

Q3 MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
2.80 €Bn Total Volume	▲	▲
400 €Mn Office	▲	▲
460 €Bn Retail	▲	▲
800 €Mn Industrial & Logistics	▼	▲
700 €Mn Hospitality	▼	▲
270 €Mn Living	▲	▲
10 €Mn Healthcare	▼	—
70 €Mn Mixed Use	▲	—
90* €Mn Other	▲	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.8% GDP Growth	▲	—
4.15% 10-Yr Treasury Yield	▲	▲

Source: Moody's Italy, June 8th update (GDP Growth estimate Q2 26 on Q2 25; 10-Yr Gov Bond at Q2 2026).

ECONOMY

Higher borrowing costs defined the macroeconomic backdrop for Italian real estate investment in the third quarter 2026. The 10-year BTP yield averaged 4.15%, up 36 bps from the second quarter and 61 bps from a year earlier, while three-month EURIBOR rose to 2.52% from 2.25%. Inflation accelerated to 3.5% from 3.0%, which strengthens the appeal of assets with inflation-linked income. Economic growth remained modest, with GDP up an estimated 0.8% year-on-year and flat from the second quarter. Employment rose 1.0% to 27.1 million, but the unemployment rate edged up to 6.0% from 5.7%. Business confidence across industries improved to 96.2, while consumer confidence of 93.3 remained below last year's 96.7. Resilient labor market fundamentals and improving corporate sentiment support occupier demand, yet a higher risk-free rate widens the premium investors require over government bonds, so pricing discipline and a preference for prime, income-secure assets are likely to persist in the coming quarters.

INVESTMENT OVERVIEW

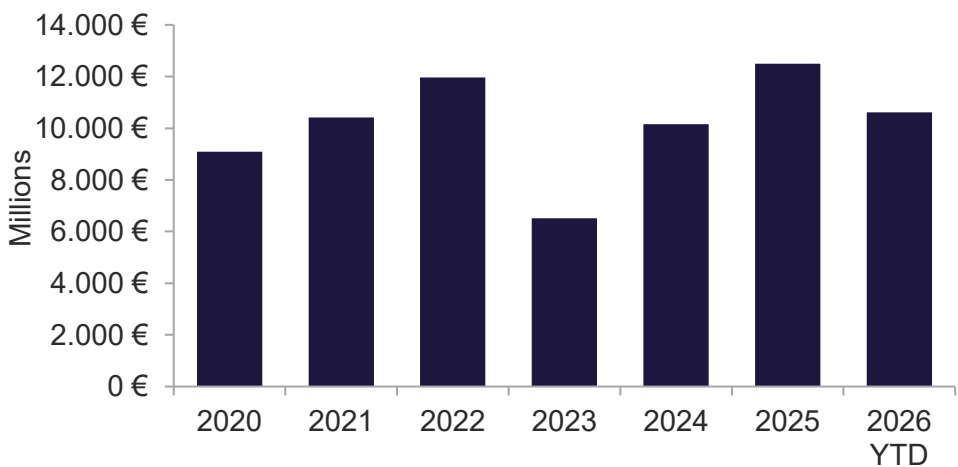
Italian investment activity remained robust during the third quarter albeit at a lower level than the previous quarter, with total volumes reaching 2.8€Bn, up 14% year-on-year and above the five-year quarterly average. Market performance was supported by three transactions exceeding 200€Mn across the Retail, Hospitality and Office sectors..

Industrial & Logistics was the best-performing sector throughout the quarter, accounting for 28% of investment, followed by Hospitality at 25%. Office and Retail also recorded a good performance, representing 16% and 15% of total volumes, respectively.

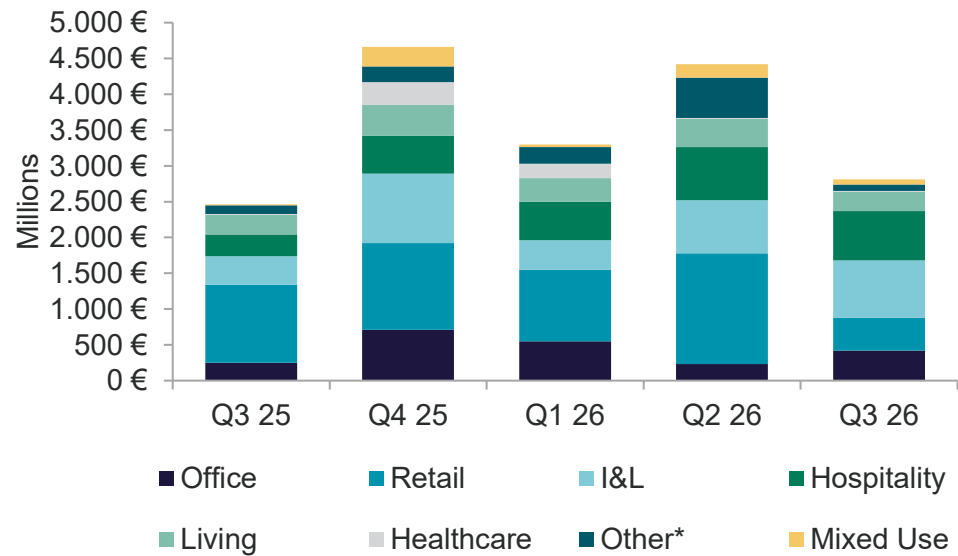
As a result, cumulative investment volumes reached 10.6€Bn by the end of September, marking a 36% increase compared with the same period of 2025 and standing 61% above the five-year average. Single-asset transactions continued to account for the majority of market activity, both during the quarter and year to date.

Foreign capital remained the main source of liquidity, representing 72% of investment volumes in Q3 and across the first nine months of 2026, confirming the Italian market's continued appeal to international investors.

INVESTMENT SALES VOLUME

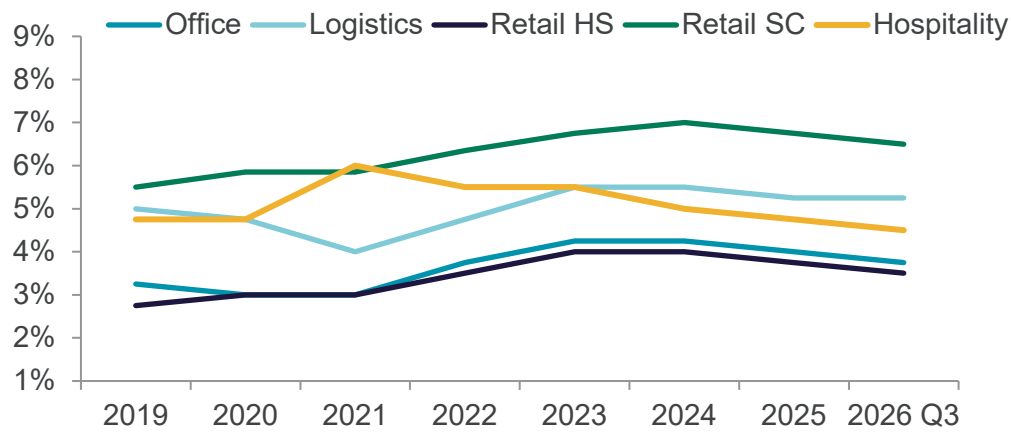


INVESTMENT SALES VOLUME BY SECTOR



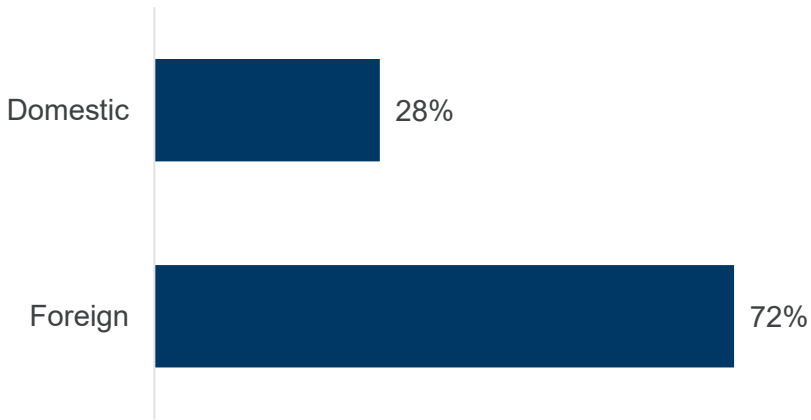
*includes Data Centres

PRIME YIELD (NET)



(*) 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.

SOURCE OF CAPITAL INVESTED YTD



Despite limited availability of prime assets and a selective financing environment, investor appetite in the **Industrial & Logistic** sector remained strong during Q3, with volumes reaching 800€Mn, +8% QoQ and more than doubling Q3 2025 levels. Year-to-date figures were just under 2€Bn, up 26% YoY, reinforcing the sector’s position as a key target for both domestic and international capital.

With investments reaching 700€Mn in Q3 the **Hospitality** sector improved its year-on-year performance by 128% and was well above the 5-year average; cumulative figures for the year approached 2€Bn. Foreign investments remained the dominant source of capital with a market share of 81% while value add strategies continued to drive the market. Activity was concentrated on deals below 20€Mn, although the quarter also recorded a landmark transaction exceeding 200€Mn.

Retail sector investments experienced a slowdown in Q3 2026 following an exceptionally strong previous quarter. Investment volumes reached 460€Mn, down 70% QoQ and 58% YoY, as Q2 figures were boosted by a landmark transaction exceeding 1€Bn. Despite the weaker quarterly performance, cumulative volumes surpassed 3€Bn in the first nine months of the year, up 23% YoY, highlighting the continued importance of trophy asset transactions in driving market activity. Shopping centres remained the preferred segment during the quarter, accounting for approximately 67% of total investment volume.

Office investment for Q3 were largely impacted by the sale of a trophy asset in Milan in excess of 200€Mn, with quarterly figures reaching 400€Mn across 17 transactions; cumulative investment reached 1,2 €Bn in the first nine months of the year, a 30% increase year-on-year. Activity continued to be concentrated in the country’s core office markets, with Milan accounting for 65% of quarterly volumes and Rome for 15%. Excluding the largest Milan transaction, however, the two cities attracted broadly similar levels of investment. Investor demand remains focused on high-quality, income-generating assets and value-add opportunities offering repositioning or conversion potential.

In the **Alternative** segment, the **Living** sector stood out with a lively performance thanks to a portfolio transaction of 14 Residential projects in Milan sold for circa 140€Mn. Third quarter volumes reached 270€Mn, slightly below the same period of 2025; however, year to date for this segment reached 1 €Bn, showing a 60% YoY increase.

OUTLOOK

- INVESTMENT VOLUMES ARE EXPECTED TO REMAIN POSITIVE THROUGH YEAR-END, WITH CLEAR DIVERGENCE ACROSS ASSET CLASSES.
- RETAIL, SUPPORTED BY A STRONG PIPELINE, IS SET TO EXTEND THE ROBUST PERFORMANCE OF THE PAST TWO YEARS.
- INDUSTRIAL & LOGISTICS REMAINS SOLID AND RESILIENT, AND WE DO NOT ANTICIPATE SURPRISES BEFORE YEAR-END.
- HOSPITALITY IS EXPECTED TO KEEP GROWING.
- OFFICE INVESTORS WILL REMAIN PRUDENT AND SELECTIVE, GUIDED BY SOLID FUNDAMENTALS, WITH EARLY SIGNS OF REPRICING EMERGING.

SIGNIFICANT SALES YTD

QUARTER	PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE	MARKET
2	Montenapoleone 8 (80% Share)	Retail	COIMA Sgr	Kering	1,1€Bn	North
1	Pan Eu portfolio - Italy assets Aware Super	Retail	Aware Super	Pimco	400 €Mn	Various
2	Project RUN – Logistics Portfolio	I&L	CBRE IM	BGO	360 €Mn	Various
3	M Core Portfolio	Retail	REVE AM	Morgan Stanley	270 €Mn	Various
3	Lake Como EDITION	Hospitality	Sansiri Public Company Limited	Kryalos Sgr	230 €Mn	North
1	Scalo Milano Outlet & More	Retail	VIA Outlet	Gruppo Lonati	220 €Mn	North
3	Torre Diamante (share)	Office	BNP Paribas SGR	COIMA Sgr	211 €Mn	North
1	Palazzo Esedra - Piazza della Repubblica (80% Shares)	Office	PIMCO, Unicredit	Famiglia Feltrinelli	200 €Mn	Centre
1	Aedifica (80% Cofinimmo)	Healthcare	Aedifica	COFinimmo	172 €Mn	North
2	Covivio Hotel Portfolio MI	Hospitality	COVIVIO	Invest Hospitality	c.a. 170 €Mn	North
2	Milano Santa Giulia Nord	Mixed use	Bizzi & Partners	LENDLEASE	154 €Mn	North
3	Abitare In - 14 Projects	Living	TECHBAU	AbitareIn	141 €Mn	North
2	Project Dome	I&L	Ares Management	Kryalos Sgr	130 €Mn	North

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