



COIMA RES - PRESS RELEASE

BOARD OF DIRECTORS APPROVES RESULTS AS OF SEPTEMBER 30th, 2019

EVOLUTION OF THE REAL ESTATE PORTFOLIO IN LINE WITH STRATEGY

PORTFOLIO EXPOSURE TO MILAN PORTA NUOVA GROWS TO 50%

BANK BRANCHES INCIDENCE REDUCED TO LESS THAN 10% OF PORTFOLIO

INTERIM DIVIDEND OF EURO 0.10 PER SHARE PAYABLE IN NOVEMBER

Solid financial results in the first nine months of 2019

- Gross rents up by 0.8% year-on-year to Euro 26.9 million
- NOI margin increased by 30 bps year-on-year to 89.5%
- EBITDA up by 11.6% year-on-year to Euro 16.9 million
- EPRA NAV per share up 2.1% to Euro 11.95
- Net LTV at 35.8% (or 37.1% pro-forma for acquisitions and disposals)
- Approved interim dividend of Euro 0.10 per share

Solid portfolio performance in the first nine months of 2019

- Portfolio made for 85% of office assets, 90% in Milan, 50% in Porta Nuova
- Like for like rental growth of 1.8%
- New leases worth Euro 10 million per annum signed in 2019 YTD
- EPRA occupancy rate increased by 270 bps to 98.1%

Enhanced portfolio and tenant diversification through asset rotation

- Acquisition "off-market" of Microsoft and Philips headquarters in Milan
- Korean investor acquired 50% of Vodafone complex
- Further disposal of a portfolio of bank branches for Euro 23.5 million

Accenture and Bending Spoons validate Corso Como Place project

- Development project 95% pre-let to Accenture and Bending Spoons
- Pre-let 12 months ahead of delivery at 18% blended premium to ERV

Solid Milan office market in the first nine months of 2019 with positive outlook

- Dynamic environment for Milan offices with Euro 1.5 billion in transactions
- Milan office take up growing by 15% at 360,000 sqm
- Record low vacancy at 2.0% for Grade A properties
- Positive rental growth outlook, especially for Porta Nuova

Manfredi Catella, Founder and CEO of COIMA RES, commented: *"The positive results achieved in the first nine months of 2019 consolidate the quality of COIMA RES' portfolio which further concentrates in Milan Porta Nuova, the most liquid commercial real estate segment with the greatest growth prospects in Italy. The acquisition of the Philips and Microsoft headquarters, the development of the Accenture and Bending Spoons headquarters and the reduction of the bank branches exposure to less than 10% of the overall portfolio contribute to the strengthening and to the performance of the company."*



Milan, November 8th, 2019 – The Board of Directors of COIMA RES approved the consolidated financial statements as at September 30th, 2019, at a meeting held yesterday under the chairmanship of Massimo Capuano.

Financial Highlights, as of September 30th, 2019

Balance Sheet (Euro million)	Sep-19	Dec-18	Delta (%)	Delta
Investment Properties	688.9	623.5	10.5%	65.4
EPRA NAV	431.5	421.6	2.3%	9.8
EPRA NNNAV	425.6	415.4	2.5%	10.2
EPRA NAV per share (Euro)	11.95	11.71	2.1%	0.24
EPRA NNNAV per share (Euro)	11.79	11.54	2.2%	0.25
LTV	35.8%	33.5%	n.m.	230 bps

Income Statement (Euro million)	9M 2019	9M 2018	Delta (%)	Delta
Gross Rents	26.9	26.7	0.8%	0.2
Net Operating Income (NOI)	24.1	23.8	1.2%	0.3
NOI margin	89.5%	89.2%	n.m.	30 bps
EBITDA	16.9	15.1	11.6%	1.7
Net Profit	16.2	21.0	(22.7)%	(4.8)
EPRA Earnings	10.1	11.7	(13.4)%	(1.6)
Recurring FFO	12.3	12.6	(2.4)%	(0.3)
EPRA Earnings per share (Euro)	0.28	0.33	(13.6)%	(0.05)
Recurring FFO per share (Euro)	0.34	0.35	(2.7)%	(0.01)

Other Data	Sep-19	Dec-18	Delta (%)	Delta
EPRA Net Initial Yield	4.6%	5.2%	n.m.	(60) bps
EPRA Topped-up Net Initial Yield	5.4%	5.3%	n.m.	10 bps
EPRA Vacancy Rate	1.9%	4.6%	n.m.	(270) bps
WALT (years)	5.7	6.2	n.m.	(0.5)



Solid financial results in the first nine months of 2019

Gross rents increased by 0.8% in 9M 2019 to Euro 26.9 million, mainly thanks to the acquisition of the Tocqueville and Pavilion properties in Milan Porta Nuova, while partially offset by the disposal of the Eurcenter property in Rome. On a like for like basis, gross rents increased by 1.8% in 9M 2019 (considering properties on a pro rata basis).

The NOI increased by 1.2% to Euro 24.1 million in 9M 2019. The NOI margin increases by 30 bps and stands at 89.5% (mainly thanks to the different asset mix in the two periods). EBITDA grew by 11.6% to Euro 16.9 million in 9M 2019 mainly thanks to a 12% reduction in overhead costs and non-recurring expenses (excluding the asset management fee and the promote fee).

Recurring financial expenses increased by Euro 1.4 million in 9M 2019 due to the higher level of gross debt between the two periods. The remaining Euro 2.7 million increase in financial expenses mainly pertains to non-recurring items related to the anticipated repayment of outstanding loans in June 2019 related to the Vodafone transaction (of which only 50% relates to COIMA RES).

Recurring FFO and EPRA Earnings decreased respectively by 2.4% to Euro 12.3 million and by 13.4% to Euro 10.1 million in 9M 2019 mainly due to the increase in financial expenses. Net Profit decreased by 22.7% to Euro 16.2 million in 9M 2019 mainly due to lower revaluations of the property portfolio in 9M 2019 and increased financial expenses partially offset by higher EBITDA.

EPRA NAV, as of September 30th, 2019, stood at Euro 431.5 million (or Euro 11.95 per share), an increase of 2.3% in 9M 2019. The increase is related to the contribution of EPRA Earnings of Euro 10.1 million and revaluations accounting for Euro 7.1 million partially offset by the dividend payment of Euro 7.2 million and other items for Euro 0.2 million.

As of September 30th, 2019, the net LTV of COIMA RES stood at 35.8%. The net LTV, pro-forma for acquisitions and disposals already announced and not yet closed, stands at 37.1%.

Interim dividend for the fiscal year 2019 of Euro 0.10 per share payable in November 2019

The COIMA RES Board of Directors resolved to distribute to shareholders an interim dividend for the fiscal year 2019 of Euro 0.10 per share (Euro 3,610,665.80), in line with the interim dividend of the fiscal year 2018, with an ex-dividend date on November 18th, 2019, record date on November 19th, 2019 and payment date on November 20th, 2019. COIMA RES independent auditors have issued their report pursuant to Article 2433-bis, paragraph 5, of the Italian Civil Code. The Board's resolution on the interim dividend was made based on the accounts of the parent company COIMA RES S.p.A. SIIQ as of September 30th, 2019, which were prepared in accordance with IFRS.

COIMA RES aims to provide its shareholders with a stable and sustainable dividend payment stream. This will be balanced with the objective of COIMA RES to preserve capital to invest in the Milan office market which is expected to continue to benefit from solid fundamentals.

Real estate portfolio overview

As of September 30th, 2019, and pro-forma for acquisitions and disposals announced and not yet closed, the COIMA RES portfolio consists of 9 office properties located in Milan and 58 bank branches located in the North and Centre of Italy. The portfolio is valued at Euro 673 million (on a pro-rata basis), 90% of which is in Milan, 50% in Milan Porta Nuova and 85% is for office use.

Acquisitions

On September 30th, 2019, in line with its strategy of focussing on high quality office properties in Milan, COIMA RES announced the acquisition, through an “off market” transaction, of two office properties in Milan, fully let, for an aggregate value of Euro 158 million at a blended EPRA Topped-up Net Initial Yield of 5.0% (EPRA Net Initial Yield of 4.5%). The two properties are the Microsoft headquarters in Milan Porta Nuova valued at Euro 97.5 million and the Philips headquarters in Milan Bicocca valued at Euro 60.7 million. COIMA RES acquires a stake of 83% in the Microsoft headquarters and of 78% in the Philips headquarters (on a look through basis). The acquisition of the two properties takes place in two steps, the first already closed on September 30th, 2019, and the second expected for Q4 2019. Due to the closing mechanics, the Philips headquarters is already fully consolidated in COIMA RES’ accounts as of September 30th, 2019, whilst the Microsoft headquarters is expected to be fully consolidated in COIMA RES’ accounts by year end.

Disposals

In 9M 2019, COIMA RES continued to reduce its exposure to non-strategic and mature assets and reduces its tenant and asset concentration.

Bank branches: COIMA RES has signed a preliminary agreement for the sale of a portfolio of 11 bank branches located in the North of Italy. The agreed sale price for the portfolio is Euro 23.5 million, a value in line with the book value as of June 30th, 2019 (discount of 2.0%). The disposal is expected to close by June 2020. In addition, in March 2019, COIMA RES sold one Deutsche Bank branch in Pisa for Euro 500,000 and in August 2019, COIMA RES signed a preliminary agreement for the sale of one floor at a bank branch located in Genova for Euro 800,000. Since IPO, COIMA RES has sold 48% of the initial bank branches portfolio at a valuation in line with the IPO contribution value (discount of 1.6%)

Vodafone complex: on June 27th, 2019, Meritz Financial Group, a financial holding company from South Korea, acquired a 50% stake in the Vodafone complex from COIMA RES. The transaction valued the complex at Euro 213 million (i.e. a 4% premium to acquisition price and at a 2% premium to the previous appraisal value) representing an EPRA Net Initial Yield of 6.1% and a 13% levered IRR (8% unlevered IRR). COIMA RES continues to consolidate the Vodafone complex given the governance retained by COIMA RES.

Leasing activity

In 2019 YTD, new leases worth Euro 10 million per annum were signed, including the significant lettings for the Corso Como Place project.

Corso Como Place: Accenture and Bending Spoons signed two preliminary leasing agreements for the entire office portion of the project (building A and C) for a total of 18,000 sqm leaving 900 sqm to be let to retail tenants. The pre-lets were signed 12 months in advance of the delivery of the building and well ahead of the underwriting plan. The agreement with Accenture will generate a gross rent of Euro 7.0 million per annum at a stabilised level (Euro 470 / sqm) which represents a 16% premium compared to ERV. The preliminary lease agreement with Bending Spoons will generate a rent of Euro 1.9 million per annum at a stabilised level (Euro 560 / sqm) which represents a 25% premium compared to ERV. The delivery of the project is scheduled for 2020.

Tocqueville: Sisal, the main tenant of the Tocqueville property, has agreed to an amendment to the lease agreement that extends the expiration date to December 31st, 2021, against an increase, of Euro 1.0 million, in the gross rent for 2021. Due to this change, the expected gross rent for the entire property for 2021 increases from Euro 2.4 million (Euro 255 / sqm) to Euro 3.4 million (Euro 360 / sqm).

Gioiaotto: Alexion Pharma signed a leasing agreement for 770 sqm previously occupied by axélero for Euro 410,000 per annum on a stabilised basis. The rental level agreed with Alexion Pharma is Euro 500 / sqm representing a premium of 50% vs the previous in place rent (on a stabilised basis).

Bank branches: COIMA RES signed two leasing agreements for two bank branches previously vacant representing a total surface area of c. 6,000 sqm (c. 60% of the total vacant surface within the bank branches portfolio) and additional gross rents of Euro 660,000 on a stabilised basis. The two bank branches are in Milan and Turin.

Development projects

Corso Como Place: the project is well on track for delivery in 2020 within the overall budgeted cost of approx. Euro 164 million, including the initial Euro 89 million acquisition price plus total capex and other capitalised costs of approx. Euro 75 million. Overall capex spent as of September 30th, 2019, amounts to Euro 30.3 million (40% of total) with a further Euro 44.7 million expected to be spent before delivery (of which Euro 15.9 million is COIMA RES' share). Capex spent in the project in 9M 2019 amounts to Euro 17.6 million (of which Euro 6.3 million is COIMA RES' share). Considering the pre-letting activity performed, the current estimated Gross Yield on Cost for the project is c. 6.7%, i.e. 88 bps higher than the initial assumption at underwriting of 5.8% (December 2016).

Guidance for 2019

COIMA RES estimates to achieve EPRA Earnings per share of approx. Euro 0.35 in 2019, in line with the previous guidance provided in July 2019.

Outlook

COIMA RES continues to focus on Milan offices, the largest, most resilient, liquid and transparent real estate market in Italy. As far as the current portfolio is concerned, COIMA RES will consider further disposals of mature, non-strategic and non-core assets on an opportunistic basis. COIMA RES continues to carefully and selectively assess investment opportunities in the Milan office segment.



COIMA RES will discuss its results during a public conference call on November 8th, 2019, at 15:00 (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:

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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.

The report on the financial results as at September 30th, 2019, will be made available to the public by the company headquarters, on the company internet website (www.coimares.com) and on the authorized storage tool "eMarket Storage" (www.emarketstorage.com) from November 8th, 2019.

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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