



PRESS RELEASE

COIMA RES ACQUIRES 36% OF A PORTA NUOVA REDEVELOPMENT OPPORTUNITY IN JOINT VENTURE

- **Agreement signed for the acquisition of a stake in two Core Plus and Value added prime location commercial properties in Milan for a total expected investment of 140 million Euros**
- **The two properties consist of a core-plus low rise office building of 5,200 square meters and a value-added high rise office building of 14,400 square meters**
- **COIMA RES will contribute a 36% pro-rata share of the total investment (51 million Euros, of which approximately 25 million Euros of equity) and the JV partner, COIMA Opportunity Fund II, the development fund backed by a primary Sovereign Wealth Fund, will contribute the remaining 64%**

Milan, December 20th, 2016 – **COIMA RES S.p.A. SIIQ (“COIMA RES”)** – a Listed Real Estate Investment Company, specialized in investment and management of commercial real estate properties in Italy – announces today the **acquisition of 36% ownership in an office complex located in Via Bonnet**, at the **heart of Porta Nuova business district** in Milan that has established itself as the new CBD of Milan.

The via Bonnet transaction is off market and the site is located between the UniCredit and Microsoft Headquarters both co-developed and currently managed by COIMA. The site is adjacent to a major public transportation Hub including the high speed train station and 3 underground lines.

The complex comprises two buildings: a high rise tower and a low rise building with total net rentable area of approximately (19,600) square meters.

The strategy for the property complex is a combination of (i) core-plus for the low rise building with focus on the lease-up of existing vacant space with a limited capex investment and (ii) value-added for the high rise building including the redevelopment and leasing of the office space.

A 36 months retrofitting period is expected.

Total property complex details:

Net Rentable Area: approximately (19,600) square meters

Initial occupancy: 16%

Total project cost is expected to be 140 million Euros.

Target returns based on current market rental level, without assuming any rental growth, are expected to reach a TSR/Levered IRR of approximately 12% and a gross yield on cost of approximately 6%.



(i) Core-plus low rise office building: the building is leased to multiple tenants and the value creation strategy foresees the leasing of the remaining vacant spaces at similar levels to in-place rents with limited capex investment.

(ii) Value-added high rise office building: the [outdated] building is currently vacant and the value creation strategy foresees the redevelopment of the entire building.

A 36 months retrofitting period is expected including the retrofit of the high rise building with a flexible monotenant or multitenant program strategy and upgrade of MEP performance of the building.

The Porta Nuova district is **fully owned by Sovereign Wealth Fund Qatar Investment Authority** and managed by COIMA. As indicated by Green Street in the Milan Office Market analysis, Porta Nuova, driven by a stronger net absorption forecast and higher initial yield, is likely to outperform Milan's traditional CBD as well as suburban areas. Porta Nuova achieved rent in excess of 500 euro per square meters.

Regarding the retail component in Porta Nuova prime rents have achieved 1500 euro (+50% growth in the last 5 years) per square meter in line with prime retail districts in Milan with yearly footfall registering at 9.8 million in 2015. The area is adjacent to the location of Via Corso Como being one of the most popular retail streets in Milan.

The property complex will be owned by the newly set up investment vehicle, named Porta Nuova Bonnet, with the partners being COIMA RES at 36% of the total investment (51 million Euros of which approximately 25 million Euros of Equity) and COIMA Opportunity Fund II at 64%. The development fund is backed by a primary Sovereign Wealth Fund. This is the first transaction of the COIMA Opportunity Fund II that has completed first closing last September.

COIMA SGR will not earn any additional commission from the newly set up vehicle.

COIMA RES will account for its stake in the JV as an equity affiliate, accounted in compliance with equity method.

COIMA Opportunity Fund II has granted the right to COIMA SGR to offer the co-investment right to COIMA RES for every acquisition made by the COIMA Opportunity Fund II itself. The Board of Directors of COIMA RES will decide at its own discretion if and when to invest on an investment by investment basis.

The special right to COIMA RES gives COIMA RES the opportunity to begin to take an exposure to growth assets limiting equity exposure in JV with world class investors.

Governance provides to COIMA RES the veto right on any change of the Joint Venture articles of incorporation and manager replacement (COIMA SGR). If the Joint Venture partner would decide to sell units, COIMA RES would benefit from the tag along right. COIMA RES will provide full look through disclosure. The transaction is not considered a related party transaction. The assessment has been done according to the internal procedures implemented.

The current investment strategy for COIMA RES remains focused on prime office properties in Milan. Given the price increase for prime properties (+40-50 bps yield compression since June), COIMA RES, after have composed a core portfolio of approximately 500 million Euros, has been analyzing value-added transactions with more attractive risk-adjusted returns. Management's strong track record, including regeneration of approximately 370,000 square meters in core-plus and value-added projects, provides COIMA RES the execution capability to benefit from opportunities in these high-return segments.



Following acquisition of the Porta Nuova Bonnet units and in adherence to our LTV target not exceeding 45% (current LTV is 28.7%).

COIMA RES is invested in 103 properties for current net rentable area (excluding parking) 148,523 square meters and 580 Euro millions of value. The geographic allocation of the portfolio in which COIMA RES is invested includes 79% to the two primary office markets in Italy Milan and Rome, respectively at 64% and 15%.

With this acquisition COIMA RES' portfolio expands in Porta Nuova in Milan following the acquisition of the core asset Gioiaotto in July 2016. Following the acquisition of Porta Nuova Bonnet, the allocation in Porta Nuova within the Milan portfolio is 30%.

COIMA RES defines core-plus as projects with capex requirements no greater than 15% of acquisition price and value added as projects with capex requirements above 15% of acquisition price and without entitlement risk.

The acquisition has been assisted by the legal firm Sherman & Sterling and by the tax advisor Maisto & Associati. Banca Popolare di Milano is the bank financing the transaction.

Manfredi Catella, CEO of COIMA RES, commented: "The metropolitan area of Milan is among the most competitive in Continental Europe, nevertheless international grade A office supply is still limited. Following the composition of the prime office core portfolio of approximately 500 million Euros in the last 6 months with a net initial yield of 6.8% considering the current share price, we believe that it is beneficial to our shareholders to start taking exposure in growth assets in primary locations with limited equity exposure in JV with world class investors."

For more information on the Company, visit www.coimares.com.

COIMA RES S.p.A. SIIQ is a commercial real estate company listed on the Italian Stock Exchange. COIMA RES manages real estate transactions, primarily focused on commercial properties (offices, retail, logistics), aimed at generating rental income from the major national and international operators. The company operates with the beneficial tax status granted to SIIQs (Società di Investimento Immobiliare Quotate) which is similar to a Real Estate Investment Trust (REIT) in other jurisdictions. The investment strategy of COIMA RES is focused on creating a high-quality portfolio of real estate assets, with a view to generating stable, growing and sustainable cash flows for investors by acquiring, managing, and selectively disposing of properties intended mainly for use in the services and commercial sector and with the potential for their capital value to increase over time.

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