Real Estate SIIQ

COIMA RES

COIMA RES
Interim financial statements
for the period ending
September 30th, 2019

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 SIIQ (Società di Investimento Immobiliare Quotate) which is like 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, COIMA RES is listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A..

GOVERNANCE

Board of Directors [1]

Caio Massimo Capuano	Chairman, Non-Executive Director
Feras Abdulaziz Al-Naama	Vice Chairman, Independent Director
Manfredi Catella	Chief Executive Officer
Luciano Gabriel	Independent Director
Olivier Elamine	Independent Director
Agostino Ardissone	Independent Director
Alessandra Stabilini	Independent Director
Ariela Caglio	Independent Director
Antonella Centra	Independent Director

Board of Statutory Auditors [2]

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

Compensation Committee

Alessandra Stabilini	Chairman
Caio Massimo Capuano	Member
Olivier Elamine	Member

[1] In charge from April 17th, 2019 until the approval of the financial statements as of December 31st, 2019.
[2] In charge from April 12th, 2018 until the approval of the financial statements as of December 31st, 2020.

Investment Committee

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

Control and Risk Committee

Agostino Ardissone	Chairman
Alessandra Stabilini	Member
Luciano Gabriel	Member

Internal Audit and Compliance

The Internal Audit and Compliance functions are outsourced to a specialized company named Consilia Regulatory S.r.l., which has designated Mr. Gianmarco Maffioli as responsible for the Internal Audit function and Mr. Giacomo del Soldà for the Compliance function.

Risk Manager

Risk management is outsourced to a specialized company called Macfin Management Consultants S.r.l., which has designated Mr. Emerico Amari di Sant'Adriano as responsible for such function.

External Auditors

The shareholders' meeting held on February 1st, 2016 appointed EY S.p.A. as auditor 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

BOARD OF DIRECTORS' REPORT

The financials as of September 30th, 2019 are summarized in the table below.

(in million Euro)	September 30th, 2019	per share	December 31st, 2018	per share	Δ	Δ%
Total property value	688.9		623.5		65.4	10.5%
EPRA NAV	431.5	11.95	421.6	11.71	9.8	2.3%
EPRA NNNAV	425.6	11.79	415.4	11.54	10.2	2.5%
Debt position	333.0		291.3		41.7	14.3%
Cash position	85.5		82.2		3.3	4.0%
Net Loan to Value	35.8%		33.5%		2.3 p.p.	n.m.
EPRA Net Initial Yield	4.6%		5.2%		(0.6) p.p.	n.m.
EPRA "topped-up" NIY	5.4%		5.3%		0.1 p.p.	n.m.
EPRA vacancy rate	1.9%		4.6%		(2.7) p.p.	n.m.

(in million Euro)	September 30th, 2019	per share	September 30th, 2018	per share	Δ	Δ%
Rents	26.9		26.7		0.2	0.8%
NOI	24.1		23.8		0.3	1.2%
EBITDA	16.9		15.1		1.7	11.6%
EBIT	22.5		25.2		(2.7)	(10.7%)
Recurring FFO	12.3	0.34	12.6	0.35	(0.3)	(2.4%)
Net profit	16.2	0.45	21.0	0.58	(4.8)	(22.7%)
EPRA Earnings	10.1	0.28	11.7	0.33	(1.6)	(13.4%)
EPRA cost ratio (including direct vacancy costs)	37.9%		41.7%		(3.8 p.p.)	n.m.
EPRA cost ratio (excluding direct vacancy costs)	37.4%		40.5%		(3.1 p.p.)	n.m.
Like for like rental growth [3]	1.8%		0.5%		1.3 p.p.	n.m.
WALT (years)	5.7		6.1		(0.4)	n.m.

EPRA Net Asset Value per share as of September 30th, 2019 was Euro 11.95, an increase over the first nine months of 2019 of 2.3%.

The key factors affecting the NAV increase in the first nine months of 2019 are:

- EPRA Earnings for the period of Euro 10.1 million;
- *fair value* adjustment related to the real estate portfolio, net of minorities of Euro 7.1 million;
- reduction due to dividend payment for Euro 7.2 million;
- the capital increase relating to the payment of the coupon of the financial instrument accrued in the FY 2018, amounting to Euro 0.8 million.

EPRA Cost Ratio decreased from 41.7% to 37.9% on annual basis.

[3] Calculated on consolidated figures.

The Group net result at September 30th, 2019 amounted to Euro 16.2 million.

(in million Euro)	September 30th, 2019	September 30th, 2018	Δ	Δ%
Rents	26.9	26.7	0.2	0.8%
Net real estate operating expenses	(2.8)	(2.9)	0.1	(2.8%)
NOI	**24.1**	**23.8**	**0.3**	**1.2%**
Other revenues	0.0	(0.0)	0.0	>100.0%
G&A	(6.6)	(6.3)	(0.3)	4.7%
Other expenses	(0.1)	(0.7)	0.7	(90.0%)
Non-recurring general expenses	(0.5)	(1.6)	1.1	(66.3%)
EBITDA	**16.9**	**15.1**	**1.7**	**11.6%**
Net depreciation	(0.2)	(0.9)	0.7	(78.6%)
Net movement in *fair value*	5.8	11.0	(5.2)	(47.0%)
EBIT	**22.5**	**25.2**	**(2.7)**	**(10.7%)**
Financial income	0.0	0.0	(0.0)	n.m.
Other income/expenses	1.8	0.9	0.9	99.5%
Recurring financial expenses	(5.1)	(3.7)	(1.4)	27.5%
Non-recurring financial expenses	(2.7)	0.0	(2.7)	100%
Profit before taxation	**16.5**	**22.4**	**(5.9)**	**(26.3%)**
Income tax	0.0	(0.0)	0.0	0.0%
Profit	**16.5**	**22.4**	**(5.9)**	**(26.3%)**
Minorities	(0.3)	(1.4)	1.1	(79.3%)
Profit attributable to COIMA RES	**16.2**	**21.0**	**(4.8)**	**(22.7%)**
EPRA Adjustments[4]	(6.1)	(9.3)	3.2	(34.2%)
EPRA Earnings	**10.1**	**11.7**	**(1.6)**	**(13.4%)**
EPRA Earnings per share	0.28	0.33	(0.05)	(13.9%)
FFO	**9.1**	**11.4**	**(2.4)**	**(20.5%)**
FFO Adjustments[5]	3.2	1.2	2.0	>100.0%
Recurring FFO	**12.3**	**12.6**	**(0.3)**	**(2.4%)**
Recurring FFO per share	0.34	0.35	(0.01)	(2.7%)

The NOI margin includes rents generated by the assets in portfolio, net of direct real estate operating costs (such as property taxes, property management, utilities and maintenance expenses).
The NOI margin is 89.5% and the current in-place NOI yield is 4.6%.

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 and communication and others.

Net depreciation, amounting to Euro 0.2 million, mainly includes the write-downs of the other tangible and intangible assets for the period.

The net movement in *fair value*, amounting to Euro 5.8 million, is related to Vodafone complex for an amount of Euro 3.6 million, Gioiaotto for an amount of Euro 2.0 million, Tocqueville for an amount of Euro 0.7 million,

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

Monte Rosa for an amount of Euro 0.1 million and Pavilion for an amount of Euro 0.8 million. This item also includes the write-down of Deutsche Bank branches and Deruta, amounting to Euro 1.4 million.

Other income or expenses, amounting to Euro 1.8 million, mainly related to the profit of the investments accounted for using the equity method for Euro 1.4 million and the effect of first consolidation of COF I for Euro 0.4 million.

The financial expenses are mainly related to existing loans. In this item, the Company recorded Euro 2.7 million related to non-recurring financial expenses due to the partial repayment of loans for a total amount of Euro 129.8 million made on June 27th, 2019.

The Group profit for share amounts to Euro 0.45 and is calculated according to the international accounting standard IAS/IFRS, considering the average number of shares outstanding during the period.

The following table summarizes the Company's reclassified balance sheet including the reclassification of the investments in Porta Nuova Bonnet and Feltrinelli Porta Volta funds on proportional consolidation basis, to obtain the total value of the property investments of the Group at September 30th, 2019.

(in million Euro)	**September 30th, 2019**	**December 31st, 2018**	**Δ**	**Δ%**	**September 30th, 2019 Look-Through adjusted**
Investment properties	688.9	623.5	65.4	10.5%	784.4
Other assets	7.6	2.9	4.7	163.3%	7.7
Investments accounted for using the equity method	61.9	21.5	40.5	188.4%	1.5
Total LT assets	**758.5**	**647.9**	**110.6**	**17.1%**	**793.6**
Trade receivables	8.4	8.2	0.1	1.8%	9.4
Cash	85.5	82.2	3.3	4.0%	86.8
Total current assets	**93.9**	**90.5**	**3.4**	**3.8%**	**96.2**
Held for sale assets	0.8	-	0.8	100.0%	0.8
Total assets	**853.2**	**738.4**	**114.8**	**15.5%**	**890.6**
Debt	332.4	291.3	41.1	14.1%	365.7
Provisions	0.1	0.2	(0.1)	(62.4%)	0.1
Other liabilities	4.6	2.1	2.5	122.9%	4.6
Trade payables	19.9	12.5	7.4	58.7%	24.1
Current Financial Debt	0.6	-	0.6	0.0%	0.6
Total liabilities	**357.6**	**306.1**	**51.5**	**16.8%**	**395.0**
Minorities	68.5	13.5	55.0	407.6%	68.5
NAV	**427.1**	**418.7**	**8.3**	**2.0%**	**427.1**
NAV per share	11.83	11.63	0.20	1.7%	11.83
Net Loan to Value	*35.8%*	*33.5%*			*35.6%*

The column "*look-through adjusted*" shows our equity investments in the Porta Nuova Bonnet Fund and in the Feltrinelli Porta Volta Fund on a proportionally consolidated basis, instead of accounting for using equity method, only for management purposes.

Investment properties includes Euro 93.1 million related to Deutsche Bank branches, Euro 213 million related to the real estate complex Vodafone, Euro 81.8 million related to Gioiaotto, Euro 49.4 million related to Deruta, Euro 60.5 million related to Monte Rosa, Euro 59.6 million related to Tocqueville and Euro 70.8 million related to the "Pavilion".

Investments in associated companies increased by Euro 40.5 million compared to 2018, mainly due to the acquisition of Feltrinelli Porta Volta units through COIMA CORE FUND VI for Euro 37.3 million on September 30th, 2019.

The other assets mainly include the value of ITALIAN COPPER FUND for Euro 4.5 million, acquired in the COF I transaction (described in the following paragraphs), derivatives for Euro 0.1 million, financial receivables for Euro 1.6 million, which relate to loans granted by MHREC Sarl and CO - Investment 2 SCS, and tangible assets for Euro 1.4 million.

In application of the IFRS 16 accounting standard in force since January 1st, 2019, the Group has accounted in the tangible assets rights of use amounting to Euro 0.9 million, which mainly represent the right to use the asset that is the headquarter in Piazza Gae Aulenti 12.

Trade receivables refer to the core-business of the Company.

The net LTV amounting to 35.8% is lower than the Company's upper leverage threshold of 40%.

The trade payables and other liabilities mainly include Euro 7.6 thousand related to the COF I transaction, payable to suppliers and invoices to be paid in an amount of Euro 5.6 million (Euro 8.1 million as of December 31st, 2018) and deferred income in an amount of Euro 2.7 million (Euro 1.5 million as of December 31st, 2018).

The *other liabilities* include (i) the *fair value* of the financial instruments, amounting to Euro 1.0 million, there was no change in value compared to December 31st, 2018, (ii) the value of interest rate swap for Euro 2.7 million and (iii) the loan related to the right to use in application of the IFRS 16 accounting standard for Euro 0.9 million.

As of September 30th, 2019, the weighted average debt maturity is 3.9 years and the weighted average “all in” cost of debt is estimated for 2.0% and 82% of the loans are hedged by derivative instruments.

The Shareholders’ equity, amounting to Euro 427.1 million (NAV per share of Euro 11.83), shows an increase of Euro 8.3 million to December 31st, 2018, mainly due to the profit of the period of Euro 16.2 million, net of dividends paid in April 2019 amounting to Euro 7.2 million and the capital increase carried out to pay the coupon for the financial instrument amounting to Euro 0.7 million.

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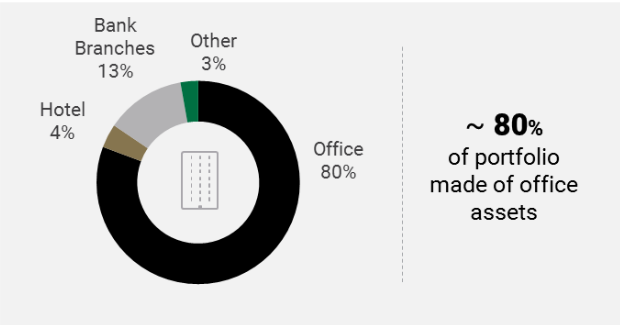
PORTFOLIO AS OF SEPTEMBER 30th, 2019

At September 30th, 2019, the portfolio of COIMA RES amounting to approximately Euro 649.9 million (market value accounted on pro-rata basis). The initial overall WALT of the portfolio is approximately 5.7 years and the EPRA net initial yield is 4.6%.
The acquisition plan executed to date is in line with our investment strategy focused on the development of a portfolio focused on:

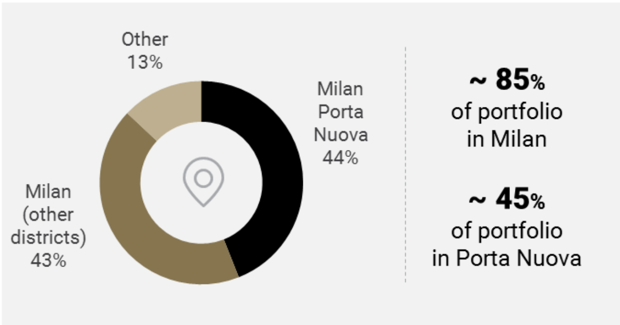
- office use;
- Italy's most attractive markets (Milan ~80%);
- primarily income-producing assets;
- Grade A buildings or buildings to be converted to Grade A.

Portfolio breakdown as of September 30th, 2019

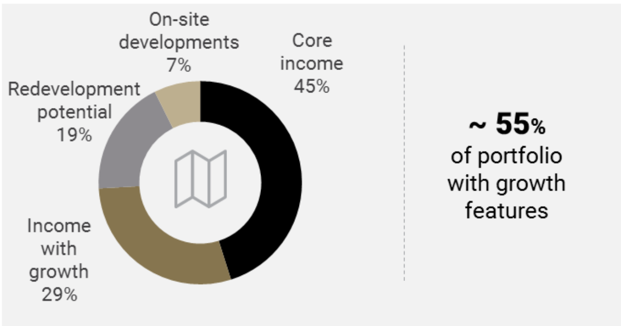
BREAKDOWN BY USE[1,2,3]



BREAKDOWN BY GEOGRAPHY[3]



BREAKDOWN BY STRATEGY[3]



Note:
1) *Office portion includes c. 2,200 sqm of ground floor retail*
2) *Pavilion classified as office space*
3) *Assets accounted on a pro-rata basis*

Evolution on annual gross initial rents

Gross rents increased by 0.8% to Euro 26.9 million, mainly due to the acquisition of the Tocqueville and Pavilion properties in Milan Porta Nuova partially offset by the disposal of the Eurcenter property.
On a like for like basis, gross rents increased by 1.4% in the nine months of 2019 vs 2018 (or 1.8% considering properties on a pro rata basis).

Main figures of real estate portfolio as at September 30th, 2019.

	Milan Porta Nuova					Milan Other Districts				Non-office assets		
Data as of September 30th, 2019	MICROSOFT	GIOIAOTTO	PAVILION	TOCQUE-VILLE	CORSO COMO PLACE	VODAFONE COMPLEX	MONTE ROSA	DERUTA	PHILIPS	DEUTSCHE BANK	TELECOM PORTFOLIO	TOTAL
Location	Milan P. Nuova	Milan P. Nuova	Milan P. Nuova	Milan P. Nuova	Milan P. Nuova	Milan Lorenteggio	Milan CityLife	Milan Lambrate	Milan Bicocca	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)	37.2%[6]	86.7%	100.0%	100.0%	35.7%	50.0%	100.0%	100.0%	77.0%	100.0%	13.5%	-
Gross Asset Value (100% of asset)	**€97.5m**	**€81.8m**	**€70.8m**	**€59.6m**	**€135.3m**	**€213.0m**	**€60.5m**	**€49.4m**	**€60.7m**	**€93.1m**	**€57.8m**	
Gross Asset Value (look-through ownership)	**€36.3m**	**€70.9m**	**€70.8m**	**€59.6m**	**€48.3m**	**€106.5m**	**€60.5m**	**€49.4m**	**€46.7m**	**€93.1m**	**€7.8m**	**€649.9m**
EPRA Net Initial Yield	4.3%	4.2%	1.6%	3.5%	n.a.	6.1%	5.3%	6.7%	4.9%	4.4%	6.3%	4.6%
EPRA Topped-up NIY	4.3%	4.8%	4.7%	5.2%	n.a.	6.1%	5.3%	6.7%	5.9%	5.3%	6.3%	5.4%
WALT (years)	4.4	5.1	8.3	2.2	2.1	7.3	3.7	2.3	7.0	7.3	13.2	5.7
EPRA occupancy rate	100%	100%	100%	100%	n.a.	100%	91%	100%	100%	95%	100%	98.1%

[6] Look through stake of 37% as of September 30th, 2019. Acquisition of remaining 46% stake expected to close in Q4 2019.

SIGNIFICANT EVENTS OF THE PERIOD

Microsoft and Philips acquisition

On September 30th, 2019 COIMA RES, through COIMA CORE FUND VI, has acquired two office buildings in Milan, the Microsoft headquarter in viale Pasubio 21 and the Philips headquarter in viale Sarca 235 (EPRA Net Initial Yield equal at 4.5%).

The two buildings, both LEED certified, have been valuated respectively Euro 97.5 million and Euro 60.7 million, with a WALT of 4.4 years for Microsoft and a WALT of 7.0 years for Philips and the other tenants of viale Sarca 235.

The acquisition of the two properties took place through the purchase of approximately an 89% stake of COIMA OPPORTUNITY FUND I ("**COF I**"), a fund held by a group of Italian investors and managed by COIMA SGR, for an amount of Euro 70.3 million. This fund directly owns the Philips property and indirectly the Microsoft property, through a stake of around 48% in Feltrinelli Porta Volta fund.

Through the operation described above, the Company also acquires 13% of a portfolio of five technical properties in North and Central Italy, fully leased to Telecom Italia. These properties are held by ITALIAN COPPER FUND, of which 17% stake held by COF I.

These acquisitions were mainly financed by the liquidity deriving from:
- the sale of Eurcenter, which ended in December 2018;
- the Vodafone transaction, which took place in the first half of 2019 and described in the following paragraphs;
- the disbursement of a new loan signed by COIMA CORE FUND VI, amounting to Euro 23 million, stipulated in July 2019 at the same economic conditions as the existing loan.

The first leg of the acquisition (Philips headquarters and first part of the Microsoft headquarters) was closed on September 30th, 2019 and the second leg of the acquisition (completion of the acquisition of the Microsoft headquarter) is expected to close in Q4 2019.

Transaction on the Vodafone complex

On June 27th, 2019, Meritz Financial Group has acquired (through a Korean trust) a 50% stake in the fund related to Vodafone complex from COIMA RES. The transaction values the complex at Euro 213 million (i.e. a 4% premium to acquisition price and at a 2% premium to the last appraisal value) representing an EPRA Net Initial Yield of 6.1% and a 13% levered IRR (8% unlevered IRR).
The transaction simultaneously consisted in:

(i) the signing by COIMA RES of a new 5-years financing with Natixis for an amount of Euro 127.8 million, maturity June 2024 and a margin of 180 bps;

(ii) the reimbursement by COIMA RES of Euro 129.8 million of existing financing as of June 27th, 2019 and in particular:
   a. Euro 110.9 million related to Vodafone financing
   b. Euro 18.9 million related to Monte Rosa – Tocqueville financing.

   The Company reported financial expenses related to early repayments of Euro 2.5 million, including costs related to the closing of derivative financial instruments. These charges were recorded in compliance with international accounting standards and had no impact on the Company's cash flows;

(iii) the contribution from COIMA RES:
   a. of the Vodafone complex for Euro 213.0 million
   b. of the new financing for Euro 127.8 million

c. of cash for Euro 1.9 million

to a newly set up fund named COIMA CORE FUND VIII in exchange for 100% of the fund's units; and

(iv) the sale of 50% of the fund's units to the Korean investor for Euro 43.5 million

(v) the rebate of almost all the financial expenses mentioned above as they are strictly connected to the overall refinancing operation.

COIMA RES will continue to consolidate the Vodafone complex given the retained governance granting COIMA RES control on major decisions, with the Korean investor acting as financial partner. The new fund is managed by COIMA SGR without additional costs for COIMA RES.

Disposal of a 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. With this disposal, COIMA RES has sold 27 bank branches for Euro 42.0 million (equal to 30% of the initial portfolio), at an aggregate price in line with the initial contribution value at the time of the IPO.

On August 6th, 2019 COIMA CORE FUND IV signed a preliminary agreement for the sale of the first floor of the branch located in Genova, via Garibaldi, for Euro 800 thousand. The transaction will be completed by November 2019.

Dividend at Euro 0.30 per share for 2018

On April 17th, 2019 COIMA RES Shareholders' Meeting approved the distribution of a dividend for the fiscal year 2018 of Euro 10,802,100 (Euro 0.30 per share). An interim dividend of Euro 3,600,700 (Euro 0.10 per share) was paid on November 21st, 2018 and the final dividend of Euro 7,201,400 (Euro 0.20 per share) was paid on April 25th, 2019.

Share capital

On July 3rd, 2019, the number of shares of COIMA RES increased by 99,558 ordinary shares in relation to the remuneration of the financial instruments in favour of the key managers Manfredi Catella, Gabriele Bonfiglioli and Matteo Ravà approved on June 13th, 2019, by the Company's Board of Directors. The number of shares outstanding is therefore 36,106,558 (from 36,007,000 previously).

Renewal of the Board of Directors

On April 17th, 2019, the Shareholders' Meeting in its ordinary session confirmed in 9 the number of members of the Board of Directors and appointed, for the 2019 financial year and, therefore, until the approval of the financial statements for the year ended December 31st , 2019, the new Board of Directors in the persons of Feras Abdulaziz Al Naama, Manfredi Catella, Caio Massimo Capuano, Olivier Elamine, Luciano Gabriel, Alessandra Stabilini, Agostino Ardissone, Ariela Caglio and Antonella Centra. The Shareholders' Meeting in its ordinary session confirmed Caio Massimo Capuano as Chairman of the Board of Directors and the Board of Directors of April 17th, 2019 confirmed Manfredi Catella as Chief Executive Officer.

Leasing agreements

Pavilion: COIMA RES signed in August 2018 a leasing agreement with IBM for 100% of the Pavilion. The lease agreement with IBM became effective in February 2019 and features a 9 years + 6 years structure, 100% linked to inflation, with gross initial rent of Euro 1.25 million (for the first 12 months) and a contractual gross stabilised rent of Euro 3.5 million (commencing after the first 12 months). IBM is the sole tenant of the Pavilion, fully occupying the property.

Gioiaotto: in June 2019, Alexion Pharma signed an agreement for the leasing (on a 7 + 6 years basis) of 770 sqm previously occupied by axélero. The rental level agreed with Alexion Pharma is Euro 500 / sqm representing a premium of 50% vs the current in place rent (on a stabilised basis). Overall, more than 2,000 sqm were released at Gioiaotto in the last 12 months and the new leases were agreed at a blended premium of 30% vs previous rents in place.

Bank branches: in the first half 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 with a surface area of 1,700 sqm and 4,300 sqm respectively. Up to Euro 50,000 of capex will be spent by COIMA RES to adapt the premises.

Corso Como Place: on July 18th, 2019, Accenture, a global leader in the professional services sector, signed a preliminary lease agreement for the entire high rise (building A) of the Corso Como Place project (previously known as the Bonnet project). The high rise, with approximately 14,900 square meters of commercial surface, corresponds to 78% of the entire Corso Como Place project under development. The 10 + 6 years lease agreement will generate gross rents of Euro 7.0 million per annum once stabilised which corresponds to a Euro 470 / sqm level. The lease has been signed at a 16% premium compared to the ERV (Estimated Rental Value) as per the independent appraisal report as of December 31st, 2018. Such premium is due in large part to the additional surfaces extracted in the design and construction phase and, in second order, to the level of rent per square meter agreed. The delivery of the building to Accenture is scheduled for 2020.

On September 25th, 2019 a further preliminary agreement was signed for the lease of the entire projection for office use of building C to Bending Spoons (3,374 sqm), an Italian hi-tech company and first developer of applications in Europe for the iOS platform. The preliminary lease agreement with Bending Spoons will generate a rent of Euro 1.9 million per annum at a stabilised level (Euro 560 / sqm) which represents a 25% premium compared to the previous ERV. The delivery of the property to Bending Spoons is scheduled for 2020.

Tocqueville: in July 2019, Sisal signed an agreement modifying the duration of the existing lease agreement, with a new expiry date on December 31st, 2021. The agreement also provides that the rent agreed for the last year will be increased by Euro 1 million plus VAT (from Euro 255 / sqm to Euro 360 / sqm) on the amount of the face rent at December 31st, 2020.

Corso Como Place refurbishment project on track

The project is well on track for delivery in 2020 within the overall budgeted cost of Euro 164 million, including the initial Euro 89 million acquisition price plus total capex and other capitalised costs of Euro 75 million. Overall capex and other capitalised costs spent in 2016 / in the nine months of 2019 amount to Euro 30.3 million with a further Euro 44.7 million expected to be spent in Q4 2019 / 2020 (of which Euro 15.9 million will be spent by COIMA RES given its 35.7% stake in the project). Capex and other capitalised costs spent in the project in the nine months of 2019 amounts to c. Euro 17.6 million (of which Euro 6.3 million representing COIMA RES' share given its 35.7% stake in the project).

Outlook

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

COIMA RES continues to carefully and selectively assess investment opportunities in the Milan office segment.

SUBSEQUENT EVENTS

There are no significant events occurred after September 30th, 2019.

DIVIDENDS

COIMA RES Board of Directors resolved to distribute to shareholders an interim dividend for the fiscal year 2019 of Euro 3,610,655.80 (Euro 0.10 per share) with an ex-dividend date on November 18th, 2019, record date on November 19th, 2019 and payment date on November 20th, 2019. COIMA RES independent auditors, today have issued their report pursuant to Article 2433-bis, paragraph 5, of the Italian Civil Code. The Board's resolution on the interim dividend was made based on the accounts of the parent company COIMA RES S.p.A. SIIQ as of September 30th, 2019, which were prepared in accordance with IFRS.

The Board of Directors report relating to the interim dividend distribution for the fiscal year 2019 is available for review at COIMA RES Headquarters (Piazza Gae Aulenti, no. 12, 20154, Milano, Italy) and is available in electronic form upon request.

ITALY: ECONOMIC AND REAL ESTATE MARKET CONDITIONS

The tariffs imposed by the USA and the compensatory measures activated by the countries involved, the destabilizing geopolitical factors and the slowdown of the Chinese economy, continue to negatively influence world trade. In Italy, the revision of the economic accounts slightly changed the profile of the GDP, which now shows a marginal cyclical increase both in the first and in the second quarter of 2019 (+0.1%, ISTAT data). However, in July 2019, the industrial production index recorded the second consecutive downturn. In the first half of 2019, improvements in the labour market were reflected in the favourable trend in gross disposable income of consumer households, resulting in an increase in purchasing power and a propensity to save. Inflation remains low. The short-term prospective indications outline the continuation of the current moderation phase. A positive element recorded during the third quarter of 2019 is the progressive lowering of the Italian sovereign debt yield driven on the one hand by an Italian political context perceived as more pro-European and on the other by the accommodating monetary policies implemented by the ECB in Europe and by the FED in the United States. The average yield on 10-year Italian sovereign debt stood at 1.6% in the third quarter of 2019 (compared to 2.6% in the first half of 2019) and is currently equal to c. 0.9% (as of October 18th, 2019).

Despite the low growth rate of the Italian economy, the real estate sector in Italy recorded an excellent level of investment volumes in the first nine months of 2019, equal to Euro 7.4 billion (CBRE data), up 42% compared to volumes recorded during the first nine months of 2018. About 80% of investment volumes are attributable to international investors (JLL data). The office segment in Italy saw investment volumes increase by 51% in the first nine months of 2019 compared to the first nine months of 2018, reaching a level of Euro 2.6 billion (JLL data). In the first nine months of 2019, the Milan market recorded investment volumes of Euro 2.0 billion (CBRE data), an increase of 4% compared to the first nine months of 2018, confirming itself as the main destination for real estate investments in Italy representing approximately 27% of total investment volumes in the first nine months of 2019 (CBRE data).

The Milan office market saw investment volumes of Euro 1.7 billion in the first nine months of 2019 (c. 85% of total volumes on the city considering also the other asset classes), volumes were up 34% compared to in the first nine months of 2018 (JLL data). The "prime" yield remains stable at 3.4% compared to the levels at the end of 2018, although a further reduction can be expected with a good level of confidence in the coming months (CBRE data). The yield for properties in good secondary locations tightened by 10 basis points to 4.9%, from 5.0% in June 2019 (CBRE data). The level of absorption of office space in Milan by tenants in the first nine months of 2019 is also increasing (+9% compared to the first nine months of 2018) with an absorption level of 360,000 square meters (CBRE and JLL data). The vacancy for Grade A spaces remains at historically very low levels of 2.0% (JLL data), down 10 basis points compared to June 2019. The “prime” rent for office buildings in Milan is currently Euro 600 / sqm (JLL data), up 3% vs 12 months ago.

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	Nine months ended September 30th, 2019	*of which related parties*	Nine months ended September 30th, 2018	*of which related parties*
Income statement					
Rents	1	26,917	-	26,709	-
Net real estate operating expenses	2	(2,951)	(451)	(2,923)	(318)
Net rents		**23,966**	**(451)**	**23,786**	**(318)**
Revenues / (loss) from disposal		10	-	(10)	-
Costs of sales		-	-	-	-
Net revenues from disposal		**10**	**-**	**(10)**	**-**
G&A expenses	3	(6,972)	(4,516)	(7,840)	(4,960)
Other operating expenses		(117)	-	(799)	(603)
Gross operating income		**16,887**	**(4,966)**	**15,137**	**(5,880)**
Net depreciation		(192)	-	(1,189)	-
Net movement in fair value		5,817	-	11,269	-
Net operating income		**22,512**	**(4,966)**	**25,217**	**(5,880)**
Net income attributable to non-controlling interests		1,406	-	908	-
Income / (loss)		405	-	-	
of which non-recurring		405	-	-	
Financial income		-	-	8	-
Financial expenses	4	(7,794)	(5)	(3,702)	-
Profit before tax		**16,529**	**(4,971)**	**22,431**	**(5,880)**
Income tax		-	-	(2)	-
Profit after tax		**16,529**	**(4,971)**	**22,429**	**(5,880)**
Minorities		(292)	-	(1,414)	-
Profit for the Group		**16,237**	**(4,971)**	**21,015**	**(5,880)**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Below are the main items of profit and loss that have most significantly affected Group profit as of September 30th, 2019.

1. Revenues

The revenues amount to Euro 26,917 thousand as of September 30th, 2019 and include rents accrued on the real estate portfolio.

(in thousands of Euro)	Investments	September 30th, 2019	September 30th, 2018
COIMA RES SIIQ	Vodafone	6,863	10,471
	Monte Rosa	2,841	2,815
	Tocqueville	2,046	439
	Pavilion	2,164	-
COIMA CORE FUND IV	Deutsche Bank branches	3,809	3,601
COIMA CORE FUND VI	Gioiaotto	2,858	2,836
	Eurcenter	-	3,855
COIMA RES SIINQ I	Deruta	2,711	2,692
COIMA CORE FUND VIII	Vodafone	3,625	-
Rents		**26,917**	**26,709**

The increase of Euro 208 thousand compared to the previous period is mainly due to the new lease agreements signed in the first half of 2019.

The reduction related to the sale of the Eurcenter property signed in December 2018 was offset by rents matured on the Tocqueville and Pavilion properties, acquired on July 27th, 2018 and November 23rd, 2018 respectively.

2. Net real estate operating expenses

The net real estate operating expenses amount to Euro 2,951 thousand for the nine months ended September 30th, 2019 and are detailed as follows:

(in thousands of Euro)	Vodafone Complex*	Tocqueville Monte Rosa Pavilion	Deutsche Bank branches	Gioiaotto	Deruta	September 30th, 2019	September 30th, 2018
Recovery of costs from tenants	1,933	1,226	20	281	14	3,474	3,137
Property management fee	(233)	(93)	(41)	(3)	(27)	(397)	(589)
Maintenance charges	(1,120)	(760)	(121)	(180)	(29)	(2,210)	(1,165)
Utilities	(609)	(427)	4	(114)	-	(1,146)	(1,490)
Insurance	(59)	(44)	(37)	(20)	(19)	(179)	(173)
Property tax (IMU)	(520)	(593)	(510)	(220)	(173)	(2,016)	(2,142)
Property tax (TASI)	(36)	(41)	(22)	(15)	(12)	(126)	(124)
Stamp duties	(93)	(58)	(42)	(32)	(27)	(252)	(287)
Other real estate costs	(2)	(71)	-	(26)	-	(99)	(90)
Net real estate expenses	**(739)**	**(861)**	**(749)**	**(329)**	**(273)**	**(2,951)**	**(2,923)**

* Includes the Consorzio Lorenteggio Village

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

Property management fee mainly relate to ordinary activities of the administration and maintenance of the buildings.

Maintenance and service charges concern the expenses incurred for the maintenance of the buildings (lifts, systems, office cleaning) and for the upkeep of the green spaces of the properties.

The item *utilities* refers to the cost of providing electricity, water and gas for the buildings.

The item *insurance costs* refers to the all-risk policies signed by the Company and Funds to protect the asset value and ownership of the buildings.

The items *IMU, TASI, stamp duties*, are related to the property taxes applied on the portfolio.

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

3. General and administration expenses

General and administration expenses amount to Euro 6,972 thousand for the nine months ended September 30th, 2019. The detailed summary table is attached below:

(in thousands of Euro)	COIMA RES	CCF IV	CCF VI	SIINQ I	Others	September 30th, 2019	September 30th, 2018
Asset management fee	(2,307)	(184)	(833)	-	(284)	(3,608)	(3,295)
Personnel costs	(1,291)	-	-	-	-	(1,291)	(1,286)
Consulting costs	(310)	(164)	(243)	(16)	(111)	(844)	(940)
Control functions	(231)	(14)	(12)	(11)	-	(268)	(268)
Audit	(144)	(19)	(21)	(11)	(23)	(218)	(210)
Marketing	(246)	-	-	-	-	(246)	(236)
IT service	(130)	-	-	-	-	(130)	(132)
Independent appraisers	(41)	(23)	(19)	(5)	(28)	(116)	(100)
Promote fee	-	-	-	-	-	-	(740)
Other operating expenses	(244)				(7)	(251)	(633)
G&A expenses	**(4,944)**	**(404)**	**(1,128)**	**(43)**	**(453)**	**(6,972)**	**(7,840)**

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.

Personnel costs include:

- wages, salaries and similar expenses, amounting to Euro 552 thousand, related to wages for the Company's employees;
- social security contributions, amounting to Euro 143 thousand, paid by the Company to social security funds;
- accrual to the T.F.R. fund of employees, amounting to Euro 50 thousand;
- other personnel costs, amounting to Euro 546 thousand, include mainly the Board of Directors' remuneration.

The item *consulting costs* mainly includes expenses for support activities carried out by professionals for the ordinary management of the Company; in particular:

- 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 93 thousand, Risk Management, amounting to Euro 54 thousand and other control functions, amount to Euro 121 thousand.

Marketing costs are mainly related to digital and media relations expenses, amounting to Euro 108 thousand related to website maintenance, amounting to Euro 112 thousand and other marketing costs related to corporate events and conferences for Euro 17 thousand.

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

The expenses related to the *independent appraisers* are due in respect of the agreement in place with the independent expert CBRE Valuation, Duff & Phelps REAG and PWC for the preparation of the evaluation reports.

Other expenses include mainly brokerage fee related to the HQ and other corporate costs (travel costs, membership fees, Borsa Italiana's services).

4. Financial income and expenses

Financial charges amount to Euro 7,794 thousand (Euro 3,702 thousand for the nine months ended September 30th, 2018) and mainly include interest expense accrued on outstanding loans and the non-recurring financial expenses related to the prepayment of the loans.

The increase of Euro 4,092 thousand compared to the previous half year is partly due to the signing of two new loans for the purchase of the properties Tocqueville and Pavilion, signed on July 17th, 2018 and October 31st, 2018 respectively.

It should also be noted that, following the repayments made on June 27th, 2019 as part of the refinancing and contribution operation for the Vodafone property complex, the Company, in accordance with IFRS 9, recorded in this item the costs associated with the early closing of these loans, amounting to Euro 2,661 thousand.

CONSOLIDATED BALANCE SHEET

(in thousands of Euro)	Notes	September 30th, 2019	*of which related parties*	December 31st, 2018	*of which related parties*
Assets					
Real estate investments	5	686,090	-	611,590	-
Other tangible assets	6	1,186	791	319	-
Intangible assets	6	187	-	73	-
Investments accounted for using the equity method	7	61,926	-	21,473	-
Financial assets at fair value	8	4,542	-	-	-
Non-current deferred tax assets		10	-	10	-
Derivatives	9	114	-	893	-
Non-current financial receivables	10	1,620	1,620	1,620	1,620
Total non - current assets		**755,675**	**2,411**	**635,978**	**1,620**
Inventories	11	2,810	-	11,930	-
Trade and other current receivables	10	8,377	-	8,233	46
Cash and cash equivalents		85,504	-	82,221	-
Total current assets		**96,691**	**-**	**102,384**	**46**
Non-currrent assets held for sale	5	800	-		
Total assets		**853,166**	**2,411**	**738,362**	**1,666**
Liabilities					
Capital stock		14,482	-	14,451	-
Share premium reserve		336,305	-	335,549	-
Valuations reserve		(2,321)	-	(957)	-
Interim dividend		-	-	(3,601)	-
Other reserves		62,383	-	27,039	-
Profit / (loss) for the period		16,237	-	46,267	-
Group shareholders' equity	**12**	**427,086**	**-**	**418,748**	**-**
Minorities	**12**	**68,492**	**-**	**13,492**	**-**
Shareholders' equity		**495,578**	**-**	**432,240**	**-**
Non-current bank borrowings	13	332,449	-	291,340	-
Non-current financial liabilities	14	896	797	-	-
Payables for post-employment benefits		65	-	43	-
Provisions for risks and charges		-	-	130	-
Derivatives	15	2,699	-	1,026	-
Trade payables and other non-current liabilities	16	2,204	998	1,705	998
Total non-current liabilities		**338,313**	**1,795**	**294,244**	**998**
Current bank borrowings	13	559	-	-	-
Trade payables and other current liabilities	16	18,695	3,651	11,832	4,939
Current tax payables		21	-	46	-
Total current liabilities		**19,275**	**3,651**	**11,878**	**4,939**
Total liabilities		**357,588**	**5,446**	**306,122**	**5,937**
Total liabilities and shareholders' equity		**853,166**	**5,446**	**738,362**	**5,937**

NOTES TO THE BALANCE SHEET

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

5. Real estate investments

The changes in property investments for the six months ended September 30th, 2019, are listed below:

(in thousands of Euro)	Investments	December 31st, 2018	Capex	Other changes	Acquisitions/ (disposal)	Revaluations/ (write-downs)	September 30th, 2019
COIMA RES SIIQ	Vodafone	209.300	138	-	(213,000)	3,562	-
	Monte Rosa	60.400	45	-	-	55	60,500
	Tocqueville	58.900	-	-	-	700	59,600
	Pavilion	70.000	5	-	-	795	70,800
COIMA CORE FUND IV	DB branches	83.390	47	8,240	(480)	(892)	90,305
COIMA CORE FUND VI	Gioiaotto	79.800	4	-	-	1,997	81,801
COIMA RES SIINQ I	Deruta	49.800	-	-	-	(400)	49,400
COIMA CORE FUND VIII	Vodafone	-	-	-	213,000	-	213,000
COIMA OPPORTUNITY FUND I	Sarca	-	-	-	60,684	-	60,684
Real estate investments		**611,590**	**239**	**8,240**	**60,204**	**5,817**	**686,090**

The item "*acquisitions / (disposal)*" includes the operations carried out by the Company during the period, below:

- on March 15th, 2019 COIMA CORE FUND IV sold the branch located in Pisa for a price of Euro 500 thousand;
- on June 27th, 2019 the Company contributed the Vodafone real estate complex and the related loan to a newly established fund called COIMA CORE FUND VIII, managed by COIMA SGR;
- on September 30th, 2019 COIMA CORE FUND VI indirectly acquired the building located in Milan, viale Sarca 235, whose value on the date amounts to Euro 60,684 thousand, through the purchase of a 88.8% stakes in COIMA OPPORTUNITY FUND I ("**COF I**"), a fund managed by COIMA SGR.

The amount shown in the column "*other changes*" refers to:

- Euro 9,040 thousand for the value of the Deutsche Bank branches in Milan and Turin, reclassified from the item *inventories* to the item *real estate investments* based on the lease agreements signed on February 19th, 2019 and April 2nd, 2019 respectively;
- Euro 800 thousand to the first floor of the Deutsche Bank branch in Genova, reclassified from the item *real estate investments* to the item *non-current assets held for sale* due to the preliminary sales agreement signed on August 6th, 2019.

The item "*revaluations/(write-downs)*" includes changes in the fair value of properties to align them with the relative market value, as a result of the appraisals issued by the independent experts appointed by the Company and by the Funds as of June 30th, 2019.

6. Other tangible assets and intangible assets

Other tangible fixed assets, equal to Euro 1,186 thousand (Euro 319 thousand as at December 31st, 2018), increased by Euro 867 compared to the previous year following the application of the new accounting standard IFRS 16, in force since January 1st, 2019.

This accounting standard defines new criteria for measuring and reporting information on leasing agreements, requiring the recognition, in the financial statements of the tenants, of an intangible asset that represents the right of use related the underlying asset for the entire duration of the agreement, and the simultaneous recognition of a liability related to the payment of future rents.

Today, the Group has mainly a lease agreement relating to the headquarter in Piazza Gae Aulenti 12, whose right of use amounts to Euro 791 thousand as of September 30th, 2019.

Intangible assets, equal to Euro 187 thousand (Euro 73 thousand as of December 31st, 2018), mainly include administrative and accounting software in implementation. The increase of Euro 114 thousand compared to the previous year is mainly due to the development of the implementation activities carried out during the period.

7. Investments accounted for using the equity method

The item, amounting to Euro 61,926 thousand (Euro 21,473 thousand as of December 31st, 2018), mainly includes:

- Porta Nuova Bonnet investment of Euro 23,114 thousand;
- Co – Investment 2 SCS investment of Euro 1,542 thousand, owned indirectly through MHREC Sarl;
- Feltrinelli Porta Volta of Euro 37,270 thousand, acquired through COIMA CORE FUND VI on September 30th, 2019 in the COF I acquisition context. For more details related to the transaction refer to Significant Events paragraph.

8. Financial assets at fair value

Financial assets at fair value, amounting to Euro 4,542 thousand relate to ITALIAN COPPER FUND, acquired in the broader context of the COF I transaction.
For more details related to the operation refer to Significant Events paragraph.

9. Derivatives

Derivative financial instruments, amounting to Euro 114 thousand (Euro 893 thousand as of December 31st, 2018) have decreased by Euro 779 thousand compared to the previous year due to the negative change in the fair value of the period and to the partial closure of the interest rate cap agreement concerning the loan repaid.
This closure took place in the broader context of the refinancing and contribution transaction of the Vodafone real estate complex, described in the paragraph Significant events of the period.

The Company has accounted for hedging transactions based on *hedge accounting*, verifying the efficiency of the hedging relationship.

10. Trade and other receivables

Non-current financial receivables relate to loans granted by MHREC Sàrl to the associated company Co – Investment 2 SCS.

Trade and other current receivables, amounting to Euro 8,377 thousand (Euro 8,233 thousand as of December 31st, 2018), include:

- rental receivables amounting to Euro 4,299 thousand;
- other VAT receivables amounting to Euro 2,059 thousand;
- prepayments and accrued income amounting to Euro 1,726 thousand;
- deposits, advance and other receivables amounting to Euro 293 thousand.

11. Inventories

Inventories, amounting to Euro 2,810 thousand (Euro 11,930 thousand as of December 31st, 2018), includes the remaining vacant Deutsche Bank branches.
The change of Euro 9,120 thousand compared to the previous year is mainly due to the reclassification of the Milan and Turin branches in the item *real estate investments* following the stipulation of lease agreements signed in the first half of 2019.

12. Shareholders' equity

Shareholders' equity as at September 30th, 2019 amounts to Euro 427,086 thousand (Euro 418,748 thousand as of December 31st, 2018).
The share capital, amounting to Euro 14,482 thousand (Euro 14,451 thousand as of December 31st, 2018) includes 36,106,558 ordinary shares with no nominal value (36,007,000 as of December 31st, 2018).

On July 3rd, 2019 the number of COIMA RES ordinary shares increased by 99,558, issued to serve the remuneration of financial instruments to the Chief Executive Officer and key managers of the Company, approved by the Board of Directors on June 13th, 2019.

As at September 30th, 2019 reserves include:

- share premium reserve of Euro 336,305 thousand;
- legal reserve of Euro 2,890 thousand;
- other reserves of Euro 57,172 thousand.

Minorities amounts to Euro 68,492 thousand (Euro 13,492 thousand as of December 31st, 2018), of which Euro 292 thousand is related to the minority interest for the period. The increase of Euro 50,000 thousand compared to the previous year is mainly due to the disposal of 50% stake in COIMA CORE FUND VIII and the COF I acquisition.
For more details related to these transactions, refer to Significant Events paragraph.

13. Bank borrowings and other lenders

The non-current bank borrowings amount to Euro 332,449 thousand and include the financial loans of the contracted by the Company and by the controlled entities. The changes in loans are shown below.

(in thousands of Euro)	December 31th, 2018	Borrowings	Other changes	Amortised costs	Reimbursement	September 30th, 2019
COIMA RES SIIQ	246,764	-	(559)	2,113	(133,747)	114,571
COIMA CORE FUND VI	24,785	23,000	-	(192)	-	47,593
COIMA RES SIINQ I	19,791	-	-	51	-	19,842
COIMA CORE FUND VIII	-	127,800	-	(2,074)	-	125,726
COIMA OPPORTUNITY FUND I	-	24,717	-	-	-	24,717
Non-current bank borrowings	**291,340**	**175,517**	**(559)**	**(102)**	**(133,747)**	**332,449**

On June 27th, 2019, the Company repaid part of the outstanding loans for a total amount of Euro 129,780 thousand (of which Euro 18,905 thousand relating to Tocqueville and Monte Rosa financing and Euro 110,875 thousand relating to the Vodafone financing). This repayment was partially made using the liquidity collected from the stipulation of a new loan agreement with Natixis with a 5-year maturity and for an amount of Euro 127,800 thousand.

Furthermore, on June 27th, 2019, the Company transferred the Vodafone property complex and the related loan to a newly established fund called COIMA CORE FUND VIII and at the same time sold 50% of the units to the Korean investor Meritz Financial Group for Euro 43,550 thousand.

On September 19th, 2019 the Company also reimbursed part of the VAT line contracted to partially finance the acquisition of the Pavilion property for an amount of Euro 3,967 thousand.

On September 26th, 2019 COIMA CORE FUND VI requested a loan of Euro 23,000 thousand, related to the add-on of the loan signed in July 2019, for the acquisition of COF I stakes.
For more details on the operation, please refer to the Significant Events paragraph.

The column *reclassification* refers to the portion of financing allocated to the first floor of the Genova bank branch subject to the disposal, reclassified to the item *current bank borrowings* because of the proceeds deriving from the sale transaction, will be used to repay a portion of the outstanding loan within 12 months.

14. Non-current financial liabilities

In accordance with the international accounting standard IFRS 16 in force on January 1st, 2019, the Company has recognized a liability in respect of the payment of lease rents relating to existing lease agreements. This liability, amounting to Euro 896 thousand, is the current value of the expected future cash flows for the duration of the agreements.

15. Derivatives

Derivative financial instruments classified as liabilities, amounting to Euro 2,669 thousand (Euro 1,026 thousand as at December 31st, 2018), increase by Euro 1,673 thousand compared to the previous year because of the change in the fair value of *interest rate swap* contracts entered to hedge the cash flows relating to the financing of the Monte Rosa, Tocqueville and Pavilion properties.

16. Trade payables and other liabilities

Other non-current liabilities, amounting to Euro 2,204 thousand, (Euro 1,705 thousand as of December 31st, 2018), include

- Euro 998 thousand related to the fair value of the financial instruments granted to the CEO and key managers;
- Euro 1,206 thousand related to cash deposits received from tenants.

The trade payables and other current liabilities, amounting to Euro 18,695 thousand (Euro 11,832 thousand as of December 31st, 2018), include the following:

- trade payables to suppliers and invoices to be received of Euro 5,589 thousand;
- accruals and deferred income of Euro 2,741 thousand;
- security provisions, personnel debts and other payables of Euro 10,365 thousand, of which Euro 7,656 thousand related to the COF I transaction.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	**Nine months ended September 30th, 2019**	**Nine months ended September 30th, 2018**
Profit for the period	16,529	22,430
Adjustments to reconcile the profit to net cash flow:		
Net depreciation	132	1,152
Severance pay	50	48
Net movement in fair value property	(5,817)	(11,269)
Net income attributable to non-controlling interests	(1,406)	(908)
Badwill	(405)	-
Financial income	-	(8)
Financial expenses	1,042	(162)
Net movement in fair value derivatives	-	599
Changes in working capital:		
(Increase) / decrease in trade and other current receivables	(390)	2,244
(Increase) / decrease in deferred tax assets	-	(2)
Increase / (decrease) in trade payables and other current liabilities	(1,629)	(1,921)
Increase / (decrease) in current tax payables	(25)	(16)
Increase / (decrease) in trade payables and other non-current liabilities	340	569
Other changes in working capital	(405)	-
Net cash flows generated (absorbed) from operating activities	**8,016**	**12,756**
Investment activities		
(Acquisition) / disposal of real estate property	241	(23,260)
(Acquisition) / disposal of other tangible and intangible assets	(144)	(35)
(Acquisition) / disposal of financial assets	(4,542)	-
Acquisition of subsidiaries net of cash	(62,949)	-
Purchase of associated companies	(1,786)	(2,197)
Net cash flow generated (absorbed) from investment activities	**(69,180)**	**(25,492)**
Financing activities		
Shareholders' contribution / (dividends paid)	(7,200)	(6,481)
Dividends paid to minorities	(68)	(378)
Change in equity interests in subsidiaries	55,104	-
(Acquisition) / closing of derivatives	(442)	-
Increase / (decrease) in bank borrowings and other non-current lenders	150,800	49,395
Reimbursement	(133,747)	(23,000)
Net cash flows generated (absorbed) from financing activities	**64,447**	**19,536**
Net increase / (decrease) in cash and cash equivalents	3,283	6,799
Cash and cash equivalents at the beginning of the period	82,221	27,042
Cash and cash equivalents at the end of the period	**85,504**	**33,842**

Risks, guarantees and commitments

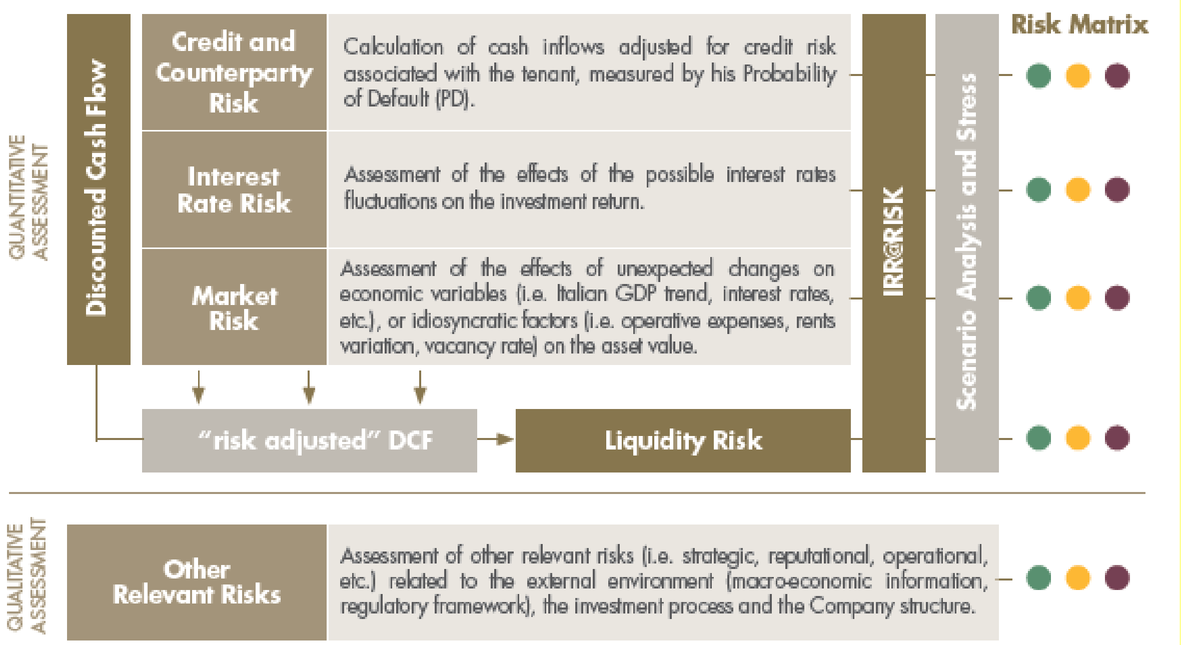
Risks

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 resulting from adverse changes of macroeconomic variables, the property market and/or the specific characteristics of the properties owned by the Company. 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. Furthermore, the high quality of the Company's real estate assets mitigates the vacancy 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.
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 (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.
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, human resources 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.
8	**Legal and compliance risk** - the risk of changes in performance due to changes in the legislative framework.	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 or the Regulatory Authorities.	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).
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

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 any other receivables arising from disputes against consultants engaged for the *due diligence* on the property.

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 September 30th, 2019 Porta Nuova Bonnet Fund drew Euro 17,839 thousand and therefore has a residual claim of Euro 7,161 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, 2018, except for the adoption of new standards effective as of January 1st, 2019, and in the half-year financial statement as of June 30th, 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 S.p.A. SIIQ as parent company, COIMA CORE FUND IV, COIMA CORE FUND VI, COIMA CORE FUND VIII, COIMA OPPORTUNITY FUND I, MHREC Sàrl, COIMA RES S.p.A. SIINQ I and Lorenteggio Village Consortium as funds and companies consolidated using the full consolidation method, Porta Nuova Bonnet Fund, Feltrinelli Porta Volta, Co-Investment 2 SCS, Infrastrutture Garibaldi Repubblica and Porta Nuova Garibaldi Consortium as related fund and company consolidated in accordance with the equity method, and Italian Copper Fund consolidated as financial assets evaluated at fair value.

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 at September 30th, 2019 corresponds to corporate records, books and accounts.

Milan, November 7th, 2019

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 acquired 86.67% of the shares on July 27th, 2016.
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 NAV	EPRA Net Asset Value is calculated based on the consolidated shareholders' equity adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long-term investment property business model, as per EPRA's recommendations.

EPRA Net Initial Yield	Calculated as Net Initial Rent divided by the gross market value of the property.
EPRA NNNAV	Triple Net Asset Value is the EPRA NAV adjusted to include the fair value of financial instruments, debt and deferred taxes.
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 COF I owns about 48% 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	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%.
Initial Portfolio	The Deutsche Bank branches and the Vodafone properties.
Interest Coverage Ratios	Ratio between the EBITDA and interest expense.
Italian Copper Fund	Fund in which COF I owns about 17% of the shares.
Key managers	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.
Palazzo Sturzo or "Eurcenter"	The property located in Roma, in Piazza Don Luigi Sturzo, held through COIMA CORE FUND VI ("ex MHREC") and sold on December 17th, 2018.
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-added	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.