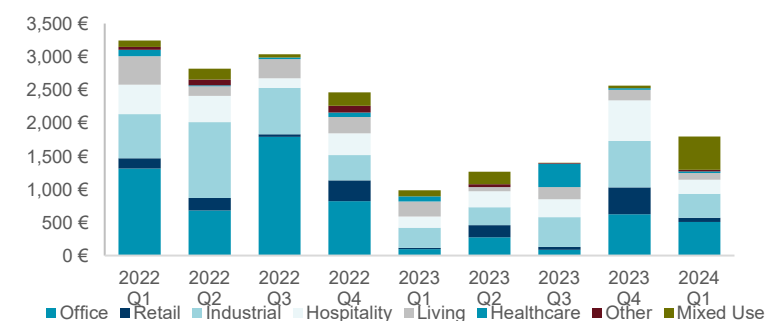
INVESTMENT SALES VOLUME

INVESTMENT SALES VOLUME BY SECTOR

ITALIAN ECONOMIC INDICATORS Q1 2024		
	YoY Chg	12-Mo. Forecast
0.3% GDP Growth	▲	▲
7.4% Unemployment Rate	▼	▲
3.92% 10-Yr Treasury Yield	▲	▼



Source: Cushman & Wakefield Research



Source: Moody's Italy (GDP Growth estimate Q1 2024 on Q1 2023; Unemployment Rate Q1 2024; 10 yr Gov Bond at Q1 2024)

SIGNIFICANT SALES

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE	MARKET
Scalo Farini (Unicredit / Hines)	Mixed Use	Unicredit	Ferrovie dello Stato	489 €Mn	North
Via Vittorio Veneto 89	Office	Deka Immobilien Investment GmbH	Ardian	269 €Mn	Centre
Portfolio Fedrigoni (S&LB) - Phase 2	Industrial	WP Carey	Fedrigoni	133 €Mn	Various
Corso Europa 2 (Campari Headquarter)	Office	Campari Group	BNP Paribas REIM SGR	110 €Mn	North
Metra Holding S&LB	Industrial	WP Carey	Metra Holding	90 €Mn	Various
Grand Hotel Poltu Quatu	Hospitality	Anima Sgr	Famiglia Pulcini	70 €Mn	South
Palazzo di Fuoco	Office	Corum AM	Kryalos SGR	70 €Mn	North
Golden Palace Hotel	Hospitality	REAM Sgr	Banco BPM Spa	36 €Mn	North

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(*) NOTES:

Yields are calculated on a net basis as reported below:

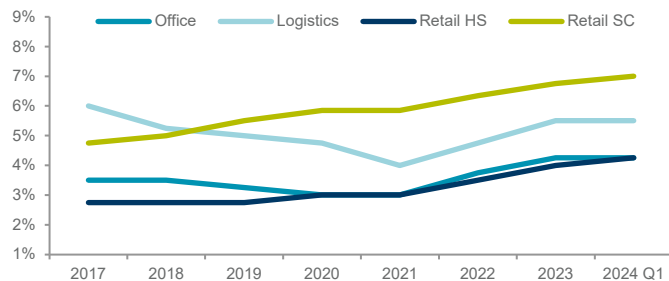
Net Yield = NOI (1) / PP (2)

1. Net Operating Income - after deducting all non-recoverable expenditure

2. Purchasing Price – excluding transfer costs, tax and legal fees

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

PRIME YIELD TREND



TOTAL VOLUME INVESTED Q1 2024



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