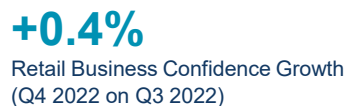
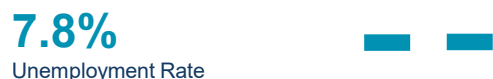


YoY Chg 12-Mo. Forecast



ITALIAN ECONOMIC INDICATORS Q4 2022



Sources: Moody's (GDP growth 2022 on 2021); ISTAT: Unemployment rate (November 2022); CPI (Harmonized average 2022).

ECONOMY OVERVIEW

Economic activity in Italy slowed down in the fourth quarter due to both the waning recovery in services and the decline in industrial production. Household spending appears to have slowed while unemployment rate was stable at 7.8%. Wage growth remains moderate. Preliminary estimate for the year end 2022 GDP growth stands at almost 4% while growth should weaken below 1% in 2023, and strengthen again in the following two years, starting with a modest recovery from the second half of this year. Inflation remains high, still mainly driven by energy, despite the government's energy-related measures appear to have partially mitigated consumer price growth. In December the CPI for the whole nation increased by 0.3% on monthly basis, declining at 11.6% on annual basis. In 2022, the average annual rate of change of CPI, measured by NIC, was +8.1% while the HICP stands at +8.7%. Within the current environment of high uncertainty, stemming above all from the ongoing conflict in Ukraine which is not expected to end soon, CPI is expected to ease by the end of 2023 and 2024. The inflationary pressure will continue to be a concern for retailers.

OCCUPIERS & INVESTMENT FOCUS

The last quarter of 2022 saw stable rental values and registered a general positive attitude from retailers, which aim to restart expanding in the near future. Milan and Rome are at the top of their interests, followed by touristic destinations such as Florence, Naples and Verona. Food & beverage segment was very active in terms of scouting for new opportunities in top high street destinations.

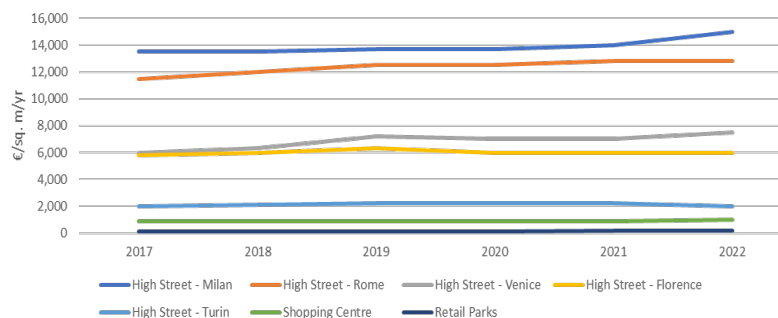
On the **shopping centre** side, the market is more and more stressing the classification among prime and non-prime centres, thus inevitably reflecting on rents' ranging. Fundamentals are improving with encouraging data for footfall and sales, which in Q4 benefitted from the Christmas period.

With retail **investment** volumes above 300 €Mn the last quarter recorded the highest quarterly value over 2022, despite totaling the year at 700 €Mn, still 50% below 2021. A big deal (210 €Mn) marked the quarter with a new entrant in the market: Realty Income Corporation. Appetite for grocery format is still there, while the interest in retail parks is gradually weakening. Q4 saw a further 25 bps increase on prime yields, mainly based on the worsening of the financial markets following the interest rate hikes.

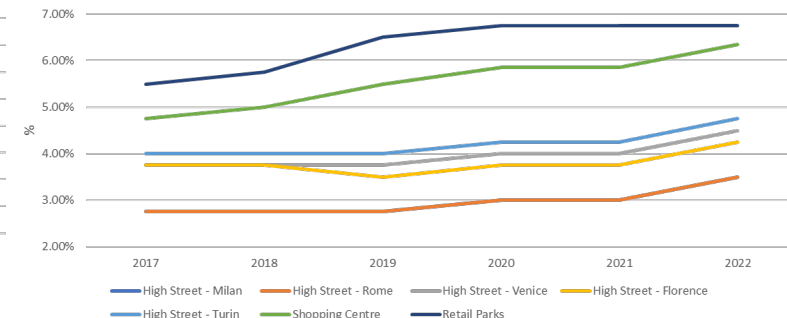
OUTLOOK

The macro-economic and geo-political situation drove investors to maintain a cautious approach even in Q4, ending the year with the same prudent attitude that characterized the entire 2022. Volumes are not expected to increase in the short time. There will be a few out-of-town secondary investment opportunities on the market which are expected to gather interest from opportunistic buyers.

PRIME RENTS



PRIME YIELDS



MARKET STATISTICS (*)

SUBMARKET	PRIME RENT	1 YEAR GROWTH	5 YEARS CAGR	PRIME YIELD (NET*)	1 YEAR GROWTH	5 YEARS CAGR
Milan	€ 15,000	7.1%	2.1%	3.50%	16.7%	4.9%
Rome	€ 12,800	0.0%	2.2%	3.50%	16.7%	4.90%
Venice	€ 7,500	7.1%	4.6%	4.50%	12.5%	3.70%
Florence	€ 6,000	0.0%	0.7%	4.25%	13.3%	2.50%
Turin	€ 2,000	-9.1%	0.0%	4.75%	11.80%	3.50%
Shopping Centres	€ 900	11.1%	2.1%	6.35%	8.50%	6.00%

KEY LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT
Corso Vittorio Emanuele II	Milan	Hamleys (next opening)
Corso Vittorio Emanuele II	Milan	Reserved (next opening)
Via Ugo Bassi	Bologna	CMP
Via Mazzini	Verona	Borbonese
Via Condotti	Rome	Gruppo Kering (Alexander McQueen + Pomellato)
Corso Como	Milan	BA&SH
Corso Vercelli	Milan	La Giocheria
Corso Italia	Cortina d'Ampezzo	Golden Goose
Via Verri	Milan	Missoni
Via del Corso	Rome	Pandora

KEY SALES TRANSACTIONS

PROPERTY	SUBMARKET	PROPERTY TYPE	SELLER	BUYER
I Sanniti	Benevento	Single Asset – Shopping Centre	Undisclosed	Agave Ita 1
Il Golfo dei Desideri	Naples	Single Asset – Shopping Centre	Undisclosed	Agave Ita 1
UCI Europlex Pioltello	Milan	Single Asset – Leisure & Entertainment	Kryalos SGR	Private
Via Rizzoli 7	Bologna	Single Asset – High Street	Generali SGR	Private
2 Metro Cash & Carry	Multi-city	Portfolio – Big Boxes	BNP Paribas REIM	Metro Cash & Carry
Metro Cash & Carry	Multi-city	Portfolio – Big Boxes	BNP Paribas REIM	Savills IM SGR OBO Realty Income
Corso Sempione 65/67	Milan	Single Asset – High Street	Kryalos SGR	Private
Mugnano	Naples	Single Asset – Shopping Centre	Kryalos SGR	Private

KEY PIPELINES 2023-25

PROPERTY	SUBMARKET	OWNER / DEVELOPER
MaxiMall Pompei	Naples	IrgenRE
Merlata Bloom	Milan	Nhood
Milanord 2	Milan	Nhood
Walther Park	Bolzano	Signa Group

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Notes:

Renewals not included in leasing statistics

*Yields are calculated on a net basis as $Net\ Yield = NOI\ (1) / PP\ (2)$

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.

Yields may be based either on estimations or market sentiment, depending on the number of transactions occurred in the selected submarkets.

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