Real Estate SIIQ

COIMA RES

COIMA RES
Interim Financial Statements for the period ending March 31st, 2020

INDEX

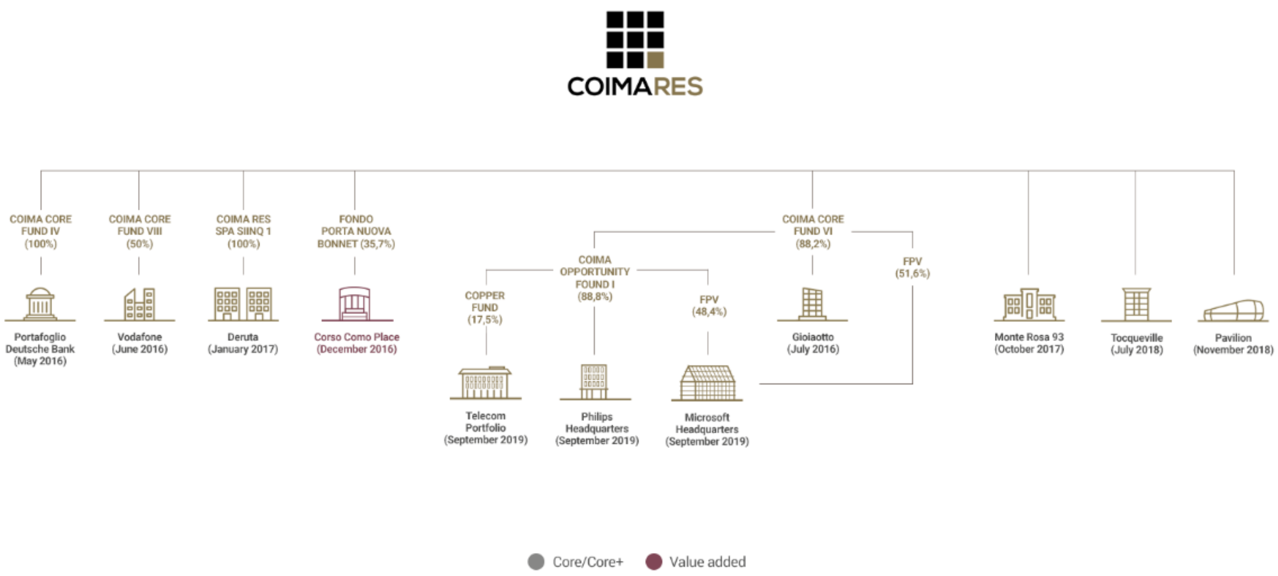
CORPORATE INFORMATION

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 company listed on the Italian Stock Exchange.

COIMA RES manages real estate transactions, primarily focused on commercial properties, aimed at generating rental income from national and international tenants. 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.

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, since May 2016 COIMA RES is a company with shares listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A..



GOVERNANCE

Board of Directors [1]

Caio Massimo Capuano	Chairman, not executive Director
Feras Abdulaziz Al-Naama	Vice Chairman, Independent Director
Manfredi Catella	Chief Executive Officer (CEO)
Luciano Gabriel	Independent Director
Olivier Elamine	Independent Director
Alessandra Stabilini	Independent Director
Ariela Caglio	Independent Director
Antonella Centra	Independent Director

Board of Statutory Auditors [2]

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

Remuneration Committee

Alessandra Stabilini	Chairman
Caio Massimo Capuano	Member
Olivier Elamine	Member

Investment Committee

Manfredi Catella	Chairman
Luciano Gabriel	Member
Feras Abdulaziz Al-Naama	Member
Gabriele Bonfiglioli	Member
Matteo Ravà	Member
Michel Vauclair	Member

Control and Risk Committee

Alessandra Stabilini	Member
Luciano Gabriel	Member

Internal Audit and Compliance

Internal Audit is outsourced to a specialized company called Consilia Regulatory S.r.l., which has indicated Mr. Gianmarco Maffioli as responsible for Internal Audit function and Mr. Giacomo del Soldà as responsible for Compliance function.

[1] In charge from April 17th, 2019 until the approval of the financial statements as of December 31st, 2019. It should be note that the Director Agostino Ardissone passed away on March 8th, 2020.
[2] In charge from April 12th, 2018 until the approval of the financial statements as of December 31st, 2020

Risk Manager

Risk management is outsourced to a specialized company named Macfin, which has indicated Mr. Emerico Amari di Sant'Adriano as responsible for this function.

Independent Auditors

The shareholders' meeting held on February 1st, 2016 appointed Ernst & Young S.p.A. as auditors 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

OVERVIEW OF THE CONSOLIDATED FINANCIAL RESULTS

The table below shows the summary of financial data as at March 31st, 2020.

(in million Euro)	March 31st, 2020	per share	December 31st, 2019	per share	Δ	Δ%
Real estate properties value	767.2		767.7		(0.5)	(0.1%)
EPRA Net Reinstatement Value	466.3	12.92	463.1	12.82	3.2	0.7%
EPRA Net Tangible Assets	446.9	12.38	443.7	12.29	3.2	0.7%
EPRA Net Disposal Value	439.5	12.17	437.8	12.12	1.7	0.4%
NAV IAS/IFRS	443.5	12.28	440.1	12.19	3.4	0.8%
Debt position	356.5		356.4		0.1	n.m.
Cash position	58.6		42.7		15.9	37.3%
Net Loan to Value	36.7%		38.8%		(2.1 p.p.)	n.m.
EPRA Net Initial Yield	4.9%		4.6%		0.3 p.p.	n.m.
EPRA “topped-up” NIY	5.3%		5.3%		n.m.	n.m.
EPRA vacancy rate	2.7%		2.0%		0.7%	n.m.

(in million Euro)	March 31st, 2020	per share	March 31st, 2019	per share	Δ	Δ%
Rents	11.1		8.7		2.4	27.0%
NOI	10.0		7.8		2.2	28.3%
EBITDA	7.6		5.5		2.1	37.8%
EBIT	6.5		6.5		n.m.	n.m.
Recurring FFO	6.0	0.17	3.9	0.11	2.1	54.3%
Net profit	3.3	0.09	4.7	0.13	(1.4)	(29.4%)
EPRA Earnings	4.2	0.12	3.5	0.10	0.7	20.2%
EPRA costs (including direct vacancy costs)	30.7%		37.5%		(6.8 p.p.)	n.m.
EPRA costs (excluding direct vacancy costs)	29.8%		36.9%		(7.1 p.p.)	n.m.
Like for like rental growth [3]	5.8%		0.8%		n.m.	n.m.
WALT (years)	5.1		6.3		(1.2)	n.m.

NAV IAS/IFRS as of March 31st, 2020 was Euro 443.5 million, an increase in the first three months of 2020 equal to 0.8%.

The key factors affecting the NAV increase are:

- EPRA Earnings for the period of Euro 4.2 million;
- Downward adjustments in the real estate portfolio of Euro 0.8 million.

The EPRA Cost Ratio shows a decrease from 37.5% as of March 31st, 2019 to 30.7% as of March 31st, 2020 mainly due to the reduction of the asset management fees.

[3] From June 30th, 2019 the like for like rental growth is calculated on rents accounted in line with the accounting principle IFRS 16. The figure as of March 31st, 2019 has been recalculated in order to make the two values comparable on the basis of the same calculation methodology.

The EPRA Earnings as of March 31st, 2020 amounted to Euro 4.2 million, an increase of Euro 0.7 million compared to March 31st, 2019, as shown in the table below.

(in million Euro)	March 31st, 2020	March 31st, 2019	Δ	Δ%
Rents	11.1	8.7	2.4	27.0%
Net real estate operating expenses	(1.1)	(1.0)	(0.2)	15.8%
NOI	**10.0**	**7.8**	**2.2**	**28.3%**
Other revenues	0.0	0.0	(0.0)	n.m.
G&A	(2.0)	(2.1)	0.1	6.8%
Other expenses	(0.1)	(0.0)	(0.0)	36.8%
Non-recurring general expenses	(0.3)	(0.1)	(0.2)	n.m.
EBITDA	**7.6**	**5.5**	**2.1**	**37.8%**
Net depreciation	(0.2)	(0.1)	(0.1)	44.8%
Net movement in fair value	(0.9)	1.2	(2.1)	n.m.
EBIT	**6.5**	**6.5**	**0.0**	**n.m.**
Financial income	0.2	0.0	0.2	n.m.
Income from investments	(0.0)	(0.1)	0.1	(84.6%)
Financial expenses	(2.0)	(1.7)	(0.3)	19.8%
Profit before taxation	**4.7**	**4.7**	**0.0**	**n.m.**
Income tax	0.0	0.0	0.0	0.0%
Profit	**4.7**	**4.7**	**0.0**	**n.m.**
Minorities	(1.4)	0.0	(1.4)	n.m.
Profit attributable to COIMA RES	**3.3**	**4.7**	**(1.4)**	**(29.4%)**
EPRA Adjustments[4]	0.9	(1.2)	2.1	n.m.
EPRA Earnings	**4.2**	**3.5**	**0.7**	**20.2%**
EPRA Earnings per share	0.12	0.10	0.02	19.9%
FFO	**5.8**	**3.8**	**2.0**	**52.3%**
FFO Adjustments[5]	0.2	0.1	0.1	n.m
Recurring FFO	**6.0**	**3.9**	**2.2**	**54.3%**
Recurring FFO per share	0.17	0.11	0.06	53.9%

The NOI margin includes rentals generated by the real estate portfolio net of operating costs (such as property taxes, property management costs, utilities and maintenance costs).
As of March 31st, 2020 the NOI margin is 90.1% and the current net return on the portfolio is 4.9%.

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, communication and other operating costs.

It should be noted that, on March 31st, 2020, the new Asset Management agreement was signed which resulted in a saving of approximately 30% on the fees to be paid to COIMA SGR S.p.A.. For more information, please refer to the Significant Events section.

[4] Include the adjustment in fair value related to investment properties.
[5] Include mainly non-recurring costs.

Net depreciation, amounting to Euro 0.2 million, mainly includes the effect of the write-down of other tangible and intangible assets and the value adjustment of financial assets at fair value

The negative fair value adjustment of Euro 0.9 million mainly relates to the impact of the COVID-19 emergency estimated by the independent experts on the hotel portion of the Gioiaotto property.

Financial income, amounting to Euro 0.2 million, mainly relates to the dividends distributed by Italian Copper Fund, classified as financial assets at fair value.

Financial expenses mainly refer to existing loan agreements.

Earnings per share amounts to Euro 0.09, 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, compared with the figures as at December 31st, 2019, including the reclassification of the investment in Porta Nuova Bonnet Fund on proportional consolidation basis, in order to obtain the total value of the property investments of the Group at March 31st, 2020.

(in million Euro)	March 31st, 2020	December 31st, 2019	Δ	Δ%	March 31st, 2020 Look-Through adjusted
Investment properties	767.2	767.7	(0.5)	(0.1%)	829.6
Other assets	7.4	8.1	(0.8)	(9.6%)	7.4
Investments accounted for using the equity method	34.5	33.7	0.8	2.4%	1.5
Total LT assets	**809.1**	**809.5**	**(0.5)**	**(0.1%)**	**838.5**
Trade receivables	10.1	10.0	0.1	1.2%	10.4
Cash	58.6	42.7	15.9	37.3%	59.0
Total current assets	**68.7**	**52.7**	**16.1**	**30.5%**	**69.5**
Held for sale assets	10.4	23.5	(13.1)	(55.7%)	10.4
Total assets	**888.2**	**885.7**	**2.5**	**0.3%**	**918.4**
Debt	340.4	340.2	0.2	0.1%	366.6
Provisions	0.5	0.4	0.0	1.4%	0.5
Other liabilities	4.3	4.2	0.1	1.4%	4.3
Trade payables	11.8	13.4	(1.5)	(11.4%)	15.9
Current Financial Debt	16.1	16.1	(0.0)	(0.0%)	16.1
Total liabilities	**373.1**	**374.4**	**(1.3)**	**(0.3%)**	**403.3**
Minorities	71.6	71.2	0.4	0.5%	71.6
NAV	**443.5**	**440.1**	**3.4**	**0.8%**	**443.5**
NAV per share	12.28	12.19	0.09	0.8%	12.28
Net Loan to Value	*36.7%*	*38.8%*			*37.1%*

The column "look-through adjusted" shows our equity investment in the Porta Nuova Bonnet Fund on a proportionally consolidated basis only for management purposes.

Investment properties includes Euro 213 million related to the real estate complex Vodafone, Euro 193.9 million related to Monte Rosa, Tocqueville and Pavilion, Euro 69 million related to Deutsche Bank portfolio, Euro 47.1 related to Deruta, Euro 82.8 million related to Gioiaotto, Euro 62.8 million related to Philips and Euro 98.6 million related to Microsoft property.

The other assets mainly include the financial asset ITALIAN COPPER FUND for Euro 3.9 million, acquired in the broader context of the transaction relating to COIMA OPPORTUNITY FUND I, derivatives for Euro 0.1 million, non-current financial receivables related to loans granted by the investee MHREC Sarl to the associated company Co – Investment 2 SCS, amounting to Euro 1.6 million and tangible and intangible assets for Euro 1.8 million.

In application of the IFRS 16 accounting standard, the Company has accounted in the tangible assets a right of use amounting to Euro 1.5 million, which represents the right to use the asset based on the existing lease agreements.

Investments in associated companies increased by Euro 0.8 million mainly due to the capital calls of the period made by the Bonnet Fund.

Trade receivable refer the core-business of the Company.

Non-current assets held for sale, amounting to Euro 10.4 million, include the residual Deutsche Bank branches subject to sale, which are expected to be finalized in the second quarter of 2020.

The consolidated net financial debt of the Company as of March 31st, 2020 amounts to Euro 299.2 million, decreased of Euro 16.3 million compared to December 31st, 2019 mainly due to the increase in the cash flow resulting from the sale of eight Deutsche Bank branches which ended in January 2020.

A of March 31st, 2020 the Net Loan To Value (*net LTV*) of the Group is 36.7%.

Other liabilities include (i) the fair value of financial instruments granted to key managers, amounting to about Euro 1 million, which has not changed since December 31st, 2019 (ii) the value of hedging derivatives (IRS) for Euro 2.0 million and (iii) the liability resulting from the application of IFRS 16 for Euro 1.3 million.

The trade payables mainly include amounts payable to suppliers and invoices to be received amounting to Euro 5.6 million (Euro 5.1 million as of December 31st, 2019), deferred income for Euro 4.1 million (Euro 1.6 million as of December 31st, 2019), security deposits for Euro 0.9 million (Euro 0.8 million as of December 31st, 2019) and tax liabilities for Euro 0.5 million (Euro 0.1 million as of December 31st, 2019).

Current financial payables amounting to Euro 16.1 million relate to the amount of debt allocated to the Deutsche Bank branches that are being sold, which will be repaid in 2020

As of March 31st, 2020, the weighted average debt maturity is 3.1 years and the weighted average “all in” cost of debt is about 2.0% (ca. 87% is hedged by derivatives).

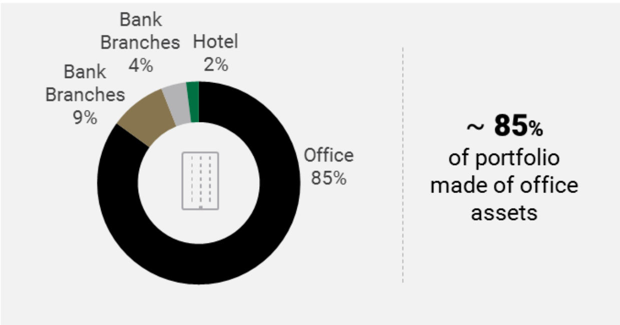
PORTFOLIO AT MARCH 31st, 2020

As of March 31st, 2020, the portfolio of COIMA RES amounting to approximately Euro 691.3 million (market value accounted on pro-rata basis).
The initial overall WALT of the portfolio is approximately 5.1 years and the EPRA net initial yield is 4.9%.
The acquisition plan executed to date is in line with our investment strategy focused on the development of a portfolio focused on:

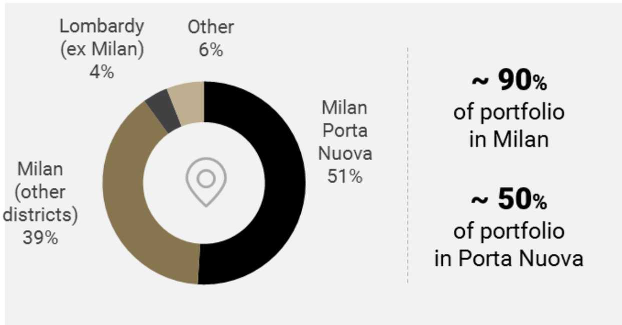
- office use;
- Italy’s most attractive markets (Milan ~90%);
- primarily income-producing assets;
- Grade A buildings or buildings to be converted to Grade A.

Portfolio breakdown as of March 31st, 2020

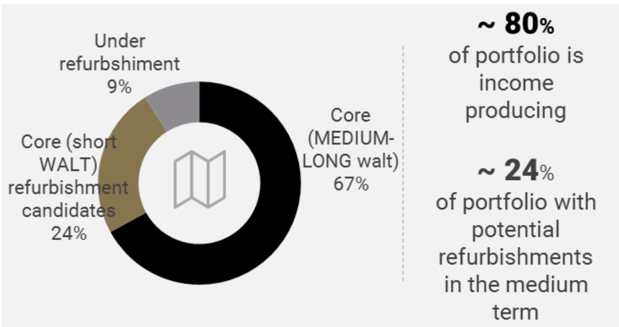
BREAKDOWN BY USE



BREAKDOWN BY GEOGRAPHY



BREAKDOWN BY STRATEGY



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

Evolution on annual gross initial rents

Gross rents increased by 29% to Euro 11.1 million, mainly due to the indirect acquisition of the Philips and Microsoft properties.
On a like for like basis, gross rents increased by 5.8% compared to the previous period.

Main figures of real estate portfolio as at March 31st, 2020.

	Milan Porta Nuova					Milan Other Districts				Non-office assets		
Data as of March 31st, 2020	MICROSOFT	GIOIAOTTO	PAVILION	TOCQUE-VILLE	CORSO COMO PLACE	VODAFONE COMPLEX	MONTE ROSA	PHILIPS	DERUTA	DEUTSCHE BANK[1]	TELECOM PORTFOLIO	TOTAL
Location	Milan P, Nuova	Milan P, Nuova	Milan P, Nuova	Milan P, Nuova	Milan P, Nuova	Milan Lorenteggio	Milan CityLife	Milan Bicocca	Milan Lambrate	North & Centre of Italy	North & Centre of Italy	-
Asset class	Office	Office, Hotel	Office	Office	Office, Retail	Office	Office	Office	Office	Bank Branches	Telecom Assets	-
Product type	Core	Core	Core	Core + / Value-add	Value-add	Core	Core +	Core	Core +	Core	Core	-
Ownership (look-through)	83.5%	88.2%	100.0%	100.0%	35.7%	50.0%	100.0%	78.3%	100.0%	100.0%	13.7%	-
Gross Asset Value (100% of asset)	**€98.6m**	**€82.8m**	**€73.2m**	**€59.6m**	**€174.7m**	**€213.0m**	**€61.1m**	**€62.8m**	**€47.1m**	**€69.0m**	**€57.4m**	
Gross Asset Value (look-through ownership)	**€82.4m**	**€73.0m**	**€73.2m**	**€59.6m**	**€62.4m**	**€106.5m**	**€61.1m**	**€49.2m**	**€47.1m**	**€69.0m**	**€7.9m**	**€691.3m**
WALT (years)	3.7	4.6	7.8	2.1	n.m.	6.8	3.7	6.5	1.8	6.7	12.7	5.1
EPRA occupancy rate	100%	100%	100%	100%	n.m.	100%	85%	100%	100%	93%	100%	97.3%
EPRA Net Initial Yield	4.3%	4.1%	4.6%	3.5%	n.m.	6.1%	4.8%	5.1%	7.0%	4.6%	6.4%	4.9%
EPRA Topped-up NIY	4.3%	4.7%	4.6%	5.2%	n.m.	6.1%	4.8%	5.7%	7.0%	5.2%	6.4%	5.3%

Notes:
1) Pro forma for €24m Deutsche Bank branches disposals announced in November 2019 and not yet closed as of March 31st, 2020 (closing by June 2020)

SIGNIFICANT EVENTS OF THE PERIOD

Annual General Meeting and Dividend

In consideration of the COVID-19 pandemic, the Annual General Meeting, which was initially planned for April 23rd, 2020, has been postponed to June 11th, 2020. On February 20th, 2020 the Board of Directors of COIMA RES resolved to distribute to shareholders a dividend for the fiscal year 2019 of Euro 0.30 per share (Euro 10,831,967.40). As a consequence of 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 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.

In addition, Manfredi Catella, founder and CEO of COIMA RES, has expressed his will to forego the emoluments related to his role as Chief Executive Officer, in line with the conduct held since IPO.

Real estate portfolio overview

As of March 31st, 2020, 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 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. Our 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 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%.

Porta Nuova world's first district redevelopment to achieve double certification

COIMA SGR and COIMA RES 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 a 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 2020 USGBC Leadership Award 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 construction of buildings and in the creation of new 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.

SUBSEQUENT EVENTS

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%).

ITALY: ECONOMIC AND REAL ESTATE MARKET CONDITIONS

The first quarter of 2020 was characterized by the explosion of the COVID-19 pandemic in Italy and subsequently in other European and non-European countries. Italy was the first European country to be affected by the pandemic, and the Italian government immediately took extraordinary measures to counter the spread of the virus. The "lock-down" began in Italy as early as March 9th, 2020 and made it possible to progressively reduce the growth rate in the number of infected people. Currently, this daily growth rate has decreased significantly and is around 1%. The Government has announced the exit from lock-down through a gradual process which begun on May 4th, 2020. The impact of the global COVID-19 pandemic will most likely lead to a strong global recession in 2020 and a subsequent recovery in 2021. According to estimates published in April 2020 by the International Monetary Fund, Italian GDP will contract by 9.1% in 2020 and then return to growth at a rate of 4.8% in 2021. Faced with the crisis, both the European Central Bank, the various European governments and the European Union have announced strong measures to support the economic system, in order to limit the negative impacts of the "lock-down" on businesses and workers and ensure the flow of financing to businesses. In particular, the European Central Bank has strengthened its bond purchase programs through the so-called Pandemic Emergency Purchase Program for an amount of Euro 750 billion aimed at preserving sustainable market conditions for the financing operations of European governments.

In the first quarter of 2020, the Italian real estate market saw investment volumes of Euro 1.7 billion (or Euro 1.3 billion if the transaction in which UniCredit purchased a stake in the real estate assets of the Esselunga company is excluded). The value is overall in line with that recorded in the first quarter of 2019. In the first quarter of 2020 the office segment in Milan recorded investment volumes of Euro 343 million, down 55% compared to the first quarter of 2019 (2019 was an exceptionally strong year). The prime yield for the office segment in Milan remains stable at 3.3% as well as the yield for offices in good secondary locations which remains stable at 4.8%. The level of take-up by the tenants for the office segment in Milan in the first quarter of 2020 stood at 99,000 sqm, down 18% compared to the first quarter of 2019, 40% of this value refers to preliminary lease agreements for properties under development. The vacancy level drops in the first quarter of 2020 to 9.9% compared to a value equal to 10.1% at the end of 2019. The vacancy level for Grade A properties remains very low due to the structural scarcity of this type of produced in the city of Milan. The prime rent for office buildings in Milan remains stable at Euro 600 / sqm. It should be noted that the effects of the COVID-19 pandemic are only partially reflected in the numbers reported in the first quarter of 2020 as a number of transactions closed during this period had already started in 2019. The impact of the COVID-19 pandemic will likely be more evident in the second and third quarter of 2020, with a possible recovery in the level of activity in the fourth quarter of 2020.

CONSOLIDATED INCOME STATEMENT

(in thousands Euro)	Notes	March 31st, 2020	*of which related parties*	March 31st, 2019	*of which related parties*
Income statements					
Rents	1	11,080	-	8,726	-
Net real estate operating expenses	2	(1,201)	(182)	(951)	(158)
Net rents		**9,879**	**(182)**	**7,775**	**(158)**
Income / (loss) from disposals		-	-	10	-
Costs of sales		-	-	-	-
Net revenues from disposal		**-**	**-**	**10**	**-**
G&A expenses	3	(2,075)	(1,358)	(2,245)	(1,482)
Other operating expenses	4	(220)	-	(37)	-
Gross operating income		**7,584**	**(1,540)**	**5,503**	**(1,640)**
Net depreciation		(187)	(20)	(129)	(20)
Net movement in fair value	6	(900)	-	1,160	-
Net operating income		**6,497**	**(1,560)**	**6,534**	**(1,660)**
Net income attributable to non-controlling interests		(21)	-	(137)	-
Financial income	5	241	-	-	-
Financial expenses	5	(2,047)	(2)	(1,709)	(2)
Profit before tax		**4,670**	**(1,562)**	**4,688**	**(1,662)**
Income tax		-	-	-	-
Profit		**4,670**	**(1,562)**	**4,688**	**(1,662)**
Minorities		(1,378)	-	(28)	-
Profit for the Group		**3,292**	**(1,562)**	**4,660**	**(1,662)**

NOTES TO CONSOLIDATED INCOME STATEMENTES

Below are the main items of profit and loss that have most significantly affected Group profit as of March 31st, 2020.

1. Rents

The rents amount to Euro 11,080 thousand and include the rents accrued on the real estate portfolio.

(in thousands Euro)	Investments	March 31st, 2020	March 31st, 2019
COIMA RES SIIQ	Vodafone	-	3,504
	Monte Rosa	904	932
	Tocqueville	713	598
	Pavilion	816	534
COIMA CORE FUND IV	Deutsche Bank branches	1,041	1,253
COIMA CORE FUND VI	Gioiaotto	1,037	1,001
COIMA RES SIINQ I	Deruta	908	904
COIMA CORE FUND VIII	Vodafone	3,533	-
COIMA OPPORTUNITY FUND I	Philips	988	-
FELTRINELLI PORTA VOLTA	Microsoft	1,140	-
Rents		**11,080**	**8,726**

The increase of Euro 2,354 thousand compared to March 31st, 2019 is mainly due to the contribution of the leases of the Philips and Microsoft properties, acquired indirectly through the purchase of the units of the funds COIMA OPPORTUNITY FUND I and Feltrinelli Porta Volta, finalized in fourth quarter 2019. It should also be noted that the increase in the rent of Tocqueville, amounting to Euro 115 thousand, is due to the modification of the lease agreement of Sisal, the main tenant of the property, which postpones the expiry date of the agreement to December 31st, 2021 against an increase in the gross rent expected for 2021.

2. Net real estate operating expenses

Net real estate operating expenses amount to Euro 1,201 thousand as of March 31st, 2020. The breakdown of the figure is detailed below:

(in thousands Euro)	Vodafone Complex *	Tocqueville Monte Rosa Pavilion	Deutsche Bank branches	Gioiaotto Philips Microsoft	Deruta	March 31st, 2020	March 31st, 2019
Recovery of costs from tenants	685	334	6	314	5	1,344	1,230
Property management fee	(78)	(30)	(15)	(49)	(9)	(181)	(131)
Maintenance charges	(214)	(203)	(9)	(220)	-	(646)	(662)
Utilities	(272)	(107)	(1)	(128)	-	(508)	(480)
Insurance	(24)	(16)	(12)	(28)	(6)	(86)	(55)
Property taxes	(185)	(212)	(152)	(231)	(62)	(842)	(714)
Stamp duties	(88)	(22)	(12)	(27)	(9)	(158)	(90)
Other real estate costs	(1)	(23)	(100)	-	-	(124)	(49)
Net real estate expenses	**(177)**	**(279)**	**(295)**	**(369)**	**(81)**	**(1,201)**	**(951)**

* Include Lorenteggio Village Consortium

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

Property management fees are mainly related to ordinary activities for the administration and maintenance of the buildings.

Maintenance and service charges are related to the expenses incurred for the maintenance of buildings (lifts, systems, office cleaning) and for the maintenance of the green spaces.

Utilities refer to the cost of providing electricity, water and gas for the buildings.

Insurance costs are mainly related to the all-risk policies signed by the Company and subsidiaries to protect the asset value and ownership of the buildings.

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

3. General and administration expenses

General and administration expenses amount to Euro 2,075 thousand as of March 31st, 2020. The detailed summary table is attached below:

(in thousands Euro)	COIMA RES	CORE IV SIINQ I	CORE VI COF I FPV	CORE VIII	Others	March 31st, 2020	March 31st, 2019
Asset management fee	(214)	(80)	(487)	(272)		(1,053)	(1,154)
Personnel costs	(428)	-	-	-	-	(428)	(425)
Consulting costs	(114)	(24)	(48)	(4)	(6)	(196)	(274)
Control functions	(79)	(8)	(4)	-	-	(91)	(87)
Audit	(40)	(11)	(14)	(7)	(2)	(74)	(75)
Marketing	(65)	-	-	-	-	(65)	(71)
IT service	(41)	-	-	-	-	(41)	(51)
Independent appraisers	(13)	(9)	(8)	(7)	-	(37)	(32)
Other operating expenses	(87)	-	-	-	(3)	(90)	(76)
G&A expenses	**(1,081)**	**(132)**	**(561)**	**(290)**	**(11)**	**(2,075)**	**(2,245)**

Asset management fees relate to the agreement signed by the Company and COIMA SGR for the *sourcing* of investment transactions and the management of the real estate portfolio, as well as for other activities provided under the terms of the *asset management* agreement. These fees are calculated quarterly, based on the Net Asset Value (NAV) recorded by the Company in the previous three months.

It should be noted that the decrease of Euro 101 thousand compared to March 31st, 2019 relates to the modification of the Asset Management agreement approved by the Board of Directors on March 19th, 2020, which provides for the reduction of management fees by 30 basis points (from 1.10% to 0.80% of the NAV) from January 1st, 2020.

Based on the NAV as of December 31st, 2019 the reduction of the fee is equivalent to a saving for COIMA RES of Euro 328 thousand for the first quarter of 2020.

Personnel costs, amounting to Euro 428 thousand, include:
- wages, salaries and similar expenses, amounting to Euro 182 thousand, related to wages for the Company's employees;
- social security contributions, amounting to Euro 56 thousand, paid by the Company to social security funds;
- other personnel costs, amounting to Euro 190 thousand, include mainly the Board of Directors' remuneration.

Consulting costs relate mainly to support provided by consultants for ordinary management of the Company; in details for:
- 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 31 thousand, risk management, amounting to Euro 20 thousand, and other control functions, amounting to Euro 40 thousand.

Marketing costs mainly relate to media relations expenses (Euro 24 thousand), maintenance of the digital platform (Euro 33 thousand) and other marketing costs for corporate events and conferences (Euro 8 thousand).

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

The expenses related to the *independent property valuation* are due in respect of the agreement in place with the independent experts CBRE Valuation, 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 corporate costs (insurances, membership fees, Borsa Italiana's services, CONSOB contribution).

4. Other operating expenses

The other operating expenses, amounting to Euro 220 thousand (Euro 37 thousand as of March 31st, 2019), include *corporate* taxes and fees, costs related to non-deductible VAT, non-recurring liabilities and other operating costs.

At March 31st, 2020 this item also includes the donations made by the Company to the Luigi Sacco hospital and to the Mutual Aid Fund of the Municipality of Milan to deal with the health emergency COVID-19, which spread in Italy at the end of February 2020. It should be noted that the financial resources relating to donations, amounting to Euro 220 thousand, derive in part from the waiver of Manfredi Catella's emolument as a member of the Board of Directors, equal to Euro 90 thousand, and the waiver of the emoluments of other directors and key managers, for an aggregate of Euro 30 thousand.

5. Financial income and expenses

The item financial income, amounting to Euro 241 thousand (zero balance as at March 31st, 2019), mainly includes dividends distributed by ITALIAN COPPER FUND.

The item *financial expenses*, amounting to Euro 2,047 thousand (Euro 1,709 thousand as of March 31st, 2019), mainly include interests accrued on existing bank borrowings. The increase of Euro 338 thousand compared to the first quarter of 2019 is mainly linked to the loan agreements relating to the Philips and Microsoft properties, acquired in the broader context of the transaction for the purchase and sale of the shares of COIMA OPPORTUNITY FUND I and Feltrinelli Porta Volta finalized in fourth quarter 2019.

CONSOLIDATED BALANCE SHEET

(in thousands Euro)	Notes	March 31st, 2020	*of which related parties*	December 31st, 2019	*of which related parties*
Assets					
Real estate investments	6	764,433	-	764,924	-
Other tangible assets	7	1,532	751	1,582	771
Intangible assets	7	229	-	188	-
Investments accounted for using the equity method	8	34,483	-	33,675	-
Financial assets at fair value	9	3,856	-	4,593	-
Non-current deferred tax assets		14	-	10	-
Derivatives	10	127	-	158	-
Long term financial assets	11	1,620	1,620	1,620	1,620
Total non-current assets		**806,294**	**2,371**	**806,750**	**2,391**
Inventories	12	2,780	-	2,780	-
Trade and other current receivables	11	10,079	176	9,958	100
Cash and cash equivalents	13	58,630	-	42,693	-
Total current assets		**71,489**	**176**	**55,431**	**100**
Non-current assets held for sale	6	10,400	-	23,500	-
Total assets		**888,183**	**2,547**	**885,681**	**2,491**
Liabilities					
Capital stock		14,482	-	14,482	-
Share premium reserve		336,273	-	336,273	-
Valuation reserve		(1,638)	-	(1,677)	-
Interim dividend		(3,611)	-	(3,611)	-
Other reserves		94,712	-	62,670	-
Profit / (loss) for the period		3,292	-	31,973	-
Total Group shareholders' equity	**14**	**443,510**	**-**	**440,110**	**-**
Minorities	**14**	**71,563**	**-**	**71,175**	**-**
Shareholders' equity	**14**	**515,073**	**-**	**511,285**	**-**
Bank borrowings and other non-current lenders	15	340,415	-	340,233	-
Non-current financial liabilities	16	1,261	760	1,301	779
Payables for post-employment benefits		82	-	71	-
Provisions for risks and charges	17	368	368	373	373
Derivatives	18	1,984	-	1,888	-
Trade payables and other non-current liabilities	19	1,859	998	1,833	998
Total non-current liabilities		**345,969**	**2,126**	**345,699**	**2,150**
Bank borrowings and other current lenders	15	16,133	-	16,140	-
Trade payables and other current liabilities	19	10,983	2,100	12,536	1,952
Current tax payables		25	-	21	-
Total current liabilities		**27,141**	**2,100**	**28,697**	**1,952**
Total liabilities		**373,110**	**4,226**	**374,396**	**4,102**
Total liabilities and shareholders' equity		**888,183**	**4,226**	**885,681**	**4,102**

NOTES TO THE CONSOLIDATED BALANCE SHEET

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

6. Real estate investments

Property investments as of March 31st, 2020 are detailed as follows:

(in thousands Euro)	Investments	December 31st, 2019	Capex	Revaluations (write-downs)	March 31st, 2020
COIMA RES SIIQ	Monte Rosa	61,100	3	-	61,103
	Tocqueville	59,600	-	-	59,600
	Pavilion	73,200	-	-	73,200
COIMA CORE FUND IV	DB branches	66,204	-	-	66,204
COIMA CORE FUND VI	Gioiaotto	83,700	-	(900)	82,800
COIMA RES SIINQ I	Deruta	47,100	-	-	47,100
COIMA CORE FUND VIII	Vodafone	213,000	-	-	213,000
COIMA OPPORTUNITY FUND I	Philips	62,790	-	-	62,790
FELTRINELLI PORTA VOLTA	Microsoft	98,230	406	-	98,636
Real estate investments		**764,924**	**409**	**(900)**	**764,433**

Preparing the first quarter reports and, in particular, considering any economic and financial impacts following the spread of the COVID-19 epidemic, the Company carried out an analysis on the presence of any signs of impairment on the value of the properties at March 31st, 2020 compared to the value derived from the latest appraisals prepared by independent experts at December 31st, 2019.

Considering that the Company's portfolio is mainly composed of spaces leased for office use by medium and large multinational companies, with reference to March 31st, 2020, independent experts did not detect significant variances in the office sector, which remains unchanged compared to the trends observed in December 2019.

The other asset classes (hospitality, leisure, and retail) were instead heavily penalized by the lock-down that limited the ability to do business and consequently the ability to pay the rents.

Considering the potential impact on the hospitality industry of the current situation, the Company has performed an external valuation on the hotel property owned by the company, that is the hotel portion of Gioiaotto. This new valuation lead to a mark-down of the asset of Euro 900 thousand.

The remaining asset have not been revalued. The next revaluation of the entire portfolio is scheduled to June 30th, 2020 for the half-yearly financial statements.

The reports commissioned by the Company to independent experts are prepared in compliance with the "RICS Valuation - Professional Standards" standards, in accordance with the applicable legislation and the recommendations provided by the ESMA European Securities and Markets Authority.

It should be noted that the increase in the Microsoft property, amounting to Euro 406 thousand, relates to the works carried out in the first quarter of 2020 for the construction of the public spaces near to the buildings.

The item “*non-current assets held for sale*”, amounting to Euro 10,400 thousand (Euro 23,500 thousand as of December 31st, 2019) includes the remaining 3 bank branches being disposed, two located in Milan and one in Verona, whose sale will be completed by June 2020.

7. Other tangible assets and intangible assets

Other tangible assets, amounting to Euro 1,532 thousand (Euro 1,582 thousand as of December 31st, 2019), mainly include the right to use the spaces leased by the Group for the entire duration of the agreement, the furniture and furnishings relating to the Company's registered office.
As of today, the Group has three lease agreement in place, the right of use of which, net of depreciation for the period, amounts to Euro 1,248 thousand (Euro 1,293 thousand as of December 31st, 2019).

Intangible assets, amounting to Euro 229 thousand (Euro 188 thousand at December 31st, 2019), refer to administrative and accounting software. The net increase of Euro 41 thousand compared to the previous year is due to the development of implementation activities carried out during the period.

8. Investments accounted for using the equity method

The item, amounting to Euro 34,483 thousand (Euro 33,675 thousand at December 31st, 2019), include the equity investment in Porta Nuova Bonnet Fund amounting to Euro 32,955 thousand and the equity investment in Co – Investment 2 SCS, owned indirectly through MHREC Sàrl, amounting to Euro 1,528 thousand.

The increase of Euro 808 thousand compared to the previous year is due to the capital calls made by Porta Nuova Bonnet Fund net of the results of this quarter.

9. Financial assets at fair value

Financial assets at fair value, amounting to Euro 3,856 thousand (Euro 4,593 thousand as of December 31st, 2019), refer to the investment of about 13% in ITALIAN COPPER FUND, acquired in the wider context of the transaction related to the purchase of COIMA OPPORTUNITY FUND I’ units, finalized in the fourth quarter of 2019. The decrease of Euro 737 thousand compared to the previous year is due to the adjustment to the NAV of the period, aligned to the fair value of the instrument.

10. Derivatives

The derivative instruments amounting to Euro 127 thousand (Euro 158 thousand as of December 31st, 2019), decreased to Euro 31 thousand compared to the previous year due to the change in the *fair value* of CAP derivative contracts related to the Vodafone loan and to the amortization of the premium paid.
The Company has recorded the financial instruments based on international accounting principles, verifying the effectiveness of the hedging relation.

11. Trade and other receivables

Non-current financial receivables, amounting to Euro 1,620 thousand (Euro 1,620 thousand as of December 31st, 2019), relate to loans granted by MHREC Sàrl to the associated company Co – Investment 2 SCS.

Trade receivables, amounting to Euro 10,079 thousand (Euro 9,958 thousand as of December 31st, 2019), include:

- rental receivables amounting to Euro 6,245 thousand;
- other VAT receivables amounting to Euro 1,485 thousand;
- payments and accrued income amounting to Euro 1,933 thousand;
- deposits, advance and other receivables amounting to Euro 416 thousand.

Receivables from tenants, equal to Euro 5,387 thousand as of December 31st, 2019, show an increase of Euro 858 thousand mainly due to the advance invoiced sent related to rents for the second quarter of 2020. Over half of the receivables from tenants are reference to the effects of the normalization of rents, accounted in line with the accounting standard IFRS 16.
As of March 31st, 2020, trade receivables are shown net of any write-downs relating to bad debts or unrealizable collections estimated.

12. Inventories

The inventories, amounting to Euro 2,780 thousand (Euro 2,780 thousand as at December 31st, 2019), include the vacant Deutsche Bank branches.

13. Cash and cash equivalents

The Company's cash and cash equivalents, amounting to Euro 58,630 thousand (Euro 42,693 thousand as of December 31st, 2019), include the available cash of the parent company and the subsidiaries.

14. Shareholders' equity

As of March 31st, 2020, the net equity of the Company amounts to Euro 443,510 thousand (Euro 440.110 thousand as of December 31st, 2019).
Share capital, amounting to Euro 14,482 thousand, is represented by no. 36,106,558 shares with no nominal value.
Reserves include:

- share premium reserve for Euro 336,273 thousand;
- legal reserve for Euro 2,890 thousand;
- negative cash flow hedge reserve for Euro 1,638 thousand;
- other reserves for Euro 91,822 thousand;
- interim dividend for Euro 3,611 thousand.

15. Bank borrowings and other lenders

Bank borrowings and other non-current lenders, amounting to Euro 340,415 thousand, mainly include the financial loans contracted by the Company and by the controlled entities, whose movement is show below.

(in thousands Euro)	December 31st, 2019	Amortised costs	March 31st, 2020
COIMA RES SIIQ	99,132	110	99,242
COIMA CORE FUND VI	47,640	47	47,687
COIMA RES SIINQ I	19,859	17	19,876
COIMA CORE FUND VIII	125,841	96	125,937
COIMA OPPORTUNITY FUND I	25,016	(3)	25,013
FELTRINELLI PORTA VOLTA	22,745	(85)	22,660
Non-current bank borrowings	**340,233**	**182**	**340,415**

Bank borrowings and other non-current lenders of Euro 16,133 thousand (Euro 16,140 thousand at December 31st, 2019) mainly include the amount of the loan which will be repaid, reasonably within 12 months, against the collection deriving from the sale operation of eleven Deutsche Bank branches .

16. Non-current financial liabilities

This item, equal to Euro 1,261 thousand (Euro 1,301 thousand as of December 31st, 2019) includes the financial payables recorded against the payment of the lease payments relating to the existing lease agreements, as required by the accounting standard IFRS 16. This liability is equal to the present value of future cash flows expected for the contractual term.

17. Provisions for risks and charges

This amount, equal to Euro 368 thousand (Euro 373 thousand at December 31st, 2019), refers to the payment to cover the risks relating to the contracts in place with the CEO.

In addition, Manfredi Catella has expressed his will to forego until January 1st, 2025 the emoluments related to his role as CEO in line with the conduct held since IPO. Such renunciation is based on certain conditions, which are currently satisfied.

18. Derivatives

The derivative financial instruments classified in liabilities, amounting to Euro 1,984 thousand (Euro 1,888 thousand as of December 31st, 2019), show an increase of Euro 96 thousand compared to the previous year due exclusively to the change in the *fair value* refer to Interest Rate Swaps, subscribed to hedge the financial flows related to Monte Rosa, Tocqueville and Pavilion loans.

19. Trade payables and other liabilities

Trade payables and other non-current liabilities, amounting to Euro 1,859 thousand (Euro 1,833 thousand as of December 31st, 2019), include:

- Euro 998 thousand related to the fair value of the financial instruments granted to the CEO and key managers;
- Euro 861 thousand related to cash deposits received from tenants.

The trade payables and other current liabilities, amounting to Euro 10,983 thousand (Euro 12,536 thousand at December 31st, 2019) include:

- trade payables to suppliers and invoices to be received of Euro 5,613 thousand;
- accruals and deferred income of Euro 4,097 thousand;
- security previsions, personnel liabilities and other payables of Euro 1,273 thousand.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands Euro)	March 31st, 2020	March 31st, 2019
Profit for the period before tax	4,670	4,688
Adjustments to reconcile the profit to net cash flow:		
Net depreciation	144	129
Severance pay	30	27
Net movement in fair value property	900	(1,160)
Net income attributable to non-controlling interests	21	137
Financial income	-	-
Financial expenses	404	370
Income taxes	-	-
Changes in working capital:		
(Increase) / decrease in trade and other current receivables	(121)	(174)
(Increase) / decrease in deferred tax assets	(4)	(4)
Increase / (decrease) in trade payables and other current liabilities	(1,559)	(722)
Increase / (decrease) in tax payables	4	5
Increase / (decrease) in trade payables and other non-current liabilities	26	(148)
Net cash flows generated (absorbed) from operating activities	**4,515**	**3,148**
Investment activities		
(Acquisition) / disposal of real estate properties	12,691	395
(Acquisition) / disposal of other tangible and intangible assets	(52)	(21)
(Acquisition) / disposal of other non-current receivables	-	-
(Increase) / decrease in financial assets	612	-
Purchase of associated companies	(829)	(857)
Net cash flow generated (absorbed) from investment activities	**12,422**	**(483)**
Financing activities		
Shareholders' contribution / (dividends paid)	-	-
Dividends paid to minorities	(1,000)	-
(Acquisition) / closing of derivatives	-	-
Increase / (decrease) in bank borrowings and other non-current lenders	-	-
Repayment of borrowings	-	(1,000)
Net cash flows generated (absorbed) from financing activities	**(1,000)**	**(1,000)**
Net increase / (decrease) in cash and cash equivalents	15,937	1,665
Cash and cash equivalents at the beginning of the period	42,693	82,221
Cash and cash equivalents at the end of the period	**58,630**	**83,886**

RISKS, GUARANTEES AND COMMITMENTS

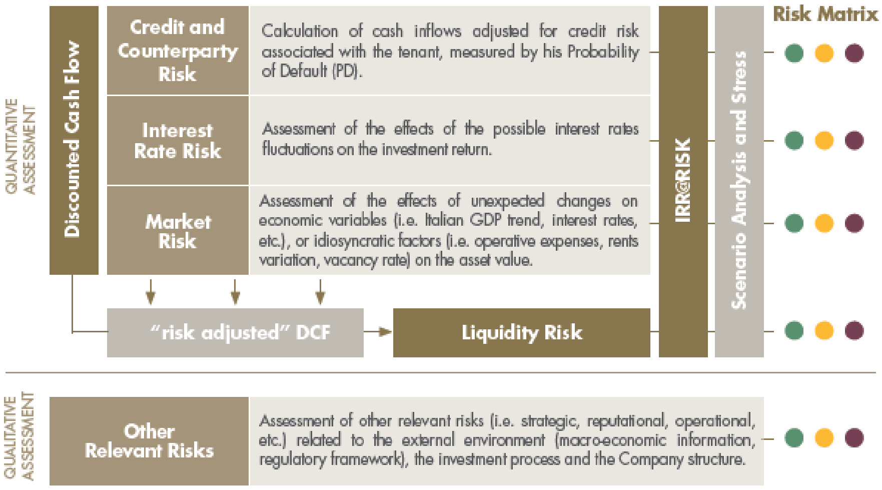
Risks

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

	Risks	COIMA RES mitigation
1	**Market risk** - 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. 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.	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. 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. 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, the Company adjusts, where appropriate, the management and enhancement strategies of the properties to contain the impacts and mitigate the risk.
2	**Credit and counterparty risk** - 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: - tenants; - counterparties in real estate development operations (manufacturer, operator); - counterparties in real estate transactions.	During the on-boarding phase, the Company analyses and continuously monitors the risks of non-compliance of tenants 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. In this regard, the Company's investment strategy favours reputable and well-capitalized counterparties and those belonging to large international groups. 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, taking into account existing contractual safeguards.
3	**Concentration risk** - 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.	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. 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.
4	**Interest rate risk** - 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).	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.
5	**Liquidity risk** - the risk of not being able to meet one's payment obligations due to: - the inability to obtain funds in the market and generate adequate operating cash flows (funding liquidity risk); - the inability to monetise one's assets (market liquidity risk).	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. 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. As part of the impact analyzes of the Covid-19 emergency, the Company

		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. On the basis of the results of the sensitivity analyzes, the Company prepares, where appropriate, interventions to optimize and strengthen the financial structure.
6	**Other financial risks** - 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.	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. 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.
7	**Operating risk** - 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.	Operating risks are addressed by adopting adequate internal procedures and the structuring of the internal control system on three levels: - Level One: Scheduled checks carried out by the business units and staff functions; - Level Two: Checks carried out by the Legal, Compliance and Risk Management functions; - Level Three: Checks carried out by the internal audit function based on the Audit Plan. 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, and to prepare the carrying out of activities in smart working mode. 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 (Prime Ministerial Decree of March 8th, 2020). Furthermore, protocols for the prevention of contagion risk have been introduced in the buildings managed by the Company and in the work sites, and interventions to implement the requests of the tenants and adapt, where appropriate and permitted, the property insurance policies.
8	**Legal and compliance risk** - the risk of changes in performance due to changes in the legislative framework or violations of the regulations to which the Company is subject.	The Company continuously monitors the risk of non-compliance with current legislation and compliance requirements. Our compliance checks include asset and profit tests 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.
9	**Reputational risk** - 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. 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.	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). 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.
10	**Strategic risk** - 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.	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.

The Company adopts an advanced Risk Management Model that combines quantitative analysis of interest rates, credit, and markets and qualitative analysis for other risks (operational, reputational and strategic risks), and considers the use of scenario analysis and stress testing in order to assess the degree of exposure to the main risks under adverse conditions, and to determine the IRR@Risk.



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 CCFIV units;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid.

As for the loan related to Monte Rosa and Tocqueville:
- first mortgage of Euro 140,000 thousand;
- pledge on the CCFIV units;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid;
- 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, excluding the account to which any amounts distributed as dividends will be paid;
- 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.

Regarding the loan of our 100% owned subsidiary COIMA RES SIINQ I, the Company has agreed with the lending banks on the following *security package*:
- first mortgage of Euro 40,000 thousand;
- pledge on the subsidiary shares;
- pledge on operating bank accounts linked to the loan agreement, excluding the ordinary account;
- disposal of receivables related to Deruta rents, insurance claims and any other receivables arising from disputes against consultants engaged for the *due diligence* on the property.

COIMA CORE FUND VI, has granted the following guarantees to banks in relation to the loan it has taken on:

- pledge on bank accounts held at State Street Bank;
- disposal of receivables, in favour of the bank, related to rents, insurance contracts and warranties issued to the fund, to guarantee the proper fulfilment of obligations of tenants.

Mortgage debt encumbering real estate is as follows:

Date	Amount	Grade	Bank
June 24th, 2016	156,000,000	I	UBI Bank / Credit Agricole / ING

Furthermore, the Fund will contribute Euro 1,400 thousand for the modernisation and redevelopment works on Gioiaotto carried out by NH Hotel, of which Euro 1,260 thousand already paid.

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.

As for COF I, the entity has agreed the following guarantees to the bank:

- first mortgage of Euro 50,000 thousand;
- pledge on operating bank accounts linked to the loan agreement;
- disposal of receivables related to rents, insurance claims and guarantees issued in favour of the fund.

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

- first mortgage for Euro 80,800 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 21st, 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.

Regarding the VAT reimbursement, COIMA RES has granted a guarantee to the Italian Inland Revenue Agency amounting to Euro 41,187 thousand.

The Company has a commitment of Euro 25,000 thousand to the Porta Nuova Bonnet Fund. Please note that as of March 31st, 2020 Porta Nuova Bonnet Fund drew Euro 20,339 thousand and therefore has a residual claim of Euro 4,661 thousand on the Company.

Criteria for the preparation of the interim consolidated financial statements

The interim consolidated financial statements have been prepared adopting the same principles of consolidation and measurement criteria described in the last annual report as at December 31st, 2019.

The interim consolidated financial statements do not disclose all the information required during preparation of the annual consolidated financial statements nor all the information required by IAS 34.

The consolidation perimeter includes:

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

as entities consolidated using the full consolidation method,

- Porta Nuova Bonnet Fund,
- Co-Investment 2 SCS and Infrastrutture Garibaldi Repubblica, and
- Porta Nuova Garibaldi Consortium

as entities consolidated in accordance with 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 March 31st, 2020 corresponds to corporate records, books and accounts.

Milan, May 13rd, 2020

Manager responsible for preparing the Company's financial reports

Fulvio Di Gilio

GLOSSARY

	Definition
Accounting Period	Accounting period means each successive period of 12 calendar months each of which starts on 1 January and ends at midnight on December 31st in each year.
ALM	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.
Asset Management Agreement	The agreement entered into on October 15th, 2015, by and between COIMA RES and COIMA SGR and modified on November 15th, 2015.
Bonnet or Corso Como Place	Bonnet is the property located in Milan, in via Bonnet, held through the Porta Nuova Bonnet investment (35.7%).
Break Option	The right of the tenant to withdraw from the lease agreement.
CBD	Central Business District, which is the area where the prime office market is mainly located.
CBRE	CBRE Valuation S.p.A., with registered office in Milan, Via del Lauro, 5/6.
CO - Investment 2SCS	A subsidiary owned indirectly via MHREC Real Estate S.à.r.l., which owns 33.33% of the units.
COIMA CORE FUND IV	Fund in which the Company owns 100% of the shares.
COIMA CORE FUND VI (ex "MHREC")	Fund of which the Company owns about 88.2% of the shares.
COIMA CORE FUND VIII	COIMA CORE FUND VIII, set up in May 29th, 2019, of which the company owns 50% of the capital stock.
COIMA OPPORTUNITY FUND I or COF I	Fund of which COIMA CORE FUND VI acquired 88.8% of the shares on September 30th, 2019.
COIMA RES SIINQ I	COIMA RES S.p.A. SIINQ I, of which COIMA RES owns 100% of the capital stock.
COIMA S.r.l.	COIMA S.r.l., with registered office in Milan, Piazza Gae Aulenti no.12.
COIMA SGR	COIMA SGR S.p.A., with registered office in Milan, Piazza Gae Aulenti no.12.
Company or COIMA RES	COIMA RES S.p.A. SIIQ, with registered office in Milan, Piazza Gae Aulenti no.12.
Consortium Lorenteggio Village	Consortium Lorenteggio Village, established on January 25th, 2018, of which COIMA RES owns 69.21% of the shares.
Consortium Porta Nuova Garibaldi	Consortium Porta Nuova Garibaldi, of which COIMA RES owns about 4%.
Core	The *core* 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.
Core plus	The *core plus* assets are similar to the *core* 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.
Coupon	The value accrued on the Financial Instrument.
Deruta 19 or Deruta	Deruta is the property complex located in Milan, Via Deruta 19, acquired on January 16th, 2017, by COIMA RES SIINQ I.
Deutsche Bank Portfolio	The bank branches of COIMA CORE FUND IV, leased to Deutsche Bank
EBITDA	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.
EPRA Cost Ratio	Calculated as administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
EPRA Earnings	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.
EPRA Net Reinstatement Value	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.
EPRA Net Tangible Asset	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
EPRA Net Disposal Value	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.
EPRA Net Initial Yield	Calculated as Net Initial Rent divided by the gross market value of the property.
EPRA topped up Net Initial Yield	Calculated as Net Stabilised Rent divided by the gross market value of the property.
EPS	Earnings Per Share calculated as net income divided by the basic number of shares outstanding.
Expected Gross Stabilised Rent	Gross Stabilised Rent adjusted for selected active asset management initiatives.
Feltrinelli Porta Volta	Fund in which the Company indirectly owns about 83.5% of the shares.
FFO	Funds From Operations calculated as Core Business EBITDA less net interest expense.
Gioiaotto	Gioiaotto is the property located in Milan, in Melchiorre Gioia 6-8, held through the MHREC Fund.
Good Secondary location	High quality properties located in central or peripheral areas of primary cities.
Gross Expected Stabilised Yield	Calculated as Expected Gross Stabilised Rent divided by the gross market value of the property.
Gross Initial Rent	Annualised rents being received as at a certain date considering lease incentives such as rent-free periods, discounted rent periods and step rents.
Gross Initial Yield	Calculated as Gross Initial Rent divided by the gross market value of the property.
Gross Stabilised Rent	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.
Gross Stabilised Yield	Calculated as Gross Stabilised Rent divided by the gross market value of the property.
Infrastrutture Garibaldi - Repubblica	Infrastrutture Garibaldi – Repubblica, of which the Company owns about 2%.
Interest Coverage Ratios	Ratio between the NOI and interest expense.
Italian Copper Fund	Fund in which COF I owns about 17% of the shares.
Key managers	Manfredi Catella, Matteo Ravà and Gabriele Bonfiglioli
LEED Certification	Certification of building efficiency issued by the U.S. Green Building Council.
MHREC S.à.r.l.	MHREC Real Estate S.à.r.l., subsidiary of COIMA CORE FUND VI (ex "MHREC").
Microsoft	Microsoft is the building located in Milan, Viale Pasubio 21 owned by Feltrinelli Porta Volta.
Monte Rosa	Monte Rosa is the property complex located in Milan, Via Monte Rosa 93, acquired on October 24th, 2017 by COIMA RES.
Net Expected Stabilised Rent	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.
Net Expected Stabilised Yield	Calculated as Expected Net Stabilised Rent divided by the gross market value of the property.
Net Initial Rent	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.
Net Liquidity	Net Liquidity or Net Financial Position is the effective Net Debt of the Company.
Net Stabilised Rent	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.
Pavilion	Pavilion is the property complex located in Milan, Piazza Gae Aulenti 10, acquired on November 23rd, 2018 by COIMA RES.

Porta Nuova Bonnet	Fund established on October 20th, 2016, of which COIMA RES owns 35.7%.
Promote Fee	Performance fee payable by COIMA RES to SGR, related to the Asset Management Agreement.
Qatar Holding	Qatar Holding LLC, a company with principal offices in Doha, Qatar, Q-Tel Tower, PO Box 23224, wholly owned by Qatar Investment Authority, sovereign fund of the State of Qatar.
Recurring FFO	Calculated as FFO adjusted to exclude non-recurring income and expenses.
Sarca	Sarca is the building located in Milan, Viale Sarca 235 owned by COF I.
Shareholder Return	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.
Shareholder Return Outperformance	Shareholder Return Outperformance means, in respect of each Accounting Period, the amount in Euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a determined Shareholder Return.
SIINQ	Unlisted real estate investment company regulated by article 1, paragraph 125 of the Finance Act 2007.
SIIQ	Listed real estate investment company regulated by article 1, paragraphs 119-141-bis of the Finance Act 2007.
Tocqueville	Tocqueville is the property located in Milan, Via A. Tocqueville, acquired on July 27th, 2018, by COIMA RES.
Weighted Average Debt Maturity	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.
Value-add	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.