



COIMA RES - PRESS RELEASE
BOARD OF DIRECTORS APPROVES RESULTS AS OF MARCH 31st, 2020
RESILIENT PORTFOLIO AND AMPLE LIQUIDITY
CONFIRMED DIVIDEND OF EURO 0.30 PER SHARE FOR 2019
PORTA NUOVA DISTRICT CANDIDATE FOR LEED AND WELL CERTIFICATIONS

Solid financial results in Q1 2020

- Gross rents up by 27.0% year-on-year to Euro 11.1 million
- Like for like rental growth of 5.8%
- NOI margin increased by 100 bps year-on-year to 90.1%
- EBITDA up by 37.8% year-on-year to Euro 7.6 million
- EPRA Earnings per share up by 19.9% year-on-year to Euro 0.12
- EPRA Net Tangible Assets per share up 0.7% to Euro 12.38
- Net LTV decreased by 2.1 p.p. to 36.7%
- Ample liquidity with Euro 58.6 million of cash on balance sheet
- Confirmed dividend of Euro 0.30 per share for 2019

Reduction in G&A load

- Asset management fee reduced by 27%
- Cost saving of approx. Euro 1.3 million per annum
- Lowered EPRA Cost Ratio to 29.8% (from 36.9%) in Q1 2020
- CEO foregoes its remuneration, in line with conduct held since IPO

Resilient real estate portfolio

- Portfolio focussed on offices (85%), Milan (90%) and Porta Nuova (50%)
- Limited exposure to hotels and retail amounting to c. 5% of pro-quota rent roll
- Occupancy rate of 97% and weighted average lease term of 5.1 years
- Corso Como Place development project already pre-let for 95% of surfaces
- Completed Euro 13.1 million disposal of bank branches in Q1 2020
- Additional Euro 10.4 million of bank branches disposal to be completed by June 2020
- High sustainability profile with 65% of portfolio LEED certified
- Porta Nuova first district in the world candidate for LEED and WELL certifications

Manfredi Catella, Founder and CEO of COIMA RES, commented: *“Thanks to the execution of our strategy over the last years, COIMA RES has entered the current economic crisis in a strong position, with a high-quality office portfolio situated in Milan and a well-diversified tenant base mainly made of mid to large sized multinational corporations. Our leverage is sustainable, we have ample liquidity on our balance sheet and the renegotiation of the asset management contract has materially increased COIMA RES’ profitability. Coherently with our principles and values, COIMA RES has made several donations to local charities in the last few months to help the most vulnerable and the most affected by the current health and economic crisis.”*

Milan, May 13th, 2020 – The Board of Directors of COIMA RES approved the consolidated financial statements as at March 31st, 2020, at a meeting held today under the chairmanship of Massimo Capuano.

Financial Highlights, as of March 31st, 2020

Balance Sheet (Euro million)	Mar-20	Dec-19	Delta (%)	Delta
Real Estate Properties	767.2	767.7	(0.1)%	(0.5)
EPRA Net Reinstatement Value	466.3	463.1	0.7%	3.2
EPRA Net Tangible Assets	446.9	443.7	0.7%	3.2
EPRA Net Disposal Value	439.5	437.8	0.4%	1.7
Net Asset Value (IAS / IFRS)	443.5	440.1	0.8%	3.4
EPRA Net Reinstatement Value per share (Euro)	12.92	12.82	0.7%	0.10
EPRA Net Tangible Assets per share (Euro)	12.38	12.29	0.7%	0.09
EPRA Net Disposal Value per share (Euro)	12.17	12.12	0.4%	0.05
Net Asset Value (IAS / IFRS) per share (Euro)	12.28	12.19	0.8%	0.09
Net LTV	36.7%	38.8%	n.m.	(2.1) p.p

Income Statement (Euro million)	Q1 2020	Q1 2019	Delta (%)	Delta
Gross Rents	11.1	8.7	27.0%	2.4
Net Operating Income (NOI)	10.0	7.8	28.3%	2.2
NOI margin	90.1%	89.1%	n.m.	100 bps
EBITDA	7.6	5.5	37.8%	2.1
Net Profit	3.3	4.7	(29.4)%	(1.4)
EPRA Earnings	4.2	3.5	20.2%	0.7
Recurring FFO	6.0	3.9	54.3%	2.1
EPRA Earnings per share (Euro)	0.12	0.10	19.9%	0.02
Recurring FFO per share (Euro)	0.17	0.11	53.9%	0.06
EPRA Cost Ratio (including direct vacancy costs)	30.7%	37.5%	n.m.	(6.8) p.p.
EPRA Cost Ratio (excluding direct vacancy costs)	29.8%	36.9%	n.m.	(7.1) p.p.

Other Data	Mar-20	Dec-19	Delta (%)	Delta
EPRA Net Initial Yield	4.9%	4.6%	n.m.	30 bps
EPRA Topped-up Net Initial Yield	5.3%	5.3%	n.m.	stable
EPRA Vacancy Rate	2.7%	2.0%	n.m.	70 bps
WALT (years)	5.1	5.3	n.m.	(0.2)



Solid financial results in Q1 2020

The Q1 2020 results have not been affected by the COVID-19 crisis in a significant way given that the formal lock-down in Italy started on March 9th, 2020.

Gross rents increased by 27.0% in Q1 2020 to Euro 11.1 million, mainly due to the increased consolidation perimeter resulting from the acquisitions of the Philips and Microsoft properties. On a like for like basis, gross rents increased by 5.8%. The NOI increased by 28.3% to Euro 10.0 million and the NOI margin increases by 100 bps to 90.1%, mainly thanks to the improved asset mix. G&A expenses decreased by 7.6% to Euro 2.1 million, mainly due to the savings deriving from the reduced asset management fee but also from organic savings. EBITDA increased by 37.8% to Euro 7.6 million, as a result of the increased NOI and reduced G&A expenses. Financial expenses increased by 19.8% to Euro 2.0 million due to the increase in gross debt in the last 12 months. Recurring FFO and EPRA Earnings increased respectively by 54.3% to Euro 6.0 million and by 20.2% to Euro 4.2 million mainly due to higher EBITDA partially offset by higher financial expenses (and, as far as EPRA Earnings are concerned, an increase in minorities).

COIMA RES has analysed its real estate portfolio for potential impairments compared with the independent appraisers' valuations as of December 31st, 2019. Considering that the portfolio is mainly composed of office assets mainly leased to mid to large sized multinational corporations, the independent appraisers did not highlight material changes compared to the valuations as of December 31st, 2019. Therefore, no change was made to value of the office and bank branches portfolios. The sectors most impacted by the lock-down have been hospitality, retail and leisure: in that light, the independent appraisers adjusted downwards the fair value of the hotel portion of the Gioiaotto property by 3.0% to reflect the uncertainty related to the short-term prospects of the hotel industry.

Net Profit decreased by 29.4% to Euro 3.3 million mainly due the change in fair value of the hotel portion of the Gioiaotto property, increased financial expenses and increased minorities (Q1 2019 results also included a "one-off" revaluation of Euro 1.2 million due to the reclassification of a specific bank branch).

EPRA Net Tangible Assets, as of March 31st, 2020, stood at Euro 446.9 million (or Euro 12.38 per share), an increase of 0.7% in Q1 2020. The increase is mainly related to the contribution of EPRA Earnings of Euro 4.2 million partially offset by the fair value adjustment to the fair value of the hotel portion of the Gioiaotto property of Euro 0.8 million (on a pro-quota basis). As of March 31st, 2020, the net LTV of COIMA RES stood at 36.7%. The cash position of COIMA RES as of March 31st, 2020, stood at Euro 58.6 million (consolidated). The average debt maturity is approx. 3.1 years, and there are no maturities before December 2020.

In conjunction with the lock-down period, COIMA RES received requests for temporary concessions from some tenants. These tenants represent approximately 25% of COIMA RES' rents on a pro-quota basis. It should be noted that COIMA RES has already received the rental payment for Q2 2020 from these tenants for an aggregate value equal to 64% of the rent associated to them. More generally, as at May 13th, 2020, 69% of the total value of the invoices issued in 2020 has already been paid, a level in line with what was recorded on the same date in 2019 (equal to 70%).

Considering that the impact of the COVID-19 crisis on COIMA RES' business has been limited so far, COIMA RES is confirming its 2020 guidance of EPRA Earnings per share of Euro 0.40. The guidance will be updated over the course of 2020 to reflect any meaningful update, also taking into account any potential future economic impact from the COVID-19 crisis.



Annual General Meeting postponed

As communicated on March 13th, 2020, and April 30th, 2020, in consideration of the COVID-19 crisis, the Annual General Meeting, initially planned for April 23rd, 2020, has been convened for June 11th, 2020.

Dividend for 2019 confirmed

The Board of Directors of COIMA RES resolved on February 20th, 2020, to propose to the Annual General Meeting the distribution of a dividend for the fiscal year 2019 of Euro 0.30 per share (Euro 10,831,967.40). Considering the postponement of the Annual General Meeting date, the final dividend, equal to Euro 0.20 per share, will be paid with an ex-dividend date on June 15th, 2020, record date on June 16th, 2020, and payment date on June 17th, 2020.

Contract with COIMA SGR and CEO remuneration

On March 19th, 2020, the Board of Directors approved a new asset management agreement between COIMA RES and COIMA SGR (which was signed on March 31st, 2020) containing few modifications with respect to the previous agreement in place, amongst which an extension of the first period and an improvement of the economic conditions in favour of COIMA RES.

The end of the first period of the contract was moved from May 13th, 2021, to January 1st, 2025, and the asset management fee was reduced by 30 bps, from 1.10% of NAV to 0.80% of NAV (i.e. a 27% reduction), effective from January 1st, 2020.

Based on the average NAV of COIMA RES in Q1 2020, the fee reduction is equivalent to a saving for COIMA RES of approx. Euro 1.3 million per annum.

In addition, Manfredi Catella, Founder and CEO of COIMA RES, has expressed his will to forego, for the first period of the contract as extended to January 1st, 2025, the emoluments related to his role as CEO, in line with the conduct held since IPO.

Real estate portfolio overview

As of March 31st, 2020, the COIMA RES portfolio consists of 9 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 691.3 million (on a pro-quota basis), 90% of which is in Milan, 50% in Milan Porta Nuova and 85% is for office use. COIMA RES' portfolio has a high sustainability profile: approximately 56% of the portfolio is currently LEED certified, increasing to 65% including the Corso Como Place project where the aim is to achieve a LEED Gold certification.

The value of the portfolio increased by Euro 2.9 million in Q1 2020 (on a pro-quota basis), mainly due to capex for Euro 3.7 million (mainly related to the Corso Como Place project), partially offset by a downward adjustment to the fair value of the hotel portion of the Gioiaotto property for Euro 0.8 million (on a pro-quota basis).



Overview of the portfolio of tenants

COIMA RES' portfolio of tenants is mostly made of mid to large sized multinational corporations: the list of the ten largest tenants (representing 87% of the current rent roll on a pro-quota basis) includes Microsoft, Philips, IBM, Vodafone, Techint, BNP Paribas, Deutsche Bank, Sisal, PwC and NH Hotels.

COIMA RES' lease agreements generally provide for fixed rents, not directly related to the underlying operational performance of its tenants.

Office tenants represent more than 80% of rents, the hotel exposure (related to NH Hotels) represents 4% of rents (the contract with NH Hotels is also fixed rent, with a marginal performance component which amounted to less than 1% of gross rents of COIMA RES in 2019), and the retail exposure is less than 2% of rents.

The bank branches leased to Deutsche Bank, which represent 11% of rents, have been open to the public throughout the lock-down.

Disposals

In Q1 2020, COIMA RES continued to reduce its exposure to non-strategic and mature assets.

Bank branches: On January 15th, 2020, COIMA RES completed the disposal of the first tranche of bank branches related to transaction announced on November 8th, 2019 (disposal of 11 bank branches for a total value of Euro 23.5 million). The first tranche concerns the disposal a portfolio of 8 bank branches located in Milan, Verona, Como, Trezzano sul Naviglio and in Liguria for a value of Euro 13.1 million (56% of the total value of the portfolio being sold). The sale of the remaining part of the portfolio, consisting of 3 bank branches located in Milan and Verona, for a value of Euro 10.4 million, will be completed by June 2020.

Development

Corso Como Place: in light of the COVID-19 crisis, the construction site has been halted for almost two months, from March 13th, 2020, to May 3rd, 2020. The construction site is currently undergoing an adaptation period that will last till May 18th, 2020, where some of the features of the site will be rearranged to ensure the health and safety of people working on the site vis a vis the COVID-19 risk. After the adaptation period the works will resume, albeit at a marginally slower pace considering the additional health and safety measures being put in place. Despite the delay, the project is still on track for completion in 2020 within the overall budgeted cost of approx. Euro 169 million (including the initial Euro 89 million acquisition price, capex and other capitalised costs of approx. Euro 71 million and other costs (including tenant incentives) of approx. Euro 9 million). As of March 31st, 2020, the project advancement rate was approx. 79%. As a reminder, between August and September 2019, Accenture and Bending Spoons signed two preliminary leasing agreements for the entire office portion of the project (building A and C) which represent 95% of the surfaces being developed.



Porta Nuova first district in the world to aim for LEED and WELL for Community certifications

COIMA RES and COIMA SGR have jointly started the process to obtain the “LEED for Communities” and “WELL Community” certifications for Milan’s Porta Nuova district, making it the world’s first district redevelopment project to aim for this double certification. The aim is to obtain the certifications in 2021. As a reminder, 50% of COIMA RES’ portfolio is situated in the Porta Nuova district.

These two complementary certifications will analyse the social, environmental and economic aspects of the Porta Nuova development by documenting the community’s engagement in creating a district through the activation of public spaces, the creation of an innovative and replicable urban economic model, and the development of tools to communicate with the community.

In addition, COIMA RES is pleased to announce that COIMA SGR has received the Greenbuild Europe Leadership Award 2020 from the U.S. Green Building Council for its ongoing commitment to sustainable real estate development. The prize is awarded to organisations that stand out as leaders in the development of buildings and in the creation of communities, reducing impact on the environment, prioritising the health of inhabitants and improving living standards.

Outlook

The COVID-19 crisis has resulted in social and economic challenges on a global scale and it will most likely remain an aspect to consider for the remainder of 2020. The Italian economy will experience a sharp recession in 2020 and the pace of recovery will depend, amongst other things, on how the health crisis evolves on the back of the lifting of the lock-down restrictions.

A possible slow-down in the real estate investment and leasing markets in the coming months can be anticipated although it can be expected that high-quality office assets in Milan will prove relatively resilient.

As far as the current portfolio is concerned, COIMA RES will consider further disposals of mature, non-strategic and non-core assets as well as refurbishment plans in the medium term. COIMA RES continues to carefully and selectively assess opportunities to acquire office assets in Milan.



COIMA RES will discuss its results during a public conference call on May 13th, 2020, at 17:00 (Italian time). The call will be held in English and the presentation will be available on the company website (http://www.coimares.com/_EN/investor-relations/results-and-publications.php). To participate in the call, please call on of the following numbers:

Italy: +39 028020902
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USA: +1 7187058795

This press release may contain forecasts and estimates which reflect the current management expectations on future events and developments and, therefore, by their nature, forecasts and estimates involve risks and uncertainties. Considering such risks and uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements which should not be considered as forecasts of actual results. The ability of COIMA RES to achieve the expected results depends on many factors outside of management's control. Actual results could cause the results to differ materially (and to be more negative) from those expressed or implied in the forward-looking statements. Such forecasts and estimates involve risks and uncertainties that may significantly affect the expected results and are based on certain key assumptions. The forecasts and estimates expressed herein are based on information made available to COIMA RES as of the date hereof. COIMA RES does not assume any obligation to publicly update and review these forward-looking statements to reflect new information, events or other circumstances, subject to compliance with applicable laws.

The Executive responsible for the preparation of the company's accounting documents, Fulvio Di Gilio, declares that, pursuant to the art. 154-bis comma 2 of the Consolidated Financial Act, the accounting information given in this press release corresponds to accounting documents, books and entries.

For further information on the company: www.coimares.com.

COIMA RES is a real estate company listed on Borsa Italiana. COIMA RES manages real estate assets in Italy, primarily focusing on commercial properties. The company operates with the beneficial tax status granted to SIIQs (Società di Investimento Immobiliare Quotate), which is equivalent to the Real Estate Investment Trust (REIT) regime in other jurisdictions. The investment strategy of COIMA RES is focused on creating a high-quality portfolio of real estate assets with the objective of offering stable and sustainable returns to investors.

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