



COIMA RES - PRESS RELEASE

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

SOLID FINANCIAL RESULTS AND PORTFOLIO PERFORMANCE

VODAFONE TRANSACTION INCREASES PORTFOLIO DIVERSIFICATION

ACCENTURE LEASING VALIDATES CORSO COMO PLACE PROJECT

Solid financial results in H1 2019

- Gross rents up by 0.7% year-on-year at Euro 17.8 million
- NOI margin increased by 20 bps year-on-year to 89.5%
- EBITDA up by 2.9% year-on-year to Euro 11.2 million
- EPRA NAV per share up 1.7% to Euro 11.91
- Conservative LTV of 28.3%
- Cash balance of more than Euro 100 million allows to pursue acquisitions

Solid portfolio performance in H1 2019

- Portfolio concentrated for 80% in offices, 85% in Milan, 44% in Porta Nuova
- Like for like rental growth of 1.1% vs H1 2018
- New leases worth Euro 8.1 million per annum signed in 2019 YTD
- EPRA occupancy rate increased by 180 bps to 97.7%
- Positive portfolio revaluation of Euro 7.8 million
- Like for like capital value growth of 0.8%

Vodafone transaction increases portfolio diversification

- Korean investor acquired 50% of Vodafone complex
- Premium valuation and 13% IRR achieved
- Increased diversification of asset and tenant base

Accenture pre-let validates Corso Como Place (Bonnet) project

- High rise tower pre-let to Accenture (80% of entire project)
- Pre-let 12 months ahead of delivery at 16% premium to ERV
- Completion on track for 2020

Strong Milan office market in H1 2019 with positive outlook

- Dynamic environment for Milan offices with Euro 1.4 billion in transactions
- Milan office take up growing by 23% at 240,000 sqm
- Record low vacancy at 2.1% for Grade A properties
- Positive rental growth outlook, especially for Porta Nuova

Manfredi Catella, Founder and CEO of COIMA RES, commented: *“We are pleased with the progress made so far in 2019. The acquisition of a 50% stake in the Vodafone complex by a primary Korean investor has been a key step for COIMA RES allowing to diversify our assets and tenant base and to free up resources for new investments in the Milan office segment. In addition, the pre-let with Accenture validates the Corso Como Place project and demonstrates the appeal of next generation office properties in Porta Nuova for tenants.”*



Milan, July 26th, 2019 – The Board of Directors of COIMA RES approved the half year financial statements as at June 30th, 2019, at a meeting held yesterday under the chairmanship of Massimo Capuano.

Financial Highlights, as of June 30th, 2019

Balance Sheet (Euro million)	Jun-19	Dec-18	Delta (%)	Delta
Investment Properties (Corso Como Place pro rata)	675.8	663.9	1.8%	11.9
EPRA NAV	428.8	421.6	1.7%	7.2
EPRA NNNAV	423.2	415.4	1.9%	7.8
EPRA NAV per share (Euro)	11.91	11.71	1.7%	0.20
EPRA NNNAV per share (Euro)	11.75	11.54	1.9%	0.22
LTV (Corso Como Place pro rata)	28.3%	34.5%	n.m.	(620) bps

Income Statement (Euro million)	H1 2019	H1 2018	Delta (%)	Delta
Gross Rents	17.8	17.7	0.7%	0.1
Net Operating Income (NOI)	16.0	15.8	0.9%	0.1
NOI margin	89.5%	89.3%	n.m.	20 bps
EBITDA	11.2	10.8	2.9%	0.3
Net Profit	13.6	16.8	(19.2)%	(3.2)
EPRA Earnings	7.3	8.0	(8.6)%	(0.7)
Recurring FFO	8.0	8.9	(10.2)%	(0.9)
EPRA Earnings per share (Euro)	0.20	0.22	(8.6)%	(0.02)
Recurring FFO per share (Euro)	0.22	0.25	(10.2)%	(0.03)

Other Data (2018 data pro forma for IBM lease)	Jun-19	Dec-18	Delta (%)	Delta
EPRA Net Initial Yield	4.6%	4.8%	n.m.	(20) bps
EPRA Topped-up Net Initial Yield	5.2%	5.2%	n.m.	stable
EPRA Vacancy Rate	2.3%	4.1%	n.m.	(180) bps
WALT (years)	5.7	6.5	n.m.	(0.8)

Solid financial results in H1 2019

Gross rents increased by 0.7% in H1 2019 to Euro 17.8 million, mainly thanks to the acquisition of the Tocqueville and Pavilion properties in Milan Porta Nuova partially offset by the disposal of the Eurcenter property in Rome and the completion of the disposal of the 21 Deutsche Bank branches located in the South of Italy. On a like for like basis, gross rents increased by 1.1% in H1 2019 (considering properties on a pro rata basis).

The NOI margin stood at 89.5% in H1 2019 which is 20 bps higher compared with the level recorded in H1 2018 (mainly thanks to the different asset mix in the two periods). The NOI increased by 0.9% to Euro 16.0 million in H1 2019. EBITDA grew by 2.9% to Euro 11.2 million in H1 2019 mainly thanks to a reduction in overhead costs and non-recurring expenses.

Recurring financial expenses increased by Euro 0.8 million in H1 2019 vs H1 2018 due to the higher level of gross debt between the two periods. The remaining Euro 2.3 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.

Recurring FFO and EPRA Earnings decreased respectively by 10.2% to Euro 8.0 and by 8.6% to Euro 7.3 in H1 2019 mainly due to the increase in financial expenses. Net Profit decreased by 19.2% to Euro 13.6 million in H1 2019 mainly due lower revaluations of the property portfolio in H1 2019 vs H1 2018 and increased financial expenses partially offset by a higher EBITDA.

EPRA NAV, as of June 30th, 2019, stood at Euro 428.8 million (or Euro 11.91 per share), an increase of 1.7% in H1 2019. The increase is related to the contribution of EPRA Earnings of Euro 7.3 million and revaluations accounting for Euro 7.8 million, partially offset by the dividend payment of Euro 7.2 million and other items (mainly minorities) for Euro 0.7 million.

As of June 30th, 2019, the net LTV of COIMA RES stood at 28.3%, weighted average debt maturity was 4.3 years.

Real estate portfolio overview and performance

As of June 30th, 2019, the COIMA RES portfolio consists of 7 office properties located in Milan and 69 bank branches located in the North and Centre of Italy with a total commercial surface area of 189,000 sqm. The portfolio is valued at Euro 675.8 million (or Euro 558.4 million on a pro-rata basis), 85% of which is in Milan, 44% in Milan Porta Nuova and 80% is offices.

The value of the portfolio increased by Euro 10.8 million in H1 2019 mainly thanks to the Euro 4.3 million of capex spent on the Corso Como Place project and Euro 6.6 million revaluations (net of the Euro 1.2 million revaluation of a bank branch in Milan already included in the portfolio valuation as of December 31st, 2018), partially offset by the disposal of a bank branch for Euro 0.5 million. Like for like capital value growth stood at 0.8% in H1 2019 (or 1.4% excluding bank branches) on a pro-rata basis.

Disposals update

In H1 2019, COIMA RES continued to reduce its exposure to non-strategic and mature assets and of reducing tenant and asset concentration.

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 values the complex at Euro 213.0 million (i.e. a 4% premium to acquisition price and at a 2% premium to the appraisal value as of December 31st, 2018) 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 retained governance granting COIMA RES control on major decisions, with the Korean investor acting as financial partner.

Deutsche Bank branches: in March 2019, COIMA RES sold one Deutsche Bank branch in Pisa (Tuscany, Centre of Italy) for Euro 500,000, at a premium of 4.2% vs the book value as of December 31st, 2018.

New leases worth Euro 8.1 million per annum signed in 2019 YTD

Corso Como Place: on July 18th, 2019, Accenture, a global leader in the professional services sector, signed a preliminary leasing agreement for the entire high rise (building A) of the Corso Como Place project. The high rise, with approximately 14,900 square meters of commercial surface, corresponds to nearly 80% of the entire Corso Como Place project. The remaining 20% relates to the podium (building C), currently under construction and for which are already underway discussions with various prospective tenants. The preliminary lease agreement with Accenture is for 10 + 6 years and will generate a rent of Euro 7.0 million per annum at a stabilised level (Euro 470 / sqm). The rental level represents a 16% premium compared to the ERV (Estimated Rental Value) as per the independent appraisal report as of December 31st, 2018 and a 45% premium to the ERV at the time of the acquisition (December 2016). Such premium is due to the additional surfaces extracted in the design and construction phase and to the higher rent per square meter agreed. The estimated Gross Yield on Cost for building A taking into account the Accenture pre-let is equal to c. 7% (vs 6% estimated at the time of the acquisition for the entire Bonnet project). The delivery of the building to Accenture is scheduled for 2020.

Gioiaotto: Alexion Pharma signed an agreement for the leasing (on a 7 + 6 years basis) of 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: in the first four months of 2019, 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 as of December 31st, 2018) and additional gross rents of Euro 660,000 on a stabilised basis. The two bank branches are in Milan and Turin.



Corso Como Place refurbishment project on track

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 and other capitalised costs spent in 2016 / H1 2019 amount to Euro 24.8 million with a further Euro 50.2 million expected to be spent in H2 2019 / 2020 (of which Euro 17.9 million will be spent by COIMA RES given its 35.7% stake in the project). Capex spent in the project in H1 2019 amounts to c. Euro 12.1 million (of which Euro 4.3 million representing COIMA RES' share given its 35.7% stake in the project).

Guidance for 2019

Following the disposal of a 50% stake in the Vodafone complex which was completed on June 27th, 2019, and based on the portfolio perimeter as of June 30th, 2019, COIMA RES estimates to achieve EPRA Earnings per share of approx. Euro 0.35 in 2019. The guidance has been updated from the previous figure of approx. Euro 0.42 provided in the context of the FY 2018 results on February 22nd, 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 Milan. Asset selection will emphasize Core and Core + office assets.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands Euro)	June 30 th , 2019 (unaudited)	<i>of which related parties</i>	December 31 st , 2018	<i>of which related parties</i>
Assets				
Real estate investments	626,690	-	611,590	-
Other tangible assets	1,217	812	319	-
Intangible assets	111	-	73	-
Investments accounted for using the equity method	24,222	-	21,473	-
Non-current deferred tax assets	14	-	10	-
Derivatives	66	-	893	-
Long term financial assets	1,620	1,620	1,620	1,620
Total non - current assets	653,940	2,432	635,978	1,620
Inventories	2,810	-	11,930	-
Trade and other current receivables	7,855	-	8,233	46
Cash and cash equivalents	116,987	-	82,221	-
Total current assets	127,652	-	102,384	46
Totale attività	781,592	2,432	738,362	1,666
Liabilities				
Capital stock	14,451	-	14,451	-
Share premium reserve	335,549	-	335,549	-
Valuations reserve	(2,288)	-	(957)	-
Interim dividend	-	-	(3,601)	-
Other reserves	63,537	787	27,039	-
Profit / (loss) for the period	13,564	-	46,267	-
Group shareholders' equity	424,813	787	418,748	-
Minorities	56,140	-	13,492	-
Shareholders' equity	480,953	787	432,240	-
Non-current bank borrowings	287,212	-	291,340	-
Non-current financial liabilities	918	816	-	-
Payables for post-employment benefits	60	-	43	-
Provisions for risks and charges	-	-	130	-
Derivatives	2,291	-	1,026	-
Trade payables and other non-current liabilities	1,720	998	1,705	998
Total non-current liabilities	292,201	1,814	294,244	998
Trade payables and other current liabilities	8,387	2,367	11,832	4,939
Current tax payables	51	-	46	-
Total current liabilities	8,438	2,367	11,878	4,939
Total liabilities	300,639	4,181	306,122	5,937
Total liabilities and shareholders' equity	781,592	4,968	738,362	5,937

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF PROFIT/(LOSS)

(in thousands Euro)	June 30 th , 2019 (unaudited)	<i>of which related parties</i>	June 30 th , 2018	<i>of which related parties</i>
Income statements				
Rents	17,816	-	17,701	-
Net real estate operating expenses	(1,993)	(317)	(1,915)	(211)
Net rents	15,823	(317)	15,786	(211)
Income / (loss) from disposal	10	-	-	-
Net revenues from disposal	10	-	-	-
G&A expenses	(4,569)	(2,961)	(4,815)	(2,781)
Other operating expenses	(113)	-	(130)	(7)
Gross operating income	11,151	(3,279)	10,841	(2,998)
Net depreciation	(152)	-	(1,149)	-
Net movement in fair value	6,210	-	10,301	-
Net operating income	17,209	(3,279)	19,993	(2,998)
Net income attributable to non-controlling interests	1,499	-	930	-
Financial income	-	-	7	-
Financial expenses	(6,046)	(3)	(2,892)	-
Profit before tax	12,662	(3,282)	18,038	(2,998)
Income tax	-	-	3	-
Profit after tax	12,662	(3,282)	18,041	(2,998)
Minorities	902	-	(1,263)	-
Profit for the Group	13,564	(3,282)	16,778	(2,998)

EARNINGS PER SHARE

(Euro)	June 30 th , 2019 (unaudited)	June 30 th , 2018
Earnings per share		
Basic, net income attributable to ordinary shareholders	0.38	0.47
Diluted, net income attributable to ordinary shareholders	0.38	0.47

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands Euro)	June 30 th , 2019 (unaudited)	June 30 th , 2018
Profit for the period	12,662	18,041
Adjustments to reconcile the profit to net cash flow:		
Net depreciation	152	1,149
Severance pay	40	37
Net movement in fair value property	(6,210)	(10,301)
Net income attributable to non-controlling interests	(1,499)	(930)
Financial expenses	1,089	701
Net movement in fair value derivatives	-	3
Taxes	-	-
Changes in working capital:		
(Increase) / decrease in trade and other current receivables	374	1,050
(Increase) / decrease in deferred tax assets	-	(8)
Increase / (decrease) in trade payables and other current liabilities	(2,649)	(3,587)
Increase / (decrease) in current tax payables	-	55
Increase / (decrease) in trade payables and other current liabilities	(139)	48
Net cash flows generated (absorbed) from operating activities	3,820	6,258
Investment activities		
(Acquisition) / disposal of real estate property	150	30,144
(Acquisition) / disposal of other tangible and intangible assets	(94)	(23)
(Acquisition) / disposal of other non-current receivables	-	(11)
Purchase of associated companies	(1,250)	(1,125)
Net cash flow generated (absorbed) from investment activities	(1,194)	28,985
Financing activities		
Shareholders' contribution / (dividends paid)	(7,200)	(6,482)
Dividends paid to minorities	-	-
Change in equity interests in controlled companies / entities	43,550	-
(Acquisition) / closing of derivatives	70	-
Increase / (decrease) in bank borrowings and other non-current lenders	127,800	-
Reimbursement	(132,080)	(23,000)
Net cash flows generated (absorbed) from financing activities	32,140	(29,482)
Net increase / (decrease) in cash and cash equivalents	34,766	5,761
Cash and cash equivalents at the beginning of the period	82,221	27,042
Cash and cash equivalents at the end of the period	116,987	32,803



COIMA RES will discuss its results during a public conference call on July 26th, 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 June 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 August 1st, 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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