

Real Estate SIIQ

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COIMA RES  
Interim financial statements  
for the period ending  
September 30<sup>th</sup>, 2021

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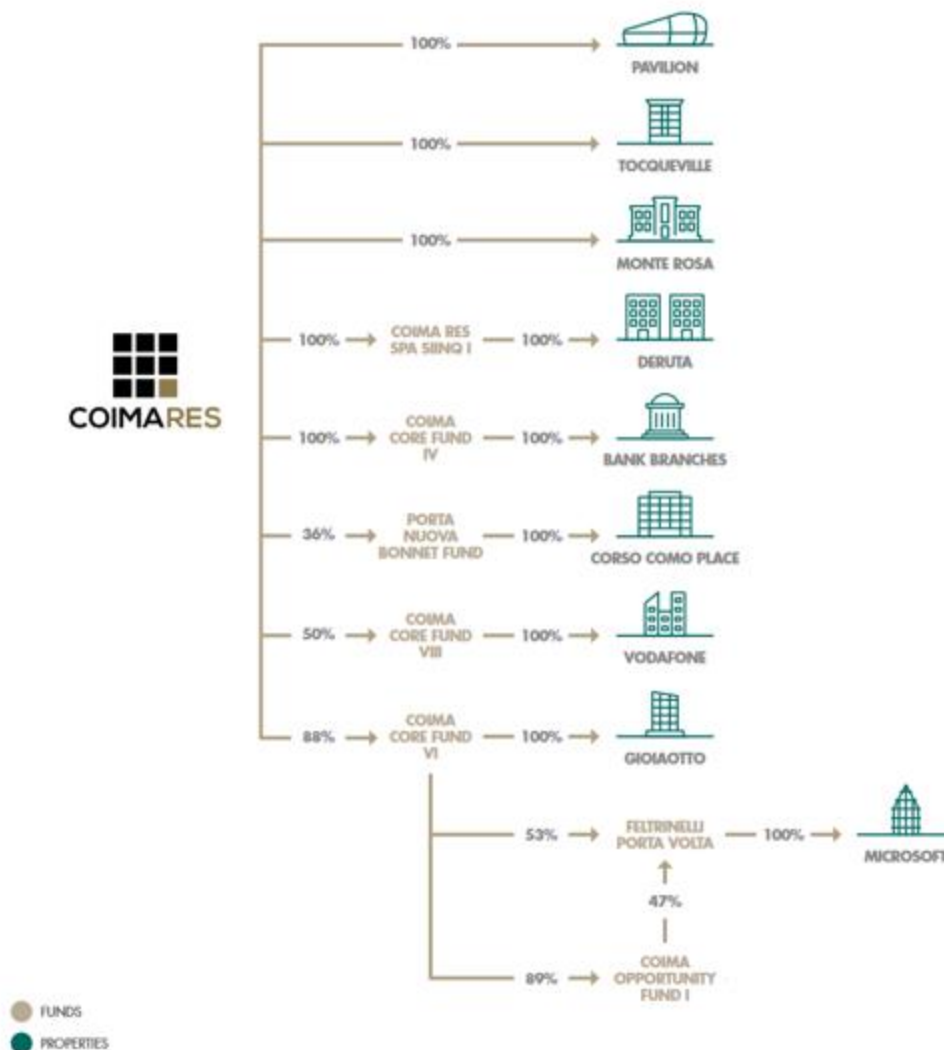
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# CORPORATE INFORMATION

COIMA RES S.p.A. SIIQ (following also the “**Company**” or “**COIMA RES**”), with legal incorporation in Milan, Piazza Gae Aulenti 12, with Tax Code, Register of Company and VAT No. 09126500967 is a Real Estate Investment Trust (REIT) founded in 2015 and listed on the Italian Stock Exchange since 2016. COIMA RES’ strategy is focussed on the development and active management of a high-quality real estate portfolio with a high sustainability content that is positioned to meet the current and future demand from tenants. At present, COIMA RES owns and manages a real estate portfolio mainly concentrated on the Milan office segment. COIMA RES aims to offer to its shareholders a balanced risk-return profile characterized by a stable and sustainable dividend and by the potential for appreciation of the real estate portfolio over time.

## CORPORATE STRUCTURE

Established by Manfredi Catella in agreement with COIMA S.r.l., COIMA SGR S.p.A. and with Qatar Holding LLC, as primary sponsor of the venture, COIMA RES is listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A..



## GOVERNANCE

### Board of Directors <sup>1</sup>

Caio Massimo Capuano	Chairman, Non-Executive Director
Feras Abdulaziz Al-Naama	Vice Chairman, Independent Director
Manfredi Catella	Chief Executive Officer
Luciano Gabriel	Independent Director
Olivier Elamine	Independent Director
Alessandra Stabilini	Independent Director
Ariela Caglio	Independent Director
Antonella Centra	Independent Director
Paola Bruno	Independent Director

### Board of Statutory Auditors <sup>2</sup>

Massimo Laconca	Chairman
Milena Livio	Statutory Auditor
Marco Lori	Statutory Auditor
Emilio Aguzzi De Villeneuve	Alternate Auditor
Maria Stella Brena	Alternate Auditor
Maria Catalano	Alternate Auditor

### Compensation Committee

Alessandra Stabilini	Chairman
Caio Massimo Capuano	Member
Olivier Elamine	Member

### Investment Committee

Luciano Gabriel	Chairman
Manfredi Catella	Member
Ariela Caglio	Member
Michel Vauclair	Member
Gabriele Bonfiglioli	Member
Matteo Ravà	Member

### Control and Risk Committee

Alessandra Stabilini	Chairman
Luciano Gabriel	Member
Paola Bruno	Member

<sup>1</sup> In charge from April 22<sup>nd</sup>, 2021 until the approval of the financial statements as of December 31<sup>st</sup>, 2021.

<sup>2</sup> In charge from April 22<sup>nd</sup>, 2021 until the approval of the financial statements as of December 31<sup>st</sup>, 2023.

### **Internal Audit and Compliance**

The Internal Audit and Compliance functions are outsourced to a specialized company named Consilia Regulatory S.r.l., which has designated Mr. Gianmarco Maffioli as responsible for the Internal Audit function and Mr. Giacomo del Soldà for the Compliance function.

### **Risk Manager**

Risk management is outsourced to a specialized company named Quantyx Advisors S.r.l. which has indicated Mr. Andrea Di Ciancia as responsible for this function.

### **Independent Auditors**

The shareholders' meeting held on February 1<sup>st</sup>, 2016 appointed EY S.p.A. for the audit of separate financial statements and consolidated financial statements of the Company for the period 2016-2024 in accordance with articles 14 and 16 of Legislative Decree n. 39/2010.

### **Executive responsible for the preparation of the company's accounting documents**

Fulvio Di Gilio

Chief Financial Officer

## BOARD OF DIRECTORS' REPORT

The financial results as of September 30<sup>th</sup>, 2021 are summarized in the table below.

(in million Euro)	September 30 <sup>th</sup> , 2021	per share	December 31 <sup>st</sup> , 2020	per share	Δ	Δ%
Total property value	694.5		758.1		(63.6)	(8.4%)
EPRA Net Reinstatement Value	487.3	13.49	466.9	12.93	20.4	4.4%
EPRA Net Tangible Assets	466.8	12.93	448.3	12.42	18.5	4.1%
EPRA Net Disposal Value	461.5	12.78	442.8	12.26	18.7	4.2%
NAV IAS/IFRS	464.5	12.87	445.5	12.34	19.0	4.3%
Debt position	306.8		339.0		(32.2)	(9.5%)
Cash position	90.5		48.7		41.8	85.6%
Net Loan to Value	29.4%		38.3%		(8.9) p.p.	n.m.
EPRA Net Initial Yield	4.2%		5.1%		(0.9) p.p.	n.m.
EPRA "topped-up" NIY	5.1%		5.3%		(0.2) p.p.	n.m.
EPRA vacancy rate	13.9%		2.5%		11.4 p.p.	n.m.

(in million Euro)	September 30 <sup>th</sup> , 2021	per share	September 30 <sup>th</sup> , 2020	per share	Δ	Δ%
Rents	31.7		33.2		(1.5)	(4.6%)
NOI	28.2		30.2		(2.0)	(6.5%)
EBITDA	38.2		23.2		15.0	64.4%
EBIT	34.9		15.0		19.9	>100.0%
Recurring FFO	16.1	0.45	17.9	0.49	(1.8)	(9.7%)
Net profit	25.7	0.71	7.7	0.21	18.0	>100.0%
EPRA Earnings	12.1	0.34	13.0	0.36	(0.9)	(6.9%)
EPRA cost ratio (including direct vacancy costs)	34.4%		31.1%		3.3 p.p.	n.m.
EPRA cost ratio (excluding direct vacancy costs)	32.1%		29.1%		3.0 p.p.	n.m.
Like for like rental growth <sup>3</sup>	(2.7%)		2.1%		(4.8) p.p.	n.m.
WALT (years)	4.3		4.7		n.m.	n.m.

As of September 30<sup>th</sup>, 2021, the NAV IFRS was Euro 464.5 million, an increase of 4.3% compared with the amount of December 31<sup>st</sup>, 2020.

The key factors affecting the NAV increase are:

- EPRA Earnings for the period of Euro 12.1 million;
- the net income deriving from the disposal of Sarca of Euro 13 million;
- the *fair value* adjustment related to the real estate portfolio, net of minorities, of Euro 0.6 million;
- dividend distribution for Euro 7.2 million.

The EPRA cost ratio shows an increase from 31.1% to 34.4% mainly due to the decrease of rents for the release of spaces in Monte Rosa by PWC in the first quarter of 2021.

<sup>3</sup> The like for like rental growth is calculated on rents accounted in line with the accounting principle IFRS 16.

The Group's net profit as of September 30<sup>th</sup>, 2021, amounted to Euro 25.7 million, as shown in the table below.

(in million Euro)	September 30 <sup>th</sup> , 2021	September 30 <sup>th</sup> , 2020	Δ	Δ%
Rents	31.7	33.2	(1.5)	(4.6%)
Net real estate operating expenses	(3.4)	(3.0)	(0.4)	14.2%
<b>NOI</b>	<b>28.3</b>	<b>30.2</b>	<b>(1.9)</b>	<b>(6.5%)</b>
Income / (losses) from real estate disposal	16.7	(0.1)	16.8	<(100.0%)
G&A	(6.0)	(6.3)	0.3	(4.4%)
Other expenses	(0.2)	(0.2)	0.0	(35.3%)
Non-recurring general expenses	(0.6)	(0.4)	(0.2)	62.6%
<b>EBITDA</b>	<b>38.2</b>	<b>23.2</b>	<b>15.0</b>	<b>64.4%</b>
Net depreciation	(0.1)	(0.5)	0.3	(70.6%)
Net movement in <i>fair value</i>	(3.1)	(7.7)	4.6	(59.3%)
<b>EBIT</b>	<b>34.9</b>	<b>15.0</b>	<b>19.9</b>	<b>&gt;100.0%</b>
Financial income	0.0	0.2	(0.2)	(99.6%)
Income from investments	3.7	1.7	2.0	>100.0%
Recurring financial expenses	(6.0)	(5.9)	(0.1)	2.0%
Non-recurring financial expenses	(0.0)	(0.3)	0.3	(98.3%)
<b>Profit before taxation</b>	<b>32.6</b>	<b>10.7</b>	<b>21.9</b>	<b>100.0%</b>
Income tax	0.0	0.0	0.0	-
<b>Profit</b>	<b>32.6</b>	<b>10.7</b>	<b>21.9</b>	<b>&gt;100.0%</b>
Minorities	(6.9)	(3.1)	(3.9)	>100.0%
<b>Profit attributable to COIMA RES</b>	<b>25.7</b>	<b>7.7</b>	<b>18.0</b>	<b>&gt;100.0%</b>
EPRA Adjustments <sup>4</sup>	(13.5)	5.3	(18.9)	<(100.0%)
<b>EPRA Earnings</b>	<b>12.1</b>	<b>13.0</b>	<b>(0.9)</b>	<b>(6.9%)</b>
EPRA Earnings per share	0.34	0.36	(0.03)	(6.9%)
<b>FFO</b>	<b>32.2</b>	<b>17.3</b>	<b>14.9</b>	<b>85.9%</b>
FFO Adjustments <sup>5</sup>	(16.1)	0.5	(16.6)	<(100.0%)
<b>Recurring FFO</b>	<b>16.1</b>	<b>17.9</b>	<b>(1.8)</b>	<b>(9.7%)</b>
Recurring FFO per share	0.45	0.49	(0.05)	(9.7%)

The NOI margin includes rents generated by the real estate portfolio net of operating costs (such as property taxes, *property management* costs, utilities, and maintenance costs).

The decrease of Euro 1.9 million compared to September 30<sup>th</sup>, 2020, is mainly due to the release of Monte Rosa spaces by the tenant PWC, starting from February 1<sup>st</sup>, 2021 and to the disposal of the Sarca property, completed in August 2021.

As of September 30<sup>th</sup>, 2021, the NOI margin is 89.1% and the current net yield on the portfolio is 4.2%.

Income from real estate disposal include the net proceeds from the sale of the Sarca property.

The corporate expenses (G&A) include personnel expenses, asset management fees, governance and control function costs as well as costs related to consultants, auditors, IT, marketing and communication and other operating costs.

<sup>4</sup> Include the adjustment in fair value related to investment properties and the income from disposals.

<sup>5</sup> Include mainly non-recurring costs and the income from disposals.

The other expenses mainly include the change in the *fair value* of the financial instrument, amounting to Euro 0.1 million, and other operating costs amounting to Euro 0.1 million.

The non-recurring general expenses, amounting to Euro 0.6 million, consist mainly in provisions for risks, commercial consultancy and intermediation costs.

Net depreciation, amounting to Euro 0.1 million, mainly includes the write-downs of the other tangible and intangible assets for the period, the value adjustments of inventories and receivables.

The negative net movement in *fair value*, amounting to Euro 3.1 million, is mainly related to the change in value of the real estate properties deriving from the valuations made by independent experts as of June 30<sup>th</sup>, 2021.

Income from investments, amounting to Euro 3.7 million, is related to the profit of the investments on Porta Nuova Bonnet e Co – Investment, recorded following the equity method, including the effects of the evaluations of the real estate properties.

Financial expenses mainly refer to existing loan agreements. The amount classified under the item “non-recurring financial expenses” in June 2020 relates to the economic effects deriving from the repayment of the loans and the partial closure of the derivative contracts related to the disposal of the Deutsche Bank branches, finalized in January 2020.

The Group earnings per share amounts to Euro 0.71, calculated in accordance with IAS/IFRS, considering the average number of shares outstanding during the period.



The following table summarizes the Company's reclassified balance sheet including the reclassification of the investment in Porta Nuova Bonnet on proportional consolidation basis, to obtain the total value of the property investments of the Group as of September 30<sup>th</sup>, 2021.

(in million Euro)	September 30 <sup>th</sup> , 2021	December 31 <sup>st</sup> , 2020	Δ	Δ%	September 30 <sup>th</sup> , 2021 Look-Through adjusted
Investment properties	694.5	758.1	(63.5)	(8.4%)	776.9
Other assets	2.7	1.7	1.0	61.8%	2.7
Investments accounted for using the equity method	53.6	47.1	6.5	13.7%	1.5
<b>Total LT assets</b>	<b>750.9</b>	<b>806.9</b>	<b>(56.0)</b>	<b>(6.9%)</b>	<b>781.1</b>
Trade receivables	9.3	13.7	(4.4)	(32.1%)	10.5
Other assets	1.0	1.6	(0.6)	(38.2%)	1.0
Cash	90.5	48.7	41.8	86.0%	92.4
<b>Total current assets</b>	<b>100.8</b>	<b>64.0</b>	<b>36.8</b>	<b>57.5%</b>	<b>103.9</b>
Held for sale assets	-	4.3	(4.3)	(100.0%)	-
<b>Total assets</b>	<b>851.7</b>	<b>875.2</b>	<b>(23.5)</b>	<b>(2.7%)</b>	<b>885.0</b>
Debt	246.5	317.0	(70.4)	(22.2%)	277.2
Provisions	3.1	0.5	2.6	>100.0%	3.1
Other liabilities	2.8	3.7	(0.9)	(23.6%)	2.8
Trade payables	12.1	15.6	(3.5)	(22.5%)	14.7
Current Financial Debt	48.2	22.0	26.2	>100.0%	48.2
<b>Total liabilities</b>	<b>312.8</b>	<b>358.8</b>	<b>(46.0)</b>	<b>(12.8%)</b>	<b>346.1</b>
Minorities	74.4	71.0	3.4	4.8%	74.4
NAV	464.5	445.5	19.1	4.3%	464.5
NAV per share	12.87	12.34	0.53	4.3%	12.87
<i>Net Loan to Value</i>	<i>29.4%</i>	<i>38.3%</i>			<i>30.0%</i>

The column entitled “*look-through adjusted*”, for management purposes only, includes the 35.7% investment in the Porta Nuova Bonnet Fund consolidated with the proportional method rather than consolidated with the equity method.

Investment properties, amounting to Euro 694.5 million, includes Euro 208.9 million related to the real estate complex Vodafone, Euro 196.1 million related to Monte Rosa, Tocqueville and Pavilion, Euro 64.1 million related to Deutsche Bank portfolio, Euro 41.8 million related to Deruta, Euro 82.9 million related to Gioiaotto and Euro 100.7 million related to Microsoft property. The decrease of Euro 63.5 million compared to the previous year is mainly attributable to the disposal of the Sarca property, completed in August 2021.

The other long-term assets are mainly composed by non-current financial receivables for Euro 1.4 million, derivatives, amounting to Euro 0.1 million and fixed assets, amounting to Euro 1.2 million. In application of IFRS 16, the Group has recorded rights of use under tangible fixed assets amounting to Euro 0.7 million, which mainly represent the right of the Company, as lessee, to use the spaces subject to existing lease agreements at the date of this report.

Investments accounted for using the equity method include the participation in Porta Nuova Bonnet Fund and in the company Co-Investment 2 SCS.

Trade receivables, amounting to Euro 9.3 million, include: i) the advance invoicing of rents related to the fourth quarter of 2021 for Euro 2.4 million (Euro 5.4 million as of December 31<sup>st</sup>, 2020); ii) the accounting effects of the normalization of the rents (recorded in accordance with IFRS 16), amounting to Euro 3.9 million (Euro 4.1 million as of December 31<sup>st</sup>, 2020); iii) invoices to be issued for Euro 0.2 million (Euro 1 million as of December 31<sup>st</sup>, 2020); iv) prepayments and accrued income for Euro 1.9 million (Euro 1.6 million as of December 31<sup>st</sup>, 2020); v) other receivable for Euro 0.9 million (Euro 1.6 million as of December 31<sup>st</sup>, 2020).

As for the anticipated invoices related to the fourth quarter 2021, at the date of this report, Euro 2.3 million have already been collected.

The other current assets show a decrease following the collection of the financial receivable granted to the associated company Co-Investment 2 SCS, amounting to Euro 1.6 million. As of September 30<sup>th</sup>, 2021, the item includes the current financial credit deriving from guarantees granted in the context of the disposal of Sarca property.

As of December 31<sup>st</sup>, 2020, non-current assets held for sale included the bank branch located in Milan, sold in January 2021 for Euro 4.3 million.

Loans, amounting to Euro 246.5 million, refer to medium / long-term payables to banks to which the Group is exposed, accounted according to the amortized cost (IFRS 9). The item shows a decrease of Euro 70.4 million mainly due to the repayments made in the third quarter of 2021, equal to Euro 45 million, and for reclassifications made in the period based on the maturity of the loans.

As of September 30<sup>th</sup>, 2021, the Group's Net Loan To Value (net LTV) was 29.4%.

Current financial debts, amounting to Euro 48.2 million, refer to loans expiring within 12 months from the date of this report, including the loan on Gioiatto property for Euro 48 million with maturity date in March 2022.

The provisions for risks, equal to Euro 3.1 million, include amounts relating to guarantees granted in the Sarca sale transaction and the provision to cover risks relating to the contracts in place with the CEO.

The item *other liabilities* includes: (i) the financial instrument granted to key managers, amounting to Euro 0.9 million (Euro 0.9 million as of December 31<sup>st</sup>, 2020), (ii) the Interest Rate Swap (*Interests Rate Swap*) amounting to Euro 1.1 million (Euro 1.7 million as of December 31<sup>st</sup>, 2020), (iii) the financial debt resulting from the application of IFRS 16 amounting to Euro 0.7 million (Euro 1.1 million as of December 31<sup>st</sup>, 2020), iv) other debts for Euro 0.1 million (zero balance as of December 31<sup>st</sup>, 2020).

Trade payables include (i) payables and invoices to be received from suppliers for a total amount of Euro 4.5 million (Euro 4.9 million as of December 31<sup>st</sup>, 2020), (ii) accrued liabilities and deferred income mainly related to the advanced invoicing of rents for Euro 4.8 million (Euro 6.3 million as of December 31<sup>st</sup>, 2020), (iii) security deposits for Euro 0.7 million (Euro 0.8 million as of December 31<sup>st</sup>, 2020), (iv) payables to the tax authorities for Euro 0.8 million (Euro 0.3 million as of December 31<sup>st</sup>, 2020), (v) payables to social security institutions and others for Euro 1.3 million (Euro 3.3 million as of December 31<sup>st</sup>, 2020).

As of September 30<sup>th</sup>, 2021, the average maturity of the loans is 2 years and the average “all in” cost of debt is about 2.05% (nearly the 86.3% of the debt is hedged by derivative agreements).

## PORTFOLIO AS OF SEPTEMBER 30<sup>th</sup>, 2021

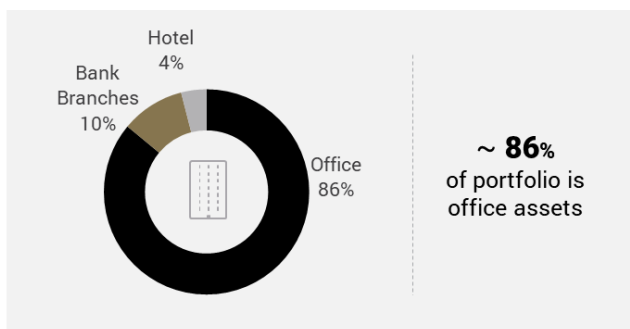
On September 30<sup>th</sup>, 2021, the portfolio of COIMA RES amounting to approximately Euro 646.1 million<sup>6</sup>.

The initial overall WALT of the portfolio is approximately 4.3 years and the EPRA net initial yield is 4.2%. The acquisition plan executed is in line with our investment strategy to develop a portfolio focused on:

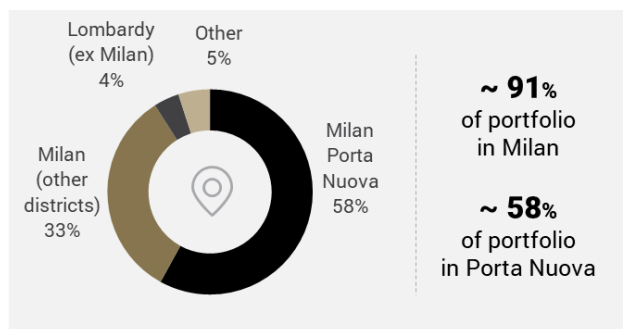
- office use;
- Italy's most attractive markets (Milan ~91%) with focus on Porta Nuova Business District (~58%).

### Portfolio breakdown as of September 30<sup>th</sup>, 2021

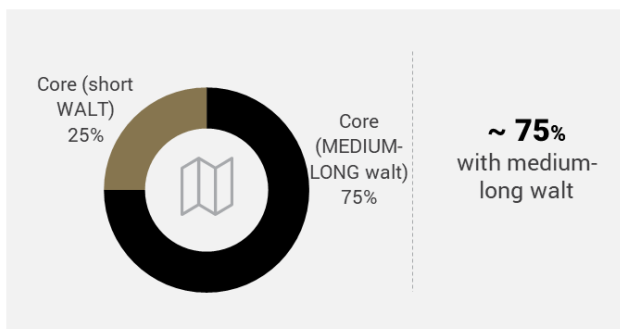
#### ■ BREAKDOWN BY USE



#### ■ BREAKDOWN BY LOCATION



#### ■ BREAKDOWN BY PROFILE



Note: Breakdown of Gross Asset Value on a pro-quota basis

### Evolution on annual gross initial rents

Rents were reduced mainly due to the release of the Monte Rosa spaces by the PWC tenant (2.7% on a like-for-like basis).

Excluding the impact of PWC, rents on a like-for-like basis increase by 1.2% mainly due to the renegotiation with Sisal of the lease agreement, which provides for a postponement of the original maturity to March 2022 against an increase in the expected gross rent for the last three months of the lease.

<sup>6</sup> On a pro-quota basis.

Main figures of real estate portfolio as of September 30<sup>th</sup>, 2021.

	Milan Porta Nuova					Milan Other business districts				
Data as of September 30 <sup>th</sup> , 2021	MICROSOFT	CORSO COMO PLACE	PAVILION	GIOIAOTTO	TOCQUE-VILLE	VODAFONE COMPLEX	MONTE ROSA	DERUTA	DEUTSCHE BANK	TOTAL
Location	Milan Porta Nuova	Milan Porta Nuova	Milan Porta Nuova	Milan Porta Nuova	Milan Porta Nuova	Milan Lorenteggio	Milan CityLife	Milan Lambrate	North & Centre of Italy	-
End use	Office	Office, Retail	Office	Office, Hotel	Office	Office	Office	Office	Bank Branches	-
Strategy	Core	Core	Core	Core	Core + / Value-add	Core	Core + / Value-add	Core +	Core	-
Ownership (pro-quota)	83.5%	35.7%	100.0%	88.2%	100.0%	50.0%	100.0%	100.0%	100.0%	-
<b>Gross Asset Value (100% of asset)</b>	<b>€100.7m</b>	<b>€230.6m</b>	<b>€73.2m</b>	<b>€82.9m</b>	<b>€61.0m</b>	<b>€208.9m</b>	<b>€61.9m</b>	<b>€41.8m</b>	<b>€64.2m</b>	
<b>Gross Asset Value (pro-quota)</b>	<b>€84.1m</b>	<b>€82.3m</b>	<b>€73.2m</b>	<b>€73.1m</b>	<b>€61.0m</b>	<b>€104.5m</b>	<b>€61.9m</b>	<b>€41.8m</b>	<b>€64.2m</b>	<b>€646.1m</b>
WALT (years)	2.7	8.4	6.3	4.2	0.7	5.3	5.1	0.6	5.5	4.3
EPRA vacancy rate	zero	7%	zero	zero	zero	zero	72%	zero	6%	13.9%
EPRA net initial yield	3.9%	n.m.	4.6%	4.3%	5.1%	6.3%	1.9%	7.9%	4.9%	4.2%
EPRA topped-up net initial yield	4.2%	4.1%	4.6%	4.9%	7.7%	6.3%	1.9%	7.9%	5.6%	5.1%

## SIGNIFICANT EVENTS OF THE PERIOD

### Real estate portfolio overview

As of September 30<sup>th</sup>, 2021, the COIMA RES portfolio consists of 8 real estate properties mainly for office use located in Milan and 58 bank branches located in the North and Centre of Italy. The portfolio is valued at Euro 646.1 million (on a pro-quota basis), 91% of which is in Milan, 58% in Milan Porta Nuova and 86% is for office use. COIMA RES' portfolio has a high sustainability profile: approximately 65% of the portfolio is currently LEED certified. COIMA RES' portfolio of tenants is mostly made of mid to large sized multinational corporations: the list of the ten largest tenants (representing 89% of the current rent roll on a pro-quota basis) includes Vodafone, Sisal Group, Deutsche Bank, BNP Paribas, Microsoft, IBM, Accenture, Techint, NH Hotels and Bernoni Grant Thornton.

### Disposals

**Bank branches:** In January 2021, COIMA RES completed the disposal of a bank branches in Milan for a value of Euro 4.3 million. The disposal refers to a broader portfolio of 11 bank branches which was disposed by COIMA RES in the period between January 2020 and January 2021 for a total value of Euro 23.5 million. Since the IPO in 2016, COIMA RES has disposed approximately the 48% of the initial bank branches portfolio at a valuation broadly in line with the IPO contribution value, collecting gross proceeds from disposals of approx. Euro 66.3 million.

**Sarca:** On August 5<sup>th</sup>, 2021, COIMA RES completed the sale of Sarca property to a primary local investor at a price of Euro 82.5 million which corresponds to a net exit yield equal to 4.6%, and a premium equal to 36% compared to the acquisition price. As part of the transaction, the seller has issued, in favor of the buyer, a guarantee in relation to the payment of the rent by the tenants who are currently renting the property (approx. Euro 2.5 million).

COIMA RES had acquired the Sarca property in 2019 at a value of Euro 60.7 million (EPRA Topped-up Net Initial Yield equal to 5.9%) and the sale price implies an Unlevered IRR equal to 24% (Levered IRR equal to 39%). The sale of the Sarca property is in line with the COIMA RES strategy which provides for a portfolio rotation (in particular in relation to mature, non-core and non-strategic properties) aimed at crystallizing performance and freeing up capital to make new investments (both in terms of acquisitions of properties on the market and in terms of restructuring of properties already in the portfolio).

### Development

**Corso Como Place:** The project was completed during the fourth quarter 2020, substantially in line with the overall budget, and it has been delivered to Accenture and Bending Spoons in January 2021. As reminder, during 2019, Accenture and Bending Spoons signed a preliminary leasing agreement for the entire office portion of the project (A and C buildings) which represents 95% of the developed surfaces.

**Monte Rosa:** The release by PwC of the Monte Rosa property will allow the undertaking of a restructuring and value creation project in the medium term which will lead to a substantial improvement in the quality of the property and a potential significant increase in the rent compared to the rent. previous. Further details on the restructuring plan of the Monte Rosa property will be published over the next few months. In addition to the Monte Rosa property, further renovation plans are planned for the period 2022-2024. Through these renovation projects it is intended to achieve a significant increase in rents once the works are completed and the spaces are relocated.

## Leasing

**Microsoft:** On April 6<sup>th</sup>, 2021 a new lease agreement was signed for ground floor retail in the Microsoft property (about 400 sqm), previously occupied by Microsoft. The new agreement has a duration of nine years (with eight months of free rents) with an annual rent, for the first two years, amounting to Euro 200 thousand and, for the following years, amounting to Euro 280 thousand.

**Sarca:** In June 2021, COIMA RES, before the sale of the property, signed a binding offer with an energy supply company for approximately 700 sqm of office space. The space is currently occupied by Signify, which exercised the break-option with the release of the spaces in October 2021. The binding offer provides for the signing of a contract that has a duration of 6 years at a fee approximately 23% higher than the one in place.

**Corso Como Place:** In April 2021, COIMA RES signed a new lease agreement with Mooney (formerly Sisal Pay) for approximately 3,250 sqm of office space. The new contract has a duration of 6 years and the rent is higher than the rent foreseen under the previous lease agreement.

**Tocqueville:** In May 2021, COIMA RES signed an amending agreement to the lease agreement with Sisal to extend the duration of a further three months, postponing the new contractual deadline to March 31<sup>st</sup>, 2022. The rent to be applied in the extension period provides for an increase equal to 50% compared to the current one.

## Loans

**Microsoft:** During February 2021, an agreement with Intesa Sanpaolo has been signed concerning the extension and amendment of the Microsoft headquarter financing, amounting to Euro 22.0 million. The maturity of the financing was extended for a period of 3 years, i.e., from December 21<sup>st</sup>, 2020 to December 21<sup>st</sup>, 2023, and the margin was reduced of c. 15 basis points. In addition, the amended agreement provides the possibility to increase the total amount of the financing provided by Intesa Sanpaolo, with the same economic conditions, to a maximum of Euro 49.5 million.

## Outlook

The COVID-19 crisis has resulted in social and economic challenges on a global scale and most likely remains an aspect to consider as of today.

COIMA believes that the potential increase in the adoption of the “working from home” practice will influence future tenant demand for office space from both a qualitative and quantitative point of view.

The likely reduction in office space requirements associated to the increased adoption of remote working by corporates appears relatively marginal, albeit not negligible, and therefore is not something that would create a structural impairment of the office sector going forward.

COIMA foresees that offices and their use will change in the medium-term from places of “production” to places of “interaction”. Therefore, the features of offices (from the point of view of their location as well as in terms of their technical and architectural characteristics) would need to evolve to maximise the engagement and productivity of employees and stimulate their creative potential.

Finally, COIMA believes that the polarisation between qualified neighbourhoods and undifferentiated neighbourhoods will consolidate and accelerate further and that qualified neighbourhoods will continue to attract high-quality office tenant demand and maintain limited level of office vacancy in the medium-term. COIMA defines qualified neighbourhoods as the districts which have a “higher than average” score in terms of accessibility to public transport, availability of services and wellness options, availability of public parks and a high degree of diversification in terms of end uses.

## SUBSEQUENT EVENTS

There are no significant events that occurred after September 30<sup>th</sup>, 2021.

## DIVIDENDS

The Board of Directors of COIMA RES has resolved to distribute to shareholders an interim dividend for the year 2021 of Euro 3,610,655.80 (or Euro 0.10 per share) with detachment date November 15<sup>th</sup>, 2021, accounting date November 16<sup>th</sup>, 2021, and payment date November 17<sup>th</sup>, 2021.

The COIMA RES auditors have today published their report pursuant to article 2433-bis, paragraph 5, of the Civil Code. The Board resolution on the interim dividend was made based on the economic and financial situation of COIMA RES S.p.A. SIIQ as of September 30<sup>th</sup>, 2021, prepared according to IFRS.

The report of the Board of Directors on the distribution of the interim dividend for the year 2021 is available for consultation at the registered office of COIMA RES (Piazza Gae Aulenti n.12, 20154, Milan, Italy) and is available in electronic form upon request.

## ITALY: ECONOMIC AND REAL ESTATE MARKET CONDITIONS

In Italy, the third quarter of 2021 was characterized by a recovery of all economic and social activities also supported by the acceleration of the vaccination campaign also achieving the so-called herd immunity. The perception of Italy risk by the financial markets continues to be relatively benign during the third quarter of 2021 with a 10-year BPT / Bund spread that remained on average around a level of around 100 basis points (compared to an average of 160 bps during 2020). The latest estimates published in October 2021 by the International Monetary Fund foresee an economic recovery in Italy for the next few years, with an expected growth of the gross domestic product (Real GDP) equal to 5.8% for 2021 and equal to 4.2% for 2022.

The Italian real estate market saw, in the first three quarters of 2021, a slowdown with investment volumes equal to Euro 5.6 billion, down by 7% compared to the same period of 2020, volumes were concentrated for 33% on the city of Milan and 26% on the office segment.

The office segment in Milan recorded investment volumes of Euro 540 million in the third quarter of 2021, down by 10% compared to the same period of 2020. The decline in volumes in the third quarter of 2021 is mainly due to the delays accumulated during the most critical phases of the pandemic, but a sustained increase in the number of new investment operations is already beginning to be observed. The prime yield for the office segment in Milan remained stable at 3.0%. The level of take up by tenants for the office segment in Milan in the first three quarters of 2021 stood at 267.0,000 sqm, up of 40% compared to the same period of 2020. The most active markets on the letting side remain the CBD and Porta Nuova. The vacancy level decreased in the third quarter to 10.4% from 10.7% of the previous quarter. Prime rent for office properties in Milan remains stable at Euro 600 / sqm.



## CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	Nine months ended September 30 <sup>th</sup> , 2021	of which related parties	Nine months ended September 30 <sup>th</sup> , 2020	of which related parties
<b>Income statement</b>					
Rents	1	31,675	-	33,212	-
Net real estate operating expenses	2	(3,438)	(596)	(3,012)	(602)
<b>Net rents</b>		<b>28,237</b>	<b>(596)</b>	<b>30,200</b>	<b>(602)</b>
Income / (losses) from real estate disposal	3	16,677	(413)	(100)	-
Costs of sales		-	-	-	-
<b>Net revenues from disposal</b>		<b>16,677</b>	<b>(413)</b>	<b>(100)</b>	<b>-</b>
G&A expenses	4	(6,417)	(4,024)	(6,453)	(4,073)
Other operating expenses	5	(339)	(54)	(440)	(79)
<b>Gross operating income</b>		<b>38,158</b>	<b>(5,087)</b>	<b>23,207</b>	<b>(4,754)</b>
Net depreciation	6	(143)	(61)	(536)	(61)
Net movement in fair value	8	(3,148)	-	(7,680)	-
<b>Net operating income</b>		<b>34,867</b>	<b>(5,148)</b>	<b>14,991</b>	<b>(4,815)</b>
Net income attributable to non-controlling interests	10	3,732	-	1,701	-
Financial income	7	1	-	241	-
Financial expenses	7	(5,996)	(5)	(6,194)	(6)
<b>Profit before tax</b>	<b>1</b>	<b>32,604</b>	<b>(5,153)</b>	<b>10,739</b>	<b>(4,821)</b>
Income tax		-	-	-	-
<b>Profit after tax</b>		<b>32,604</b>	<b>(5,153)</b>	<b>10,739</b>	<b>(4,821)</b>
Minorities		(6,943)	-	(3,068)	-
<b>Profit for the Group</b>		<b>25,661</b>	<b>(5,153)</b>	<b>7,671</b>	<b>(4,821)</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

Below are the main items of profit and loss that have most significantly affected the profit of the Group as of September 30<sup>th</sup>, 2021.

### 1. Revenues

The revenues amount to Euro 31,675 thousand as of September 30<sup>th</sup>, 2021, and include rents accrued on the real estate portfolio.

(in thousands of Euro)	Investments	Nine months ended September 30 <sup>th</sup> , 2021	Nine months ended September 30 <sup>th</sup> , 2020
COIMA RES SIIQ	Monte Rosa	1,608	2,760
	Tocqueville	2,692	2,142
	Pavilion	2,449	2,449
COIMA CORE FUND IV	Deutsche Bank branches	2,793	3,146
COIMA CORE FUND VI	Gioiaotto	3,120	2,957
COIMA RES SIINQ I	Deruta	2,729	2,724
COIMA CORE FUND VIII	Vodafone	10,592	10,573
COIMA OPPORTUNITY FUND I	Sarca	2,438	3,025
FELTRINELLI PORTA VOLTA	Microsoft	3,254	3,436
<b>Rents</b>		<b>31,675</b>	<b>33,212</b>

The decrease of Euro 1,537 thousand compared to September 30<sup>th</sup>, 2020 is mainly related to:

- the release of spaces in Monte Rosa by PWC during the first quarter 2021;
- the sale of bank branches finalized during the second half of 2020;
- the sale of Sarca property which took place in August 2021.

This reduction was partially offset by the increase in the rent of Tocqueville, equal to Euro 550 thousand, due to the modification of the lease agreement with Sisal, the expiry of which was postponed to March 31<sup>st</sup>, 2022 due to an increase in the gross rent for 2022.

Revenues related to Microsoft show a decrease of Euro 182 thousand following the release by the tenant of the retail spaces of the Feltrinelli building in the first quarter of 2021. These spaces are currently occupied and granted on free loan to the new tenant until December 2021.

## 2. Net real estate operating expenses

The net real estate operating expenses amount to Euro 3,438 thousand for the nine months ended September 30<sup>th</sup>, 2021. The details are shown as follows:

(in thousands of Euro)	Vodafone Complex*	Tocqueville Monte Rosa Pavilion	Deutsche Bank branches	Gioiaotto Sarca Microsoft	Deruta	Nine months ended September 30 <sup>th</sup> , 2021	Nine months ended September 30 <sup>th</sup> , 2020
Recovery of costs from tenants	1,780	675	24	1,195	14	3,688	4,059
Property management fee	(213)	(81)	(31)	(157)	(27)	(509)	(533)
Maintenance charges	(691)	(528)	(44)	(619)	(6)	(1,888)	(1,888)
Utilities	(885)	(232)	(3)	(422)	-	(1,542)	(1,467)
Insurance	(73)	(55)	(31)	(135)	(19)	(313)	(258)
Property taxes	(559)	(638)	(420)	(659)	(186)	(2,462)	(2,511)
Stamp duties	(106)	(75)	(33)	(98)	(27)	(339)	(336)
Other real estate costs	(2)	(63)	-	(8)	-	(73)	(78)
<b>Net real estate expenses</b>	<b>(749)</b>	<b>(997)</b>	<b>(538)</b>	<b>(903)</b>	<b>(251)</b>	<b>(3,438)</b>	<b>(3,012)</b>

\* Consorzio Lorenteggio Village included.

The item *recovery of costs from tenants* refers to the reversal of ordinary property management charges to tenants.

*Property management fees* mainly relate to ordinary activities of the administration and maintenance of the buildings.

*Maintenance and service charges* concern the expenses incurred for the maintenance of the buildings (lifts, systems, office cleaning) and for the upkeep of the green spaces of the properties.

The item *utilities* refers to the cost of providing electricity, water and gas for the buildings.

The item *insurance costs* refers to the all-risk policies signed by the Company to protect the asset value and ownership of the buildings.

*Other real estate costs* mainly include the fees for the occupation of public areas, waste taxes and other expenses related to the operation of the buildings.

## 3. Income/(losses) from real estate disposal

Income from real estate disposal, amounting to Euro 16,677 thousand (negative amount of Euro 100 thousand as of September 30<sup>th</sup>, 2020), include the proceeds deriving from the sale of Sarca property, net of costs incurred for the sale and the provision for risks relating to guarantees granted in favour of the buyer.

The transaction was completed in August 2021 at a price of Euro 82,500 thousand, with a premium of 36% compared to the purchase price.

#### 4. General and administration expenses

General and administration expenses amount to Euro 6,417 thousand for the nine months ended September 30<sup>th</sup>, 2021. The detailed summary table is attached below:

(in thousands of Euro)	COIMA RES	CORE IV SIINQ I	CORE VI COF I FPV	CORE VIII	Others	Nine months ended September 30 <sup>th</sup> , 2021	Nine months ended September 30 <sup>th</sup> , 2020
Asset management fee	(542)	(175)	(1,468)	(789)	-	(2,974)	(3,184)
Personnel costs	(1,493)	-	-	-	-	(1,493)	(1,352)
Consulting costs	(303)	(99)	(262)	(33)	(21)	(718)	(690)
Control functions	(250)	(28)	(12)	-	-	(290)	(284)
Audit	(157)	(33)	(74)	(21)	(2)	(287)	(274)
Marketing	(208)	-	-	-	-	(208)	(193)
IT service	(144)	-	-	-	-	(144)	(130)
Independent appraisers	(27)	(20)	(24)	(11)	-	(82)	(93)
Other operating expenses	(210)	-	(3)	(1)	(7)	(221)	(253)
<b>G&amp;A expenses</b>	<b>(3,334)</b>	<b>(355)</b>	<b>(1,843)</b>	<b>(855)</b>	<b>(30)</b>	<b>(6,417)</b>	<b>(6,453)</b>

*Asset management fee* mainly relates to the agreement signed between the Company and COIMA SGR for the *scouting* of investment transactions and the management of the real estate portfolio as well as other ancillary activities provided for in the *asset management* agreement.

These fees are calculated quarterly on the Net Asset Value (NAV) recorded by the company in the previous three months, net of the commissions already paid by the funds included in the consolidation perimeter.

*Personnel costs*, equal to Euro 1,493 thousand, include:

- salaries and similar expenses, amounting to Euro 571 thousand, related to wages for the Company's employees;
- social security contributions, amounting to Euro 166 thousand, paid by the Company to social security funds;
- other personnel costs, amounting to Euro 756 thousand, include mainly the Board of Directors' remuneration.

In 2020 the Chief Executive Officer, in order to limit the corporate costs of the Company in light of the current market capitalization and to be aligned with the interests of COIMA RES shareholders, has confirmed to accept the suspension of the recalculation of the fixed emolument and the payment of variable compensation, starting from 2020 financial year until January 1<sup>st</sup>, 2025.

The suspension of the recalculation of the annual fixed emolument and the variable compensation can be interrupted by Manfredi Catella only and exclusively if, by this date:

- the existing Asset Management Agreement is modified and / or terminated for any reason; and/or
- Manfredi Catella does stop hold the office of Chief Executive Officer (even in the event of death); and/or
- the majority of the directors of the Company are not designated by Manfredi Catella as envisaged by the Shareholders Agreement currently in force.

As of today, none of the conditions has failed and it is considered remote that even one of them may occur within the approval of the interim condensed consolidated financial statements as of September 30<sup>th</sup>, 2021.

The CEO has reserved the right to stop the suspension of the restatement of the annual fixed emolument and the variable compensation if the market capitalization of COIMA RES should reach a level higher than that recorded in the IPO (equal to Euro 360 million), only from this trigger event onwards would the relative remuneration be determined, without therefore impacting the previous periods.

Considering what is been reported above, the waiver of the fees for the previous years (from 2017 to 2019) remains subject to the terms and conditions set out in the communication of Manfredi Catella of February 19<sup>th</sup>, 2019.

The best current estimate of this potential liability as of September 30<sup>th</sup>, 2021, considering the above, is approximately Euro 5.1 million.

Regarding the risk of death, considering the existing agreement with the Chief Executive Officer and the reports described above, the Company made a provision of approximately Euro 590 thousand based on the mortality tables prepared by ISTAT, according to IAS 19 provisions.

The existing agreement with the Chief Executive Officer also provides that, in the event of Manfredi Catella's termination from the position held in the Company for one of the reasons provided for by the agreement in force and described in the Remuneration Report ("**Good Leaver**"), the Company is obliged to pay Manfredi Catella by way of compensation for the damage or, in any case, by way of compensation for the termination of the administration relationship, the greater amount between: (a) Euro 5 million and, (b) three times the total annual remuneration (fixed and variable amount). As of today, the Company considers the realisation of one of the Good Leaver scenarios envisaged in the existing agreement as remote. The best current estimate as of September 30<sup>th</sup>, 2021 amounts to Euro 5.1 million.

The item *consulting costs* mainly includes expenses for support activities carried out by professionals for the ordinary management of the Company; in particular:

- legal, tax and notarial consulting for *corporate* services;
- technical consulting on real estate properties.

*Governance and other control functions costs* are mainly related to the Board of Statutory Auditors, amounting to Euro 93 thousand, Risk Management, amounting to Euro 44 thousand and other control functions, amount to Euro 150 thousand.

The *audit costs* include the fees relating to the auditing company EY S.p.A and the fees relating to the auditing company KPMG S.p.A., the latter in charge of the statutory audit of the real estate funds held by COIMA RES.

*Marketing costs* are mainly related to digital and media relations expenses (Euro 68 thousand), website maintenance (Euro 121 thousand) and other residual marketing costs, including branding activities (Euro 19 thousand).

*IT service costs* include technical assistance, administrative software and IT management expenses.

The expenses related to the *independent appraisers* are due in respect of the agreement in place with the independent expert CBRE Valuation, AXIA RE, Duff & Phelps REAG and Praxi for the preparation of the evaluation reports.

*Other expenses* mainly include expenses related to the management of the Company's headquarter and other structure costs (insurances, membership fees, Borsa Italiana and Monte Titoli's services, CONSOB contribution).

## 5. Other operating costs

The other operating expenses, amounting to Euro 339 thousand (Euro 440 thousand as of September 30<sup>th</sup>, 2020), mainly include non-recurring liabilities (Euro 226 thousand), corporate taxes and fees (Euro 14 thousand) and other operating costs (Euro 45 thousand). Furthermore, the amount includes the fair value change of the financial instrument allowed to the Board of Directors and to the *key managers* of the Company, that shows an increase of Euro 54 thousand compared to December 31<sup>st</sup>, 2020.

## 6. Net depreciation

Net depreciation, amounting to Euro 143 thousand (Euro 536 thousand as of September 30<sup>th</sup>, 2020), includes write-downs of tangible and intangible fixed assets (Euro 193 thousand), release of the provisions on receivables previously recorded (Euro 85 thousand) and the reduction in the value of the properties recorded in the item *inventories* (Euro 35 thousand). The latter adjustment was made based on the appraisal prepared by the independent expert on June 30<sup>th</sup>, 2021.

## 7. Financial income and expenses

The financial income item, equal to Euro 1 thousand (Euro 241 thousand as of September 30<sup>th</sup>, 2020), mainly includes bank interest income and exchange rate gains.

Financial expenses amount to Euro 5,996 thousand (Euro 6,194 thousand as of September 30<sup>th</sup>, 2020) and essentially include interest expenses accrued on outstanding loans and non-recurring financial expenses related to the prepayment of the loans made during the period.

The decrease of Euro 198 thousand compared to the previous period is due to repayments of loans made in the last 12 months, including the financing of the Sarca property.

## CONSOLIDATED BALANCE SHEET

(in thousands of Euro)	Notes	September 30 <sup>th</sup> , 2021	of which related parties	December 31 <sup>st</sup> , 2020	of which related parties
<b>Assets</b>					
Real estate investments	8	691,878	-	755,382	-
Other tangible assets	9	940	630	1,381	690
Intangible assets	9	297	-	257	-
Investments accounted for using the equity method	10	53,584	-	47,131	-
Non-current deferred tax assets		25	-	20	-
Non-current financial receivables	13	1,431	-	-	-
Derivatives	11	49	-	40	-
<b>Total non - current assets</b>		<b>748,204</b>	<b>630</b>	<b>804,211</b>	<b>690</b>
Inventories	12	2,672	-	2,707	-
Current financial receivables	13	989	-	1,620	1,620
Trade and other current receivables	13	9,313	179	13,710	279
Cash and cash equivalents	14	90,498	-	48,653	-
<b>Total current assets</b>		<b>103,472</b>	<b>179</b>	<b>66,690</b>	<b>1,899</b>
Non-current assets held for sale		-	-	4,300	-
<b>Total assets</b>		<b>851,676</b>	<b>809</b>	<b>875,201</b>	<b>2,589</b>
<b>Liabilities</b>					
Capital stock		14,482	-	14,482	-
Share premium reserve		336,273	-	336,273	-
Valuations reserve		(940)	-	(1,428)	-
Interim dividend		-	-	(3,611)	-
Other reserves		89,045	-	84,111	-
Profit for the period		25,661	-	15,627	-
<b>Group shareholders' equity</b>	<b>15</b>	<b>464,521</b>	<b>-</b>	<b>445,454</b>	<b>-</b>
<b>Minorities</b>	<b>15</b>	<b>74,356</b>	<b>-</b>	<b>70,968</b>	<b>-</b>
<b>Shareholders' equity</b>		<b>538,877</b>	<b>-</b>	<b>516,422</b>	<b>-</b>
Non-current bank borrowings	16	246,542	-	316,973	-
Non-current financial liabilities	17	721	647	1,140	704
Payables for post-employment benefits		60	-	100	-
Provisions for risks and charges	18	3,064	590	391	391
Derivatives	19	1,148	-	1,663	-
Trade payables and other non-current liabilities	20	1,660	930	1,707	876
<b>Total non-current liabilities</b>		<b>253,195</b>	<b>2,167</b>	<b>321,974</b>	<b>1,971</b>
Current bank borrowings	16	48,210	-	22,017	-
Trade payables and other current liabilities	20	11,358	1,765	14,757	2,386
Current tax payables		36	-	31	-
<b>Total current liabilities</b>		<b>59,604</b>	<b>1,765</b>	<b>36,805</b>	<b>2,386</b>
<b>Total liabilities</b>		<b>312,799</b>	<b>3,932</b>	<b>358,779</b>	<b>4,357</b>
<b>Total liabilities and shareholders' equity</b>		<b>851,676</b>	<b>3,932</b>	<b>875,201</b>	<b>4,357</b>

## NOTES TO THE BALANCE SHEET

The following are the main items on the consolidated balance sheet which explain the performance of the Group's activities.

### 8. Real estate investments

The changes in property investments for the six months ended September 30<sup>th</sup>, 2021, are listed below:

(in thousands of Euro)	Investments	December 31 <sup>st</sup> , 2020	Capex	Revaluations/ (write-downs)	Disposal	September 30 <sup>th</sup> , 2021
COIMA RES SIIQ	Monte Rosa	60,600	1,251	56	-	61,907
	Tocqueville	59,500	177	1,293	-	60,970
	Pavilion	72,700	27	473	-	73,200
COIMA CORE FUND IV	DB branches	63,872	-	(2,391)	-	61,481
COIMA CORE FUND VI	Gioiaotto	82,000	-	900	-	82,900
COIMA RES SIINQ I	Deruta	44,400	-	(2,600)	-	41,800
COIMA CORE FUND VIII	Vodafone	211,000	-	(2,100)	-	208,900
COIMA OPPORTUNITY FUND I	Sarca	62,070	-	-	(62,070)	-
FELTRINELLI PORTA VOLTA	Microsoft	99,240	259	1,221	-	100,720
<b>Real estate investments</b>		<b>755,382</b>	<b>1,714</b>	<b>(3,148)</b>	<b>(62,070)</b>	<b>691,878</b>

The Company, preparing the reports for the third quarter of 2021, carried out an analysis on the existence of any signs of impairment on the value of properties as of September 30<sup>th</sup>, 2021, compared to the fair value of the latest appraisals prepared by independent experts as of June 30<sup>th</sup>, 2021.

The columns "capex" shows interventions and improvements made on the real estates in portfolio during the period, including Monte Rosa for the activities related to the refurbishment of the property.

The column "disposal" column includes the effect of the operation of the Sarca property, sold on August 5<sup>th</sup>, 2021, to a primary local investor, at the price of Euro 82,500 thousand.

### 9. Other tangible assets and intangible assets

Other tangible fixed assets, amounting to Euro 940 thousand (Euro 1,381 thousand as of December 31<sup>st</sup>, 2020), mainly include the right to use the spaces leased by the Group for the whole duration of the agreement, furniture and fixtures related to the headquarter of the Company.

As of today, the Group has two rental agreements in place, the right of use of which, net of depreciation for the period, amounts to Euro 702 thousand (Euro 1,123 thousand as of December 31<sup>st</sup>, 2020).

As part of the disposal transaction of Sarca, the Company transferred the lease agreement for a garage adjacent to the property, granted in sublease to the tenant Philips S.p.A..

Intangible assets, amounting to Euro 297 thousand (Euro 257 thousand as of December 31<sup>st</sup>, 2020), include administrative and accounting software. The net increase of Euro 40 thousand compared to the previous year is mainly due to the development of the implementation activities carried out during the period, net of depreciation for the period.



## 10. Investments accounted for using the equity method

The item, amounting to Euro 53,584 thousand (Euro 47,131 thousand as of December 31<sup>st</sup>, 2020), includes Porta Nuova Bonnet investment, for an amount of Euro 52,121 thousand, and Co – Investment 2 SCS investment, for an amount of Euro 1,463 thousand, owned indirectly through MHREC Sarl.

The increase of Euro 6,453 thousand compared to the previous year is due to the recalls made by Porta Nuova Bonnet Fund during the period, amounted to Euro 2,696 thousand, and the profit for the period amounting to Euro 3,724 thousand.

## 11. Derivatives

Derivative financial instruments, amounting to Euro 49 thousand (Euro 40 thousand as of December 31<sup>st</sup>, 2020) have increased by Euro 9 thousand compared to the previous year due to the change in the fair value of the period of the interest rate cap agreement and the acquisition of a new hedging transaction.

The Company has accounted for hedging transactions based on *hedge accounting*, according to IFRS 9, verifying the efficiency of the hedging relationship.

## 12. Inventories

Inventories, amounting to Euro 2,672 thousand (Euro 2,707 thousand as of December 31<sup>st</sup>, 2020), includes the remaining vacant Deutsche Bank branches.

The decrease of Euro 35 thousand compared to the previous year is related to the value adjustment made based on the appraisal prepared by the independent expert as of June 30<sup>th</sup>, 2021.

### 13. Trade and other receivables

Financial receivables, equal to Euro 1,431 thousand for the non-current part and Euro 989 thousand for the current one, relate to the amount deposited in an escrow account and granted as a guarantee to the buyer as part of the transfer operation of Sarca property.

Trade receivables and other current receivables, equal to Euro 9,313 thousand (Euro 13,710 thousand as of December 31<sup>st</sup>, 2020), include:

- receivables from tenants equal to Euro 6,904 thousand
- accrued income and prepayments equal to Euro 1,883 thousand;
- other receivables from the tax authorities equal to Euro 19 thousand;
- deposits, advances and other receivables equal to Euro 507 thousand.

Receivables from tenants mainly include the advance invoicing of lease payments related to the fourth quarter of 2021 for Euro 2,423 thousand, due to the effects of the normalization of lease payments (accounted for in accordance with the IFRS 16 accounting standard) for Euro 3,925 thousand, invoices to be issued and other receivables of Euro 556 thousand.

As of September 30<sup>th</sup>, 2021, trade receivables are shown net of write-downs relating to uncollectible amounts or doubtful collectability.

### 14. Cash and cash equivalents

Cash and cash equivalents, equal to Euro 90,498 thousand (Euro 48,653 thousand as of December 31<sup>st</sup>, 2020), show an increase of Euro 41,845 thousand compared to last year mainly due to the net gain deriving from the disposal of Sarca.

### 15. Shareholders' equity

Shareholders' equity as of September 30<sup>th</sup>, 2021 amounts to Euro 464,521 thousand (Euro 445,454 thousand as of December 31<sup>st</sup>, 2020).

The share capital, amounting to Euro 14,482 thousand, includes no. 36,106,558 ordinary shares with no nominal value.

Reserves, amounting to Euro 424,378 thousand, include:

- share premium reserve of Euro 336,273 thousand;
- legal reserve of Euro 2,896 thousand;
- negative cash flow hedge valuation reserve relating to hedging derivative contracts of Euro 940 thousand;
- other reserves of Euro 86,149 thousand.

Minorities amounts to Euro 74,356 thousand (Euro 70,968 thousand as of December 31<sup>st</sup>, 2020), of which Euro 6,943 thousand is related to the minority interest for the period.

## 16. Bank borrowings and other lenders

The changes in current and non-current loans are shown below.

(in thousands of Euro)	December 31 <sup>st</sup> , 2020	Reclassification	Amortised costs / other movements	Reimbursement	September 30 <sup>th</sup> , 2021
COIMA RES SIIQ	97,958	-	211	-	98,169
COIMA CORE FUND VI	47,831	(47,831)	-	-	-
COIMA RES SIINQ I	19,927	-	73	(20,000)	-
COIMA CORE FUND VIII	126,249	-	315	-	126,564
COIMA OPPORTUNITY FUND I	25,008	-	(8)	(25,000)	-
FELTRINELLI PORTA VOLTA	-	22,003	(194)	-	21,809
<b>Non-current bank borrowings</b>	<b>316,973</b>	<b>(25,828)</b>	<b>397</b>	<b>(45,000)</b>	<b>246,542</b>
COIMA RES SIIQ	-	-	93	-	93
COIMA CORE FUND VI	-	47,831	144	-	47,975
COIMA CORE FUND VIII	14	-	12	-	26
FELTRINELLI PORTA VOLTA	22,003	(22,003)	116	-	116
<b>Current bank borrowings</b>	<b>22,017</b>	<b>25,828</b>	<b>365</b>	<b>-</b>	<b>48,210</b>
<b>Bank borrowings</b>	<b>338,990</b>	<b>-</b>	<b>762</b>	<b>(45,000)</b>	<b>294,752</b>

Bank borrowings show a significant decrease compared to December 31<sup>st</sup>, 2020 following the repayment of two short-term loans, specifically:

- on August 5<sup>th</sup>, 2021, COIMA OPPORTUNITY FUND I repaid the loan for Euro 25,000 thousand, using the cash collected from the sale of the Sarca property;
- on September 30<sup>th</sup>, 2021, COIMA RES SIINQ I repaid the loan relating to the Deruta property for an amount equal to Euro 20,000 thousand, using the available liquidity and the net realization of the shareholder loan granted by the parent company.

## 17. Non-current financial liabilities

This item, amounting to Euro 721 thousand (Euro 1,140 thousand as of December 31<sup>st</sup>, 2020) includes the financial payables recorded related to the future payment of the rents relating to existing lease agreements, as required by the accounting standard IFRS 16. The liability is the present value of the expected future cash flows for the duration of the agreements.

The reduction of Euro 419 thousand relates to the transfer of the lease agreement for a garage near to Sarca, carried out in the context of the disposal transaction.

## 18. Provision for risks and charges

Provisions for risks and charges, amounting to Euro 3,064 thousand (Euro 391 thousand as of December 31<sup>st</sup>, 2020), includes the provision relating to the guarantees granted in favor of the buyer in the disposal of the Sarca property (Euro 2,473 thousand) and the accrual recorded to cover the risks related to the agreements in place with the CEO (Euro 591 thousand).

## 19. Derivatives

Derivatives classified as liabilities, amounting to Euro 1,148 thousand (Euro 1,663 thousand as of December 31<sup>st</sup>, 2020), decrease by Euro 515 thousand compared to the previous year because of the change in the fair value of *interest rate swap* contracts entered to hedge the cash flows relating to the financing of the Monte Rosa, Tocqueville and Pavilion properties.

## 20. Trade payables and other liabilities

Other non-current liabilities, amounting to Euro 1,660 thousand, (Euro 1,707 thousand as of December 31<sup>st</sup>, 2020), include

- Euro 930 thousand related to the fair value of the financial instruments granted to the CEO and *key managers*;
- Euro 730 thousand related to cash deposits received from tenants.

The trade payables and other current liabilities, amounting to Euro 11,358 thousand (Euro 14,757 thousand as of December 31<sup>st</sup>, 2020), include:

- trade payables to suppliers and invoices to be received for Euro 4,482 thousand;
- accrued liabilities and deferred income for Euro 4,808 thousand;
- payables to the tax authorities for Euro 887 thousand;
- social security contributions and other liabilities for Euro 1,181 thousand.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	September 30 <sup>th</sup> , 2021	September 30 <sup>th</sup> , 2020
Profit for the period before taxes	32,604	10,739
<b>Adjustments to reconcile the profit to net cash flow:</b>		
Net depreciation	111	407
Severance pay	254	85
Net movement in fair value properties	3,148	7,680
Net income attributable to non-controlling interests	(3,732)	(1,701)
Financial expenses	1,337	1,237
Net movement in fair value of financial instruments	54	79
<b>Changes in working capital:</b>		
(Increase) / decrease in trade and other current receivables	4,703	(2,616)
(Increase) / decrease in deferred tax assets	(5)	(10)
Increase / (decrease) in trade payables and other current liabilities	(3,619)	1,052
Increase / (decrease) in current tax payables	5	10
Increase / (decrease) in trade payables and other non-current liabilities	(160)	57
Other changes in working capital	-	-
<b>Net cash flows generated (absorbed) from operating activities</b>	<b>34,700</b>	<b>17,019</b>
<b>Investment activities</b>		
(Acquisition) / disposal of real estate properties	64,655	15,857
(Acquisition) / disposal of other tangible and intangible assets	(91)	(61)
(Acquisition) / disposal of financial assets	1,620	612
Acquisition of subsidiaries net of cash	-	-
Purchase of associated companies	(2,696)	(3,429)
<b>Net cash flow generated (absorbed) from investment activities</b>	<b>63,488</b>	<b>12,979</b>
<b>Financing activities</b>		
Shareholders' contribution / (dividends paid)	(7,006)	(7,197)
Dividends paid to minorities	(3,594)	(3,312)
Change in equity interests in subsidiaries	-	-
(Acquisition) / closing of derivatives	(193)	(148)
Increase / (decrease) in bank borrowings and other non-current lenders	(550)	-
Repayment of borrowings	(45,000)	(11,100)
<b>Net cash flows generated (absorbed) from financing activities</b>	<b>(56,343)</b>	<b>(21,757)</b>
Net increase / (decrease) in cash and cash equivalents	41,845	8,241
Cash and cash equivalents at the beginning of the period	48,653	42,693
<b>Cash and cash equivalents at the end of the period</b>	<b>90,498</b>	<b>50,934</b>

## Risks, guarantees and commitments

### Risks

The table below summarizes the main risks and the mitigating measures of the Company:

	Risks	COIMA RES mitigation
1	<p><b>Market risk</b> - the risk of losses related to the fluctuation in the prices of properties in the portfolio or in rental values resulting from adverse changes of macroeconomic variables, the local and international political context, the property market, the specific characteristics of the properties owned by the Company and/or structural changes in tenant habits.</p> <p>This risk also includes the effects resulting from properties in the portfolio that are vacant (vacancy risk) and potential losses associated with investment in "value-added" projects, in particular relating to restructuring or refurbishment works of certain real estate projects.</p>	<p>The Company's investment strategy is focused on high-quality assets (real estate or fund units) in large urban areas, specifically in Milan, which have demonstrated high income capacities and good resilience during negative market cycles, partly due to a less volatile level of demand compared with smaller assets located in secondary cities.</p> <p>Regarding vacancy risk, the Company deals with long-term rental agreements with adequate protection clauses. Tenant-specific asset management initiatives are designed in order to understand the situation and needs of each tenant, and to identify and address potential problems proactively.</p> <p>Considering the health emergency resulting from the spread of the Covid-19, the Company carefully assesses and monitors the impacts on property values by conducting targeted stress tests, with particular reference to the most exposed tourist-accommodation and retail assets, which however, they constitute a very limited portion of the Company's portfolio. Based on the results of the analyses, also taking into account assessments of the possible evolutions of the use of spaces as a result of the so-called "Smart-working", the Company adapts, where appropriate, the management and enhancement strategies of the properties to contain the impacts and mitigate the risk.</p>
2	<p><b>Credit and counterparty risk</b> - the risk of losses resulting from the non-compliance of counterparties due to the deterioration of their creditworthiness, with them defaulting in extreme cases with reference to:</p> <ul style="list-style-type: none"> <li>- tenants;</li> <li>- counterparties in real estate development operations (manufacturer, operator);</li> <li>- counterparties in real estate transactions.</li> </ul>	<p>During the <i>on-boarding</i> phase, the Company analyses and continuously monitors the risks of non-compliance of <i>tenants</i> and other significant counterparties (e.g. solvency and creditworthiness analyses, analysis of the financial situation, references, prejudicial and negative information, etc.), also resorting to external databases.</p> <p>In this regard, the Company's investment strategy favours reputable and well-capitalized counterparties and those belonging to large international groups.</p> <p>Considering the aforementioned high profile of tenants and the limited volume of fees from tourist-accommodation and retail assets most exposed to the impacts of the Covid-19 emergency (6% of the total), the credit risk is contained and, in any case, subject to careful analysis and monitoring. This is in order to prepare, where necessary, timely actions to protect and mitigate the risk of default, considering existing contractual safeguards.</p>
3	<p><b>Concentration risk</b> - the risk resulting from properties leased to individual counterparties or groups of legally connected counterparties, counterparties from the same economic sector or which carry out the same activity or are located in the same geographical area.</p>	<p>The Company analyses and monitors this risk regularly and has also defined the limits in its Articles of Association with regard to concentration of individual properties/tenants.</p> <p>The Company's strategy involves increasing the number of tenants and the number of industrial sectors in which our tenants are active, in order to mitigate the risks associated with excessive concentration.</p>
4	<p><b>Interest rate risk</b> - the risk related to adverse changes in the rate curve that change the current value of assets, liabilities and their net value (ALM), and cash flows (assets and liabilities) based on changes in interest expense (assets and liabilities).</p>	<p>The Company purchases hedging instruments or otherwise contractually fixes an adequate amount of its floating rate exposure in order to reduce the impact of adverse changes in interest rates.</p>
5	<p><b>Liquidity risk</b> - the risk of not being able to meet one's payment obligations due to:</p> <ul style="list-style-type: none"> <li>- the inability to obtain funds in the market and generate adequate operating cash flows (i.e., "funding liquidity risk");</li> <li>- the inability to monetise one's assets (i.e., "market liquidity risk").</li> </ul>	<p>The Company continuously monitors the level of its liquidity based on detailed cash-flow analyses and projections as well as through cash flow and ALM risk management activities, utilizing among other tools scenario analyses and stress tests.</p> <p>From the perspective of optimising the financial and capital structure, the Company's objective is to achieve a stabilized leverage of less than 40% (LTV) in the medium term.</p> <p>As part of the impact analyses of the Covid-19 emergency, the Company</p>

		<p>conducts stress tests to assess the full compliance with the financial covenants, and the ability to meet current financial commitments and those deriving from the expected capex plans. Based on the results of the sensitivity analysis, the Company prepares, where appropriate, interventions to optimize and strengthen the financial structure.</p>
6	<p><b>Other financial risks</b> - other financial risks not associated with real estate assets such as, for example, counterparty risks and/or other market risks on any financial instruments in the portfolio.</p>	<p>The strategy currently adopted by the Company involves a limited investment in assets other than real estate assets except for treasury bills and instruments needed to hedge interest rate risk; this also takes into account statutory restrictions related to the SIIQ status to which we are subject.</p> <p>Exposure to any financial risks, not connected with real estate assets, is subject to periodic monitoring and is also mitigated through our use of reputable and well-capitalized banking counterparties.</p>
7	<p><b>Operating risk</b> - the risk of suffering losses resulting from the inadequacy or malfunction of procedures and internal systems or external events. This risk includes the risk of outsourcing, i.e. the operating losses arising from the performance of the outsourced activities.</p>	<p>Operating risks are addressed by adopting adequate internal procedures and the structuring of the internal control system on three levels:</p> <ul style="list-style-type: none"> <li>- Level One: Scheduled checks carried out by the business units and staff functions;</li> <li>- Level Two: Checks carried out by the Legal, Compliance and Risk Management functions;</li> <li>- Level Three: Checks carried out by the internal audit function based on the Audit Plan.</li> </ul> <p>In order to contain the operational impacts of the Covid-19 emergency, the Company has prepared timely interventions to ensure the safety of personnel and work environments, prepare the carrying out of activities in smart-working and raise awareness among staff on the safety measures and social distancing even outside the workplace. These interventions are aimed at limiting the risks of contagion without compromising the efficiency and effectiveness of the activities since the entry into force of the first restrictive containment measures (March 2020). Accurate protocols to prevent the risk of infection were introduced in the buildings managed by the Company and in the work sites, in compliance with current legislation, and interventions to implement the requests of the tenants and adapt, where appropriate and permitted, the policies property insurance.</p>
8	<p><b>Legal and compliance risk</b> - the risk of changes in performance due to changes in the legislative framework or violations of the regulations to which the Company is subject.</p>	<p>The Company continuously monitors the risk of non-compliance with current legislation and compliance requirements. Our compliance checks include <i>asset</i> and <i>profit tests</i> to ensure that legal requirements, necessary to maintain the SIIQ status are met now and, in the future, as indicated in the Articles of Association.</p>
9	<p><b>Reputational risk</b> - the current or future risk of a fall in profits or capital, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors, internal resources or the Regulatory Authorities.</p> <p>These risks also refer to potential value losses for shareholders deriving from inadequate management and control of environmental, social and governance standards (so-called "ESG factors") connected to the activities carried out by the Company.</p>	<p>Reputational risk, like operating risk, is mitigated by adopting an adequate organizational and control structure, consistent with international best-practices. We also mitigate reputational risk by putting in place stringent and specific procedures such as supervising external communication, overseeing interaction with stakeholders (e.g. governmental authorities) and monitoring contact with investors (e.g. complaint management).</p> <p>The Company pays particular attention to full and continuous compliance with the ESG Standards and considers sustainability as an integral part of its business by aiming to create a high-quality real estate asset, with sustainable long-term growth, preferring properties with potential for appreciation in the time. In this context, during 2017, the Company contributed to the creation of a "Think Tank" in collaboration with 5 of the most important listed real estate companies operating in Europe, whose activities are concentrated on the discussion of issues related to sustainability and innovation. The environmental performance of the asset portfolio, and the social and governance performance of the Company are subject to stable monitoring and adequate disclosure to stakeholders.</p>
10	<p><b>Strategic risk</b> - Pure risk and business risk; this consists of the current or prospective risk of a fall in profits or capital, resulting from changes in the operating environment or from incorrect corporate decisions, inadequate implementation of decisions, poor reaction to changes in the competitive environment, customer behaviour or technological developments.</p>	<p>In addition to a comprehensive strategic planning and evaluation process for analysis of investments, strategic risk is mitigated by the high level of experience and professionalism of Company management, with regard to the real estate market, operational/financial management, and internal controls. To support the strategic planning process, the Company uses, among other things, market analysis to monitor the evolution of the demand for office space and identify the factors affecting its performance. This is also in consideration of the effects of the use of smart working because of the ongoing pandemic.</p>

The risk model used by the Company mainly includes these five following Risk factors:

- Counterparty Risk: mainly quantifies the solvency of the subjects with which the Group has relations. Typically: contractors, credit institutions and insurance companies;
- Liquidity Risk: analyses the impact of a negative change in some variables on the expected return (IRR to equity) and on other parameters defined for the Group in the Business Plan (cash availability and management of financial covenants);
- Credit Risk: deals with quantifying the risk that tenants and investors will not be able to honour the commitments undertaken towards the Group;
- Market Risk: evaluates the performance of some real estate and financial metrics;
- Operational Risk: analyses the exposure to operational risks in the ordinary and extraordinary management of the investment.

#### Guarantees and commitments

Regarding bank loans taken on by COIMA RES, the Company has agreed with the lending banks on the following *security package*.

As for the loan related to Deutsche Bank portfolio:

- first mortgage of Euro 298,550 thousand;
- pledge on the COIMA CORE FUND IV units;
- pledge on operating bank accounts linked to the loan agreement.

As for the loan related to Monte Rosa and Tocqueville:

- first mortgage of Euro 140,000 thousand;
- pledge on the COIMA CORE FUND IV units;
- pledge on operating bank accounts linked to the loan agreement;
- disposal of receivables related to rents, insurance claims and any other receivables arising from disputes against consultants engaged for the *due diligence* on the property.

As for the loan related to Pavilion:

- first mortgage of Euro 63,000 thousand;
- pledge on operating bank accounts linked to the loan agreement;
- disposal of receivables related to rents, insurance claims and any other receivables arising from disputes against consultants engaged for the *due diligence* on the property.

Following the stipulation of the financing of the existing properties COIMA CORE FUND VI, has granted the following guarantees to banks:

- first mortgage of Euro 156,000 thousand;
- pledge on bank accounts held at BFF Bank;
- disposal of receivables, in favour of the financing bank, related to rents, insurance contracts and warranties issued to the fund, to guarantee the proper fulfilment of obligations of tenants.

In addition to this, COIMA CORE FUND VI has contributed to the modernization and redevelopment of the Gioiaotto property made by the NH Hotel tenant for a total amount of Euro 1,400 thousand, of which Euro 1,260 thousand already paid.

Regarding the participation in COIMA OPPORTUNITY FUND I, COIMA CORE FUND VI has residual capital payment commitments amounting to Euro 17,4 million.

For the loan relating to the Vodafone building held through COIMA CORE FUND VIII:

- first degree mortgage for Euro 255,600 thousand;
- ledge on operating current accounts linked to the loan agreement;
- assignment of receivables deriving from the Vodafone lease agreement, insurance claims and any receivables deriving from disputes with consultants employed for *due diligence* on Vodafone.



Finally, regarding the financing of Feltrinelli Porta Volta, the guarantees granted are as follows:

- first mortgage for Euro 135,969 thousand;
- pledge on operating current accounts linked to the loan agreement;
- assignment of receivables arising from insurance and guarantees issued in favour of the fund

As for the lease agreement signed on July 21<sup>st</sup>, 2017 with COIMA RES and Porta Nuova Garibaldi, managed by COIMA SGR S.p.A., the Company has granted a guarantee to the landlord amounting to ca. Euro 25 thousand.

Relating to the Porta Nuova Bonnet Fund, the Company had a commitment of Euro 27,429 thousand of capital payment, of which Euro 2,429 thousand subscribed in March 2021, already paid.

As of June 11<sup>th</sup>, 2020, COIMA RES has signed a binding agreement for the acquisition of a stake between 10% and 25% in the real estate fund Porta Nuova Gioia, managed by COIMA SGR, which owns the property currently being developed called “Gioia 22” situated in Via Melchiorre Gioia 22 in Milan.

The closing of the transaction is expected by the end of 2022, subject to certain transaction conditions, including 75% of the property being lease. The exact stake to be acquired by COIMA RES in the property will be determined by COIMA RES, at its discretion, within the abovementioned range, in proximity of the closing. Today the estimate purchase price is between Euro 22 million and Euro 56 million.

## Criteria for the preparation of the interim consolidated financial statements

The consolidated interim report was prepared with the same consolidation principles and measurement criteria described in the annual consolidated financial statements as of December 31<sup>st</sup>, 2020 and in the consolidated half-year report as of June 30<sup>th</sup>, 2021.

The consolidated interim report does not present all the information required for the preparation of the year-end consolidated financial statements nor all the information required by IAS 34.

The consolidation area includes:

- COIMA RES S.p.A. SIIQ as parent company,
- the COIMA CORE FUND IV, COIMA CORE FUND VI, COIMA CORE FUND VIII, COIMA OPPORTUNITY FUND I and Feltrinelli Porta Volta funds,
- the companies MHREC Sàrl and COIMA RES S.p.A. SIINQ I, and
- the Lorenteggio Village Consortium

as entities consolidated on a line-by-line basis;

- the Porta Nuova Bonnet fund,
- the companies Co - Investment 2 SCS and Infrastructure Garibaldi Repubblica, and
- the Porta Nuova Garibaldi Consortium

as entities and consolidated using the equity method.

## STATEMENT OF THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

Pursuant to art. 154-bis, subsection 2 of the Italian Consolidated Law on Finance, the Manager responsible for preparing the Company's financial reports, Fulvio Di Gilio, hereby declares that the accounting information contained in this Interim Consolidated Financial Statement as of September 30<sup>th</sup>, 2021 corresponds to corporate records, books and accounts.

Milan, November 5<sup>th</sup>, 2021

Manager responsible for preparing the Company's  
financial reports

  
\_\_\_\_\_  
Fulvio Di Gilio

## GLOSSARY

	Definition
<b>Accounting Period</b>	Accounting period means each successive period of 12 calendar months each of which starts on 1 January and ends at midnight on December 31 <sup>st</sup> in each year.
<b>ALM</b>	Asset Liabilities Management is the practice of managing risks stemming from mismatches between assets and liabilities. The process is a mix between risk management and strategic planning.
<b>Asset Management Agreement</b>	The agreement entered into on October 15 <sup>th</sup> , 2015, by and between COIMA RES and COIMA SGR and modified on November 15 <sup>th</sup> , 2015.
<b>Bad Leaver</b>	The revocation of the director in the presence of a serious, wilful or negligent non-fulfilment by the director himself of legal or statutory obligations which is also capable of irreparably compromising the relationship of trust between the director and the Company and which does not therefore allow the continuation, even provisionally, of the administrative relationship.
<b>Bonnet or Corso Como Place</b>	The property located in Milan, in via Bonnet, held through the Porta Nuova Bonnet investment (35.7%).
<b>Break Option</b>	The right of the tenant to withdraw from the lease agreement.
<b>CBD</b>	Central Business District, which is the area where the prime office market is mainly located.
<b>CBRE</b>	CBRE Valuation S.p.A., with registered office in Milan, Via del Lauro, 5/6.
<b>CO - Investment 2SCS</b>	A subsidiary owned indirectly via MHREC Real Estate S.à.r.l., which owns 33.33% of the units.
<b>COIMA CORE FUND IV</b>	Fund in which the Company owns 100% of the shares.
<b>COIMA CORE FUND VI (ex “MHREC”)</b>	Fund of which the Company owns about 88.2% of the shares.
<b>COIMA CORE FUND VIII</b>	COIMA CORE FUND VIII, set up on May 29 <sup>th</sup> , 2019, of which the company owns 50% of the capital stock.
<b>COIMA OPPORTUNITY FUND I or COF I</b>	Fund of which COIMA CORE FUND VI acquired 88.8% of the shares on September 30 <sup>th</sup> , 2019.
<b>COIMA RES SIINQ I</b>	COIMA RES S.p.A. SIINQ I, of which COIMA RES owns 100% of the capital stock.
<b>COIMA RES SPA SIIQ</b>	COIMA RES S.p.A. SIIQ with registered office in Milan, Piazza Gae Aulenti n. 12, Milan Company Register and VAT no. 09126500967.
<b>COIMA REM S.r.l. (previously COIMA S.r.l.)</b>	COIMA REM S.r.l., with registered office in Milan, Piazza Gae Aulenti no.12.
<b>COIMA SGR</b>	COIMA SGR S.p.A., with registered office in Milan, Piazza Gae Aulenti no.12.
<b>Consortium Lorenteggio Village</b>	Consortium Lorenteggio Village, established on January 25 <sup>th</sup> , 2018, of which the Company owns 34.6% of the shares.
<b>Consortium Porta Nuova Garibaldi</b>	Consortium Porta Nuova Garibaldi, of which COIMA RES owns about 4%.
<b>Core</b>	The <i>core</i> assets are characterized mainly by high liquidity and low risk. This type of property is located in strategic areas and is intended to be held in the portfolio on a long-term basis so as to fortify the company’s risk-return profile.
<b>Core plus</b>	The <i>core plus</i> assets are similar to the <i>core</i> category, except that some investments may exhibit enhancement potential (such as partially vacant areas or tenancies with short term expiries). For this type of risk, the profile is considered medium-low.
<b>Coupon</b>	The value accrued on the Financial Instrument.
<b>Deruta 19 or Deruta</b>	Deruta is the property complex located in Milan, Via Deruta 19, acquired on January 16 <sup>th</sup> , 2017, by COIMA RES SIINQ I.
<b>Deutsche Bank Portfolio</b>	The bank branches of COIMA CORE FUND IV, leased to Deutsche Bank.
<b>Earnings per share</b>	Earnings per share is calculated as the ratio of earnings to the number of shares.
<b>EBITDA</b>	Earnings before Interest, Taxes, Depreciation & Amortisation, is the most widely used measure of a company’s operating performance as it isolates operating earnings, excluding the effects of capital structure, taxes or depreciation regime. EBITDA is a proxy for the operating cash flow that the company is able to generate.
<b>EPRA Cost Ratio</b>	Calculated as administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.

■ INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDING SEPTEMBER 30<sup>th</sup>, 2021

<b>EPRA Earnings</b>	Recurring earnings from core operational activities. EPRA Earnings is a key measure of a company's operational performance and represents the net income generated from the operational activities.
<b>EPRA Net Initial Yield</b>	Calculated as Net Initial Rent divided by the gross market value of the property.
<b>EPRA Net Disposal Value</b>	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, including tax exposure not reflected in the balance sheet, net of any resulting tax.
<b>EPRA Net Reinstatement Value</b>	The objective of this measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.
<b>EPRA Net Tangible Asset</b>	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
<b>EPRA topped up Net Initial Yield</b>	Calculated as Net Stabilised Rent divided by the gross market value of the property.
<b>EPRA Vacancy Rate</b>	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.
<b>Feltrinelli Porta Volta</b>	Fund in which the Company indirectly owns about 83.5% of the shares.
<b>FFO</b>	Funds From Operations calculated as Core Business EBITDA less net interest expense. The FFO is the most used indicator to evaluate the performance of a REIT
<b>Gioiaotto</b>	Gioiaotto is the property located in Milan, in Melchiorre Gioia 6-8, held by the Fund CCFVI (ex MHREC Fund).
<b>Good Leaver</b>	This refers to the hypotheses of: (i) failure to appoint the Director within the terms and conditions all provided for in the agreement stipulated and / or failure to confirm / ratify the same after the start of the negotiation of the Shares on the MTA; or (ii) termination of the office of Director on the occurrence of one of the hypotheses of termination of the Asset Management Agreement indicated in art. 5.3, points (i), (iii) and (iv) of this Asset Management Agreement; or (iii) failure to renew the office of Director for a further three years at the natural expiry of the first three-year term and, subsequently, at the natural expiry of the second three-year term; or (iv) non-acceptance by the Director of the proposal for the renewal of the appointment under conditions that are worse than those applied in the previous three years; or (v) revocation of the Director in the absence of a bad leaver hypothesis; (vi) resignation from office by the Director in the presence of a just cause for resignation; or (vii) death of the Director (in which case the compensation will be paid to the entitled persons).
<b>Good Secondary location</b>	High quality properties located in central or peripheral areas of primary cities.
<b>Gross Expected Stabilised Yield</b>	Calculated as Expected Gross Stabilised Rent divided by the gross market value of the property.
<b>Gross Expected Stabilised Rent</b>	The index is equal to the stabilized gross rent adjusted for incentives related to active management actions.
<b>Gross Initial Rent</b>	Annualised rents being received as at a certain date considering lease incentives such as rent-free periods, discounted rent periods and step rents.
<b>Gross Initial Yield</b>	Calculated as Gross Initial Rent divided by the gross market value of the property.
<b>Gross Stabilised Rent</b>	Annualised rents being received as at a certain date adjusted for unexpired lease incentives. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive.
<b>Gross Stabilised Yield</b>	Calculated as Gross Stabilised Rent divided by the gross market value of the property.
<b>Infrastrutture Garibaldi - Repubblica</b>	Infrastrutture Garibaldi – Repubblica, of which the Company owns about 2%.
<b>Interest Coverage Ratios</b>	Ratio between the NOI and interest expense.
<b>Key managers</b>	Manfredi Catella, Matteo Ravà and Gabriele Bonfiglioli
<b>LEED Certification</b>	Building efficiency certification issued by the U.S. Green Building Council.
<b>MHREC S.à.r.l.</b>	MHREC Real Estate S.à.r.l., subsidiary of COIMA CORE FUND VI (ex "MHREC").

■ INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDING SEPTEMBER 30<sup>th</sup>, 2021

<b>Microsoft</b>	Microsoft is the building located in Milan, Viale Pasubio 21 owned by Feltrinelli Porta Volta.
<b>Monte Rosa</b>	Monte Rosa is the property complex located in Milan, Via Monte Rosa 93, acquired on October 24 <sup>th</sup> , 2017 by COIMA RES.
<b>Net Expected Stabilised Rent</b>	Corresponds to Expected Gross Stabilised Rent for the period less, service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
<b>Net Expected Stabilised Yield</b>	Calculated as Expected Net Stabilised Rent divided by the gross market value of the property.
<b>Net Initial Rent</b>	Corresponds to gross initial rent for the period less service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
<b>Net Liquidity</b>	Net Liquidity or Net Financial Position is the effective Net Debt of the Company.
<b>Net Stabilised Rent</b>	Corresponds to Gross Stabilised Rent for the period less service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
<b>Pavilion</b>	Pavilion is the property complex located in Milan, Piazza Gae Aulenti 10, acquired on November 23 <sup>rd</sup> , 2018 by COIMA RES.
<b>Porta Nuova Bonnet</b>	Fund established on October 20 <sup>th</sup> , 2016, of which COIMA RES owns 35.7%.
<b>Pro-quota</b>	The information presented on a “pro-quota” basis is calculated considering the effective ownership by COIMA RES of the different real estate assets, an approach similar to the proportional consolidation.
<b>Promote Fee</b>	Performance fee payable by COIMA RES to SGR, related to the Asset Management Agreement.
<b>Qatar Holding</b>	Qatar Holding LLC, with headquarters in Doha, Qatar, Q-Tel Tower, PO Box 23224, authorized by the QFC Authority with license no. 00004, wholly owned by Qatar Investment Authority, a sovereign fund of the State of Qatar. Qatar Holding LLC carries out, in particular, support activities to the Qatar Investment Authority with regard to the development, investment and management of the funds of the State of Qatar, though, in particular, the evaluation, sale and management of forms of investment of any kind nature, carrying out any functional activity for this purpose.
<b>Recurring FFO</b>	Calculated as FFO adjusted to exclude non-recurring income and include non-recurring expenses.
<b>Sarca (o Philips)</b>	Sarca is the building located in Milan, Viale Sarca 235, sold on August 5 <sup>th</sup> , 2021, by COF I.
<b>Shareholder Return</b>	Shareholder Return means, in respect of each Accounting Period, the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of ordinary shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year.
<b>Shareholder Return Outperformance</b>	The amount in euros for which the Shareholders Return is higher than a level that would have produced a specific Shareholder Return.
<b>SIINQ</b>	Unlisted real estate investment company regulated by article 1, paragraph 125 of the Finance Act 2007.
<b>SIIQ</b>	Listed real estate investment company regulated by article 1, paragraphs 119-141-bis of the Finance Act 2007.
<b>Tocqueville</b>	Tocqueville is the property located in Milan, Via A. Tocqueville, acquired on July 27 <sup>th</sup> , 2018, by COIMA RES.
<b>Weighted Average Debt Maturity</b>	It is the length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortisation or sinking fund payments.
<b>Value-add</b>	This type of assets includes properties undergoing redevelopment and refurbishment, usually vacant or with high rate of vacancy. Compared to the core category, value added real estate has a medium-high risk profile and is expected to generate returns through real estate value appreciation over time.