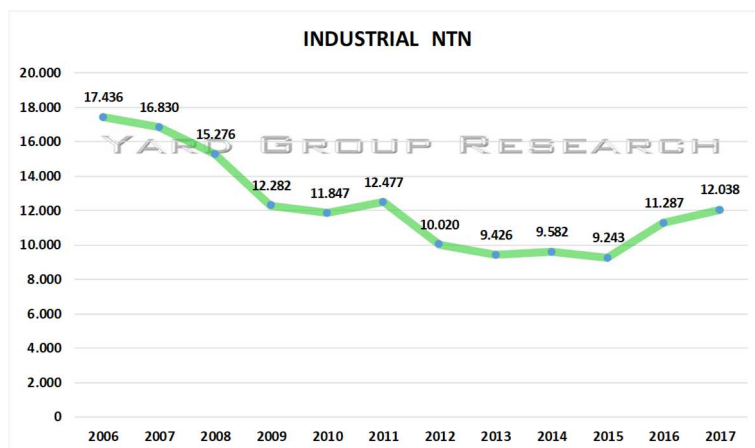


Industrial & logistics real estate market in Italy H1 2018

KEY ECONOMIC INDICATORS

MACRO ECONOMIC INDICATORS		
population (2017)	60.905.976	
GDP annual growth rate (March 2018)	0,30%	↓
GDP forecast (2018)	1,10%	↓
GDP per capita 2017* (\$)	33.725	↑
unemployment rate (2017)	11,20%	↓
household disposable income (OECD annual growth rate)	1,10%	↓
inflation rate (May 2018)	1,10%	↑
<i>*International monetary fund</i>		
<i>**Q-o-Q % : quarter on quarter % change</i>		
<i>a comma is used as decimal separator</i>		

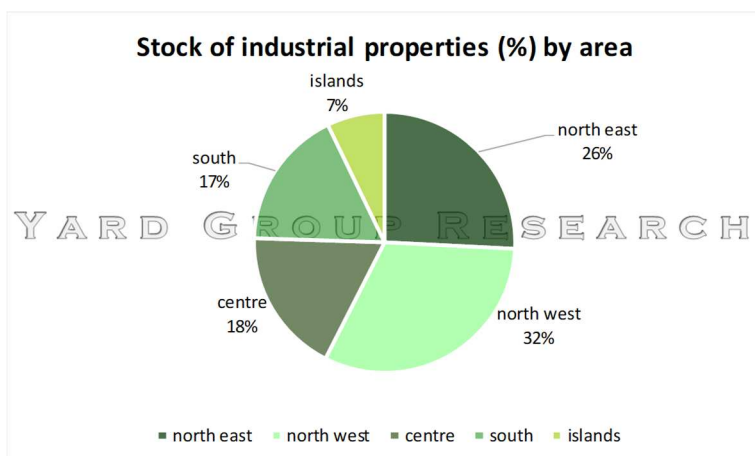


NORMALISED TRANSACTIONS

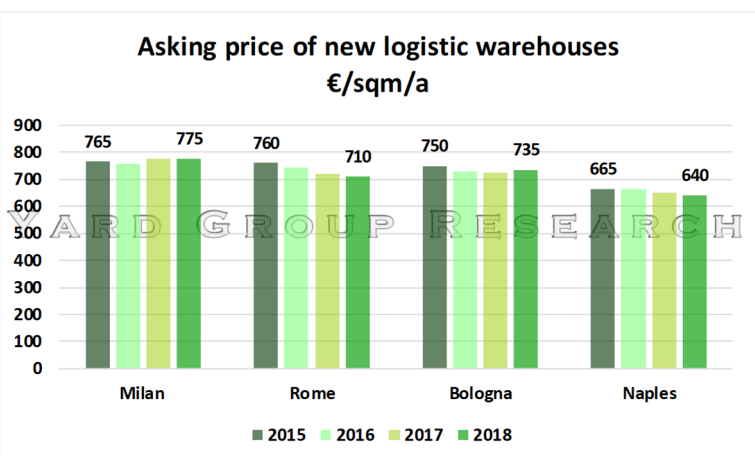
The number of transactions registered an upturn in 2017 with 12.038 NTN, the growth has been positive since 2015, following years of decline. The first quarter of 2018 registers 2521 NTN (+8,24% compared with the same quarter of 2017).

Economic indicators still show a weak GDP growth +0,30%, the unemployment rate is about 11%, whilst inflation rate is slowly increasing following the QE policy of the ECB. In Q3 2018 the Euro-area monetary policy reaches a turning point: QE ends, but with a pledge that proceeds from maturing debt will continue to be reinvested;

the table below shows market indicators for the industrial/logistic sector:



MARKET INDICATORS	
average discount on asking price	18-20%
average time on market for sale	12-14 months
average time on market for rent	9 months
gross yield	6-7%



FOCUS ON LOGISTICS

Given the dearth of quality space, unused properties may be reconverted into logistic use on the outskirts of towns. Investments totaled 11% of real estate investments. International investors still find Italy an appealing market with margin of potential growth. Logistics is driven by an increase in freight traffic, online purchases and an upturn in exports. Sale values register a slight downturn as indicated in the table below.

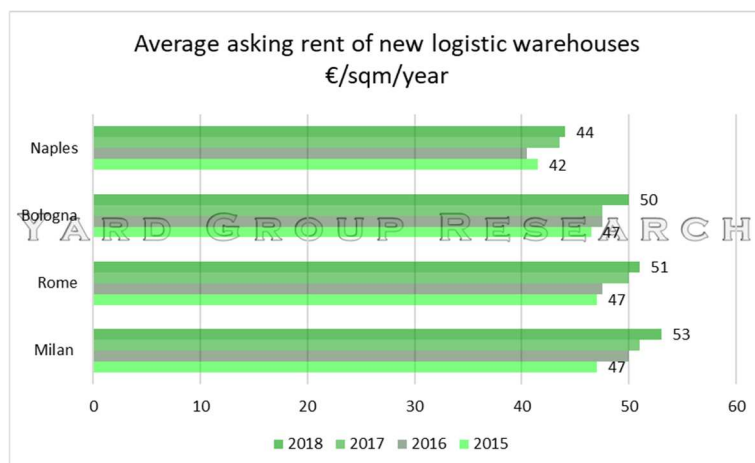
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There is a boost towards innovation and the use of modern technology to support multi-channel strategies and the determination to improve the quality of home deliveries relating to the thriving expansion of online purchases. The turnover of the "food delivery" is growing, together with the pharmaceutical sector where logistic space for the timely supply of products is required. The number of e-commerce retailers is also growing.

In addition to Amazon, ebay and Zalando a much bigger e-commerce company is expanding in Italy with offices opened in Milan in 2016: Alibaba Group Holding Limited, a Chinese multinational e-commerce retailer, Internet, and technology giant company. It provides sales services via web portals, as well as electronic payment services, shopping search engines and cloud computing services.

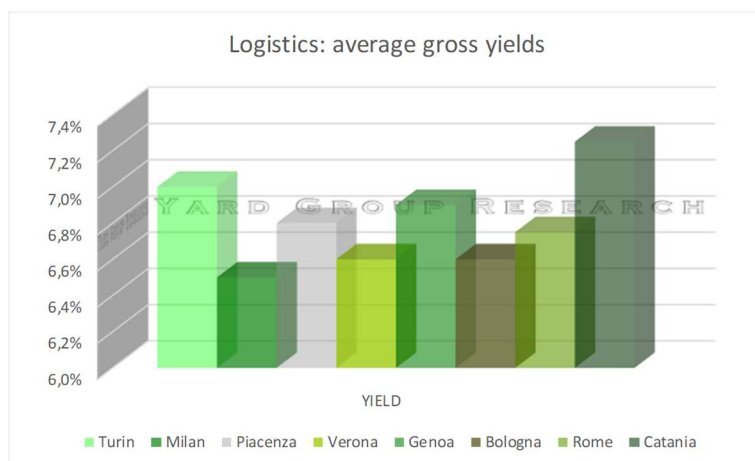
Recently, Alibaba has outperformed major cloud players including Amazon, Microsoft and Google in public cloud revenue growth, achieving triple-digit percentage revenue growth year-on-year. The bar chart on the right shows asking rents in the main cities, in 2015-2018. Unlike sale prices, rental values register a mild upturn.



City	2015	2016	2017	2018
Milan	47	50	51	53
Rome	47	48	50	51
Bologna	47	48	48	50
Naples	42	41	44	44

The take up of grade A properties registered a mild contraction compared to the same period of last year, as the stock of high quality warehouses is still rather limited.

The table below shows the most relevant transactions referring to the I semester of 2018. One of the main investors is Kryalos SGR (formerly known as Henderson Global Investors SGR) confirming the appeal of the Italian market.



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ASSET	DATE	PR	TOWN	ADDRESS	VALUE (euro/ mln)	USE	VENDOR	BUYER	Surface area sqm
3 logistic assets	May 2018	-	-	-	n.a	Logistics	DSV S.p.A.	Kryalos Asset Management	116.000,00
logistic asset	43191	MB	Lazzate	-	n.a	Logistics	Techbau	CBRE Global Investors Italy	37.000,00
logistic asset	apr-18	SS	Sassari	Via Caniga 102	1	Logistics	Polis Fondi SGR pA	-	
logistic asset	March 2018	CA	Cagliari	Viale Marconi 195/7	1,05	Industrial	Polis Fondi SGR pA	-	-
logistic asset Monticelli	February 2018	PZ	Monticelli d'Ongina	-	n.a.	Logistics	Cerrius Srl	TH Real Estate	20.700,00
6 logistic assets	January 2018	RM	Roma	-	65	Logistics	-	Kryalos Asset Management	118.000,00
Data Centre	January 2018	MI	Milano	-	14	Logistics	-	-	11.000,00
logistic assets	December 2017			North Italy	66	Logistics		Kryalos Asset Management Fondo Camelot	100.000,00
logistic portfolio, Emilia-Romagna	December 2017	-	-	Bologna, Parma	n.a.	Logistics	-	Kryalos Asset Management	100.000,00
logistic assets - Carlyle	December 2017	-	-	North Italy	n.a.	Logistics	Prologis	The Carlyle Group	n.a
Logistic centre Decathlon	October 2017	MB	Basiano	Via Pirandello 1	30	Logistics	FAP Investments Srl	Deutsche Asset Management, RREEF Spezial Invest GMBH	45.000
logistic portfolio (4 assets)	September 2017	-		north Italy	80	Logistics	IDeA Fimit SGR (fondo Ippocrate)	Kryalos Asset Management (fondo Camelot)	160.000
Logistic centre STI Nogara	July 2017	VR	Verona	via Fontana 2	n.a.	Logistics	Techbau	CBRE Global Investors	66.000

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