COIMARES

ANNUAL REPORT
2019

INDEX

Milan - **COIMA HEADQUARTERS** - Interior

01

THE COMPANY

COIMA RES IS A REAL ESTATE INVESTMENT TRUST (REIT) WHICH OWNS AND MANAGES A PORTFOLIO OF COMMERCIAL PROPERTIES IN ITALY

688 MILLION EURO
VALUE OF THE REAL ESTATE PORTFOLIO (PRO-QUOTA)

90% IN MILAN

85% FOR OFFICE USE

165,000 SQUARE METERS (PRO-QUOTA)

LETTER FROM THE CEO

Dear shareholders, investors, tenants and partners,

at the end of our fourth year of activity we are pleased to present the solid operational and financial results achieved by COIMA RES in 2019.

The Company has generated a Return on Equity of 7.6% in 2019, composed by a NAV per share growth equal to 5% and by a dividend per share equal to Euro 0.30. These results were achieved maintaining a prudent leverage level (average LTV of 34% in 2019).

Throughout the year we have continued to execute our strategy to improve both the quality and diversification of our portfolio of properties and tenants whilst at the same time further concentrating our real estate portfolio in the office segment (today representing 85% of our portfolio) and in Milan (today representing 90% of our portfolio).

Today, we are strategically positioned in the largest, most liquid and most transparent real estate segment in Italy, which is important in the current macroeconomic context. In addition, following the certification of the Corso Como Place project, 64% of our portfolio will be LEED certified, meeting tenant demand while at the same time contributing to lowering our risk profile and delivering long-term sustainable performance.

The acquisition by a primary Korean investor of a 50% stake in the Vodafone complex was a major step in accelerating our portfolio optimisation and diversification, allowing us to monetise part of our initial investment by realising an 8% Unlevered IRR. In addition, the disposal of an additional portfolio of bank branches, announced in November 2019 and due to complete within the first half of 2020, allows us to free up additional capital to be reinvested in the Milan office segment. On the back of this last disposal, our exposure to bank branches is reduced to below 10% of the overall portfolio.

Since our IPO, we have rotated about 30% of our entire portfolio realising a 5% average gain vs acquisition price on a blended basis and a 7% average Unlevered IRR (12% average Levered IRR), demonstrating to the market the liquidity profile of our properties, the solidity of the valuations performed by the independent appraisers and our ability to remunerate our capital.

The proceeds from these disposals have been deployed in the acquisition of the headquarters of Microsoft and Philips, high quality properties purchased “off-market” at attractive valuations that are both LEED certified and recently built or refurbished, and located in two high growth districts. The purchase of the Microsoft headquarters increases COIMA RES’ exposure to the Porta Nuova district, which currently represents 50% of our total portfolio. We deem our exposure to Porta Nuova as strategic given the expected growth profile of this district.

The year also saw important progress on the Corso Como Place refurbishment project which has been validated, also in its innovation and sustainability features, by the signing of two preliminary lease agreements with Accenture and Bending Spoons, 12 months in advance of delivery. Considering such agreements, the estimated Gross Yield on Cost for the overall project improves by almost 100 bps from an initial estimate of 5.8% at the time of purchase to an updated estimate equal to 6.7%, mainly thanks to the additional surface area gained during the execution of the project.

During 2019, we continued our focus on market transparency and engagement, demonstrated by our third consecutive EPRA Gold Award for financial and sustainability reporting. In addition, in 2019 we have improved our position in the Webranking by Comprend ranking, which evaluates listed company digital channel transparency, for the second consecutive year. Today, COIMA RES is ranked n. 25 among the 112 Italian participating companies, with an improvement of 66 positions in just two years.

Our work on innovation and sustainability continued in 2019 through the active participation in the European Think Tank with six other leading real estate companies in the office segment in Europe. In March, we published the first European focus groups survey dedicated to office space end users. The survey confirmed current sector trends, aimed at creating workspaces that combine sustainability, intelligence, technology, flexibility, services and hospitality.

The alignment process between COIMA RES and its management team continued in 2019. The number of COIMA RES' shares held by the management team and by companies related to the management team has doubled since the IPO to date. In particular, the promote fee pertaining to the year 2018, was fully paid in shares as regards to the portion paid to key managers, and entirely reinvested in shares purchased on the market as regards to the portion paid to COIMA SGR.

I believe that the results achieved in 2019 further strengthen and validate the disciplined approach adopted by the management and Board of Directors of the Company and demonstrate our ability to create shareholder value. We are confident in the quality of our portfolio, our team and our future growth potential.

Looking ahead, we will continue to manage our company with discipline, further optimising our portfolio and our corporate structure. We will reduce risk where appropriate and actively manage our properties with the main objective of creating value for our shareholders on a long-term strategic basis, while maintaining a defensive profile and regular distributions, aspects that we deem rewarding in the current market environment.

Best regards,

Manfredi Catella
Founder and Chief Executive Officer, COIMA RES

COMPANY PROFILE

COIMA RES S.p.A. SIIQ ("**COIMA RES**", or the "**Company**") is a Real Estate Investment Trust ("**REIT**"). COIMA RES was founded in 2015 by Manfredi Catella, jointly with COIMA S.r.l. and COIMA SGR S.p.A. ("**COIMA SGR**"), and was subsequently listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana in 2016, with the sovereign wealth fund Qatar Holding LLC as the initial sponsor of the listing project.

COIMA RES currently owns a high quality real estate portfolio mainly concentrated in the office segment in Milan.

COIMA RES is led by Manfredi Catella, as Founder and CEO, and is managed by a team of six professionals employed by the Company, amongst which: Fulvio Di Gilio (Chief Financial Officer), Yuri D'Agostino (Investment Director), Alberto Goretti (Investor Relations Director), Emiliano Mancuso (Planning & Control Manager) and Carlotta Ciuffardi (Planning & Control Associate).

The COIMA RES' Board of Directors is composed of 9 members (7 of which are independent). The Board is responsible for the ordinary and extraordinary management of COIMA RES.

COIMA RES avails itself of the support of COIMA SGR for investment and asset management activities, under the responsibility of key managers Gabriele Bonfiglioli (Head of Investments) and Matteo Ravà (Head of Asset Management), and COIMA S.r.l. for property and development management activities. COIMA SGR and COIMA S.r.l. are controlled by the Catella family.

COIMA SGR, created in 2007 as Hines SGR and renamed COIMA SGR in 2015 at the same time as the change of control that saw the Catella family buying out the Hines group, is today one of the main independent companies in the management of real estate assets in Italy, with a portfolio under management of Euro 6 billion. COIMA RES has the exclusivity from COIMA SGR for the investment activity in the office segment for Core and Core + properties (defined as properties where the refurbishment costs expected in the short-medium term do not exceed 15% of the purchase price).

COIMA S.r.l., active in the real estate market since 1974, carries out property and development management activities, mainly on projects promoted by COIMA SGR. COIMA S.r.l. has developed over 5 million square meters of real estate over the years, including one of the largest European projects for the regeneration of an urban area, Porta Nuova in Milan, and today manages over 1 million square meters, including the largest portfolio of LEED certified commercial buildings in Italy.

The COIMA platform (defined as the set of COIMA RES, COIMA SGR and COIMA S.r.l.) is composed of a team of more than 200 professionals and a top management who has gained first-rate experience working together over the past 15 years on real estate projects of considerable importance in Milan.

THE REIT FRAMEWORK

The Real Estate Investment Trust ("**REIT**") framework was initially introduced and regulated in Italy by the 2007 budget law. The framework was subsequently integrated and modified in November 2014.

The regime offers the possibility of adopting, in the presence of certain requirements set by the law, a taxation system in which the profit deriving from the property leasing business and the profit from the disposal of properties are exempt from taxation (so-called "exempt activity").

The main requirements and obligations of the special tax regime guaranteed to REITs can be summarized as follows:

SUBJECTIVE REQUIREMENTS

- *Company incorporated in the form of a joint stock company*
- *Residence in the territory of the Italian state or in an EU state*
- *The shares are traded on regulated markets*

STATUTORY REQUIREMENTS

- *Investment rules*
- *Limits on the concentration of risks on investments and counterparties*
- *Maximum leverage limit, at individual and group level*

SHAREHOLDING STRUCTURE REQUIREMENTS

- *No shareholder must have more than 60% of the voting rights*
- *Free float greater than 25%*

OBJECTIVE REQUIREMENTS

- *The properties owned represent at least 80% of the total assets*
- *Revenues from leasing of owned properties represent at least 80% of total revenues*

DISTRIBUTION OBLIGATIONS

- *Obligation to distribute at least 70% of the net profit (determined as per the separate accounts) deriving from the leasing activity and from equity investments*
- *Obligation to distribute, within 2 years following the realisation, of 50% of the capital gains realised on disposal of properties and of investments in SIIQ, SIINQ and qualified real estate funds*

INVESTMENT CASE

1

THE GATEWAY TO THE ITALIAN LISTED REAL ESTATE SECTOR
THE ONLY ITALIAN REIT FOCUSSED ON OFFICES

2

FOCUSSED REAL ESTATE PORTFOLIO
€688M PORTFOLIO (PRO-QUOTA), 85% OFFICES, 90% IN MILAN, 50% IN PORTA NUOVA

3

YIELD & GROWTH
5% NET PORTFOLIO YIELD, 55% OF ASSETS WITH GROWTH PROFILE

4

PRUDENT LEVERAGE
39% LTV

5

BEST IN CLASS GOVERNANCE
7 OUT OF THE 9 BOARD MEMBERS ARE INDEPENDENT

6

TRANSPARENCY
EPRA "GOLD" STANDARD IN FINANCIAL AND SUSTAINABILITY REPORTING

7

SUSTAINABILITY
64% OF PORTFOLIO LEED CERTIFIED (OR PRE-CERTIFIED)

Milan - **PHILIPS** - Façade

STRATEGY AND BUSINESS MODEL

"COIMA RES has set its strategy, its business model and its principles with reference to the best international market practices in order to become the gateway to the Italian listed real estate market for domestic and international investors."

Caio Massimo Capuano
Chairman of COIMA RES

VISION, MISSION AND STRATEGY

COIMA RES' strategy is focussed on the development and active management of a high quality real estate portfolio that is positioned to meet tenant demand and that can offer its shareholders a balanced risk-return profile, in particular characterized by a stable and sustainable dividend and the potential for appreciation of the real estate portfolio over time.

In this specific market context, characterised by an uncertain macroeconomic outlook, we opted to concentrate our portfolio in Milan and on office properties. The office market in Milan is the largest, most liquid, most transparent and most resilient segment within the Italian real estate sector. In particular, in recent years, the Milanese economy has grown at twice the speed of Italy as a whole, and this trend is expected to continue in the future.

VISION

To become the gateway REIT for investors seeking exposure to the Italian real estate market in the listed form

MISSION

To develop a REIT that creates shareholder value leveraging on international best practices

STRATEGY

Create value through the process of allocating the company's capital and through the active management of its real estate portfolio

Offer customers (tenants) space that is aligned with their current and future needs

Offer investors a balanced risk - return profile

BUSINESS MODEL

Our business' overarching objective is the creation of shareholder value both in terms of cash flows and dividends and in terms of growth in the value of the real estate portfolio and the Company's shareholders equity. These aspects are the result of the active management of our properties and of the portfolio rotation activity which involves the acquisition of properties with potential for value creation and the sale of mature assets.

BUY

Acquisition of commercial real estate assets with medium to long term value creation potential

OPTIMISE

Active management of the real estate portfolio aimed at optimising cash flow streams and improving the quality of the assets also through selected refurbishment plans

MANAGE

Retain in the portfolio the most strategic / high performing assets for the medium to long term

SELL

Disposal of mature, non-core and non-strategic assets freeing up capital for new acquisitions

LEVERAGING ON THE COMPETENCIES OF COIMA SGR AND COIMA SRL FOR ACQUISITION AND DISPOSAL OF PROPERTIES, MANAGEMENT OF THE TENANTS AND THE MANAGEMENT OF REFURBISHMENT PROCESSES

PRINCIPLES

INDEPENDENCE
We position ourselves as independent and fiduciary partner for tenants and investors, both domestic and international

ENTREPRENEURSHIP
We constantly seek new challenges by expanding our knowledge and experience in a creative yet rigorous way

INTEGRITY
Honesty and transparency are essential values for us

EXCELLENCE
We seek the highest quality in everything we do with passion and commitment

SUSTAINABILITY
We are committed to making our investments responsible for society and the environment

MAIN EVENTS OF 2019

MAIN CONSOLIDATED DATA

As of December 31st, 2019

GROSS RENTS **37.3** *Euro million*	NET OPERATING INCOME **33.4** *Euro million*	NET PROFIT **32.0** *Euro million*
EPRA EARNINGS **14.0** *Euro million (0.39 Euro per share)*	FFO **14.1** *Euro million (0.39 Euro per share)*	RECURRING FFO **17.6** *Euro million (0.49 Euro per share)*
PORTFOLIO VALUE (PRO-QUOTA) **688.4** *Euro million*	NET FINANCIAL POSITION **315.4** *Euro million*	LOAN TO VALUE **38.8%**
EPRA NAV **443.9** *Euro million (12.29 Euro per share)*	DIVIDEND[1] **10.8** *Euro million (0.30 Euro per share)*	RETURN ON EQUITY **7.6%**
EPRA NET INITIAL YIELD **4.6%**	EPRA VACANCY RATE **2.0%**	WALT **5.3** *years*
PORTFOLIO LEED CERTIFIED (or in the process of being certified) **64%**	CARBON INTENSITY **0.072** tCO_2e/m^2	ENERGY INTENSITY **264** kWh/m^2 *year*

1 Subject to approval by the shareholders' meeting

SUMMARY OF THE MAIN EVENTS OF 2019

During 2019, the Company continued to implement its strategy aimed at improving the quality and level of diversification of its portfolio of properties and tenants while further concentrating the real estate portfolio on the office segment (now equal to 85% of the portfolio) and in Milan (now 90% of the portfolio).

- **MARCH 2019:** PUBLICATION OF THE EUROPEAN THINK TANK SURVEY ON OFFICE USERS
- **APRIL 2019:** RENEWAL OF THE BOARD OF DIRECTORS
- **APRIL 2019:** FINAL DIVIDEND PAYMENT EQUAL TO EURO 0.20 PER SHARE
- **JUNE 2019:** DISPOSAL OF 50% STAKE IN THE VODAFONE COMPLEX TO A KOREAN INVESTOR
- **JULY 2019:** PAYMENT IN SHARES OF COUPON 2018 (FINANCIAL INSTRUMENT, KEY MANAGERS)
- **AUGUST 2019:** LEASE AGREEMENT WITH ACCENTURE FOR CORSO COMO PLACE
- **SEPTEMBER 2019:** LEASE AGREEMENT WITH BENDING SPOONS FOR CORSO COMO PLACE
- **SEPTEMBER 2019:** EPRA "GOLD AWARD" FOR ANNUAL AND SUSTAINABILITY REPORT 2018
- **SEPTEMBER 2019:** BOARD OF DIRECTORS APPROVES SUSTAINABILITY POLICY
- **SEPTEMBER 2019:** MICROSOFT AND PHILIPS HQ ACQUISITIONS ANNOUNCEMENT (EURO 158.2 MILLION)
- **SEPTEMBER 2019:** CLOSING OF PHILIPS HQ ACQUISITION FOR EURO 60.7 MILLION
- **OCTOBER 2019:** REINVESTMENT IN COIMA RES SHARES OF PROMOTE FEE RECEIVED BY COIMA SGR
- **NOVEMBER 2019:** ANNOUNCEMENT DISPOSAL OF BANK BRANCHES PORTFOLIO FOR EURO 23.5 MILLION
- **NOVEMBER 2019:** INTERIM DIVIDEND PAYMENT EQUAL TO EURO 0.10 PER SHARE
- **DECEMBER 2019:** CLOSING OF MICROSOFT HQs ACQUISITION FOR EURO 97.5 MILLION

INVESTMENT MANAGEMENT

ACQUISITIONS (PRO-QUOTA)	DISPOSALS (PRO-QUOTA)	CAPEX (PRO-QUOTA)
Euro **138** *million*	*Euro* **131** *million*	*Euro* **10** *million*

ASSET MANAGEMENT

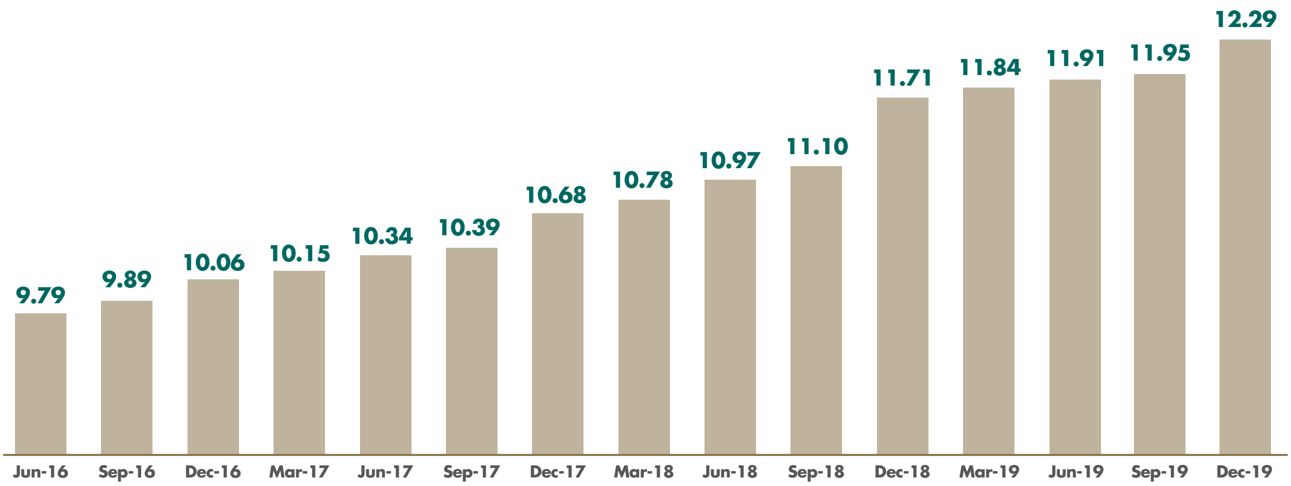
EPRA VACANCY RATE	NEW LEASE AGREEMENTS OR RENEWALS
2.0%	*Euro* **10** *million*

MAIN DATA		2019	2018	2017
Income Statement				
Gross Rents	Euro million	37.3	36.3	34.2
Like for like rental growth	%	1.0%	0.8	n.m.
Net Operating Income (NOI)	Euro million	33.4	32.3	30.5
NOI Margin	%	89.6%	89.1%	89.1%
EBITDA	Euro million	23.5	25.0	21.6
EBITDA Margin	%	62.8%	69.0%	63.1%
Net Profit	Euro million	32.0	46.3	28.9
EPRA Earnings	Euro million	14.0	15.1	15.3
Recurring FFO	Euro million	17.6	17.7	16.8
EPRA Earnings per share	Euro	0.39	0.42	0.42
Rrcurring FFO per share	Euro	0.49	0.49	0.47
Balance Sheet				
IFRS Equity	Euro million	440.1	418.7	383.4
EPRA NAV	Euro million	443.9	421.6	384.6
EPRA NNAV	Euro million	438.8	415.4	380.2
IFRS Equity per share	Euro	12.19	11.63	10.65
EPRA NAV per share	Euro	12.29	11.71	10.68
EPRA NNAV per share	Euro	12.15	11.54	10.56
Cash flow				
Capex (pro-quota)	Euro million	9.8	5.1	1.3
Acquisitions (pro-quota)	Euro million	138.2	103.7	105.7
Disposals (pro-quota)	Euro million	131.2	79.7	38.5
Dividend (fiscal year)	Euro million	10.8[1]	10.8	9.7
Dividend per share (fiscal year)	Euro million	0.30[1]	0.30	0.27
Performance indicators				
Return on Equity	%	7.6%	11.8	8.0
Indebtness				
Gross debt	Euro million	358.1	291.3	263.1
Cash	Euro million	42.7	82.2	27.0
Net debt	Euro million	315.4	209.1	236.1
Loan to Value (LTV)	%	38.8%	33.5%	37.1%
Interest Cover Ratio (ICR)	x	3.4x	4.0x	3.2x
Average "all in" cost of debt	%	2.01%	2.03%	1.97%
Average debt maturity	years	3.4	4.4	3.7
Real estate portfolio				
Number of assets in the portfolio	-	72	77	78
Value of the portfolio (consolidated)	Euro million	767.7	623.5	575.6
Value of the portfolio (pro-quota)	Euro million	688.4	654.4	589.9
Commercial surface (pro-quota)	sqm	165,000	172,000	172,000
WALT	years	5.3	6.2	7.2
EPRA Net Initial Yield	%	4.6%	5.2%	5.3%
EPRA Topped-up Net Initial Yield	%	5.3%	5.3%	5.5%
EPRA Vacancy Rate	%	2.0%	4.6%	4.8%

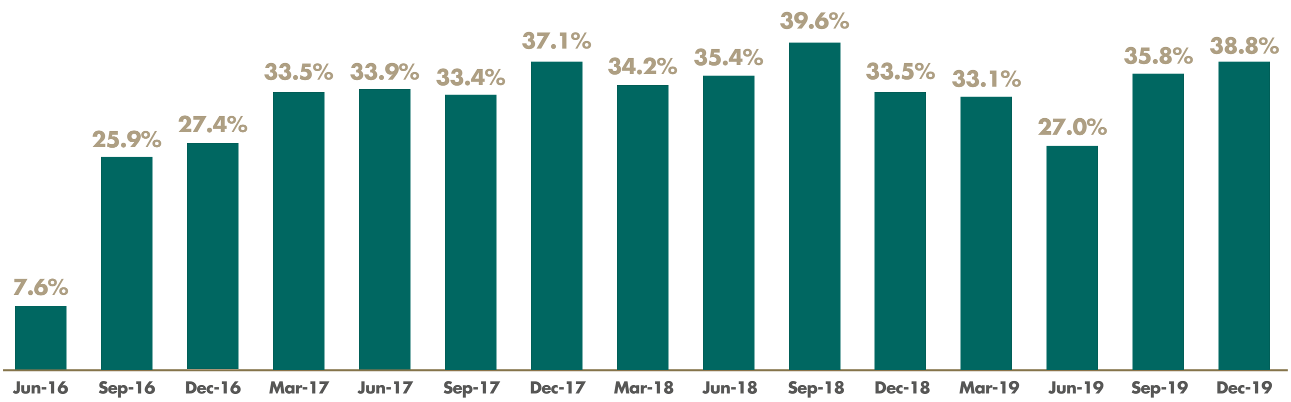
1 Subject to approval by the shareholders' meeting

MAIN DATA EVOLUTION

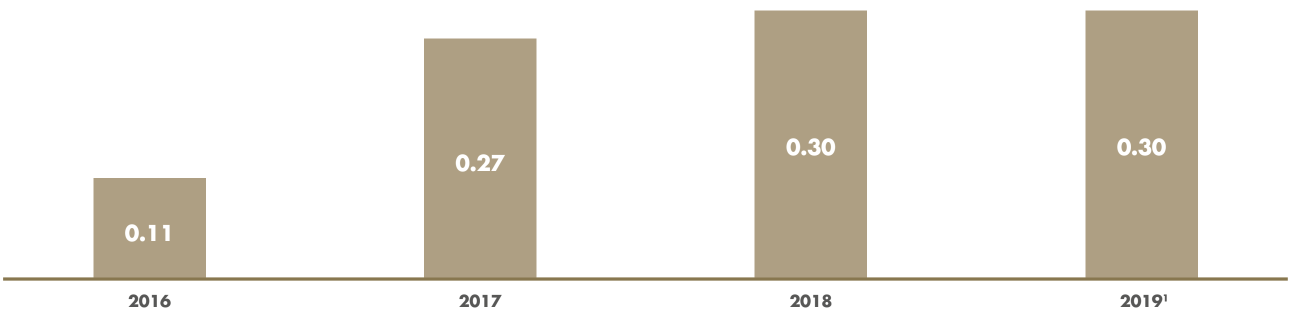
EPRA NAV per share evolution (€)



Loan to Value evolution (LTV)



Dividend per share evolution (€)



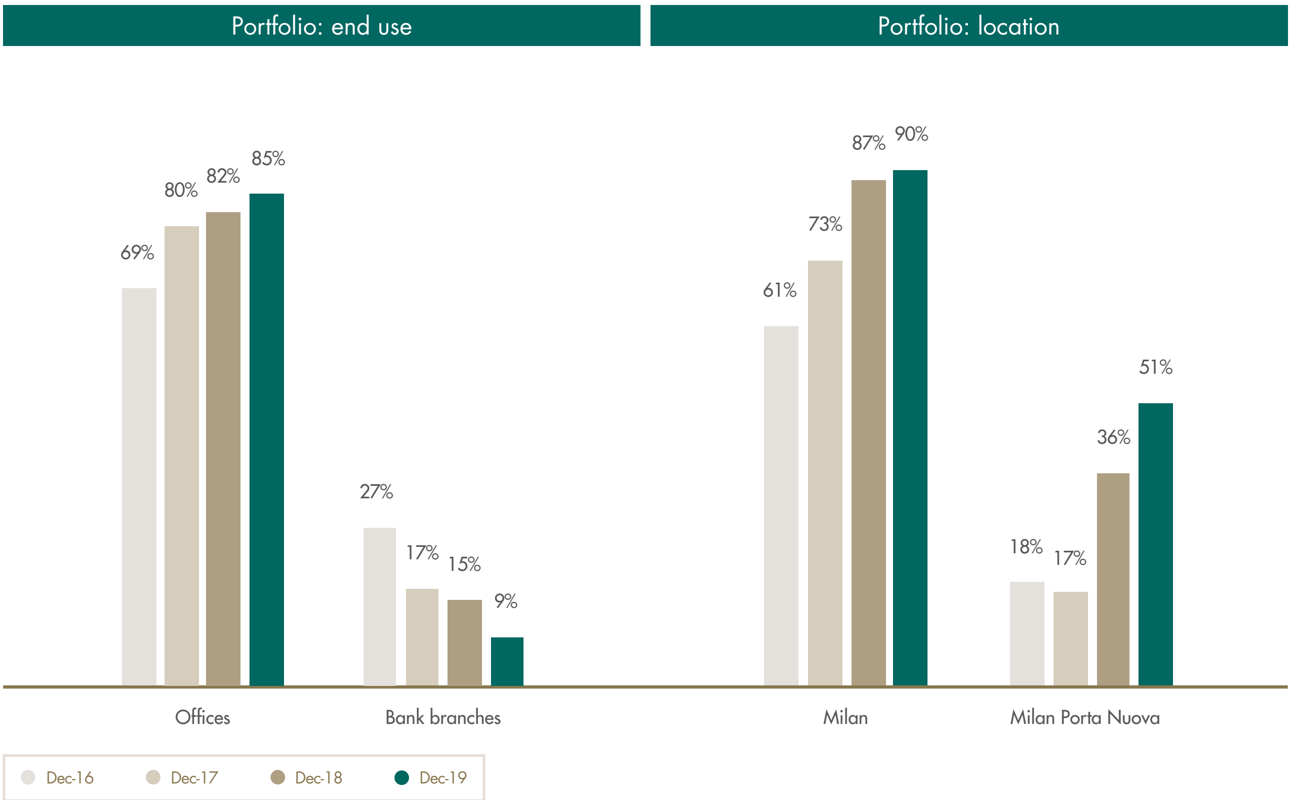
1 Subject to approval from the shareholders' meeting

Milan - **PORTA NUOVA VARESINE**

OVERVIEW OF THE ACTIVITY SINCE IPO

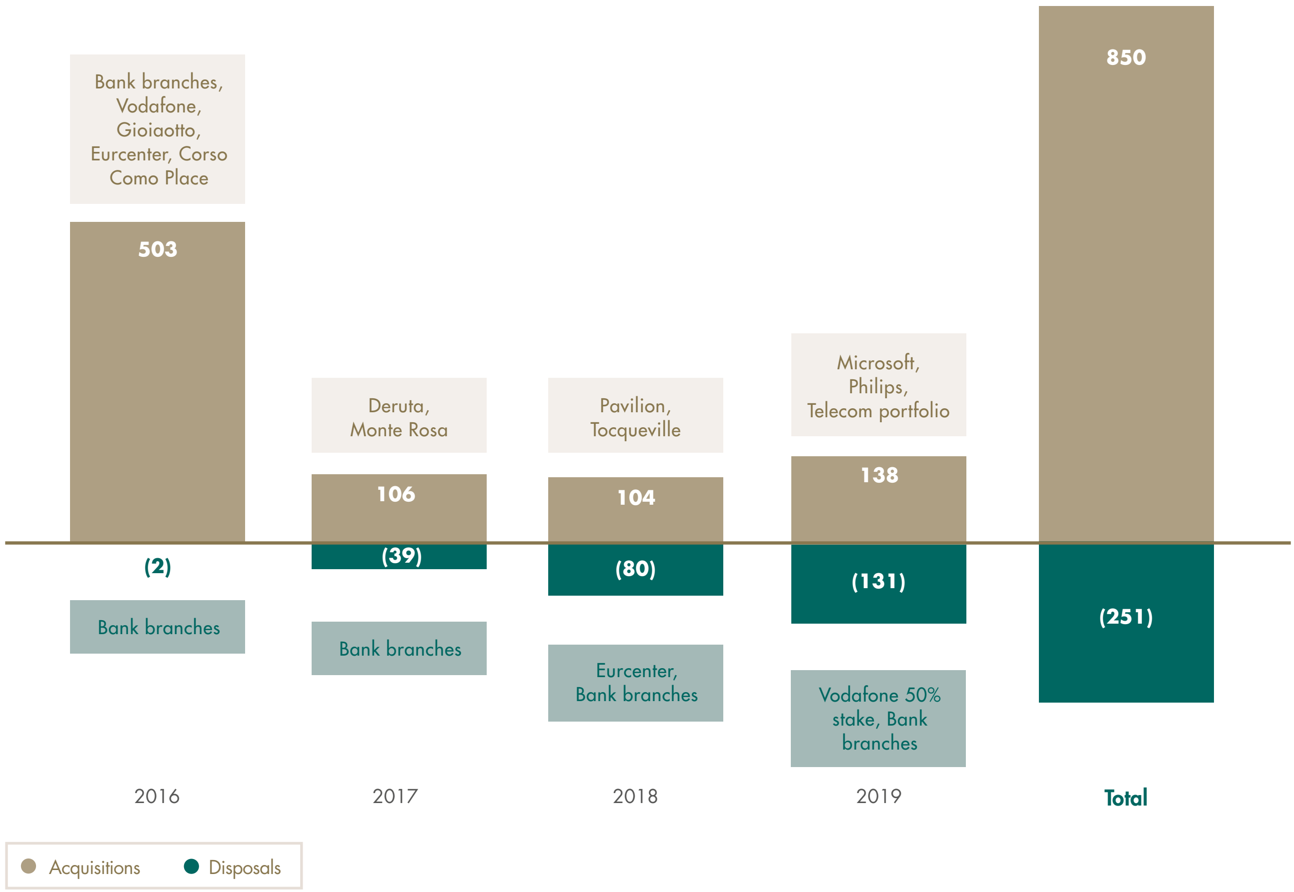
The Company's activity, since its listing on the Stock Exchange to the present day, has been focused on the composition of a high quality real estate portfolio with the aim of progressively focusing on the Milan market (and in particular in the Porta Nuova district) by divesting the properties located in other cities and to further concentrate the portfolio towards the office segment by gradually divesting the portfolio of bank branches situated throughout Italy.

Evolution of portfolio composition in the last four years



Since the IPO to today, COIMA RES has acquired properties worth Euro 850 million. About 80% of the acquisitions were made through "off market" processes (i.e. avoiding competitive processes on the market). With the aim of improving the quality of the real estate portfolio, of further focusing on the office segment in Milan, of diversifying the portfolio of properties and tenants and of validating the valuation of the real estate portfolio, COIMA RES has undertaken intense portfolio rotation activity, from 2017 onwards, which saw the sale of the Eurcenter property in Rome, the halving of the exposure to the bank branches segment and the sale of a 50% stake in the Vodafone complex to a South Korean institutional investor. The disposals took place overall at a premium of 5.0% with respect to the acquisition (or contribution) price, a premium that rises to 7.6% if the bank branches are excluded.

Overview of acquisitions and disposals since IPO (€m, pro-quota basis)



Overview of disposals since IPO

Property	Acquisition date	Acquisition price (pro-quota)	Capex in the period (pro-quota)	Disposal date	Disposal price (pro-quota)	Premium/ (discount) on acquisition price	Unlevered IRR realised
Bank branches	May 2016	Euro 67 million	-	Between 2016 and 2020[1]	Euro 66 million	(1.6)%	3.6%
Eurcenter (87% stake)	August 2016	Euro 70 million	-	December 2018	Euro 78 million	12.6%	10.8%
Vodafone complex (50% stake)	June 2016	Euro 102 million	Euro 0.1 million	June 2019	Euro 107 million	4.3%	7.7%
Average						**5.0%**	**7.5%**

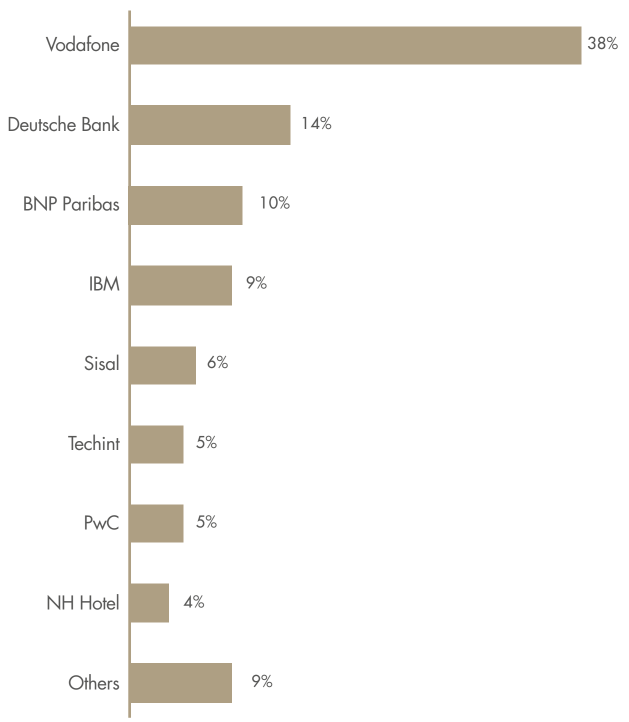
1 Transaction announced in November 2019 and expected to close in H1 2020

DIVERSIFICATION OF THE PORTFOLIO OF TENANTS

A particular effort has been undertaken by COIMA RES in diversifying its portfolio of tenants and properties. As of December 31st, 2018, the first five tenants of COIMA RES represented 77% of the total rents while a year later, on December 31st, 2019, the first five tenants of COIMA RES represented 54% of the total rents (on a pro-quota basis and stabilised). Today, only one tenant represents more than 10% of the COIMA RES rents (on a pro-quota and stabilised basis).

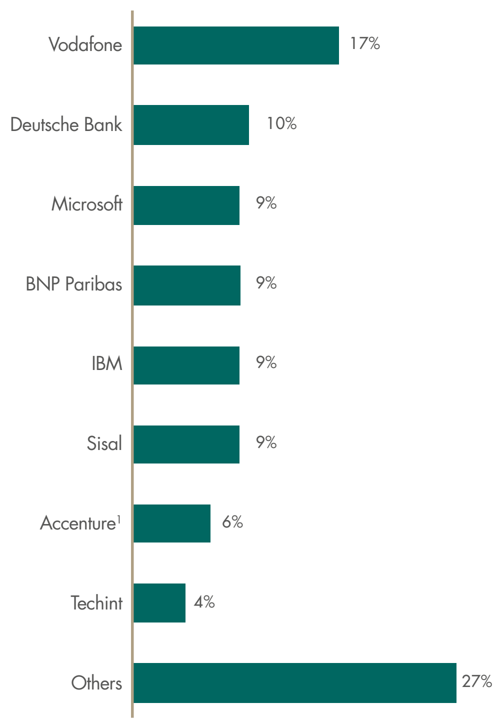
This diversification effort was mainly achieved through the sale of a 50% stake in the Vodafone complex completed in June 2019, through the progressive disposal of bank branches, through the investment activity and through the signing of two preliminary lease agreements with Accenture and Bending Spoons on the Corso Como Place property.

Previous year (Dec-18)



% of Gross Rents (stabilised on a pro-quota basis)

Current (Dec-19)



% of Gross Rents (stabilised on a pro-quota basis)

COIMA RES' most relevant tenant	*COIMA RES' most relevant 3 tenants*	*COIMA RES' most relevant 5 tenants*	*COIMA RES' most relevant tenant*	*COIMA RES' most relevant 3 tenants*	*COIMA RES' most relevant 5 tenants*
38%	**62%**	**77%**	**17%**	**36%**	**54%**

1 Preliminary lease agreement

THE REAL ESTATE PORTFOLIO

"During 2019 we increased the degree of diversification of the portfolio in terms of both tenants and properties, and today only one tenant makes more than 10% of our total rents. Furthermore, we made important progress on the Corso Como Place project by advancing the refurbishment works and in the commercialization of the complex with the signing of two preliminary lease agreements with Accenture and Bending Spoons."

Matteo Ravà
Head of Asset Management

As of December 31st, 2019, COIMA RES owns a portfolio of properties valued at Euro 688 million (real estate assets accounted for on a pro-quota basis), characterized by an EPRA Net Initial Yield of 4.6% and by an EPRA Topped-up Net Initial Yield of 5.3%.

Geographically, 89% of COIMA RES' portfolio is concentrated in Milan (51% in the district of Milan Porta Nuova and 39% in other districts in Milan), 4% in Lombardy (ex-Milan) and 6% in other regions of Northern and Central Italy.

From an end use point of view, the COIMA RES portfolio is focused for 85% on the office segment, for 4% on the hotel segment, for 9% on the bank branches segment and for a residual 2% on other segments.

The properties owned by COIMA RES are held both directly and through funds. In particular, COIMA RES deploys Joint Venture structures in order to access also medium to large size development projects managed by the COIMA platform with minority interests.

As of December 31st, 2019, the COIMA RES portfolio is characterized by a low vacancy level (EPRA Vacancy Rate of 2.0%), which is mainly concentrated on three vacant bank branches and on a marginal portion of the Monte Rosa property which is vacant. The Corso Como Place project, being currently under renovation, is not accounted for in the EPRA Vacancy Rate calculation.

The COIMA RES portfolio is characterized by a balanced profile between stabilised properties and properties with a growth profile, in particular:

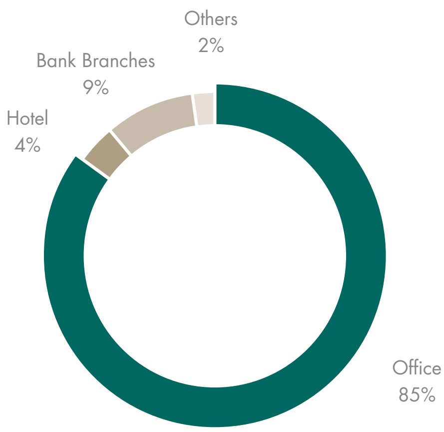
- properties leased with medium-long term contracts already in the stabilised phase, where the rental growth is mainly linked to inflation
- properties leased with medium-long term contracts but not yet stabilised, where growth in rents and cash flows can be reasonably expected as a result of contractual step-ups or on the back of re-leasing of space where new lease agreements can be stipulated at premium level compared to previous leases
- properties characterised by lease agreements with short residual duration, where, upon expiry of the existing lease contracts, renovation works are expected to be carried out and where at the back of these processes it is possible to reasonably assume the stipulation of lease agreements at higher levels compared to the previous ones
- vacant properties, where a refurbishment plan is already being implemented

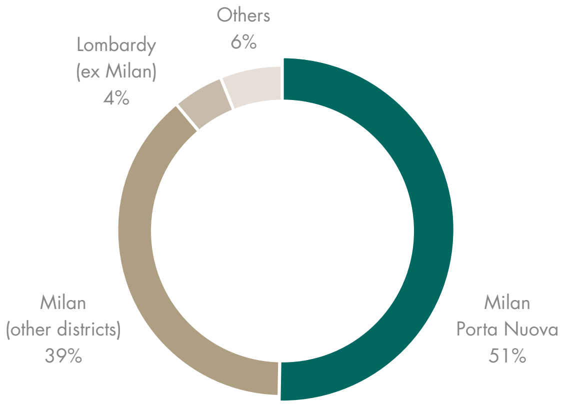
Strong attention is paid by COIMA RES to the efficiency and sustainability of its properties, and as a proof of this currently 56% of COIMA RES's portfolio is LEED certified, with a further 9% being certified.

Overview of the real estate portfolio

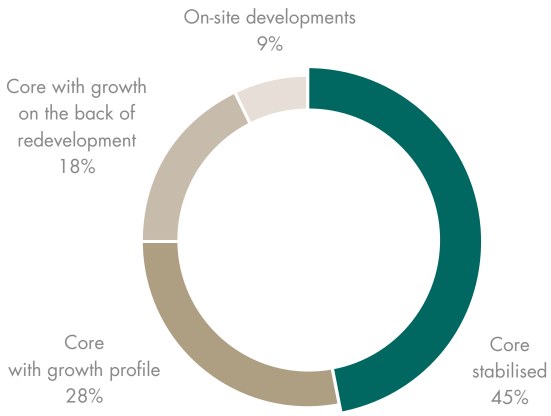
PORTFOLIO **688** *Euro million (pro-quota basis)*	PORTA NUOVA **51%**	EPRA NET INITIAL YIELD **4.6%**
OFFICES **85%**	LEED CERTIFIED **>60%**	EPRA TOPPED-UP NET INITIAL YIELD **5.3%**
MILAN **90%**	WALT **5.3** *years*	EPRA VACANCY RATE **2.0%**

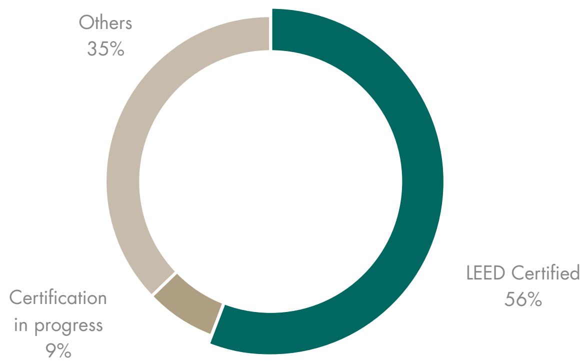
End use	Geography





Strategy	Certification

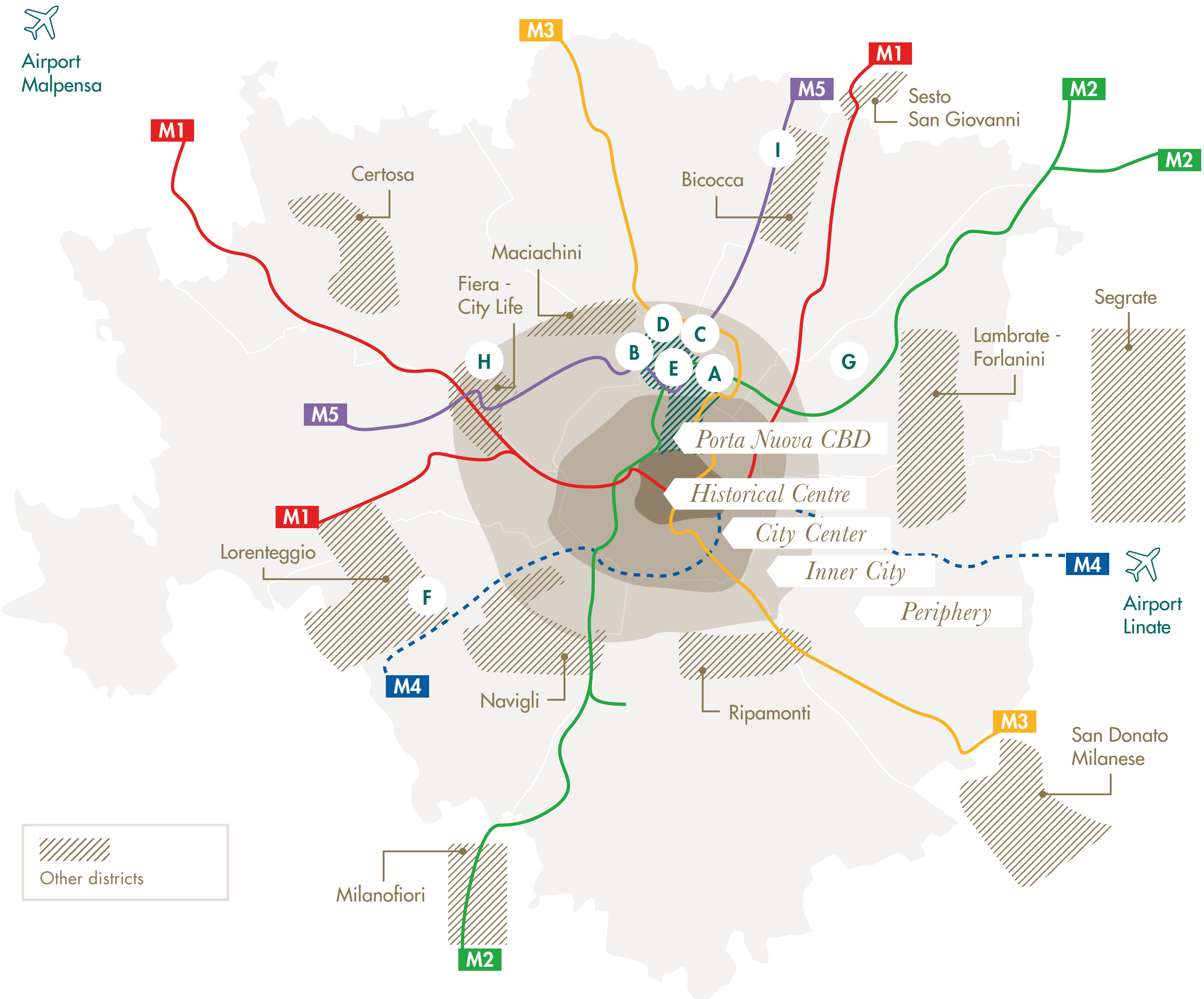




The COIMA RES office buildings in Milan are located in various districts of the city, the main sub-group is represented by the buildings located in the Porta Nuova district, where 5 properties are situated (Gioiaotto, Corso Como Place, Pavilion, Tocqueville and Microsoft) which make up approximately 50% of COIMA RES' portfolio. The other 4 office buildings are located in secondary districts, in particular the Lorenteggio district as regards the Vodafone complex, the Bicocca district as regards the Philips headquarters, the Lambrate district as regards the Deruta property and the City Life district with regard to Monte Rosa.

All COIMA RES office buildings in Milan are well connected to the public transport system and in particular to the Milan subway network.

Milan - **VODAFONE** - Façade



Porta Nuova

A	GIOIAOTTO
B	CORSO COMO PLACE
C	PAVILION
D	TOCQUEVILLE
E	MICROSOFT

Other districts

F	VODAFONE
G	DERUTA
H	MONTE ROSA
I	PHILIPS

Main metrics of the Real Estate Portfolio as of December 31st, 2019

	Milan Porta Nuova					Milan Other Districts				Non-office assets		Total
	Microsoft	Gioiaotto	Pavilion	Tocqueville	Corso Como Place	Vodafone Complex	Monte Rosa	Philips	Deruta	Deutsche Bank	Telecom Portfolio	
Location	Milan Porta Nuova	Milan Porta Nuova	Milan Porta Nuova	Milan Porta Nuova	Milan Porta Nuova	Milan Lorenteggio	Milan CityLife	Milan Bicocca	Milan Lambrate	North & Center of Italy	North & Center of Italy	-
End use	Office	Office, Hotel	Office	Office	Office	Office	Office	Office	Office	Bank Branches	Telecom Assets	-
Strategy	Core	Core	Core	Core + / Value-add	Value-add	Core	Core + / Value-add	Core	Core + / Value-add	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 Assets Value (100%)	**€98.2m**	**€83.7m**	**€73.2m**	**€59.6m**	**€165.4m**	**€213.0m**	**€61.1m**	**€62.8m**	**€47.1m**	**€69.0m**	**€57.4m**	**-**
Gross Assets Value (look-thorugh)	**€82.0m**	**€73.8m**	**€73.2m**	**€59.6m**	**€59.1m**	**€106.5m**	**€61.1m**	**€49.2m**	**€47.1m**	**€69.0m**	**€7.9m**	**€688.4m**
WALT (years)	4.0	4.9	8.1	2.3	2.0	7.1	3.5	6.7	2.0	7.1	12.9	5.3
Occupancy rate	100%	100%	100%	100%	n.a.	100%	91%	100%	100%	93%	100%	98.0%
EPRA Net Initial Yield	4.3%	4.1%	1.5%	3.5%	n.a.	6.1%	5.2%	5.2%	7.0%	4.6%	6.4%	4.6%
EPRA Topped-up Net Initial Yield	4.3%	4.7%	4.6%	5.2%	n.a.	6.1%	5.2%	5.9%	7.0%	5.2%	6.4%	5.3%


Microsoft

MICROSOFT

Description

The Microsoft headquarters is a recently built property of 11,000 sqm, LEED Gold certified, designed by the international architecture firm Herzog & de Meuron (construction completed in 2016) entirely leased to Microsoft, a global technology company, with a 4.0 years residual WALT. The property is the Italian headquarters of Microsoft. The property is situated in the rapidly growing district of Porta Nuova, near the Monumentale and Garibaldi metro stations.

Main data

Ownership (look-through)
83.5%

Construction year
2016

Year of last refurbishment
n.m.

Year of acquisition by COIMA RES
2019

End use
Office

Tenant
Microsoft

Surface (100% of the asset)
10,795 sqm

Fair value (100% of the asset)
Euro 98.2 million

Gross rent (100% of the asset)
Euro 4.6 million

EPRA Net Initial Yield
4.3%

EPRA Topped-up Net Initial Yield
4.3%

WALT
4.0 years

Occupancy Rate
100%

Certification
LEED Gold

Architect
Herzog & de Meuron

Investment strategy

Long-term strategic investment given the quality of the property, its location in Milan in Porta Nuova and the excellent profile of the current tenant (Microsoft). Potential value creation in the medium-long term deriving from the difference between the market rents in the area compared to the rent currently in place combined with the possibility of converting the end use of the ground floor to high street retail.

GIOIAOTTO

Description

Built in the 1970s and renovated in 2014, Gioiaotto was the first LEED Platinum certified building in Milan. Approx. 50% of the surface is for office use and leased to various tenants and the remaining 50% of the surface is for hotel use and leased to NH Hotel. The hotel portion was subject to light refurbishment works in 2018 aimed at upgrading the interiors of the hotel to reach the NH Collection level.

Main data

Ownership (look-through)
88.2%

Construction year
1970's

Year of last refurbishment
2014

Year of acquisition by COIMA RES
2016

End use
Office & Hotel

Main tenants

NH HOTEL GROUP QBE Angelini Beauty

Surface (100% of the asset)
14,545 sqm

Fair value (100% of the asset)
Euro 83.7 million

Gross initial rent (100% of the asset)
Euro 3.8 million

EPRA Net Initial Yield
4.1%

EPRA Topped-up Net Initial Yield
4.7%

WALT
4.9 years

Occupancy Rate
100%

Certification
LEED Platinum

Architect
Park Associati

Investment strategy

Long-term strategic investment given the quality of the property, its location in Milan in Porta Nuova and the potential upside deriving from the difference in the rent in place and the market rent of the office portion. As far as the hotel portion is concerned, potential to capture further upside linked to the operational performance of the hotel.

Milan - **PAVILION** - Exterior

PAVILION

Description

LEED Gold certified multi-functional building, designed by Michele De Lucchi and built in 2014. Strategic location in the heart of Porta Nuova between Piazza Gae Aulenti and the park "Biblioteca degli Alberi" (the third largest park in the centre of Milan).

The property is currently entirely leased to IBM which uses it as a space for innovation and meeting with its stakeholders. The unique technical characteristics of the Pavilion and its 360° visibility offer a high degree of flexibility in terms of end use.

Main data

Ownership
100.0%

Construction year
2014

Year of last refurbishment
n.m.

Year of acquisition by COIMA RES
2018

End use
Office

Tenant
IBM

Fair value
Euro 73.2 million

Gross initial rent
Euro 1.25 million

EPRA Net Initial Yield
1.5%

EPRA Topped-up Net Initial Yield
4.6%

WALT
8.1 years

Occupancy Rate
100%

Certifications
LEED Gold

Surface
3,576 sqm

Architect
Michele De Lucchi

Investment strategy

Long-term strategic investment given the quality of the property, its location in Milan in Porta Nuova and the quality of the current tenant. The current lease, with a residual length of 8.1 years, includes an increase in the gross rent in the first quarter of 2020 from the current level of Euro 1.25 million to the stabilised level of Euro 3.5 million. Potential reconversion upon expiry of existing lease (in case IBM would decide not to renew the contract) with change of use which could include office and / or retail.

TOCQUEVILLE

Description

A 10-storey building in the Milan Porta Nuova area located between the Microsoft and UniCredit headquarters and opposite the Corso Como Place project. The building was initially built in 1969 and the last renovation dates back to 2003. The main tenant of the property is Sisal (the second largest gaming company and the largest payment service provider in Italy), which occupies 89% of the surface. The lease agreement with Sisal expires in December 2021.

Main data

Ownership
100,0%

Construction year
1969

Year of last refurbishment
2003

Year of acquisition by COIMA RES
2018

End use
Office

Main tenant
Sisal

Surface
9,604 sqm

Fair value
Euro 59.6 million

Gross initial rent
Euro 2.4 million

EPRA Net Initial Yield
3.5%

EPRA Topped-up Net Initial Yield
5.2%

WALT
2.3 years

Occupancy Rate
100%

Certification
n.m.

Architect
n.m.

Investment strategy

Long-term strategic investment given its location in Milan in Porta Nuova. Last renovation performed over 15 years ago. The current lease is expiring at the end of 2021 and the current rent is largely below market. Possibility of carrying out a deep refurbishment to redevelop the building (and at the same time further improve the area also in relation to the expected completion of the renovation of the Corso Como Place complex) and to be able to subsequently lease the property at a substantial premium vs current rent.

Milan - **CORSO COMO PLACE** - Façade

CORSO COMO PLACE

Description

Real estate complex located in Milan Porta Nuova between the UniCredit and Microsoft headquarters. The complex is well connected to the public transport network, with a high-speed railway station (Garibaldi station) and 2 metro lines (MM2 and MM5). The complex consists of two buildings constructed in the years 1950-1960, and a new building under construction. COIMA RES owns a 35.7% stake in the complex.

Main data

Ownership
35.7%

Construction year
1950-1960

Year of last refurbishment
Currently under refurbishment

Year of acquisition by COIMA RES
2016

End use
Office

Main tenants
accenture BENDING SPOONS Sisal

Surface (100% of the complex)
23,579 sqm

Fair value (100% of the complex)
Euro 165.4 million

Total cost (100% of the complex)
Euro 169 million

Acquisition price (100% of the complex)
Euro 89 million (December 2016)

Capex and other capitalised costs (100% of the complex)
Euro 80 million (2017-2020)

Other costs (100% of the complex)
Euro 9 million

Project advancement rate
c. 60%

Gross Yield on Cost (expected)
6.7%

Portion leased
95% of total sqm

Certification target
LEED Gold, WELL Gold, Cradle to Cradle, NZEB

Architect
PLP Architecture

Investment strategy

The strategy for the complex envisages: (i) the complete redevelopment of the tower building with an office use (building A), (ii) the enhancement of the office building (building B) through active management of the placement on the market of the vacant surfaces and (iii) the creation of a new building (building C) for office and retail use. The Corso Como Place project is characterized by the use of various "next generation" technologies in terms of sustainability and innovation, with the implementation of a Smart Building infrastructure and the application of international sustainability certifications such as LEED and WELL and with extensive use of renewable energy sources. The project will create a new public space in front of Tocqueville and will lead to the upgrade of the road and pavement connecting with Corso Como. Between August and September 2019, two preliminary lease agreements were signed with Accenture for the entire building A and with Bending Spoons for 80% of building C. The delivery of the entire project to the tenants is expected in 2020.

KEY DATES

- ***December 2016:***
acquisition of the complex

- ***January 2017 - July 2018:***
authorization process with the Municipality of Milan for the approval of the project and parallel phase of demolition, excavation, strip-out and environmental intervention

- ***July 2018:***
appointment of general contractor and commencement of construction works

- ***September 2018:***
commencement of commercialisation phase

- ***August 2019:***
signing of preliminary lease agreement with Accenture for the entire building A

- ***September 2019:***
signing of preliminary lease agreement with Bending Spoon for 80% of building C

- ***2020:***
expected delivery of buildings A and C to Accenture and Bending Spoons respectively

OVERVIEW OF THE PROJECT

BUILDING A
high-rise office tower,
16,000 sqm GBA

- Existing building, 100% vacant at the time of the acquisition
- Hard refurbishment
- Signed in August 2019 a preliminary lease agreement with Accenture

BUILDING B
low-rise office tower,
6,200 sqm GBA

- Existing building, currently 100% leased
- Extraordinary maintenance works planned

BUILDING C
new office / retail low-rise,
4,800 sqm GBA

- Development of new building for mixed office and retail use
- New building (partially replacing underground parking)
- Demolition and rebuilding of existing underground parking
- Signed in September 2019 a preliminary lease agreement with Bending Spoons

Value-add portion

Building A
100% PRE-LET
TO ACCENTURE

Building C
80% PRE-LET
TO BENDING SPOONS

Core + portion

Building B
100% LET

Milan - **CORSO COMO PLACE** - Construction site

Milan - **VODAFONE** - Façade

VODAFONE COMPLEX

Description

Complex consisting of three buildings and entirely leased to Vodafone with long-term contract (expiring in January 2027). Located in the Lorenteggio district, the area will benefit from the completion of the MM4 metro line (expected by 2023) which will connect the district directly to Linate airport. The complex represents an important example of excellence in terms of construction quality and sustainability, as demonstrated by the LEED certification.

Main data

Ownership
50.0%

Fair value (100% of the asset)
Euro 213.0 million

Construction year
2012

Gross initial rent (100% of the asset)
Euro 14.0 million

Year of last refurbishment
n.m.

EPRA Net Initial Yield
6.1%

Year of acquisition by COIMA RES
2016

EPRA Topped-up Net Initial Yield
6.1%

End use
Office

WALT
7.1 years

Tenant
vodafone

Occupancy Rate
100%

Certification
LEED Silver

Surface (100% of the asset)
42,039 sqm

Architect
Gantes & Marini

Investment strategy

The complex was purchased by COIMA RES during the first phase of the post IPO investment program with the aim of obtaining long-term cash flow and a medium-high return on invested capital (EPRA Net Initial Yield greater than 6%). In 2019, in view of the desire to diversify the base of tenants and properties in the portfolio, COIMA RES sold a 50% stake in the Vodafone complex to a primary South Korean investor, monetising part of the initial investment. COIMA RES continues to consolidate the Vodafone complex in its accounts thanks to the governance agreed with the Korean investor who acts as financial partner, leaving COIMA RES control over the main decisions.

MONTE ROSA

Description

Complex consisting of four properties built at various times between 1942 and 1961 and which in 1997 underwent intense renovations. It is characterized by an efficient use of space. Monte Rosa represents a property currently leased below market rents (given overall rental growth trajectory in Milan), as well as located in a consolidated semi-central business district in Milan. The proximity to the recent development of CityLife and the excellent connection to public transport with two subway lines (MM1 and MM5) make the property particularly interesting.

Main data

Ownership
100.0%

Construction year
1942 / 1956 / 1961

Year of last refurbishment
1997

Year of acquisition by COIMA RES
2017

End use
Office

Main tenants

Surface
19,539 sqm

Fair value
Euro 61.1 million

Gross initial rent
Euro 3.9 million

EPRA Net Initial Yield
5.2%

EPRA Topped-up Net Initial Yield
5.2%

WALT
3.5 years

Occupancy Rate
91%

Certification
n.m.

Architect
n.m.

Investment strategy

The property is leased to two main tenants: Techint (contract expiring in 2026) and PwC (6-month break option rolling contract). It is expected that PwC will move to the third tower of City Life in 2021 and release the spaces occupied in the Monte Rosa building at the same time. This is in line with the strategy envisaged during the acquisition of the property, which provide the opportunity for COIMA RES to lease the areas occupied by PwC at higher rents than the current ones, also on the back of a potential refurbishment program.

Milan - **MONTE ROSA** - Façade

PHILIPS

Description

The Philips headquarters is a 17,500 sqm building, LEED Platinum certified, built in the 1980's and completely renovated in 2016-2017 based on a project by the Italian architect Alessandro Scandurra. The property is fully leased with a WALT of 6.7 years. The property is the Italian headquarters of Philips, the world leader in the medical technology sector, which occupies just over half of the surfaces, with the remainder leased to other tenants operating in different sectors. The property is situated in the Bicocca district near the MM5 metro stations of Ponale, Bignami and Bicocca.

Main data

Ownership (look-through)
78.3%

Construction year
1980's

Year of last refurbishment
2017

Year of acquisition by COIMA RES
2019

End use
Office

Main tenant
PHILIPS

Surface (100% of the asset)
17,453 sqm

Fair value (100% of the asset)
Euro 62.8 million

Gross initial rental (100% of the asset)
Euro 3.7 million

EPRA Net Initial Yield
5.2%

EPRA Topped-up Net Initial Yield
5.9%

WALT
6.7 years

Occupancy Rate
100%

Certification
LEED Platinum

Architect
Alessandro Scandurra

Investment strategy

The property was acquired through an "off-market" transaction, together with the acquisition of the Microsoft headquarters, at an attractive valuation. The property is situated in the Bicocca district which has consolidated over time as one of the main business districts in Milan also thanks to the development of the MM5 metro. The district has seen a good level of rental growth in recent months and a good level of liquidity in the transaction market as demonstrated by the various investment transactions which have seen interest by several international institutional investors.

DERUTA

Description

Complex built in 2007 and characterised by a good level of layout efficiency. The property is located in the north-east part of Milan positioned in an area well connected to the public transport network and the highway system. In particular, the area offers excellent accessibility thanks to the MM2 metro (Udine station at 5 minutes walking distance), railway stations (Lambrate Station 0.6 km, Central Station 2.7 km), the motorway network (East ring road 1.2 km), and Linate airport (just 10 minutes drive away).

Main data

Ownership
100.0%

Construction year
2007

Year of last refurbishment
n.m.

Year of acquisition by COIMA RES
2017

End use
Office

Main tenant
BNL GRUPPO BNP PARIBAS

Surface
26,012 sqm

Fair value
Euro 47.1 million

Gross initial rental
Euro 3.6 million

EPRA Net Initial Yield
7.0%

EPRA Topped-up Net Initial Yield
7.0%

WALT
2.0 years

Occupancy Rate
100%

Certification
n.m.

Architect
n.m.

Investment strategy

The property was purchased by COIMA RES during the first phase of the post IPO investment program with the aim of obtaining cash flow and a medium-high return on invested capital (EPRA Net Initial Yield close to 7%). Potential refurbishment of the building in case the current tenant was to vacate the building upon expiry of the existing lease that will allow the increase in the degree of occupancy and the improvement of the energy performance therefore maximising the attractiveness of the property to potential new tenants.


BNL Gruppo BNP PARIBAS

Rome - **DEUTSCHE BANK PORTFOLIO** - Entrance

PORTFOLIO OF BANK BRANCHES

Description

Portfolio consisting of 58 residual bank branches located in the North and Center of Italy. As of December 31st, 2019, 54 branches are leased to Deutsche Bank with a long-term contract, 3 minor branches are vacant and one branch in Turin (previously vacant) was leased during 2019 to an operator in the wellness sector.

Main data

Ownership
100.0%

Construction year
n.m.

Year of last refurbishment
n.m.

Year of acquisition by COIMA RES
2016

End use
Bank branches / high street retail

Main tenant
Deutsche Bank

Surface
36,623 sqm

Fair value
Euro 69.0 million

Gross initial rent
Euro 3.9 million

EPRA Net Initial Yield
4.6%

EPRA Topped-up Net Initial Yield
5.2%

WALT
7.1 years

Occupancy Rate
93%

Certification
n.m.

Architect
n.m.

Investment strategy

Portfolio contributed by Qatar Holding LLC during the IPO with the intention of creating a stable and long-term cash flow for COIMA RES. The initial portfolio consisted of 96 branches distributed throughout Italy for a real estate contribution value of Euro 140.1 million. In the last four years, a meaningful disposal plan has been implemented which saw the sale of a total of 38 branches for an aggregate value of Euro 66.3 million (in line with the contribution value) equal to approximately 48% of the initial portfolio and which saw the weight of the banking branch portfolio decrease below 10% of the total portfolio of COIMA RES. The strategy for the residual portfolio envisages further disposals in the medium term.

TELECOM PORTFOLIO

Description

Portfolio consisting of five technical assets located in Northern and Central Italy (Monza, Rome, Pavia, Parma and Sanremo) wholly leased to Telecom Italia on a long-term contract (residual maturity of 12.9 years). COIMA RES holds a minority look-through stake in the portfolio.

Main data

Ownership (look-through)
13.7%

Construction year
n.m.

Year of last refurbishment
n.m.

Year of acquisition by COIMA RES
2019

End use
Technical assets

Tenant
TIM

Surface (100% of the asset)
33,278 sqm

Fair value (100% of the asset)
Euro 57.4 million

Gross initial rent (100% of the asset)
Euro 4.0 million

EPRA Net Initial Yield
6.4%

EPRA Topped-up Net Initial Yield
6.4%

WALT
12.9 years

Occupancy Rate
100%

Certification
n.m.

Architect
n.m.

Investment strategy

Portfolio acquired in conjunction with the acquisition of the Microsoft and Philips headquarters. Portfolio deemed non-strategic with potential disposal in the medium term.

ACTIVE MANAGEMENT OF THE PORTFOLIO

ACQUISITIONS

In 2019, COIMA RES has continued to invest in line with its strategy of concentrating in high quality office properties in Milan.

» ***ACQUISITION OF THE MICROSOFT AND PHILIPS HEADQUARTERS***
On September 30th, 2019, COIMA RES announced the acquisition, through an "off market" transaction, of two office properties in Milan, fully let, for an aggregate value of Euro 158 million at a blended EPRA Topped-up Net Initial Yield of 5.0% (EPRA Net Initial Yield of 4.5%). The two properties are the Microsoft headquarters in Milan Porta Nuova valued at Euro 97.5 million and the Philips headquarters in Milan Bicocca valued at Euro 60.7 million. The acquisition of the Philips headquarters closed on September 30th, 2019, whilst the acquisition of the Microsoft headquarters was structured in two steps, the first one closed on September 30th, 2019, and the second one closed on December 10th, 2019.

DISPOSALS

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

» ***BANK BRANCHES***
In H2 2019, COIMA RES has signed a preliminary agreement for the sale of a portfolio of 11 bank branches located in the North of Italy. The agreed sale price for the portfolio is Euro 23.5 million, a value in line with the latest value as estimated by the Independent Appraiser. The disposal is expected to close by June 2020. In addition, in March 2019, COIMA RES sold one Deutsche Bank branch in Pisa for Euro 500,000 and in December 2019, COIMA RES sold one floor at a bank branch located in Genova for Euro 800,000. Since IPO, COIMA RES has sold 48% of the initial bank branches portfolio at a valuation in line with the IPO contribution value.

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

LEASING ACTIVITY

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

» ***CORSO COMO PLACE***

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

» ***TOCQUEVILLE***

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

» ***GIOIAOTTO***

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

» ***BANK BRANCHES***

COIMA RES signed two leasing agreements for two bank branches previously vacant representing a total surface area of c. 6,000 sqm (c. 60% of the total vacant surface within the bank branches portfolio) and additional gross rents of Euro 660,000 on a stabilised basis. The two bank branches are in Milan and Turin. The bank branch in Milan is part of a portfolio which is currently subject to a disposal (announced in November 2019 and completing in the first half of 2020).

DEVELOPMENT PROJECTS

» ***CORSO COMO PLACE***

Corso Como Place: the project is well on track for delivery 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 December 31st, 2019, the project advancement rate was approx. 60%. Considering the pre-letting activity performed, the estimated Gross Yield on Cost for the project is c. 6.7%, i.e. 90 bps higher than the assumption at the time of the acquisition of 5.8%.

WHY ITALY

The year 2019 was a record year for the Italian real estate market with investment volumes above Euro 12 billion. Investors were particularly interested in the office segment which represented c. 40% of the investment volumes, and hotels which represented c. 30% of the investment volumes. The investor base was very international, with only 24% of the transaction volume being driven by domestic investors. Scarcity of product is one of the main feature of the Italian market, which is both an obstacle and an opportunity for institutional investors and for the real estate operators.

RECORD HIGH INVESTMENT VOLUMES IN ITALIAN REAL ESTATE IN 2019

Euro **12.3** *billion*

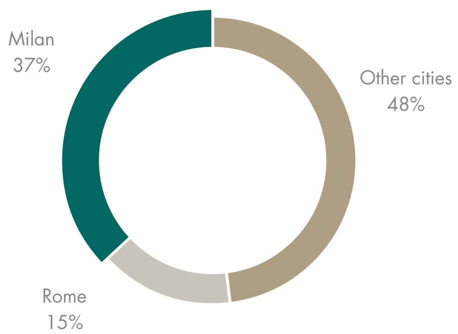
+37% vs 2018
+6% vs 2017

Investment volumes by asset class

Source: CBRE, JLL

Investment volumes by investor origin

Investment volumes by city




Passerella Gioia

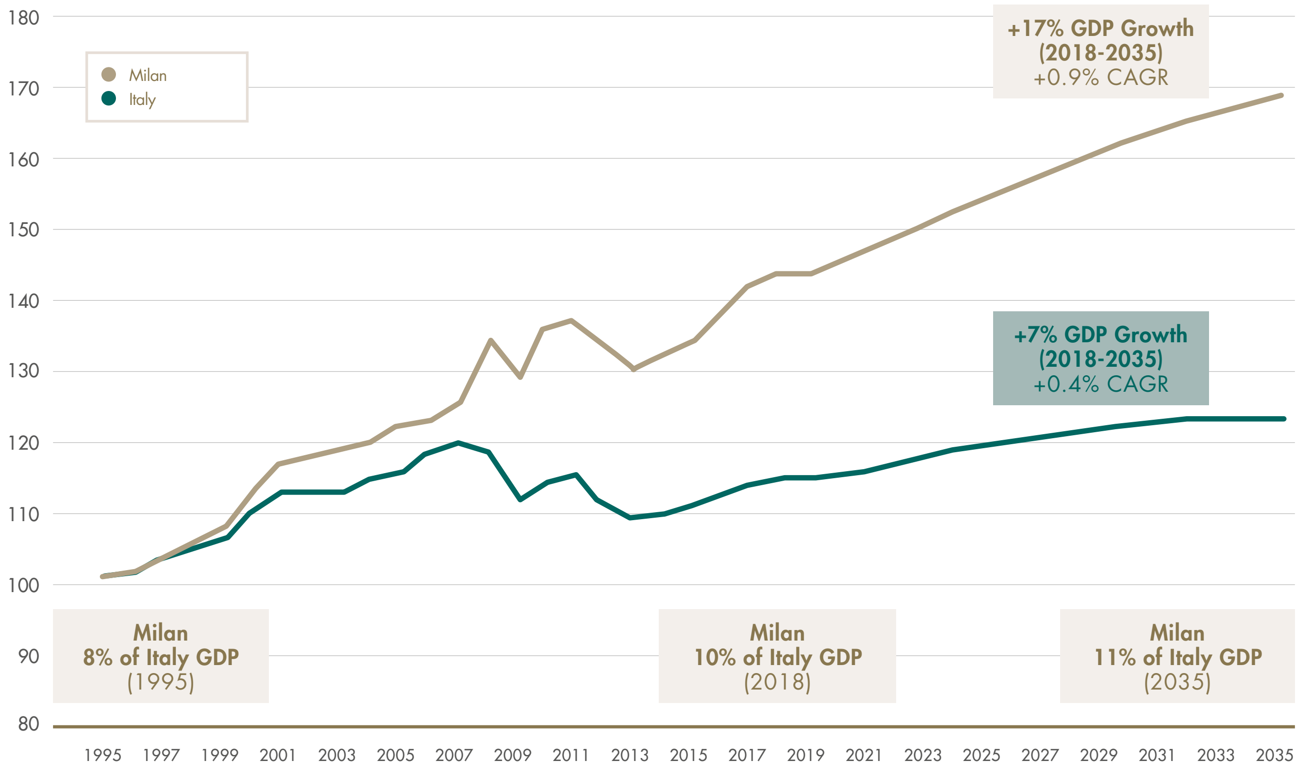
WHY MILAN

"Milan continues to consolidate its position as the most dynamic city in Italy, increasing its ability to attract talents and companies both domestically and internationally. At the real estate level, Milan continues to be the preferred choice for institutional investors, especially international ones, who have concentrated in recent years on the office segment given the favourable supply and demand fundamentals and the scarcity of grade A properties."

Gabriele Bonfiglioli
Head of Investments

MILAN: KEY DATA

GDP Evolution (1995=100)



Source: Oxford Economics (November 2019)

Other key data

EUROPEAN RELEVANCE

MILAN
REGION GDP
380
Euro billion

MILAN REGION GDP
top
3
in Europe (just behind London and Paris)

MILAN
REGION GDP
>
AUSTRIA

MULTINATIONALS

MILAN:
the prime location for over
4,500
multinational companies operating in Italy

(32% of those active in Italy)

with > 450,000 employees and > Euro 200 billion in turnover

INNOVATION & RESEARCH

Nearly
20,000
knowledge-intensive start-ups born in Lombardy in 2009-2017

59% of companies in Lombardy have performed R&D in 2015-2017

EDUCATION

13
universities in Lombardy

280,000
university students
of which 5% international students

BOCCONI
ranked
#11
globally

POLITECNICO DI MILANO
ranked
#17
globally

EMPLOYEMENT

EXPECTED INCREASE
in workplace-based employement of
70k
units (+3%) in the 2019-2024 period

INTERNATIONAL EVENTS

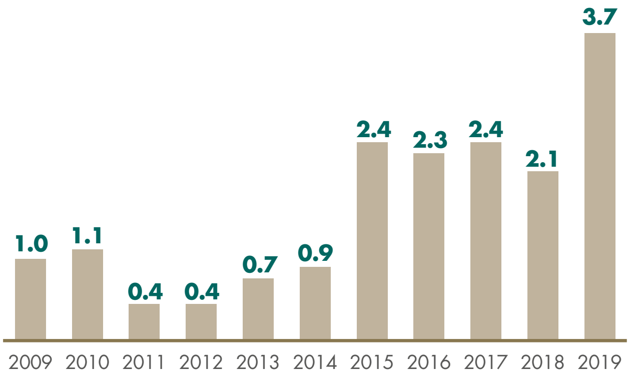
MILANO CORTINA 2026

Source: Assolombarda, Oxford Economics

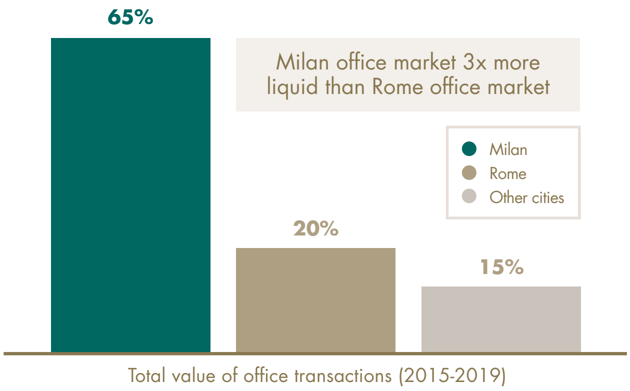
MILAN OFFICES: INVESTMENT MARKET

The investment market for office properties in Milan recorded volumes of Euro 3.7 billion in 2019, a growth of 76% vs 2018. The office segment in Milan is 3x more liquid than the one in Rome. Yields contracted further in 2019 by around 10-20 basis points, due to the persistence of low interest rates in Europe and the strong demand from investors for this type of product.

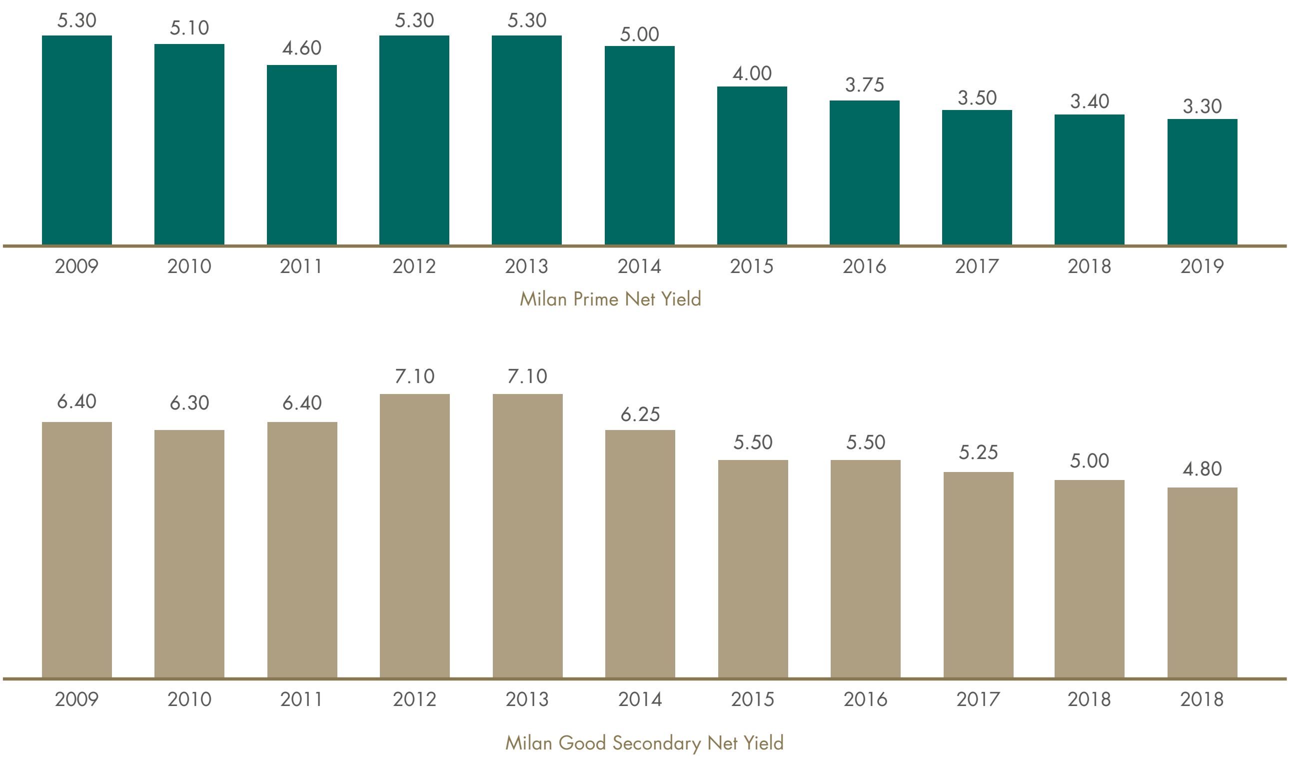
Milan offices: investment volumes (€ billion)



Milan and Rome offices: liquidity



Milan offices: yield progression (%)

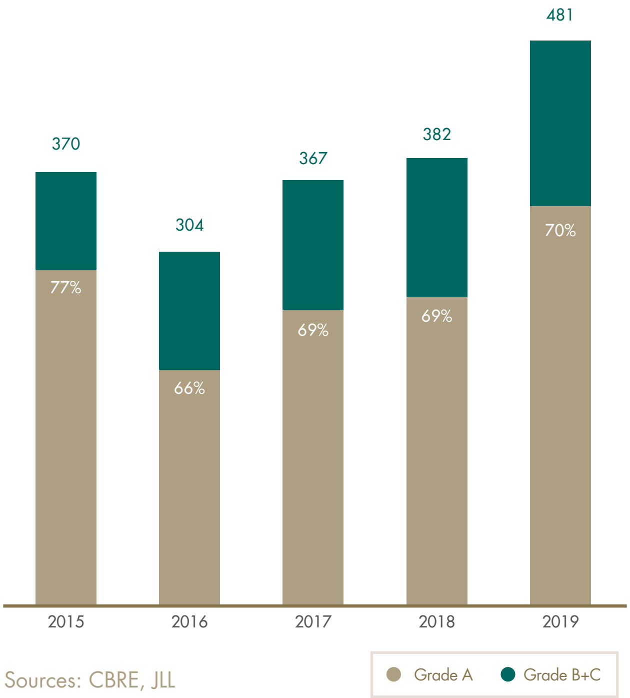


Source: CBRE, C&W, JLL

MILAN OFFICES: LEASING MARKET

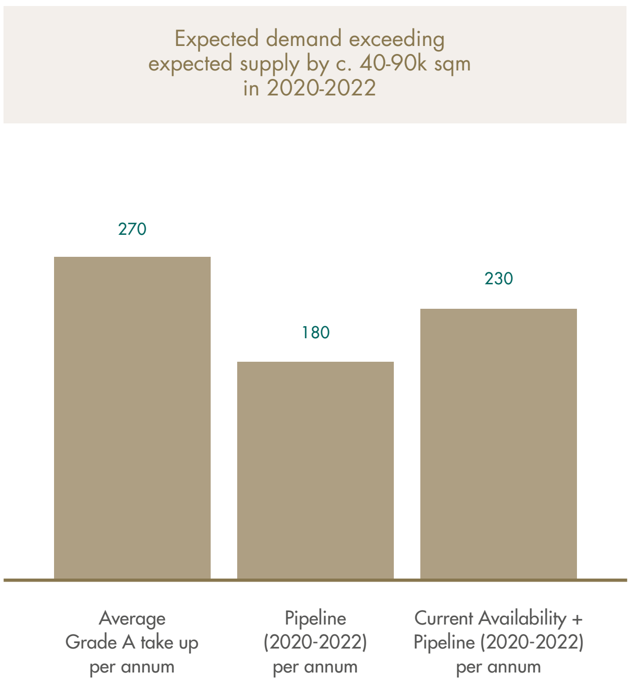
The office segment in Milan is characterized by relative scarcity of Grade A properties (estimated at 10-15% of the total, compared to other cities in Continental Europe where the share is approximately 25%). The demand for tenants has historically concentrated on Grade A properties and the vacancy level on this type of property is currently very low. Despite the urban regeneration and real estate redevelopment activity underway, the demand from tenants is expected to exceed the expected supply for the medium term.

Milan offices: take up by Grade ('000 sqm)

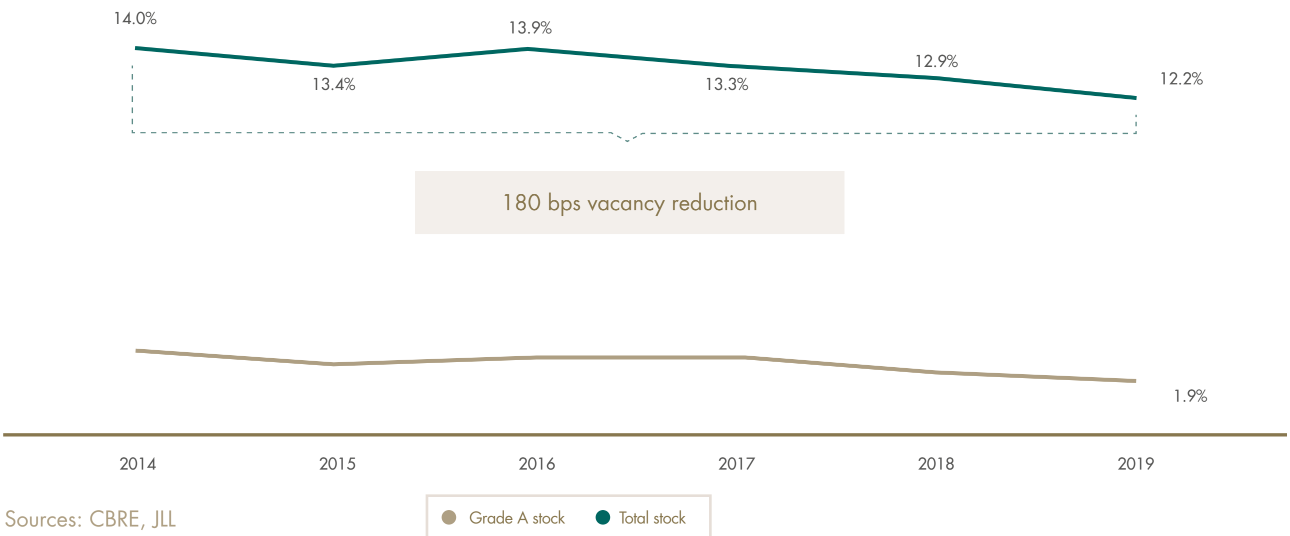


Sources: CBRE, JLL

Milan Grade A offices: availability & speculative pipeline ('000 sqm)



Milan offices: vacancy rate by Grade (%)

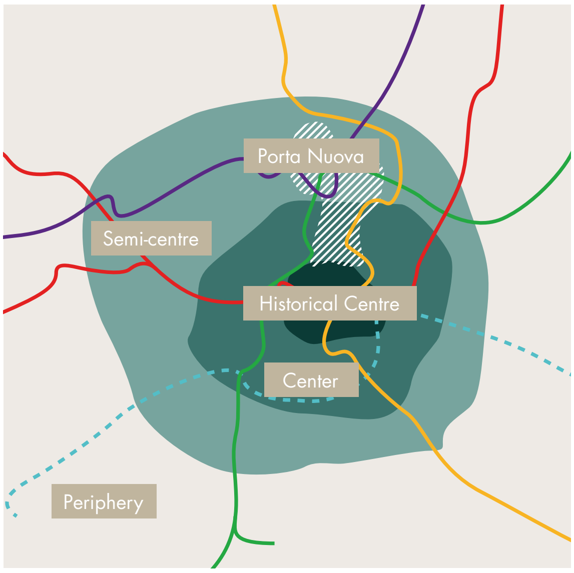


Sources: CBRE, JLL

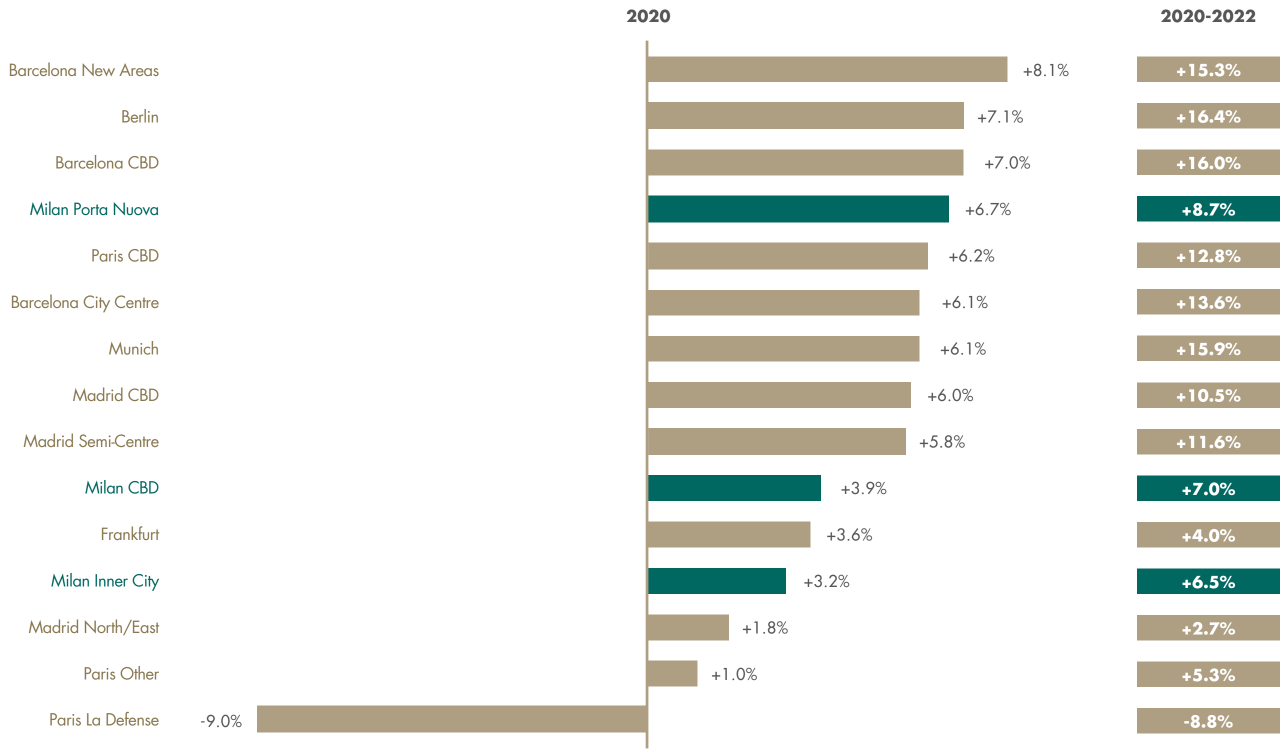
The scarcity of quality properties and the concentration of demand from tenants on this type of properties, coupled with a phase of economic recovery, led to a meaningful phase of rental growth for office buildings in Milan distributed over all districts of the city. This growth trend is expected to continue further in particular in the Porta Nuova district.

Milan office headline rent by submarket (€/sqm)

DISTRICT	HEADLINE RENT	DEC-19 VS SEP-19	DEC-19 VS DEC-18
HISTORICAL CENTRE	€600/sqm	=	**(+2.6)%**
PORTA NUOVA CBD	€570/sqm	=	**(+3.6)%**
CENTER	€500/sqm	**(+3.1)%**	**(+8.7)%**
SEMI-CENTRE	€415/sqm	**(+3.8)%**	**(+18.6)%**
PERIPHERY	€290/sqm	=	**(+20.8)%**



Office rental and occupancy growth in the European office segment (RevPAM)



Source: Green Street Advisors (for 2020-2022 forecast), JLL (for headline rent by district)

02

MANAGEMENT

COIMA RES IS LED BY A MANAGEMENT TEAM WITH SEVERAL YEARS OF EXPERIENCE IN THE REAL ESTATE SECTOR

SENIOR MANAGEMENT

Manfredi Catella

Gabriele Bonfiglioli

Graduated in Economics and Business from the Università Cattolica del Sacro Cuore, with a Masters in Regional Planning and Real Estate from the Politecnico di Torino, Manfredi Catella is currently the Founder and CEO of COIMA RES, the majority shareholder and CEO of COIMA SGR and Chairman of COIMA S.r.l., a real estate company founded in 1974, controlled by the Catella family. He was responsible for the Hines activites in Italy and gained experience at JP Morgan in Milan, Caisse Centrale des Banques Populaires in Paris, Heitman in Chicago and HSBC in Paris. Chairman of the Riccardo Catella Foundation, member of the Advisory Board of the Bocconi University and Assolombarda, Manfredi Catella is a financial analyst and member of the Association of Journalists, as well as author of numerous articles and documents on real estate and land redevelopment.

Graduated in Business Administration from the University of Rome, he studied real estate finance at the University of Amsterdam, UVA. Gabriele Bonfiglioli is currently Key Manager of COIMA RES, responsible for the investment management activities, and Managing Director of COIMA SGR in charge of the Investment Management division. He previously worked in the SGR of Beni Stabili where he collaborated on the launch of the first Italian contribution and collection mixed fund for international investors. Until 2014, he was a member of the Hines Group global Investment and Performance committee. With over 15 years of experience in the real estate sector, Bonfiglioli has overseen real estate transactions worth over Euro 3 billion. During his career, he has negotiated lease agreements covering over 100,000 sqm and financing of over Euro 1 billion.

Fulvio Di Gilio

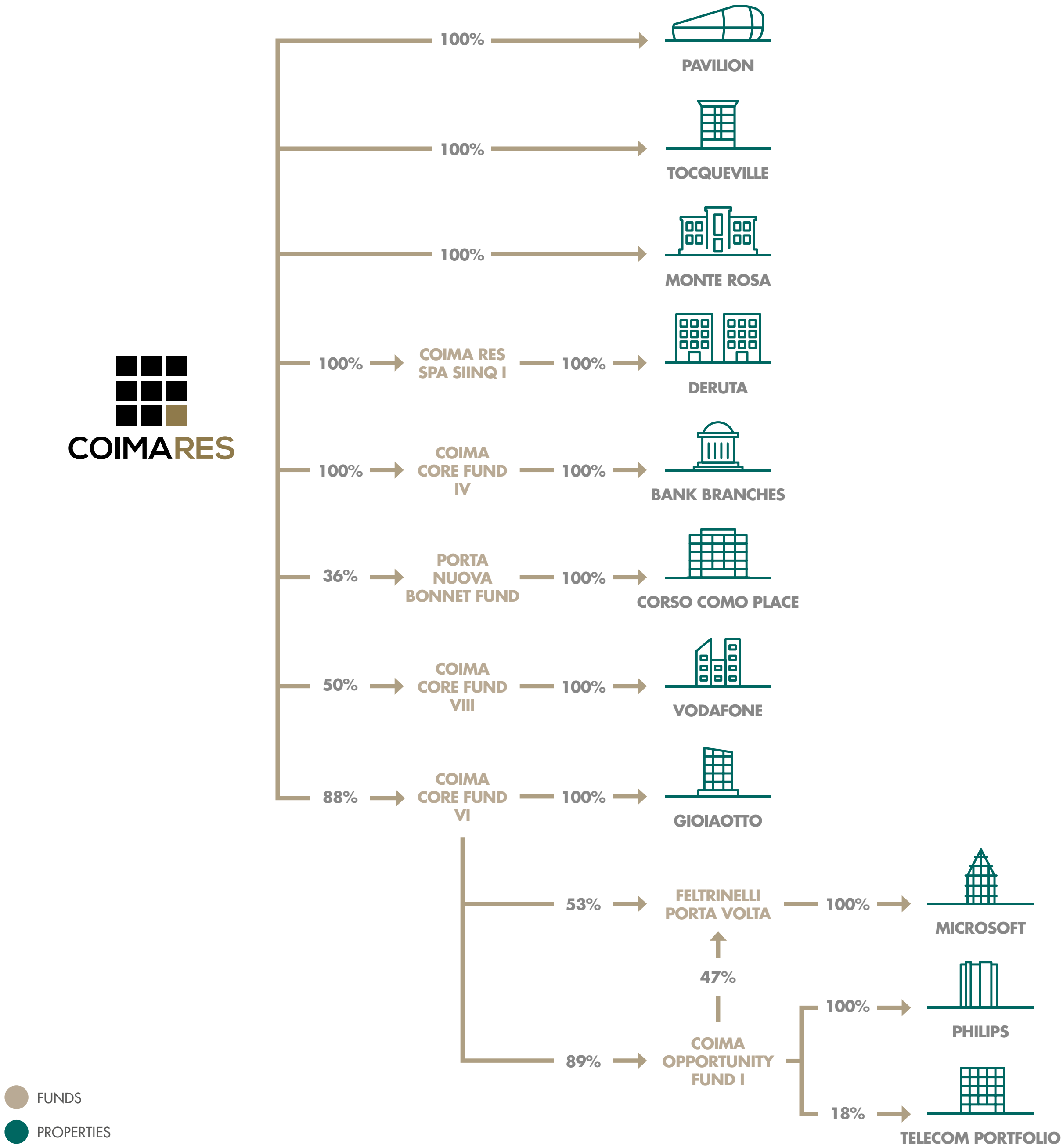
Matteo Ravà

Graduated in Economics from the University of Naples "Federico II", Fulvio Di Gilio is the CFO of COIMA RES. He began his career at PriceWaterhouseCoopers, going on to become Senior Manager at the GFSI Group of Deloitte & Touche. He performed a similar role at Hines Italia SGR (which later became COIMA SGR) for five years, gaining considerable experience in the real estate sector. During his career, he has carried out consulting activities in due diligence, extraordinary transactions such as mergers, acquisitions, securitisations and IPO processes, special projects for the financial statements of listed companies looking to transition international accounting principles and he has negotiated financing agreements worth more than Euro 2 billion.

Graduated in Economics and Social Sciences from the Bocconi University, gained a Master in Corporate Finance from the Bocconi University School of Management, Matteo Ravà is Key Manager of COIMA RES, responsible for the asset management activities, and Managing Director of COIMA SGR in charge of the Asset Management division. Ravà has gained over five years of experience in corporate finance at leading consultancy firms, including Ernst & Young and Deloitte & Touche, carrying out valuation and advisory activities in extraordinary merger and acquisition transactions and IPOs. Matteo has been active in the real estate sector for more than 15 years, managing property funds and assets worth over Euro 3 billion and has negotiated rental agreements for over 100,000 sqm of spaces for office use and financings for over Euro 3 billion.

CORPORATE STRUCTURE

Founded by Manfredi Catella, jointly with COIMA S.r.l. and COIMA SGR, and with Qatar Holding LLC as the first sponsor, COIMA RES is a company listed, since May 2016, on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.



MANAGEMENT OF ACTIVITIES

COIMA RES is led by Manfredi Catella, as Founder and CEO, and is managed by a team of six professionals employed by the Company, amongst which: Fulvio Di Gilio (Chief Financial Officer), Yuri D'Agostino (Investment Director), Alberto Goretti (Investor Relations Director), Emiliano Mancuso (Planning & Control Manager) and Carlotta Ciuffardi (Planning & Control Associate).

The COIMA RES Board of Directors is composed of 9 professionals (of which 7 of them are independent) who represents the strategic body in which reside the powers for the ordinary and extraordinary management of COIMA RES.

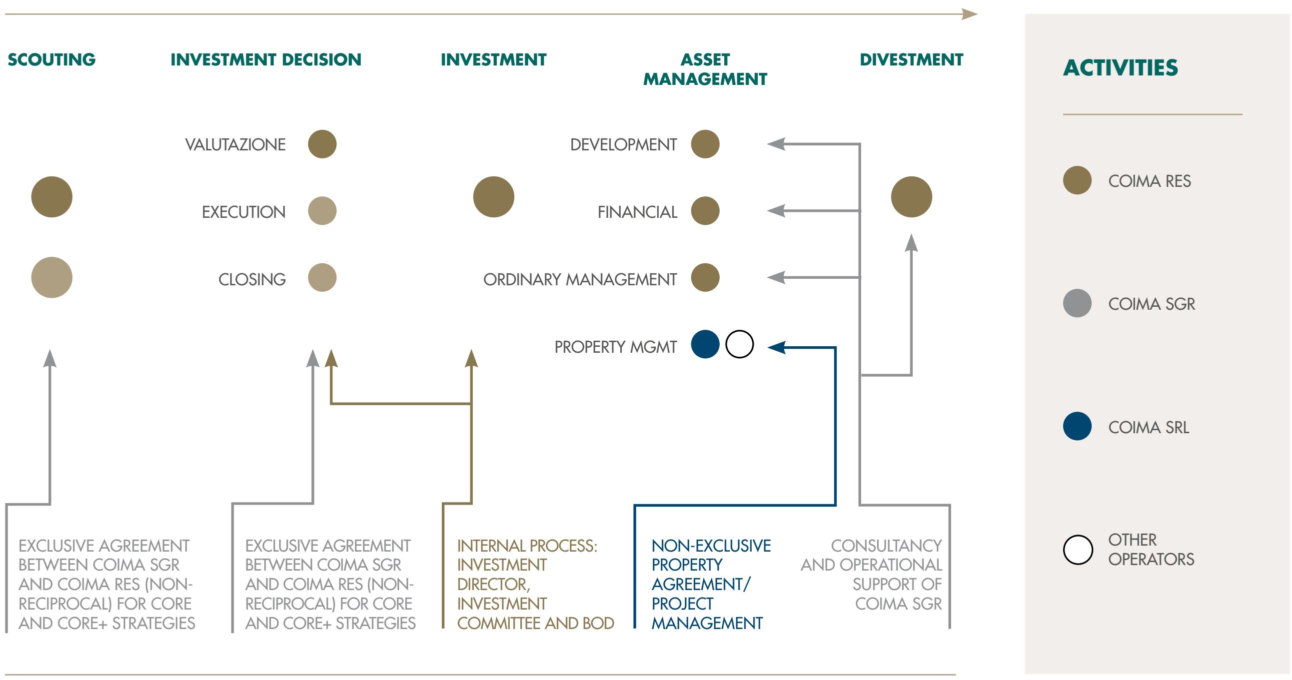
COIMA RES avails itself of the support of COIMA SGR for investment and asset management activities, under the responsibility of key managers Gabriele Bonfiglioli (Head of Investments) and Matteo Ravà (Head of Asset Management), and of the support of COIMA S.r.l. for property and development management activities. COIMA SGR and COIMA S.r.l. are controlled by the Catella family.

COIMA SGR, created in 2007 as Hines SGR and renamed COIMA SGR in 2015 at the same time as the change of control that saw the Catella family buying out the Hines group, is today one of the main independent companies in the management of real estate assets in Italy, with a portfolio under management of Euro 6 billion. COIMA RES has the exclusivity from COIMA SGR for the investment activity in the office segment for Core and Core + properties (defined as properties where the refurbishment costs expected in the short-medium term do not exceed 15% of the purchase price).

COIMA S.r.l., active in the real estate market since 1974, carries out property and development management activities, mainly on projects promoted by COIMA SGR. COIMA S.r.l. has developed over 5 million square meters of real estate over the years, including one of the largest European projects for the regeneration of an urban area, Porta Nuova in Milan, and today manages over 1 million square meters, including the largest portfolio of LEED certified commercial buildings in Italy.

The COIMA platform (defined as the set of COIMA RES, COIMA SGR and COIMA S.r.l.) is composed of a team of more than 200 professionals and a top management who has gained first-rate experience working together over the past 15 years on real estate projects of considerable importance in Milan.

REAL ESTATE INVESTMENT OPERATIONAL PHASES



REMUNERATION OF COIMA SGR AND COIMA S.r.l.

COIMA SGR

The remuneration arrangement includes two types of fees, a management fee and a performance fee.

MANAGEMENT FEE		PERFORMANCE FEE
	FEE	• calculated annually • equal to 40% of the lower amount out of:
(EURO BILLION)	(BASIS POINTS)	
NAV < 1	110	(i) the sum of 10% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 8% and 20% of the Shareholder Return Outperformance in the event of a Shareholder Return in excess of 10%;
1 < NAV < 1.5	85	
NAV > 1.5	55	(ii) 20% of the excess of the NAV per share at the end of the Accounting Period in relation to a minimum High Watermark defined level.
In addition, from the fourth year of the agreement, subject to the circumstances in which: 1 Manfredi Catella is confirmed as the CEO of the Company; 2 the CEO is the controlling shareholder of the SGR; The fixed annual remuneration of the CEO, paid by COIMA RES, will be deducted from the management fee paid to COIMA SGR.		

The performance fee is paid in cash or in shares at the discretion of the Company.

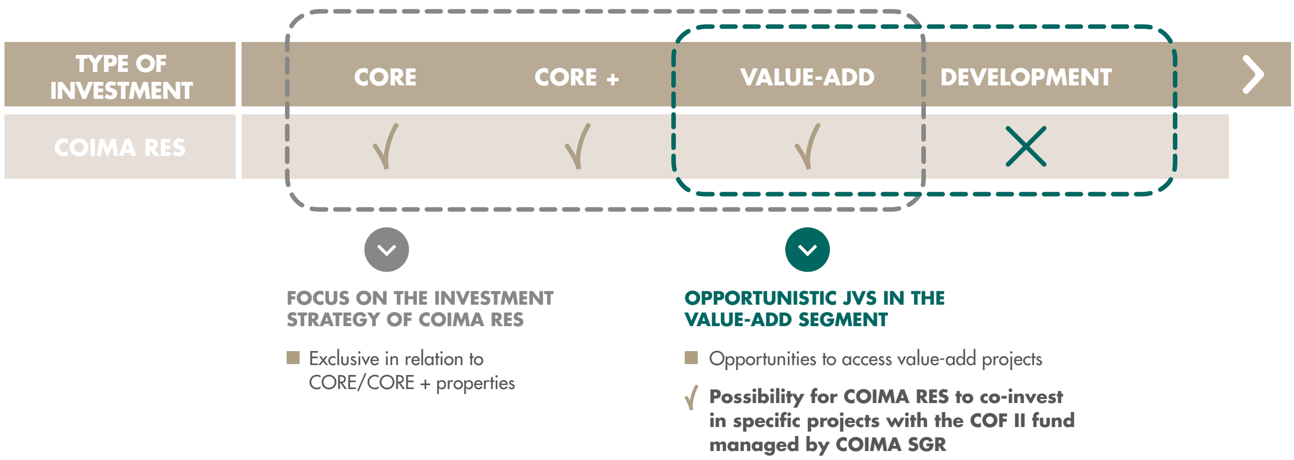
COIMA S.r.l.

In 2019 COIMA RES has revisited the master agreement with COIMA S.r.l.
For more information please refer to the Related Parties section.

ANNUAL CONSIDERATION FOR PROPERTY & FACILITY MANAGEMENT SERVICES		CONSIDERATION FOR PROPERTY DEVELOPMENT & PROJECT MANAGEMENT SERVICES
1	leased properties: 1.0-1.5% of the annual rental of the properties,	**4.5%** OF THE TOTAL COST OF THE REDEVELOPMENT/ DEVELOPMENT PROJECT FOR THE PROPERTY.
2	properties or areas not leased: €2.25 for each m² managed, €0.50 for each m² managed relating to areas used as storage or parking and	
3	shared areas and facilities managed: equal to the sum of the cost of the staff of the property manager managing the shared facilities and areas and the general overheads of the property manager, plus 15% of this sum.	

COIMA RES has chosen to concentrate its post IPO acquisition program mainly on properties with Core and Core + profiles, i.e. properties mainly with income and with a medium-low risk profile where the refurbishment costs expected in the short-medium term do not exceed 15% of the purchase value. This approach allowed us to set up a simple, clear and measurable business model and to distribute dividends from the first year of activity. Also in consideration of the specific characteristics of the real estate market for office use in Italy and Milan and the scarcity of Grade A properties, the Company also considered it appropriate to have the possibility of accessing a type of investment with a profile of greater risk and return, i.e. refurbishment projects (called Value-add, where the restructuring costs expected in the short-medium term exceed 20% of the purchase value). To this end, and with a view to limiting the capital allocation to these projects and consequently the relative exposure to risk, the Company has pursued this path through the joint venture method. In particular, where proposed by COIMA SGR, COIMA RES can co-invest together with the cornerstone investors of the COIMA Opportunity Fund II ("**COF II**") in specific projects led by COF II, allowing to increase its exposure to Value-add projects. COIMA RES has already invested in joint ventures together with COF II, which is the majority shareholder of the Corso Como Place project, in which COIMA RES has a 35.7% share.

COIMA RES - Investment strategy



INVESTOR RELATIONS

"The Investor Relations activity has been further intensified in 2019, by involving an increasingly large and diverse group of investors both in Italy and abroad. The intensity of the dialogue with investors and financial analysts was also accompanied by an effort to make company information more accessible and more immediate for a wider group of stakeholders"

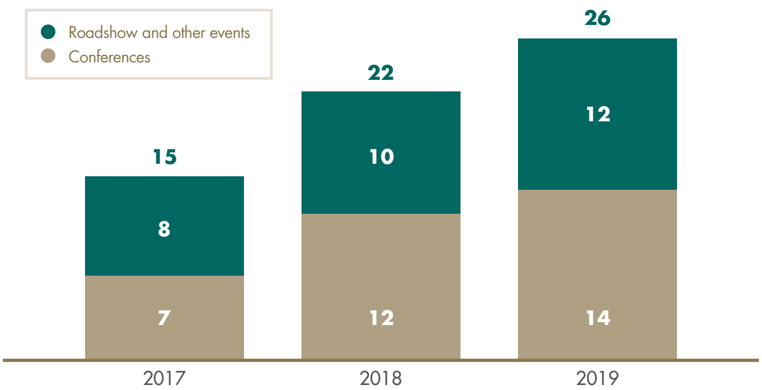
Alberto Goretti
Director, Investor Relations
Member of the COIMA Sustainable Innovation Committee, Member of the Investor Relations Committee of the European Public Real Estate Association (EPRA)

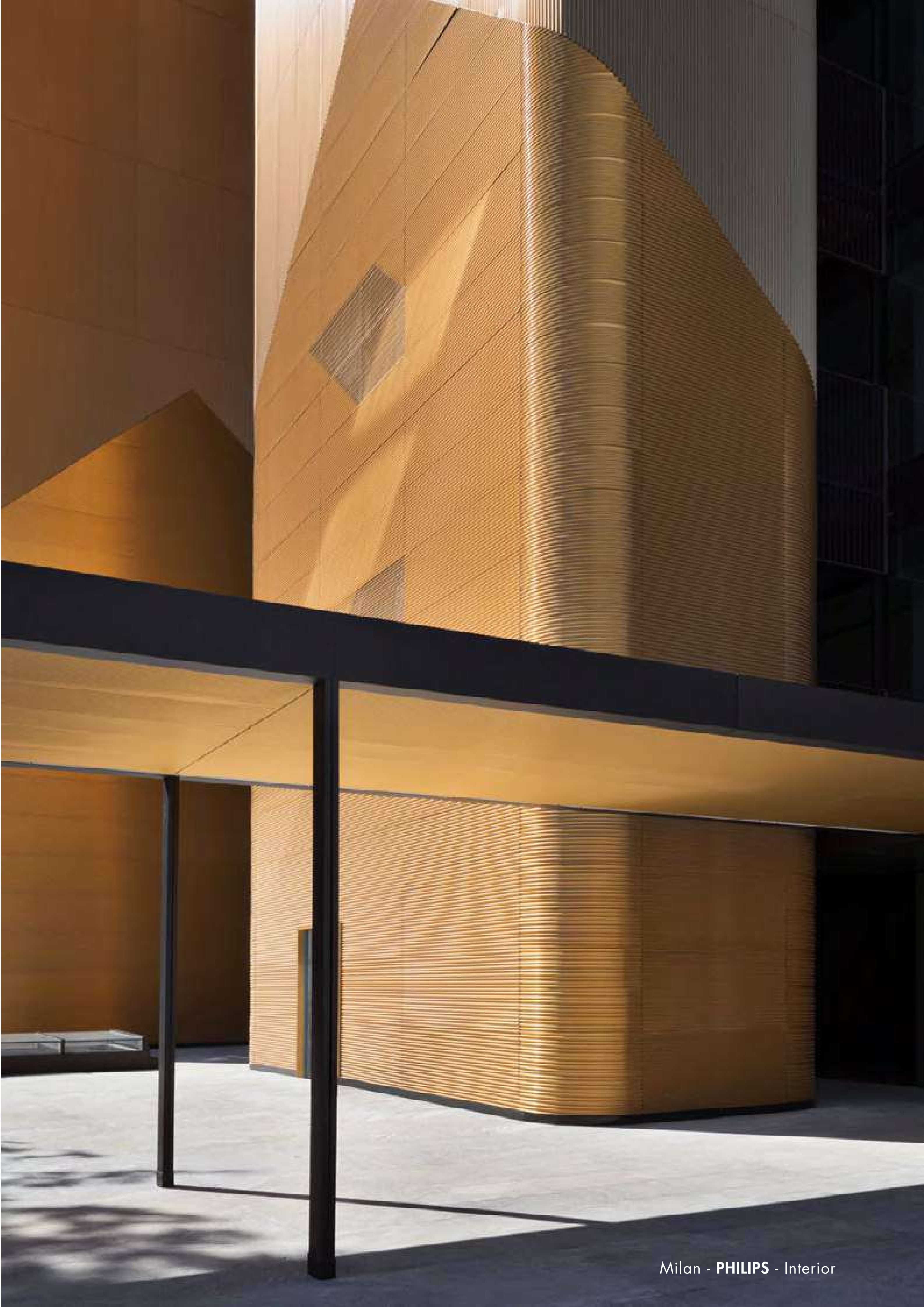
MARKET CONTEXT

Despite the prospects of a slowdown in the global economy and the tensions between the United States and China regarding their respective trade policies, global stock markets saw strong performance in 2019, supported in particular by the expansionary policies of the European Central Bank and the Federal Reserve in the United States. At a domestic level, a political scenario perceived as more stable on the back of the establishment of the Conte II government has favoured Italian companies, bringing the FTSE MIB index to be one of the best performing indices in Europe.

OVERVIEW OF INVESTOR RELATIONS ACTIVITIES

In 2019 we further intensified Investor Relations activities by participating in a greater number of conferences and roadshows both in Italy and abroad and expanding the base of investors we met.





Milan - **PHILIPS** - Interior

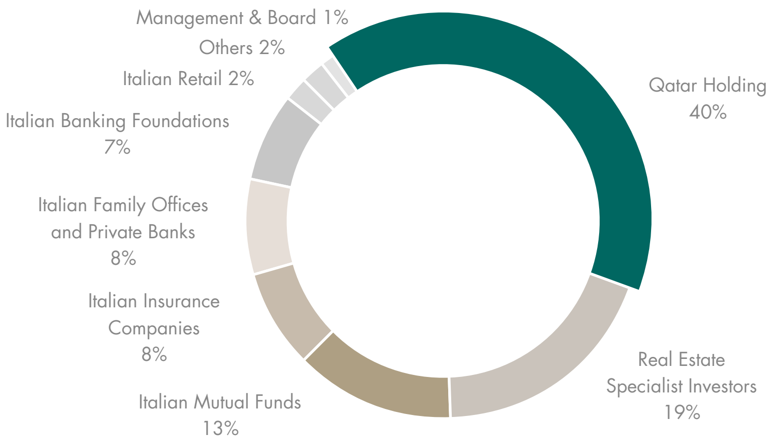
ROADSHOW AND CONFERENCE ACTIVITY IN 2019

FEB	Milan, UBS CEEMEA & Italian Financials Conference Milan, Mediobanca Italian Debt Capital Market Forum Milan, Equita Group Lunch
MAR	Milan, Banca IMI Group Lunch London, Bank of America European Real Estate Conference
APR	Milan, EPRA IR Committee Paris, REITs by ALLinvest Conference London, Virgilio Mid & Small Conference
MAY	Johannesburg, JLL Outbound Capital Conference Lugano, Equita Roadshow Milan, Kepler Cheuvreux Italian Investment Conference Amsterdam, Kempen European Property Seminar
JUN	Luxembourg, Banca IMI Roadshow Frankfurt, Lond Cap Mid Small Cap Forum Milan, Mediobanca CEO Conference London, EPRA Investor Outreach Event
JUL	Milan, Borsa Italiana Sustainability Day
SEP	Milan, Borsa Italiana Infrastructure Day Madrid, EPRA Conference
OCT	London, Lond Cap Mid Small Cap Forum Milan, Banca IMI Italian Stock Market Opportunities Conference Milan, Equita Group Meeting Milan, COIMA Real Estate Forum
NOV	Milan, Intermonte TIE event Milan, Virgilio Mid & Small Conference New York, Borsa Italiana Italian Equity Conference

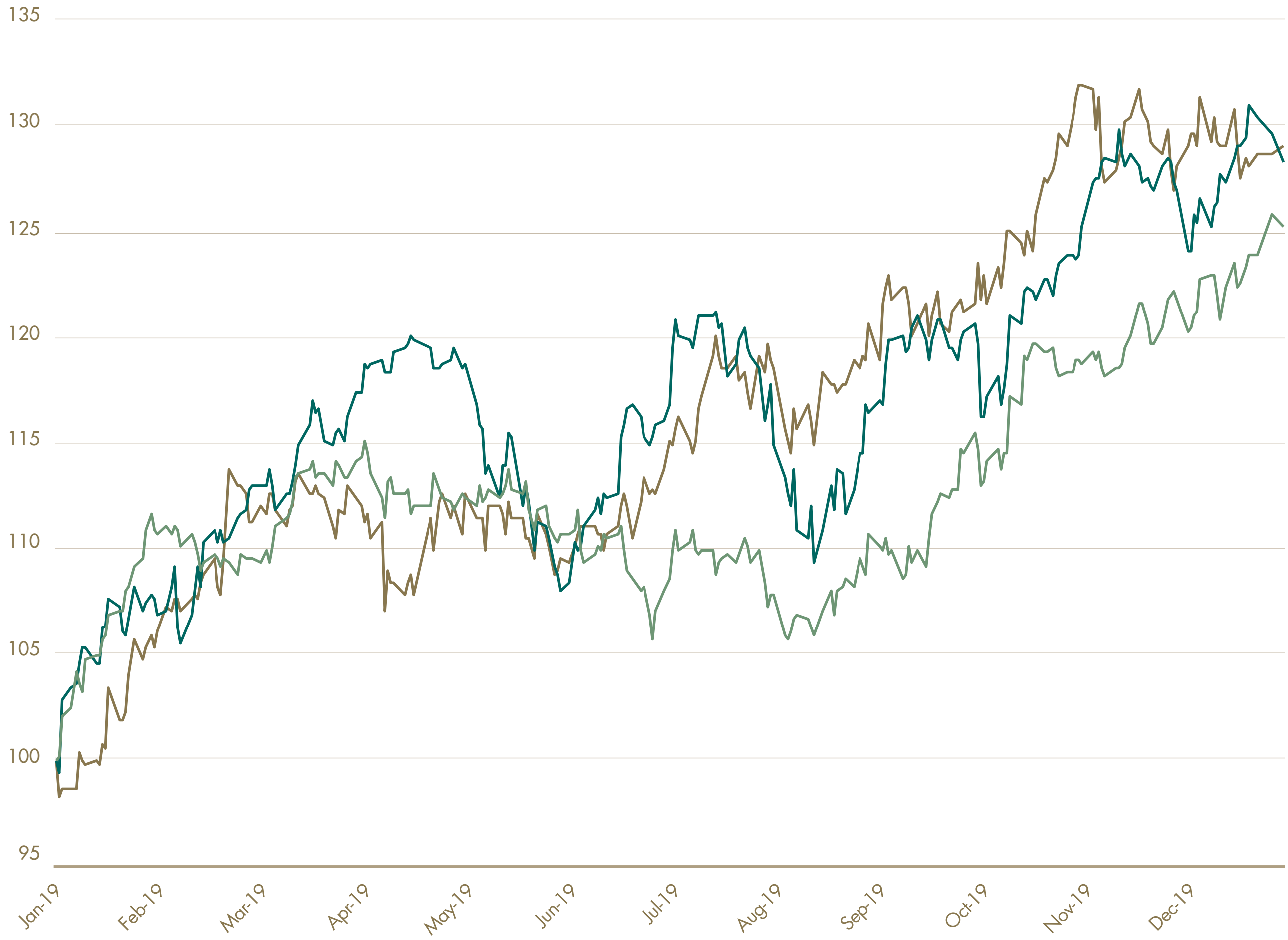
FINANCIAL ANALYSTS COVERAGE

ANALYST	RECCOMMENDATION (as of December 31st, 2019)	TARGET PRICE (as of December 31st, 2019)
Banca IMI	Buy	Euro 12.40
Citi	Sell	Euro 6.00
Equita SIM	Buy	Euro 9.90
Kempen	Buy	Euro 10.40
Mediobanca	Buy	Euro 9.32
AVERAGE		**Euro 9.60**

ESTIMATE OF COIMA RES' SHAREHOLDER BASE AS OF DECEMBER 31ST, 2019



COIMA RES SHARE PRICE EVOLUTION VS THE MAIN REFERENCE INDICES IN 2019



PERFORMANCE IN 2019

COIMA RES	+29.0%
FTSE MIB	+28.3%
EPRA	+25.2%

Milan - **COIMA HEADQUARTERS** - Interior

03

GOVERNANCE

COIMA RES HAS A SOLID, TRANSPARENT AND EFFICIENT CORPORATE GOVERNANCE STRUCTURE FOR THE BENEFIT OF ALL STAKEHOLDERS

7 OUT OF 9 MEMBERS OF THE BOARD OF DIRECTORS ARE

INDEPENDENT

12

BOARD OF DIRECTORS

MEETINGS HELD IN 2019

INTRODUCTION BY THE CHAIRMAN

As Chairman, I am responsible for ensuring that the Board of Directors operates in the best way possible and always in favour of all shareholders of COIMA RES.

The Company always seeks constant challenges on its own processes in order to adapt them continuously to international best practices and recommendations of the Corporate Governance Committee.

On April 17th, 2019, the Shareholders' Meeting appointed the new Board of Directors confirming the setting already given by Company in 2018, or nine members, seven of which independent and one non-executive (including three women) with competencies that are appropriate and diversified, also increasing competencies in terms of sustainability. As of now known, the Board of Directors will remain in office for only one year, giving the opportunity for shareholders to express their appreciation each year on the work of all the directors.

The activities of the Board of Directors are supported by the precious work done by the Investment Committee, by the Investment Committee Remuneration and by the Control and Risk Committee which also performs functions of Related Party Committee.

Essential to the proper functioning of the Board of Directors are the Internal Audit and Compliance and Risk Management functions as well as the Supervisory Body. Risk is managed in a structured way, either thanks to the creation of the three committees, both for the corporate culture pivoted on the monitoring and daily management of investments and assets in order to generate adequate returns for our investors that are sustainable in the long run.

The principles that guide the Company's governance are: independence, entrepreneurship, integrity, excellence and sustainability. For us is of paramount importance to operate with a suitable Corporate Governance to provide external evidence of transparency in order to consolidate the trust of our present and future shareholders.

All internal processes are monitored with care, diligence and monitored in the continuous in order to manage the activities carried out in an appropriate and transparent manner by COIMA RES especially towards the rest of the COIMA platform.

COIMA RES is, since 2016, a member of EPRA, the European Public Real Estate Association (EPRA), an association created to promote, develop and represent the European real estate sector and establish best practices of the sector as regards reporting and financial reporting. We are satisfied that EPRA has awarded, for the third consecutive time, with two "Gold Award" both the 2018 Financial Statements and the Sustainability Report 2018 and we continue to work to guarantee this level of transparency to our shareholders.

Caio Massimo Capuano
Chairman
of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS

Caio Massimo Capuano

September 9th, 1954

Degree in electrical engineering at the La Sapienza University of Rome. He started his career at Xerox and then at IBM.
1986-1997: Senior Partner of McKinsey & Company in the Banking and Financial Institutions, ICT sectors.
1998-2010: Chief Executive Officer and Director of the Italian Stock Exchange.
Since October 2007, Deputy CEO of the London Stock Exchange Group. When at Borsa Italiana he has held numerous positions (Cassa di Compensazione e Garanzia, Monte Titoli, MTS) and has been a member of various committees of national interest set up by the relevant departments. Promoter of two versions of the Corporate Governance Code for corporate governance of listed companies, he has worked in various international bodies including President of the World Federation of Exchanges and President of the Federation of European Stock Exchanges (FESE).
2011-2013: CEO of Centrobanca, Corporate & Investment Bank of the UBI Group.
2013: President of IW Bank.

Feras Abdulaziz Al-Naama

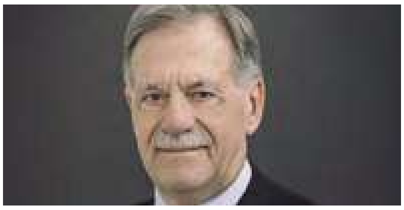
August 6th, 1991

Degree in Economics B.S. at the University of Oregon (Eugene - USA). He attended postgraduate courses at HEC Paris in Qatar and Carnegie Mellon University in Qatar. From January 2014 to September 2016 he worked at Qatar Holding LLC as an analyst (corporate analyst) and a member of the capital markets team. Since September 2016 he has worked for Qatar Investment Authority as a member of the capital markets team, focusing in particular on equity, equity derivatives, real estate financing, FX, Fixed Income, Commodities and interest rate transactions.

Manfredi Catella

August 18th, 1968

Degree in Economics and Commerce at the Università Cattolica del Sacro Cuore. Master in regional planning and real estate at the Politecnico di Torino. Founding member and CEO of COIMA RES, majority shareholder and CEO of COIMA SGR and President of COIMA S.r.l., real estate company founded in 1974, controlled by the Catella family. He was Country Head and head of Italian assets for the Hines Group and worked at JP Morgan in Milan, Caisse Centrale des Banques Populaires in Paris, France, Heitman in Chicago, USA and HSBC in Paris. President of the Riccardo Catella Foundation, member of the Advisory Board of Bocconi University and Assolombarda. Catella is a financial analyst and member of the Journalists 'Association and is a member of the journalists' register. He is the author of numerous articles and insights on the real estate sector and on the redevelopment of the territory.



Agostino Ardissone

November 2nd, 1946
Degree in economics and commerce at the Università Cattolica del Sacro Cuore.
1973-2011: Bank of Italy, continues his career in the Institute holding various positions and directions to become Head of the Florence office, where he deals with economic research and credit and financial supervision with expertise on the entire regional territory.
2012-2014: President of the Fidi Toscana Board of Directors.
2014-2017: Board Member and Chairman of the Control and Risk Committee of Banca Esperia.

Olivier Elamine

October 9th, 1972
Founder and CEO of alstria office REIT AG, a real estate company operating in Germany, focused on the office sector and listed on the Frankfurt Stock Exchange, with assets under management of over Euro 4 billion. In the past, Olivier Elamine was one of the founders of NATIXIS Capital Partners, director of the Investment Banking team at CDC IXIS (focusing mainly on the real estate sector), and a consultant at Ernst & Young (still focusing on the real estate segment)

Luciano Gabriel

August 15th, 1953
He is currently Chairman of the Board of Directors of PSP Swiss Property AG, a commercial real estate company operating in Switzerland and listed on the Zurich Stock Exchange (SIX Swiss Exchange), with assets under management of over CHF 7 billion. He held the position of Chief Executive Officer of PSP Swiss Property from 2007 to March 2017, and as Chief Financial Officer of PSP Swiss Property from 2002 to 2007. From 1998 to 2002 he was Head of the Corporate Finance and Treasury Department of Zurich Financial Services. From 1984 to 1998 he held various positions in the areas of corporate finance, risk management, international banking services to companies and commercial development at the Union Bank of Switzerland. He was President of EPRA (European Public Real Estate Association), the European association of major listed companies operating in the real estate sector for the period 2016/2017.

Ariela Caglio

November 20th, 1973
Ariela Caglio graduated with honors in Business Administration from the Bocconi University, where she obtained a PhD in Business Administration and Management in 2001. He is Associate Professor of Management Accounting and Performance Measurement and Director of the Bocconi ESSEC Double Degree at the Bocconi University, as well as senior Professor and Liaison Officer of the SDA Bocconi School of Management. He gained over fifteen years experience in areas such as business planning and budgeting, cost accounting, measurement and performance management and integrated reporting. She has also been a visiting professor at prestigious international institutions, such as the London School of Economics and Political Science (LSE) and the University of Manchester. Ariela Caglio has published her contributions in important national and international magazines. He is a member of several Editorial Board and of the Standing Scientific Committee of the European Accounting Association (EAA) as well as Deputy Chair of the European Accounting Association (EAA) 2018 Congress. He participated in the Ready4-Board Women project. He sits on the Board of Esprinet SpA as an Independent Director.

Alessandra Stabilini

November 5th, 1970
Degree in Law at the University of Milan. Master of Laws (LL.M) at the Law School of the University of Chicago, Chicago (USA). Ph.D. in Business Law at Bocconi University. Enrolled in the Register of Lawyers of Milan since 2001. Researcher of commercial law at the Faculty of Law of the University of Milan since 2004, with confirmation in the role in 2007. From 2011 to 2017, Adjunct Professor and holder of the course of International Corporate Governance (up to the 2015/2016 academic year), then the Corporate Interest course, Corporate Social Responsibility, and Financial Reporting (from the 2016/2017 academic year). Equity partner of Nctm Studio Legale Associato since 2015 (from 2011 to 2015 Of Counsel, former Collaborator). Areas of activity: company law, with particular reference to listed companies, financial market law, banking governance and regulation and banking crises. Vice-President of NED Community. He holds positions as independent director and statutory auditor in various companies, listed and unlisted. He holds and has held positions in crisis procedures of financial intermediaries, for the appointment of the Bank of Italy.

Antonella Centra[1]

September 20th, 1969
Graduated in law, summa cum laude, at the Sapienza University of Rome, Antonella Centra attended her master's degree in EU law at the College of Europe of Bruges. He always collaborated, both as general counsel (or deputy general counsel as far as regards Wind) who as a member of the board of administration, with important national companies e international, such as Gucci and Bottega Veneta – Kering Group, Wind Telecomunicazioni and Coca-Cola. In by virtue of its specific skills, since 2015, in addition to the role of general counsel and manager of compliance of the Gucci Group group, has been invested with the responsibility of EVP Sustainability Director and Head of Institutional Affairs. In these roles, helped define the sustainability strategy at 10 years of the Kering Group to make it in the various Gucci Business Units for sustainability was a pillar of Gucci's corporate culture. Antonella Centra, therefore, has a solid experience in in relation to any management issue social responsibility issues business and sustainability, combined with a thorough knowledge and familiarity in relation to any profile of relations and institutional affairs. Antonella Centra, in addition to her roles within the Kering Group, is now invested with official roles in main institutional bodies and associations.

1 In charge since April 17th, 2019

GOVERNANCE

REMUNERATION COMMITTEE

It makes proposals on the remuneration of directors and senior management and any stock option plans and share allocation plans for executive directors and senior management. The Board of Directors has the final decision on the remuneration plan. It also assists the Board of Directors in preparing the succession policy for the CEO.

INVESTMENT COMMITTEE

It has support functions for the investment and disinvestment decisions by the Board of Directors. All transactions must be submitted to the Committee. Participants in the meetings, on specific issues, both employees of the Company and third parties belonging to COIMA SGR, can participate in the meetings, all in possession of high specialization in financial and real estate matters. The final decision in terms of investments and disposals is the responsibility of the Board of Directors.

CONTROL AND RISK COMMITTEE

Assists and supports the Board of Directors by ensuring an adequate preliminary investigation activity in the assessments and decisions relating to the Company's Internal Control and Risk Management System and those relating to the approval of periodic financial reports. It performs all the tasks assigned by the Corporate Governance Code. It also acts as a committee for related parties. In relation to transactions with related parties, if the BoD does not agree with the Committee's proposal, the matter is brought to the attention of the Shareholders' Meeting.

MEMBERS AND ATTENDANCE		BOARD OF DIRECTORS	INVESTMENTS COMMITTEE	REMUNERATION COMMITTEE	CONTROL AND RISK COMMITTEE
MASSIMO CAPUANO	*Chairman* NON-EXECUTIVE	**12/12**	-	**3/3**	-
FERAS ABDULAZIZ AL NAAMA	*Vice Chairman* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**12/12**	**31/35**	-	-
MANFREDI CATELLA	*Chief Executive Officer* EXECUTIVE	**12/12**	**35/35**	-	-
AGOSTINO ARDISSONE	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**12/12**	-	-	**9/9**
OLIVIER ELAMINE	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**12/12**	-	**3/3**	-
LUCIANO GABRIEL	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**11/12**	**22/22**	-	**8/9**
ALESSANDRA STABILINI	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**11/12**	-	**3/3**	**9/9**
ARIELA CAGLIO	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**12/12**	-	-	-
ANTONELLA CENTRA[1]	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**8/8**	-	-	-
MICHEL VAUCLAIR[2]	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	**2/4**	**24/35**	-	-

1 In charge since April 17th, 2019
2 In charge till April 17th, 2019

BOARD OF STATUTORY AUDITORS (IN OFFICE TILL 31/12/2020)	
Role Members	Componenti
Chairman	Massimo Laconca
Standing Auditor	Milena Livio
Standing Auditor	Marco Lori
Alternate Auditor	Emilio Aguzzi De Villeneuve
Alternate Auditor	Maria Stella Brena
Alternate Auditor	Maria Catalano

INDEPENDENT AUDITORS (IN OFFICE TILL 31/12/2024)

EY

The Board of Directos activity has focussed mainly on the business and its strategy, giving the required attention to all corporate governance matters.

2019	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
STRATEGY AND EXECUTION												
Business plan/ strategy	✓		✓						✓	✓		✓
Investment/ Divestment					✓	✓	✓					
Leasing												
Financing						✓						
Business evolution						✓			✓	✓	✓	
Market analysis	✓				✓		✓			✓	✓	
RISKS												
Analysis of internal control system and risk management	✓	✓					✓					
Risk monitoring					✓						✓	
GOVERNANCE												
Analysis of periodic reporting		✓			✓		✓				✓	
Committees reporting		✓			✓		✓					✓
Others	✓	✓		✓		✓	✓		✓		✓	✓
EVALUATION												
Board of Directors evaluation		✓										
Conflict of interest/related parties	✓		✓			✓	✓			✓	✓	✓

INVESTMENT COMMITTEE REPORT

The Investment Committee consists of three Directors, two of whom are independent, the head of the Asset Management function, the head of the Investment Management function and a Real Estate expert, external to the Company. In addition, the risk manager supports the Investment Committee with technical support functions. The members of the Investment Committee are: Manfredi Catella, Feras Abdulaziz Al-Naama, Luciano Gabriel, Michel Vauclair, Gabriele Bonfiglioli and Matteo Ravà.

The Company deemed it necessary to appoint Gabriele Bonfiglioli and Matteo Ravà to the Investment Committee, who were partially seconded to the Company under the asset management agreement with COIMA SGR, as coordinators of the market and investment and portfolio area respectively, and to maintain in the Investment Committee the valuable collaboration of Michel Vauclair, former independent director of the Company and member of the Investment Committee.

The Investment Committee is a consultative body partially composed of members of the Board of Directors (parzialmente endo-consiliare), with the function of supporting investment and divestment decisions by the Company's Board of Directors, which has the ultimate decision-making power.

The Investment Committee carries out planning and execution of real estate management and investment choices by defining the proposals relating to the following matters as a result of an analysis process. In particular:

examines any investment or disinvestment that the Company intends to execute itself or for the Vehicles it manages

examines opportunities in the pipeline and approves spending budgets for the due diligence phase

monitor the progress of the analyses undertaken on the opportunities under consideration (pipeline) and assess whether to proceed with the submission of non-binding offers

assesses in advance, by subsequent resolution of the Board of Directors, the following transactions:
- new financing agreements or amendments to existing financing agreements
- derivatives to hedge the interest rate risk on loans or assets and other liabilities held by the Company

assesses lease contracts covering areas of more than 4,000 square metres of commercial areas or more than 25% of the NRA (net rentable area) of a single building

The meetings of the Investment Committee are also attended by the Chief Financial Officer and the Investor Relator. It is also possible to have employees of the Company and third parties belonging to COIMA SGR, all of whom are highly specialized in financial and real estate matters, attend meetings on specific issues.

In the event of a positive outcome, the investment or divestment proposal, supported by the technical and financial documentation collected and/or prepared during the preliminary phase, is submitted to the Board of Directors for evaluation and resolution. In the event of a favourable resolution by the Board of Directors, the transaction is carried out.

The Investment Committee played a very active and intense role during 2019, not only in terms of examining investment and divestment proposals, but also in terms of balancing the quality of the portfolio and reducing risk at the same time. In particular, various investment and co-investment opportunities were evaluated and analysed for a total value of approximately Euro 2.0 billion. During 2019, the Investment Committee issued a positive opinion to the Board of Directors on the partial disposal of the Vodafone complex and the acquisition of the Philips and Microsoft headquarters respectively.

Manfredi Catella
Chairman
of the Investment Committee

Milan - **GIOIAOTTO** - Façade

REMUNERATION COMMITTEE REPORT

The Remuneration Committee is composed of the Chairman of the Company Massimo Capuano, Olivier Elamine and myself as Chairman.

The main activities of the Committee concern:

- The formulation of proposals to the Board of Directors regarding the definition of the policy for the remuneration of directors and managers with strategic responsibilities of the Company
- The periodic assessment of the adequacy, overall consistency and concrete application of the policy for the remuneration of directors and executives with strategic responsibilities, making use in this regard of the information provided by the Chief Executive Officer
- The submission of proposals or the expression of opinions to the Board of Directors on the remuneration of executive directors and other directors holding particular positions, as well as on the setting of performance objectives related to the variable component of such remuneration; the monitoring of the application of the decisions adopted by the Board, verifying, in particular, the actual achievement of the performance objectives

The Committee reports to the Company's Shareholders on the way it exercises its functions.

During 2019, the Committee focused its activities on updating the remuneration policy, always taking into account the alignment of management's interests with those of shareholders. In addition, in 2019, the Committee assessed the performance and achievement of the Chief Financial Officer's objectives and carried out benchmarking assessments of the Chief Executive Officer's compensation, despite the fact that the Chief Executive Officer waived the recalculation of the fixed compensation and the allocation of variable compensation for the years 2017, 2018, 2019 and 2020.

Alessandra Stabilini
President
of the Remuneration Committee

REMUNERATION POLICY

The Remuneration Policy aims to establish guidelines for the determination of the remuneration of the members of the Board of Directors of the Company and executives with strategic responsibilities (the "**Recipients**").

The remuneration of the Recipients, in general and except as indicated below, is divided between a fixed and a variable component, suitably balanced in relation to the Company's strategic objectives and risk management policy, also taking into account the business sector in which it operates and the characteristics of the business model adopted.

The policy adopted has the primary purpose of ensuring that the Company adopts a compensation system that is adequate and consistent with the Company's expected performance in the medium to long term. In particular, the Company's Remuneration Policy is aimed at attracting, retaining and motivating personnel, and is consistent with the objectives outlined in the corporate strategy through:

- A correct balance between variable and fixed component
- An adequate link between remuneration and individual performance and the Company itself
- A performance evaluation system consistent with the defined risk profile.

To this end, the Policy:

- It is aimed at increasing transparency in terms of remuneration and the responsibility of the Recipients in the management of the Company
- Pursues the purpose of encouraging the Recipients to achieve the Company's objectives without encouraging the assumption of inadequate risks
- Provides that the remuneration attributed to the Recipients is proportionate to the role covered, the delegated responsibilities and the skills and abilities demonstrated
- Guarantees the alignment of the interests of the Recipients with those of the Company, with the primary objective of creating value for the Company's shareholders in the medium-long term
- It is aimed at attracting, motivating and retaining people with the professional qualities required to successfully manage the Company
- It provides that for directors who have been granted management powers or who perform, even if only de facto, functions relating to the management of the Company, as well as for managers with strategic responsibilities, a significant part of their remuneration is linked to their performance

Defines a system of economic and non-economic criteria on which to base the achievement of the objectives to which the attribution of part of the remuneration is linked

It establishes that the remuneration of non-executive directors shall be commensurate with the commitment required of each, also in consideration of their possible participation in one or more committees

The Company reserved the right to evaluate the adoption of further forms of medium-long term incentives which, together with those already adopted, could ensure the convergence of interests between all the Recipients and the Company's performance in the medium-long term.

COMPENSATION FOR THE YEAR 2019

(EURO)	ROLE	FIXED COMPENSATIONS	COMPENSATIONS COMMITTEES	VARIABLE COMPENSATION	NON-MONETARY BENEFITS	OTHER COMPENSATIONS	TOTAL	FAIR VALUE EQUITY COMPENSATION	TERMINATION INDEMNITY
BOARD OF DIRECTORS									
Massimo Capuano	Chairman	150,000					**150,000**		
Feras Abdulaziz Al Naama	Vice-Chairman	30,000	10,000				**40,000**		
Manfredi Catella	Chief Executive Officer	100,000	10,000				**110,000**	**665,267**	
Olivier Elamine	Director	30,000	10,000				**40,000**		
Luciano Gabriel	Director	30,000	10,000				**40,000**		
Alessandra Stabilini	Director	31,200	10,400				**41,600**		
Agostino Ardissone	Director	30,000	10,000				**40,000**		
Ariela Caglio	Director	30,000					**21,635**		
Antonella Centra[1]	Director	21,154					**21,154**		
Michel Vauclair[2]	Director	8,846	2,949				**11,795**		
BOARD OF STATUTORY AUDITORS									
Massimo Laconca	Chairman	46,800					**46,800**		
Milena Livio	Auditor	31,200					**31,200**		
Marco Lori	Auditor	31,200				9,360	**40,560**		
DIRECTORS									
N. 1 executives		154,054		67,500	10,329		**231,883**		

1 In office since April 17th, 2019
2 In office until April 17th, 2019

It should also be noted that during 2019, the Company paid the Chief Executive Officer the coupon value, related to the fiscal year 2018, of the financial instrument for a gross amount of Euro 1,020 thousand. The payment to the Chief Executive Officer was made by issuing 66,372 COIMA RES shares.

CONTROL & RISK AND RELATED PARTIES COMMITTEE REPORT

The Control and Risk Committee has carried out very intense work in terms of assessing the adequacy of the control and risk management systems in their evolution and implementation. The Board of Directors has identified the Control and Risk Committee, made up of non-executive and independent directors, as the committee responsible under the Related Parties Procedure and has assigned to the Control and Risk Committee the role and responsibilities that, pursuant to the Related Parties Regulation, fall to committees made up, in whole or in majority, of independent directors.

The Control and Risk Committee is made up of three non-executive and independent directors, namely the undersigned as Chairman, Alessandra Stabilini and Luciano Gabriel.

The role provided for in the Code of Self-Regulation for the Committee is sensitive and includes in particular:

Assistance and support to the Board of Directors, ensuring that the latter has adequate investigative activity, in assessments and decisions relating to the Company's Internal Control and Risk Management System (hereinafter "**SCIGR**") and in those relating to the approval of periodic financial reports;

It expresses its opinion to the Board of Directors in this regard:

- The definition of SCIGR's guidelines, so that the main risks relating to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, and the determination of the degree of compatibility of such risks with a management of the company consistent with the strategic objectives identified
- The assessment, at least once a year, of the adequacy of the SCIGR with respect to the characteristics of the undertaking and the risk profile assumed, as well as its effectiveness
- Approval, at least once a year, of the work plan prepared by the Head of the Internal Audit Department, after consultation with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System
- To the description, within the Corporate Governance Report, of the main characteristics of the SCIGR and the modalities of coordination between the subjects involved in it, expressing their own assessment of its adequacy
- To the evaluation, after consulting the Board of Statutory Auditors, of the results set out by the Statutory Auditor in any letter of suggestions and in the additional report that emerged during the statutory audit

It expresses its opinion to the Board of Directors on the matter:

- Appointment and dismissal of the Head of the Internal Audit Function
- That the latter is adequately resourced to fulfil its responsibilities
- The fact that the remuneration of the Head of the Internal Audit Function is defined consistently with company policies

The Control and Risk Committee in assisting the Board of Directors:

- Assesses, together with the manager responsible for preparing the company's financial reports and after consulting the statutory auditor and the Board of Statutory Auditors, the correct use of the accounting principles and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements
- Expresses opinions on specific aspects related to the identification of the main business risks
- Examines the periodic reports on the assessment of the internal control and risk management system and those of particular importance prepared by the Internal Audit function
- Monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function
- May request the Internal Audit function to carry out checks on specific operational areas, notifying the Chairman of the Board of Statutory Auditors accordingly
- Reports to the Board, at least every six months, on the approval of the annual and half-yearly financial report, on the activities carried out and on the adequacy of the internal control and risk management system
- It supports, through adequate investigation activities, the assessments and decisions of the Board of Directors relating to the management of risks deriving from prejudicial facts of which the Board of Directors has knowledge

In addition, at the request of the Board of Directors, it expresses a prior opinion on transactions between the Company and related parties, as defined by International Accounting Standards (IAS) no. 24.

During 2019 the Committee has:

- evaluated transactions and contracts with related parties
- assessed the periodic review of the contractual conditions with COIMA S.r.l. and expressed its favourable opinion pursuant to the Related Parties Procedure
- periodically examined the risk monitoring report
- periodically assessing the adequacy of the internal control and risk management system
- assessed the periodic financial reports and the statutory and consolidated financial statements;
- assessed the evolution of the organisational structure
- examined the replacement of the Internal Audit and Compliance function outsourced by an external consulting firm
- periodically assessed the activities carried out by the control functions
- examined the updating of the Company's manual of procedures
- assessed, together with the manager responsible for preparing the company's financial reports and having consulted the statutory auditor and the board of statutory auditors, the correct use of the accounting standards and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements

As Chairman of the Control and Risks Committee, I reported on the work of the Control and Risks Committee at the first useful meeting of the Board of Directors.

The Control and Risk Committee, in its capacity as Related Parties Committee, examined the transactions with related parties carried out by the Company and noted the interest of the Company in carrying out the transaction as well as the convenience and substantial fairness of the terms of the transaction, also with the help of external consultants.

The Committee, which met nine times in 2019, has always set itself the goal of encouraging a broad and thorough investigation in favour of the Board of Directors in the interest of the Company and its shareholders.

Agostino Ardissone
President
of the Control and Risk and Related Parties Committee

Milan - **PHILIPS** - Entrance

HOW WE MANAGE RISKS

STEPS IN THE PROCESS RISK MANAGEMENT	IDENTIFICATION	EVALUATION AND QUANTIFICATION
Responsible bodies/actors	Risk Management Function Internal Audit Function Director in charge of the internal control and risk management system Managers responsible for operational functions	Risk Management Function Managers responsible for operational functions Control and Risk Committee

ARRANGED BODIES

CONTROL AND RISK COMMITTEE

The Control and Risk Committee is a body with consultative and propositional functions vis-à-vis the Board of Directors for matters relating to the evaluation, direction and adaptation of the internal control and risk management system. In this context, the Committee:

- Supports the Board of Directors in defining guidelines for the internal control and risk management system
- Expresses opinions on specific aspects related to the identification of the main business risks
- It examines the work plans of the Control Functions as well as the related periodic reports, formulating any observations and proposals to the Board of Directors on the same and expresses its opinion on the adequacy of the Company
- Carries out coordination and liaison activities between the various control functions
- It examines the periodic reporting of the control functions that are of particular importance in terms of the risks of the Company's typical business and its normal operations
- It may require the Heads of the Control Functions to carry out checks and analyses on specific areas and/or themes.

MONITORING

Risk Management Function

Director in charge of the internal control and risk management system

ACTIONS OF MITIGATION

Managers responsible for operational functions

REPORTING

Control and Risk Committee

Director in charge of the internal control and risk management system

Board of Directors

RISK MANAGEMENT FUNCTION

The Risk Management Function, in the exercise of its activities:

- Supports the Board of Directors in preparing and updating the risk management policy and in identifying risk limits
- Develops and proposes to the Board of Directors the methodologies for measuring the risks to which the Company is exposed
- Monitor the implementation of the measures taken to remedy the deficiencies found in the risk management system
- Verifies compliance with the risk management policy and compliance with the limits defined by the Board of Directors
- Examines investment/disinvestment transactions.

The Risk Management Function prepares a map of the risks to which the Company is, or could be, exposed and continuously assesses the possible emergence of new risks considering all the relevant elements of the reference context and the business, such as:

- the lines of development and corporate objectives, the market context, possible changes in the company's business and/or new opportunities
- Expected evolution of the balance sheet and income statement aggregates
- Information on the development of investments and other "company specific" information (e.g. organisational structure, internal regulations, etc.).

The Company's risk map is periodically updated and submitted for approval to the Control and Risk Committee and, subsequently, to the Board of Directors.

The structure of the Company's risk map is inspired by the main best practices in the financial sector, although not directly applicable to COIMA RES. The risks exposed in the map also take into account the investment strategy adopted by the Company and its SIIQ status, from which constraints on the nature of revenues and assets arise.

The Risk Manager is independent, both functionally and hierarchically, from the operating units and reports directly to the Board of Directors.

RISKS	COIMA RES MITIGATION
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, and/or 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-add" 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.
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.
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.
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.
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 maintain a stabilised leverage of less than 40% (LTV) in the medium term.
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.
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.
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.

RISKS	COIMA RES MITIGATION
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.
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 RISK MANAGEMENT MODEL

The Company adopts an advanced risk management model that combines quantitative analysis for interest rate, credit, liquidity and market risks and other qualitative risks (operational, reputational and strategic) and provides for the use of scenario analysis and stress tests to assess the degree of exposure to the main risks under adverse conditions.

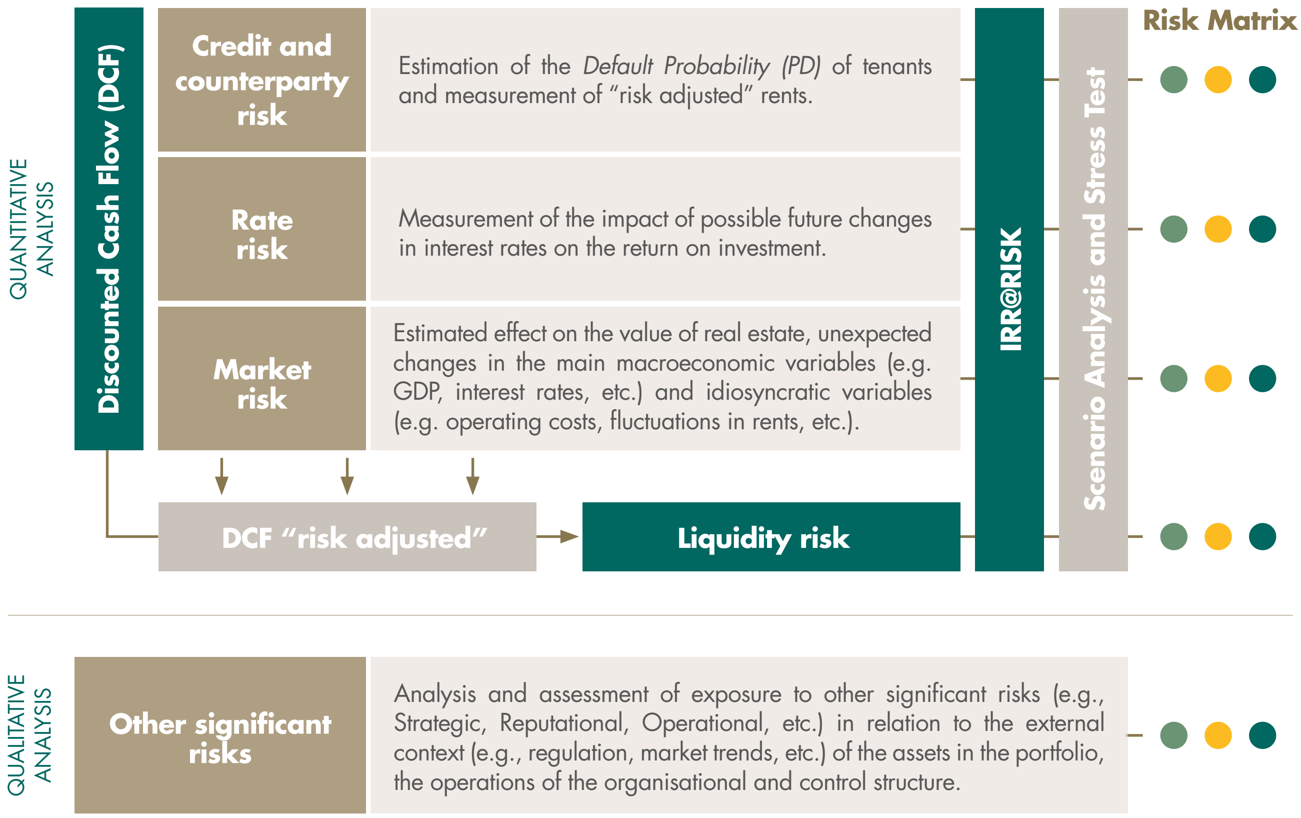
In terms of quantitative analysis, the model is based on an examination of the dynamics of the Internal Rate of Return (IRR) of the Company's investments, resulting from evolutionary scenarios of the components of the IRR itself. The methodology adopted is based on a comparison between the "basic" IRR, calculated on the basis of information derived from the Company's Business Plan and individual investments, and the IRR@Risk calculated on the basis of estimates of risk factors (e.g. probability of default of tenants, occupancy of properties, break option clauses, lease agremeent reversion, asset and tenant concentration etc.) and the performance of a real estate market index. The latter is determined based on the evolution of macroeconomic variables (e.g. interest rates, unemployment, etc.), formulated by international bodies (e.g. IMF, etc.) and appropriately selected, using a multivariate linear regression model.

The distributions of the possible evolution of the risk factors / variables considered are summarized in as many IRR distributions, from which an IRR is estimated for each risk and an Overall IRR@Risk, at individual investment and portfolio level. The difference between the "base" IRR and the IRR@Risk is a measure of the risk exposure of each investment and of the investment portfolio as a whole.

The activity of the Risk Manager, based on the method described above, is mainly directed at evaluating investment and divestment opportunities, and at monitoring portfolio risks and the risk of the Company's business, reporting the results of the analyses conducted to the Board of Directors.

In 2019, on the back of the rotation of the portfolio and the active management of the assets conducted by the Company, a reduction in the risk level of the portfolio was recorded. In line with the corporate strategy, the Company has increased the exposure in the offices sector in Milan and in particular in the Porta Nuova area, which currently has greater attractiveness and resilience to negative trends, and has reduced the concentration risk in terms of lease agreements and property value. In addition, the Value-add project (Corso Como - Bonnet) continues as planned in terms of timing and costs, and highlighted the interest of primary tenants.

Milan - **GIOIAOTTO** - Interior



Market risk is mitigated by the high quality and location of the Company's real estate portfolio, which has good resilience to market volatility, also based on recent industry studies. The risk of vacancy is limited because the portfolio of lease contracts has an average duration of more than 5 years, with a limited percentage of the portfolio with a maturity of less than three years of approximately 28.1%, and a limited vacancy rate of 2%.

Credit and counterparty risks are low due to the high credit standing of the tenants - almost 90% have an investment grade rating and only about 1% do not have an ECAI rating - and given the very limited backlog of leases, less than 3% of the total portfolio volume.

Liquidity risk is modest due to the size of the cash flows generated by the investment portfolio, while interest rate risk is adequately mitigated as about 89% of the debt is hedged by derivative instruments.

Operational, reputational and strategic risks are subject to periodic analysis based on a qualitative approach that takes into account the following aspects:

- identification of the major risk factors and determination of the probability of occurrence and loss estimate by risk factor
- determination of the level of risk exposure ("absolute risk") and, on the basis of existing controls, the residual risk

The analyses carried out show that operational, reputational and strategic risks are adequately mitigated in view of the level of controls and controls implemented by the Company.

Milan - **PAVILION** - Exterior

04

SUSTAINABILITY

SUSTAINABILITY IS A KEY TOPIC IN THE REAL ESTATE SECTOR. COIMA RES, SINCE ITS CREATION, HAS PUT SUSTAINABILITY AT THE CORE OF ITS ACTIVITY

6% ESTIMATED REDUCTION OF ELECTRIC ENERGY CONSUMPTION IN 2019 (LIKE FOR LIKE BASIS)

7% ESTIMATED REDUCTION OF ENERGY INTENSITY OF THE PORTFOLIO IN 2019 (LIKE FOR LIKE BASIS)

SUSTAINABILITY IN THE REAL ESTATE SECTOR

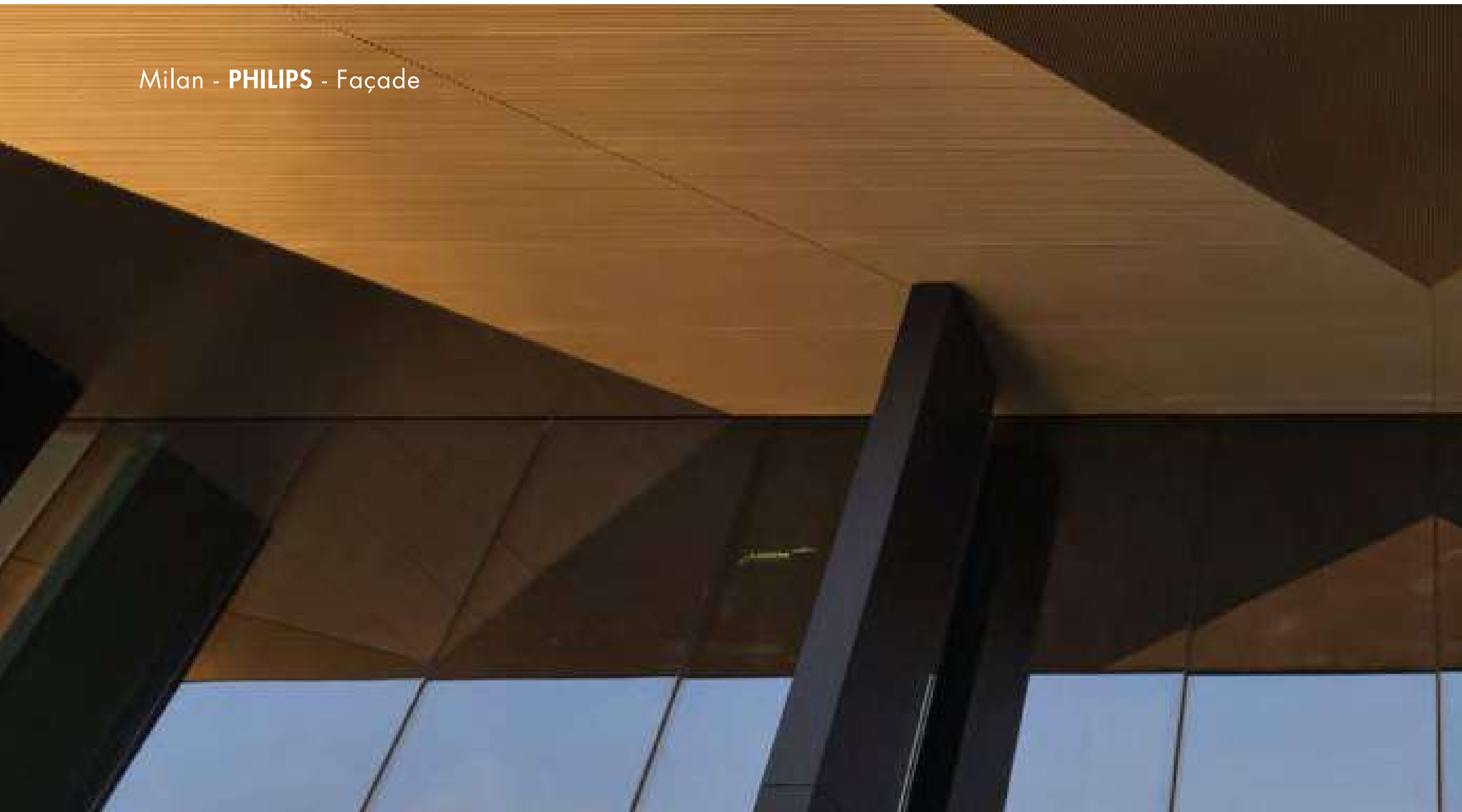
The changes that are characterising our time have profoundly modified the typical models of the real estate sector. Environmental themes (such as land use and, even more so, climate change), urbanisation, demographic dynamics and digitalisation are changing the way in which buildings are conceived, designed, built and experienced.

Not only the legislation imposes increasingly stringent standards but the market demand itself requires very different formulas compared to the past, even the recent past. Real estate is becoming a “tertiary sector”: the service component has an increasingly important weight compared to the strictly material one. Houses, offices, shops or factories are no longer just neutral containers but essential components of the value generation process.

The latest studies on climate change affirm that limiting the global temperature rise to 1.5° C above pre-industrial levels would reduce the risk of “long lasting irreversible changes”. Buildings are responsible for around 40% of energy consumption and 36% of CO_2 emissions in the European Union[1], it is therefore essential that the real estate industry does its part to help achieve this goal. The most advanced part of the real estate value chain has responded to these pressures, completely updating its value proposition: new buildings are intelligent objects, which interact with the user and with the surrounding environment and offer answers that adapt to changing needs.

This trend appears very clear, especially in large urban centres, and irreversible: no professional investor (least of all the “sustainable” investors, who are an important source of capital) is now willing to consider assets that do not have, or that are not able to achieve, high performance standards - which, not surprisingly, are exactly what the main tenants ask for.

Notes:
1 European Commission, January 2019, EU Directive on energy performance of buildings 2019



Milan - **PHILIPS** - Façade

A virtuous circle has therefore been established which encourages all market players (investors, asset managers, designers, developers, managers and users) to seek solutions aligned with the general interests of the community: the evidence shows how the integration of environmental and social variables in all phases of the building's life generate value and therefore affect the profitability and risk profile of real estate investments[2], bringing to the following results:

- 30-50% reduction in energy consumption and 20-30% reduction in drinking water consumption
- 7% increase in the asset value of sustainable properties (new or refurbished) compared to traditional ones
- productivity increase of up to 100% of workers working in new generation buildings

Sustainable buildings are likely to produce better economic-financial performance than non-certified buildings from the point of view of energy efficiency[3]. In particular, sustainable buildings correspond to:

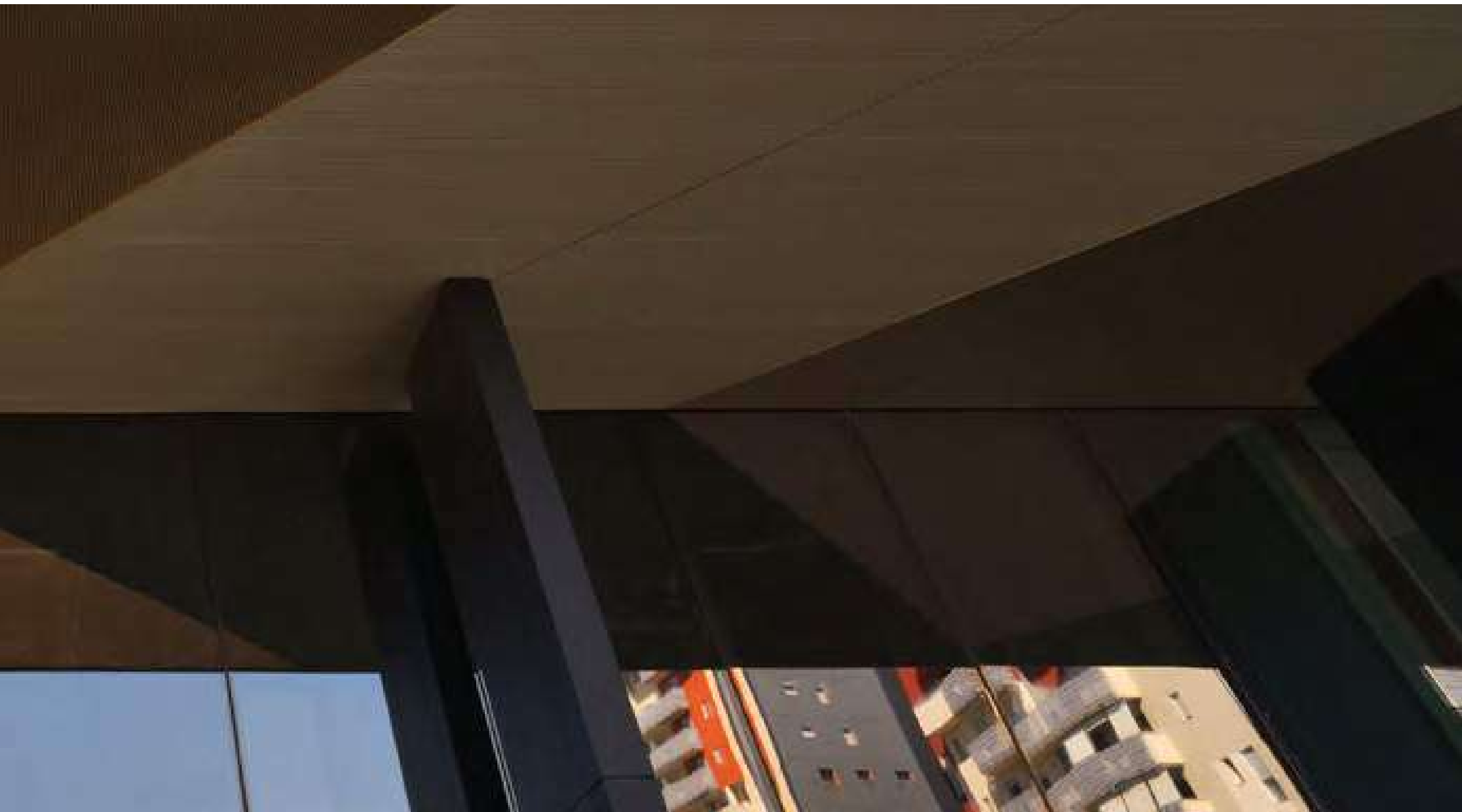
» higher rent and occupancy rates, with greater reliability and stability of the tenants

» best standards in terms of occupants' health, comfort and productivity

» lower operating costs

» valuation premium on the market

2 World Green Building Council - The benefits of green buildings
3 Better Buildings – Energy Efficiency & Financial Performance: A review of studies in the market, U.S. Department of Energy



INTEGRATING SUSTAINABILITY IN THE BUSINESS MODEL

The introduction of the Sustainable Development Goals (SDGs), developed in 2015 by the United Nations General Assembly, in the debate on the theme of corporate sustainability has led to the redefinition of the role of the private sector in pursuing the great global challenges of our time. The great phenomena of change that society is experiencing are profoundly changing the scenario in which COIMA RES operates, not only in terms of emerging risks but also, and above all, in terms of new opportunities.

In the future, more and more products and services will be appreciated by the market in relation to the sustainability and innovation content that they are able to express and the level of credibility of the companies offering them. Quality and consistency will increasingly count, defined as assumption of responsibility, and strategic and identity characterization.

COIMA RES has interpreted this evolution, structuring an integrated investment strategy with various sustainability criteria: the COIMA RES strategy is focused on the development and active management of a quality real estate portfolio, capable of catering to a real estate demand in rapid transformation and which can achieve long-term goals.

The investment choices of COIMA RES prefer properties capable of achieving, right from the start or through targeted refurbishment programs, high energy and environmental performance, also proven by obtaining the highest certification standards (e.g. LEED).

In particular, COIMA RES maintains constant attention to achieving the best environmental performance of its properties, from the due diligence phase in the acquisition process. In this phase, multiple scenarios are analysed, ranging from light optimisation to complete refurbishment processes, and include environmental, technical and economic analyses useful for identifying the aspects of greater value creation and risk mitigation.

COIMA RES, in line with the vision and the overall strategy of the COIMA platform, which it is part of, looks at innovation as a lever of competitive advantage and promotes the implementation of international best practices; constantly strives to improve its approach and to implement it both through the integration of circular economy principles in its projects and with the adoption of advanced property management tools.

THE SUSTAINABILITY POLICY

To give substance to its commitment to sustainability, COIMA RES approved its sustainability policy in September 2019.

In addition to compliance with all national and local regulations, the policy provides for the implementation of best practices in the field of environmental protection, public health, occupational health and safety and corporate governance. The integration of the most advanced sustainability standards is promoted in all real estate projects and all employees and interested parties are urged to become more aware of ESG issues.

COIMA RES Sustainabilty Policy		
ENVIRONMENTAL ASPECTS	**SOCIAL ASPECTS**	**GOVERNANCE ASPECTS**
◦ Tackle climate change by limiting greenhouse gas emissions by working towards near net-zero carbon dioxide projects ◦ Ensure that natural resources are managed efficiently during property development and management activities ◦ Avoid waste in all phases of the real estate life cycle, promoting a circular economy in the development and management of real estate ◦ Minimise pollution and contamination, reduce emissions, select environmentally friendly materials and components ◦ Preserve biodiversity and habitats	◦ Provide healthy and safe environments for people in and around buildings ◦ Ensure the safety, safety and well-being of employees with a careful risk assessment and the adoption of all necessary mitigation ◦ Being a good administrator in the communities in which COIMA RES operates through operational and development activities ◦ Strengthen the commitment with all interested parties (employees, investors, tenants, suppliers, etc.)	◦ Operate with ethics, integrity and fairness ◦ Live up to the Code of Ethics as a fiduciary partner of all interested parties ◦ Operate transparently with all stakeholders and with appropriate reports ◦ Ensure that business decisions contribute to improving sustainability in all phases of the building's life cycle: acquisition, development, operation and sale ◦ Identify explicit objectives to improve sustainability performance ◦ Set clear goals and measure improvements ◦ Strive to innovate the real estate sector and to continuously raise the level of ESG performance

THE EUROPEAN REAL ESTATE "THINK TANK"

During 2017, COIMA RES contributed to the creation of a European "Think Tank" in collaboration with five of the most important listed real estate companies (alstria, Colonial, Gecina, Great Portland Estates and NSI). During 2019, the Scandinavian real estate company Castellum, leader in sustainability practices, joined the European Think Tank.

The purpose of the Think Tank is to create a common platform of skills by sharing best practices in terms of sustainability and innovation and related research in the German, Italian, Spanish, French, British, Dutch and Nordic real estate markets.

During 2019, the Think Tank intensified its activities and focused on the discussion of issues related to sustainability and innovation and on how the context of real estate and urban development is rapidly changing.

OFFICE SPACE: THE FIRST "FOCUS GROUP" SURVEY IN EUROPE

In 2018, alstria, COIMA RES, Colonial, Gecina, Great Portland Estates and NSI commissioned a comprehensive pan-European analysis through "focus groups" aimed at understanding future trends of modern office spaces from the end-user perspective.

A population of both younger and more experienced professionals, working in traditional offices or flexible work spaces in urban areas across Europe, was involved through "focus groups". The discussion aimed to encourage them to share their vision on the future user experience, the evolution of the workplace and organizational structures and, more generally, the role of tomorrow's office space in terms of use and services.

The main drivers that emerged in the survey were:

Social: the role of the office will evolve to respond to workers' needs to meet, collaborate, socialise and feel satisfied by work

Environmental: in the future, employees will be much more demanding and much more critical in terms of what a potential employer will do to tackle climate change

Technological: Artificial Intelligence, Big Data, robotics, hyper-connectivity will influence the way people work and connect and the organization within companies

COIMA SUSTAINABLE INNOVATION COMMITTEE

COIMA RES is an integral part of the Sustainable Innovation Committee of the COIMA platform. The Sustainable Innovation Committee was created in 2017 with the aim of promoting, systematise, developing and advancing themes related to sustainability within the COIMA platform.

The Sustainable Innovation Committee is composed of 7 members belonging to COIMA SGR, COIMA S.r.l. and COIMA RES and is characterized by a multidisciplinary approach (i.e. the members of the committee come from both different technical areas, such as property management and development management, and from financial areas such as investment management and investor relations).

Kelly Russell Catella
Chairman
Managing Director,
Marketing, CSR & Investor
Relations, Director Fondazione
Riccardo Catella

Stefano Corbella
Secretary
COIMA S.r.l.
Sustainability Officer

Edoardo Schieppati
COIMA SGR
Director
Investment Management

Vincenzo Donnola
COIMA S.r.l.
Senior Manager
Property Management

Luca Mangia
COIMA SGR
Director
Asset Management

Alberto Goretti
COIMA RES
Director
Investor Relations

Giampiero Di Noia
COIMA SGR
Manager
Data Scientist

The committee met 9 times in 2019, addressing several topics

DATE	TOPICS DISCUSSED
24 JANUARY	Sustainability objectives Planning of the annual sustainability report
5 MARCH	Update on the COIMA RES Think Tank Update on sustainability issues
21 MARCH	Review of the environmental performance of COIMA RES
17 MAY	Review of COIMA sustainability report
31 JULY	Planning of the next sustainability report and budget COIMA Sustainability policy review and update ESG risks reporting
18 SEPTEMBER	Planning of the next sustainability report
18 OCTOBER	Annual sustainability planning and 2020 budget
15 NOVEMBER	Annual sustainability planning and 2020 budget
18 NOVEMBER	Sustainability action plan 2020

MATERIAL THEMES FOR COIMA RES

Material themes represent the aspects that on the one hand are perceived as relevant by the stakeholders, as they can significantly influence their expectations, and on the other hand, they can generate significant economic, social and environmental impacts on the business activities of an organization.

COIMA RES STAKEHOLDERS' MAP

Also during 2019, COIMA RES updated its materiality matrix: this activity represents a crucial moment to deepen the evolution of the themes and trends on environmental, social and governance aspects and to observe how these effect on the activities of COIMA RES and its organization.

The COIMA RES materiality analysis is based on:

- Deep dive of external perception of the company, through the analysis of the press review and the web
- Analysis of emerging trends in the sector, with a comparison activity with the main competitors
- Involvement of the company's management, focused on the adequacy of responses to external solicitations and on market outlook

COIMA RES MATERIALITY MATRIX

MATERIAL THEMES	PERCEPTION OF THE THEME	COIMA RES RESPONSE
TRANSPARENCY AND GOVERNANCE	The market and investors demand transparency in corporate management and information reporting and are increasing their participation in decision-making processes.	The corporate governance structure of COIMA RES is based on transparency and risk control criteria. COIMA RES reports its ESG performances annually, according to the most widespread industry standards. Also last year, and for the third consecutive year, COIMA RES received from EPRA the Gold Award for its financial and sustainability reporting.
CERTIFICATION OF PROPERTIES AND EFFICIENT USE OF RESOURCES	Attention to aspects related to climate change is today directed not only to the impact that organizations are able to generate but also to the preparation of strategies to deal with the risks that may arise.	COIMA RES has adopted an investment strategy that aims to build a quality real estate portfolio with high environmental performance. COIMA RES is also committed to the implementation of strategies and actions useful to prevent the impact that climate change will have on its activities.
TENANTS SATISFACTION AND PROVISION OF QUALITY SERVICES	In recent years, the demand from tenants has evolved considerably: alongside the theme of occupant well-being, today, space modularity and flexibility are also discussed.	COIMA RES periodically checks the satisfaction of its tenants and actively participates in national and international workshops to anticipate future sector trends, trying to combine well-being and innovation.
RESPONSIBLE INVESTMENTS	In recent years, the propensity of investors to integrate ESG criteria into their investment strategies has grown.	COIMA RES considers to be strategic the integration of international best practices relating to sustainability into its investment strategy and has launched a transparent relationship with its investors aimed at disclosing and highlighting how ESG aspects are implemented in its operations.
STAKEHOLDER ENGAGEMENT	An effective corporate sustainability strategy requires structured long-term stakeholder engagement.	COIMA RES has further strengthened its communication activities with all its stakeholders, listening to specific requests and constantly reporting on its activities.

QUALITY AND EFFICIENCY

COIMA RES has integrated sustainability criteria into its strategy, aiming for excellence from the point of view of achieving the environmental and social performance of its assets.

In particular, already in the acquisition phase, COIMA RES prefers high-quality properties or properties which, on the back of a refurbishing process or an upgrade of their MEP (Mechanical, electrical and plumbing), can significantly improve their performance and achieve the highest reference standards.

COIMA RES focuses on reducing energy needs and consumption, eliminating waste, self-producing energy through solar panels, always trying to opt for procurement from renewable sources. In order to achieve these objectives, COIMA RES evaluates the property and its performance already in the due diligence phase, determining all the investments necessary to improve its environmental impact.

In 2019 the investment procedure was integrated with an analysis of the ESG aspects of the assets during the due diligence phase through a "Sustainability Acquisition Checklist". This tool, developed in the form of

DETAIL OF CERTIFIED PROPERTIES CURRENTLY PART OF COIMA RES' PORTFOLIO

VODAFONE COMPLEX

Certification:
LEED Silver

GIOIAOTTO

Certification:
LEED Platinum

PAVILION

Certification:
LEED Gold

a questionnaire, verifies sustainability issues to support the investment decision-making process, identifying potential ESG risks and any opportunities for valorisation through redevelopment actions and future management of the property.

The effectiveness of this approach is proven by the achievement of voluntary environmental certifications: the 56% of COIMA RES's portfolio is now LEED certified, a percentage that will increase to 64% on the back of of the completion of the Corso Como Place project (percentages calculated on the value of the properties).

Recently, for the first time on a building in Italy, the WELL certification for Corso Como Place is being obtained. WELL Building Standard® is a system based on the measurement of certain performances, certifying and monitoring the characteristics of the built environment that influences human health and well-being, with attention to air, water, nourishment, light, exercise, comfort and cognitive well-being of the people who use the building. WELL therefore expands the spectrum of sustainability criteria to be integrated into the construction of a building, bringing back to the centre of attention those who live in spaces, and the search for their well-being.

MICROSOFT

Certification:
LEED Gold

PHILIPS

Certification:
LEED Platinum

CORSO COMO PLACE

Certification:
Aim to achieve LEED Gold, WELL Gold, Cradle to Cradle and Near Zero Energy Building certifications. Complex currently under refurbishment, completion of works scheduled for 2020

THE MANAGEMENT OF THE PROPERTIES IN THE PORTFOLIO

For properties already in the portfolio, COIMA RES operates through processes that promote high energy and environmental performance, which allows both to reduce management costs and to extend the average life of the systems, reducing their wear over time.

In particular, COIMA RES is concerned with:

- periodically monitor the level of satisfaction of the drivers (also through the Kingsley Index SM Survey)
- implement operational management models that target the best standards
- verify the feasibility of solutions and implement improvement measures when necessary
- evaluate the repositioning of buildings
- rationalize facility management services

Rome - **DEUTSCHE BANK PORTFOLIO** - Façade

ENVIRONMENTAL PERFORMANCE

The demand for real estate from the market is increasingly focusing on buildings with high environmental performance, capable of reconciling the conscious use of natural resources with the well-being of the people who live or work in the buildings themelves.

COIMA RES prefers properties that have already obtained energy or environmental certifications (eg LEED), and therefore are already efficient, or buildings that have all the characteristics to reach that level through targeted interventions.

The properties already in the portfolio that show margins for improving performance are subject to interventions that allow a reduction in energy consumption and other environmental resources.

In addition, all the properties in the COIMA RES portfolio include the figure of the Safety Manager, who is concerned with providing services relating to the prevention and protection of safety in the building.

The environmental performance of the portfolio is linked to the implementation of technical and management solutions that took place during the year which aimed to reduce the environmental impact of buildings, improving their performance and performance.

In particular, these have concerned:

- optimization of consumption (water, natural gas and electricity)
- the introduction of sustainable practices through collaboration with tenants
- control over products and maintenance services
- the start of proactive property management, which places COIMA RES as a strategic partner for tenants

MAIN SOLUTIONS IMPLEMENTED IN 2019

MONTEROSA

Replacement of the garage lights with LED lamps with an annual reduction of over 46% of the relative consumption

Maintenance of air conditioning systems and optimization of ignition times (with a reduction of around 25% in energy consumption)

Restoration of the irrigation system with a 12% reduction in annual water consumption

Verification and optimisation of the MEP management system (BMS)

VODAFONE

Maintenance activity of the MEP system and of the external areas

Substitution of all neon lamps of the garage with LED lamps

CORSO COMO PLACE

65% of the energy needs will be covered by energy produced from renewable and / or on-site sources

80% reduction in water needed for irrigation

65% reduction in the use of drinking water

25% of construction materials are currently procured from sustainable sources.

Substitution of BMS System (building B) and optimisation

TOCQUEVILLE

Maintenance activity of the MEP system and of the external areas

DERUTA

Audit and verification of the management of the property

Replacement of window foils on the façade to improve the environmental comfort level and to reduce consumption (in coordination with the tenant)

PAVILION

Fitout activity of the internal areas (performed by the tenant)

GIOIAOTTO

Maintenance activity of the MEP system and of the external areas

Verification and optimisation of the BMS system

Replacement of window foils on the top floor to improve the environmental comfort level and to reduce consumption for air conditioning

Installation of split systems “in serra” to improve the summer and winter climatization

Substitution of traditional lamps with LED lamps in underground floors and on staircases

Installation of a canalisation to improve the heat pump functioning

RELATIONSHIP WITH TENANTS

The relationship with tenants is a fundamental lever of business and sustainability: COIMA RES has launched a constant and transparent dialogue aimed at measuring their perception with respect to property management, in order to maintain a high level of satisfaction and guarantee continuity of the relationship in the medium / long term.

The approach pursued by COIMA RES in property management integrates with the sustainability objectives of the tenants, especially those who are increasingly attentive in the implementation of projects and initiatives to reduce the environmental impacts of their activities.

In order to improve the relationship with tenants, ad hoc meetings are scheduled on property management, which represent a moment of exchange and sharing for the definition of common objectives and to prevent the onset of any critical issues.

Through the adoption of systems for monitoring the consumption and performance of buildings, COIMA RES can plan all the necessary actions to improve the quality of the buildings, reduce consumption and increase environmental performance.

To this end, it is also essential to maintain and strengthen the network of selected professionals and suppliers in the sector, with whom COIMA RES carries out the actions useful for a more sustainable management of buildings over time.

The COIMA platform ensures an emergency service through a dedicated call center, which can offer technical assistance even during extra working hours and on holidays. This procedure, which can also be activated by individual conductors, allows complete tracing of problems, monitoring and compression of intervention times.

COIMA RES measures, every two years, the level of satisfaction of the conductors through a "Tenant Satisfaction Survey", useful for determining the Kingsley Index (SM) (index for measuring the level of customer and tenant satisfaction).

The Kingsley Associates survey focuses on the most relevant issues by type of leased space and, therefore, in the case of COIMA RES, on offices.

COIMA results are then compared with the data collected in previous years, with the Kingsley reference index for the current year and are also used to monitor the effects of the activities carried out, identifying areas of potential improvement.

PEOPLE AND COMMUNITIES

The COIMA platform has placed the skills of its employees as a cornerstone of its growth strategy: a team of motivated and prepared professionals, who contribute to the achievement of the company's objectives.

COIMA RES directly oversees, through its employees, the key functions of financial management, investment, investor relations, planning and management control, thanks to the contribution of six professionals who deal with the development of relations with all stakeholders of the Company.

The functions relating to Asset & Investment Management and Property & Development Management are, however, entrusted respectively to COIMA SGR and COIMA S.r.l..

COIMA RES believes in the personal and professional growth of its employees and promotes it through the structuring of personalized training plans, also linked to the individual assessment activity aimed at enhancing the objectives achieved and focusing on areas for improvement.

In 2019, the "Knowledge Sharing Program", an initiative involving the entire COIMA platform through the presentation of internal staff or external guests, continued and allowed to deepen the evolution of the main market trends and sector best practices.

KNOWLEDGE SHARING PROGRAM

AREAS		SPEAKERS	DATE
LESSON LEARNED	Updates on trends in the world of architecture	Nicola Leonardi	January
EXCELLENT SPEAKERS	Sustainability: evolution or revolution	Atelier Ten	January
EXCELLENT SPEAKERS	Presentation of architectural best practices	Patricia Viel	March
EXCELLENT SPEAKERS	Presentation of architectural best practices	Metrogramma Andrea Boschetti	March
EXCELLENT SPEAKERS	Urban planning - The city of the future	Christopher Choa	March
LESSON LEARNED	Updates on trends in the world of architecture	Nicola Leonardi	April
LESSON LEARNED	Updates on trends in the world of architecture	Nicola Leonardi	April
EXCELLENT SPEAKERS	Total design: a multidisciplinary approach from the city of airports to one-stop-shop buildings	ARUP Italia	May
LESSON LEARNED	Updates on trends in the world of architecture	Nicola Leonardi	July
KNOWLEDGE SHARING	BIM evolution	Nicotra / Nigro	October
EXCELLENT SPEAKERS	Overview of the global economy	Sri Kumar Komal	October
KNOWLEDGE SHARING	Presentation of COIMA's sustainability strategy, the present and the future of the real estate sector	Stefano Corbella	December

COIMA OLYMPICS

Also in 2019, on the back of a strong interest, COIMA organised its COIMA Olympics.

There was great enthusiasm and participation in this second edition which saw not only the implementation of some new disciplines, but also the participation of all the companies of the COIMA platform in the annual sporting event of COIMA.

The employees, divided into mixed teams, competed in 5-a-side football, Half-board basketball, beach volleyball and table tennis to win the tournament cup.

At the end of the session, everyone was invited on the terrace to enjoy a drink and to discuss their performances!

CHRISTMAS AT COIMA

Inside the COIMA headquarters a solidarity market was organized during the Christmas period to raise funds for the Francesca Rava Foundation.

ACTIVITIES PROMOTED BY THE FONDAZIONE RICCARDO CATELLA

The Fondazione Riccardo Catella is the main body through which the social and cultural activities of the COIMA platform are channelled. The Fondazione Riccardo Catella was created in 2005 by Manfredi Catella, founder and CEO of COIMA RES and President of the Foundation itself, with the mission of spreading the culture of sustainability in land & district development and actively contributing to improving the quality of urban life through projects aimed at enhancing public spaces and green areas. For over ten years, the Riccardo Catella Foundation has been carrying out civic-cultural projects to involve and increase the sensitiveness of citizens about the importance of urban greenery, to enhance the public areas of the city and to promote the social inclusion of all its inhabitants. Leading the Fondazione Riccardo Catella is a Board of Directors, assisted by a Scientific Committee with specialised skills.

The main project realised by the Fondazione Riccardo Catella in the last few years are the following:

» ***BAM – BIBLIOTECA DEGLI ALBERI MILANO (since 2018)***
BAM is a project promoted by the Fondazione Riccardo Catella. Thanks to an innovative public-private partnership between the Municipality of Milan and COIMA, the Fondazione Riccardo Catella is responsible for the management, safety, maintenance and cultural program of the public park Biblioteca degli Alberi. BAM is more than a park: it is a contemporary botanical garden in the heart of Milan where you can live cultural experiences in contact with nature. The Parco Biblioteca degli Alberi, landmark and green heart of the innovative skyline of Milan, with its 10 hectares of extension and its extraordinary botanical collection, is a unique example in Italy. The park, designed by the Inside Outside studio of Petra Blaisse (Amsterdam), was created by the COIMA platform which, in June 2015, took over from the Municipality of Milan as part of the great urban project of Porta Nuova

» ***PORTA NUOVA SMART CAMP (since 2018)***
It is an inclusive and innovative project that brings together children with disabilities or serious and chronic diseases and healthy children in a common experience. Nature, sustainable architecture and technological innovation are the central themes of the Camp's activities, in conjunction with the values of the Fondazione Riccardo Catella and the Porta Nuova district. In July 2019, the second edition took place which involved over 45 children in a week of creative, expressive, fun and exciting activities structured on the model of recreational therapy of Dynamo Camp, coordinated by a team of professionals and volunteers

» ***MICOLTIVO, ORTO A SCUOLA (since 2012)***
Since 2012, the Fondazione Riccardo Catella, in collaboration with the Municipality of Milan and with the scientific support of the Department of Education Sciences of the University of Milan-Bicocca, has been promoting the MiColtivo program, Orto a Scuola, with the aim of encouraging young generations to endorse a correct and healthy diet through the concrete experience of educational gardens installed in the courtyards of public city schools, providing for the redevelopment of these green spaces


IBM

CORSO COMO PLACE: A BEST PRACTICE EXAMPLE IN INNOVATION AND SUSTAINABILITY

Located in the heart of the Porta Nuova district in Milan, Corso Como Place represents a key project for COIMA RES, which has been characterized by innovative and sustainable cutting-edge technologies, with the implementation of Smart Building infrastructure and the achievement of international sustainability certifications, such as LEED and WELL, with extensive use of renewable energy sources.

The project involved the redevelopment of a tower building built in the 1950s, used as the headquarters of a multinational company and then abandoned for several years, before the acquisition by COIMA RES.

Already with the definition of the investment strategy, it was clear that the area, the context and the end uses could represent a good opportunity. The project involved the installation of a state-of-the-art executive office inside the existing tower, the creation of a highly prestigious commercial and office space and the redevelopment of the private and public outdoor areas that could then be linked again with the redeveloped urban fabric of the neighbouring areas.

ENVIRONMENTAL SUSTAINABILITY

The building has seen the application of sustainability protocols such as LEED and WELL. In particular, it has been planned

- the reduction of energy needs through the design of buildings - for example the use of highly performing facades and the adoption of shielding
- the reduction of energy consumption with high efficiency plant technologies
- the integration of energy needs through the extensive adoption of renewable sources
- the use of Cradle-to-Cradle certified materials, following an approach linked to the circular economy
- the design of the new building that can be converted into alternative functions, inspired by the holistic concept of flexibility
- the integration of “nature” in spaces (Biophilia), with a landscape design that integrates plants, shrubs, green areas

ENABLING TECHNOLOGIES

Corso Como Place also represented the project on which to test the application of a series of new technologies that could speed up the process of development and enhancement of the property, and future management support.

The technologies adopted have therefore been manifold, starting from the adoption of digital design tools on the BIM ("Building Information Modelling") platform, the integration of new "Internet of Things" (IoT) sensors for the collection of data inside of the occupied spaces, the adoption of a cloud platform for data collection and analysis and the possibility that API (Application Program Interface) can be developed.

SOCIAL BENEFITS

The building, although located near quality urban spaces, was lacking green areas and quality pedestrian paths and presented several obstacles to pedestrian mobility, etc.

The development therefore envisaged the creation of large outdoor surfaces, with green areas, calm spaces and rest areas for pedestrians, preferring pedestrian mobility rather than vehicular mobility.

In the spirit of promoting people's health and well-being, the project also includes the integration of spaces for bicycle storage, changing rooms equipped with lockers and showers.


Milan - **CORSO COMO PLACE** - Construction site

MONTE ROSA: AN INNOVATIVE APPROACH TO REDUCING CONSUMPTION

With a commercial area of approximately 20,000 sqm, Monte Rosa is a sizeable asset which was acquired by COIMA RES in 2017. The complex is located in the semi-central commercial district of Milan, Lotto / CityLife and is well connected to the underground network.

The investment envisages a short-medium term enhancement plan aimed at both the leasing of the vacant surfaces and spaces that could be vacated in the coming years and the potential recovery of previously authorised surfaces.

During the first years of managing the property, two fundamental drivers were identified:

- reduction in management costs, also because some lease agreements provide for a maximum ceiling on maintenance costs.
- increase the useful life of the mechanical, electrical and plumbing plants

EXPERIMENTAL APPROACH TO DATA USE

In order to improve the management of the property and achieve the illustrated objectives, an experimental approach has been applied to analyse the performance data of the properties in detail, identifying any waste and optimizing management.

The insights carried out exceed the already proven data analysis techniques and are aimed at identifying management problems and identifying the best applicable solutions.

MAIN SOLUTIONS	OUTCOME
ENERGY CONSUMPTION	
Relamping of the garage with replacement of fluorescent lamps with LED lamps	Reduction equal to 24,000 kWh / year of electricity
BMS plant maintenance and optimization of plant switch-on times	Reduction equal to 200,000 kWh / year of electricity Reduction equal to 27,800 m³ of natural gas
Chemical washing and air conditioning efficiency works	
WATER CONSUMPTION	
Restoration of a leak in the fire extinguishing circuit	Reduction equal to 2,600 m³ / year of water
Irrigation system restoration	
ANNUAL SAVINGS	**Euro 66,000**

APPENDIX – EPRA TABLES

ENVIRONMENTAL PERFORMANCE OF COIMA RES' PORTFOLIO

The COIMA RES portfolio experienced in 2019 an increase in the degree of diversification of tenants and properties, in particular through the sale of a 50% stake in the Vodafone complex and the acquisition of the Microsoft and Philips headquarters.

Thanks to the active approach on property management and a careful management of natural resources, the COIMA RES portfolio achieved significant improvements in terms of consumption and CO2 emissions in 2019, particularly apparent when analysing data on a like for like basis.

Total electricity consumption is estimated to have been reduced by 6% reduction on a like for like basis, mainly due to savings on the bank branches portfolio and on the Deruta and Monte Rosa properties. On a total portfolio basis, electricity consumption increased by 9% in 2019 vs 2018 given that the above-mentioned savings, coupled with the reduction related to the Vodafone complex (related to the sale of the 50% stake) and related to the Eurcenter property (sold at the end of 2018) have been absorbed by a higher electricity consumption by the Tocqueville property (which contributed for the full year in 2019 and only

INDICATORS	EPRA	UNIT OF MEASURE	OFFICES				
			2018	COVERAGE	2019	COVERAGE	CHANGE
Total electricity consumption	Elec-Abs	annual MWh - tenant	15,034	90%	14,620	65%	-3%
		annual MWh - landlord	3,372	100%	4,994	100%	48%
		annual MWh - total	18,407	91%	19,614	68%	7%
		% from renewable sources	3%	100%	23%	100%	20%
Like-for-like electricity consumption	Elec-LFL	annual MWh - tenant	8,662	100%	8,484	82%	-2%
		annual MWh - landlord	2,701	100%	2,339	100%	-13%
		annual MWh - total	11,363	83%	10,823	85%	-5%
Total energy consumption from district heating and cooling[1]	DH&C-Abs	annual MWh	n.a.	100%	n.a	100%	n.a.
		% from renewable sources	n.a.		n.a.		n.a.
Like for like consumption from district heating and cooling	DH&C-LFL	MWh	n.a.	100%	n.a.	100%	n.a.
Total energy consumption from fuel	Fuels-Abs	annual MWh	16,470	76%	13,575	100%	-18%
		% from renewable sources	0%	100%	0%	100%	0%
Like-for-like consumption from fuel	Fuels-LFL	annual MWh	10,593	100%	10,022	100%	-5%
Building energy intensity[2]	Energy-Int	KWh/m^2	298	94%	339	83%	14%
Direct GHG emissions (total) Scope 1[3]	GHG-Indir-Abs	tCO_2e	3,372	76%	2,815	100%	-17%
Indirect GHG emissions (total) Scope 2[3]	GHG-Dir-Abs	tCO_2e (location based)	5,824	91%	6,206	68%	7%
Building GHG emissions intensity[2]	GHG-Int	tCO_2e/m^2	0.079	94%	0.092	83%	17%
Total water consumption[4]	Water-Abs	m^3	45,927	50%	60,999	69%	33%
Like-for-like water consumption	Water-LFL	m^3	36,569	55%	27,929	55%	-24%
Building water consumption intensity[2]	Water-Int	m^3/m^2	0.39	50%	0.62	69%	59%
Weight of waste by disposal route (total)[5]	Waste-Abs	tons	1,605	100%	1,325	100%	-17%
		% recycled	58%		62%		7%
Weight of waste by disposal route (Like-for-like)	Waste-LFL	tons	881	100%	881	100%	0%
		% recycled	60%		60%		0%
Type and number of assets certifies	Cert-Tot	% of sqm of the portfolio	53%	100%	61%	100%	8%

Note: The data above refers to the COIMA RES asset in the portfolio at December 2019, except for Telecom Portfolio. This was excluded from the reporting scope due to the limited relevance in terms of smq of the portfolio and because its purchased was completed in September 2019. In the 2019, the Pavilion building has been included in the reporting scope while it was excluded in the 2018. The reporting scope and the date have been weighed on the COIMA RES ownership rate (also for 2018 data that has been recalculated).

Consumption data (except waste) have been provided by the Property Managers and includes directly purchased electricity, natural gas or water. In addiction, it was also possible to report electricity consumption directly purchased by the tenants. The area considered in the calculation is the gross, ie including common areas and parking lots, for which COIMA RES is accountable. The Like-for-Like indicators were calculated considering the same perimeter of 2018 and 2019 (thus excluding sales and acquisitions) and not considering the occupancy rate of the buildings but considering the change in the ownership rates. Based on homogeneity needs, bank branches water consumptions was excluded.

Coverage: the coverage level - expressed as a percentage - is given by the ratio between square meters covered by the indicator with respect to the total square meters owned by the portfolio, where the consuption was actually present. In particular, the coverage represented in relation to Offices, Retail and Others, is calculated with to the corresponding square meters of the different asset typology considered. Information related to the building certification was calculated in relation to the total square meters of properties in the portfolio at 31 December 2019.

Level of estimation: The data was collected with the contribution of the Property Managers. It has been necessary to estimate the district heating consumption (100% estimate level, based

partially in 2018) and by the Microsoft and Philips headquarters (acquired at the end of 2019).
It is also estimated that consumption of natural gas and oil decreased by 19% in 2019 compared to 2018, mainly thanks to the sale of a 50% share in the Vodafone complex but also thanks to lower consumption recorded on the Deruta and Monte Rosa properties and on the bank branches portfolio. The consumption of natural gas and oil has decreased by 8% on a like for like basis.
The energy intensity of the portfolio is estimated to have decreased by 7% in 2019 on a like for like basis thanks to the aforementioned savings in electricity, natural gas and oil consumption.
In line with the trend recorded in consumption, the intensity of CO2 emissions also decreased by about 6% on a like for like basis.
Drinking water consumption also decreased by 28% on a like for like basis in 2019, mainly thanks to the contribution of the Gioiaotto, Deruta and Monte Rosa properties.

RETAIL					OTHER					PORTFOLIO					STIMA
2018	COVERAGE	2019	COVERAGE	CHANGE	2018	COVERAGE	2019	COVERAGE	CHANGE	2018	COVERAGE	2019	COVERAGE	CHANGE	
2,950	99%	2,828	96%	-4%	123	91%	1,059	94%	762%	18,107	92%	18,508	76%	2%	37%
186	100%	99	100%	-47%	251	100%	214	100%	-15%	3,809	100%	5,306	100%	39%	
3,136	99%	2,927	96%	-7%	374	91%	1,273	95%	240%	21,917	93%	23,814	78%	9%	
5%	100%	2%	100%	-3%	0%	100%	22%	100%	22%	3%	100%	21%	100%	17%	
2,666	100%	2,382	96%	-11%	123	100%	117	92%	-5%	11,451	100%	10,983	88%	-4%	43%
50	100%	42	100%	-16%	251	100%	210	100%	-16%	3,002	100%	2,591	100%	-14%	
2,716	98%	2,424	97%	-11%	374	95%	327	100%	-13%	14,452	89%	13,574	90%	-6%	
209	100%	209	100%	0%	n.a.	100%	n.a.	100%	n.a.	209	100%	209	100%	0%	100%
0		0		0%	n.a.		n.a.		n.a.	0		0		0%	
209	100%	209	100%	0%	n.a.	100%	n.a.	100%	n.a.	209	100%	209	100%	0%	100%
2,693	48%	1,969	83%	-27%	0	100%	0	100%	0%	19,162	65%	15,545	96%	-19%	27%
0%	100%	0%	100%	0%	0%	100%	0%	100%	0%	0%	100%	0%	100%	0%	
1,888	100%	1,505	87%	-20%	0	100%	0	100%	0%	12,481	100%	11,526	97%	-8%	33%
139	99%	134	96%	-3%	41	91%	88	95%	114%	244	95%	264	67%	8%	27%
551	48%	407	83%	-26%	0	100%	0	100%	0%	3,923	65%	3,222	96%	-18%	37%
992	99%	926	96%	-7%	138	91%	118	95%	-14%	6,934	93%	7,535	78%	9%	
0.037	99%	0,037	96%	-1%	0.015	91%	0.028	95%	83%	0.065	95%	0.072	76%	12%	
2,866	25%	35,555	63%	1140%	6,821	100%	4,105	100%	-40%	55,614	48%	100,659	71%	81%	20%
1,364	8%	719	8%	-47%	6,821	100%	3,594	100%	-47%	44,754	50%	32,241	50%	-28%	25%
0.12	25%	1.87	63%	1484%	0.92	100%	0.32	100%	-65%	0.37	48%	0.78	71%	107%	20%
80	28%	79	17%	-1%	n.a.	n.a.	n.a.	n.a.	n.a.	1,012	77%	1,405	70%	39%	100%
55%		60%		8%	n.a.		n.a.		n.a.	58%		62%		7%	
67	15%	67	15%	0%	n.a	n.a.	n.a.	n.a.	n.a.	949	64%	949	64%	0%	100%
58%		58%		0%	n.a.		n.a.		n.a.	59%		59%		0%	
12%	100%	9%	100%	-3%	84%	100%	88%	100%	4%	45%	100%	51%	100%	6%	0%

on 2018 consumption) and the waste products (100% estimate level), tenant energy consumption for Gioiaotto, Corso Como Place, Vodafone complex and Toqueville and also Vodafone complex's consumption of natural gas.
n.a. = not applicable
1. Consumption related to district heating and district cooling systems refers exclusively to one Deutsche Bank branch.
2. Energy intensities, carbon intensity and water intensity have been calculated using impact data (energy consumption, total emissions and water consumption) as numerator, and the surface area in square meters owned (net of parking lots) as a denominator. The efficiency indicators have been distinctly calculated by type of building (offices, retail and other) and also for the entire portfolio.
3. The CO_2 conversion factors are published by ISPRA (updated to 2019)
4. 2019 Water consumption refers to the following properties: Toqueville, Pavilion, Gioiaotto, Deruta, Monte Rosa, Corso Como Place, Microsoft, Philips and some Deutsche Bank branches. The water consumption of Vodafone complex has been estimated.
5. COIMA RES does not monitor the waste, whose disposal is managed directly by the Municipalities. The average coefficients (kc and kd) made available by the Municipalities and the respective average percentages of separate collection were used for the calculation.

APPENDIX – EPRA TABLES
COIMA RES' SOCIAL AND GOVERNANCE PERFORMANCE

COIMA RES continued to display a positive performance on social aspects in 2019, considering the average hours of training delivered to its employees, the formal performance appraisal process applied to all employees, the consistency in the employee basis (with no resignations over the last three years), no injuries recorded (both at an employee basis and at an asset basis) and a low incidence of absenteeism.

INDICATORS	EPRA	SCOPE	UNITS OF MEASURE	2018	2019	COVERAGE
Gender diversity	Diversity-Emp	COIMA RES	% of employees	Men - 80%	Men - 70%	100%
				Women - 20%	Women - 30%	
			% of women in governance body	22%	33%	
Gender pay [1]	Diversity-Pay	COIMA RES	%	n.a.	n.a.	100%
Training and development	Emp-Training	COIMA RES	Avarage hours	45	29	100%
Performance appraisals	Emp-Dev	COIMA RES	% of total workforce	100%	100%	100%
New hires	Emp-Turnover	COIMA RES	Total number	0	1	100%
			%	0%	17%	
Turnover			Total number	0	1	100%
			Rate	0%	17%	
Rete of frequency of accidents	H&S-Emp	Corporate operations	Per hours worked	0	0	100%
Lost day rate		Corporate operations	Per hours worked	0	0	
Absentee rate		Corporate operations	Days per employees	9	5	
Fatalities		Corporate operations	Total number	0	0	
H&S impact assessment [2]	H&S-Asset	Office portfolio	% of assets	100%	100%	100%
		Retail portfolio		n.a	n.a.	
		Other portfolio		n.a.	n.a.	
Number of irregularities [3]	H&S-Comp	Office portfolio	Total number	0	0	100%
		Retail portfolio		n.a.	n.a.	
		Other portfolio		n.a.	n.a.	
Community involvement	Comty-Eng	Office portfolio	% of assets	0%	0%	100%
		Retail portfolio		0%	0%	
		Other portfolio		0%	0%	
Board composition	Gov-Board	Corporate operations	Total number of Executive members	1	1	100%
			Total number of Independent members	7	7	
			Avarage tenure[4]	1	1	
			Total number with competencies relating to environmental and social topics	4	5	
Appointment and selection of the highest governacne body	Gov-Select	Corporate operations	See note	(5)	(5)	100%
Conflict of interest	Gov-Col	Corporate operations	See note	(6)	(6)	100%

Note: 1. In 2019, COIMA RES has six employees with different roles and responsibilities. The salary Differential therefore cannot be calculated. **2.** COIMA RES has direct responsibility over health and safety for 4 buildings used as offices (Microsoft, Philips, Gioiaotto, Monte Rosa, Toqueville and Corso Como Place building B). With respect to these, an H&S assessment was conducted by COIMA RES H&S representative. As for the other buildings in the portfolio, these are not considered within this reporting perimeter since the responsibility on health and safety is a completely a tenant responsibility. **3.** It has been considered an irregularity, non-conformity detected during the H&S assessment on the buildings. **4.** In relation to the mandate, please note that the Board of Directors was elected in April 2019. **5.** The prerequisites that guided COIMA RES in the definition and consolidation of its governance were: integrity and independence, transparency, respect of the rules, corporate sustainability and control structure. For COIMA RES it is essential to operate with an adequate governance to convey a message of maximum transparency outside the company, required to obtain the total trust of current and future shareholders. The members of the Board of Directors have been selected on the basis of the following criteria: - majority of independent (7 out of 9) and only 1 executive; completeness and complementarity of professional skills, at least 30% of the positions reserved for gender less represented. Furthermore, the Company has determined that the maximum number of director or statutory auditor positions in other listed companies cannot exceed the threshold of 6. Therefore, it is understood that, also due to the commitment required, in relation to the position of Chief Executive Officer, the same cannot be assumed by a person with the same position in another company listed in a regulated market. **6.** The company has put in place a procedure (which is available to the public) to describe how to handle possible transactions with related parties, In particular, each Director notifies the Company of any role or interest he or she may have in other businesses. This information is public and set forth in the corporate governance report published annually on COIMA RES website. As required by law, COIMA RES has set up a Related Parties Committee (hereinafter the "Committee") composed exclusively of independent directors. The Committee issues a non-binding opinion for the Board of Directors in the case of transactions with related parties. The Committee assesses the interest of COIMA RES in completing the transaction, as well as the convenience and substantial correctness of the conditions applied. If the Board of Directors does not agree with the Committee's proposal, the issue is brought to the attention of the Shareholders Meeting.

COIMA RES' governance structure is in line with the requirements of listed Italian companies and with international best practices.

The composition of top management remained unchanged in 2019 compared to 2018. The number of independent Board members (7 out of 9) remained constant in 2019, while the degree of gender diversity increased in 2019 with the number of women directors growing from 2 members, or 22% of the total, to 3 members, or 33% of the total.

The year 2019 saw an intense work by all the corporate bodies of COIMA RES, primarily the Board of Directors (which met 12 times in 2019), but also the Investment Committee, the Remuneration Committee, the Control and Risks and Related Parties Committee, the Board of Statutory Auditors, and external consultants (Internal Audit & Compliance, Risk Manager, Supervisory Body and Independent Auditors).

Please refer to Section 3 of the annual report for more details.

Milan - **COIMA HEADQUARTERS** - Interior

APPENDIX – EPRA TABLES

COIMA RES HEADQUARTER

INDICATORS	EPRA	UNIT OF MEASURE	COVERAGE	COPERTURA	2019	COVERAGE	CHANGE
Totale energy consumption[1]	Elec-Abs	kWh	11,921	100%	7,593	100%	-36%
		% from renewable sources	100%		100%		0%
Consumption of energy from district hearting and cooling	DH&C-Abs	kWh	n.a.	100%	n.a.	100%	n.a.
		% from renewable sources	n.a.		n.a.		n.a.
Total fuel consumption	Fuels-Abs	kWh	0	100%	0	100%	0%
		% from renewable sources	0%		0%		0%
Energy intensity of buildings	Energy-Int	kWh/m²	65	100%	41	100%	-36%
Direct greenhouse gas emissions (total) Scope 1	GHG-Dir-Abs	tCO_2e	0	100%	0	100%	n.a.
Indirect greenhouse gas emissions (total) Scope 2	GHG-Indir-Abs	tCO_2e (market based)	3,77	100%	2,40	100%	-36%
Intensity of greenhouse gas emissiosn of the buildings	GHG-Int	tCO_2e/m^2	0.02	100%	0.01	100%	-34%
Total water consumption[2]	Water-Abs	m³	66	100%	79	100%	20%
Building water consumption intensity	Water-Int	m³/persons	13	100%	13	100%	0%
Weight of waste by disposal route[3]	Waste-Abs	ton	2.47	100%	2.47	100%	0%
		% recycled	60%		62%		3%
Type and number of certified properties	Cert-Tot	% sqm. of portfolio	100%	100%	100%	100%	0%

Note:
1. Data on total energy consumption do not include consumption in common areas of the building.
2. Data on water consumption have been estimated assuming an average consumption of 60 liters / day per person for 220 working days. In 2018, COIMA RES employees were five, in 2019 six
3. COIMA RES does not monitor the waste, whose disposal is managed directly by the Municipality of Milan. The average coefficients (kc and kd) provided by the Municipality and the average percentage of separate collection were used for the estimation.

Milan - **COIMA HEADQUARTERS** - Façade

SUSTAINABILITY OBJECTIVES

UPDATE OF EXISTING SUSTANABILITY OBJECTIVES

ESG	TOPIC	OBJECTIVE	STATUS	COMMENT
E	**Responsible investments**	Set a long-term environmental performance target that covers energy, greenhouse gas emissions, water and waste by 2020 by 2030.	PC	In the determination phase, activity mainly linked to the renovation plans of the properties expected in the next 5 years
E	**Certification of properties**	Obtain sustainability certification for 50% of the assets under direct management for at least 2 years, by 2020	C	As of December 31st, 2019, 56% of COIMA RES's portfolio is LEED certified. We plan to achieve the LEED Gold certification also for the Corso Como Project which would bring to 64% the portion of the portfolio certified.
		Achieve certification to the Well Building Standard for one asset under management by 2020	PC	The realization of the Corso Como project will be completed in 2020.
		Commit to procuring 100% renewable energy across our directly managed assets by 2020.	C	All electrical power supply contract of the buildings directly managed have been transfered to a 100% renewable energy production.

ESG	TOPIC	OBJECTIVE	STATUS	COMMENT
S	**Stakeholder engagement**	Develop a green procurement guide for property managers to promote more sustainable procurement practices across our supply chain by 2019	PC	A green procurement policy has been developed and will be presented for approval to the BoD in 2020
S	**Tenant satisfaction and quality services**	To develop, in collaboration with the Pan European Think Tank, a specific market investigation into the requirements of office tenants, with particular attention to generational changes and future trends	C	Activities completed during the year and results available on the COIMA RES website.
		Continuously involve existing and new tenants to develop responses and solutions to the feedback collected with the annual survey on tenant satisfaction.	C	Ongoing dialogue with tenants
G	**Transparency in governance**	Maintain the EPRA Gold Award for the annual financial and sustainability report	C	COIMA RES has received from EPRA in 2019, and for the third year in a row, the Gold Award for its financial and sustainability report.
G	**Economic performance**	Develop key performance indicators to track the economic value created from sustainability initiatives by 2019	PC	The wider development of KPI evaluation of ESG performance is underway through the application of COIMA Roots, a framework developed to measure and analyse ESG impacts

OBJECTIVES FOR 2020

ESG	TOPIC	OBJECTIVES FOR 2020
E	**Responsible investments**	Set a long-term environmental performance target that covers energy, greenhouse gas emissions, water and waste by 2020 by 2030
	Certification of properties	Obtain sustainability certification for 50% of the assets under direct management for at least 2 years, by 2020
		Achieve certification to the Well Building Standard for one asset under management by 2020
		Develop, in collaboration with the Pan European Think Tank, a strategic analysis on the portfolio decarbonization
S	**Stakeholder engagement**	Develop a meeting plan with property owners to analyse the ESG performance of the spaces and identify possible common initiatives to reduce the environmental impact
	Tenant satisfaction and quality services	Develop, in collaboration with the Pan European Think Tank, a specific market investigation into "tenant engagement" activities with particular reference to the decarbonisation of the real estate portfolio
		Continuously involve existing and new tenants to develop responses and solutions to the feedback collected with the annual survey on tenant satisfaction
G	**Transparency in governance**	Maintain the EPRA Gold Award for the annual financial and sustainability report
	Economic performance	To develop the COIMA Roots matrix for the properties under management and for development projects, for measuring ESG performances

METHODOLOGY

The COIMA RES Sustainability Report is aligned with the "European Public Real Estate Association's Sustainability Best Practice Reporting guidelines" (EPRA sBPR) - updated September 2017 - and is also inspired by the GRI Standards published by the Global Reporting Initiative in 2016.
The contents of the Sustainability Report have been prepared following the reporting principles referred to in the applied guidelines and using the so-called materiality principle to identify the main topics to be included.

REPORTING PROCESS AND PERIMETER

The data and information contained in the Sustainability chapter refer to 2019: the information was collected from the main corporate functions and from the various Property Managers.

ANALYSIS PERIMETER

The perimeter of the sustainability performance reported in this Sustainability Report includes all the properties included in the COIMA RES Portfolio at December 31st, 2019, and in detail:

- Bank branches
- Vodafone complex
- Gioiaotto
- Corso Como Place – Building B
- Deruta
- Monte Rosa
- Tocqueville
- Pavilion
- Philips
- Microsoft

It should be noted that the Vodafone complex is 50% owned by COIMA RES as of 31.12.2019 and that the ownership of COIMA RES of the Corso Como Place project is equal to 36%. The minority stake in the Telecom Portfolio, acquired in September 2019, is excluded from the reporting perimeter. This exclusion is justified by the modest relevance of the stake with respect to the entire COIMA RES portfolio, both in terms of square meters and in terms of the value of the stake. The total commercial area included in the reporting perimeter is equal to 149,000 sqm.

COIMA RES HEADQUARTERS

In compliance with the EPRA sBPR guidelines, the environmental data of the company headquarters located in Piazza Gae Aulenti, 12, have also been reported.


Milan - **PHILIPS** - Façade

05

FINANCIAL REVIEW

THE SOLID FINANCIAL RESULTS ACHIEVED IN 2019 ARE THE RESULT OF THE PORTFOLIO RISK REDUCTION ACTIVITY

LTV
EQUAL TO
38.8%

EPRA NAV
FOR SHARE
12.29 EURO

CFO REPORT

"In 2019, management continued to improve its portfolio and reduce risks and concentration, achieving results that confirm the Company's solidity and its ability to produce sustainable income"

Fulvio Di Gilio
CFO of COIMA RES

The Company has focused on investment activities aimed at improving portfolio quality, reducing concentration and making profitability more than satisfactory with a low/moderate level of risk. In fact, in 2019 a 50% stake in the Vodafone real estate complex was sold, reducing the risk of concentration on the property and the tenant, and two new properties were acquired in primary areas of Milan with very attractive yields and with tenants of primary standing. Asset management activities have further contributed to making the portfolio of higher quality with a significant reduction in the already low vacancy level.
The activities briefly described have led to the following results.

(Million Euro)	2019	2018
Gross rents	37.3	36.3
Net real estate operating costs	(3.9)	(4.0)
NOI	33.4	32.3
Other revenues	0.0	5.6
G&A costs	(8.7)	(8.6)
Other costs	(0.2)	(2.4)
Non-recurring overheads	(1.1)	(1.9)
EBITDA	23.5	25.0
Net value adjustments	(0.3)	(1.1)
Fair value adjustment	10.5	28.3
EBIT	33.7	52.2
Financial income	0.3	0.0
Other income and expenses	10.4	2.4
Financial charges	(7.0)	(6.3)
Non-recurring financial charges	(2.7)	0.0
Result before taxes	34.7	48.3
Taxes	0.0	0.0
Result after taxes	34.7	48.3
Minority interests	(2.7)	(2.0)
Group result	32.0	46.3
EPRA adjustments[1]	(18.0)	(31.2)
EPRA Earnings	14.0	15.1
EPRA Earnings per share	0.39	0.42
FFO	14.1	22.0
FFO adjustments[2]	3.6	(4.3)
Recurring FFO	17.6	17.7
Recurring FFO per share	0.49	0.49

1 It mainly includes property revaluations and gains from the sale of properties.
2 It mainly includes sundry non-recurring costs.

RESULTS ACHIEVED IN THE YEAR ENDED DECEMBER 31ST, 2019

The year 2019 closed with a Group net profit of Euro 32.0 million.

Net Operating Income (hereinafter also referred to as "NOI") is equal to Euro 33.4 million, an increase of Euro 1.1 million compared to December 31st, 2018, and represents 89.6% of rents. This percentage is an increase of 50 bps compared to the figure at December 31st, 2018.

NOI include the rentals accrued on the Deutsche Bank portfolio, the rentals accrued on the Vodafone property complex, the rentals accrued on Gioiaotto, the rentals accrued on the property located in Milan, via Deruta 19, the rentals accrued on the property located in Milan, via Monte Rosa 93, the rents accrued on the property located in Milan, via de Tocqueville 13, the rents accrued on the Pavilion from 1 February 2019, the rents accrued on the property located in Viale Sarca from 30 September 2019 and the rents accrued on the property located in Viale Pasubio from 10 December 2019.

Net real estate operating costs mainly relate to property ownership taxes, property management costs and operating and maintenance expenses attributable to COIMA RES.

G&A costs include management fees, expenses for employees, corporate governance and control functions as well as consultancy, audit, IT, marketing, communication and other costs.

Recurring overheads are down 5% due to the general savings activities carried out by management.

The change in the fair value of the proprietary portfolio, equal to Euro 10.5 million, down by Euro 17.8 million compared to 31 December 2018, mainly due to the revaluation of the Pavilion in 2018, is based on the reports of the Independent Experts CBRE Valuation S.p.A., Praxi and Duff & Phelps. This change is attributable for Euro 3.5 million to the Vodafone complex, for Euro 3.9 million to Gioiaotto, for Euro 0.6 million to Monte Rosa, for Euro 3.2 million to the Pavilion, for Euro 0.7 million to Tocqueville, for Euro 2.8 million to the Microsoft and Philips properties net of write-downs of Euro 2.7 million relating to the property located in Milan, via Deruta 19 and for Euro 1.5 million to the Deutsche Bank portfolio.

The revaluation of the portfolio is driven by market dynamics that show a compression of property yields but also an upward trend in rents, partially offset by a review of inflation estimates for future years.

Financial charges relate to loans outstanding at the date of these consolidated financial statements, remunerated at an all-in cost of approximately 2%, including hedging costs. Recurring financial charges increased by Euro 0.7 million due to an increase in average debt, also in consideration of the acquisitions made, compared to the same period of the year. Non-recurring financial expenses, amounting to Euro 2.7 million, refer to the early repayment of the debt in June 2019 for the Vodafone transaction (of which only 50% pertaining to COIMA RES).

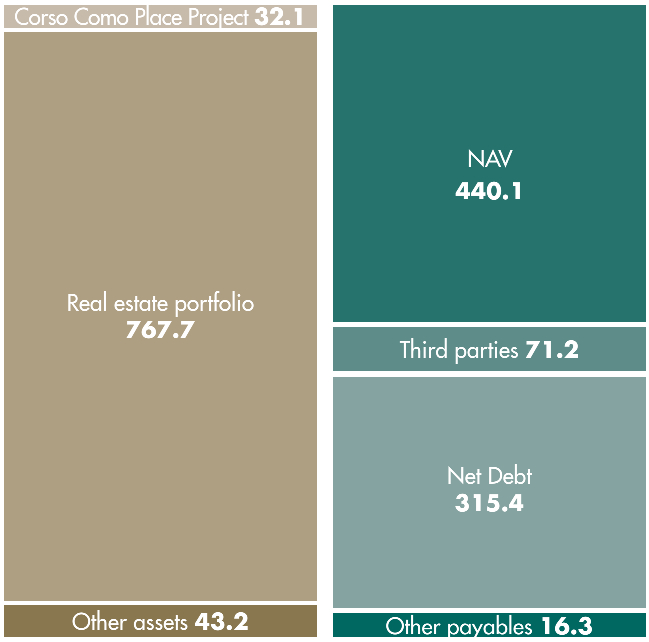
Earnings per share amounts to Euro 0.89 and is calculated, based on IFRS accounting principles, taking into account the average number of shares outstanding during the year. EPRA Earnings, reduced by the effect of the items subject to estimate, amounts to Euro 14.0 million (Euro 0.39 per share), slightly down from 31 December 2018 due to the sale of a stake in the Vodafone property and the recurring FFO is Euro 17.6 million (Euro 0.49 per share), substantially in line with the result recorded at December 31st, 2018.

Investment property, equal to Euro 767.7 million as of December 31st, 2019, increased by Euro 144.2 million due to acquisitions of Euro 158.3 million, reclassifications to non-current assets held for sale of Euro 23.5 million, disposals of Euro 1.3 million, capex of Euro 0.3 million and net revaluations of Euro 10.4 million.

Investments in associates increased by Euro 12.2 million and mainly include the investment in the Porta Nuova Bonnet Fund for Euro 32.1 million and the investment in Co-Investment 2SCS, 33% owned by COIMA Core Fund VI, for Euro 1.5 million. The increase is mainly due to the recall of commitments and the result for the period of the Porta Nuova Bonnet Fund.

The value of the interest rate caps is Euro 0.2 million, down Euro 0.7 million compared to December 31st, 2018 due to the partial closure of a derivative following the repayment of the loan relating to the Vodafone complex, net of fair value adjustments. The Company, in consideration of the positive outcome of the effectiveness tests, has accounted for these instruments in accordance with the hedge accounting principle.

Balance sheet as at December 31st, 2019 (€/million)



Non-current financial receivables amount to Euro 1.6 million and relate to loans granted by the subsidiary MHREC Sarl to the associate company Co-Investment 2SCS.

Cash and cash equivalents decreased by Euro 39.5 million mainly due to the acquisitions of Philips and Microsoft properties net of the sale of 50% of the Vodafone property and a new line of financing from the COIMA CORE Fund VI.

The increase in non-current assets held for sale, amounting to Euro 24 million, refers to a portfolio of 11 Deutsche Bank branches for which preliminary sales agreements were signed during 2019. The sales will be completed in the first half of 2020.

The Company's consolidated net financial indebtedness amounted to Euro 315.4 million at December 31st, 2019, an increase of Euro 106.3 million due to new consolidated loans following the acquisitions of the Philips and Microsoft properties and a new loan signed by a fund to finance the above acquisitions, net of repayments made during 2019 mainly for the VAT line relating to the acquisition of the Pavilion property.

As of today's, date, net LTV is 38.8% and the Company's target is to have a structural level of leverage below 40%.

Payables to non-current lenders refer to the debt arising from the application of the new international standard IFRS 16 on leases. In particular, the amount due to the owners of properties leased by the Group for the number of years for which the property is expected to be used is recorded.

Derivative financial instruments increased by Euro 0.9 million due to the change in their fair value. The value at December 31st, 2019 was Euro 1.9 million and was recognized in accordance with hedge accounting principles.

Trade payables and other non-current payables increased by Euro 0.1 million due to higher guarantee deposits. This item also includes the fair value of the financial instrument issued by the Company and acquired by management for an amount of Euro 1.0 million.

The provisions for risks and charges include the present value, amounting to Euro 0.4 million, of a long-term benefit provided to the Chief Executive Officer.

Trade payables and other current payables increased by Euro 704,000 due to payables to promissory purchasers for Euros 3.502 thousand (relating to the sale of 11 Deutsche Bank branches to be closed by June 2020), higher provisions at the end of the period for Euro 74 thousand, higher accrued expenses and deferred income for Euro 190 thousand, higher other payables for Euro 36 thousand, net of lower charges relating to personnel and social security institutions for an amount of Euro 9 thousand and lower payables to suppliers also and above all for the payment of the fair value of the financial instrument set aside in 2018 and amounting to Euro 1,531 thousand. The Group's shareholders' equity amounts to Euro 440.1 million, an increase of Euro 21.4 million compared to December 31st, 2018, due to profits accrued for Euro 32.0 million and distribution of dividends and interim dividends for a total of Euro 10.1 million and other changes for Euro 0.5 million. The NAV per share of Euro 12.19 shows an increase of 4.8% during 2019 and 24.9% compared to the theoretical value at the IPO.

The Company has the following loans in place:

(THOUSANDS OF EURO)	December 31st 2019	Expiry date	Rate	% hedging
Deutsche Bank branches	37,945	July 16th, 2023	Eur 3M + 180 bps	100%
Monte Rosa, Tocqueville	50,549	July 16th, 2023	Eur 3M + 160 bps	98%
Pavilion	26,664	October 31st, 2023	Eur 6M + 150 bps	93%
Gioiaotto	47,640	March 31st, 2022	Eur 3M + 150 bps	80%
Deruta	19,859	January 16th, 2022	Eur 3M + 160 bps	80%
Vodafone	125,841	June 27th, 2024	Eur 3M + 180 bps	80%
Philips	25,016	November 1st, 2022	Eur 3M + 175 bps	80%
Microsoft	22,745	December 21st, 2020	Eur 6M + 205 bps	100%

DIVIDEND POLICY

COIMA RES intends to offer its shareholders a stable and sustainable dividend that is balanced with the needs arising from refurbishment activities on some of the properties in its portfolio and with potential needs arising for the acquisition of new properties.
During 2019, the Company distributed a final dividend of Euro 20 cents per share, as the balance of the Euro 10 cents interim dividend distributed in November 2018, based on the result for 2018 and an interim dividend of Euro 10 cents per share of the net result for 2019. The Company is applying a pay-out ratio in line with the minimum required by SIIQ regulations, maintaining the necessary resources to invest in an attractive market and to implement asset management activities aimed at improving the performance of the properties in its portfolio.

The Board of Directors of COIMA RES resolved to distribute to shareholders a dividend for 2019 equal to Euro 0.30 per share (Euro 10,831,967.40), in line with the dividend for 2018. The proposed dividend (of which Euro 0.10 per share already paid as an interim dividend in November 2019) includes an amount equal to Euro 0.06 per share relating to the capital gain realised during the year on the Vodafone complex. A further dividend related to this transaction, equal to approximately Euro 0.06 per share, will be paid in 2021.

Milan - **PORTA NUOVA** - Piazza Gae Aulenti

EPRA - PERFORMANCE INDICATORS

The table below summarises the EPRA indicators of COIMA RES at December 31st, 2019.

EPRA Metrics	Definitions	31/12/2019 (Euro thousands - %)	€ per share	31/12/2018 (Euro thousands - %)	€ per share
EPRA Earnings	Recurring profits from typical operating activities.	13,979	0.39	15,060	0.42
EPRA Cost Ratio (including vacancy investment costs)	Ratio of the Company's recurring operating costs to recurring fees (including vacancy investment costs).	37.9%		46.7%[1]	
EPRA Cost Ratio (excluding vacancy investment costs)	Ratio of the Company's recurring operating costs to recurring fees (excluding vacancy investment costs).	36.4%		45.6%[2]	
EPRA NAV	Epra Net Asset Value is calculated based on equity adjusted for dilution instruments and includes investment property at fair value and excludes the fair value of other financial investments that are not long-term investments, as required by the recommendations issued by EPRA.	443,863	12.29	421,641	11.71
EPRA NNNAV	Triple Net Asset Value is the EPRA NAV adjusted to include the fair value of financial instruments, payables and deferred taxes.	438,755	12.15	415,363	11.54
EPRA Net Initial Yield	Calculated as the ratio between the initial net rent and the gross market value of the property.	4.6%		5.2%	
EPRA "topped-up" NIY	Calculated as the ratio of the stabilised net rent to the gross market value of the property.	5.3%		5.3%	
EPRA vacancy rate	Ratio of the market value of the vacant spaces to the overall market value of the portfolio.	2.0%		4.6%	

1 37.6% Excluding the impact of the 2018 financial instrument and the 2018 promotion fee.
2 36.6% Excluding the impact of the 2018 financial instrument and the 2018 promotion fee.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2019

SUB-INDEX - Chapter 5 Financial review

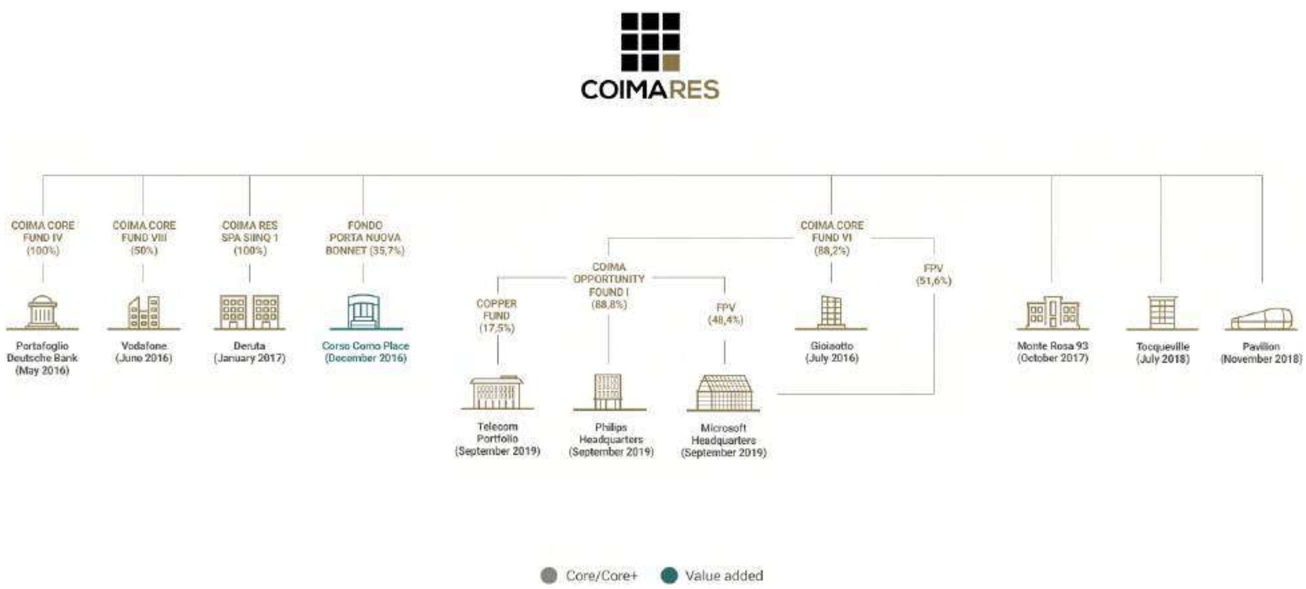
OTHER COMPANY INFORMATION

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	Key Manager (CEO)
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	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

Agostino Ardissone	Chairman
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.
[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 EY 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

DIRECTORS' REPORT

OVERVIEW OF THE CONSOLIDATED FINANCIAL RESULTS

(in million Euro)	December 31st, 2019	per share	December 31st, 2018	per share	Δ	Δ%
Total property value	767.7		623.5		144.2	23.1%
EPRA NAV	443.9	12.29	421.6	11.71	22.3	5.3%
EPRA NNNAV	438.8	12.15	415.4	11.54	23.4	5.6%
Debt position	356.4		291.3		65.1	22.3%
Cash position	42.7		82.2		(39.5)	(48.1%)
Net Loan to Value	38.8%		33.5%		5.3 p.p.	n.m.
EPRA Net Initial Yield	4.6%		5.2%		(0.6 p.p.)	n.m.
EPRA “topped-up” NIY	5.3%		5.3%		n.m.	n.m.
EPRA vacancy rate	2.0%		4.6%		(2.6 p.p.)	n.m.

(in million Euro)	December 31st, 2019	per share	December 31st, 2018	per share	Δ	Δ%
Rents	37.3		36.3		1.0	3.0%
NOI	33.4		32.3		1.1	3.5%
EBITDA	23.5		25.0		(1.5)	(6.2%)
EBIT	33.7		52.2		(18.5)	(35.5%)
Recurring FFO	17.6	0.49	17.7	0.49	(0.1)	(0.2%)
Net profit	32.0	0.89	46.3	1.28	(14.3)	(30.9%)
EPRA Earnings	14.0	0.39	15.1	0.42	(1.1)	(7.2%)
EPRA cost ratio (including direct vacancy costs) [3]	37.9%		37.6%		0.3 p.p.	n.m.
EPRA cost ratio (excluding direct vacancy costs) [3]	36.4%		36.6%		(0.2 p.p.)	n.m.
Like for like rental growth	1.0%		0.8%		-	n.m.
WALT (years)	5.3		6.2		(0.9 p.p.)	n.m.

EPRA Net Asset Value as of December 31st, 2019 amounts to Euro 443.9 million, an increase over the year of 5.3%.

The key factors affecting the NAV increase in 2019 are:

- EPRA Earnings for the period of Euro 14.0 million;
- *fair value* adjustment related to the real estate portfolio, net of minorities of Euro 18.5 million;
- reduction due to dividend payment of Euro 10.8 million;
- the capital increase relating to the payment of the coupon for the financial instrument accrued in 2018 for Euro 0.8 million.

[3] As for the amount related to 2018, non-recurring costs related to the promote fee and financial instruments for key managers are excluded. Including this impact, the EPRA Cost Ratio is 46.7% (including direct vacancy costs) and 45.6% (excluding direct vacancy costs).

The Group's net profit at December 31st, 2019 amounted to Euro 32 million, details of which are shown in the table below.

(in million Euro)	December 31st, 2019	December 31st, 2018
Rents	37.3	36.3
Net real estate operating expenses	(3.9)	(4.0)
NOI	**33.4**	**32.3**
Other revenues	0.0	5.6
G&A	(8.7)	(8.6)
Other expenses	(0.2)	(2.4)
Non-recurring general expenses	(1.1)	(1.9)
EBITDA	**23.5**	**25.0**
Net depreciation	(0.3)	(1.1)
Net movement in fair value	10.5	28.3
EBIT	**33.7**	**52.2**
Financial income	0.3	0.0
Income from investments	10.4	2.4
Financial expenses	(7.0)	(6.3)
Non recurring financial expenses	(2.7)	-
Profit before taxation	**34.7**	**48.3**
Income tax	0.0	0.0
Profit	**34.7**	**48.3**
Minorities	(2.7)	(2.0)
Profit attributable to COIMA RES	**32.0**	**46.3**
EPRA adjustments[4]	(18.0)	(31.2)
EPRA Earnings	**14.0**	**15.1**
EPRA Earnings per share	0.39	0.42
FFO	**14.1**	**22.0**
FFO adjustments [5]	3.6	(4.3)
Recurring FFO	**17.6**	**17.7**
Recurring per share	0.49	0.49

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).
At December 31st, 2019 the NOI margin is 89.6% and the current net return on the portfolio is 4.6%.

Overhead costs (G&A) include personnel costs, asset management costs, governance and control function costs as well as consultancy, audit, IT, marketing, communication and other operating costs.
The increase of Euro 0.1 million compared to December 31st, 2018 is mainly due to the increase in Asset Management fees of Euro 0.5 million (+ 13%), as they are directly linked to the increase in the Company's equity, offset by the decrease in other structural costs for Euro 0.4 million (-10%) achieved through a targeted cost reduction activities carried out by the Company during the 2019 financial year.

[4] Include mainly property revaluations and gains from the sale of real estate.
[5] Include mainly sundry non-recurring costs.

Non-recurring general expenses consist mainly of provisions for risks of Euro 0.4 million and commercial consulting and brokerage services of Euro 0.5 million.

Net value adjustments, amounting to Euro 0.3 million, mainly relate to the depreciation of tangible and intangible fixed assets and the change in inventories during the year.

The fair value adjustment of Euro 10.5 million mainly relates to the Vodafone complex and the Gioiaotto, Pavilion and Philips properties for a total amount of Euro 12.7 million, while Monte Rosa, Tocqueville and Microsoft properties were revalued for a total amount of Euro 2 million.
The item also includes the write-down of Euro 4.2 million relating to the Deutsche Bank branches and Deruta property.

Financial income, amounting to Euro 0.3 million, mainly relates to the dividends distributed by Italian Copper Fund, classified as financial assets at fair value.

Income from investments, amounting to Euro 10.4 million, mainly relate to the result of investments valued using the equity method for Euro 9.4 million and the effect of the first-time consolidation of COF I and Feltrinelli Porta Volta for Euro 1.0 million.

Financial expenses mainly refer to existing loan agreements. The item includes Euro 2.7 million in non-recurring charges related to the partial repayment of loans for Euro 129.8 million made on June 27th, 2019.

Earnings per share amounts to Euro 0.89, calculated in accordance with IAS/IFRS, considering the average number of shares outstanding during the period.

The following table summarises the Company's balance sheet including the reclassification of the investment in the Porta Nuova Bonnet fund based on proportional consolidation in order to obtain the total value of COIMA RES group real estate investments at December 31st, 2019.

(in million Euro)	December 31st, 2019	December 31st, 2018	Δ	Δ%	December 31st, 2019 Look-Through adjusted
Investment properties	767.7	623.5	144.2	23.1%	826.8
Other assets	8.1	2.9	5.2	180.2%	8.1
Investments accounted for using the equity method	33.7	21.5	12.2	56.8%	1.5
Total LT assets	**809.5**	**647.9**	**161.6**	**24.9%**	**836.4**
Trade receivables	10.0	8.2	1.7	21.0%	10.4
Cash	42.7	82.2	(39.5)	(48.1%)	43.6
Total current assets	**52.7**	**90.5**	**(37.8)**	**(41.8%)**	**54.1**
Held for sale assets	23.5	-	23.5	100.0%	23.5
Total assets	**885.7**	**738.4**	**147.3**	**20.0%**	**914.0**
Debt	340.2	291.3	48.9	16.8%	363.9
Provisions	0.4	0.2	0.3	157.2%	0.4
Other liabilities	4.2	2.1	2.1	103.3%	4.2
Trade payables	13.4	12.5	0.8	6.6%	18.1
Current Financial Debt	16.1	-	16.1	0.0%	16.1
Total liabilities	**374.4**	**306.1**	**68.3**	**22.3%**	**402.7**
Minorities	71.2	13.5	57.7	427.5%	71.2
NAV	**440.1**	**418.7**	**21.4**	**5.1%**	**440.1**
NAV per share	12.19	11.63	0.56	4.8%	12.19
Net Loan to Value	*38.8%*	*33.5%*			*38.7%*

The column called "*look-through adjusted*" includes the investment in the Porta Nuova Bonnet Fund consolidated using the proportional method only for management purposes.

Investment properties include Euro 213 million relating to the Vodafone real estate complex, Euro 193.9 million relating to the Monte Rosa, Tocqueville and Pavilion properties, Euro 69 million relating to the Deutsche Bank portfolio, Euro 47.1 million relating to Deruta, Euro 83.7 million relating to Gioiaotto and a total amount of Euro 161 million related to new acquisitions made in the last quarter of 2019, that are Microsoft and Philips properties.

Investments accounted for using the equity method increased by Euro 12.2 million, mainly due to the result for the period, which amounted to Euro 8.8 million, and to capital contributions of Euro 3.4 million requested by Porta Nuova Bonnet Fund.

Other assets consist mainly of the value of the investment in the ITALIAN COPPER FUND of Euro 4.5 million, acquired as part of the transaction relating to COF I (described in the following paragraphs), derivatives of Euro 0.2

million, and financial receivables and non-current trade receivables, amounting to Euro 1.6 million, which relate to receivables relating to loans granted by the company MHREC Sarl to the associate company Co-Investment 2 SCS and from fixed assets for Euro 1.8 million.

In accordance with IFRS 16, in force since January 1st, 2019, the Group recognized as property, plant and equipment rights of use of Euro 1.3 million, which mainly represent the right to use the assets covered by lease agreements in effect at the date of these financial statements.

Trade receivables relate to the Company's normal operations.

Assets held for sale, amounting to Euro 23.5 million, relate to 11 Deutsche Bank branches sold in 2020. It should be noted that in January 2020 was completed the sale of 8 branches located in Milan, Verona, Como, Trezzano sul Naviglio and Liguria, in line with the value shown in the financial statements as at December 31st, 2019.

The Company's consolidated net financial debt at December 31st, 2019 amounted to Euro 315.4 million, an increase of Euro 106.3 million compared to December 31st, 2019 mainly due to the reduction in cash and the increase in financial debts relating to the acquisition and consolidation of COF I and Feltrinelli Porta Volta.
At December 31st, 2019 the Group's Net Loan To Value (*net LTV*) was 38.8%.

(Million of Euro)	**December 31st, 2019**	**December 31st, 2018**
(A) Cash	42.7	82.2
(B) Cash equivalent	-	-
(C) Trading securities	-	-
(D) Liquidity (A)+(B)+ (C)	**42.7**	**82.2**
(E) Current financial receivables	-	
(F) Current bank debt	(16.1)	-
(G) Current portion of non-current debt	-	-
(H) Other current financial debt	(0.5)	-
(I) Current financial debt (F)+(G)+(H)	**(16.6)**	**-**
(J) Net current liquidity (I)+(E)+(D)	**26.1**	**82.2**
(K) Non-current bank loans	(340.2)	(291.3)
(L) Bonds issued	-	-
(M) Other non-current loans	(1.3)	-
(N) Non-current financial indebtedness (K)+(L)+(M)	**(341.5)**	**(291.3)**
(O) Net liquidity (J)+(N)	**(315.4)**	**(209.1)**

Trade payables mainly include payables and invoices to be received from suppliers for a total of Euro 5.1 million (Euro 8.1 million as at December 31st 2018), deferred income of Euro 1.6 million (Euro 1.5 million as at December 31st 2018), payables to third parties for Euro 1.4 million and advances paid by buyers for the purchase and sale of Deutsche Bank branches for Euro 3 million.

Other liabilities include (i) the fair value of financial instruments, amounting to about Euro 1 million, which has not changed since December 31st, 2018 (ii) the value of hedging derivatives (IRS) for Euro 1.9 million (iii) the liability resulting from the application of IFRS 16 for Euro 1.3 million and (iv) provision for risks for Euro 0.4 million.

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.

At 31st December 2019 the average maturity of the loans is 3.4 years and the "all in" average cost of debt is about 2.0% (about 87% of the debt is covered by derivative agreements).

The Group's shareholders' equity, equal to Euro 440.1 million (NAV per share of Euro 12.19 million) increased by Euro 21.4 million compared to 31st December 2018 mainly due to the profit for the period, equal to Euro 32 million, net of dividends distributed in 2019 equal to Euro 10.8 million and the capital increase at the service of promote for Euro 0.8 million.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

Pursuant to Article 123-bis, para. 3, of Legislative Decree no. 58 of February 24th, 1998, the "Corporate Governance and Ownership Structures Report" is available on the "Governance" section of the COIMA RES S.p.A. SIIQ website (www.coimares.com).

REMUNERATION REPORT

Pursuant to Article 84-quarter, para. 1, of the Issuers' Regulations, implementing Legislative Decree no, 58 of February 24th, 1998, the "Remuneration Report" is available on the COIMA RES S.p.A. SIIQ website (www.coimares.com).

ORGANISATIONAL MODEL AND CODE OF ETHICS

On July 27th, 2016, the Board of Directors approved the code of ethics and the organizational model (as subsequently modified), as provided for by Legislative Decree no. 231/2001, and on April 17th, 2019 established the supervisory body and appointed as members Marco Lori, as Chairman, Michele Luigi Giordano and Mario Ippolito from the Carnelutti law firm.

RESEARCH AND DEVELOPMENT

COIMA RES S.p.A. SIIQ did not conduct any research and development activities during 2019.

TREASURY SHARES AND SHARES OR UNITS OF PARENT COMPANIES

At December 31st, 2019, COIMA RES S.p.A. SIIQ did not hold any treasury shares or shares in parent companies.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

With reference to the type of transactions between Group companies and related party transactions, reference should be made to Note 38 - Related party transactions.

SUBSEQUENT EVENTS

On January 15th, 2020 COIMA CORE FUND IV completed the sale of the first tranche of bank branches relating to the sale of 11 Deutsche Bank branches for a total value of Euro 23,500 thousand.
In particular, the first tranche concerns the sale of a portfolio of 8 bank branches located in Milan, Verona, Como, Trezzano sul Naviglio and Liguria for a value of Euro 13,100 thousand (56% of the total value of the portfolio to be sold).
The sale of the remaining 3 bank branches located in Milan and Verona, for a total value of Euro 10,400 thousand, will be completed by June 2020.

BUSINESS OUTLOOK

During the year, the Group focused mainly on making new investments, improving the profile of its portfolio, including through divestments, and studying further investment opportunities. These activities led to the following results:

- **increase in EPRA NAV per share**: 5.3% compared to December 31st, 2018;
- **expansion of the real estate portfolio:** from Euro 623.5 million (as at December 31st, 2018) to Euro 791.2 million (as at December 31st, 2019), with investments of Euro 158.3 million (including ancillary costs), disinvestments of Euro 1.3 million, revaluations of Euro 10.4 million and capitalisations of Euro 0.3 million;
- **increase in gross rental income:** from Euro 36.3 million (as at December 31st, 2018) to Euro 37.4 million as at December 31st, 2019;
- **moderate leverage:** Net Loan to Value equal to 38.8%.

The result of the consolidated financial statements at December 31st, 2019 attributable to COIMA RES is Euro 32 million. In view of the results reported above, the Board of Directors of the Company had the opportunity to propose to the Shareholders' Meeting a dividend of Euro 10.8 million (Euro 0.30 per share), an amount in line with the dividend paid for the fiscal year 2018. The proposed dividend includes an ordinary component of Euro 0.24 per share (of which Euro 0.10 already paid in November 2019 as interim dividend) and an extraordinary component of Euro 0.06 per share related to the Vodafone complex transaction.
The dividend was calculated based on the Parent Company's results and current regulations governing listed real estate investment companies.

The Company expects that the portfolio composed and described in the preceding pages, including the investment in Philips and Microsoft made in the last quarter of 2019, may generate additional revenues giving the Company the opportunity to increase its profits in subsequent years and to distribute further dividends to its shareholders.
Based on the foregoing, the Directors have prepared these consolidated financial statements on a going concern basis as they believe that all the elements confirming the Company's ability to continue to operate as a going concern exist.

With regard to COVID-19 epidemic in Italy, it should be noted that, at the date of publication of the 2019 annual financial report, it is not believed that the same could have significant impacts on the Company's results as the COIMA RES portfolio is highly concentrated in the office sector (85% of the value of the portfolio) with a diversified portfolio of tenants and mainly composed of multinational companies. Beyond the exposure to the office segment, it should be noted that 4% of the portfolio is represented by a property leased to a hotel operator, a sector which in any case is subject to extraordinary support measures by the Government.

SIIQ REGIME

The application of the SIIQ regime is subject to the condition that the companies concerned mainly carry out real estate leasing activities.

The prevalence should be verified based on two indices:

a) one of an asset nature: real estate owned by way of property or other right in rem used for rental activities represents at least 80% of the assets - "asset test".
b) the other income statement: in each financial year, revenues from leasing activities account for at least 80% of the positive components of the income statement - "profit test" (ratio of exempt operating income to total income).

At the date of these financial statements, the Company complies with both indices.

OTHER INFORMATIONS

Option to derogate (Opt Out) the obligation to publish a document in the event of significant transactions

Company's Board of Directors on September 14th, 2015 resolved to make use of the derogation provided for in Articles 70, paragraph 8 and 71, paragraph 1-bis of Consob Regulation no. 11971/99.

Definition of SMEs

With reference to the definition of SMEs, in Article 1, paragraph 1, letter w-quater.1) of the TUF, it should be noted that, at the date of these financial statements, the Company falls within this definition as it has a turnover of less than Euro 300 million and a market capitalisation of less than Euro 500 million, as shown in the following table:

Average cap. 2019	Average cap. 2018	Average cap. 2017	Revenues 2019	Revenues 2018	Revenues 2017	Revenues details 2019	Revenues details 2017/2018
291,593,852	289,368,398	279,022,354	37,339,943	36,260,844	34,241,625	Rents	Rents

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2019

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT/(LOSS) FOR THE YEAR

(in thousands Euro)	Notes	December 31st, 2019	*of which related parties*	December 31st, 2018	*of which related parties*
Income statements					
Rents	3	37,340		36,261	-
Net real estate operating expenses	4	(4,032)	(605)	(4,015)	(453)
Net rents		**33,308**	**(605)**	**32,246**	**(453)**
Income / (losses) from real estate disposals	5	10		5,587	-
Costs of sales		-	-	-	-
Net revenues from disposal		**10**		**5,587**	**-**
G&A expenses	6	(9,667)	(5,940)	(10,445)	(6,728)
Other operating expenses	7	(197)		(2,373)	(2,290)
Gross operating income		**23,454**	**(6,545)**	**25,015**	**(9,471)**
Net depreciation	8	(307)	(81)	(1,154)	-
Net movement in fair value	9	10,514		28,339	-
Net operating income		**33,661**	**(6,626)**	**52,200**	**(9,471)**
Net income attributable to non-controlling interests	10	9,357		2,396	-
Income / (loss)		1,050	-	-	
of which non-recurring	11	*1,050*	-	-	
Financial income	12	291		13	-
Financial expenses	12	(9,676)	(6)	(6,295)	-
Profit before tax		**34,683**	**(6,633)**	**48,314**	**(9,471)**
Income tax	13	-		-	-
Profit		**34,683**	**(6,633)**	**48,314**	**(9,471)**
Minorities		(2,710)		(2,047)	-
Profit for the Group		**31,973**	**(6,633)**	**46,267**	**(9,471)**

EARNINGS PER SHARE

(in Euro)	Notes	December 31st, 2019	December 31st, 2018
Earnings per share			
Basic, net income attributable to ordinary shareholders	14	0.89	1.28
Diluted, net income attributable to ordinary shareholders	14	0.89	1.28

CONSOLIDATED STATEMENT OF OTHER ITEMS IN THE COMPREHENSIVE INCOME STATEMENT

(in thousands Euro)	Notes	December 31st, 2019	December 31st, 2018
Profit for the year		**34,683**	**48,314**
Other comprehensive income to be reclassified to profit of the period in subsequent periods	25	(1,010)	(1,474)
Other comprehensive income not to be reclassified to profit of the period in subsequent periods		-	-
Other comprehensive income		**33,673**	**46,840**
Referable to:			
Group shareholders		31,203	44,772
Minorities		2,470	2,068
Total amount		33,673	46,840

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands Euro)	Notes	December 31st, 2019	*of which related parties*	December 31st, 2018	*of which related parties*
Assets					
Real estate investments	15	764,924	-	611,590	-
Other tangible assets	16	1,582	771	319	-
Intangible assets	16	188	-	73	-
Investments accounted for using the equity method	17	33,675	-	21,473	-
Financial assets at fair value	18	4,593	-	-	-
Non-current deferred tax assets	19	10	-	10	-
Derivatives	20	158	-	893	-
Long term financial assets	21	1,620	1,620	1,620	1,620
Total non-current assets		**806,750**	**2,391**	**635,978**	**1,620**
Inventories	22	2,780	-	11,930	-
Trade and other current receivables	23	9,958	100	8,233	46
Cash and cash equivalents	24	42,693	-	82,221	-
Total current assets		**55,431**	**100**	**102,384**	**46**
Non-current assets held for sale	15	23,500	-	-	-
Total assets		**885,681**	**2,491**	**738,362**	**1,666**
Liabilities					
Capital stock		14,482	-	14,451	-
Share premium reserve		336,273	-	335,549	-
Valuation reserve		(1,677)	-	(957)	-
Interim dividend		(3,611)	-	(3,601)	-
Other reserves		62,670	-	27,039	-
Profit / (loss) for the year		31,973	-	46,267	-
Total Group shareholders' equity	**25**	**440,110**	**-**	**418,748**	**-**
Minorities	**25**	**71,175**	**-**	**13,492**	**-**
Shareholders' equity	**25**	**511,285**	**-**	**432,240**	**-**
Bank borrowings and other non-current lenders	26	340,233	-	291,340	-
Non-current financial liabilities	27	1,301	779	-	-
Payables for post-employment benefits	28	71	-	43	-
Provisions for risks and charges	29	373	373	130	-
Derivatives	30	1,888	-	1,026	-
Trade payables and other non-current liabilities	31	1,833	998	1,705	998
Total non-current liabilities		**345.699**	**2,150**	**294,244**	**998**
Bank borrowings and other current lenders	32	16,140	-	-	-
Trade payables and other current liabilities	33	12,536	1,952	11,832	4,939
Current tax payables	34	21	-	46	-
Total current liabilities		**28,697**	**1,952**	**11,878**	**4,939**
Total liabilities		**374,396**	**4,102**	**306,122**	**5,937**
Total liabilities and shareholders' equity		**885,681**	**4,102**	**738,362**	**5,937**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands Euro)	Capital stock	Share premium reserve	Valuation reserve	Other reserves / (interim dividend)	Profit / (loss) carried forward	Profit / (loss) for the period	Total Group Shareholders' equity	Minorities	Total Shareholders' equity
Balance as of January 1st, 2018	**14,451**	**335,549**	**29**	**4,493**	**-**	**28,889**	**383,411**	**11,915**	**395,326**
Adjustments [6]	-	-	(13)	(348)	1.009	-	648	100	748
Allocation of profit for the year	-	-	-	20,373	2,034	(22,407)	-	-	-
Distribution of dividends 2017 [7]	-	-	-	-	-	(6,482)	(6,482)	(591)	(7,073)
2018 interim dividend	-	-	-	(3,601)	-	-	(3,601)	-	(3,601)
Available for sale reserve	-	-	(973)	(522)	-	-	(1,495)	21	(1,474)
Profit / (loss) for the period	-	-	-	-	-	46,267	46,267	2,047	48,314
Balance as of December 31st, 2018	**14,451**	**335,549**	**(957)**	**20,395**	**3,043**	**46,267**	**418,748**	**13,492**	**432,240**
Allocation of profit for the year	-	-	-	39,067	-	(39,067)	-	-	-
Distribution of dividends 2018 [8]	-	-	-	-	-	(7,200)	(7,200)	(1,459)	(8,659)
2019 interim dividend				(3,611)	-	-	(3,611)	-	(3,611)
Derivatives valuation	-	-	(720)	(50)	-	-	(770)	(240)	(1,010)
Capital increase	31	724	-	-	-	-	755	-	755
Change in interests in subsidiaries	-	-	-	-	215	-	215	56,672	56,887
Profit for the period	-	-	-	-	-	31,973	31,973	2,710	34,683
Balance as of December 31st, 2019	**14,482**	**336,273**	**(1,677)**	**55,801**	**3,258**	**31,973**	**440,110**	**71,175**	**511,285**

[6] The amounts relate to the effects due to the application of the new international accounting standards from January 1st, 2018.
[7] Excluding the interim dividend on 2017 results amounting to Euro 3,241 thousand, paid in November 2017.
[8] Excluding the interim dividend on 2018 results amounting to Euro 3,601 thousand, paid in November 2018.

CASH FLOW STATEMENT

(in thousands Euro)	Notes	2019	2018
Profit for the period before tax		34,683	48,314
Adjustments to reconcile the profit to net cash flow:			
Net depreciation	8	193	1,154
Severance pay	6	436	62
Net movement in fair value property	9	(10,514)	(28,339)
Net income attributable to non-controlling interests	10	(9,357)	(2,396)
Badwill	11	(1,050)	-
Financial income	12	(51)	(12)
Financial expenses	12	1,126	1,432
Net movement in fair value of financial instrument		-	755
Changes in working capital:			
(Increase) / decrease in trade and other current receivables	23	1,559	(892)
(Increase) / decrease in deferred tax assets	19	-	(1)
Increase / (decrease) in trade payables and other current liabilities	33	(2,527)	1,179
(Increase) / decrease in current tax payables	34	(25)	(22)
Increase / (decrease) in trade payables and other non-current liabilities	31	(138)	364
Other changes in working capital		-	-
Net cash flows generated (absorbed) from operating activities		**14,335**	**21,598**
Investment activities			
(Acquisition) / disposal of real estate properties	15	975	18,159
(Acquisition) / disposal of other tangible and intangible assets	16	(146)	(55)
(Increase) / decrease in financial activities		-	1,447
Purchase in subsidiaries (net of cash acquired)	11	(105,058)	-
Purchase of associated companies	17	(3,464)	(2,197)
Net cash flow generated (absorbed) from investment activities		**(107,693)**	**17,354**
Financing activities			
Shareholders' contribution / (dividends paid)	25	(10,811)	(10,082)
Dividends paid to minorities	25	(68)	(591)
(Acquisition) / closing of derivatives	20/30	(470)	(1,224)
Change in interests in subsidiaries	25	48,126	-
Increase / (decrease) in bank borrowings and other non-current lenders	26/32	150,800	99,452
Repayment of borrowings	26	(133,747)	(71,328)
Net cash flows generated (absorbed) from financing activities		**53,830**	**16,227**
Net increase / (decrease) in cash and cash equivalents		(39,528)	55,179
Cash and cash equivalents at the beginning of the period		82,221	27,042
Cash and cash equivalents at the end of the period		**42,693**	**82,221**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of preparation and changes in accounting standards

1.1 Principles of preparation

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The consolidated financial statements have been prepared in accordance with the historical cost principle, except for investment property, financial instruments, derivative financial instruments, financial assets measured at fair value and contingent consideration which are recognized at fair value. The book value of assets and liabilities that are subject to fair value hedging transactions and which would otherwise be recorded at amortised cost is adjusted to take account of changes in fair value attributable to the hedged risks.

The consolidated financial statements are presented in euros and all amounts are rounded to thousands of euros, unless otherwise stated.

The consolidated financial statements comprise the statement of financial position, the statement of profit/(loss) for the year, the statement of other comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the notes to the financial statements.

The consolidated financial statements provide comparative information referring to the previous year and have been prepared on a going concern basis, in accordance with the principle of accrual-based accounting, in compliance with the principle of relevance and significance of information and the prevalence of substance over form.

Offsets between assets and liabilities and between costs and revenues are made only if required or permitted by a standard or an interpretation thereof.

The financial statements adopted are consistent with those required by IAS 1 – "Presentation of Financial Statements" in particular:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current / non-current" criterion;
- the statement of profit/(loss) for the year and the statement of other comprehensive income have been prepared by classifying operating costs by nature;
- the cash flow statement was prepared according to the "indirect method";
- the statement of changes in shareholders' equity.

The formats used, as specified above, are those that best represent the economic standing and financial position of the Company.

1.2 Consolidation

Scope of consolidation

The consolidated financial statements have been prepared on the basis of the financial statements at 31st December 2019 prepared by the entities included in the scope of consolidation and adjusted, where necessary, in order to align them with the accounting standards and classification criteria in accordance with IFRS. The scope of consolidation includes COIMA RES S.p.A. SIIQ, as Parent Company, and the entities summarised in the table below.

Entity	Direct participation	% owned	Consolidation method
COIMA CORE FUND IV	COIMA RES S.p.A. SIIQ	100.0%	Full consolidation
COIMA CORE FUND VI	COIMA RES S.p.A. SIIQ	88.2%	Full consolidation
MHREC REAL ESTATE SARL	COIMA CORE FUND VI	100.0%	Full consolidation
COIMA RES SIINQ I	COIMA RES S.p.A. SIIQ	100.0%	Full consolidation
COIMA CORE FUND VIII	COIMA RES S.p.A. SIIQ	50.0%	Full consolidation
LORENTEGGIO CONSORTIUM	COIMA CORE FUND VIII	69.2%	Full consolidation
COIMA OPPORTUNITY FUND I	COIMA CORE FUND VI	88.8%	Full consolidation
FELTRINELLI PORTA VOLTA	COIMA CORE FUND VI COIMA OPPORTUNITY FUND I	52.9% 47.1%	Full consolidation
CO-INVESTMENT 2 SCS	MHREC REAL ESTATE SARL	33.3%	Equity method
BONNET	COIMA RES S.p.A. SIIQ	35.7%	Equity method
P. N. GARIBALDI CONSORTIUM	COIMA RES S.p.A. SIIQ	4.0%	Equity method
IN. G. RE. SCRL	COIMA RES S.p.A. SIIQ	1.9%	Equity method

The Company consolidates the mentioned funds and companies in the consolidation financial statements because all the criteria provided by paragraphs 6 and 7 of IFRS 10 in relation to the consolidation of the investment entities are met.

Consolidation methods

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at December 31st, 2019. The financial statements have been prepared using the same accounting principles as those used by the Company for each accounting period.

The main consolidation methods used to prepare the consolidated financial statements are the following:

- subsidiaries are consolidated from the date control is effectively transferred to the Company. and cease to be consolidated from the date control is transferred outside the Company; control exists when the Company has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;
- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full. regardless of the interest held. Only for the determination of net equity and net profit (loss) is the minority interest, if any, shown separately in the statement of financial position and the income statement;
- the consolidation of related companies is determined with pro rata adjustments of the participation of changes in equity of associated companies;
- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;
- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are eliminated.

As for COIMA CORE FUND VIII, of which the Company holds 50% of units, the management has analysed in detail the fund management regulations, with reference to the operating methods, as well as the decision-making structure of the advisory committee and of the Shareholders' Meeting, considering the requisites envisaged by IFRS 10 in relation to the exercise of control to be satisfied.
Considering the above considerations, COIMA CORE FUND VIII was fully consolidated.

1.3 Main balance sheet items

Real estate investments

Investment property is represented by property held to earn rental income and/or for capital appreciation and not for use in the production or supply of goods or services or for administrative purposes.

Investment property is initially recognized at cost including incidental expenses and acquisition, consistent with IAS 40, and subsequently measured at fair value, recognizing in the income statement the effects of changes in fair value of investment property in the year such occur.

The costs incurred relating to subsequent interventions are capitalized on the carrying value of the investment property when it is probable that they will generate future economic benefits and their cost can be measured reliably. Other maintenance and repair costs are expensed as incurred.

The *fair value* of the investment property does not reflect future capital investments that will improve or enhance the properties and does not reflect future benefits from this expenditure.

Investment property is derecognized when sold (at the date on which the buyer obtains the control) or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of consideration to be considered for determining the profit or loss deriving from the cancellation of an investment property is determined in accordance with the requirements for determining the price of the transaction in IFRS 15.

IFRS 13 defines the fair value as the price (*exit price)* that would be received for the sale of an asset, or that would be paid for transfer of a liability in a regular transaction between market participants at the valuation date.

In particular, in measuring the *fair value* of investment property, as required by IFRS 13, the company must ensure that the fair value reflects, among others, rental income from current leases, and other reasonable and supportable assumptions that market participants would use to price real estate properties under current conditions.

In accordance with IFRS 13, the fair value valuation of a non-financial asset considers the ability of a market operator to generate economic benefits from using the asset at its *highest and best use,* or selling it to another market participant that would employ such at its highest and best use.

According to IFRS 13, an entity must employ valuation techniques appropriate to the circumstances and for which enough data are available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value is measured based on observable transactions in an active market, adjusted if necessary, depending on the specific characteristics of each investment property. If such information is not available, to determine the fair value for measurement of the investment property, the company uses the discounted cash flow method (for a period that varies according to the duration of existing contracts) related to future net income from leasing of property, and it is assumed that the property is sold at the end of this period.
Investment property is valued with the support of an external independent valuation company, duly recognized in terms of professional qualification and recent experience in the leasing and characteristics of the property evaluated. The Company has adopted an internal procedure for the selection and appointment of independent experts as well

as for the valuation of investment properties. On the selection and appointment of the independent experts, the procedure requires specific operational binding instructions to verify, through appropriate written statements or acquiring specific certifications. that independent experts respond to business needs and with local regulations.
Valuations are prepared every six months, in compliance with the standard "*RICS Valuation - Professional Standards*" and in compliance with applicable regulations and the recommendations provided by ESMA European Securities and Markets Authority.
The remuneration provided for assessments at December 31st, 2019 has been preliminarily defined as a fixed amount based on the size of the individual investment property. The process by which the Company determines the fair value of its real estate investments, however, falls within the estimation processes, which implies the forecast of costs and revenues related to each investment and the formulation of assumptions on variables of calculation models that depend on expectations the performance of real estate and financial markets as well as the general economic conditions that affect rent levels and the reliability of tenants, and that, in consideration of the uncertainty connected to the realization of any future event, are able to determine variations, even significant and in the short term, the conclusions of the experts and therefore of the results of the financial statements, albeit in constant evaluation models. As for the use of estimates regarding real estate investments, refer to paragraph 15 – Real estate investments.

Real estate initiatives in progress

The real estate initiatives in progress are measured at fair value according to the international accounting standard IAS 40 - Fair value option, if:

- the destination to the lease or the appreciation of the invested capital is envisaged, and
- the fair value of investments can be reliably determined.

In accordance with the provisions of Consob recommendation DIE/0061944, the estimate of fair value is considered reliable if the following main conditions are met:

- the project is in an advanced state, or
- the main building permits and authorizations have been obtained, the main tasks for the realization of the project have been assigned and there are no financing difficulties in the subsequent development phases.

If these conditions are not met, the property is accounted for in accordance with IAS 16.

Inventories

Inventories consist of lands - also to be built -, properties under construction and renovation, completed properties, for which the purpose is the sale to third parties and is not maintaining the property portfolio to perceive the rental income.

Land for development are valued at the lower of acquisition cost and estimated realizable value. Cost includes incremental expenses and borrowing costs eligible for capitalization, where the following conditions:

- management has taken decision on the allocation of significant areas in its use, development, or direct sales;
- being incurred costs to obtain the asset;
- being incurred borrowing costs.

Properties under construction and / or being restructured, are valued at the lower of cost, including incremental expenses of their value and capitalizable financial charges, and estimated realizable value.

The properties for sale are valued at the lower of cost or market value based on transactions of similar properties by location and type. The acquisition cost is increased by any incremental expenses incurred up to the time of sale.

In view of the fact that the Company's investment strategy is focused on the creation of stable cash flows deriving from the lease of the real estate portfolio, management has deemed it appropriate to classify under this item those properties that do not meet the characteristics of the Company's core business, i.e. vacant properties that do not generate lease payments.

Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as are placement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Machinery and equipment	5 years
Plant and office properties	12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life (5 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.
An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits. in the latter case with a term of less than three months.
Cash and cash equivalents are stated at their nominal value and the spot rate at year-end, if in foreign currency.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to dispose it.

Net Equity

Capital stock
The capital stock represents the nominal value of payments and contributions made in this regard by shareholders.

Valuation reserve
When derivatives hedge the risk of cash flow variations of covered instruments (cash flow hedge; e.g. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective are initially recognized in OCI in the cash flow hedge reserve, and subsequently recognized in the statement of profit or loss, consistently with the economic effects of the hedged.

Cash dividend and Interim dividend
The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As for the corporate laws in Europe, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Severance pay

Severance pay fund (TFR) is considered as a defined benefit plan. The benefits promised to employees are recognized monthly with the maturation and are paid upon termination of employment. The severance pay is accrued based on the seniority reached at the end of each individual employee in accordance with the laws and labour contracts in force at the reporting date. The provision reflects the liability towards employees, based on experience and seniority wages paid, recalculated based on its actuarial value. The adopted actuarial assessments are the best estimates of the variables that determine the final cost of the subsequent performance at the end of the employment relationship.

Provision for risks and charges

The provisions for risks and charges relate to costs and charges of a determined nature and of certain or probable existence which at the closing date of the period are undetermined in the amount or date of occurrence. Provisions are recognized when: (i) the existence of a current obligation, legal or implicit, deriving from a past event is probable; (ii) it is probable that the fulfilment of the obligation will be expensive; (iii) the amount of the obligation can be estimated reliably. The provisions are entered at the value representative of the best estimate of the amount that the Company would rationally pay to extinguish the obligation or to transfer it to third parties on the closing date of the period. When the financial effect of time is significant and the payment dates of the obligations can be estimated reliably, the provision is subject to discounting; the increase in the provision connected with the passage of time is charged to the income statement under "financial charges". When the liability relates to tangible assets (e.g. area reclamation), the provision is recognized as a contra-entry to the asset to which it refers; the income statement is entered through the amortization process. The provisions are periodically updated to reflect changes in cost estimates, implementation times and discount rates; the estimate revisions of the funds are recognized in the same income statement item that previously accepted the provision or, when the liability relates to tangible assets (e.g. area reclamation), as a contra-entry to the asset to which it refers .
The notes to the financial statements illustrate the potential liabilities represented by possible (but not probable) obligations, deriving from events the existence of which will be confirmed only if one or more assumptions are found that are not totally under the control of the Company. For more details, see the description in paragraph 6 – G&A expenses.

Financial instruments

Financial instruments are an incentive recognized to management in relation to their significant contribution during the start-up and development of the Company. These financial instruments will entitle the payment of a return linked to changes in the Net Asset Value (NAV) to be carried out also through the assignment of shares in the Company. Financial instruments are initially recognized at fair value, recording the effects deriving from the change in fair value in the period in which they occur in the income statement. The fair value at the end of the period is determined through estimates made by management, also through the support of independent experts. The process by which the Company determines the fair value of the instrument is part of the estimation process, which implies the forecast of cash flows based on variables that depend on expectations of the performance of the real estate and financial markets and the general market conditions, able to determine changes, even significant and in the short term, on the conclusions of the experts and therefore of the budget results.

Financial liabilities - Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

IFRS 9 - Derivatives financial instruments

The Group uses derivative financial instruments including interest rate caps and interest rate swaps to hedge interest rate risks on loans. These derivative financial instruments are recognised at fair value in accordance with IFRS 9 and are recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

When initiating a hedging transaction, the Group formally designates and documents the hedging relationship, to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued.
Starting from 1st January 2018, the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the manner in which the Group will assess whether the hedging relationship meets the requirements for hedge effectiveness (including analysis of the sources of hedge ineffectiveness and how the hedging relationship is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it meets all the following requirements for hedge effectiveness:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

As for the cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Impairment

IFRS 9 requires the Company to record the expected credit losses on all items such as loans and trade receivables, having as reference either a period of 12 months or the entire contractual duration of the instrument (e.g. lifetime expected loss). The Company applies the simplified approach and therefore records any expected losses on all trade receivables based on their remaining contractual duration. The Company has assessed the impact of its receivables in its portfolio, both of a commercial and financial nature, taking into account the characteristics of the receivables, the counterparties and the collection times, even though not all receivables are guaranteed, and the effects deriving from the application of the new criterion are not significant taking into account the risk profile of its customers.

Hedge Accounting

At present, the Company uses hedge accounting with reference to interest cap rate instruments underwritten.

Considering the provisions of the standard, the Company has established that all existing hedging relationships that are currently designated as effective hedges continue to qualify for hedge accounting in accordance with IFRS 9. However, the standard provides for the recognition of the effects deriving from the valuation of these instruments, including the portion of the extrinsic value, in the item "other reserves" of shareholders' equity. Therefore, taking into account that in previous years the effects arising from the measurement of the extrinsic value had been recognised in the income statement, the new standard was reclassified in the reopening balances at January 1st, 2018 from "*retained earnings*" to "*other reserves*".

Recording of revenues, income and expenses in the income statement

Revenues

Revenue is recognized to the extent in which it is likely that economic benefits will be obtained by the company and the revenue can be measured reliably. Revenue is measured at fair value of the amount received, excluding discounts, rebates and other sales taxes.

The following specific recognition criteria of revenues must always be considered before recognition in the income statement:

- *rental income*: rental income from the investment property owned by the Company is recognised on an accrual basis, in accordance with IFRS 16 (paragraph 81), conforming the maturity lease agreements;
- *income from real estate disposals*: income from the real estate disposals are recognized in the income statement when the contractual obligation performance is effectively executed and then transferred to the buyer of all the significant risks and rewards associated with ownership, which is normally transferred on the date of signing the deed notarial, when the transaction price is generally also settled.

IFRS 15 Revenues from contracts with customers

IFRS 15 replaces IAS 11 - Construction contracts, IAS 18 - Revenues and related interpretations and applies to all revenues from contracts with customers, unless these contracts fall within the scope of other standards such as lease contracts, for which the reference standard is IAS 17. The standard introduces a five-step model that applies to revenues from contracts with customers. IFRS 15 requires the recognition of revenue at an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer.
The standard involves the exercise of an opinion by the Company, which considers all relevant facts and circumstances in the application of each phase of the model to contracts with its customers. The standard also specifies the accounting for incremental costs linked to obtaining a contract and costs directly linked to the completion of a contract.
The Company has applied the standard using the full retrospective application method. However, since the group's revenues are mainly from leases, the adoption had no effect on the consolidated financial statements.

Leases

The Company is characterised by investments in high-quality real estate portfolios, mainly concentrated in leading Italian cities, with high-profile tenants and long-term lease contracts, including adequate safeguard clauses as well as clauses providing for ordinary and extraordinary maintenance expenses and works to be borne by the tenant. At present, lease revenues from owned investment property are accounted for based on IFRS 16 (paragraph 81), which represents the accrual method, based on existing lease contracts.
Considering the current contractual framework and the sector practices adopted also by the main competitors, it can be concluded that the adoption of IFRS 15 has not had an impact on the Group's results with reference to property leases.

Real estate disposals

With reference to real estate sales, it should be noted that these take place through the signing of a notarial deed, during which the actual contractual obligations and the real availability of the asset by the notary are verified. In particular, these transactions provide for (i) the transfer of the asset by the seller, (ii) the settlement of the consideration by the buyer at the deed without further delay and/or commitments for the seller, and (iii), if necessary, the payment of deposits or advances at the same time as the signing of the preliminary sale contracts, the latter case taking into account the short time lapse between the preliminary and deed (generally less than one year) does not provide for the inclusion in the price of significant implicit financial components. Although these transactions fall within the scope of IFRS 15, they do not have a significant impact from the application of the new standard because the performance obligations were extinguished at the date of the deed.

Costs

The costs and other operating expenses are recognized as components of the fiscal year result when incurred on an accrual basis, and when such cannot be recognized as assets in the balance sheet.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis according to the interest accrued on the net value of the related financial assets and liabilities using the effective interest method.
Borrowing costs directly attributable to the acquisition and construction of investment property are capitalized in the carrying amount of the pertinent property. Capitalization of interest is carried out on condition that the increase in the carrying value of the asset does not ascribe to the same value higher than its fair value.

Taxes

Current taxes

Current income taxes are calculated based on estimated taxable income. Liabilities for current taxes are recognized in the balance sheet net of any advance taxation.

Tax payables and receivables for current taxes are measured at the amount expected to be paid /received to/from the tax authorities based on the nominal tax rates in effect at the balance sheet date, except for those directly recorded in shareholders' equity, in that such relate to adjustment of assets and liabilities recognized directly to equity. Other non-income taxes, such as taxes on property and capital, are included in the operating costs.
The Company is under the SIIQ tax regime. SIIQs are subject to neither corporate income tax (“IRES”) nor regional tax on productive activities (“IRAP”) on the business income deriving from letting real property and on other real estate related items of income. On the other hand, the earnings and profits corresponding to the exempt income are subject to taxation in the hands of the shareholders upon distribution.
Taxes are therefore calculated on the income produced by the non-exempt income.

Deferred tax

Deferred tax is recognized using the liability method on temporary differences.
It is calculated on the temporary differences between the carrying amounts of assets and liabilities recorded in the balance sheet and their tax value. The deferred tax assets on tax losses carried forward and on deductible temporary differences are recognized to the extent in which it is likely that future taxable profit will be available against which such can be recovered, considering the SIIQ status.

The tax assets and liabilities are measured using the tax rates expected to be applicable during the years when temporary differences will be reversed. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The assets and current and deferred tax liabilities are offset when the income taxes are levied by the same taxation authority, when there is a legally enforceable right to offset, and when the expected repayment time is the same.

Earnings Per Share

Earnings Per Share - basic

Basic earnings per ordinary share is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the year.

Earnings Per Share - diluted

Earnings per ordinary share diluted is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued upon conversion into ordinary shares of all potential ordinary shares with dilution effects.

Use of estimates

The preparation of the financial statements and related notes requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statements.

Actual results could differ from these estimates due to the uncertainty surrounding the assumptions and conditions on which the estimates are based. Therefore, changes in the conditions underlying the opinions, assumptions and estimates adopted may have a significant impact on future results.

Estimates are used to determine the fair value of investment properties, of financial instruments and derivatives.

Estimates and assumptions are reviewed periodically by management and, when deemed necessary, are seconded by opinions and studies of independent external consultants of leading standing (for example, real estate appraisals), and the effects of any changes are reflected in the income statement.

The following are the most significant estimates related to the preparation of financial statements and annual accounting reports in that they entail many subjective opinions, assumptions and estimates:

- *investment property*: is initially recognised at cost including incidental expenses and acquisition, in according to IAS 40, and subsequently measured at fair value, recognising in the income statement the effects of changes in fair value of investment property in the year such occur. The fair value at the closing date of the period is determined by valuation of the real estate assets performed by independent experts; this valuation is subject to hypotheses. assumptions and estimates; therefore, a valuation by different experts might not result in an identical opinion;
- *financial assets at fair value*: after initial recognition, these assets are measured at fair value and their unrealized profits and losses are recorded in the income statement. The fair value is determined by management based on the market quotations of the securities funds at the reference date;
- *financial instrument*: financial instruments are initially valued at fair value, recording the effects deriving from

the change in fair value in the period in which they occur in the income statement. Fair value is determined through estimates made by management, also through the support of independent experts; this valuation is subject to estimation processes, which implies the forecast of cash flows based on variables that depend on expectations of the performance of the real estate and financial markets as well as the general market conditions;

- *derivative financial instruments*: derivative financial instruments are measured at fair value, recognizing the effects deriving from the change in fair value in the period in which they occur. The fair value is determined through estimates made by management based on market prices at the reference date;
- *taxes*: income taxes, related to the non-exempt income, are estimated based on the prediction of the actual amount that will be paid to the Inland Revenue Office based on the income tax declaration; recognition of deferred tax assets is based on expectations of taxable income in future years, and pre-paid and deferred taxes are determined at the tax rates expected to be applied during the years in which temporary differences will be reversed.

1.4 New accounting standards, interpretations and amendments adopted by the Company

The accounting principles adopted for the preparation of the condensed interim consolidated financial statements are consistent with those used for the preparation of the consolidated financial statements at December 31st, 2018, except for the adoption of the new principles and amendments in force since January 1st, 2019. The Company has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.
As from January 1st, 2019, the Company applies the new accounting standard IFRS 16 on leases. The impact and nature of the amendments following the adoption of this new accounting standard are described below.
Several other amendments and interpretations apply for the first time in 2019 but have no impact on the Group's consolidated financial statements.

Adoption of new accounting standard IFRS 16 leases

As of 1st January 2019, the new accounting standard IFRS 16, which defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single model similar to that used to account for finance leases in accordance with the previous IAS 17, became applicable. The standard provides two exemptions for recognition by lessees - leases relating to 'low-value' assets (e.g. personal computers) and short-term leases (e.g. contracts due within 12 months or less). At the start date of the lease contract, the lessee recognises a liability against lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset for the term of the contract (i.e. the right to use the asset). Lessees shall account separately for interest expense on the lease liability and depreciation of the right to use the asset. Lessees shall also remeasure the lease liability on the occurrence of certain events (for example, a change in the terms of the lease agreement, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right to use the asset.

The accounting for lessors in accordance with IFRS 16 is substantially unchanged from the previous accounting in accordance with IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguishing between two types of lease: operating leases and finance leases. IFRS 16 requires lessees and lessors to provide more extensive disclosures than IAS 17.

It should be noted that as of today the Company has leasing contracts in place for computer equipment, which do not fall within the scope of the principle, and three rental contracts, one of which relates to the registered office:

- on July 21st, 2017 COIMA RES signed a lease agreement for the new registered office in Milan, Piazza Gae Aulenti n.12. The agreement provides for a duration of six years renewable twice with an annual rent of approximately Euro 94 thousand. In consideration of the fact that COIMA RES has invested a significant amount of money in the fitting out of the new headquarters, it is appropriate to consider the duration of the lease agreement in twelve years;
- on January 26th, 2018 the Lorenteggio Village Consortium signed a lease contract for the control room of the Vodafone property complex located in Milan, Via Lorenteggio 240, expiring on January 31st, 2027 and with an annual rent of Euro 15 thousand;
- on December 4th, 2015 COIMA OPPORTUNITY FUND I stipulated a lease contract for a garage belonging to a building located in Milan, Viale Fulvio Testi 282, expiring on June 30th, 2025 and tacitly renewable for a further nine years, at an annual rent of Euro 80 thousand. On April 11th, 2017 the fund subleased the area in question to the tenant Philips S.p.A. under the same contractual conditions stipulated with the lessor.

On first-time adoption, IFRS 16 provides for the possibility of recognizing the asset for right of use at an amount corresponding to the financial liability without adopting the retrospective approach.

The Group, in consideration of the possibility granted by the principle not to carry out the restatement of previous financial years, has recorded the following:

- assets amounting to Euro 1,405 thousand classified under "*other tangible assets*".
- financial liabilities amounting to Euro 1,405 thousand classified under "*non-current financial liabilities*".

For the year ended December 31st, 2019, lease payments due, amounting to Euro 125 thousand, previously classified under "*G&A expenses*", are now accounted for:
- in the item "*financial expenses*" for Euro 21 thousand, in relation to interest expense on additional leasing liabilities recognised;
- in the item " *non-current financial liabilities*" for Euro 104 thousand, as a reduction of the leasing liability, in relation to the capital portion repaid.

As far as assets for rights of use are concerned, they are depreciated over a time horizon coinciding with the duration of the rental agreement. Depreciation for the period of these assets, amounting to Euro 112 thousand, is classified under "*net depreciation*".

Adjustments to IFRS 9: Prepayments Features with Negative Compensation

Under IFRS 9, a debt instrument may be measured at amortised cost or fair value through profit or loss, provided that the contracted cash flows are "only principal and interest payments on the reference amount" (the SPPI criterion) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset exceeds the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of who pays or receives reasonable compensation for early termination. These amendments have had no impact on the Group's consolidated financial statements.

Adjustments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 set out the accounting rules in case an amendment, reduction or settlement of the plan occurs during the reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the period, an entity is required to determine the cost of servicing for the remainder of the period after the plan amendment, curtailment or settlement, using the relevant actuarial assumptions to remeasure the net defined benefit liability (asset) so that it reflects the plan benefits and plan assets after that event. An entity is also required to determine the net interest for the period remaining after the plan amendment, curtailment or settlement: the net defined benefit liability (asset) that reflects the plan benefits and plan assets after that event; and the discount rate used to reset the net defined benefit liability (asset).

These changes did not have any impact on the consolidated financial statements as the Group did not record any changes, reductions or settlements of plans during the reporting period.

Adjustments to IAS 28: Long-term interests in associates and joint venture

The amendments specify that an entity applies IFRS 9 for long-term investments in an associate or joint venture, for which the equity method is not applied but which, in substance, form part of the net investment in the associate or joint venture (long-term interest).

This clarification is relevant because it implies that the expected loss model of IFRS 9 applies to such long-term investments.
The amendments also clarify that, in applying IFRS 9, an entity shall not take into account any losses of the associate or joint venture or any impairment of the investment, recognised as adjustments to the net investment in the associate or joint venture arising from the application of IAS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the consolidated financial statements.

Annual improvements 2015-2017 Cycle

IFRS 3 Business Combination

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has taken place in stages, including remeasurement at fair value of the investment previously held in the assets and liabilities of the joint operation. In doing so, the acquirer revalues the interest previously held in the joint operation.

The entity applies those amendments to business combinations for which the acquisition date is on or after the first annual period beginning on or after January 1st, 2019, with permitted earlier application.

This change did not have any impact on the Group's consolidated financial statements as there was no business combination in which joint control was obtained.

IFRS 11 Joint Arrangements

An entity that participates in a joint operation, without having joint control, could obtain joint control of the joint operation if its activity constitutes a business as defined in IFRS 3. The amendments clarify that investments previously held in such a joint operation are not remeasured. An entity applies those amendments to transactions in which it has joint control from the beginning of the period beginning on or after January 1st, 2019, with permitted early application.

This change did not have any impact on the Group's consolidated financial statements as there was no business combination in which joint control was obtained.

IAS 12 Income Taxes

The amendments clarify that the effects of taxes on dividends are linked to past transactions or events that generated distributable profits rather than distributions to shareholders. Therefore, an entity recognises the income tax effects of dividends in profit or loss, other comprehensive income or equity consistent with the way the entity has previously recognised such past transactions or events.
An entity applies those amendments for annual periods beginning on or after January 1st, 2019, and early application is permitted. When the entity first applies those amendments, it applies them for the effects that have had tax on dividends recognised from the beginning of the first annual period.
This change had no impact on the Group's consolidated financial statements as the dividends accrued fall within the exempt activities.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as non-specific financing any financing made that was intended from inception to develop an asset when all the actions necessary to prepare that asset for use or sale are completed.

An entity applies those amendments to borrowing costs incurred from the beginning of the period in which the entity first applies those amendments. An entity applies those amendments for annual periods beginning on or after 1 January 2019, and early application is permitted. Because the Group's current practice is in line with those amendments, the Group has not recognised any impact of those amendments on its consolidated financial statements.

2. Operating Segments

In order to represent the Company's business by sector, it was decided to represent it primarily based on the destination of the buildings and secondarily based on geographical location.
In consideration of the investment strategy also reported in the prospectus, the buildings are divided between management buildings, bank branches and other properties. Management buildings include all office rental buildings, while other buildings include all other tertiary uses such as trade and logistics. The bank branch category is presented separately as it represents about 9% of the total real estate portfolio.

An income statement showing information about the Company's revenue and results as of December 31st, 2019 is given below:

(in thousands Euro)	Offices	Bank branches	Others	Unallocated amounts	Sector results
Rents	30,615	5,088	1,637	-	37,340
Net movement in fair value	10,095	(1,494)	1,913	-	10,514
Income from disposal	-	10	-	-	10
Net income of non-controlling interests	9,318	-	26	13	9,357
Non-recurring income	-	-	-	1,050	1,050
Financial income	-	-	290	1	291
Total income	**50,028**	**3,604**	**3,866**	**1,064**	**58,562**
Net real estate operating expenses	(2,772)	(983)	(277)	-	(4,032)
G&A expenses	(7,451)	(1,350)	(852)	(14)	(9,667)
Other operating expenses	(14)	(153)	(18)	(12)	(197)
Net depreciation	(24)	(110)	-	(173)	(307)
Financial expenses	(8,353)	(808)	(321)	(194)	(9,676)
Income tax	-	-	-	-	-
Sector results	**31,414**	**200**	**2,398**	**671**	**34,683**

The sector's revenues are broken down by the most significant items in the real estate sector, i.e. rents, operating expenses and other expenses charged back to the tenants.
The segment result also includes other revenues, such as financial income, operating expenses and other costs of the Company.
The non-allocable amounts column mainly includes the badwill related to the acquisition of COF I and Feltrinelli Porta Volta, interest expense on bank current accounts, depreciation and amortization, exchange losses and corporate taxes.

Below is a reclassified schedule that provides the distribution of assets and liabilities based on the destination of the properties.

(in thousands Euro)	Offices	Bank branches	Others	Unallocated amounts	Sector results
Non-current assets	698,453	66,238	38,902	3,157	806,750
Current assets	38,213	13,567	3,440	211	55,431
Non-current assets held for sale	-	23,500	-	-	23,500
Total assets	**736,666**	**103,305**	**42,342**	**3,368**	**885,681**
Non-current liabilities	303,721	22,178	19,800	-	345,699
Current liabilities	6,709	19,789	282	1,917	28,697
Total liabilities	**310,430**	**41,967**	**20,082**	**1,917**	**374,396**

The assets and liabilities of the sector are broken down based on the relationship with real estate divided between the various categories.

The column called *unallocated amounts* mainly includes:
- for assets, financial receivables, the investment in Co Investments 2 and the cash and cash equivalents of MHREC Sarl;
- as for liabilities, payables to third parties for approved dividends and deferred and current tax liabilities.

The Company's year results are also represented based on the geographic location of the real estate:

(in thousands Euro)	Milan	Rome	Others	Unallocated amounts	Sector results
Rents	32,825	400	4,115	-	37,340
Net movement in fair value	13,270	100	(2,856)	-	10,514
Income from disposal	-	-	10	-	10
Net income of non-controlling interests	9,344	-	-	13	9,357
Non-recurring income	-	-	-	1,050	1,050
Financial income	-	-	290	1	291
Total income	**55,439**	**500**	**1,559**	**1,064**	**58,562**
Net real estate operating expenses	(3,211)	(97)	(724)	-	(4,032)
G&A expenses	(8,529)	(133)	(991)	(14)	(9,667)
Other operating expenses	(57)	(15)	(113)	(12)	(197)
Net depreciation	(139)	-	(110)	(58)	(307)
Financial expenses	(8,809)	(80)	(593)	(194)	(9,676)
Income tax	-	-	-	-	-
Result by geographical area	**34,694**	**175**	**(972)**	**786**	**34,683**

The geographic breakdown has also been chosen regarding the Company's investment strategy which is focused in Milan.

A balance sheet showing the distribution of the assets and liabilities based on the geographic location of the real estate is listed below.

(in thousands Euro)	Milan	Rome	Others	Unallocated amounts	Sector results
Non-current assets	740,256	9,118	54,219	3,157	806,750
Current assets	41,382	1,088	12,750	211	55,431
Non-current assets held for sale	7,850	-	15,650	-	23,500
Total assets	**789,488**	**10,206**	**82,619**	**3,368**	**885,681**
Non-current liabilities	327,229	2,182	16,288	-	345,699
Current liabilities	10,791	1,647	14,342	1,917	28,697
Total liabilities	**338,020**	**3,829**	**30,630**	**1,917**	**374,396**

The same methodology described for the geographical breakdown of assets and liabilities was also used.

3. Rents

As of December 31st, 2019, rents amount to Euro 37,340 thousand and are detailed as follows:

(in thousands Euro)	Investments	December 31st, 2019	December 31st, 2018
COIMA RES SIIQ	Vodafone	6,863	13,964
	Monte Rosa	3,815	3,762
	Tocqueville	2,614	1,045
	Pavilion	2,979	-
COIMA CORE FUND IV	Deutsche Bank branches	5,088	5,048
COIMA CORE FUND VI	Gioiaotto	3,960	3,899
	Eurcenter	-	4,954
COIMA RES SIINQ I	Deruta	3,614	3,589
COIMA CORE FUND VIII	Vodafone	7,136	-
COIMA OPPORTUNITY FUND I	Philips	1,010	-
FELTRINELLI PORTA VOLTA	Microsoft	261	-
Rents		**37,340**	**36,261**

The increase of Euro 1,079 thousand compared to December 31st, 2018 is mainly due to the rents related to Pavilion, which generated revenues from February 2019 – start date of the lease agreement with IBM - and the rents related to Microsoft and Philips, acquired in the fourth quarter of 2019 in the broader context acquisition of the COF I and Feltrinelli Porta Volta transaction.
This increase was partially offset by the reduction in rents related to the Eurcenter building, which was sold in December 2018.

4. Net real estate operating expenses

Net real estate operating expenses amounted to Euro 4,032 thousand as of December 31st, 2019. Details of the amount are shown below:

(in thousands Euro)	Vodafone* Complex	Tocqueville Monte Rosa Pavilion	Deutsche Bank branches	Gioiaotto Philips Microsoft	Deruta	December 31st, 2019	December 31st, 2018
Recovery of costs from tenants	2,446	1,684	28	747	18	4,923	4,477
Property management fee	(310)	(129)	(54)	(29)	(36)	(558)	(795)
Maintenance charges	(1,092)	(1,034)	(156)	(395)	(104)	(2,781)	(1,841)
Utilities	(1,131)	(563)	2	(243)	-	(1,935)	(2,078)
Insurance	(94)	(59)	(50)	(37)	(25)	(265)	(240)
Property tax (IMU)	(694)	(790)	(667)	(386)	(230)	(2,767)	(2,871)
Property tax (TASI)	(48)	(54)	(29)	(26)	(15)	(172)	(170)
Stamp duties	(128)	(77)	(57)	(55)	(36)	(353)	(378)
Other real estate costs	(2)	(95)	-	(27)	-	(124)	(119)
Net real estate expenses	**(1,053)**	**(1,117)**	**(983)**	**(451)**	**(428)**	**(4,032)**	**(4,015)**

* Including Consorzio Lorenteggio Village

The item for *expenses recovery from tenants* refers to the overturning to the tenants of the ordinary management costs of the properties.

Property management commissions mainly relate to ordinary administrative and maintenance management of properties.

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

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

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 properties.

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 properties.

5. Income / (losses) from real estate disposals

Income from real estate disposals amounted to Euro 10 thousand (5,587 thousand Euro at December 31st, 2018), net of costs of sales. This amount mainly includes the proceeds from the sale of the Pisa branch, sold at a price of Euro 500 thousand on March 15th, 2019.

6. General and administration expenses

General and administration expenses amount to 9,667 thousand. The detailed summary table is attached below:

(in thousands Euro)	COIMA RES	CORE IV	CORE VI COF I FPV	SIINQ I	Others	December 31st, 2019	December 31st, 2018
Asset management fee	(2,839)	(267)	(1,329)	-	(556)	(4,991)	(4,436)
Personnel costs	(2,071)	-	-	-	-	(2,071)	(1,654)
Consulting costs	(520)	(197)	(73)	(23)	(124)	(937)	(1,474)
Control functions	(314)	(18)	(16)	(15)	-	(363)	(358)
Audit	(191)	(34)	(30)	(14)	(24)	(293)	(289)
Marketing	(354)	-	-	-	-	(354)	(385)
IT service	(168)	-	-	-	-	(168)	(177)
Independent appraisers	(56)	(33)	(40)	(6)	(21)	(156)	(159)
Promote fee	-	-	-	-	-	-	(1,021)
Other operating expenses	(329)	-	-	-	(5)	(334)	(492)
G&A expenses	**(6,842)**	**(549)**	**(1,488)**	**(58)**	**(730)**	**(9,667)**	**(10,445)**

Asset management fee mainly relate to the contract signed between the Company and COIMA SGR for the scouting of investment transactions and the management of the real estate portfolio as well as other ancillary activities provided for in the asset management contract. These fees are calculated quarterly on the Net Asset Value (NAV) recorded by the company in the previous three months. For further details, please refer to Chapter 2 *"Management" - Asset Management.*

Personnel costs amount to Euro 2,071 thousand and its breakdown is given in the table below:

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Wages and salaries	(744)	(705)
Social security contribution	(173)	(190)
Severance pay	(63)	(55)
Other personnel costs	(1,091)	(704)
Personnel costs	**(2,071)**	**(1,654)**

The item *wages and salaries* amounts to Euro 744 thousand and includes:
- wages of Euro 476 thousand;
- bonus to employees of Euro 177 thousand;
- vacation and additional monthly payments of Euro 91 thousand.

The item *other personnel costs* amounts to Euro 1,091 thousand and includes:
- board of directors and key managers' fees of Euro 956 thousand;
- social security contributions of directors of Euro 79 thousand;
- training costs, health insurance policies, restaurant tickets and travel expenses of Euro 56 thousand.

It should be noted that the Chief Executive Officer, in view of the fact that the Company has not reached a size such as to benefit from economies of scale and that it is in his interest to be aligned with the interests of COIMA RES shareholders, has confirmed his waiver of the redetermination of the fixed emolument and the payment of variable compensation for the financial years 2017, 2018 and 2019. This waiver can be revoked only if one of the following conditions is met:
- the existing Asset Management Agreement is modified and / or terminated for any reason; and / or
- Manfredi Catella does stop hold the office of Chief Executive Officer (even in the event of death); and / or
- the majority of the directors of the Company are not designated by Manfredi Catella as envisaged by the Shareholders Agreement currently in force.

As of today, none of the conditions has failed and it is considered remote that even one of them may occur within the approval of the financial statements as at December 31st, 2019. In consideration of this, the Company has not made any provision for risks and charges.

The current best estimate of this contingent liability to the company is approximately Euro 2.9 million.

On the other hand, it should be noted that regarding the death option, considering the existing agreement with the Chief Executive Officer and the reports described above, the Company made a provision of approximately Euro 373 thousand based on the mortality tables prepared by ISTAT, according to IAS 19 provisions. The Company has decided to take out an insurance policy to cover death risk and this coverage is expected to be active by the second quarter of the 2020 financial year.

The existing agreement with the Chief Executive Officer also provides that, in the event of Manfredi Catella's termination from the position held in the Company for one of the reasons provided for by the agreement in force and described in the Remuneration Report ("***Good Leaver***"), the Company is obliged to pay Manfredi Catella by way of compensation for the damage or, in any case, by way of compensation for the termination of the administration relationship, the greater amount between: (a) Euro 5 million and, (b) three times the total annual remuneration (fixed and variable amount). As of today, the Company considers the possibility of one of the Good Leaver hypotheses envisaged in the existing agreement as remote.

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 advice for corporate activities;
- brokerage fees;
- technical advice on real estate properties.

Governance and other control functions costs amount to Euro 363 thousand and its breakdown is detailed in table below.

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Internal audit and compliance	(56)	(62)
Advisory Committee	(34)	(33)
Risk Management	(80)	(70)
Supervisory board	(27)	(27)
Board of statutory auditors	(124)	(124)
Professional directors	(42)	(42)
Governance and other control functions	**(363)**	**(358)**

Audit costs include the fees paid to the companies that have been appointed as auditors.

Marketing and communication expenses relate mainly to costs for digital and media relations (Euro 132 thousand), maintenance of the digital website (Euro 143 thousand), corporate events (Euro 79 thousand)

IT services costs refer to technical assistance and IT management expenses.

The charges relating to the independent experts relate to the assignments given to CBRE Valuation, Duff & Phelps REAG and Praxi for the preparation of the property appraisal reports.

The item other operating costs mainly relates to:
- corporate insurance, equal to 187 thousand Euro;
- costs relating to the management of the Company's registered office, amounting to 41 thousand Euro;
- expenses relating to roadshows, amounting to 29 thousand Euro;
- costs relating to membership fees and services of Borsa Italiana amounting to Euro 52 thousand;
- other administrative costs amounting to 25 thousand Euro.

7. Other operating expenses

Other operating expenses, amounting to Euro 197 thousand (Euro 2,373 thousand as at December 31st, 2018), mainly comprise non-deductible VAT costs of Euro 154 thousand, corporate taxes and duties of Euro 28 thousand, contingent liabilities and other operating charges of Euro 15 thousand.

During 2019 the value of the long-term financial instrument did not change compared to last year. For further details on the valuation of the financial instrument, please refer to paragraph 31 - Trade payables and other non-current liabilities.

8. Net depreciation

Net depreciation, amounting to Euro 307 thousand (Euro 1,154 thousand as at December 31st, 2018) mainly include the depreciation of tangible and intangible fixed assets for Euro 173 thousand, credit loss for Euro 24 thousand and the reduction in the value of property recorded under inventories for Euro 110 thousand. This adjustment was made based on the appraisal prepared by the independent expert appointed by COIMA CORE FUND IV.
For further details on the write-downs, please refer to paragraph 22 - Inventories.

9. Net movement in fair value

This item amounts to Euro 10,514 thousand (Euro 28,339 thousand as at December 31st, 2018) and refers to adjustments made to the value of investment property based on the appraisals prepared by independent experts.
For further details, please refer to paragraph 15 – Real estate investments.

10. Net income attributable to non-controlling interests

This item, amounting to Euro 9,357 thousand, mainly represents the adjustment of the value of equity investments calculated according to the equity method.

(in thousands Euro)	Equity as of December 31st 2019 (*)	% owned	Equity owned as of December 31st 2019	Equity value before adjustment	Adjustment to equity value as of December 31st 2019	Adjustment to equity value as of December 31st 2018
Porta Nuova Bonnet Fund	90,024	35.7%	32,147	23,396	8,751	2,846
Co – Investment 2SCS	4,582	33.3%	1,527	1,514	13	(450)
Net income attributable to non-controlling interests					**8,764**	**2,396**

(*) *The shareholders' equity of entities is calculated in accordance with IAS IFRS.*

As for Co - Investment 2SCS, the value of the investment was calculated by adjusting the entire chain of shareholdings belonging to MHREC Sàrl to shareholders' equity and considering the value indicated in the appraisal prepared by the independent expert.

The residual amount, equal to Euro 593 thousand, mainly refers to the share of the result of the 48% stake in Feltrinelli Porta Volta, acquired on September 30th, 2019 in the broader context of the acquisition of COF I and consolidated using the equity method.
From December 10th, 2019, date on which COIMA CORE FUND VI acquired the remaining 52% of the investment, the Company consolidates Feltrinelli Porta Volta using the full consolidation method.

For further details on the equity investments in place as at December 31st, 2019, please refer to paragraph 17 - Investments accounted for using the equity method.

11. Non-recurring income

Non-recurring income, amounting to Euro 1,050 thousand, includes the badwill arising from the acquisition of the investments in COF I and Feltrinelli Porta Volta.

(in thousands Euro)	COF I	Feltrinelli
Net assets at fair value at the acquisition date	79,478	77,992
Ownership	88.8%	52%
Net assets at fair value	70,566	40,004
Amount paid for the acquisition	70,316	39,204
Badwill	**250**	**800**

On September 30th, 2019 COIMA CORE FUND VI acquired a stake of approximately 89% of COIMA OPPORTUNITY FUND I ("**COF I**"), a fund held by a group of Italian investors and managed by COIMA SGR, for a consideration of Euro 70,316 thousand. This fund directly holds the Philips property and indirectly the Microsoft property through a stake of approximately 48% in a fund called Feltrinelli Porta Volta.

Through the transaction described above, the Company also acquires 13% of a portfolio of five technical properties entirely leased to Telecom Italia. These properties are held by ITALIAN COPPER FUND, a fund 17% owned by COF I, whose investment is classified under financial assets at fair value.

On December 10th, 2019 COIMA CORE FUND VI acquired the remaining stake of 52% in Feltrinelli Porta Volta for Euro 39,204 thousand.

The fair value of the assets and liabilities of COF I and Feltrinelli Porta Volta at the acquisition date is shown below.

(in thousands Euro)	COF I September 30th, 2019	Feltrinelli Porta Volta December 10th, 2019
Assets		
Real estate investments	60,684	97,571
Investment in subsidiaries	41,938	-
Other activities	691	3,063
Cash and cash equivalents	2,825	1,184
Total assets	**106,138**	**101,818**
Liabilities		
Bank borrowings and other non-current lenders	25,018	22,764
Trade payables and other payables	1,642	1,062
Total liabilities	**26,660**	**23,826**
Total net assets	**79,478**	**77,992**

The fair value of investment property was determined based on the latest Praxi appraisal issued on June 30th, 2019.

At the time of first consolidation, badwill amounted to Euro 250 thousand and Euro 800 thousand respectively, for a total amount of Euro 1,050 thousand. This badwill was recognised in the income statement as it represents the change in cash between the time when the transfer value was established and the time when the Company obtained control of the funds subject to acquisition.

In the fourth quarter of 2019 COF I and Feltrinelli Porta Volta contributed Euro 1,270 thousand to the Company's revenues and Euro 4,275 thousand to the consolidated result.

At December 31st, 2019 the cash and cash equivalents of COF I and Feltrinelli Porta Volta amounted to Euro 3,074 thousand and Euro 3,395 thousand respectively.

12. Financial income and expenses

The item *financial income*, amounting to Euro 291 thousand (Euro 13 thousand as at December 31st, 2018), mainly includes dividends distributed by ITALIAN COPPER FUND of Euro 240 thousand.

Details of financial expenses, amounting to Euro 9,676 thousand, are shown below.

(in thousands Euro)	COIMA RES	CCFIV	CCFVI COF I FPV	SIINQ I	Others	December 31st, 2019	December 31st, 2018
Financial costs of borrowings	(5,023)	-	(702)	(391)	(1,436)	(7,552)	(5,451)
Costs on bank accounts	(7)	(24)	(185)	(5)	(6)	(227)	(85)
Other financial costs	(1,690)	-	(90)	(40)	(77)	(1,897)	(759)
Financial expenses	**(6,720)**	**(24)**	**(977)**	**(436)**	**(1,519)**	**(9,676)**	**(6,295)**

The increase of Euro 3,381 thousand compared to the previous period is due to the signing of two new loans for the purchase of the Tocqueville and Pavilion properties, 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 transaction for the Vodafone property complex, the Company, in accordance with IFRS 9, recorded the costs associated with the early closure of these loans under this item, amounting to Euro 2,661 thousand. For further details, please refer to paragraph 26 – Bank borrowings and other non-current lenders.

Other financial costs, amounting to Euro 1,897 thousand, mainly include the amount of the payment flows of *Interest Rate Swap* derivatives and the effect on the income statement of *Interest Rate Cap* derivatives.

13. Income taxes

In accordance with the provisions of the SIIQ regulations, the Company calculates taxes on income from activities other than exempt operations, using the tax rate of 24%.
As at December 31st, 2019, non-exempt operations did not generate income.

14. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share do not differ from basic earnings per share.

Profit and share information used to calculate the basic loss per share is shown below:

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Profit attributable to ordinary shareholders of COIMA RES	31,973	46,267
Weighted average number of ordinary shares outstanding	36,057	36,007
Basic earnings per share (in Euro)	**0.89**	**1.28**
Diluted earnings per share (in Euro)	**0.89**	**1.28**

It should be noted that on July 3rd, 2019, no. 96,558 ordinary shares to service the payment of the coupon referring to 2018 of the financial instruments granted to key managers.

There were no transactions on ordinary shares between the balance sheet date and the date of preparation of the financial statements.

15. Real estate investments

Changes in investment property at December 31st, 2019 are shown below:

(in thousands Euro)	Investments	December 31st, 2018	Acquisitions / (disposal)	Capex	Reclassifications	Revaluations / (write-downs)	December 31st, 2019
COIMA RES SIIQ	Vodafone	209,300	(213,000)	138	-	3,562	-
	Monte Rosa	60,400	-	122	-	578	61,100
	Tocqueville	58,900	-	-	-	700	59,600
	Pavilion	70,000	-	5	-	3,195	73,200
COIMA CORE FUND IV	DB branches	83,390	(1,280)	48	(14,460)	(1,494)	66,204
COIMA CORE FUND VI	Gioiaotto	79,800	-	4	-	3,896	83,700
COIMA RES SIINQ I	Deruta	49,800	-	-	-	(2,700)	47,100
COIMA CORE FUND VIII	Vodafone	-	213,000	-	-	-	213,000
COIMA OPPORTUNITY FUND I	Philips	-	60,684	10	-	2,096	62,790
FELTRINELLI PORTA VOLTA	Microsoft	-	97,571	(22)	-	681	98,230
Real estate investments		**611,590**	**156,975**	**305**	**(14,460)**	**10,514**	**764,924**

The item *acquisitions / (disposals)* refers to transactions carried out by the Company during the year, summarised below:

- on March 15th, 2019 COIMA CORE FUND IV sold the bank branch in Pisa at a price of Euro 500 thousand;
- 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, managed by COIMA SGR;
- on September 30th, 2019 COIMA CORE FUND VI indirectly acquired the property located in Milan, viale Sarca 235, through the purchase of 88.8% of the shares in COIMA OPPORTUNITY FUND I ("**COF I**"), a fund managed by COIMA SGR;
- on December 5th, 2019 COIMA CORE FUND IV sold the first floor of the bank branch in Genoa, located in Via Garibaldi, at a price of Euro 800 thousand;
- on December 10th, 2019 COIMA CORE FUND VI finalized the acquisition of the property located in Milan, viale Pasubio 13, through the purchase of 52% of the shares in Feltrinelli Porta Volta ("**FPV**"), a fund managed by COIMA SGR.

The amount shown in the reclassification column refers:

- Euro 9,040 thousand for the value of the Deutsche Bank branches in Milan and Turin, reclassified from the item "inventories" to the item "investment property" due to the lease contracts signed on February 19th, 2019 and April 2nd, 2019 respectively;
- Euro 23,500 thousand for the value of a portfolio of 11 Deutsche Bank branches classified as "investment property" under "non-current assets held for sale" in accordance with IFRS 5, due to the preliminary sale agreements signed on October 18th and October 28th, 2019 respectively. This portfolio includes five branches located in Lombardy (four in Milan and one in Como), four in Liguria and two in Veneto (both in Verona).

The item "*revaluations / (write-downs)*" refers to the changes in the value of properties to bring them into line with their market value, taken from the transactions carried out during the period and the appraisals prepared by the independent experts appointed by the Company or the Funds as at December 31st, 2019.
These reports are prepared in accordance with RICS Valuation - Professional Standards, in accordance with applicable law and the recommendations of the ESMA European Securities and Markets Authority.
The following table sets out the parameters used by the independent experts to carry out their assessments:

Independent expert	Property	Discount rate	Conversion rate	Cap out rate	Expected inflation rate	Years of plan
CBRE Valuation	Monte Rosa	5.40%	7.10%	5.35%	1.38%	9.8
	Tocqueville	5.50%	7.50%	3.80%	1.38%	7.8
	Pavilion	4.50%	7.45%	3.40%	1.38%	16.1
	Deruta	5.50%	7.70%	5.40%	1.38%	5
Duff & Phelps REAG	DB branches (leased)	m.5.9%	m.5.9%	m.4.7%	1.5%	11
	DB branches (vacant)	m.6.5%	m.6.5%	m.5.1%	1.5%	11
	Gioiaotto (offices)	5.75%	5.75%	4.19%	1.5%	17
	Gioiaotto (tur./ric.)	6.20%	6.70%	4.63%	1.5%	18
	Vodafone	6.10%	6.10%	4.63%	1.50%	12
Praxi	Philips	6.93%	6.93%	5.18%	1.75%	15
	Microsoft	5.40%	5.40%	4.04%	1.75%	15

The revaluation of the Monte Rosa property, equal to Euro 578 thousand, was determined by the development, by the independent expert, of the valuation considerations with reference to the period of income guaranteed by the lease contracts in force on the valuation date, as well as the timing to return the property to income. The change is mainly due to an improvement in the rates used by the independent expert net of a worsening of the inflation curve, in line with what emerged in the reference market in 2019.

The revaluation of the Tocqueville property, equal to Euro 700 thousand, was determined by the development, by the independent expert, of the valuation considerations with reference to the period of income guaranteed by the lease contracts in force on the valuation date, as well as the expected times for the carrying out of the renovation works and the subsequent return to income of the property at market rents in line with those in place in the Porta Nuova area.

The revaluation of the Pavilion property of Euro 3,195 thousand is mainly linked to the approaching of the collection of the rent under the contractually agreed regime, only partially offset by the reduction in the inflation curve.

The property located in via Deruta shows a decrease of Euro 2,700 thousand compared to the previous year, attributable to the approaching expiry of the lease contract with BNL, currently scheduled for December 2021 and to the modification of the relocation hypotheses by the 'independent expert, who hypothesized a fractional relocation of the spaces to market rents, after adequate renovation works, with complete absorption of the property in three years.

With regard to the evaluation of the Deutsche Bank portfolio, there is a decrease of Euro 1,494 thousand due for Euro 130 thousand due to the adjustment of the value of the 11 Deutsche Bank branches subject to preliminary sales agreements signed in 2019 and for Euro 1,364 thousand mainly to the reduction of the inflation curve applied in the estimate schedules.

The valuation relating to Gioiaotto has undergone an increase of Euro 3,896 thousand compared to the valuations of the previous year. The change is mainly due to the compression of returns that can be seen on the reference real estate market and the strong demand for buildings in the Porta Nuova area in the face of a current shortage of finished product.
In addition, the change in the hotel portion of the property is also attributable to the turnover values expressed by NH Hotel in 2019, which are directly linked to the variable part of the rent, contracted during the month of December 2016.

The evaluation of the Vodafone real estate complex shows an increase compared to the previous year for Euro 3,562 thousand, in line with the contribution value in COIMA CORE FUND VIII which took place on June 27th, 2019. The change is mainly due to the increase in the market fees in the area based on research carried out by the independent expert and confirmed by the transaction that took place in June 2019 with a third-party investor.

The Microsoft and Philips properties, acquired during the year 2019, show a positive revaluation respectively of Euro 2,096 thousand and Euro 681 thousand mainly due to the positive change in the rates applied by the independent expert in line with the market dynamics found in the respective areas localization.

The following table shows the market values of investment property as at December 31st, 2019 gross and net of transaction costs respectively:

Independent expert	Investments	Gross market value at December 31st, 2019	Net market value at December 31st, 2019
CBRE Valuation	Monte Rosa	63,316	61,100
	Tocqueville	61,762	59,600
	Pavilion	75,762	73,200
	Deruta	48,808	47,100
Duff & Phelps REAG [9]	Deutsche Bank branches	70,709	68,984
	Gioiaotto (office)	55,145	53,800
	Gioiaotto (tur./ric.)	30,648	29,900
	Vodafone	218,325	213,000
Praxi	Philips	65,148	62,790
	Microsoft	101,177	98,230

[9] In the evaluation reports prepared by Duff & Phelps, the gross market value is not reported but only the percentage range relating to the transaction costs to be taken into consideration. The value shown in the table was calculated by applying 2.5% of transaction costs.

16. Other tangible and intangible fixed assets

Other tangible fixed assets, amounting to Euro 1,582 thousand (Euro 319 thousand at December 31st, 2018), increased by Euro 1,263 thousand compared to the previous year, mainly due to the application of the new accounting standard IFRS 16, in force since January 1st, 2019.

(in thousands Euro)	December 31st, 2018	Increases/(decreases)	December 31st, 2019
Furniture and fixtures	71	1	72
Installations	284	-	284
Other tangible assets	5	2	7
Rights of use	-	1,405	1,405
Original costs	**360**	**1,408**	**1,768**
Furniture and fixtures	(8)	(7)	(15)
Installations	(30)	(25)	(55)
Other tangible assets	(3)	(1)	(4)
Rights of use	-	(112)	(112)
Depreciation fund	**(41)**	**(145)**	**(186)**
Net book value	**319**	**1,263**	**1,582**

This standard defines new criteria for measuring and accounting for information on leasing contracts, requiring the recognition in the financial statements of lessees of a tangible asset representing the right to use the underlying asset for the entire duration of the lease agreements, and the simultaneous recognition of a liability against payment of future lease payments.

As of today, the Group has three lease agreements in place:
- a contract relating to the registered office in Milan, Piazza Gae Aulenti n.12;
- a contract relating to a garage located in Milan, Viale Fulvio Testi n.282, subleased to Philips S.p.A.;
- a contract for the control room of the Vodafone property complex located in Milan, Via Lorenteggio 240;

whose right of use, net of depreciation for the period, has a total amount of Euro 1,293 thousand.

Intangible assets, amounting to Euro 188 thousand (Euro 73 thousand at December 31st, 2018), refer to administrative and accounting software in implementation. The increased by Euro 115 thousand compared to last year due to the development of implementation activities carried out during the period.

17. Investments accounted for using the equity method

This item, amounting to Euro 33,675 thousand, mainly includes the investment in the Porta Nuova Bonnet fund and the investment in Co - Investment 2 SCS, held indirectly through MHREC Sàrl.

The Porta Nuova Bonnet Fund owns a complex undergoing complete redevelopment located in Milan, in the Porta Nuova district known as Corso Como Place, which will be completed by the first half of 2020.

The company Co - Investment 2SCS is part of the corporate chain headed by MHREC Sàrl set up in order to manage, together with other investors, a real estate development in the Porta Nuova area in Milan. With the sale of the 58.6% stake in the Porta Nuova Varesine Real Estate Fund by Le Varesine Sàrl, the company chain does not hold any real estate property and is not currently engaged in other activities.

Changes in the most significant equity investments as at December 31st, 2019 are shown below:

(in thousands Euro)	% owned	December 31st 2018	Increases	Net income	December 31st 2019
Porta Nuova Bonnet	35.7%	19,958	3,438	8,751	32,147
Co – Investment 2 SCS	33.3%	1,514	-	13	1,527
Other investments	< 4.0%	2	-	-	1
Investments in associated companies		**21,473**	**3,438**	**8,764**	**33,675**

Increases mainly refer to the amounts paid by the Company during the year in anticipation of the costs to be incurred for the development of the Corso Como Place project.

Below is a summary of the amounts paid to the Porta Nuova Bonnet Fund and the remaining amount to be paid.

(in thousands Euro)	Amount paid
Equity recalls 2016	13,214
Equity recalls 2017	643
Equity recalls 2018	2,196
Equity recalls 2019	3,464
Amount paid	**19,517**
Amount committed	25,000
Remaining amount to be paid	**5,483**

It should be noted that regarding to CO - Investments 2, the valuation of Euro 1,527 thousand is supported by the opinion of an independent expert.

18. Financial assets at fair value

Financial assets at fair value, amounting to Euro 4,593 thousand, refer to the investment of about 13% in ITALIAN COPPER FUND, acquired in the wider context of the purchase of COF I shares.

ITALIAN COPPER FUND holds a portfolio of five technical properties located in northern and central Italy entirely leased to Telecom for a total value of Euro 57,440 thousand, a 13-year WALT and a net yield of 6%.

19. Deferred tax assets

Deferred tax assets, amounting to Euro 10 thousand as at December 31st, 2019 (Euro 10 thousand as at December 31st, 2018), mainly refer to receivables claimed by MHREC Sarl.

20. Derivatives

Derivatives, amounting to Euro 158 thousand, refer to interest rate cap derivative agreements entered into to hedge the cash flows linked to existing loans.

The movements as at December 31st, 2019 are shown below.

(in thousands Euro)	December 31st 2018	Increase / (decrease)	Adjustment to fair value	December 31st 2019
COIMA RES SIIQ	842	(70)	(738)	34
COIMA CORE FUND VI	26	28	(51)	3
COIMA RES SIINQ I	25	-	(24)	1
COIMA CORE FUND VIII	-	512	(392)	120
Derivatives	**893**	**470**	**(1,205)**	**158**

The *increase / (decrease)* column refers to the premium paid by the funds for the subscription of new Interest Rate Cap derivative contracts and the collection deriving from the partial closure of the derivative relating to Vodafone, carried out by the Company in the context of the contribution transaction described in the previous paragraphs.

On November 13th, 2019 COIMA CORE FUND VI signed three new hedging contracts on the three-month Euribor rate, with a strike equal to 50 bps and maturity on March 31st, 2022, relating to the loan of Euro 23,000 thousand signed in the third quarter of 2019.

On August 2nd, 2019 COIMA CORE FUND VIII signed a hedging contract with Natixis for the financing of the Vodafone building, with a strike of 75 bps and expiring on June 27th, 2024, at a price of Euro 512 thousand.

The other Interest Rate Caps already present in the previous year are to cover existing loans and relate to the Deutsche Bank branches and the Deruta property.

It should also be noted that COIMA OPPORTUNITY FUND I and Feltrinelli Porta Volta have two Interest Rate Cap hedging contracts in place, with a strike equal to 100 bps and maturity in line with the existing loan contracts. As of December 31st, 2019, the fair value of these instruments is approximately zero.

In accordance with IFRS 9, the fair value of derivatives has been separated into two components: the intrinsic value (intrinsic value), equal to the actual value of the derivative in the case of immediate exercise, and the time value (time value), i.e. how much a buyer would be willing to pay over the intrinsic value. The Company recognised the change in fair value relating to the time effect of the derivatives, equal to Euro 149 thousand (net of the effect on the income statement, equal to Euro 1,056 thousand) and their intrinsic component in the cash flow hedge reserve, which at the balance sheet date had a zero balance.

21. Long term financial assets

Long term financial assets, amounting to Euro 1,620 thousand (Euro 1,620 thousand at December 31st, 2018), relate to loans granted by MHREC Sàrl to the associate company Co - Investment 2 SCS.

22. Inventories

Inventories, amounting to Euro 2,780 thousand (Euro 11,930 thousand as at December 31st, 2018), include the bank branches of the Deutsche Bank portfolio currently not leased, located in Livorno, Padua and Novedrate respectively.

The decrease of Euro 9,150 thousand compared to the previous year is attributable for Euro 9,040 thousand to the reclassification of the Milan and Turin branches under the item real estate investments following the signing of lease contracts during the year, and Euro 110 thousand to the value adjustment made on the basis of the appraisal prepared by the independent expert.

For more details on the parameters used by the independent expert in the valuation, please refer to paragraph 14 - Real estate investments.

23. Trade and other current receivables

Trade receivables and other current receivables as at December 31st, 2019 are detailed below.

(in thousands Euro)	December 31st 2019	December 31st 2018
Receivables from tenants	5,387	2,117
Receivables from buyers	800	-
Trade receivables	**6,187**	**2,117**
Tax receivables	1,753	4,282
Other receivables	320	143
Accrued income and prepaid expenses	1,698	1,691
Other current receivables	**3,771**	**6,116**
Trade receivables and other current receivables	**9,958**	**8,233**

The item "*receivables from tenants*" shows an increase of Euro 3,270 thousand compared to the previous year, mainly due to the normalisation of lease payments, accounted for in accordance with IFRS 16.
This amount includes a write-down of receivables equal to Euro 501 thousand and a loss on receivables equal to Euro 24 thousand, both relating to tenants who released their offices in Gioiaotto in 2018. As at December 31st, 2019 the Company reasonably expects that the receivables not written down will be collected within twelve months, as to date there are no expected losses due to uncollectability or other causes of non-realisation of receivables from tenants.

Receivables from buyers refer to invoices to be issued in relation to the sale of the Genoa bank branch.

Receivables from the tax authorities consist mainly of the Company's VAT receivables. The decrease of Euro 2,529 thousand compared to the previous year is largely due to the offsetting of the receivable with other taxes and duties.

Other sundry assets include advances to suppliers and other receivables from third parties.

Accrued income and prepaid expenses mainly include prepaid expenses relating to contributions to tenants for improvements and enhancement works that will be amortized over the contractual period (landlord contribution).

24. Cash and cash equivalents

The Company's liquid assets, amounting to 42,693 thousand Euro, are held at the following institutions:

(in thousands Euro)	December 31st 2019	December 31st 2018
Banca Popolare di Milano	453	16,095
Unicredit	7,252	6,443
Intesa San Paolo	3,308	5,535
DepoBank	11,175	-
ING Bank N.V.	3,752	3,697
BNP Paribas	15,051	3,350
State Street Bank	-	46,239
Banca Passadore	1,515	619
Cash	1	1
Société Générale Group	186	242
Cash and cash equivalents	**42,693**	**82,221**

The significant decrease compared to the 2018 balance is mainly due to the purchase of COF I and Feltrinelli Porta Volta shares in the last quarter of 2019, partially financed through the liquid assets of COIMA RES and COIMA CORE FUND VI.

The institutions Banca Popolare di Milano and Banca Passadore mainly include the parent company's available liquidity.

Unicredit and Intesa San Paolo include five pledged current accounts and two unpledged accounts called distribution accounts which were opened following the signing of the loan agreements relating to the Deutsche Bank branches and the Monte Rosa, Tocqueville and Pavilion properties. The unpledged accounts contain the amounts that the Company can freely use after the quarterly verification of the covenants of the loan agreements.

The amount exposed to DepoBank refers to the cash in the current accounts of COIMA CORE FUND VIII and COIMA CORE FUND VI. The latter changed the custodian bank State Street Bank in July 2019 in order to rationalize the fund's management costs.
Among the various accounts opened with a positive balance, two accounts are pledged against the financing banks.

ING Bank N.V. includes the liquidity of COIMA RES SIINQ I and the Lorenteggio Village Consortium, deriving from the collection of BNL lease payments and the charges of the consortium members of the Vodafone property complex.
Some accounts of COIMA RES SIINQ I are pledged in favour of the financing bank.

The cash on the current account of BNP Paribas constitutes the cash of COIMA CORE FUND IV, COF I and Feltrinelli Porta Volta at the custodian bank.

Société Générale Group includes the liquidity available in the company MHREC Sàrl.

25. Shareholders' equity

The Group's shareholders' equity at December 31st, 2019 amounted to Euro 440,110 thousand (Euro 418,748 thousand at December 31st, 2018) and is composed as shown in the consolidated financial statements.

The share capital, equal to Euro 14,482 thousand (Euro 14,451 thousand at December 31st, 2018) is represented by no. 36,106,558 shares with no par value (36,007,000 shares at December 31st, 2018).

On June 13rd, the Board of Directors of COIMA RES approved a capital increase of a total of 99,558 ordinary shares (equal to Euro 755 thousand) to service the remuneration of financial instruments in favour of the Chief Executive Officer and key managers of the Company. The shares were delivered on July 3rd, 2019.

The valuation reserve, amounting to Euro 1,677 thousand (negative), reflects the change in the fair value of hedging derivatives, as required by IFRS 9.

The following table shows the reconciliation between individual and consolidated shareholders' equity and profit for the year at December 31st, 2019:

(in thousands Euro)	**Profit for the year**	**Shareholders' equity**
COIMA RES SIIQ as of December 31st 2019	**20,177**	**402,293**
Investments	508	(436,164)
Entities consolidated by COIMA RES	12,946	531,032
Dividends	(9,356)	-
Badwill arising from acquisitions in equity investments	1,050	1,977
Net income attributable to non-controlling interest	9,357	12,148
Consolidated value as of December 31st, 2019	**34,683**	**511,285**
Minorities	(2,710)	(71,175)
Consolidated Group Value as of December 31st, 2019	**31,973**	**440,110**

The item "*investments*" includes the write-down of the equity investments in COIMA CORE FUND IV and COIMA CORE FUND VIII for Euro 508 thousand, and the reversal of the total value of the equity investments, equal to Euro 436,164 thousand.
In the column "*profit for the year*", the item "*entities consolidated by COIMA RES*" includes the profit of subsidiaries, while the column "*shareholders' equity*" includes the reversal of the values of share capital, reserves, retained earnings and results of subsidiaries, gross of dividends distributed.

Dividends represent the reversal of income distributed to COIMA RES by subsidiaries.

26. Bank borrowings and other non-current lenders

Bank borrowings and other non-current lenders, amounting to Euro 340,233 thousand, include the financial indebtedness contracted by the Company and its subsidiaries, whose movements are shown below.

(in thousands Euro)	December 31st 2018	Borrowings	Amortised cost	Reimbursements	Reclassifications	December 31st 2019
COIMA RES SIIQ	246,764	-	2,142	(133,747)	(16,027)	99,132
COIMA CORE FUND VI	24,785	23,000	(145)	-	-	47,640
COIMA RES SIINQ I	19,791	-	68	-	-	19,859
COIMA CORE FUND VIII	-	127,800	(1,959)	-	-	125,841
COIMA OPPORTUNITY FUND I	-	25,018	(2)	-	-	25,016
FELTRINELLI PORTA VOLTA	-	22,764	(19)	-	-	22,745
Non-current payables to banks	**291,340**	**198,582**	**85**	**(133,747)**	**(16,027)**	**340,233**

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

Also, 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 shares to the Korean investor Meritz Financial Group for Euro 43,550 thousand.

On September 19th, 2019 the Company repaid in full the VAT line contracted to partially finance the acquisition of the Pavilion property, for a total amount of Euro 3,967 thousand.

On September 26th, 2019 COIMA CORE FUND VI requested a loan of Euro 23,000 thousand, as provided for by the add-on on the loan in place in July 2019, for the acquisition of shares in the COF I fund. For further details on the transaction, please refer to the previous paragraphs.

The reclassification column refers to the portion of the loan allocated to the bank branches that are being sold, which is included under current bank payables because the proceeds from the sale will be used to repay, reasonably within 12 months, part of the outstanding loan.

Regarding the mortgage loans of COF I and Feltrinelli Porta Volta, they were granted by Natixis and Banca IMI respectively on November 1st, 2018 and December 22nd, 2015.

At December 31st, 2019 the Group's net debt level was 38.8% of the value of the real estate portfolio.

For more information on existing financing, a summary table with economic details is provided:

(in thousands Euro)	December 31st 2019	Maturity	Rate	% hedged
Deutsche Bank Branches	37,945	July 16th 2023	Eur 3M + 180 bps	100%
Monte Rosa, Tocqueville	50,549	July 16th 2023	Eur 3M + 160 bps	98%
Pavilion	26,664	October 31st 2023	Eur 6M + 150 bps	93%
Gioiaotto	47,640	March 31st 2022	Eur 3M + 150 bps	80%
Deruta	19,859	January 16th 2022	Eur 3M + 160 bps	80%
Vodafone	125,841	June 27th 2024	Eur 3M + 180 bps	80%
Philips	25,016	November 1st 2022	Eur 3M + 175 bps	80%
Microsoft	22,745	December 21st 2020	Eur 6M + 205 bps	100%

To hedge existing loans, the entities have entered into derivative contracts in the form of Interest Rate Cap and Interest Rate Swaps. These transactions take the form of cash flow hedges of outstanding loans, falling within the scope of hedge accounting.

For further details on derivative financial instruments, see paragraphs 20 and 30 - Derivatives.

It should be noted that the financial covenants are checked every quarter and/or half year, as required by the existing contracts. Below are the indicators for each entity as at December 31st, 2019:

	Covenant	Limits	Test result as of December 31st 2019
Deutsche Bank branches Monte Rosa Tocqueville	LTV Portfolio	<60%	41,5%
	LTV Consolidated	<60%	43,2%
	ICR Portfolio	>1.8x	5,3x
	ICR/DSCR Consolidated	>1.4x	3,9x
Pavilion	LTV Portfolio	<65%	36.4%
Vodafone	LTV	<65%	60.0%
	ICR-BL	>2,25x	5.4x
	ICR-FL	>2,25x	4.3x
Gioiaotto	LTV	<65%	57.4%
	ICR	>1.75x	6.6x
Philips	LTV	<55%	39.8%
	ICR	>2x	5.1x
Microsoft	LTV	<60%	22.8%
Deruta	LTV	<55%	42,2%
	ICR-BL	>3.0x	9,8x
	ICR-FL	>3.0x	10,3x

The above indicators confirm that the covenants set out in the loan agreement have been maintained.

Regarding the guarantees granted by the entities to the lending banks, reference should be made to paragraph 37 - Risks, guarantees and commitments

27. Non-current financial liabilities

In accordance with IFRS 16, which came into force on January 1st, 2019 the Company recognised a liability under financial payables for the payment of lease payments relating to existing lease agreements. This liability, amounting to Euro 1,301 thousand, is equal to the present value of the future cash flows expected for the duration of the contract. For further details please refer to paragraph 16 - Other tangible and intangible assets.

28. Payables for post-employment benefits

The balance of the Employee Severance Indemnity (TFR) as at December 31st, 2019, amounting to Euro 71 thousand (Euro 43 thousand as at December 31st, 2018) concerns the debt relating to some Company employees.
The movement of the fund was also characterized by the provision and the subsequent transfer to external funds of the TFR relating to two managers of the Company.

29. Provisions for risks and charges

This amount, equal to Euro 373 thousand (Euro 130 thousand at December 31st, 2018), refers to the payment to cover the risks relating to the contracts in place with the CEO. For further information, please read the personnel costs details described in paragraph 6 – G&A expenses.

30. Derivatives

Derivative financial instruments classified as liabilities, amounting to Euro 1,888 thousand (Euro 1,026 thousand at December 31st, 2018), refer to Interest Rate Swaps entered into to hedge the cash flows relating to loans for the Vodafone, Monte Rosa, Tocqueville and Pavilion properties.

The Interest Rate Swap contract is entered into in order to hedge the Euribor reference rate and its variations by paying a fixed rate which represents the total cost of funding for the entire duration of the swap contract.

The Company has accounted for hedging transactions based on hedge accounting, verifying the effectiveness of the hedging relationship. In order to test the effectiveness of existing derivatives, the hedged item was identified, at the start date of the hedge, with a hypothetical derivative ("hypothetical derivative"). This derivative must perfectly cover the risks caused by the exposure both in terms of the underlying and in contractual terms (notional, indexing, etc.). Finally, the hypothetical stipulation must take place at market conditions on the date the hedging relationship was established.
The changes in fair value have been recognized in the valuation reserve, net of what is recorded in the income statement in the event of ineffectiveness.
The fair value measurements of the derivatives also took account of any adjustments to be made as a result of the deterioration of one of the banking counterparties or of the Company itself, also taking account of any guarantees given by the Company to the Banks.

31. Trade payables and other non-current liabilities

Trade payables and other non-current liabilities are detailed below:

(in thousands Euro)	December 31st 2019	December 31st 2018
Financial instruments	998	998
Advances and deposits	835	707
Trade payables and other non-current payables	**1,833**	**1,705**

The financial instrument recorded at fair value was issued by the Company and acquired by management for a nominal value of Euro 1 thousand. As at December 31st, 2019, the instrument was valued at Euro 998 thousand following an appraisal prepared by an external consultant and considering the estimates made by the company, with no changes in value compared to the previous year.
The appraiser expressed his opinion on the fair market value of the equity instrument issued by the Company in favour of certain managers on the basis of the instrument's settlement, based on the fact that the Company is listed and on the expected cash flows in three different scenarios (base, downside and upside).
The valuation was carried out in application of the financial criterion. It estimates the value of an asset as the sum of expected cash flows, discounted at a rate that expresses the systematic risk of the investment. The valuation model has been set up as follows:

- the reference date was December 31st, 2019;
- the estimate was made by assuming the expected annual cash flows from the Promote Fee over the period 2019-2030. Average-weighted cash flows were considered in three separate scenarios (*base, downside and upside*). For estimating the expected cash flows, the flows of the three scenarios were weighted respectively by 33.33%;
- for estimating the annual cash flows of the holders of the instrument, the average-weighted annual flows deriving from the Promote Fee were 60%. This is in line with what is provided for in the instrument regulations;
- the average-weighted cash flows of the holders of the instrument have been discounted, at December 31st, 2019, at a discount rate expressing the average return expected on investments having a risk profile comparable to that of the investment in the instrument. This discount rate, equal to 3.48%, was quantified by the consultant according to the CAPM ("*Capital Asset Pricing Model*") approach and is equal to the cost of the Company's own capital, expressing the systematic (non-diversifiable) risk associated with the business activities from which cash flows depend, in the last instance, those of the instrument.

The discount rate was estimated by the consultant assuming the following parameters:

- *risk-free* rate of 0.62%. This figure is equal to the historical average of the returns (without considering taxes) as of December 31st, 2019, of the Italian public debt securities with a residual maturity of 5 years;
- Beta coefficient of 0.53. In details, the Beta coefficient was determined: (i) assuming the average unlevered Beta (0.41) of a panel company carrying out activities comparable to those of COIMA RES; (ii) re-levering such Beta (using i.e. “Hamada” formula) in order to consider the target financial structure of COIMA RES (i.e. ratio net funding position / equity amounted to 40%);
- ERP of 5.43%. This figure corresponds to most recent measure of forward looking ERP compared to the estimate date, deducted from empirical observations of the market.

The item advances and deposits refers to deposits and advances paid by tenants.

32. Bank borrowings and other current lenders

Bank borrowings and other current lenders, amounting to Euro 16,140 thousand, mainly include the amount of the loan that will be repaid, reasonably within 12 months, against the proceeds from the sale of the bank branches being sold.

33. Trade payables and other current liabilities

Trade payables and other current payables are made up as shown in the table below.

(in thousands Euro)	December 31st 2019	December 31st 2018
Accounts payables	2,128	5,217
Deposits paid by buyers	3,502	-
Invoices to be received	2,970	2,896
Trade payables	**8,600**	**8,113**
Personnel payables	261	219
Tax payables	148	203
Security providers payables	70	66
Other payables	1,812	1,776
Accrued expenses and deferred income	1,645	1,455
Other liabilities	**3,936**	**3,719**
Trade payables and other current liabilities	**12,536**	**11,832**

Accounts payables mainly consist of liabilities to COIMA SGR relating to asset management services provided to the Company and other payables relating to the maintenance and management of buildings.

The item *deposits paid by buyers* refers to advances paid to COIMA CORE FUND IV for the sale of the branches described in paragraph 15 – Real estate investments.

Invoices to be received mainly consist of pro-forma invoices received from consultants for legal, tax and administrative services, marketing and communication services and fees due to statutory auditors.

The item *other payables* mainly includes payables for dividends approved in 2019 for the third parties, amounting to Euro 1,495 thousand.

Accrued expenses and deferred income mainly relate to the deferral of the lease payments for the Vodafone property complex for Euro 1,248 thousand.

The residual amount of the balance sheet item mainly includes liabilities to personnel for bonus, tax payables and credit notes to be issued.

34. Current tax payables

This item, amounting to Euro 21 thousand (Euro 46 thousand at December 31st, 2018), mainly refers to taxes payable by MHREC Sàrl.

35. Information on transfers of financial assets portfolios

The Company has not made any transfers between financial assets portfolio in the year.

36. Information on fair value

IFRS 13 provides that:

- non-financial assets must be measured using the Highest and best use method i.e. considering the best use of the assets from the perspective of market participants;
- liabilities (financial and non-financial) and equity instruments (i.e. shares issued as consideration in a business combination) must be transferred to a market participant as at the measurement date. In the process of measuring the fair value of a liability it is necessary to identify the risk of default of the counterparty, which also includes credit risk.

The general rules for preparing fair value measurement techniques should be adjusted based on the circumstances, configured in order to maximize observable inputs and established pursuant to the measurement method used (multiples method, income method and cost method):

1) Adjusted based on the circumstances: measurement techniques must be applied consistently over time unless there are more representative alternative techniques for the measurement of fair value,
2) Maximise the observable inputs: inputs are divided into observable and unobservable, providing various examples of markets from which fair values can be calculated,
3) Measurement techniques of fair value are classified in three hierarchical levels according to the type of input used:
   - level 1: inputs are quoted prices in active markets for identical assets or liabilities. In this case the prices are used without any adjustments.
   - level 2: inputs are quoted prices or other information (interest rates, observable yield curves, credit spreads) for similar assets and liabilities in active and inactive markets. For this case price adjustments can be made based on specific factors of the assets and liabilities.
   - level 3: in this case inputs are not observable. The standard provides that it is possible to use the latter technique only in this case. Inputs for this level include, for example, long-term currency swaps, interest rate swaps, decommissioning liabilities undertaken in a business combination, etc.

The arrangement of these levels follows a priority hierarchy: attributing the maximum importance to level 1 and minimum for level 3.

IFRS 13 provides that three different measurement methods can be used for the measurement of fair value:

- the market approach method is based on prices and other important information for market transactions involving identical or comparable assets and liabilities. The models used are the multiples method and the matrix price method;
- the income approach is achieved from the discounted sum of future amounts that will be generated by the asset. This method allows to obtain a fair value that reflects the current market expectation of such future amounts;
- the cost method reflects the amount that would be required as at the measurement date to substitute the capability of the service of the asset subject to measurement, Fair value will be equal to the cost that a market participant would incur to acquire or build an asset of rectified comparable use (taking into consideration the level of obsolescence of the asset in question), This method can be used only when the other methods cannot be used.

Measurement techniques are applied consistently over time unless there are alternative techniques that allow a more representative measurement of fair value, In the selection of measurement techniques, the assumptions used for the determination of the assets or liabilities are particularly important.

The comparison between the carrying amount and fair value of the Company's assets and liabilities at December 31st, 2019 is shown below.

(in thousands Euro)	December 31st, 2019		December 31st, 2018	
	Net book value	Fair Value	Net book value	Fair Value
Real estate investments	764,924	764,924	611,590	611,590
Other tangible assets	1,582	1,582	319	319
Intangible assets	188	188	73	73
Investments accounted for using the equity method	33,675	33,675	21,473	21,473
Financial assets at fair value	4,593	4,593	-	-
Non-current deferred tax assets	10	10	10	10
Derivatives	158	158	893	893
Long term financial assets	1,620	1,620	1,620	1,620
Inventories	2,780	2,780	11,930	13,090
Trade and other current receivables	9,958	9,958	8,233	8,233
Cash and cash equivalents	42,693	42,693	82,221	82,221
Non-current assets held for sale	23,500	23,500	-	-
Assets	**885,681**	**885,681**	**738,362**	**739,522**
Bank borrowings and other non-current lenders	340,233	342,371	291,340	292,520
Other liabilities	15,137	15,137	11,227	11,227
Derivatives	1,888	1,888	1,026	1,026
Financial instruments	998	998	2,529	2,529
Bank borrowings and other current lenders	16,140	16,355	-	-
Liabilities	**374,396**	**376,749**	**306,122**	**307,302**

The Company does not own capital instruments valued at cost.

The summary table below shows the hierarchy in the measurement of the fair value as at December 31st, 2019 and December 31st, 2018.

(in thousands Euro)	December 31st, 2019			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	764,924	-	-	764,924
Other tangible assets	1,582	-	-	1,582
Intangible assets	188	-	-	188
Investments accounted for using the equity method	33,675	-	-	33,675
Financial assets at fair value	4,593	-	-	4,593
Non-current deferred tax assets	10	-	-	10
Derivatives	158	-	158	-
Long term financial assets	1,620	-	-	1,620
Inventories	2,780	-	-	2,780
Trade and other current receivables	9,958	-	-	9,958
Cash and cash equivalents	42,693	-	-	42,693
Non-current assets held for sale	23,500	-	-	23,500
Assets	**885,681**	**-**	**158**	**885,523**
Bank borrowings and other non-current lenders	342,371	-	342,371	
Other liabilities	15,137	-	-	15,137
Derivatives	1,888	-	1,888	-
Financial instruments	998	-	-	998
Bank borrowings and other current lenders	16,355	-	16,242	113
Liabilities	**376,749**	**-**	**360,501**	**16,248**

(in thousands Euro)	December 31st, 2018			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	611,590	-	-	611,590
Other tangible assets	319	-	-	319
Intangible assets	73	-	-	73
Investments accounted for using the equity method	21,473	-	-	21,473
Deferred tax assets	10	-	-	10
Derivatives	893	-	893	-
Long term financial assets	1,620	-	-	1,620
Inventories	13,090	-	-	13,090
Trade and other current receivables	8,233	-	-	8,233
Cash and cash equivalents	82,221	-	-	82,221
Assets	**739,522**	**-**	**893**	**738,629**
Bank borrowings and other non-current lenders	292,520	-	292,520	-
Other liabilities	11,227	-	-	11,227
Derivatives	1,026	-	1,026	-
Financial instruments	2,529	-	-	2,529
Liabilities	**307,302**	**-**	**293,546**	**13,756**

37. Risks, guarantees and commitments

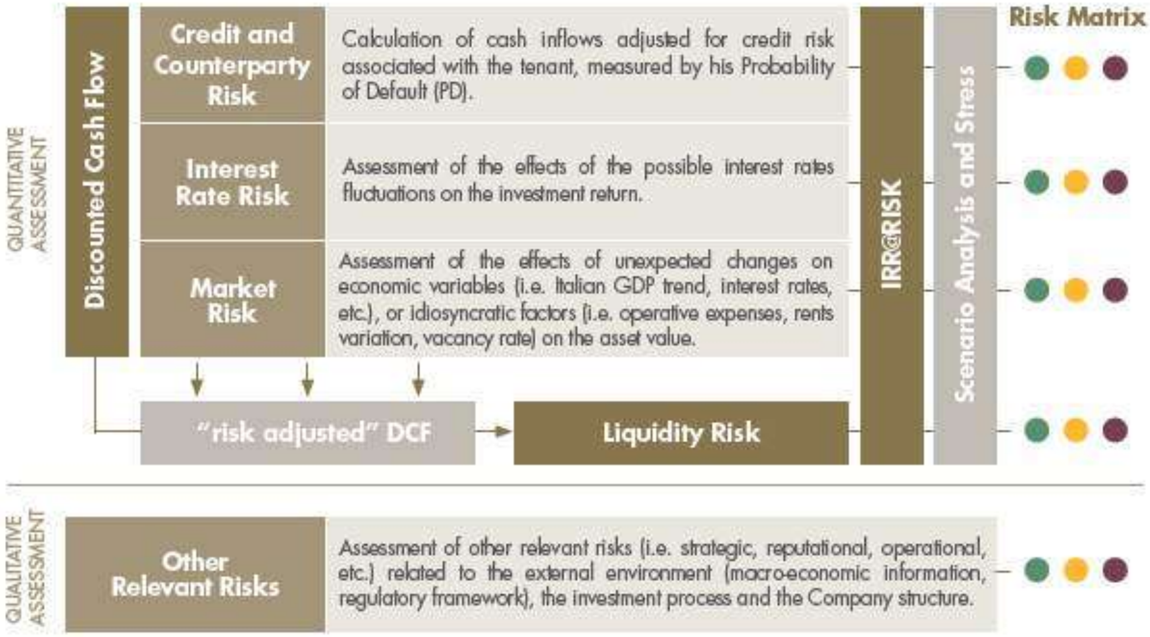
Risks

A table summarising the risks and related mitigations is provided below:

	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.
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 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.
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.
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.



<u>*Guarantees and commitments*</u>

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 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 December 31st, 2019 Porta Nuova Bonnet Fund drew Euro 19,517 thousand and therefore has a residual claim of Euro 5,483 thousand on the Company.

38. Related party transactions

Details of transactions with related parties are provided below:

(in thousands Euro)	Receivables	Liabilities	Revenues / Income	Costs
Coima SGR S.p.A.	100	1,512	-	4,782
Coima S.r.l.	-	130	-	510
Coima Image S.r.l.	-	2	-	-
Porta Nuova Garibaldi Fund	711	878	-	116
Porta Nuova Garibaldi consortium	-	26	-	150
Infrastrutture Garibaldi	-	2	-	12
Co - Investment 2 SCS	1.620	-	-	-
Managers	-	42	-	227
Directors	-	1,384	-	611
Auditors	-	124	-	124
Others	-	-	-	100

Also note that the Company has signed the following service agreements with related parties in line with market standards:

- Asset Management Agreement with COIMA SGR S.p.A.;
- Agreement with COIMA S.r.l. for the supply, by the latter, of development and project management services, as well as property and facility management services;
- Lease agreement related to the new headquarter of the Company signed on July 21st, 2017, with Porta Nuova Garibaldi Fund, managed by COIMA SGR S.p.A..

In October 2019 the Company, in accordance with the framework agreement with COIMA S.r.l., completed the annual review of the economic conditions of the property and development management agreements.

Property Management Agreement

As regards the Property Management Agreement ("**PMA**"), the most significant changes are summarized below:

- the annual fee due to COIMA S.r.l. in relation to the common areas and plants managed by the property manager, it is no longer determined on a fixed basis but negotiated from time to time between the parties in good faith;
- obligation for COIMA S.r.l. to "supervise" - and no longer to "ensure" - that the policies to be subscribed by service providers and subcontractors are signed;
- the right of COIMA RES to access data and information held by or on behalf of COIMA S.r.l. in relation to the Company, the properties and / or services provided pursuant to the PMA;
- insertion of specific clauses relating to compliance with the Company's code of ethics and Model 231 as well as a more detailed confidentiality clause compared to the previous wording;
- some minor improvements to the annexes to the PMA.

Development Management Agreement

In relation to the Development Management Agreement ("**DMA**"), the main changes proposed concerned:

- the additional fee due to COIMA S.r.l. if a project is completed late compared to what was foreseen for reasons not attributable to the development manager: the previous formulation of the DMA envisaged that this consideration was equal to the staff cost (including the overhead component), increased by a mark- up of 25%, with a cap equal to the last payment installment received by the development manager up to the expected completion date of the project. In this regard, it is expected that this additional fee will be determined in an amount equal to the average of the monthly installments paid previously in relation to the same project. Furthermore, the DMA provides that this additional compensation is not due in the case of a "malicious or grossly negligent conduct" of property management. On this point, it is envisaged to apply this provision to all cases of "culpable conduct" and not only to cases of gross negligence;

- the indemnity due by COIMA RES to COIMA S.r.l. in case of withdrawal from the contract with immediate effect: reduction from 4 to 3 months of the allowance;
- the confidentiality obligations of COIMA S.r.l .: the duration of these obligations is expected to be extended from 3 to 5 years following the termination of the contract;
- insertion of specific clauses relating to compliance with the Company's code of ethics and Model 231 as well as a more detailed confidentiality clause compared to the previous wording;
- the right of COIMA RES to access data and information held by or on behalf of COIMA S.r.l. in relation to the Company, the properties and / or services provided pursuant to the DMA;
- the limitation for the Company to raise the objection of default against COIMA S.r.l ..

Publication of the audit fees pursuant to art. 149-duodecies of Consob Regulation on May 14th, 1999, n.11971

This table contains details of the fees paid to the independent auditors appointed to conduct the audit pursuant to Legislative Decree no. 39 of January 27th, 2010, and to other entities in the network to which the independent auditor belongs:

(in thousands Euro)	Company	Audit firm	Fee
Auditing (*)	Parent company	EY S.p.A.	191
Auditing (**)	Subsidiaries	EY S.p.A.	14
Total			**205**

(*) *The fees refer to the Legal Audit of consolidated, interim condensed consolidated and separate financial statements of COIMA RES SIIQ and to the limited review on the interim financial statements as of September 30th, 2019, due for the purpose of obtaining the audit report for the interim dividend of COIMA RES SIIQ pursuant to article 2433 bis of Italian Civil Code. Please note that such amount includes the fees, amounting to Euro 180 thousand, the expenses and the CONSOB contribution, amounting to Euro 11 thousand.*
(**) *The fees refer to the Legal Audit of COIMA RES SIINQ I financial statements. Please note that such amount includes the fees, amounting to Euro 12 thousand and the expenses, amounting to Euro 2 thousand.*

CONSOB RECOMMENDATIONS N. DEM/9017965. FEBRUARY 26TH, 2009

1. Representation of the property portfolio

Category	Net book value as of December 31st, 2019	Accounting criteria	Fair value as of December 31st, 2019	Last evaluation report date
Real estate investments:				
Monte Rosa	61,100	IAS 40 Fair Value	61,100	December 31st 2019
Tocqueville	59,600	IAS 40 Fair Value	59,600	December 31st 2019
Pavilion	73,200	IAS 40 Fair Value	73,200	December 31st 2019
Deutsche Bank branches	66,204	IAS 40 Fair Value	66,204	December 31st 2019
Gioiaotto	83,700	IAS 40 Fair Value	83,700	December 31st 2019
Deruta	47,100	IAS 40 Fair Value	47,100	December 31st 2019
Vodafone	213,000	IAS 40 Fair Value	213,000	December 31st 2019
Philips	62,790	IAS 40 Fair Value	62,790	December 31st 2019
Feltrinelli	98,230	IAS 40 Fair Value	98,230	December 31st 2019
Total amount	**764,924**		**764,924**	
Inventories:				
Deutsche Bank branches	2,780	IAS 2	2,780	December 31st 2019
Total amount	**2,780**		**2,780**	
Non-current assets held for sale:				
Deutsche Bank branches	23,500	IFRS 5	23,500	December 31st 2019
Total amount	**23,500**		**23,500**	

2. Overall debt financial situation of the Group

Real estate investment properties	Net book value	Loan	Type of loan	Maturity date	Significant agreements terms
Monte Rosa	61,100	25,787	Bullet	July 16th 2023	Financial covenants – Note 26
Tocqueville	59,600	24,762	Bullet	July 16th 2023	Financial covenants – Note 26
Pavilion	73,200	26,664	Bullet	October 31st 2023	Financial covenants – Note 26
Deutsche Bank branches	92,484	37,945	Bullet	July 16th 2023	Financial covenants – Note 26
Gioiaotto	83,700	47,640	Bullet	March 31st 2022	Financial covenants – Note 26
Deruta	47,100	19,859	Bullet	January 16th 2022	Financial covenants – Note 26
Vodafone	213,000	125,842	Bullet	June 27th 2024	Financial covenants – Note 26
Philips	62,790	25,016	Bullet	November 1st 2022	Financial covenants – Note 26
Feltrinelli	98,230	22,745	Bullet	December 21st 2020	Financial covenants – Note 26

CERTIFICATION BY THE CEO AND BY THE MANAGING DIRECTOR RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31ST, 2019

pursuant to article 154-bis. para. 5. of Legislative decree no. 58 of February 24th, 1998 and article 81-ter of Consob regulation no. 11971 of May 14th, 1999

1. We, the undersigned. Manfredi Catella, as Chief Executive Officer, and Fulvio Di Gilio, as Manager responsible for preparing the financial reports of COIMA RES S.p.A. SIIQ, having also taken into account the provisions of art. 154-*bis*. paragraphs 3 and 4, of the Legislative Decree No. 58 of February 24th, 1998, hereby certify:
   - the adequacy, regarding the nature of the Company; and
   - the effective application of the administrative and accounting procedures adopted in preparing the consolidated financial statements.
2. In this regard, we also note that:
   - the adequacy of the administrative and accounting procedures adopted in preparing the consolidated financial statements has been verified by means of the evaluation of the internal control system on the financial information.
   - no material aspects have been detected from the evaluation of the internal control system on the financial information.
3. We also certify that:

   The consolidated financial statements:
   - have been prepared in accordance with the international financial reporting standards recognized in the European Union under the EC Regulation 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
   - are consistent with the entries in the accounting books and records;
   - can provide a true and fair representation of the assets and liabilities. profits and losses and financial position of the issuer and the group of companies included in the consolidation.

   The report on operations provides a reliable analysis of performance and results of operations. and the company's situation, as well as a description of the main risks and uncertainties which the company is exposed.

The report on operations also includes a reliable analysis on the information regarding the relevant transactions with related parties.

Milan, February 20th, 2020

Chief Executive Officer	Manager responsible for preparing the Company's financial reports
Manfredi Catella	Fulvio Di Gilio

This certification has been translated from the original which was issued in accordance with Italian legislation

INDEPENDENT AUDITORS' REPORT

Building a better working world

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Coima Res S.p.A. SIIQ

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Coima Res Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit/(loss) for the year, the consolidated statement of other items in the comprehensive income statement, consolidated statement of changes in shareholders' equity and consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Coima Res S.p.A. SIIQ in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

EY
Building a better working world

We identified the following key audit matter:

Key Audit Matter	Audit Response
Valuation of real estate portfolio	
Investment properties are stated at fair value in accordance with International Financial Reporting Standards IAS 40 Investment properties, recognizing the effects of changes of fair values in the income statement. Management has estimated fair value based on the reports prepared by independent experts. The fair value estimate involves the use of fair value models which require forecasting future costs and revenues of each property and the use of assumptions about the occupancy rate of properties, the markets trends of real estate and financial markets as well as the general economic conditions that affect the rent and the reliability of the tenants. We considered that this item represents a key audit matter, due to the relevance of the investment properties stated at fair value and changes in fair value over the accounting periods, the judgment required by Management in assessing the above mentioned assumptions used in the fair value models, as well as the effects on the Company's and Group's key performance indicators, especially the Net Asset Value. The paragraph 1.3 "Main balance sheet items" of the notes to the financial statements, describes the process adopted to select the independent experts and the fair value models.	Our audit procedures in response to this key audit matter relate to, amongst others, the analysis of the company's procedure related to the selection of the independent expert appointed in order to prepare a fair value estimate, the tracing of these amounts with the balance sheet figures, the critical review and discussion with Management and independent experts of the main market assumptions and, also with the support of our real estate experts, detail testing of the reports prepared by the independent experts. Finally, we have examined the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Coima Res S.p.A. SIIQ or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Coima Res S.p.A. SIIQ, in the general meeting held on February 1st, 2016, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31st, 2016 to December 31st, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Coima Res S.p.A. SIIQ are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group Coima Res as at 31 December 2019, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Coima Res Group as at 31 December 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Coima Res Group as at 31 December 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, 23 March 2020

EY S.p.A.
Signed by: Aldo Alberto Amorese, Auditor

This report has been translated into the English language solely for the convenience of international readers.

SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2019

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE YEAR

During 2019 the Company focused on reducing its concentration of the portfolio and of the tenants through the sale of mature assets and continued to carry out asset management activities aimed at extracting value from all the properties, directly and indirectly owned.

Below is a summary of the most significant events that took place during 2019.

Investment in COIMA CORE FUND IV

In March 2019, COIMA CORE FUND IV sold a Deutsche Bank branch in Pisa (Tuscany, Central Italy) for Euro 500 thousand, at a premium of 4.2% compared to the book value as at December 31st, 2018.

In the first half of 2019, COIMA CORE FUND IV signed two lease agreements for two previously uninhabited bank branches representing a total surface area of 6,000 square metres (approximately 60% of the total uninhabited surface area of the branch portfolio as at December 31st, 2018) for additional gross rents of 660 thousand Euro on a stabilised basis. The two branches are in Milan and Turin and have a surface area of 1,700 sqm and 4,300 sqm respectively. COIMA RES will invest up to Euro 50 thousand in capex to adapt the spaces.

In October 2019 COIMA CORE FUND IV signed two preliminary agreements for the sale of a portfolio of 11 bank branches located in Northern Italy. The sale price of the portfolio is Euro 23,500 thousand.
With this sale, COIMA RES has now sold 48% of the portfolio of bank branches initially contributed to the IPO (including the package of branches located in Southern Italy completed in January 2018, which represents 60% of the total volume of sales to date) for an aggregate value of Euro 66.3 million at a valuation substantially in line with the IPO contribution value (average discount of 1.6%)

On December 5th, 2019 COIMA CORE FUND IV signed a sales contract for the sale of the first floor of the branch located in Genoa, via Garibaldi, at a price of Euro 800 thousand.

Investment in COIMA CORE FUND VI

On September 30th, the COIMA CORE FUND VI fund indirectly acquired two office buildings in Milan, namely Microsoft's headquarters in Viale Pasubio 21 and Philips' headquarters in Viale Sarca 235 (EPRA Net Initial Yield equal to 4.5%). The two properties, both LEED certified, have a value of Euro 97.5 million and Euro 60.5 million respectively, with a WALT of 4.4 years for Microsoft and 7.0 years for Philips and the other tenants present in the property in via Sarca.

On September 30th, 2019 COIMA CORE FUND VI acquired approximately 89% of the shares of COIMA OPPORTUNITY FUND I ("**COF I**"), a fund held by a group of Italian investors and managed by COIMA SGR, for a consideration of Euro 70.3 million. This fund directly holds the Philips property and indirectly the Microsoft property, through a stake of approximately 48% in a fund called Feltrinelli Porta Volta. Through the transaction described above, COIMA RES also acquires 13% of a portfolio of five technical properties in Northern and Central Italy, entirely leased to Telecom Italia. These properties are held by ITALIAN COPPER FUND, a fund held 17% by COF I.

On December 10th, 2019 COIMA CORE FUND VI completed the acquisition of the remaining 52% of the investment in Feltrinelli Porta Volta for a consideration of Euro 40 million.

In June 2019, Alexion Pharma signed a lease agreement (for a period of 7 + 6 years) of 770 sqm in the Gioiaotto building, previously occupied by axélero. The rent level agreed with Alexion Pharma is Euro 500 / sqm which represents a premium of 50% compared to the current rent (on a stabilized basis). Overall, over the last 12 months more than 2,000 sqm of the Gioiaotto property have been relocated and the new leases have been agreed at an average premium of 30% compared to the current rent.

Investment in CORSO COMO PLACE (PORTA NUOVA BONNET)

The project (previously known as Bonnet) continues according to schedule with delivery scheduled for 2020 and on estimated total costs of Euro 169 million, including the acquisition price of Euro 89 million, capex and other costs capitalized for an amount equal to Euro 71 million and other costs (including incentives for tenants) of approximately Euro 9 million. As of December 31st, 2019, the project's progress status was around 60%.
Considering the pre-letting activity carried out during the period, the estimated Gross Yield on Cost is approximately 6.7% or 90 bps more than what was assumed at the time of the acquisition (5.8% in December 2016).
On July 18th, 2019, a preliminary lease agreement was entered into with Accenture, a leading global professional services company, for the entire tower (Building A) of the Corso Como Place project. The tower, with approximately 14,900 square meters of commercial space, corresponds to 78% of the entire Corso Como Place project under development. The lease agreement, with a duration of 10 + 6 years, will generate annual gross rents of Euro 7.0 million, once stabilized, which corresponds to a level of Euro 470 / sqm. The lease agreement was entered into at a premium of 16% over the ERV (Estimated Rental Value) estimated by the independent valuer as at December 31st, 2018. This premium is due in large part to the additional areas obtained during the design and construction phase and, to a lesser extent, also to the level of rent per square metre agreed. The property is expected to be delivered to Accenture in 2020.
On September 25th, 2019, a further preliminary agreement was entered into for the lease of the entire office portion of Building C (3,374 sqm) to Bending Spoons, an Italian hi-tech company and Europe's first application developer for the iOS platform. The preliminary agreement provides for a stabilized annual rent of Euro 1.9 million (Euro 560 / sqm), stipulated at a 25% premium over ERV. The delivery of the property to Bending Spoons is scheduled for 2020.

Investments in COIMA CORE FUND VIII

On June 27th, 2019, Meritz Financial Group has acquired (through a Korean trust) a 50% stake in COIMA CORE FUND VIII, 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 / Deutsche Bank financing
   b. Euro 18.9 million related to Monte Rosa – Tocqueville financing.

   The Company reported financial expenses related to early repayments of Euro 2.7 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.

Lease activities

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.

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 on the amount of the face rent at December 31st, 2020.

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.

Gold Award

In terms of transparency, COIMA RES has received two Gold Awards from the European Public Real Estate Association ("**EPRA**") for the 2018 Annual Report and the 2018 Sustainability Report which confirm the awards given last year. EPRA is the most important association in the listed real estate sector in Europe, whose objective is to define best practices in terms of accounting, reporting and corporate governance in order to provide high quality information to investors and create a framework for debate and decision making on key issues for the future of the sector.

OVERVIEW OF THE FINANCIAL RESULTS

The table below summarizes the income statement for the financial year 2019, which shows a net result of Euro 20.3 million.

(in million Euro)	December 31st, 2019	December 31st, 2018
Rents	16.3	18.8
Net real estate operating expenses	(1.6)	(1.9)
Net rents	**14.7**	**16.9**
Other revenues	3.6	0.0
G&A expenses	(6.3)	(6.9)
Other expenses	(0.0)	(2.3)
Non-recurring general expenses	(0.7)	(1.2)
EBITDA	**11.3**	**6.5**
Net depreciation	(0.6)	(39.0)
Net movement in fair value	4.4	25.9
EBIT	**15.1**	**(6.6)**
Financial income	0.0	0.0
Income from investments	9.4	47.1
Financial expenses	(4.3)	(3.6)
Profit before taxation	**20.2**	**36.9**
Income tax	0.0	(0.0)
Profit	**20.2**	**36.9**

Net Operating Income (also "**NOI**") amounts to Euro 14.7 million (Euro 16.9 million as of December 31st, 2018) and represents 89.5% of the total lease rents.

NOI include the rentals accrued on Monte Rosa, Tocqueville and Pavilion for the entire financial year 2019 and on the Vodafone property complex until June 27th,2019, the date on which it was transferred to COIMA CORE FUND VIII.

Other revenues include profits from the sale of the Vodafone property complex.

Net real estate operating expenses, amounting to Euro 1.6 million, mainly relate to property taxes, property management costs, net of property operating and maintenance costs. These costs decreased by Euro 0.3 million compared to December 31st, 2018 in line with the reduction in rents.

G&A expenses, amounting to Euro 6.3 million, include management fees, personnel costs, corporate governance and control functions costs as well as consultancy, audit, IT, marketing and management costs for the Company's headquarters. The decrease of Euro 0.6 million compared to December 31st, 2018 is mainly due to cost reduction activities made during the year.

Non-recurring general expenses consist mainly of provisions for risks of Euro 0.4 million.

Net depreciation amounting to Euro 0.6 million (Euro 39 million as at December 31st, 2018) mainly includes the impairment test carried out on subsidiaries following the distributions approved in 2019.

Net movement in fair value of the real estate portfolio, amounting to Euro 4.4 million (Euro 25.9 million at December 31st, 2018), refer almost entirely to Pavilion. The revaluation of the Monte Rosa and Tocqueville properties also contributed to the change in fair value.

Income from investments amounting to Euro 9.4 million (Euro 47.1 million at December 31st, 2018) consists of the income distributed during the year by the investee companies COIMA RES S.p.A. SIINQ I, COIMA CORE FUND IV, COIMA CORE FUND VI and COIMA CORE FUND VIII.

Financial charges, amounting to Euro 4.3 million (Euro 3.6 million at December 31st, 2018), relate to loans outstanding at the date of these financial statements. The increase of Euro 0.7 million compared to the previous period is due to the signing of two new loans for the purchase of the Tocqueville and Pavilion properties, signed on July 17th, 2018 and October 31st, 2018 respectively.

The table below shows the Balance Sheet at December 31st, 2019:

(in million Euro)	December 31st, 2019	December 31st, 2018
Assets		
Real estate investments	193.9	398.6
Investments in subsidiaries	305.0	213.6
Other non-current assets	2.9	1.3
Total non-current assets	**501.8**	**613.5**
Receivables	11.0	8.1
Cash and cash equivalents	12.5	28.6
Total current assets	**23.5**	**36.7**
Total assets	**525.3**	**650.2**

Liabilities		
Shareholders' equity	**402.3**	**392.7**
Bank borrowings	99.1	246.8
Other non-current liabilities	4.1	2.3
Total non-current liabilities	**103.2**	**249.1**
Current bank borrowings	16.1	-
Trade payables and other current liabilities	3.7	8.4
Total current liabilities	**19.8**	**8.4**
Total liabilities	**123.0**	**257.5**
Total liabilities and shareholders' equity	**525.3**	**650.2**

Real estate investments, amounting to Euro 193.9 million as of December 31st, 2019 (Euro 398.6 million as of December 31st, 2018), shows a decrease of Euro 204.7 million due to the contribution of the Vodafone property complex for Euro 209.3 million to COIMA CORE FUND VIII, net revaluations for Euro 4.4 million and capitalization for Euro 0.2 million.

Investments in subsidiaries, amounting to Euro 305 million (Euro 213.6 million at December 31st, 2018), increased by Euro 91.4 million due to the payments requested by COIMA CORE FUND VI to partially finance the purchase of shares in COF I and Feltrinelli Porta Volta (Euro 44.8 million), for the 50% interest in COIMA CORE FUND

VIII (Euro 43.6 million) and for the capital payments made for the Porta Nuova Bonnet Fund, amounting to Euro 3.4 million, net of write-downs of Euro 0.5 million.
Other non-current assets, amounting to Euro 2.9 million (Euro 1.3 million at December 31st, 2018), increased by Euro 1.6 million mainly due to the financial receivable from COIMA CORE FUND VIII relating to the transfer of almost all the financial charges incurred in the refinancing of the Vodafone property complex.

Current receivables, amounting to Euro 11 million (Euro 8.1 million as of December 31st, 2018), increased by Euro 2.9 million due mainly to receivables for dividends approved but not distributed by COIMA CORE FUND IV, COIMA CORE FUND VI and COIMA CORE FUND VIII and partially offset by the reduction of VAT receivables.

The Company's net financial indebtedness amounted to Euro 103.6 million as of December 31st, 2019, a decrease of Euro 114.5 million mainly because of the repayments made on the loan relating to the Vodafone property complex.

The table below shows the Company's net financial indebtedness as at December 31st, 2019 in accordance with Recommendation ESMA/2013/319.

(in million Euro)	December 31st, 2019	December 31st, 2018
(A) Cash	12,467	28,633
(B) Cash equivalents	-	-
(C) Trading securities	-	-
(D) Liquidity (A)+(B)+ (C)	**12,467**	**28,633**
(E) Current financial receivables		
(F) Current bank borrowings	(16,140)	-
(G) Current portion of non-current bank borrowings	-	-
(H) Other current financial debt	-	-
(I) Current financial debt (F)+(G)+(H)	**(16,140)**	**-**
(J) Net current liquidity (I)+(E)+(D)	**(3,673)**	**28,633**
(K) Non-current bank borrowings	(99,132)	(246,764)
(L) Bonds issued	-	-
(M) Other non-current financial debt	(778)	-
(N) Non-current financial indebtedness (K)+(L)+(M)	**(99,910)**	**(246,764)**
O) Net liquidity (J)+(N)	**(103,583)**	**(218,131)**

At December 31st, 2019 the Company had the following loans in place:

(In thousands Euro)	December 31st, 2019	Maturity	Rate	% hedged
Deutsche Bank branches	37,945	July 16th 2023	Eur 3M + 180 bps	100%
Monte Rosa, Tocqueville	50,549	July 16th 2023	Eur 3M + 160 bps	98%
Pavilion	26,664	October 31st 2023	Eur 6M + 150 bps	93%

Other non-current liabilities, amounting to Euro 4.1 million (Euro 2.3 million as at December 31st, 2018), mainly refer to Interest Rate Swap derivatives for Euro 1.7 million, the financial instrument for Euro 1 million and the debt deriving from the application of IFRS 16 for Euro 0.8 million.

Trade payables and other current liabilities, amounting to Euro 3.7 million (Euro 8.4 million as at December 31st, 2018), show a decrease of Euro 4.7 million, partly due to the payment of the promotion fee in favour of COIMA SGR and the coupon for financial instruments for a total amount of Euro 2.5 million.
This amount mainly includes payables and invoices to be received from suppliers for an amount of Euro 2.9 million (Euro 5 million as at December 31st, 2018) and deferred income for an amount of Euro 0.3 million (Euro 1.4 million as at December 31st, 2018).

The Company's shareholders' equity amounted to Euro 402.3 million (Euro 392.7 million as at December 31st, 2018) and increased by Euro 9.6 million due mainly to the profit for the year, equal to Euro 20.2 million, net of dividends distributed, equal to Euro 10.8 million.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

Pursuant to Article 123-bis, para. 3, of Legislative Decree no. 58 of February 24th, 1998, the "Report on Corporate Governance and Ownership Structures" is available on the "Governance" section of the COIMA RES S.p.A. SIIQ website (www.coimares.com).

REMUNERATION REPORT

Pursuant to Article 84-quarter, para. 1, of the Issuers' Regulations, implementing Legislative Decree no. 58 of February 24th, 1998, the Remuneration Report is available on COIMA RES S.p.A. SIIQ website (www.coimares.com).

ORGANISATIONAL MODEL AND CODE OF ETHICS

On July 27th, 2016, the Board of Directors approved the code of ethics and the organisational model (as subsequently modified), as provided for by Legislative Decree no. 231/2001, and on April 17th, 2019, established the supervisory body and appointed as members Marco Lori, as Chairman, Michele Luigi Giordano and Mario Ippolito, from the Carnelutti law firm.

RESEARCH AND DEVELOPMENT

COIMA RES S.p.A. SIIQ did not conduct any research and development activities during 2019.

TREASURY SHARES AND SHARES OR UNITS OF PARENT COMPANIES

At December 31st, 2019 the Company did not hold any treasury shares or shares in parent companies.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

With reference to the nature of the relationships between Group companies and related parties please refer to the paragraph 69.

SUBSEQUENT EVENTS

On January 15th, 2020 COIMA CORE FUND IV, 100% owned by COIMA RES, completed the sale of the first tranche of the sale of 11 Deutsche Bank branches for a total value of Euro 23,500 thousand.
In particular, the first tranche concerns the sale of a portfolio of 8 bank branches located in Milan, Verona, Como, Trezzano sul Naviglio and Liguria for a value of Euro 13,100 thousand (56% of the total value of the portfolio to be sold).
The sale of the remaining 3 bank branches located in Milan and Verona, for a total value of Euro 10,400 thousand, will be completed by June 2020.

BUSINESS OUTLOOK

COIMA RES aims to provide its shareholders with a stable and sustainable dividend payment stream which will be balanced with the requirement to preserve capital to perform targeted refurbishments on selected properties of its portfolio and to seize potential acquisitions opportunities.

Considering the positive results achieved, the COIMA RES Board of Directors resolved to distribute to shareholders a dividend for the fiscal year 2019 of Euro 10.8 million (Euro 0.30 per share), an amount in line with the dividend paid for the fiscal year 2018. The proposed dividend includes an ordinary component of Euro 0.24 per share (of which Euro 0.10 already paid in November 2019 as interim dividend) and an extraordinary component of Euro 0.06 per share related to the Vodafone complex transaction.
The Company expects that the portfolio described in the previous pages, including also the indirect investments made during 2019, may generate additional revenues giving the Company the possibility to increase its profits in subsequent years and to distribute further dividends to its shareholders.

Based on the foregoing, the Directors have prepared these financial statements on a going concern basis as they believe that all the elements confirming the Company's ability to continue to operate as a going concern exist.

SIIQ REGIME

Application of SIIQ regime is subordinated to the condition which companies engage primarily the property leasing activities.

The prevalence shall be tested according to two parameters:

a) Financial: land and buildings held as property or other real right for rental activities represent at least 80% of the assets - "*asset test*".
b) Economic: in each financial year. revenues from rental activities representing at least 80% of the positive components of the income statement - "*profit test*" (ratio of exempt income and total proceeds).

At the date of these financial statements, the Company respects both the two indices as the investments made are entirely of a real estate nature and the revenues are entirely generated by these investments.

OTHER INFORMATIONS

Option to derogate (OPT OUT) the obligation to publish a document in the event of significant transactions

Company's Board of Directors on September 14th, 2015 resolved to make use of the derogation provided for in Articles. 70, paragraph 8 and 71, paragraph 1-bis of Consob Regulation no. 11971/99.

Definition of SMEs

With reference to the definition of SMEs, in Article 1, paragraph 1, letter w-quater.1) of the TUF, it should be noted that, at the date of these financial statements, the Company falls within this definition as it has a turnover of less than Euro 300 million and a market capitalisation of less than Euro 500 million, as shown in the following table:

Average cap. 2019	Average cap. 2018	Average cap. 2017	Revenues 2019	Revenues 2018	Revenues 2017	Revenues details 2019	Revenues details 2017/2018
291,593,852	289,368,398	279,022,354	37,339,943	36,260,844	34,241,625	rents	rents

PROPOSAL OF APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR AS AT DECEMBER 31st, 2019 AND DISTRIBUTION OF DIVIDEND

The Financial Statements as at December 31st, 2019, closed with a net profit of Euro 20,176,821.
It resolved:

- to allocate Euro 6,298.40 to legal reserve;
- to allocate Euro 4,472,898 to valuation reserve;
- to allocate Euro 4,865,657.20 to retained earnings;
- to reclassify Euro 5,018,139.84 of IAS 40 valuation reserve subject to the unavailability system envisaged by Article 6 of Legislative Decree no. 38 of February 28th, 2005, increasing the reserve of retained earnings by the same amount. The amount of Euro 5,018,139.84 refers to the revaluations made in previous years of the Vodafone complex sold during 2019;
- to distribute to the Shareholders a dividend of Euro 10,831,967.40 (Euro 0.30 per share), of which Euro 3,610,656 (Euro 0.10 per share) agreed on November 20th, 2019 for each of the ordinary shares outstanding at the time of payment date. The proposed dividend includes an ordinary component of Euro 0.24 per share and an extraordinary component of Euro 0.06 per share related to the capital gain realised through the sale of 50% of Vodafone complex.
  The total dividend amounts to Euro 10,831,967.40 based on the outstanding shares.

Milan, February 20th, 2020

FINANCIAL STATEMENTS

STATEMENT OF PROFIT/(LOSS) FOR THE YEAR

(in Euro)	Notes	December 31st, 2019	*of which related parties*	December 31st, 2018	*of which related parties*
Income statements					
Rents	40	16,271,130	-	18,771,609	-
Net real estate operating expenses	41	(1,637,457)	(693,107)	(1,901,522)	(1,143,386)
Net rents		**14,633,673**	**(693,107)**	**16,870,087**	**(1,143,386)**
Income / (losses) from real estate disposals	42	3,561,868	-	-	-
Net sales revenues		**3,561,868**	-	-	-
G&A expenses	43	(6,841,968)	(3,930,908)	(8,025,920)	(5,158,772)
Other operating expenses	44	(27,890)	-	(2,313,464)	(2,286,030)
Gross operating income		**11,325,683**	**(4,624,015)**	**6,530,703**	**(8,588,188)**
Net depreciation	45	(647,469)	(81,139)	(38.963.650)	-
Net movement in fair value	46	4,472,898	-	25.869.732	-
Net operating income		**15,151,112**	**(4,705,154)**	**(6.563.215)**	**(8,588,188)**
Income from investments	47	9,355,582	9,355,582	47,039,755	47,039,755
Financial income	48	530	-	12,634	-
Financial expenses	48	(4,330,403)	2,470,246	(3,599,335)	-
Profit before taxes		**20,176,821**	**7,120,674**	**36,889,839**	**38,451,567**
Income taxes	49	-	-	-	-
Profit		**20,176,821**	**7,120,674**	**36,889,839**	**38,451,567**

OTHER COMPREHENSIVE INCOME STATEMENT

(in Euro)	Notes	December 31st, 2019	December 31st, 2018
Profit for the year		**20,176,821**	**36,889,839**
Other comprehensive income to be reclassified to profit of the period in subsequent periods	58	(544,923)	(1,574,953)
Other comprehensive income not to be reclassified to profit of the period in subsequent periods		-	-
Other comprehensive income		**19,631,898**	**35,314,886**

STATEMENT OF FINANCIAL POSITION

(in Euro)	Notes	December 31st, 2019	*of which related parties*	December 31st, 2018	*of which related parties*
Assets					
Real estate investments	50	193,900,000		398,600,000	-
Other tangible assets	51	1,061,256	770,994	318,352	-
Other intangible assets	51	185,580	-	68,751	-
Investments in subsidiaries	52	285,450,315	-	197,581,939	-
Investments in associated companies	53	19,518,446	-	16,054,159	-
Long term financial receivables	54	1,650,785	1,650,785	-	-
Derivatives	55	33,701	-	841,914	-
Total non-current assets		**501,800,083**	**2,421,779**	**613,465,115**	**-**
Trade and other current receivables	56	10,542,188	5,520,261	8,068,885	2,520,670
Short term financial receivables	54	490,899	490,899	-	-
Cash and cash equivalents	57	12,466,758	-	28,633,146	-
Total current assets		**23,499,845**	**6,011,160**	**36,702,031**	**2,520,670**
Total assets		**525,299,928**	**8,432,939**	**650,167,146**	**2,520,670**
Liabilities					
Capital stock		14,482,292	-	14,450,800	-
Share premium reserve		336,272,528	-	335,549,475	-
Valuation reserve		(1,676,529)	-	(956,533)	-
Interim dividend		(3,610,656)	-	(3,600,700)	-
Other reserve		34,338,484	-	8,293,679	-
Profit/ (loss) carried forward		2,309,789	-	2,091,782	-
Profit/ (loss) for the year		20,176,821	-	36,889,839	-
Shareholders' equity	**58**	**402,292,729**	**-**	**392,718,342**	**-**
Bank borrowings and other non-current lenders	59	99,131,633	-	246,764,222	-
Non-current financial liabilities	60	778,502	778,502	-	-
Payables for post-employment benefits	61	71,093	-	42,608	-
Provision for risk and charges	62	372,803	372,803	130,000	-
Derivatives	63	1,747,198	-	1,025,788	-
Trade payables and other non-current liabilities	64	1,141,210	998,000	1,124,740	998,000
Total non-current liabilities		**103,242,439**	**2,149,304**	**249,087,358**	**998,000**
Bank borrowings and other current lenders	59	16,139,657	-	-	-
Trade payables and other current liabilities	65	3,614,184	1,576,157	8,350,527	4,882,639
Current tax payables		10,919	-	10,919	-
Total current liabilities		**19,764,760**	**1,576,157**	**8,361,446**	**4,882,639**
Total liabilities		**123,007,199**	**3,725,461**	**257,448,804**	**5,880,639**
Total liabilities and shareholders' equity		**525,299,928**	**3,725,461**	**650,167,146**	**5,880,639**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euro)	Capital stock	Share premium reserve	Valuation reserve	Other reserves (Interim dividend)	Profit / (loss) carried forward	Profit / (loss) for the year	Total Shareholders' equity
Balance as of January 1st, 2018	**14,450,800**	**335,549,475**	**16,784**	**1,206,978**	**-**	**16,261,816**	**367,485,853**
Adjustments [10]	-	-	(12,953)	(44,377)	57,330	-	-
Allocation of profit for the year	-	-	-	4,505,474	2,034,452	(6,539,926)	-
Distribution of dividends 2017[11]	-	-	-	3,240,193	-	(9,721,890)	(6,481,697)
2018 interim dividend	-	-	-	(3,600,700)	-	-	(3,600,700)
Derivatives valuation	-	-	(960,364)	(614,589)	-	-	(1,574,953)
Profit /(loss) for the period	-	-	-	-	-	36,889,839	36,889,839
Balance as of December 31st, 2018	**14,450,800**	**335,549,475**	**(956,533)**	**4,692,979**	**2,091,782**	**36,889,839**	**392,718,342**
Allocation of profit for the year	-	-	-	25,869,732	218,007	(26,087,739)	-
Distribution of dividends 2018[12]	-	-	-	3,600,700	-	(10,802,100)	(7,201,400)
2019 interim dividend	-	-	-	(3,610,656)	-	-	(3,610,656)
Derivatives valuation	-	-	(719,996)	175,073	-	-	(544,923)
Capital increase	31,492	723,053	-	-	-	-	754,545
Profit /(loss) for the period	-	-	-	-	-	20,176,821	20,176,821
Balance as of December 31st, 2019	**14,482,292**	**336,272,528**	**(1,676,529)**	**30,727,828**	**2,309,789**	**20,176,821**	**402,292,729**

[10] The amounts relate to the effects due to the application of the new international accounting standards from January 1st, 2018.
[11] Excluding the interim dividend on 2017 results amounting to Euro 3,241 thousand, paid in November 2017.
[12] Excluding the interim dividend on 2018 results amounting to Euro 3,601 thousand, paid in November 2018.

CASH FLOW STATEMENT

(in Euro)	Notes	2019	2018
Profit for the period before tax		20,176,821	36,889,839
Adjustments to reconcile the profit to net cash flow:			-
Net depreciation	45	566,329	38,963,650
Severance pay	43	435,413	62,477
Net movement in fair value	46	(4,472,898)	(25,869,732)
Financial income		-	(11,492)
Financial expenses	48	1,034,608	167,598
Net movement in fair value of financial instruments		-	755,000
Changes in working capital:			
(Increase) / decrease in trade and other current receivables	56	(2,473,303)	(4,141,971)
(Increase) / decrease in trade payables and other current liabilities	65	(3,981,798)	3,107,330
(Increase) / decrease in trade payables and other non-current liabilities	64	(147,655)	94,564
Net cash flows generated (absorbed) from operating activities		**11,137,517**	**50,017,263**
Investment activities			
(Acquisition) / disposal of real estate investments	50	(265,234)	(103,830,268)
(Acquisition) / disposal of other tangible and intangible assets	51	(147,017)	(48,876)
(Increase) / decrease in financial activities		-	1,447,184
Purchase of subsidiaries	52	(6,738,311)	-
Purchase of associated companies	53	(3,464,287)	(2,203,937)
Net cash flow generated (absorbed) from investment activities		**(10,614,849)**	**(104,635,897)**
Financing activities			
Shareholders' equity contribution / (dividends paid)	58	(10,812,056)	(10,082,397)
(Acquisition) / closing of derivatives	55	70,000	(1,224,000)
Increase in bank borrowing and other non-current lenders		-	99.451.977
Repayment borrowing	59	(5,947,000)	(23,400,000)
Net cash flows generated (absorbed) from financing activities		**(16,689,056)**	**64,745,580**
Net increase / (increase) in cash and cash equivalents		(16,166,388)	10,126,946
Cash and cash equivalents at the beginning of the period		28,633,146	18,506,200
Cash and cash equivalents at the end of the period		**12,466,758**	**28,633,146**

NOTES TO THE FINANCIAL STATEMENTS

Principles of preparation and changes in accounting standards

Principles of preparation

The financial statements at December 31st, 2019 have been prepared in accordance with IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The financial statements have been prepared in accordance with the historical cost principle, except for investment property, financial instruments, derivative financial instruments, financial assets and contingent consideration which are recorded at fair value. The book value of assets and liabilities that are subject to fair value hedging transactions and which would otherwise be recorded at amortised cost is adjusted to take account of changes in fair value attributable to the hedged risks.

The financial statements comprise the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Financial Statements.

In accordance with the provisions of Article 5, paragraph 2, of Legislative Decree no. 38 of February 28th, 2005, the financial statements are prepared using the euro as the functional currency. Unless otherwise specified, the amounts in the financial statements are stated in euros. The data contained in the notes to the financial statements are rounded off to ensure consistency with the amounts shown in the balance sheet and income statement.

The financial statements provide comparative information referring to the previous year and have been prepared on a going concern basis, in accordance with the principle of accrual accounting, in compliance with the principle of relevance and significance of information and the prevalence of substance over form.

Offsets between assets and liabilities and between costs and revenues are made only if required or permitted by a standard or an interpretation thereof.

The financial statements adopted are consistent with those required by IAS 1 - "Presentation of Financial Statements". In particular:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current/non-current" criterion;
- the income statement and the statement of comprehensive income have been prepared by classifying operating costs by nature;
- the cash flow statement was prepared according to the "indirect method";
- the statement of changes in shareholders' equity.

The formats used, as specified above, are those that best represent the Company's economic, equity and financial position.

Main balance sheet items

Real estate investments

Investment property is represented by property held to earn rental income and/or for capital appreciation and not for use in the production or supply of goods or services or for administrative purposes.

Investment property is initially recognized at cost including incidental expenses and acquisition. consistent with IAS 40, and subsequently measured at fair value. recognizing in the income statement the effects of changes in fair value of investment property in the year such occur.

The costs incurred relating to subsequent interventions are capitalized on the carrying value of the investment property when it is probable that they will generate future economic benefits and their cost can be measured reliably. Other maintenance and repair costs are expensed as incurred.

The *fair value* of the investment property does not reflect future capital investments that will improve or enhance the properties and does not reflect future benefits from this expenditure.

Investment property is derecognized when sold (at the date on which the buyer obtains the control) or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of consideration to be considered for determining the profit or loss deriving from the cancellation of an investment property is determined in accordance with the requirements for determining the price of the transaction in IFRS 15.

IFRS 13 defines the fair value as the price *(exit price)* that would be received for the sale of an asset. or that would be paid for transfer of a liability in a regular transaction between market participants at the valuation date.

In particular, in measuring the *fair value* of investment property, as required by IFRS 13, the company must ensure that the fair value reflects, among others, rental income from current leases, and other reasonable and supportable assumptions that market participants would use to price real estate properties under current conditions.

In accordance with IFRS 13, the fair value valuation of a non-financial asset considers the ability of a market operator to generate economic benefits from using the asset at its *highest and best use,* or selling it to another market participant that would employ such at its highest and best use.

According to IFRS 13, an entity must employ valuation techniques appropriate to the circumstances and for which enough data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value is measured based on observable transactions in an active market, adjusted if necessary, depending on the specific characteristics of each investment property. If such information is not available, so as to determine the fair value for measurement of the investment property, the company uses the discounted cash flow method (for a period that varies according to the duration of existing contracts) related to future net income from leasing of property, and it is assumed that the property is sold at the end of this period.

Investment property is valued with the support of an external independent valuation company, duly recognized in terms of professional qualification and recent experience in the leasing and characteristics of the property evaluated.

The Board of Directors of the Company, decided to appoint as independent expert CBRE Valuation S.p.A. The independent expert has the task of defining, every six months, the market value of Vodafone, Monte Rosa, Tocqueville and Pavilion and any further real estate properties that the Company should acquire. Valuations are prepared in compliance with the standard "*RICS Valuation - Professional Standards*" and in compliance with applicable regulations and the recommendations provided by ESMA European Securities and Markets Authority.
The Company has adopted an internal procedure for the selection and appointment of independent experts as well

as for the valuation of investment properties. On the selection and appointment of the independent experts, the procedure requires specific operational binding instructions to verify, through appropriate written statements or acquiring specific certifications, the duration of the appointment (four-year and not renewable), the independence and incompatibility requirements of experts.
The procedure gives also guidelines for the determination of the remuneration to the independent expert so as not to undermine the independence of the same. The remuneration provided for assessments at December 31st, 2019 has been preliminarily defined as a fixed amount based on the size of the individual investment property.
The process by which the Company determines the fair value of its real estate investments, however, falls within the estimation processes, which implies the forecast of costs and revenues related to each investment and the formulation of assumptions on variables of calculation models that depend on expectations the performance of real estate and financial markets as well as the general economic conditions that affect rent levels and the reliability of tenants, and that, in consideration of the uncertainty connected to the realization of any future event, are able to determine variations, even significant and in the short term, the conclusions of the experts and therefore of the results of the financial statements, albeit in constant evaluation models.
The evaluations are also analysed by the Company in order to verify the correctness and consistency of the assumptions used by the independent expert. As for the use of estimates regarding real estate investments, refer to paragraph 50 – Real estate investments.

Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as are placement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Machinery and equipment	5 years
Plant and office properties	12 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life (5 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.
An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Investments in associated and joint venture

In accordance with IFRS 10 will have control over a subsidiary if and only if, simultaneously:

- it has the power over the subsidiary, qualified in possession of valid rights on its relevant activities, that is, those activities that have a significant impact on its profitability;
- it has the actual ability to exercise such power over the subsidiary to affect the profitability of the same;
- the profitability (positive or negative) of its investment changes in relation to the entity's subsidiary profitability.

In accordance with IFRS 11, a joint venture is a company over which the Company exercises control in a shared with third parties. Joint control of a company is qualified as sharing, contractually agreed, the control thereof, and may exist when the relevant decisions are made with the unanimous control of joint ventures.
In accordance with IAS 28, a related entity is a company in which the Company has significant influence, described as the power to participate in financial and operating strategic decisions despite of not having control.

Investments in subsidiaries, joint ventures and associates are initially recognized at the cost incurred for the acquisition or establishment, represented by the fair value at the exchange date and all other charges.

Investments in subsidiaries to joint ventures and associates are reviewed annually, or more frequently if necessary, to check for any impairment. Where there is evidence that these investments have suffered a loss in value, the impairment is recognized in the income statement as depreciation. If the company's share of the losses of the subsidiary exceeds the carrying value of the investment, and the company is obliged to or wishes to respond, we are reduced to zero the value of the investment and the share of further losses is recognized as a provision. If, subsequently, the impairment is reversed or reduced, it is recognized in the income statement as a value restoration of the cost limits.

Dividends paid by subsidiaries, joint ventures and associates are recognized in the income statement, while respecting the principle of competence, at the time when the right to credit (generally coincides with the distribution resolution adopted by the Shareholders’ Meeting of the subsidiaries).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits. in the latter case with a term of less than three months. Cash and cash equivalents are stated at their nominal value and the spot rate at year-end, if in foreign currency.

Net Equity

Capital stock

The capital stock represents the nominal value of payments and contributions made in this regard by shareholders.

Valuation reserve

When derivatives cover the risk of cash flow variations of covered instruments (cash flow hedge; es. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective are initially recognized in OCI in the cash flow hedge reserve, and subsequently recognized in the statement of profit or loss, consistently with the economic effects of the hedged.

Cash dividend and Interim dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As for the corporate laws in Europe, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Severance pay

Severance pay fund (TFR) is considered as a defined benefit plan. The benefits promised to employees are recognized monthly with the maturation and are paid upon termination of employment. The severance pay is accrued based on the seniority reached at the end of each individual employee in accordance with the laws and labor contracts in force at the reporting date. The provision reflects the liability towards employees, based on experience and seniority wages paid, recalculated on the basis of its actuarial value. The adopted actuarial assessments are the best estimates of the variables that determine the final cost of the subsequent performance at the end of the employment relationship.

Provision for risks and charges

The provisions for risks and charges are recognized when the Company has a present obligation (legal or constructive) as a result of a past event. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate. the risks specific to the liability. When discounting is used. the increase in the provision due to the passage of time is recognized as a finance cost.

Financial liabilities - Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

IFRS 9 - Derivative financial instruments

The Company uses derivative financial instruments including interest rate caps and interest rate swaps to hedge interest rate risks on loans. These derivative financial instruments are recognised at fair value in accordance with IFRS 9 and are recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

When initiating a hedging transaction, the Company formally designates and documents the hedging relationship, to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued.
Starting from January 1st, 2018 the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the manner in which the Company will assess whether the hedging relationship meets the requirements for hedge effectiveness (including analysis of the sources of hedge ineffectiveness and how the hedging relationship is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it meets all the following requirements for hedge effectiveness:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not outweigh the changes in value resulting from the above economic relationship;
- the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company hedges and the quantity of the hedging instrument that the Company uses to hedge that quantity.

With regard to the cash flow hedge transaction, the Company recognizes the portion of profit or loss on the hedged instrument relating to the effective portion of the hedge in the statement of other comprehensive income in the "cash flow hedge" reserve, while the ineffective portion is recognized directly in the statement of profit/(loss) for the year. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

Impairment

IFRS 9 requires the Company to record the expected credit losses on all items such as loans and trade receivables, having as reference either a period of 12 months or the entire contractual duration of the instrument (e.g. lifetime expected loss). The Company applies the simplified approach and therefore records any expected losses on all trade receivables based on their remaining contractual duration. The Company has assessed the impact of its receivables in its portfolio, both of a commercial and financial nature, taking into account the characteristics of the receivables, the counterparties and the collection times, even though not all receivables are guaranteed, and the effects deriving from the application of the new criterion are not significant taking into account the risk profile of its customers.

Hedge Accounting

At present, the Company uses hedge accounting with reference to interest cap rate instruments underwritten. Considering the provisions of the standard, the Company has established that all existing hedging relationships that are currently designated as effective hedges continue to qualify for hedge accounting in accordance with IFRS 9. However, the standard provides for the recognition of the effects deriving from the valuation of these instruments, including the portion of the extrinsic value, in the item "other reserves" of shareholders' equity. Therefore, taking into account that in previous years the effects arising from the measurement of the extrinsic value had been recognised in the income statement, the new standard was reclassified in the reopening balances at January 1st, 2018 from "*retained earnings*" to "*other reserves*".

Recording of revenues, income and expenses in the income statement

Revenues

Revenue is recognized to the extent in which it is likely that economic benefits will be obtained by the company and the revenue can be measured reliably. Revenue is measured at fair value of the amount received, excluding discounts, rebates and other sales taxes.
The following specific recognition criteria of revenues must always be considered before recognition in the income statement:

- *rental income*: rental income from the investment property owned by the Company is recognised on an accrual basis, in accordance with the international accounting standard IFRS 16 (paragraph 81), conforming the maturity lease agreements;
- *income from real estate disposals*: income from the real estate disposals are recognized in the income statement when the contractual obligation performance is effectively executed and then transferred to the buyer of all the significant risks and rewards associated with ownership, which is normally transferred on the date of signing the deed notarial, when the transaction price is generally also settled.

IFRS 15 Revenues from contracts with customers

IFRS 15 replaces IAS 11 - Construction contracts, IAS 18 - Revenues and related interpretations and applies to all revenues from contracts with customers, unless these contracts fall within the scope of other standards such as lease contracts, for which the reference standard is IFRS 16. The standard introduces a five-step model that applies to revenues from contracts with customers. IFRS 15 requires the recognition of revenue at an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer.
The standard involves the exercise of an opinion by the Company, which considers all relevant facts and circumstances in the application of each phase of the model to contracts with its customers. The standard also specifies the accounting for incremental costs linked to obtaining a contract and costs directly linked to the

completion of a contract.
The Company has applied the standard using the full retrospective application method. However, since the group's revenues are mainly from leases, the adoption had no effect on the consolidated financial statements.

Leases

The Company is characterised by investments in high-quality real estate portfolios, mainly concentrated in leading Italian cities, with high-profile tenants and long-term lease contracts, including adequate safeguard clauses as well as clauses providing for ordinary and extraordinary maintenance expenses and works to be borne by the tenant. At present, lease revenues from owned investment property are accounted for based on IFRS 16 (paragraph 81), which represents the accrual method, based on existing lease contracts.
Considering the current contractual framework and the sector practices adopted also by the main competitors, it can be concluded that the adoption of IFRS 15 has not had an impact on the Company's results with reference to property leases.

Real estate disposals

With reference to real estate sales, it should be noted that these take place through the signing of a notarial deed, during which the actual contractual obligations and the real availability of the asset by the notary are verified. In particular, these transactions provide for (i) the transfer of the asset by the seller, (ii) the settlement of the consideration by the buyer at the deed without further delay and/or commitments for the seller, and (iii), if necessary, the payment of deposits or advances at the same time as the signing of the preliminary sale contracts, the latter case taking into account the short time lapse between the preliminary and deed (generally less than one year) does not provide for the inclusion in the price of significant implicit financial components. Although these transactions fall within the scope of IFRS 15, they do not have a significant impact from the application of the new standard because the performance obligations were extinguished at the date of the deed.

Costs

The costs and other operating expenses are recognized as components of the fiscal year result when incurred on an accrual basis, and when such cannot be recognized as assets in the balance sheet.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis according to the interest accrued on the net value of the related financial assets and liabilities using the effective interest method.
Borrowing costs directly attributable to the acquisition and construction of investment property are capitalised in the carrying amount of the pertinent property. Capitalisation of interest is carried out on condition that the increase in the carrying value of the asset does not ascribe to the same value higher than its fair value.

Taxes

Current taxes

As for the non-exempt income, current income taxes are calculated based on estimated taxable income. Liabilities for current taxes are recognised in the balance sheet net of any advance taxation.

Tax payables and receivables for current taxes are measured at the amount expected to be paid /received to/from the tax authorities based on the nominal tax rates in effect at the balance sheet date. except for those directly recorded in shareholders' equity. in that such relate to adjustment of assets and liabilities recognised directly to equity. Other non-income taxes. such as taxes on property and capital. are included in the operating costs.

The Company is under the SIIQ tax regime. SIIQs are subject to neither corporate income tax ("**IRES**") nor regional tax on productive activities ("**IRAP**") on the business income deriving from letting real property and on other real estate related items of income. On the other hand, the earnings and profits corresponding to the exempt income are subject to taxation in the hands of the shareholders upon distribution.
Taxes are therefore calculated on the income produced by the non-exempt income.

Deferred tax

Pre-paid tax is recognized using the liability method on temporary differences.
It is calculated on the temporary differences between the carrying amounts of assets and liabilities recorded in the balance sheet and their tax value. The deferred tax assets on tax losses carried forward and on deductible temporary differences are recognized to the extent in which it is likely that future taxable profit will be available against which such can be recovered, considering the SIIQ status.

The tax assets and liabilities are measured using the tax rates expected to be applicable during the years when temporary differences will be reversed. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The assets and current and deferred tax liabilities are offset when the income taxes are levied by the same taxation authority, when there is a legally enforceable right to offset, and when the expected repayment time is the same.

Earnings Per Share

Earnings Per Share - basic

Basic earnings per ordinary share is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the year.

Earnings Per Share - diluted

Basic earnings per ordinary share diluted is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued upon conversion into ordinary shares of all potential ordinary shares with dilution effects.

Use of estimates

The preparation of the financial statements and related notes requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statements.

Actual results could differ from these estimates due to the uncertainty surrounding the assumptions and conditions on which the estimates are based. Therefore, changes in the conditions underlying the opinions, assumptions and estimates adopted may have a significant impact on future results.

Estimates are used to determine the fair value of investment properties, of financial instruments and derivatives.

Estimates and assumptions are reviewed periodically by management and, when deemed necessary, are seconded by opinions and studies of independent external consultants of leading standing (for example, real estate appraisals), and the effects of any changes are reflected in the income statement.

The following are the most significant estimates related to the preparation of financial statements and annual accounting reports in that they entail many subjective opinions, assumptions and estimates:

- *investment property*: is initially recognised at cost including incidental expenses and acquisition, consistent with IAS 40, and subsequently measured at fair value, recognising in the income statement the effects of changes in fair value of investment property in the year such occur. The fair value at the closing date of the period is determined by valuation of the real estate assets performed by independent experts; this valuation is subject to hypotheses, assumptions and estimates. Therefore, a valuation by different experts might not result in an identical opinion;
- *financial assets at fair value*: after initial recognition, these assets are measured at fair value and their unrealized profits and losses are recorded in the income statement. The fair value is determined by management based on the market quotations of the securities funds at the reference date;
- *financial instrument*: financial instruments are initially valued at *fair value*, recording the effects deriving from the change in fair value in the period in which they occur in the income statement. *Fair value* is determined through estimates made by management, also through the support of independent experts; this valuation is subject to estimation processes, which implies the forecast of cash flows based on variables that depend on expectations of the performance of the real estate and financial markets as well as the general market conditions;
- *derivative financial instruments*: derivative financial instruments are measured at fair value, recognizing the effects deriving from the change in fair value in the period in which they occur. The fair value is determined through estimates made by management based on market prices at the reference date;
- *taxes*: income taxes, related to the non-exempt income, are estimated based on the prediction of the actual amount that will be paid to the Inland Revenue Office based on the income tax declaration; recognition of deferred tax assets is based on expectations of taxable income in future years, and pre-paid and deferred taxes are determined at the tax rates expected to be applied during the years in which temporary differences will be reversed.

New accounting standards, interpretations and amendments adopted by the Company

The accounting principles adopted for the preparation of the condensed interim consolidated financial statements are consistent with those used for the preparation of the consolidated financial statements at December 31st, 2018, except for the adoption of the new principles and amendments in force since January 1st, 2019. The Company has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.
As from January 1st, 2019 the Company applies the new accounting standard IFRS 16 on leases. The impact and nature of the amendments following the adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2019, but have no impact on the Company's financial statements.

Adoption of the new accounting standard IFRS 16 Leases

As of January 1st, 2019 the new accounting standard IFRS 16, which defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single model similar to that used to account for finance leases in accordance with the previous IAS 17, became applicable. The standard provides two exemptions for recognition by lessees - leases relating to 'low-value' assets (e.g. personal computers) and short-term leases (e.g. contracts due within 12 months or less). At the start date of the lease contract, the lessee recognises a liability against lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset for the term of the contract (i.e. the right to use the asset). Lessees shall account separately for interest expense on the lease liability and depreciation of the right to use the asset. Lessees shall also remeasure the lease liability on the occurrence of certain events (for example, a change in the terms of the lease agreement, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right to use the asset.

The accounting for lessors in accordance with IFRS 16 is substantially unchanged from the previous accounting in accordance with IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguishing between two types of lease: operating leases and finance leases. IFRS 16 requires lessees and lessors to provide more extensive disclosures than IAS 17.

It should be noted that as of today the Company has leasing contracts in place for IT equipment, which are not included in the scope of the principle, and a lease contract relating to the registered office. In fact, on 21 July 2017 COIMA RES signed a lease contract for the new registered office in Piazza Gae Aulenti n.12. The agreement provides for a duration of six years renewable twice with an annual rent of approximately Euro 94 thousand. In view of the fact that COIMA RES has invested a significant amount of money to set up the new headquarters, it is appropriate to consider in twelve years the duration of the lease.

On first-time adoption, IFRS 16 provides for the possibility of recognizing the asset for right of use at an amount corresponding to the financial liability without adopting the retrospective approach.

As at January 1st, 2019 the Company, in consideration of the possibility granted by the principle not to carry out the restatement of previous financial years, has registered:

- assets amounting to Euro 852 thousand Euro classified under "*other tangible assets*".
- financial liabilities amounting to Euro 852 thousand classified under "*non-current financial liabilities*".

For the year ended December 31st, 2019 lease payments of Euro 94 thousand, previously classified under "*G&A expenses*", are now accounted for:

- in the item "*financial expenses*" for Euro 17 thousand, in relation to interest expense on additional leasing liabilities recognised;

- in the item "*non-current financial liabilities*" for Euro 74 thousand, as a reduction of the leasing liability, in relation to the capital portion repaid.

As far as assets for rights of use are concerned, they are depreciated over a time horizon coinciding with the duration of the rental agreements. Depreciation for the period of these assets, amounting to Euro 81 thousand, is classified under "*net depreciations*".

Amendments to IFRS 9: Characteristics of prepayments with negative offset

Under IFRS 9, a debt instrument may be measured at amortised cost or fair value through profit or loss, provided that the contracted cash flows are "only principal and interest payments on the reference amount" (the SPPI criterion) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset exceeds the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of who pays or receives reasonable compensation for early termination. These changes have had no impact on the Company's financial statements.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 set out the accounting rules in case an amendment, reduction or settlement of the plan occurs during the reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the period, an entity is required to determine the cost of servicing for the remainder of the period after the plan amendment, curtailment or settlement, using the relevant actuarial assumptions to remeasure the net defined benefit liability (asset) so that it reflects the plan benefits and plan assets after that event. An entity is also required to determine the net interest for the period remaining after the plan amendment, curtailment or settlement: the net defined benefit liability (asset) that reflects the plan benefits and plan assets after that event; and the discount rate used to reset the net defined benefit liability (asset).
These changes did not have any impact on the financial statements as the Company did not record any changes, reductions or settlements of the plans during the reporting period.

Amendments to IAS 28: Long-term interests in associates and joint venture

The amendments specify that an entity applies IFRS 9 for long-term investments in an associate or joint venture, for which the equity method is not applied but which, in substance, form part of the net investment in the associate or joint venture (long-term interest).

This clarification is relevant because it implies that the expected loss model of IFRS 9 applies to such long-term investments.

The amendments also clarify that, in applying IFRS 9, an entity shall not take into account any losses of the associate or joint venture or any impairment of the investment, recognised as adjustments to the net investment in the associate or joint venture arising from the application of IAS 28 Investments in Associates and Joint Ventures. These changes had no impact on the financial statements.

Annual improvements 2015-2017 Cycle

IFRS 3 Business Combination

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has taken place in stages, including remeasurement at fair value of the investment previously held in the assets and liabilities of the joint operation. In doing so, the acquirer revalues the interest previously held in the joint operation

The entity applies those amendments to business combinations for which the acquisition date is on or after the first annual period beginning on or after 1 January 2019, with permitted earlier application.

This change did not have any impact on the Company's financial statements as there was no business combination in which joint control was obtained.

IFRS 11 Joint Arrangements

An entity that participates in a joint operation, without having joint control, could obtain joint control of the joint operation if its activity constitutes a business as defined in IFRS 3. The amendments clarify that investments previously held in such a joint operation are not remeasured. An entity applies those amendments to transactions in which it has joint control from the beginning of the period beginning on or after 1 January 2019, with permitted early application.

This amendment did not have any impact on the Company's financial statements as there was no business combination in which joint control was obtained.

IAS 12 Income Taxes

The amendments clarify that the effects of taxes on dividends are linked to past transactions or events that generated distributable profits rather than distributions to shareholders. Therefore, an entity recognises the income tax effects of dividends in profit or loss, other comprehensive income or equity consistent with the way the entity has previously recognised such past transactions or events.

An entity applies those amendments for annual periods beginning on or after 1 January 2019, and early application is permitted. When the entity first applies these amendments, it applies them for the effects that have had tax on dividends recognised from the beginning of the first annual period.
These changes have had no impact on the Company's financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as non-specific financing any financing made that was intended from inception to develop an asset when all the actions necessary to prepare that asset for use or sale are completed.
An entity applies those amendments to borrowing costs incurred from the beginning of the period in which the entity first applies those amendments. An entity applies those amendments for annual periods beginning on or after 1 January 2019, and early application is permitted. Because the Company's current practice is in line with these amendments, the Company has not recorded any impact of these amendments on its financial statements.

39. Operating segment

The breakdown by operating segment and geographical area is not shown because at December 31st, 2019, the Company owns investment properties located in Milan and lease for office use.

40. Rents

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Vodafone	6,863	13,964
Monte Rosa	3,815	3,762
Tocqueville	2,614	1,046
Pavilion	2,979	-
Rents	**16,271**	**18,772**

The decrease of Euro 2,501 thousand is mainly due to the sale of the Vodafone property complex to COIMA CORE FUND VIII. This decrease was partially offset by rents relating to the Pavilion building, acquired in November 2018.

41. Net real estate operating expenses

The net real estate operating expenses amount to Euro 1,637 thousand and are detailed as follows:

(in thousands Euro)	Vodafone	Monte Rosa	Tocqueville	Pavilion	December 31st, 2019	December 31st, 2018
Recovery of costs from tenants	906	1,171	298	215	2,590	3,246
Property management fee	(69)	(65)	(31)	(33)	(198)	(215)
Maintenance and service charges	(463)	(633)	(176)	(227)	(1,499)	(1,579)
Utilities	(427)	(441)	(122)	-	(990)	(1,631)
Insurance	(39)	(22)	(19)	(18)	(98)	(110)
Property tax (IMU)	(347)	(449)	(251)	(90)	(1,137)	(1,255)
Property tax (TASI)	(24)	(31)	(17)	(6)	(78)	(86)
Stamp duties	(56)	(42)	(24)	(11)	(133)	(178)
Other real estate costs	-	(94)	-	-	(94)	(93)
Net real estate expenses	**(519)**	**(606)**	**(342)**	**(170)**	**(1,637)**	**(1,901)**

These costs, net of the recovery of expenses from the tenants, show a decrease of Euro 264 thousand mainly attributable to the sale of the Vodafone complex, partially offset by expenses relating to the Pavilion building.

42. Income from real estate disposals

Income from real estate disposals, amounting to Euro 3,562 thousand, are attributable to the sale of the Vodafone complex.

On June 27th, 2019 COIMA RES carried out a contribution to the alternative real estate investment fund COIMA CORE FUND VIII of the complex located in Milan, via Lorenteggio for a value of Euro 213,000 thousand and the related financing. At the same time, COIMA RES sold 50% of the fund's stakes, received in the context of the contribution, to the Korean investor Meritz Financial Group.

The transaction was carried out at market conditions, involved a third-party investor and provided for cash. For this reason, COIMA RES has disposed the building from an accounting point of view and recognized the economic

effect in the period. The profit deriving from the disposal was calculated based on the difference between the net disposal revenue (net of the direct costs incurred) and the book value of the asset.
For COIMA RES, this value is equal to the carrying amount shown in the last approved financial statements.

43. General and administration expenses

The table below shows the general and administration expenses as at December 31st, 2019.

(in thousand Euro)	December 31st, 2019	December 31st, 2018
Asset management fees	(2,839)	(2,964)
Personnel costs	(2,071)	(1,654)
Consulting	(520)	(794)
Revision	(191)	(200)
Control functions	(314)	(310)
Independent expert charges	(56)	(46)
IT service	(168)	(177)
Communication, marketing and PR	(354)	(383)
Promote fee	-	(1,021)
Other operating expenses	(329)	(477)
G&A expenses	**(6,842)**	**(8,026)**

This item includes costs relating to the Company's normal operations, including personnel costs, governance costs, fees of the independent auditors and external consultants, marketing and IT assistance expenses.
The decrease of Euro 1,184 thousand Euro compared to last year is mainly due to the promotion fee accrued by COIMA SGR in the previous year.

It should be noted that the Chief Executive Officer, in view of the fact that the Company has not reached a size such as to benefit from economies of scale and that it is in his interest to be aligned with the interests of COIMA RES shareholders, has confirmed his waiver of the redetermination of the fixed emolument and the payment of variable compensation for the financial years 2017, 2018 and 2019. This waiver can be revoked only if one of the following conditions is met:

- the existing Asset Management Agreement is modified and / or terminated for any reason; and / or
- Manfredi Catella does stop hold the office of Chief Executive Officer (even in the event of death); and / or
- the majority of the directors of the Company are not designated by Manfredi Catella as envisaged by the Shareholders Agreement currently in force.

As of today, none of the conditions has failed and it is considered remote that even one of them may occur within the approval of the financial statements as at December 31st, 2019. In consideration of this, the Company has not made any provision for risks and charges.

The current best estimate of this contingent liability to the company is approximately Euro 2.9 million.

On the other hand, it should be noted that regarding the death option, considering the existing agreement with the Chief Executive Officer and the reports described above, the Company made a provision of approximately Euro 373 thousand based on the mortality tables prepared by ISTAT, according to IAS 19 provisions. The Company has decided to take out an insurance policy to cover death risk and this coverage is expected to be active by the second quarter of the 2020 financial year.

The existing agreement with the Chief Executive Officer also provides that, in the event of Manfredi Catella's termination from the position held in the Company for one of the reasons provided for by the agreement in force and described in the Remuneration Report ("***Good Leaver***"), the Company is obliged to pay Manfredi Catella by way of compensation for the damage or, in any case, by way of compensation for the termination of the administration relationship, the greater amount between: (a) Euro 5 million and, (b) three times the total annual remuneration (fixed and variable amount). As of today, the Company considers the possibility of one of the Good Leaver hypotheses envisaged in the existing agreement as remote.

44. Other operating expenses

Other operating expenses amounts to Euro 28 thousand (Euro 2,313 thousand as of December 31st, 2018) mainly include other corporate taxes and duties, non-deductible VAT, contingent liabilities and other operating expenses. The change of Euro 2,285 thousand relates to the fair value adjustment of the financial instrument granted to the CEO and key managers generated in 2018.

45. Net depreciations

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Amortisations and write-downs of other tangible and intangible assets	(139)	(37)
Value adjustments to financial assets at fair value	-	(53)
Depreciations of COIMA CORE FUND IV	(345)	(38,874)
Depreciations of COIMA CORE FUND VIII	(163)	-
Net depreciations	**(647)**	**(38,964)**

The amount of Euro 647 thousand mainly refers to the value adjustment of the subsidiaries COIMA CORE FUND IV and COIMA CORE FUND VIII. This change was made on the *impairment* test carried out on December 31st, 2019, taking into consideration future cash flows and earnings recorded in previous financial years.
In details, the net assets of the Fund were compared at December 31st, 2019, calculated in accordance with international accounting standards (including unrealized capital gains), with the book value of the investment.
The principal assets of COIMA CORE FUND IV are the Deutsche Bank branches, which were valued at fair value on the evaluation report issued by the independent expert Duff & Phelps REAG, and by cash. The fund's liabilities consist of short-term trade payables and therefore no considerations have been made because they are not significant. The fair value of the Fund's net assets as of December 31st, 2019 calculated in accordance with international accounting standards, was therefore equal to Euro 99,613 thousand, while the book value of the investment was Euro 99,958 thousand. The comparison of these two values caused an adjustment of Euro 345 thousand. It should be noted that this reduction is essentially due to the fair value adjustment of the properties and the distribution of profits made by the Fund during 2019.
As for COIMA CORE FUND VIII, the main assets and liabilities are the Vodafone property complex, acquired on June 27th, 2019 in the broader context of the contribution transaction carried out by COIMA RES, and the related loan. The fair value of the fund's equity at December 31st, 2019, calculated in accordance with international accounting standards, was therefore Euro 43,466 thousand, while the carrying value of the investment was Euro 43,629 thousand. The comparison of the two values showed a value adjustment of Euro 163 thousand. It should be noted that this reduction is essentially due to the partial redemption of the shares made by the fund at December 31st, 2019.

46. Net movement in fair value

This item, amounting to Euro 4,473 thousand (Euro 25,870 thousand at December 31st, 2018), refers to the revaluation of the Pavilion property amounting to Euro 3,195 thousand, to the revaluation of the Tocqueville property for Euro 700 thousand to the revaluation of Monte Rosa for Euro 578 thousand. These properties were revalued based on the appraisal prepared by the independent expert CBRE. Regarding the parameters used by the independent expert to carry out its evaluations, please refer to note 50 - Real estate investments.

47. Income from investments

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Income from COIMA CORE FUND IV	972	4,934
Income from COIMA CORE FUND VI	4,851	3,841
Dividends from COIMA RES SIINQ I	2,733	2,410
Redemption of COIMA CORE FUND IV units	-	35,855
Redemption of COIMA CORE FUND VIII units	800	-
Income from investments	**9,356**	**47,040**

Income from equity investments amounts to Euro 9,356 thousand and refers to income distributed by the Company's investee companies during 2019. In particular:

- COIMA RES SIINQ I distributed a dividend of Euro 2,733 thousand in April 2019 on the result for 2018;
- COIMA CORE FUND IV distributed income of Euro 649 thousand in August 2019 and Euro 323 thousand in December 2019, both on the results achieved in 2019 and in previous years;
- COIMA CORE FUND VI distributed income of Euro 443 thousand in August 2019 and Euro 4,408 thousand in December 2019, both on the results achieved in 2018 and in previous years.

It should also be noted that as at December 31st, 2019 COIMA CORE FUND VIII made a partial refund of shares for a total of Euro 1,600 thousand, of which Euro 800 thousand is attributable to the Company.

48. Financial income and expenses

Financial income, amounting to Euro 1 thousand (Euro 13 thousand as of December 31st, 2018) mainly refer to interest income on liquidity.

Financial expenses, amounting to Euro 4,330 thousand (Euro 3,599 thousand as at December 31st, 2018), mainly include interest expense accrued on existing loans and the effect of the fair value adjustment of derivative financial instruments. The increase of Euro 731 thousand is attributable to the signing of two new loans for the purchase of the Tocqueville and Pavilion properties, signed respectively on July 17th, 2018 and October 31st, 2018.

49. Income tax

In accordance with the provisions of the SIIQ regulations, the Company calculates income taxes deriving from activities other than exempt operations, using the 24% tax rate.
At December 31st, 2019, the Company has no income from non-exempt operations.

50. Real estate investments

The changes in property investments as at December 31st, 2019, are listed below

(in thousands Euro)	December 31st, 2018	Acquisitions / (disposals)	Capex	Revaluations	December 31st, 2019
Vodafone	209,300	(209,439)	139	-	-
Monte Rosa	60,400	-	122	578	61,100
Tocqueville	58,900	-	-	700	59,600
Pavilion	70,000	-	5	3,195	73,200
Real estate investments	**398,600**	**(209,439)**	**266**	**4,473**	**193,900**

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.

The fair value adjustment refers to appraisals prepared by the independent real estate expert in accordance with the RICS Valuation - Professional Standards and in accordance with applicable law and the recommendations of the ESMA European Securities and Markets Authority.

The main parameters used for the evaluation of the investment are shown below.

Independent expert	Property	Discount rate	Conversion rate	Cap out rate	Expected inflation rate	Years of plan
CBRE Valuation	Monte Rosa	5.40%	7.10%	5.35%	1.38%	9.8
	Tocqueville	5.50%	7.50%	3.80%	1.38%	7.8
	Pavilion	4.50%	7.45%	3.40%	1.38%	16.1

The revaluation of the Monte Rosa property, equal to Euro 578 thousand, was determined by the development, by the independent expert, of the valuation considerations with reference to the period of income guaranteed by the lease contracts in force on the valuation date, as well as the timing to return the property to income. The change is mainly due to an improvement in the rates used by the independent expert net of a worsening of the inflation curve, in line with what emerged in the reference market in 2019.

The revaluation of the Tocqueville property, equal to Euro 700 thousand, was determined by the development, by the independent expert, of the valuation considerations with reference to the period of income guaranteed by the lease contracts in force on the valuation date, as well as the expected times for the carrying out of the renovation works and the subsequent return to income of the property at market rents in line with those in place in the Porta Nuova area.

The revaluation of the Pavilion property of Euro 3,195 thousand is mainly linked to the approaching of the collection of the rent under the contractually agreed regime, only partially offset by the reduction in the inflation curve.

The following table shows the market values of investment property as at December 31st, 2019 gross and net of transaction costs respectively:

Independent expert	Investments	Gross market value at December 31st, 2019	Net market value at December 31st, 2019
CBRE Valuation	Monte Rosa	63,316	61,100
	Tocqueville	61,762	59,600
	Pavilion	75,762	73,200

51. Other tangible and intangible assets

Other tangible assets, amounting to Euro 1,061 thousand (Euro 318 thousand as of December 31st, 2018), increased by Euro 769 thousand compared to the previous year following the application of the new accounting standard IFRS 16, in force since January 1st, 2019.

The movements in other tangible assets at December 31st, 2019, are shown below:

(in thousands Euro)	December 31st, 2018	Increases/(decreases)	December 31st, 2019
Furniture and fixtures	70	1	71
Installations	284	-	284
Other tangible assets	5	2	7
Rights of use	-	852	852
Original costs	**359**	**855**	**1,214**
Furniture and fixtures	(8)	(6)	(14)
Installations	(30)	(24)	(54)
Other tangible assets	(3)	(1)	(4)
Rights of use	-	(81)	(81)
Depreciation fund	**(41)**	**(112)**	**(153)**
Net book value	**318**	**743**	**1,061**

This standard defines new criteria for measuring and accounting for information on leasing contracts, requiring the recognition in the financial statements of lessees of a tangible asset representing the right to use the underlying asset for the entire duration of the agreements, and the simultaneous recognition of a liability against payment of future lease payments.

As of today, the Company has a lease agreement in place for the registered office in Piazza Gae Aulenti n.12, whose right of use at December 31st, 2019 amounts to Euro 771 thousand.

Intangible assets, amounting to Euro 186 thousand (Euro 69 thousand as of December 31st, 2018), refer to administrative and accounting software in implementation. The increased by Euro 117 thousand compared to last year due to the development of implementation activities carried out during the period.

52. Investments in subsidiaries

The table below shows the movements in subsidiaries as December 31st, 2019.

(in thousands Euro)	December 31st, 2018	Increase	Revaluations / (write-downs)	December 31st, 2019
COIMA CORE FUND IV	99,957	-	(345)	99,612
COIMA CORE FUND VI	69,868	44,754	-	114,622
COIMA RES SIINQ I	27,750	-	-	27,750
Lorenteggio Village consortium	7	(7)	-	-
COIMA CORE FUND VIII	-	43,629	(163)	43,466
Investments in subsidiaries	**197,582**	**88,376**	**(508)**	**285,450**

On June 27th, 2019, the Company contributed the Vodafone complex, the related financing and cash to COIMA CORE FUND VIII, a fund managed by COIMA SGR, for a total amount of Euro 87,100 thousand. On the same date, the Company sold 50% stakes to Meritz Financial Group for Euro 43,550 thousand (excluding transaction costs).
On September 20th, 2019 COIMA CORE FUND VI requested a capital payment to COIMA RES for Euro 16,744 thousand to partially finance the purchase of approximately 89% stakes in COIMA OPPORTUNITY FUND I, fund managed by COIMA SGR.

On October 25th, 2019 COIMA CORE FUND VI requested a further capital payment to COIMA RES for Euro 28,000 thousand to finance the purchase of the remaining 52% of the shares in Feltrinelli Porta Volta.

The write downs, amounting to Euro 508 thousand, are due to the impairment test carried out in order to align the book value of the equity investments with the share of shareholders' equity of the entities at the same date. Please refer to paragraph 45 - Net depreciations.

The following are the main data relating to subsidiaries, calculated in accordance with the IAS / IFRS international accounting standards:

(in thousands Euro)	% owned	Capital stock as at December 31st, 2019	Total asset as at December 31st, 2019	Shareholders 'equity as at December 31st, 2019 (*)
COIMA CORE FUND IV	100.0%	98,145	103,271	99,613
COIMA CORE FUND VI	88.2%	115,777	204,626	150,741
COIMA RES SIINQ I	100.0%	250	50,369	30,446
COIMA CORE FUND VIII	50.0%	85,500	218,744	86,932

(*) *The amounts include 2019 results and unrealised capital gains.*

53. Investments in associated companies

The item investments in associated companies includes the investment in the Porta Nuova Bonnet Fund, described below, and the investments in Infrastrutture Garibaldi Repubblica and Porta Nuova Garibaldi Consortium.

(in thousands Euro)	December 31st, 2018	Increase	December 31st, 2019
Porta Nuova Bonnet	16.053	3.464	19.517
Other associated companies	1	-	1
Investments in associated companies	**16.054**	**3.464**	**19.518**

The column *increase* mainly refers to the amounts paid by the Company during the year in view of the capex to be incurred for the development of the Bonnet project.

54. Financial assets

The items, equal to Euro 1,651 thousand for the long-term amount and Euro 491 thousand for the short one, relate to residual receivables from COIMA CORE FUND VIII for the transfer of almost all the financial costs incurred in the refinancing transaction of the Vodafone real estate complex.
The receivables originally amount to Euro 2,476 thousand and will be collected in ten payment tranches within December 31st, 2023.

55. Derivatives

Derivatives, amounting to Euro 34 thousand (Euro 842 thousand as at December 31st, 2018), relates to the four Interest Rate Cap derivative agreements entered into to hedge the cash flows relating to the mortgage financing of the Deutsche Bank branch portfolio.

The decrease of Euro 808 thousand compared to December 31st, 2018 is mainly due to the partial closure of the derivative relating to the Vodafone loan, following the contribution of the property to COIMA CORE FUND VIII, and the change in the fair value of the residual derivative contracts.

In accordance with IFRS 9, the fair value of derivatives has been separated into two components: the intrinsic value (intrinsic value), equal to the actual value of the derivative in the case of immediate exercise, and the time value (time value), i.e. how much a buyer would be willing to pay over the intrinsic value. The Company booked the change in fair value relating to the time effect of the derivatives to equity, amounting to Euro 175 thousand (net of the deferral with effect on the income statement, amounting to Euro 108 thousand).

The hedging strategy adopted by the Company is to set an upper limit to the cost of financing, for the part covered. The Company has accounted for hedging transactions based on hedging accounting, verifying their effectiveness. In order to test the effectiveness of existing derivatives, the hedged item was identified, at the start date of the hedge, with a hypothetical derivative ("*hypothetical derivative*"). This derivative must perfectly cover the risks caused by the exposure both in terms of the underlying and in contractual terms (notional, indexing, etc.). Finally, the hypothetical stipulation must take place at market conditions on the date the hedging relationship was established.
The fair value measurements of the derivatives also took account of any adjustments to be made as a result of the deterioration of one of the banking counterparties or of the Company itself, also taking account of any guarantees given by the Company to the Banks.

56. Trade and other current receivables

The breakdown of trade and other current receivables as of December 31st, 2019 is given below:

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Receivables from tenants	2,911	912
Receivables from subsidiaries	5,531	2,474
Trade receivables	**8,442**	**3,386**
Tax receivables	1,679	4,094
Prepayments and accrued income	280	451
Other current activities	141	138
Other current receivables	**2,100**	**4,683**
Trade and other current receivables	**10,542**	**8,069**

Receivables from tenants show an increase of Euro 1,999 thousand mainly due to the normalisation of lease payments, accounted for in accordance with IFRS 16.

Receivables from subsidiaries include receivables for income approved by COIMA CORE FUND IV, COIMA CORE FUND VI and COIMA CORE FUND VIII, amounting respectively to Euro 323 thousand, Euro 4,408 thousand and Euro 800 thousand.
Tax receivables, which mainly refers to the Company's VAT receivables, shows a decrease of Euro 2,415 thousand compared to the previous year due to the offsetting of the receivable with other taxes and duties.

Accrued income and prepaid expenses mainly include registration taxes, insurance and other costs already incurred for the following year.

57. Cash and cash equivalents

Cash and cash equivalents, amounting to Euro 12,467 thousand, are held at the following institutions:

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Banca Popolare di Milano	449	16,095
Unicredit	7,252	6,443
Intesa San Paolo	3,308	5,535
Banca Passadore	1,457	559
Cash	1	1
Cash and cash equivalents	**12,467**	**28,633**

At *Banca Popolare di Milano* and *Banca Passadore* the Company holds its liquidity available for ordinary management.

The amounts deposited with *Unicredit* and *Intesa Sanpaolo* include six current accounts and two unpaid accounts called *distribution accounts*, opened as a result of the stipulation of the loan agreements which will be discussed below. The unpaid accounts include the amounts that are available to the Company following the quarterly review of the financial *covenants*.

58. Shareholders' equity

Shareholders' equity as at December 31st, 2019 amounted to Euro 402,293 thousand (Euro 392,718 thousand as at December 31st, 2018) and is composed as shown in the table in the financial statements.

The share capital consists of 36,106,558 ordinary shares with no par value.

On June 13rd, the Board of Directors of COIMA RES approved a capital increase of a total of 99,558 ordinary shares (equal to Euro 755 thousand) to service the remuneration of financial instruments in favour of the Chief Executive Officer and key managers of the Company. The shares were delivered on July 3rd, 2019.
The legal reserve represents the portion of profits which, in accordance with Article 2430 of the Italian Civil Code, cannot be distributed as a dividend and has not reached the maximum amount required by law.
The valuation reserve, amounting to Euro 1,677 thousand, relates to the change in the fair value of derivative agreements entered into to hedge the cash flows of the existing loan.
The interim dividend of Euro 3,611 thousand refers to the 2019 interim dividend of Euro 0.10 for each share in circulation on the ex-coupon date, approved on November 8th, 2019 by the Board of Directors pursuant to Article 2433-bis, paragraph 5, of the Italian Civil Code and paid on November 20th, 2019 with the ex-coupon date set for November 18th, 2019.

The table below shows the availability and distribution of the equity reserves at December 31st, 2019:

(in thousands Euro)	Amount	Possibility to use	Available amount	Dividends	Amount used in the three previous years	
					To cover losses	For other reason
Capital stock	14,482					
Share premium reserve	336,273	A, B	336,273			
Legal reserve	2,890	B	2,890			
Interim dividend	(3,611)			(3,611)		
Cash flow hedge reserve	(1,677)					
Other reserves	31,449			(7,201)	(320)	
Profit / (loss) carried forward	2,310	A, B, C	2,310			
Profit / (loss) for the year	20,177					
Total shareholders' equity	**402,293**		**341,473**	**(10,812)**	**(320)**	**-**
Amount unavailable for distribution			339,163			
Amount available for distribution			2,310			

(*) *A: for capital increase; B: to cover losses; C: for distribution*

59. Bank borrowings and other lenders

The table below show the detail of bank borrowings at December 31st, 2019.

(in thousands Euro)	December 31st, 2018	Amortized costs	Reimbursements	Reclassifications	December 31st, 2019
Bank borrowings	246,764	2,142	(133,747)	(16,027)	99,132
Non-current bank borrowings	**246,764**	**2,142**	**(133,747)**	**(16,027)**	**99,132**
Other current bank borrowings	-	-	133	16,027	16,140
Current bank borrowings	**-**	**-**	**133**	**16,027**	**16,140**

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, which was subsequently transferred to COIMA CORE FUND VIII in the broader context of the Vodafone transaction, described in the previous paragraphs.

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.

The column "*reclassification*" refers to the part of the loan allocated to Deutsche Bank branches to be sold, reclassified under "*current bank borrowings*" as the proceeds from the sale will be used to repay, reasonably within 12 months, part of the outstanding loan.

It should be noted that the financial covenants are checked every quarter and/or half year, as required by the existing contracts.

The covenant as of December 31st, 2019 are shown below:

Investments	Covenant	Limits	Test results as at December 31st, 2019
Deutsche Bank branches	LTV Consolidated	<60%	43.2%
Monte Rosa	ICR Portfolio	>1,8x	5.3x
Tocqueville	ICR/DSCR Consolidated	>1,4x	3.9x
Pavilion	LTV Portfolio	<65%	36.4%

The above indicators confirm that the covenants set out in the loan agreement have been maintained.

60. 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 779 thousand, is the current value of the expected future cash flows for the duration of the agreements.

61. Payables for post-employment benefits

The balance of the Employee Severance Indemnity (TFR), equal to Euro 71 thousand (Euro 43 thousand as at December 31st, 2018), concerns the debt relating to three employees of the Company.

62. Provisions for risks and charges

This amount, equal to Euro 373 thousand (Euro 130 thousand at December 31st, 2018), refers to the payment to cover the risks relating to the contracts in place with the CEO. For further information, please read the personnel costs details described in paragraph 43 – G&A expenses.

63. Derivatives

The derivative financial instruments classified in liabilities, equal to Euro 1,747 thousand (Euro 1,026 thousand balance at December 31st, 2018), refer to Interest Rate Swaps subscribed to cover the financial flows relating to the Monte Rosa, Tocqueville and Pavilion.

The Interest Rate Swap agreement is stipulated in order to cover the Euribor and its changes by paying a fixed amount that represents the total cost of the collection for the entire duration of the swap agreements.

The hedging strategy adopted by the Company is to be an upper limit on the cost of financing for the part covered.
The Company recorded hedging transactions based on *hedging accounting* verifying the effectiveness of the same.
In order to test the effectiveness of derivatives, the *hedged item* is identified at the time of hedging, with a *hypothetical derivative*. This derivative must perfectly cover the risks caused by exposure in contractual and underlying terms (notional. indexing. etc.). Finally, the hypothetical signing must take place under market conditions at the start of the hedging relationship.
The changes in fair value have been recognized in the valuation reserve, net of what is recorded in the income statement in the event of ineffectiveness.
The valuation of derivatives at fair value considered some potential adjustments to be made as a result of the deterioration of the bank counterparties or of the Company itself, also taking into consideration any guarantees given by the Company to the Banks.

64. Trade and other non-current liabilities

Trade and other non-current payables mainly include the fair value of the financial instrument classified in the non-current liabilities, granted to the CEO and key managers. The instrument was issued by the Company and acquired by management for a nominal value of Euro 1 thousand. As at December 31st, 2019 the instrument was revalued at Euro 998 thousand (Euro 998 thousand as at December 31st, 2018) based on the evaluation report specifically prepared by an external consultant.

The appraiser expressed his opinion on the fair market value of the equity instrument issued by the Company in favour of certain managers on the basis of the instrument's settlement, based on the fact that the Company is listed and on the expected cash flows in three different scenarios (base, downside and upside).
The valuation was carried out in application of the financial criterion. It estimates the value of an asset as the sum of expected cash flows, discounted at a rate that expresses the systematic risk of the investment. The valuation model has been set up as follows:

- the reference date was December 31st, 2019;
- the estimate was made by assuming the expected annual cash flows from the Promote Fee over the period 2019-2030. Average-weighted cash flows were considered in three separate scenarios (*base, downside and upside*). For estimating the expected cash flows, the flows of the three scenarios were weighted respectively by 33.33%;

- for estimating the annual cash flows of the holders of the instrument, the average-weighted annual flows deriving from the Promote Fee were 60%. This is in line with what is provided for in the instrument regulations;
- the average-weighted cash flows of the holders of the instrument have been discounted, at December 31st, 2019, at a discount rate expressing the average return expected on investments having a risk profile comparable to that of the investment in the instrument. This discount rate, equal to 3.48%, was quantified by the consultant according to the CAPM ("*Capital Asset Pricing Model*") approach and is equal to the cost of the Company's own capital, expressing the systematic (non-diversifiable) risk associated with the business activities from which cash flows depend, in the last instance, those of the instrument.

The discount rate was estimated by the consultant assuming the following parameters:

- *risk-free* rate of 0.62%. This figure is equal to the historical average of the returns (without considering taxes) as of December 31st, 2019, of the Italian public debt securities with a residual maturity of 5 years;
- Beta coefficient of 0.53. In details, the Beta coefficient was determined: (i) assuming the average unlevered Beta (0.41) of a panel company carrying out activities comparable to those of COIMA RES; (ii) re-levering such Beta (using i.e. "Hamada" formula) in order to consider the target financial structure of COIMA RES (i.e. ratio net funding position / equity amounted to 40%);
- ERP of 5.43%. This figure corresponds to most recent measure of forward looking ERP compared to the estimate date, deducted from empirical observations of the market.

65. Trade and other current liabilities

The breakdown of trade payables and other current payables is given in the table below.

(in thousands Euro)	December 31st, 2019	December 31st, 2018
Account payables	1,479	3,070
Invoices to be received	1,435	1,975
Trade payables	**2,914**	**5,045**
Personnel payables	261	219
Security provider payables	70	66
Tax payables	36	71
Other payables	45	1,593
Accruals and deferred income	288	1,356
Other liabilities	**700**	**3,305**
Trade and other current liabilities	**3,614**	**8,350**

Trade payables mainly consist of payables to COIMA SGR for asset management services provided during the year amounting to Euro 781 thousand, and payables for the management and maintenance of buildings amounting to Euro 368 thousand.

Invoices to be received mainly consist of the fee for the fourth quarter of the asset management contract with COIMA SGR, pro-forma invoices received from the Company's consultants for legal, tax and administrative advice and marketing and communication expenses.

Deferred income refers to the advance collection of lease payments relating to the year 2020 for Euro 288 thousand.

The other amounts in this item mainly refer to payables for bonus, vacation and additional monthly payments (Euro 261 thousand), payables related to social security contributions, withholdings and pension funds (Euro 106 thousand) and payables for approved dividends (Euro 45 thousand).

66. Information on transfers of financial asset portfolios

The Company has not made any transfers between financial asset portfolios in 2019.

67. Information on fair value

IFRS 13 provides that:

- non-financial assets must be measured using the Highest and best use method i.e. considering the best use of the assets from the perspective of market participants;
- liabilities (financial and non-financial) and equity instruments (i.e. shares issued as consideration in a business combination) must be transferred to a market participant as at the measurement date. In the process of measuring the fair value of a liability it is necessary to identify the risk of default of the counterparty, which also includes credit risk.

The general rules for preparing fair value measurement techniques should be adjusted based on the circumstances, configured in order to maximize observable inputs and established pursuant to the measurement method used (multiples method, income method and cost method):

4) Adjusted based on the circumstances: measurement techniques must be applied consistently over time unless there are more representative alternative techniques for the measurement of fair value,
5) Maximise the observable inputs: inputs are divided into observable and unobservable, providing various examples of markets from which fair values can be calculated,
6) Measurement techniques of fair value are classified in three hierarchical levels according to the type of input used:
    - level 1: inputs are quoted prices in active markets for identical assets or liabilities. In this case the prices are used without any adjustments.
    - level 2: inputs are quoted prices or other information (interest rates, observable yield curves, credit spreads) for similar assets and liabilities in active and inactive markets. For this case price adjustments can be made based on specific factors of the assets and liabilities.
    - level 3: in this case inputs are not observable. The standard provides that it is possible to use the latter technique only in this case. Inputs for this level include, for example, long-term currency swaps, interest rate swaps, decommissioning liabilities undertaken in a business combination, etc.

The arrangement of these levels follows a priority hierarchy: attributing the maximum importance to level 1 and minimum for level 3.

IFRS 13 provides that three different measurement methods can be used for the measurement of fair value:

- the market approach method is based on prices and other important information for market transactions involving identical or comparable assets and liabilities. The models used are the multiples method and the matrix price method;
- the income approach is achieved from the discounted sum of future amounts that will be generated by the asset. This method allows to obtain a fair value that reflects the current market expectation of such future amounts;
- the cost method reflects the amount that would be required as at the measurement date to substitute the capability of the service of the asset subject to measurement, Fair value will be equal to the cost that a market participant would incur to acquire or build an asset of rectified comparable use (taking into consideration the level of obsolescence of the asset in question), This method can be used only when the other methods cannot be used.

Measurement techniques are applied consistently over time unless there are alternative techniques that allow a more representative measurement of fair value, In the selection of measurement techniques, the assumptions used for the determination of the assets or liabilities are particularly important.

The comparison between the book value and the fair value of the Company's assets and liabilities as at December 31st, 2019 is given below.

(in thousands Euro)	December 31st, 2019		December 31st, 2018	
	Net book value	Fair Value	Net book value	Fair Value
Real estate investments	193,900	193,900	398,600	398,600
Other tangible assets	1,061	1,061	318	318
Other intangible assets	186	186	69	69
Investments in subsidiaries	285,450	285,450	197,582	197,582
Investments in associated companies	19,518	19,518	16,054	16,054
Derivatives	34	34	842	842
Long term financial assets	1,651	1,651	-	-
Trade and other current receivables	11,033	11,033	8,069	8,069
Cash and cash equivalents	12,467	12,467	28,633	28,633
Assets	**525,300**	**525,300**	**650,167**	**650,167**
Bank borrowings and other non-current lenders	99,131	99,073	246,764	251,026
Bank borrowings and other current lenders	16,140	16,355	-	-
Non-current financial liabilities	779	779	-	-
Other liabilities	4,212	4,212	7,130	7,130
Derivatives	1,747	1,747	1,026	1,026
Financial instruments	998	998	2,529	2,529
Liabilities	**123,007**	**123,164**	**257,449**	**261,711**

The Company does not own capital instruments valued at cost.

The summary table below shows the hierarchy in the measurement of the fair value as at December 31st, 2019 and 2018.

(in thousands Euro)	December 31st, 2019			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	193,900	-	-	193,900
Other tangible assets	1,061	-	-	1,061
Other intangible assets	186	-	-	186
Investments in subsidiaries	285,450	-	-	285,450
Investments in associated companies	19,518	-	-	19,518
Derivatives	34	-	34	-
Long term financial assets	1,651	-	-	1,651
Trade and other current receivables	11,033	-	-	11,033
Cash and cash equivalents	12,467	-	-	12,467
Assets	**525,300**	**-**	**34**	**525,266**
Bank borrowings and other non-current lenders	99,073	-	99,073	-
Bank borrowings and other current lenders	16,355	-	16,242	113
Non-current financial liabilities	779	-	-	779
Other liabilities	4,212	-	-	4,212
Derivatives	1,747	-	1,747	-
Financial instruments	998	-	-	998
Liabilities	**123,164**	**-**	**117,062**	**6,102**

(in thousands Euro)	December 31st, 2018			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	398,600	-	-	398,600
Other tangible assets	318	-	-	318
Other intangible assets	69	-	-	69
Investments in subsidiaries	197,582	-	-	197,582
Investments in associated companies	16,054	-	-	16,054
Derivatives	842	-	842	-
Trade and other current receivables	8,069	-	-	8,069
Cash and cash equivalents	28,633	-	-	28,633
Assets	**650,167**	**-**	**842**	**649,325**
Bank borrowings and other lenders	251,026	-	251,026	-
Other liabilities	7,130	-	-	7,130
Derivatives	1,026	-	1,026	-
Financial instruments	2,529	-	-	2,529
Liabilities	**261,711**	**-**	**252,052**	**9,659**

68. Risks, guarantees and commitments

The risks which the company is subject and the relative mitigation are reported in the Chapter 3 "Governance" - *How we manage the risks.*
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.

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 December 31st, 2019 Porta Nuova Bonnet Fund drew Euro 19,517 thousand and therefore has a residual claim of Euro 5,483 thousand on the Company.

69. Related party transactions

Related party transactions are listed below:

(in thousands Euro)	Receivables	Liabilities	Income	Costs
COIMA SGR S.p.A.	-	1,312	-	2,844
COIMA S.r.l.	-	45	-	216
COIMA Image S.r.l.	-	2	-	-
COIMA CORE FUND IV	322	-	972	-
COIMA CORE FUND VI	4,409	-	4,851	-
COIMA CORE FUND VIII	2,931	-	3,276	-
COIMA RES S.p.A. SIINQ I	-	-	2,733	-
Infrastrutture Garibaldi	-	2	-	12
Porta Nuova Garibaldi consortium	-	26	-	150
Lorenteggio Village consortium	76	-	-	326
Porta Nuova Garibaldi fund	771	878	-	116
Managers	-	42	-	227
Directors	46	1,384	-	611
Board of Statutory Auditors	-	109	-	109
Others	-	-	-	100

Also note that the Company has signed the following service agreements with related parties in line with market standards:

- Asset Management Agreement with COIMA SGR S.p.A.;
- Agreement with COIMA S.r.l. for the supply, by the latter, of development and project management services, as well as property and facility management services;
- Lease agreement related to the new headquarter of the Company signed on July 21st, 2017, with Porta Nuova Garibaldi Fund, managed by COIMA SGR S.p.A..

In October 2019 the Company, in accordance with the framework agreement with COIMA S.r.l., completed the annual review of the economic conditions of the property and development management agreements.

Property Management Agreement

As regards the Property Management Agreement ("**PMA**"), the most significant changes are summarized below:

- the annual fee due to COIMA S.r.l. in relation to the common areas and plants managed by the property manager, it is no longer determined on a fixed basis but negotiated from time to time between the parties in good faith;
- obligation for COIMA S.r.l. to "supervise" - and no longer to "ensure" - that the policies to be subscribed by service providers and subcontractors are signed;
- the right of COIMA RES to access data and information held by or on behalf of COIMA S.r.l. in relation to the Company, the properties and / or services provided pursuant to the PMA;
- insertion of specific clauses relating to compliance with the Company's code of ethics and Model 231 as well as a more detailed confidentiality clause compared to the previous wording;
- some minor improvements to the annexes to the PMA.

Development Management Agreement

In relation to the Development Management Agreement ("**DMA**"), the main changes proposed concerned:

- the additional fee due to COIMA S.r.l. if a project is completed late compared to what was foreseen for reasons not attributable to the development manager: the previous formulation of the DMA envisaged that this consideration was equal to the staff cost (including the overhead component), increased by a mark- up of 25%, with a cap equal to the last payment installment received by the development manager up to the expected completion date of the project. In this regard, it is expected that this additional fee will be determined in an amount equal to the average of the monthly installments paid previously in relation to the same project. Furthermore, the DMA provides that this additional compensation is not due in the case of a "malicious or grossly negligent conduct" of property management. On this point, it is envisaged to apply this provision to all cases of "culpable conduct" and not only to cases of gross negligence;
- the indemnity due by COIMA RES to COIMA S.r.l. in case of withdrawal from the contract with immediate effect: reduction from 4 to 3 months of the allowance;
- the confidentiality obligations of COIMA S.r.l .: the duration of these obligations is expected to be extended from 3 to 5 years following the termination of the contract;
- insertion of specific clauses relating to compliance with the Company's code of ethics and Model 231 as well as a more detailed confidentiality clause compared to the previous wording;
- the right of COIMA RES to access data and information held by or on behalf of COIMA S.r.l. in relation to the Company, the properties and / or services provided pursuant to the DMA;
- the limitation for the Company to raise the objection of default against COIMA S.r.l ..

Publication of the audit fees pursuant to art. 149-duodecies of Consob Regulation on May 14th, 1999, n.11971

This table contains details of the fees paid to the independent auditors appointed to conduct the audit pursuant to Legislative Decree no. 39 of January 27th, 2010, and to other entities in the network to which the independent auditor belongs:

(in thousands Euro)	Audit firm	Fee
Auditing (*)	EY S.p.A.	191
Total		**191**

(*) These fees refer to the statutory audit of COIMA RES SIIQ's consolidated financial statements, separate financial statements and half-yearly consolidated financial statements and the limited audit of the financial statements at September 30th, 2019, aimed at issuing an opinion for the distribution of the interim dividend of COIMA RES SIIQ pursuant to Article 2433 bis of the Italian Civil Code. It should be noted that the amount includes the fees, equal to Euro 180 thousand, expenses and the CONSOB contribution, equal to Euro 11 thousand.

CERTIFICATION BY THE CEO AND BY THE MANAGING DIRECTOR RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE FINANCIAL STATEMENTS AT DECEMBER 31ST, 2019

pursuant to Article 154-bis, para. 5, of Legislative Decree no. 58 of February 24th, 1998 and Article 81-ter of Consob Regulation no. 11971 of May 14th, 1999

1) We, the undersigned, Manfredi Catella, as Chief Executive Officer, and Fulvio Di Gilio, as Manager responsible for preparing the financial reports of COIMA RES S.p.A. SIIQ, having also considered the provisions of art, 154-*bis*, paragraphs 3 and 4, of the Legislative Decree No. 58 of February 24th, 1998, hereby certify:
   - the adequacy, regarding the nature of the Company; and
   - the effective application of the administrative and accounting procedures adopted in preparing the financial statements,
2) In this regard, we also note that:
   - the adequacy of the administrative and accounting procedures adopted in preparing the financial statements has been verified by means of the evaluation of the internal control system on the financial information,
   - no material aspects have been detected from the evaluation of the internal control system on the financial information,
3) We also certify that:
   The financial statements:
   - have been prepared in accordance with the international financial reporting standards recognized in the European Union under the EC Regulation 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
   - are consistent with the entries in the accounting books and records;
   - can provide a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer,

   The report on operations provides a reliable analysis of performance and results of operations, and the company's situation, as well as a description of the main risks and uncertainties which the company is exposed,

The report on operations also includes a reliable analysis on the information regarding the relevant transactions with related parties,

Milan, February 20th, 2020

Chief Executive Officer	Manager responsible for preparing the Company's financial reports
Manfredi Catella	Fulvio Di Gilio

This certification has been translated from the original which was issued in accordance with Italian legislation

INDEPENDENT AUDITORS' REPORT

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Coima Res S.p.A. SIIQ

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Coima Res S.p.A. SIIQ (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of profit/(loss) for the year, the statement of other items in the comprehensive income statement, statement of changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

We identified the following key audit matter:

Key Audit Matter	Audit Response
Valuation of real estate portfolio	
Investment properties are stated at fair value in accordance with International Financial Reporting Standards IAS 40 Investment properties, recognizing the effects of changes of fair values in the income statement. Management has estimated fair value based on the reports prepared by independent experts. The fair value estimate involves the use of fair value models which require forecasting future costs and revenues of each property and the use of assumptions about the occupancy rate of properties, the markets trends of real estate and financial markets as well as the general economic conditions that affect the rent and the reliability of the tenants. We considered that this item represents a key audit matter, due to the relevance of the investment properties stated at fair value and changes in fair value over the accounting periods, the judgment required by Management in assessing the above mentioned assumptions used in the fair value models, as well as the effects on the Company's and Group's key performance indicators, especially the Net Asset Value. The paragraph 1.3 "Main balance sheet items" of the notes to the financial statements, describes the process adopted to select the independent experts and the fair value models.	Our audit procedures in response to this key audit matter relate to, amongst others, the analysis of the company's procedure related to the selection of the independent expert appointed in order to prepare a fair value estimate, the tracing of these amounts with the balance sheet figures, the critical review and discussion with Group Management and independent experts of the main market assumptions and, also with the support of our real estate experts, detail testing of the reports prepared by the independent experts. Finally, we have examined the disclosures provided in the notes to the financial statements.

2

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Coima Res S.p.A. SIIQ, in the general meeting held on February 1st, 2016, engaged us to perform the audits of the financial statements for each of the years ending December 31st, 2016 to December 31st, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Coima Res S.p.A. SIIQ are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Coima Res S.p.A. SIIQ as at 31 December 2019, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Coima Res S.p.A. SIIQ as at 31 December 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

Building a better working world

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Coima Res S.p.A. SIIQ as at 31 December 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, 23 March 2020

EY S.p.A.
Signed by: Aldo Alberto Amorese, Auditor

This report has been translated into the English language solely for the convenience of international readers.

BOARD OF STATUTORY AUDITORS' REPORT

COIMA RES S.p.A. SIIQ

STATUTORY AUDITORS' REPORT

TO SHAREHOLDERS' MEETING OF COIMA RES S.P.A. SIIQ

pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429 of Italian Civil Code

Dear Shareholders,

the Board of Statutory Auditors of COIMA RES S.p.A. SIIQ ("**COIMA RES**" or "the **Company**") is required to report to the Shareholders Meeting, called to approve the financial statements for the year ended December 31st, 2019, regarding the audit conducted during the year pursuant to art. 153 of Legislative Decree 58/98 and art. 2429 et seq. of Italian Civil Code, in relation to the admission, on May 13rd, 2016, to the trading of the Company's shares on the MTA. We noted that, in compliance with Legislative Decree n.58 of 1998, the supervisory activities on the regular bookkeeping and of consolidated and separate financial statements have been tasked by the auditing firm EY S.p.A. [also "**EY**"], appointed by Shareholders' Meeting of February 1st, 2016, for the years 2019-2024, whose reports - which contain no qualifications or emphasis of matter - we refer you.

During the year ended December 31st, 2019 the Board of Statutory Auditors of COIMA RES S.p.A. SIIQ carried out the supervisory activities required by existing law, in accordance with Supervisory Authorities recommendations and in particular according to the key required to CONSOB with Communications n. 1025564 of April 6th, 2001 and subsequent supplements of 2003 and 2006, and also in accordance with the code of good practice for listed entities for the Board of Statutory Auditors suggested by the Italian National Association of Professional Accountants.

Pursuant to Legislative Decree n.39 of January 27th, 2010 for the public interest entities, which is your Company, the Internal Control and Auditing Committee [also "CCIRC"] identifies with the Board of Statutory Auditors and therefore, during the period, were carried out the supervisory activities mandated to the same, pursuant to art. 19 of the aforementioned Decree.

We remind you that the regulatory provisions referred to in Decree n. 135/2016 as well as with EU Regulation 537/2014, with a view to strengthening the interaction between the auditors and the Board of Statutory Auditors, as CCIRC, provide *inter alia,* for the prior approval of assignments to the statutory auditor, not specifically relating to the audit activity, as well as transmission to the Committee for control and audit of the additional report issued pursuant to Article 11 of EU Regulation 537/2014.

Appointment, self-assessment and activities of the Board of Statutory Auditors

---

The Board of Statutory Auditors in charge on the date of this Report, was appointed by resolution of the Shareholders' Meeting of April 12th, 2018, and his office will expire with the Shareholders' Meeting approving the financial statements as of December 31st, 2020.

The Board of Statutory Auditors in charge, as appointed, is composed of the following n. 3 (three) members:

- Mr. Massimo Laconca, standing member to whom the chairmanship of the Board of Statutory Auditors has been attributed;
- Mrs. Milena Livio, standing auditor;
- Mr. Marco Lori, standing auditor.

The Board of Statutory Auditors, also for the 2019 financial year, assessed the suitability of its members and the adequate composition of the board - with reference to the requirements of professionalism, competence, integrity and independence required by law - as well as the availability of time and adequate resources to the complexity of the assignment and the proper functioning, taking into account the size, complexity and activities carried out by the intermediary. The members of the Board of Statutory Auditors have respected the limit of the accumulation of offices set out in art.144-terdecies of the Issuers Regulation.

The Board of Statutory Auditors also verified the correct application of the criteria and procedures for ascertaining the independence requirements of the members of the Board of Directors with this qualification, as well as, in its capacity as Committee for Internal Control and Auditing [also "CCIRC"], the independence requirements of the auditing firm.

With this report, in confirming to you how, during the year, the Board of Statutory

Auditors carried out its supervisory activity in compliance with the law, we acknowledge the following:

- with limited absences of some of its members, we attended at all meetings of the Board of Directors held during the year and obtained periodically from the Directors, information on the activity carried out and on the most important operations performed by the Company. We also participated in the periodic meetings of the internal Board Committees, established pursuant to the Corporate Governance Code, and the Control and Risk Committee, also in its capacity as Committee for transactions with related parties, and the Remuneration Committee.
- We supervised the activities of the Company entrusted to us by Art. 149 of Single Act of Finance, through specific audits, regular meetings with business leaders, with the Internal Control Committee, with the Supervisory Board, with the heads of corporate functions, including control, as well as through the information sharing with representatives of the auditing firm.
- We assessed and supervised, as for our competence, the adequacy of the internal control and the account administration system, as well as the performance of detection and control system.
- We verified, through information collected by the auditing firm and the executive responsible for the preparation of the accounting documents, the compliance with legal regulation related to the preparation and setting of consolidated and separate financial statements, as well as the Management Report, exercising the functions entrusted to us pursuant to art. 19 of the Legislative Decree 39/10.

Our participation in Board of Directors' meetings, the meetings with Control Functions and with the manager of various business Functions, as well as the examination of information flows provided by the same Functions, have enable to us to obtain, in different segments, necessary and useful information on the general business performance and on the outlook for operations, organization and internal control system, risk management, and accounting system in order to evaluate its suitability compared to business needs and operational reliability.

Thanks to the meeting with the internal control functions, we have received

adequate information on the internal control system and risk management.
The contacts with the Manager responsible for preparing Company's financial reports allowed a feedback on the activities carried out to verify the adequacy and effectiveness of the control procedures relating to the administrative and accounting system, on which it is confirmed that no such critical issues have emerged to be brought to the attention of the Board of Directors.

As for the ways in which institutional tasks assigned were carried out to the Board of Auditors, we inform you and give you act:

- to have acquired necessary knowledge to carry out audit activities for aspects of its competence, on the adequacy of the Company's organizational structure, including links with subsidiaries, through direct surveys, information gathering by managers of the Functions concerned, exchanges of data and information with auditing firm;
- to have supervised the operation of internal control and accounts administration system, to evaluate the adequacy to business needs, as well as its reliability in providing an accurate picture of Company operations, through direct surveys on business records, obtaining information by managers of the Functions concerned, analysis of the results of the work carried out by the auditing firm.

In compliance with the recommendations provided by CONSOB as for the content of Board of Auditors' Report, we report the following:

1. Considerations on the events and transactions carried out by the Company that had significant impact on assets, financing and operating result, and their compliance with By-laws and regulations

The Separate Financial Statement of COIMA RES S.p.A. SIIQ for the year 2019 recorded a profit of Euro 20,177 thousand, whose formation is described in detail by the Board of Directors in its report, to which we refer you.
During the year 2019, the Company further focused its investment strategy and strengthening the corporate governance. In particular, as for the significant

4

events of the year and as for their relevance, as fully described in the directors' report, the Board reports the following.

a) *Investment and disposal transactions*

- *Investments*

  (i) On September 30th, 2019 the Company, through COIMA CORE FUND VI, indirectly acquired the property in Milan, Viale Sarca 235, through the purchase of 88.8% of COIMA OPPORTUNITY FUND I ' units, fund managed by COIMA SGR. At the acquisition date, the value of the property, the Philips headquarters, was Euro 60.7 million. With this transaction, Coima Res acquired a 78.3% stake in the property.

  (ii) On December 10th, 2019 Coima Res, through COIMA CORE FUND VI, has finalized the acquisition of the property in Milan, viale Pasubio 13 through the purchase of 52% of Feltrinelli Porta Volta' units, fund managed by COIMA SGR. At the acquisition date, the value of the property, the Microsoft headquarters, was Euro 97.6 million. With this transaction, Coima Res acquired an 83.5% stake in the property.

  The above investment transactions were both carried out through COIMA CORE FUND VI which, on September 30th, 2019, acquired approximately 89% of the units of the COIMA OPPORTUNITY FUND I for a consideration of Euro 70.3 million. This fund directly holds the "Philips" property and indirectly the "Microsoft" property, through a 48% stake in a fund called Feltrinelli Porta Volta. Through this transaction, Coima Res also acquired 13% of a portfolio of five properties in Northern and Central Italy, entirely leased to Telecom Italia, owned by ITALIA COPPER FUND, which was owned 17% by COIMA OPPORTUNITY FUND I.

  The transaction was completed on December 10th when COIMA CORE FUND VI completed the acquisition of the remaining 52% of the investment in Feltrinelli Porta Volta for a consideration of Euro 40 million.

- *Disposals*

(i) On June 27th, 2019 Coima Res sold 50% of the so-called real estate complex "Vodafone Village" to the financial holding company Meritz Financial Group, of South Korean nationality, through the management company KTB Asset Management, through the contribution by Coima Res of the Vodafone property and related financing in COIMA CORE FUND VIII and the simultaneous sale to KTB of 50% units of the same fund held by Coima Res following the contribution. The valuation of the entire property complex, from which the sale price of 50% of the fund units was determined, was Euro 213 million (+ 2% compared to the previous valuation);

(ii) On March 15th, 2019 Coima Res sold the Deutsche Bank bank branch of Pisa through COIMA CORE FUND IV at the price of Euro 500 thousand (with a premium of 4.2% compared to the book value at the December 31st, 2018);

(iii) On December 5th, 2019 the Company, through COIMA CORE FUND IV, signed a purchase and sale agreement for the sale of the first floor of the Deutsche Bank branch in Genoa at the price of Euro 800 thousand;

(iv) In October 2019, Coima Res, again through COIMA CORE FUND IV, signed three preliminaries for the sale of a portfolio consisting of 11 Deutsche Bank bank branches located in Northern Italy. The sale price is Euro 23.5 million, substantially in line with the value certified by the independent expert at June 30th, 2019 (2.0% discount). The transaction was completed on January 15th, 2020 for 8 bank branches, while the remaining 3 will be completed by June 2020.

b) *Loan transactions*

- On June 27th, 2019 the Company entered into a new loan agreement with Natixis with a duration of 5 years for an amount equal to Euro 127,800 thousand for the "Vodafone" operation; this loan was subsequently transferred to COIMA CORE FUND VIII.

  The liquidity deriving from this new loan agreement was also used in part for the repayment of Euro 18,905 thousand relating to the loan for the Tocqueville and Monte Rosa properties and Euro 110,875 thousand relating to the Vodafone loan.

- On September 19th, 2019, Coima Res repaid the loan for the VAT line contracted to partially finance the acquisition of the Pavillion property for Euro 3,967 thousand.

It should be noted that as of December 31st, 2019 the average duration of the loans is 3.4 years and the average cost of the debt is approximately 2.0%. It should also be noted that approximately 87% of the debt is hedged by interest rate hedging derivatives, to hedge interest rate risks on loans.

c) Governance

Regarding to Governance, the shareholders' meeting held on April 17th, 2019 stated that it had approved the appointment of the corporate bodies whose mandate had expired.

The following have been appointed for the Board of Directors until the approval of the financial statements for the year ended December 31st, 2019: Feras Abdulaziz Al Naama, Manfredi Catella, Massimo Capuano, Olivier Elamine, Luciano Gabriel, Alessandra Stabilini, Agostino Ardissone, Ariela Caglio and Antonella Centra, in compliance with the current legislation on gender balance.

The Board of Directors is composed, at the date of preparation of this report, of seven independent directors, in addition to the Chairman Massimo Caio Capuano, and a single executive director, in the person of the CEO Manfredi Catella.

At the meeting of April 17th, 2019, the Board of Directors established the Remuneration Committee, the Control and Risks Committee, which also functions as a Related Parties Committee and the Investment Committee and appointed:

- as members of the Remuneration Committee: Alessandra Stabilini, Independent Director, as Chairman, Olivier Elamine, Independent Director, and Caio Massimo Capuano, Non-Executive Director;
- as members of the Control and Risk Committee, with functions also as committee for transactions with related parties, Agostino Ardissone, Independent Director, as Chairman, and the Independent Directors Alessandra Stabilini and Luciano Gabriel;

- as members of the Manfredi Catella Investment Committee, as Chairman, Feras Abdulaziz Al-Naama and Luciano Gabriel, Independent Directors, as well as Gabriele Bonfiglioli and Matteo Ravà, *Key Manager* of the Company.

d) *SIIQ Regime*

The Company takes advantage of the benefit for the application of the SIIQ tax regime, subject to the condition that the company carried out via prevalent real estate lease activity, starting from the year ended December 31st, 2016. The special taxation regime provides that the income derived from the business of real estate lease is exempt from corporate income tax (IRES) and the regional tax on productive activities (IRAP) and the part of statutory profit corresponding to it is subject to taxation for shareholders in the distribution in the form of dividends, which may not be less than 70% of net profit.

***

The Board of Statutory Auditors, on the based on the information acquired and in the light of verifications carried out, has no comments or comments to report on the specific point, in relation to compliance with the Law and Article of Association of the operations carried out by the Company.

2. Atypical and unusual intercompany, third and related party transactions

During our supervisory activities, we do not encounter atypical or unusual transactions carried out between your Company and third parties.

2.1 Atypical and unusual related party transactions

During our supervisory activities we did not notice atypical or unusual transactions carried out with related parties.

2.2 Atypical and unusual third and related party transactions

During our supervisory activities we did not notice atypical or unusual transactions carried out with third and related parties.

2.3 Ordinary intercompany and related party transactions

The Company, in compliance with the Related Parties Regulation No. 17221 approved by Consob with a resolution dated March 12nd, 2010, as amended, as well as taking the indications and guidelines set forth in Consob Communication no. DEM / 10078683 of September 24th, 2010, adopted on May 13rd, 2016, with subsequent revisions during 2018, the "Related parties procedure" for the examination, management, approval and disclosure to the market of transactions with related parties.

The Directors, in their report and in the notes to the financial statements, have provided adequate information about the transactions carried out with related parties, to which reference is made.

We report that these transactions are mainly related to ordinary business operations relating to the purchase of services included in the asset management agreement with COIMA SGR S.p.A. and in the agreement with COIMA S.r.l. for the supply by the latter of development & project management services, as well as property and facility management.

We also report that have been entered into transactions with related parties that have generated interest income relating to dividends paid by funds invested by the Company during the year 2019.

The Board of Statutory Auditors considers the procedures in compliance with the principles set out in the Consob Regulation and has attended, during the year 2019, all control and risk Committees' meeting in which the operations were reviewed, ensuring compliance with the procedure adopted by the Company.

3. Comments about any emphasis of matter of Independent Auditors

On March 23rd, 2020, the auditing firm EY S.p.A. has issued its Reports unqualified and without emphasis of matter, pursuant to Art. 14 and 16 of

Legislative Decree n.39/2010 concerning the Separate Financial Statements and Consolidated Financial Statements.

4. Complaints ex art. 2408 of the Civil Code

During the year 2019, and up to the date of the Report, no complaints according to art. 2408 of the Civil Code are occurred.

5. Presentation of claims

During the year 2019, and up to the date of the Report, no exposed to be reported to Shareholders' meeting are occurred.

6. Supervisory and control activities performed by the Board of Statutory Auditors in relation to the tasks assigned to it as "Internal Control and Auditing Committee"

Pursuant to art. 19, 1st paragraph, of Legislative Decree 39/2010 as amended by Legislative Decree 135/2016, as well as Regulation (EU) No. 537, the Board of Statutory Auditors, in its role of "Internal Control Committee and for the audit" [also "CCIRC"] conducted independent assessments of the organizational arrangements aimed at fully implementing the regulatory provisions aimed, in particular, at strengthening the quality of the audit and the independence of the statutory auditors and auditing firms, to improve market and investor confidence in financial information.

During the year, the CCIRC maintained a continuous interaction with the auditors, giving particular emphasis to maintaining the independence requirement, also through constant monitoring of the activities carried out by the auditor, with reference to both audit services (Audit Service) that other services (Non Audit Service), previously subjected to the assessments and the expression of an opinion by the CCIRC, in order to exclude, among these, the presence of the services considered prohibited by art. 5 of the aforementioned Regulation.

During the 2019 financial year, in relation to the adequacy of the provision of services other than auditing to the audited entity, in accordance with Article 5 of the EU Regulation, the Board of Statutory Auditors has constantly verified and monitored independence of the Auditor, reserving the right to issue specific and specific opinions for any task entrusted and falling under the Non-Audit Service.

In this regard, it should be noted that, also during 2019, the only assignment comparable to different office from audit was the preparation of a limited review on the accounting statements and on the Directors' report as of September 30th, 2019 in order to be able to submit the distribution of an interim dividend to the Board of Directors for approval.

Please note that for this service, however not included among those services other than auditing expressly prohibited by art. 5, paragraph 1, of EU Regulation 537/2014, the Board of Statutory Auditors, in its capacity as CCIRC, had already expressed its favourable opinion on June 13th, 2018 for the periods starting from September 30th, 2018 to September 30th, 2024, in accordance with the procedures provided by Consob with resolution no. 10867 of July 31, 1997 for the half-yearly report.

However, as for the audit activity, the Board of Statutory Auditors, during the many meetings held with the independent auditor EY:

a) has acquired information on the audits carried out by the auditing firm, on the regular keeping of the company accounts and on the correct reporting of operating events in the accounting records;

b) received from the Independent Auditor, pursuant to art. 11 of EU Regulation no. 537/2014, the additional report for the Internal Control and Auditing Committee, from which: i) there are no significant deficiencies in the internal control system in relation to the financial reporting process and / or accounting system, such as to be considered sufficiently relevant to deserve to be brought to the attention of the CCIRC; ii) no significant issues have been identified regarding situations of actual or presumed non-compliance with laws and regulations or with statutory provisions; iii) there has been no limitation to the process of obtaining audit evidence; iv) no significant aspects related to transactions with the related parties of the company have emerged, such as to be communicated to the heads of governance activities.

c) received from the same company, pursuant to art. 6, paragraph 2, letter a) of EU Regulation 537/2014 and pursuant to paragraph 17 of ISA Italia 260, its independence confirmation, reporting the total number of fees charged to the Company and its subsidiary.

Furthermore, the Board of Statutory Auditors examined the reports prepared by the Independent auditor EY S.p.A. and issued on March 23rd, 2020 whose activity integrates the general framework of the control functions established by the law regarding the financial reporting process.

As for the opinions and attestations, the Independent Auditors, in the Report on the financial statements, have:

- issued an opinion stating that the financial statements of COIMA RES give a true and fair view of the financial position of the Company as at December 31st, 2019, of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union, as well as with the provisions issued pursuant to art. 9 of Legislative Decree no. 38/05 and of the art. 43 of Legislative Decree 136/15;
- issued an opinion on the consistency, which shows that the Business Reports attached to the financial statements for the year ended December 31st, 2019 and some specific information given in the "Corporate Governance and the Company's Ownership Structures Report" provided for by art. 123-bis, paragraph 4 of the TUF, which is the responsibility of the directors of the Company, are prepared in compliance with the law;
- declared, as for any significant mistakes in the Business Reports, based on the knowledge and understanding of the company and the relative context acquired during the audit, to have nothing to report.

The Board of Statutory Auditors has stated that the Independent Auditor, in accordance with art. 10 paragraph 2 letter c) of EU Regulation 537/2014, described the paragraph "Significant matters emerging from the audit" of its Additional Report, the most significant assessed risks of relevant errors, including the assessed risks of relevant errors due to fraud. As for the identification of the Key Matters, it is noted that the same only concern the valuation at *fair value* of the real estate portfolio. In this regard, the Board of Statutory Auditors has been able to examine the audit procedures in response to the Key Matters, agreeing with the audit aimed at mitigating any risks deriving from the aspects considered significant.

7. Supervisory activities on the independence of external auditors

As said before, the Board of Statutory Auditors examined the report on the independence of the external auditor, issued on March 23rd, 2020, pursuant to art. 6, paragraph 2, letter a) of the EU Regulation 537/2014, and pursuant to paragraph 17 of ISA Italia 260, that does not highlight situations which might have compromised the independence or causes of incompatibility, pursuant to art. 10 and 17 of Legislative Decree no. 39/2010 and art. 4 and 5 of EU Regulation 537/2014.
The table below, drawn up pursuant to art. 149-duodecies of the CONSOB Issuers Regulation (resolution No. 11971 of May 14th, 1999 and subsequent amendments and additions), shows the fees relating to 2019 for auditing and other services provided by the auditing firm and by companies belonging to its network.

Service provided	Firm	Fee
Auditing of Parent Company	EY S.p.A.	191
Auditing of subsidiary	EY S.p.A.	14
Total amount		**205**

The fees for the Parent Company's statutory audit relate to the limited review of the Consolidated Half-Year Financial Statements as of June 30th, 2019, the statutory audit of the Separate and Consolidated Annual Financial Statements as of December 31st, 2019 and the limited review of the Financial Statements as of September 30th, 2019 to issue the opinion on the distribution of interim dividends pursuant to art. 2433 bis paragraph 5 of the Civil Code.

As for the amounts paid to the auditing firm, the Board of Statutory Auditors, considering what has already been reported, notes that they are only related to auditing services, therefore it is not necessary to carry out further assessments on the potential risks of independence of the external auditor and of the safeguards applied pursuant to art. 22b of Directive 2006/43 / EC.

In view of the foregoing, as for the appointments assigned to EY and its network by COIMA RES and the companies of the Group, the Board of Statutory Auditors does not consider any critical issues regarding the independence of the Auditor.

8. Supervisory activities on the administrative accounting and financial reporting process

The art. 19 of Legislative Decree No. 39/2010, in its new formulation, establishes that the CCIRC is responsible for monitoring the financial reporting process and presenting recommendations or proposals aimed to guarantee its integrity.

Therefore, during the year the Board of Statutory Auditors monitored the activities carried out by the Function of the Manager responsible for preparing the Company's financial reports, with which he held periodic meetings.

The Board also examined the reference model and its basic assumption is the definition of a specific control framework which, in order to ensure correct mitigation of the risks of incorrect financial reporting, is based on principles and guidelines defined by the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (known as CoSO) and the Control Objectives for Information and related Technology (known as CobiT), considered internationally accepted reference models.

The Board of Statutory Auditors, in this regard, was able to verify the outcome of the checks carried out, from which, in the various areas, a situation in which it is supervised emerges, not recognizing any critical issues or deficiencies such as to invalidate the judgment of adequacy and effective application of the administrative accounting procedures.

Then, the Board examined the structure and content of the periodic reports, prepared by the Manager Responsible for the Half-Year Report and the Financial Statements, noting that the activities conducted to assess the adequacy and effective application of the processes and functional procedures to the financial information of COIMA RES, have enabled to support adequately the certification required to the Chief Executive Officer and the Company's Manager Responsible pursuant to art. 154 bis of Legislative Decree 58/98 (Consolidated Law on Finance, hereinafter "TUF").

In this regard, the Board of Statutory Auditors did not find evidence of criticality or weaknesses that could undermine the adequacy and effective application of the administrative accounting procedures, and, for their part, the heads of the Independent Auditors, in the periodic meetings with the Board of Statutory Auditors, they did not report elements that could undermine the internal control system related to the same procedures.

9. Opinion issued pursuant to Law

The Board of Statutory Auditors, during the 2019 financial year, did not issue opinions.

10. Frequency of Board of Directors' and Board of Statutory Auditors' meeting

During the year 2019, the Board of Statutory Auditors held no° 12 meetings of which no° 6 with the independent auditor and/or with the control functions; it also attended no° 12 Board of Directors' meeting, n° 9 Control and Risk Committee's meeting, no° 3 Compensation Committee's meetings and the only Shareholders' meeting held during the year.

During the year 2020, the Board also met the Independent Auditor in a preparatory meeting to finalize the reports attached to the financial statements.

11. Comments on compliance with principles of proper administration

The Board of Statutory Auditors monitored, for all aspects falling within its competence, compliance with the principles of proper administration. The activity of the Board of Statutory Auditors has been addressed to review the legitimacy of Directors’ decisions and their compliance, in the process of their formation, with criteria of equity and financial economic rationality, according to the technique and practice suggested by the best doctrine and best company practices.

The Company is, in the opinion of the Board of Statutory Auditors, managed in compliance with the Law and the Articles of Association rules.

The structure of powers and delegated powers - as designated - appear adequate for the size and operation of the Company.

Also about the Board of Directors resolution process, the Board of Statutory Auditors assessed, even attending at the meetings, the compliance with the Law and the Articles of Association of decisions taken by Directors and verified that the resolutions were assisted by specific analyzes and opinions prepared - if necessary - also by consultants, regarding economic and financial fairness of transactions and their compliance with corporate interests.

This activity of the Board of Statutory Auditors took place without merit control on the opportunity and convenience of management decisions.

There were no comments on compliance with the principles of proper administration.

12. Comments on the adequacy of the organizational structure

The Board of Statutory Auditors supervised, to the extent of its competence, the adequacy of the Company's organizational structure, through direct observations, hearings, gathering information from the competent corporate functions and meetings with the heads of control functions.

Considering the specific model adopted, which provides Coima SGR as outsourcer which numerous management activities are delegated, regulated by an “Asset Management Agreement”, the Board of Statutory Auditors has monitored the suitability of the information flow structure to ensure adequate representation of business matters.

As a whole, our reliability evaluation of the organizational structure is that this is substantially adequate, needing a constant monitoring of the effectiveness of the interaction between the two companies during the year.

13. Comments on the adequacy of the internal control system

Coima Res has set up its own internal control system to maintain, in line with the current legal and regulatory provisions: i) strategic control over the different areas of business in which the Company operates and the different risks related to activities; ii) a management control to ensure the balance between economic, financial and capital conditions; iii) technical-operational control aimed at evaluating the various risks.

The Board of Statutory Auditors examined the adequacy of the internal control system directly through meetings with the heads of the various business areas, through an ongoing dialogue with the Control Functions and attending the meetings of Control and Risk Committee, regular meetings with the Director responsible for the internal control system and management of risks, the Manager responsible for preparing the Company's financial reports and the Independent Auditors, verifying that the system did not highlight significant problems or facts or elements that should be reported here.

The Board of Statutory Auditors, as part of the tasks assigned, followed, also, the various activities performed and was informed on the implementation of business plans and results achieved, including coordination effectiveness of the activities and information flows between the various parties involved.

With regard to the safeguards put in place by the Company to face the risks to which it is exposed, the Board of Statutory Auditors has acknowledged as Coima Res, also through the establishment of specific control functions, such as: the Risk Management Function, the Function Compliance and the Internal Audit Function - the latter merged with each other - have adopted adequate risk management and control organizational requirements aimed at ensuring management based on the efficiency and effectiveness of company processes, and guaranteeing reliability, accuracy, reliability and timeliness of financial information as well as the safeguarding of corporate assets, compliance with laws and regulations, the articles of association and internal procedures.

In this regard, it should be noted that on February 1st, 2019, the resolution of December 13th, 2018 with which the Board of Directors outsourced the Internal Audit and Compliance functions to Consilia Regulatory S.r.l..

The Company has also adopted a regulation on internal control and risk management, based on a traditional model with three levels of control:

- "line" controls (or "first level"), carried out by the operational units, aimed at ensuring the proper performance of operations;
- "second level" controls, carried out by Risk Management Function and the legal department, as well as the *Compliance* function, with the objective of ensuring, inter alia: i) the proper implementation of the risk management process; ii) compliance with the operational limits in place for the various functions; iii) compliance with rules, including self-regulation, of company's operations;
- "third level" controls, responsibility of Internal Audit function, to identify violations of procedures and regulations as well as to periodically assess completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and information system (ICT audit).

As for the organizational controls, the Board of Statutory Auditors also took note of how the Company intends to regulate in a rigorous way the procedures for carrying out its activities, by establishing, within the definition of the strategic, industrial and financial plans, a specific statutory provision in terms of risk-taking. In details:

a) investment in a single property with urban and functional characteristics should be limited to a maximum amount equal to 40% of the total value of the Company's most recently approved budget;
b) rents from a single tenant - or tenants belonging to the same group - may not exceed 40% of the total amount of the Company's rents;
c) debt, net of cash and cash equivalents and financial receivables from the parent company may not exceed 70% of the total assets in the last approved financial statements.

The Board of Statutory Auditors has finally taken note of the activities carried out by the Supervisory Body, appointed to guarantee the adequacy, compliance with and updating of the organization and management model pursuant to Legislative Decree no. 231/01.

Based on the analyses and tests carried out in relation to the areas and functions involved in internal audit activities, the Board of Statutory Auditors assesses as substantially adequate the internal control system adopted.

14. Comments on the adequacy of the accounting system

The Board of Statutory Auditors has regularly monitored the functioning of the system also through meetings with the Manager responsible for preparing the Company's financial reports, gathering information from the heads of the relevant corporate departments, examining company documentation and regular analysis of the outcome of the work performed by the Independent Auditors, including the Half-Year Report of the Company.

With regard to the accounting information contained in the Financial Statements and in the Consolidated Financial Statements as of December 31st, 2019, it is reported that the Chief Executive Officer and the Manager responsible for preparing the Company's financial reports have certificated, without qualification for the preparation of corporate financial statements, as well as in relation to the Directors' report on the reliability of performance and management results, as well a description of the risks and uncertainties faced by the Company and have also issued the prescribed certification under art. 81-ter of CONSOB Regulation no. 11971/1999 and ss.mm.

From the evaluation of the accounting and administrative system there are no facts and circumstances likely to be mentioned in this report and it is believed that the administrative and accounting function is sufficiently structured and appropriate to address the business needs shown during the year, both in terms of resources used and in terms of professionalism and so it is able, therefore, to properly reflect the Company's events.

15. Comments on the adequacy of the instructions given to subsidiaries

The Board of Statutory Auditors acknowledges that it has examined the instructions given by the Company to its subsidiary, and that it considers them adequate with respect to the financial disclosure requirements of the parent company.

16. Adherence to the Corporate Governance Code

The Company has joined the standards included in the Corporate Governance Code promoted by the Italian Stock Exchange and, on February 20th, 2020, the Board of Directors approved the Corporate Governance's annual report.

We note that:

(i) within the Board of Directors, with an advisory and prepositive role, operates the Control and Risk Committee; about the role, tasks and operation, see the specific chapter dedicated in the Corporate Governance Report;

(ii) the Board of Directors appointed Manfredi Catella, as Director in charge of supervising the internal control and risk management system;

(iii) the Company set up the Remuneration Committee; the Company decided not to set up a Nomination Committee;

(iv) The Company also set up, in consideration of the business performed, an Investment Committee.

With reference to the provisions contained in the Corporate Governance Code, we believe it useful to reiterate how the Board of Statutory Auditors, during the 2019 financial year:

- had verified the correct application of the criteria adopted by the Board of Directors to evaluate the independence of its non-executive members as well as the correct application of the relevant verification procedures. At the end of this process the Board of Statutory Auditors did not have comments to be reported.
- has also assessed positively the independence of its members.
- carried out the self-assessment on to verify its adequacy in terms of powers, functioning and composition, considering the size, complexity and activities carried out by the Company, also as envisaged by the "Rules of conduct of the board of statutory auditors of listed companies" issued by the National Council of Accountants and Accounting Experts. The self-assessment provided a positive picture on the composition and functioning of the Board of Statutory Auditors and, regarding to its size and composition, the Board of

Statutory Auditors believes that these are adequate in relation to the role covered.

17. Closing comments regarding supervisory activity

We finally certify that there are no omissions, reprehensible facts or irregularities to be reported to Shareholders and to Supervisory Authorities emerged from our supervisory activities.

18. Proposals to Shareholders' meeting

The Board of Statutory Auditors acknowledge that it has monitored the compliance with procedural rules and law regarding the preparation of the 2019 separate and consolidated financial statements, as well as the respect of Directors' duties in this matter.

The Separate and Consolidated Financial Statements of the Company concluded by the certification issued by the Chief Executive Officer and the Manager responsible for preparing Company's financial reports pursuant to art. 154 bis of the Consolidated Law of Finance and art. 81-ter of Consob Regulation n. 11971 of May 14th, 1999 as amended.

The Separate and Consolidated Financial Statements of COIMA RES S.p.A. SIIQ have been prepared in accordance with International Financial Reporting Standards. Since the Board of Statutory Auditors is not responsible to analyze the content of the financial statements, the activities were limited to supervise the general definition of the financial statements, their general compliance with the law in relation to their preparation and structure and compliance with the mandatory template.

Based on the foregoing, no recognizing objections, we agree, for all aspects falling within its competence, with the approval of the Separate Financial Statements for the year 2019, together with the Directors' Report as presented by the Board of Directors.

Furthermore, we do not have objections on the proposal of the Board of Directors regarding the allocation of the net profit of Euro 20,176,821.

Milan, March 23rd, 2020

The Board of Statutory Auditors

Signed by:

The Chairman
Massimo Laconca

Members
Milena Livio

Marco Lori

This report has been translated into English language only for the convenience of international readers.

EPRA PERFORMANCE MEASURES – EPM

The summary table below shows the principal EPRA Performance Measures with reference to FY 2019.

EPRA Performance Measures - EPM	Reference	December 31st, 2019 (in €/000)	December 31st, 2019 (in €/share)	December 31st, 2019 (in %)
IAS/IFRS Income statements	Chap.1 The Company Consolidated statements of profit / (loss) for the year	31,973	0.89	
EPRA Earnings	Chap.5 Financial review Chap.5 Financial review (EPRA Performance Measures)	13,979	0.39	
EPRA NAV	Chap.5 Financial review Chap.5 Financial review (EPRA Performance Measures)	443,863	12.29	
EPRA NNNAV	Chap.5 Financial review Chap.5 Financial review (EPRA Performance Measures)	438,755	12.15	
EPRA Net Initial Yield	Chap.5 Financial review Chap.5 Financial review (EPRA Performance Measures)			4.6%
EPRA "topped-up" NIY	Chap.5 Financial review Chap.5 Financial review ((EPRA Performance Measures)			5.3%
EPRA vacancy rate	Chap.5 Financial review Chap.5 Financial review (EPRA Performance Measures)			2.0%
EPRA cost ratio (including direct vacancy costs)	Chap.5 Financial review Chap.5 Financial review (EPRA Performance Measures)			37.9%
EPRA cost ratio (excluding direct vacancy costs)	Chap.5 Financial review Chap.5 Financial review (EPRA Performance Measures)			36.4%
Like for like rents	Chap.5 Financial review (EPRA Performance Measures)			1.0%
Top 10 real estate investments	Chap.5 Financial review (EPRA Performance Measures)			
Top 10 tenants	Chap.5 Financial review (EPRA Performance Measures)			
Real estate portfolio: term lease contracts	Chap.5 Financial review (EPRA Performance Measures)			
Real estate portfolio: other information	Chap.1 The Company			
Other information	Chap.5 Financial review (EPRA Performance Measures)			

The EPRA Performance Measures related to FY 2018 are shown in the section "Overview of the Consolidated Financial Results".

EPRA Earnings & Earnings per Share (EPS)

EPRA Earnings & EPRA Earnings per Share (EPS)	(in thousands Euro)
Earnings per IFRS income statement	31,973
Adjustments to calculate EPRA Earnings, exclude:	
(i) Changes in value of investment properties, development properties held for investment and other interests	(10,514)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	(10)
(iii) Profit or losses on sales of trading properties including impairment charges in respect of trading properties	110
(iv) Tax on profits or losses on disposals	-
(v) Negative goodwill/goodwill impairment	(1,050)
(vi) Changes in fair value of financial instruments and associated close-out costs	2,678
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-
(viii) Deferred tax in respect of EPRA adjustments	-
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(9,091)
(x) Non-controlling interests in respect of the above	(117)
EPRA Earnings	**13,979**
Basic number of shares	36,107
EPRA Earnings per Share (EPS) - (in Euro)	**0.39**

Details:

- (i) Net movement in fair value of real estate investment property;
- (ii) Income from disposal of Deutsche Bank branch (Pisa);
- (iii) Net depreciations of trading properties
- (v) Changes in purchase cost and fair value of properties acquired in 2019;
- (vi) Anticipated closing costs of derivatives and financial debts;
- (ix) Value adjustment of the joint ventures;
- (x) Value adjustment of third parties.

EPRA NAV (Net Asset Value)

EPRA NAV (Net Asset Value)	**(in thousands Euro)**
NAV per the financial statements	440,110
Effect of exercise of options, convertibles and other equity interests (diluted basis)	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	440,110
Include:	
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	-
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	-
(i.c) Revaluation of other non-current investments	-
(ii) Revaluation of tenant leases held as finance leases	-
(iii) Revaluation of trading properties	-
Exclude:	
(iv) Fair value of financial instruments	3,636
(v.a) Deferred tax	-
(v.b) Goodwill as a result of deferred tax	-
Include/exclude:	
Adjustments (i) to (v) above in respect of joint ventures	117
EPRA NAV	**443,863**
Basic number of shares	36,107
EPRA NAV per share (in Euro)	**12.29**

Details:

(iv) Changes in the fair value of derivatives and financial instrument issued by the Company to the CEO and key managers, net of the changes in fair value of derivatives;

Adj: Adjustments related to joint ventures.

EPRA NNNAV (triple Net Asset Value)

EPRA NNNAV (Triple Net Asset Value)	**(in thousands Euro)**
EPRA NAV	443,863
Include:	
(i) Fair value of financial instruments	(2,755)
(ii) Fair value of debts	(2,353)
(iii) Deferred tax	-
EPRA NNNAV	**438,755**
Basic number of shares	36,107
EPRA NNNAV per share (in Euro)	**12.15**

Details:

(i) Changes in fair value of derivatives;
(ii) Changes in fair value of financial liabilities carried at amortized cost.

EPRA NIY and EPRA topped-up NIY

EPRA Net Initial Yield (NYI) and "Topped-up"	**(in thousands Euro)**
Investment property – wholly owned	309,984
Investment property (share of JVs/Funds)	378,454
Trading property (including share of JVs)	-
Developments	(59,071)
Total market value of the properties in portfolio	**629,367**
Allowance for estimated purchasers' costs	-
Gross up completed property portfolio valuation (B)	**629,367**
Annualised cash passing rental income	32,691
Property outgoings	(3,719)
Annualised net rents (A)	**28,972**
Notional rent expiration of rent free periods or other lease incentives	4,408
Topped-up net annualized rent (C)	**33,380**
EPRA Net Initial Yield (NYI) (A/B)	**4.6%**
EPRA "Topped-up" Net Initial Yield (NYI) (C/B)	**5.3%**

The investment property and the gross and net annualized rents are calculated on the percentage of ownership of each property.

EPRA vacancy rate

EPRA Vacancy rate	(in thousands Euro)
Estimated Rental Value of vacant space **(A)**	764
Estimated rental value of the whole portfolio **(B)**	38,454
EPRA Vacancy Rate (A/B)	**2.0%**

EPRA Vacancy Rate is mainly related to the vacant portion of Deutsche Bank portfolio (3 branches) and Monte Rosa.

Like-for-like rents

Total Portfolio

Rents 2018	Renegotiations	Inflation	Others	Rents 2019	Like For Like (%)
30,157	352	139	(178)	30,470	1.0%

Offices

Rents 2018	Renegotiations	Inflation	Others	Rents 2019	Like For Like (%)
23,459	254	94	(396)	23,411	(0.2)%

Milan

Rents 2018	Renegotiations	Inflation	Others	Rents 2019	Like For Like (%)
25,918	119	103	(178)	25,962	0.2%

Bank branches

Rents 2018	Renegotiations	Inflation	Others	Rents 2019	Like For Like (%)
4,943	98	41	-	5,082	2.8%

The table shows the rental growth in 2019, on like-for-like basis. The increase in rents is mainly characterized by the new leases on Gioiaotto, Monte Rosa and on the Deutsche Bank branches of Milan and Turin.
The reduction of Euro 178 thousand is due to the release of the offices in Gioiaotto by two tenants, partially offset by the variable rental of NH Hotels.

EPRA Cost ratios

EPRA Cost ratios	(in thousands Euro)
Include:	
(i) Administrative/operating expense line per IFRS income statement	
General and administration expenses	13,049
Personnel costs	2,071
Other costs	3,699
(ii) Net service charge costs/fees	-
(iii) Management fees less actual/estimated profit element	-
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	(4,922)
(v) Share of Joint Ventures expenses	415
Exclude:	
(vi) Investment property depreciation	-
(vii) Ground rent costs	-
(viii) Service charge costs recovered through rents but not separately invoiced	-
EPRA Costs (including direct vacancy costs) (A)	**14,312**
(ix) Direct vacancy costs	(550)
EPRA Costs (excluding direct vacancy costs) (B)	**13,762**
(x) Gross rental income less ground rent costs	37,340
(xi) Service fee and service charge costs components of gross rental income (if relevant)	-
(xii) Share of Joint Ventures (Gross Rental Income less ground rent costs)	438
Gross Rental Income (C)	**37,778**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**37.9%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**36.4%**

Details:

- (i) Administrative and operating expenses;
- (iv) Re-charges revenues;
- (v) Portion of rental expenses of Porta Nuova Bonnet fund, recorded in “Investments in associated companies”;
- (ix) Direct costs related to vacant Deutsche Bank portfolio;
- (x) Rental income;
- (xii) Portion of rental income of Porta Nuova Bonnet fund, recorded in “Investments in associated companies”.

The costs incurred are capitalized on the carrying value of the investment property when it is probable that they will generate future economic benefits and their cost can be measured reliably. Other maintenance and repair costs are expensed as incurred. At December 31st, 2019, there are no capitalized operating expenses and overheads on the value of property.

Top 10 real estate investments

#	City	Address	Type of asset	Legal title to availability	NRA	Portfolio	% owned	Acquisition date	Year of redevelop. / refurbish. completion activities	EPRA Vacancy rate
1	Milan	Via Lorenteggio 240	Office	Fully owned	42,039	Vodafone comples	50%	Jun-16	n.a.	0%
2	Milan	Viale Pasubio 21	Office	Fully owned	10,795	Microsoft	84%	Sep-19	n.a.	0%
3	Milan	Via Melchiorre Gioia 6-8	Office	Fully owned	14,545	Gioiaotto	88%	Jul-16	n.a.	0%
4	Milan	Piazza Gae Aulenti 10	Office	Fully owned	3,576	Pavilion	100%	Nov-18	n.a.	0%
5	Milan	Via Monte Rosa 93	Office	Fully owned	19,539	Monte Rosa	100%	Oct -17	n.a.	9%
6	Milan	Via Tocqueville 13	Office	Fully owned	9,604	Tocqueville	100%	Jul-18	n.a.	0%
7	Milan	Via Bonnet 6A-8A-10A	Office / Retail	Fully owned	23,579	Corso Como Place	36%	Dec-16	In redevel.	n.s.
8	Milan	Viale Sarca 235	Office	Fully owned	17,453	Philips	78%	Sep-19	n.a.	0%
9	Milan	Via Deruta 19	Office	Fully owned	26,012	Deruta	100%	Jan-17	n.a.	0%
10	Rome	Piazza Ss. Apostoli 70	Bank branch	Fully owned	826	DB Portfolio	100%	May-16	n.a.	0%

Top 10 tenants [13]

#	Rank top 10 tenant	%
1	Vodafone	19%
2	Deutsche Bank	10%
3	BNL	10%
4	Microsoft	10%
5	Sisal	9%
6	IBM	9%
7	Techint	5%
8	PwC	5%
9	Philips	5%
10	NH Hotels	4%

[13] Calculated on pro-rata basis. Pre-let relating to Corso Como Place (Accenture and Bending Spoons) is excluded.

Real estate portfolio: term lease contracts [14]

Properties	WALT	Maturity bands in the first contractual deadline (% on the amount of annualized rent stabilized)				Total %	Total €/000
		1 year	1-2 year	3-5 year	> 5 year		
DB portfolio	7.1	0%	0%	0%	100%	100%	4,293
Vodafone	7.1	0%	0%	0%	100%	100%	7,022
Gioia 6-8	4.9	1%	15%	27%	57%	100%	3,832
Corso Como Place	2.0	10%	74%	12%	4%	100%	529
Deruta	2.0	0%	100%	0%	0%	100%	3,614
Monte Rosa	3.5	23%	30%	0%	47%	100%	3,870
Tocqueville	2.3	0%	93%	0%	7%	100%	3,448
Pavilion	8.1	0%	0%	0%	100%	100%	3,500
Philips	6.7	0%	0%	0%	100%	100%	3,222
Microsoft	4.0	0%	7%	93%	0%	100%	3,815
Telecom portfolio	12.9	0%	0%	0%	100%	100%	561
Total amount	**5.3**	**3%**	**24%**	**12%**	**61%**	**100%**	**37,706**

Real estate portfolio: other information [15]

Properties	Acquisition date	NRA	Market Value (€/000)	Initial gross rent (€/000)	Initial gross rent (€/mq) [16]	Gross stabilized rent (€/000)	ERV	Reversion (%)
DB portfolio	May 16	36,623	68,894	3,873	106	4,293	4,478	4%
Vodafone	Jun-16	42,039	106,500	7,022	334	7,022	6,054	(14%)
Gioia 6-8	Jul-16	14,545	73,802	3,373	263	3,832	3,973	4%
Corso Como Place	Dec-16	23,579	59,071	508	n.s.	529	3,917	n.s.
Deruta	Jan-17	26,012	47,100	3,614	139	3,614	3,555	(2%)
Monte Rosa	Oct-17	19,539	61,100	3,870	198	3,870	4,738	22%
Tocqueville	Juò-18	9,604	59,600	2,448	255	3,448	4,409	28%
Pavilion	Nov-18	3,576	73,200	1,250	350	3,500	3,584	2%
Philips	Sept-19	17,453	49,157	2,864	210	3,222	3,325	3%
Microsoft	Sept-19	10,795	82,036	3,815	423	3,815	3,786	(1%)
Telecom portfolio	Sept-19	33,278	7,888	561	123	561	551	(2%)
Total		**237,043**	**688,438**	**33,198**	**201**	**37,706**	**42,372**	**3,4%**[17]

[14] Calculated on pro-rata basis.

[15] Values of appraisal, rents and ERV calculated pro quota.

[16] Rents and surfaces considered 100%.

[17] Not including Corso Como Place in the calculation as it is a property subject to redevelopment.

Development portfolio

Development / refurbishment assets	City	NRA	% owned	Cost to date	Estimated capex	Estimated rental value at completion of the development	Breakdown of lettable area accordingly to regions	Breakdown of lettable area accordingly to usage	Expected date of completion	Status
Bonnet	Milan	23,579	35.7%	33,036	~59,700	~10,970	100% Milan	Office: ca. 95%	Q3 2020	Execution capex plan

As of the date of this report, the property located in Milan, in the Porta Nuova district is in the planning phase and the expected completion date is in the third quarter of 2020. At December 31st, 2019 the capex incurred amounted to approximately 62% of the total project.

The table below shows the data related to Bonnet asset (35.7%) from Porta Nuova Bonnet Fund's Annual Report as at December 31st, 2019.

Development / refurbishment assets	Net book value at December 31st, 2019	Methods of accounting	Fair value at December 31st, 2019	Last evaluation report ' date
Corso Como Place	59,071	Fair value	59,071	December 31st, 2019

Please note that the associated in Porta Nuova Bonnet Fund (35.7%), for Euro 32,147 thousand, is recognized in the Company's financial statements using the equity method.

Capital expenditure [18]

Property-related CAPEX	(in thousands Euro)
Acquisitions	128,976
Development (ground-up/green field/brown field)	-
Like-for-like portfolio	316
Other	-
Capital Expenditure	**129,293**

The first amount reported in the table above includes the overall value of acquisitions occurred during the year, in particular:

- Microsoft, for Euro 81,468 thousand;
- Philips, for Euro 47,509 thousand.

Like for like portfolio includes mainly the expenses related to Monte Rosa and Vodafone respectively for Euro 122 thousand and Euro 138 thousand.

Capex investments relating to the Bonnet property in 2019 amount to Euro 9,569 thousand.

[18] Calculated on pro rata basis.

ANNEXES

FFO RECONCILIATION

	(Thousand Euro)	December 31st, 2019	December 31st, 2018
+	Rent income	37,340	36,261
-	Property expenses not recharged to tenants	(4,032)	(4,015)
	Net rents after incentives	**33,308**	**32,246**
+	Other income	10	5,587
-	Other costs for raw materials and services (G&A)	(7,596)	(8,792)
-	Personnel costs	(2,071)	(1,654)
-	Other operating expenses	(197)	(2,373)
+/-	Adjustments	-	3,308
	EBITDA	**23,454**	**28,322**
+	Interest income	291	13
-	Interest expenses	(9,677)	(6,295)
	FFO	**14,069**	**22,040**
+	Non recurring general expenses	3,874	(4,367)
-	Non recurring income	(309)	0
	Recurring FFO	**17,633**	**17,673**

General expenses and non-recurring revenues mainly relate to the costs incurred for the early closure of deductions and loans.

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 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 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.
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-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.

INDEPENDENT APPRAISERS' REPORTS

CERTIFICATE FOR FINANCIAL STATEMENT

In respect of:

Market Value of the buildings belonging to Portfolio owned by COIMA RES SPA. SIIQ

(This copy of this Certificate has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail)

On behalf of:

COIMA RES S.p.A. SIIQ

Piazza Gae Aulenti, 12

20124 - Milano

Date of Valuation: 31 December 2019

CBRE

Legal Notice and Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for COIMA RES SPA SIIQ (the "Client") in accordance with the terms of engagement entered into between CBRE and the client dated 14 June 2016 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or

(ii) €10 million (10,000,000.00 Euro).

Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

If another CBRE Group entity contributes to the preparation of the Report, that entity may co-sign the Report purely to confirm its role as contributor. The Client, Relying Party or any other Addressees named herein acknowledge that no duty of care, whether existing under the Instruction or under the Report, shall extend to such CBRE Group entity and the Client, Relying Party or any other Addressees named herein hereby waive any right or recourse against such CBRE Group entity whether arising in contract, tort, negligence or otherwise. CBRE shall remain solely liable to the client in accordance with the terms of the Instruction.

None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.

If you do not understand this legal notice then it is recommended that you seek independent legal advice.

CBRE

CONTENTS

The property details and specific assumptions and findings, that are not expressly covered within the subject Valuation Report, on which each valuation is based are as set out in each property report. Property Reports have to be read in conjunction with the subject Valuation Report, certificate and the Terms of Reference and Basis of Value that is detailed within.

PART I

CERTIFICATE FOR FINANCIAL STATEMENT

CBRE

CBRE VALUATION S.P.A. con unico socio
Piazza degli Affari 2
20123 Milan
Switchboard +39 02 9974 6000
Fax +39 02 9974 6950

CERTIFICATE FOR FINANCIAL STATEMENT

Report Date	05 February 2019
Addressee (or Client)	**COIMA RES S.p.A. SIIQ** Piazza Gae Aulenti, 12 20124 Milano (MI) – Italy For the attention of: **Mr Emiliano Mancuso**
The Properties	No. 3 real estate properties owned by COIMA RES S.p.A. SIIQ, as reported in the attached schedule.
Property Description	The portfolio includes 2 office properties and a building used as auditorium/event space; the assets are located in the central and semi-central area of Milano. For the details see the attached table.
Ownership Purpose	Investment
Instruction	To value the unencumbered Freehold interest in the Properties on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressee dated 14 June 2016 (ref. Of. n.147/16).
Valuation Date	31 December 2019
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	Biannual update of the office portfolio.
Market Value	Market Value as at 31 December 2019: **€ 193,900,000.00 (Euro One Hundred Ninety Three Million Nine Hundred Thousand/00) exclusive of V.A.T.**
Service Agreement	Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached.
Special Assumptions	None

CBRE VALUATION S.p.A. piazza degli Affari 2 20123 Milano
C.F./P. I.V.A. n. 04319600153 - cap. soc. € 500.000 i.v.
Società soggetta all'attività di direzione e coordinamento da parte della Società CBRE Ltd
Regulated by RICS

Compliance with Valuation Standards

The Valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Valuation Standards ["the Red Book"].

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the Valuation date.

Assumptions

The Property details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. [or other companies forming part of the same group of companies within the Italy] from the Addressee [or other companies forming part of the same group of companies] is less than 5.0% of the total Italy revenues.

Conflicts of Interest

We confirm that we have had no previous material involvement with any of the Properties, and that copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval.

Yours faithfully

Davide Cattarin
Managing Director

For and on behalf of
CBRE Valuation S.p.A.

+39 02 9974 6933
davide.cattarin@cbre.com

Yours faithfully

Laura Mauri MRICS
Executive Director
RICS Registered Valuer

For and on behalf of
CBRE Valuation S.p.A.
+39 02 9974 6928
laura.mauri@cbre.com

CBRE Valuation S.p.A.
Valuation Advisory Services
Piazza degli Affari 2
20123 Milan
Project reference: 19-64VAL-0371

SCHEDULE OF VALUES

TOWN	ADRESS	USE	MARKET VALUE AT 31 DECEMBER 2019
Milan	Via Monte Rosa, 93	Office	61.100.000 €
Milan	Via Tocqueville, 13	Office	59.600.000 €
Milan	Piazza Gae Aulenti, 10	Auditorium	73.200.000 €
TOTAL			193.900.000 €

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information

We have carried out our work based upon information supplied to us by the Client as set out within this report, which we have assumed to be correct and comprehensive.

- Rent roll and copy of the new lease agreements
- Expected capex
- Costs to be paid by the Owner

The Property

Our report contains a brief summary of the Property details on which our Valuation has been based.

Inspection

The Properties was internally inspected by Margherita Bertrandi on 04 February 2020.

Areas

We have not measured the property, but as instructed, we have relied upon floor areas provided to us by the Client, which we assume to be correct and comprehensive and which we understand have been calculated in accordance to best Italian market practices.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the Properties. None of the services have been tested by us.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning

We have made Planning enquiries only consulting the institutional websites. We cannot, therefore, accept responsibility for incorrect information or for material omissions in the information supplied to us.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the

CBRE

interpretation of the documents of title [including relevant deeds, leases and planning consents] is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"*The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*"

The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"*The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*".

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;

[c] the Properties possess current the energy performance certificates [APE - Attestato di Prestazione Energetica or equivalent] as required under government directives;

[d] the Properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

[e] the Properties are not subject to any seismic risk or if it is, possesses building characteristics in line with the relevant legislation. In addition, an appropriate insurance policy could be obtained without such affecting the Value Assumptions considered within this report.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;

[b] the Properties are free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the Property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the Properties possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

[c] the Properties are not adversely affected by town planning or road proposals;

[d] the buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the relevant disability discrimination legislation;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

[k] in Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies [so-called share deal as opposed to asset deal]: the taxation level applied cannot be standardized, but must be evaluated on a case-by-case basis. In order to define the Total Purchase Price, the purchaser's costs or acquisition fees [i.e. technical and legal fees, stamp duty, agent fees, etc.], as at the Valuation Date should be added. All rents and capital values, costs and other figures stated in this report are exclusive of V.A.T.

CBRE

VALUATION REPORT

In respect of:
Market Value of the Office building located in Milan, Via Privata Deruta, 19, including two units called "Building A" and "Building B"

On behalf of:
COIMA RES S.p.A. SIINQ I | CBRE Project Reference *19-64VAL-0374*

Piazza Gae Aulenti, 12
20123 Milano

Date of Valuation: 31 December 2019

Legal Notice and Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for COIMA RES S.p.A. SIINQ I (the "Client") in accordance with the terms of engagement entered into between CBRE and the client dated 21 June 2017 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or

(ii) €10 million (10,000,000.00 Euro).

Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

If another CBRE Group entity contributes to the preparation of the Report, that entity may co-sign the Report purely to confirm its role as contributor. The Client, Relying Party or any other Addressees named herein acknowledge that no duty of care, whether existing under the Instruction or under the Report, shall extend to such CBRE Group entity and the Client, Relying Party or any other Addressees named herein hereby waive any right or recourse against such CBRE Group entity whether arising in contract, tort, negligence or otherwise. CBRE shall remain solely liable to the client in accordance with the terms of the Instruction.

None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.

If you do not understand this legal notice then it is recommended that you seek independent legal advice.

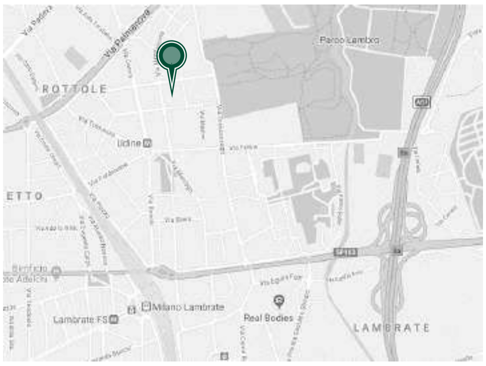
CONTENTS

CBRE

PART I

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



THE PROPERTY

Address: Via Privata Deruta, 19 – 20132 Milano (MI) - Italy

Main use: Office

Property including two separate Class A buildings called "Building A" and "Building B". Building A is arranged over 7 floors above ground and 2 basement levels. Building B is arranged over 8 floors above ground and 2 basement levels. The basement levels house 200 parking spaces, the external area at ground floor counts some 90 uncovered parking spaces.

TENURE

CBRE VALUATION S.p.A. has not generally examined nor had access to all the deeds, leases or other documents relating thereto. As communicated by the Client, we understand that the Property is held on freehold basis by "COIMA RES S.p.A. SIINQ I".

TENANCIES

Buildings A and B are fully let to Banca Nazionale del Lavoro S.p.A.. The two lease contracts in place have a fixed duration of 6 years starting from 01/01/2016 and can be renewed for further 6 years upon first lease expiry date. The tenant has the right to recede from the contracts from 01/01/2022 with advance notice at least 12 months before.

MARKET VALUE

€47,100,000.00 (FORTYSEVEN MILLION ONE HUNDRED THOUSAND/00 EUROS) exclusive of VAT.

Split ups as follows:

Building A: € 21,600,000.00 (TWENTYONE MILLION SIX HUNDRED THOUSAND EUROS) exclusive of VAT

Building B: € € 25,500,000.00 (TWENTYFIVE MILLION FIVE HUNDRED THOUSAND EUROS) exclusive of VAT.

We have valued each property individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole. The Aggregate Market Value above is provided for information purposes only and you should refer to the main report for the individual property valuations.

Market Value

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached and has been primarily derived using comparable recent market transactions on arm's length terms, where available.

Starting from the Market Value, the Client has requested to determine the relative transaction price.

According to the International Valuation Standards (IVS) and the Red Book, the Market Value represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the valuation date (Red Book VPS4.4.1).

Investors could require at the outset an indication of the purchase costs in order to figure out the total cost and appreciate the yield profile of the operation. Should details relative to the purchase modalities and an appropriate fiscal opinion not be present, the price stated in this report shall be considered just indicative.

However, it should be noted that the determination of these costs, as % on the market value, is not uniquely defined during the valuation, as it depends from a series of variables which cannot be standardized at the outset; the transaction costs change according to the purchaser (Italian Fund, Foreign Fund, private, etc..), building typology and acquisition typology ('asset deal' or 'share deal').

Based on the information and benchmark received, we summarize below the acquisition costs and their % on the Market Value, according to the assumed real estate operation:

Stamp Duty (% of the Market Value)

- 2% (in case of "asset deal" with Italian Fund)
- 4% (in case of "asset deal" with Foreign Fund)
- 0.14% (in case of "share deal")
- other (based on the scope)

Legal Fees (EDD, TDD, LDD, etc.)

- 0.5% of the Market Value (indicative but it could be higher)

Agent Fees (Broker)

- between 0.5% and 1.0% of the Market Value (but it could be higher)

Registration tax (sometimes considered, but negligible)

- €200 (one-off).

So, without precise indication of operation typology and without a fiscal opinion, it is impossible to define uniquely the transaction price.

In summary, if we consider a transaction per 'asset deal', the purchase costs vary normally between 3.5% and 5.5% on the Market Value, without excluding cases which differ from this practice.

It is clear that, without further details, it is necessary to refer to an hypothetic transaction where the involved subjects use all possible processes to minimize the fiscal impact on the final price: in this specific case of transactions where it is not possible to apply a 'share deal' model, this reflects a percentage of 3.5% ('asset deal').

In conclusion, assuming an 'asset deal' for the subject property, a transaction price would be equal to some €48,808,000.00.

Yield Profile

Discounted rate 1 (Building A and B) (in the period of the in force lease contracts)	5.50%
Discounted rate 2 (Building A and B) (in the period of re-lease and disposal)	7.70%
Net Cap rate (Building A and B)	5.40%

Gross Initial Yield (Building A)	7.85%
Net Initial Yield (Building A)	6.88%
Gross Exit Yield (Building A)	6.13%
Gross Initial Yield (Building B)	7.60%
Net Initial Yield (Building B)	6.62%
Gross Exit yield (Building B)	6.12%

Key Issues

We would comment as follows on the key strengths and weaknesses of the Property.

Strengths

- Grade A office building with flexible layout, open spaces, floated flooring, suspended ceilings, lifts and good heating comfort;
- Availability of numerous covered and uncovered parking spaces;
- Excellent accessibility by private and public transport;
- Good visibility;
- Good state of maintenance and repair;
- Office spaces with high level of natural lighting;
- Regular and flexible floor layout also for more than one tenant;
- Office building easy to split up for more than one tenant;

Weakness and Mitigating Factors

- The micro location is a secondary business district;
- Wide size for the local market request;
- Long take up should BNL release the spaces.

This executive summary should be read in conjunction with the valuation report and should not be relied upon in isolation. It is provided subject to the assumptions, disclaimers and limitations detailed both throughout this report. This valuation is for the use only of the party to whom it is addressed (the Client or Addressee) and for no other purpose than that stated herein. Reliance on this report is conditional upon the reader's acknowledgement and understanding of these statements. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

PART II

VALUATION REPORT

CBRE

CBRE
CBRE VALUATION S.p.A.
Piazza degli Affari, 2
20123 Milan
Switchboard +39 02 9974 6000
Fax +39 02 9974 6950

VALUATION REPORT

Report Date	5 February 2020
Addressee (or Client)	**20123 Milano** Piazza Gae Aulenti, 12 20154 Milano (MI) – Italy For the attention of: **Mr Emiliano Moncuso**
The Property	Office property including two buildings, A and B.
Property Description	Property including two separate Class A buildings called "Building A" and "Building B" recently constructed (2007), located in the north/eastern area of Milan, near Piazza Udine. Building A is arranged over 7 floors above ground and 2 basement levels. Building B is arranged over 8 floors above ground and 2 basement levels. The basement levels house 200 parking spaces, the external area at ground floor counts some 90 uncovered parking spaces.
Ownership Purpose	Investment
Instruction	To value the unencumbered Freehold interest in the Property on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressee (ref. no. 118/17) dated 29 May 2017 and accepted on 21 June 2017.
Valuation Date	31 December 2019
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	Half-yearly update
Market Value	Market Value as at 31 December 2019: €47,100,000.00 (FORTYSEVEN MILLION ONE HUNDRED THOUSAND/00 EUROS) exclusive of VAT. Split ups as follows: Building A: € 21,600,000.00 (TWENTYONE MILLION SIX HUNDRED THOUSAND EUROS) exclusive of VAT Building B: € 25,500,000.00 (TWENTYFIVE MILLION FIVE HUNDRED THOUSAND EUROS) exclusive of VAT.

www.cbre.it
RICS
CBRE VALUATION S.p.A. piazza degli Affari 2 20123 Milano
C.F./P. I.V.A. n. 04319600153 - cap. soc. € 500.000 i.v.
Società soggetta all'attività di direzione e coordinamento da parte della Società CBRE Ltd
Regulated by RICS
RICS

Service Agreement	Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached.
Special Assumptions	None
Compliance with Valuation Standards	The Valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Valuation Standards ["the Red Book"]. We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently. Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book. This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the Valuation date.
Assumptions	The Property details on which the Valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below. If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figure may also be incorrect and should be reconsidered.
Variation from Standard Assumptions	None
Valuer	The Properties have been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book.
Independence	The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. from the Addressee is less than 5.0% of the total Italy revenues.
Previous Involvement & Conflict of Interests	We confirm that neither the valuers involved in this instruction nor CBRE have had any previous, nor current, material involvement with the Properties or the parties involved, and have no personal interest in the outcome of the valuation – nor are we aware of any conflicts of interest that would prevent us from exercising the required levels of independency and objectivity. Copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only of the following parties:

(i) the addressee of the Report; and

(ii) the Parties which have received the written consent by CBRE through a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval.

Yours faithfully

Yours faithfully

Davide Cattarin
Managing Director

For and on behalf of
CBRE Valuation S.p.A.

+39 02 9974 6933
davide.cattarin@cbre.com

Laura Mauri MRICS
Executive Director
RICS Registered Valuer

For and on behalf of
CBRE Valuation S.p.A.
+39 02 9974 6928
laura.mauri@cbre.com

CBRE Valuation S.p.A.
Valuation & Advisory Services
Piazza degli Affari 2
20123 Milan
Project reference: 18-64VAL-0374

SCHEDULE OF VALUES

Address	TOTAL Market Value
Building A, Milano, Via Privata Deruta, 19	21,600,000.00
Building A, Milano, Via Privata Deruta, 19	25,500,000.00
TOTAL	**47,100,000.00**

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information

The present report is an update of the valuation carried out by CBRE VALUATION S.p.A. as at 30/06/2019 based upon information received and the new documentation supplied to us by the Client as set out within this report, which we have assumed to be correct and comprehensive.

- Rent roll as at 31/12/2019;
- Property Taxes;
- Buildings' insurance.

The Property

Our report contains a brief summary of the Property details on which our Valuation has been based.

Inspection

The property was internally inspected by Margherita Bertrandi in 4 February 2020.

Areas

We have not measured the Property but have relied upon the floor areas provided to us by the Client, which we have assumed to be correct and comprehensive, and which you have advised us have been calculated using the most common Italian market praxis.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the Properties. None of the services have been tested by us.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning

We have made verbal Planning enquiries only of the Milan Council Planning Department and consulted the website.

We therefore cannot take responsibility for eventual consequences deriving from incorrect and/or missing information.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the

CBRE

interpretation of the documents of title [including relevant deeds, leases and planning consents] is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.".

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;

[c] the Properties possess current the energy performance certificates [APE - Attestato di Prestazione Energetica or equivalent] as required under government directives;

[d] the Properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

[e] the Properties are not subject to any seismic risk or if it is, possesses building characteristics in line with the relevant legislation. In addition, an appropriate insurance policy could be obtained without such affecting the Value Assumptions considered within this report.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;

[b] the Properties are free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the Property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the Properties possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

[c] the Properties are not adversely affected by town planning or road proposals;

[d] the buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the relevant disability discrimination legislation;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

[k] in Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies [so-called share deal as opposed to asset deal]: the taxation level applied cannot be standardized, but must be evaluated on a case-by-case basis. In order to define the Total Purchase Price, the purchaser's costs or acquisition fees [i.e. technical and legal fees, stamp duty, agent fees, etc.], as at the Valuation Date should be added. All rents and capital values, costs and other figures stated in this report are exclusive of V.A.T.

CBRE

PRAXI
PRAXI S.p.A. - ORGANIZZAZIONE e CONSULENZA
Cap. Soc. Euro 6.000.000 int. vers.
20145 MILANO - Via Mario Pagano, 69/A - Tel. +39 02 43 002
milano@praxi.praxi - www.praxi.praxi
ORGANIZZAZIONE - INFORMATICA - VALUTAZIONI e ADVISORY - RISORSE UMANE

Esteemed

COIMA SGR
Piazza Gae Aulenti, 12,

20154 MILAN (ITALY)

Milan, 31st December 2019

Our Ref. SV/val 19.4976

Following the assignment entrusted to us by (on 15 November 2018) by COIMA SGR**,** which manages the Real Estate Fund **"Fondo Feltrinelli Porta Volta"**, and in accordance with the provisions of the Bank of Italy Regulation of 19/1/2015, as amended, Title V - Chapter IV - Section II - Paragraph 2.5 (Real estate) and 4 (independent valuer), the Ministerial Decree 30 of 5/3/2015 (Art. 16, as provided by the 2019 Budget Law)), Praxi S.p.A. performed, as the Independent Valuer, the assessment of the Market Value of real estate assets to the **"Fondo Feltrinelli Porta Volta"** for budgetary purposes, with reference to the date of **December 31st, 2019**.

Our assessment activities and this appraisal report comply with the IVS – International Valuation Standards –2017 edition e by RICS Valuation – Global Standards 2017 ("Red Book"). PRAXI Real Estate is a Valuation Firm "regulated by RICS" [Firm n° 710985].

PRAXI has carried out this assessment by acting as an External Independent Valuer, as defined by the Red Book. PRAXI is not in conflict of interest with respect to the Client, to the other Subjects involved, and to the property being assessed.

REAL ESTATE PORTFOLIO

The fund's portfolio consists of the following property:

Milan (Italy), Viale Pasubio 13 with directional and commercial use

Subject of the valuation are the buildings, including pertaining building systems (power, heating, sewing, etc.) and land, while the movable assets, documents, archives and in general what is contained in the building in question are excluded from the valuation.

BOLOGNA - FIRENZE - GENOVA - MILANO - NAPOLI - PADOVA - ROMA - TORINO - VERONA
Sede Legale ed Amministrativa: 10125 TORINO - Corso Vittorio Emanuele, 3 - Tel. +39 011 65 60 - Fax +39 011 650 21 82
Aut. MLPS 13/I/0003868/03.04 e 39/0006096/MA004.A003 - Registro Imprese Torino, Codice Fiscale e Partita IVA IT 01132750017

BASIS OF VALUE AND APPRAISAL CRITERIA

Scope of the valuation is to determine the Market Value (MV) of the subject properties.

According to the definition provided in IVS – International Valuation Standards and in RICS Valuation – Global Standards ("Red Book"), "Market Value" is "the estimated amount for which an asset or liability should exchange on the valuation date, between a willing buyer and a willing seller, in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVS 2017 – IVS 104 Section 30,1; RICS Red Book 2017 - VPS4 4).

In relation to the characteristics, current destination and potential uses of each property, the following approaches have been used to calculate the Market Value:

– **discounted cash flow (DCF) method**
  The Value of the property stems from discounting the cash flow that will be generated by the rent contracts and /or by the earnings from sales, net of the relevant costs of the property; the process makes use of an appropriate discounting rate, that analytically takes into account the risks that are characteristic of the property in question.

The appraisal considered the properties "as is", that is to say in the conditions they were in at the appraisal reference date, and taking account of the leases in place, from the point of view of the adequacy of the fees compared to market rents, the period of residual validity of contracts, of the relevant clauses (right of withdrawal from responsibility for maintenance, etc..), the degree of reliability of the tenants and the risk of vacancy.

Our activity was done in compliance with current regulations and according to best international appraisal practices, both in terms of valuation criteria and working methodology.

SOURCE OF THE DATA USED IN THE APPRAISAL

In general, the appraisal was based on the technical data provided by client, which was taken as being correct, reliable and fully updated. Specifically, from the documentation provided by the Client we have taken the data relating to:

- Gross surfaces of the property (provided on the previous half-yearly report);
- Cadastral data;
- Plans;
- Town Planning Regulation data;
- Lease contracts;
- Rent roll (surfaces, contracts and special clauses or limitations);
- IMU and TASI taxes;

In particular, we derived from the documents provided us and from the direct comparison with the Fund Managers, the data regarding:

- Building surface;
- Current lease contracts (real estate units concerned, rents, deadlines, renewal options and/or early termination, etc.);
- Planned extraordinary maintenance interventions or renovation works

Instead the data, coming from our self-analysis and survey, are related to:

- Market values and rents, according to the different uses and relevant locations;
- Final sales price, construction time and absorption on the market, relating to the different uses expected in the renovation/transformation projects;
- Landlord costs regarding property management, extraordinary maintenance allowance, registration tax on leases, commissions on rents and sales;
- Cap rates and discount rates.

VALUATION APPROACHES

DISCOUNTED CASH FLOW (DCF) METHOD

Income-generating properties are those properties are able to generate for the owner a rental income, without the need for substantial structural works on the buildings and without any change of destination of usage.

The income properties were estimated by discounting the net cash flow generated by the current and prospective lease contracts; for the majority of the assets, the final sale price (terminal value) was determined by projecting the market rent at the end of the period, using a going-out rate cap which incorporates an adequate spread in order to take account of the intrinsic risk of long-term projections.

The **rental incomes** were deducted from the lease contracts (passing rents), where existing, and from our specific market investigations in the areas and for the precise typologies.

For vacant units, and all units whose leases will expire during the term of the cash-flow investment, it was taken in account the time needed to set up the same income, at market conditions (commercialization, periods of "vacancy" and "step-up" at the start of contracts, related to time restyling, etc.).

The **landlord costs** (IMU and TASI – municipal taxes on real estate properties, insurance, property management, allowance for extraordinary maintenance work, stamp duty, commissions on sales and lease contracts) were given directly by the Client or determined by an analytical method, based on the information provided by the owner, or independently quantified by ourselves, with reference to market standards and our experience with similar properties.

The **duration of the investment cash-flow** was determined by reference to the number of years of a lease for a different use, usually 6 + 6 and to the time needed, at the expiry of the contract, to lead the

new fully operational contract rent, after renegotiation / negotiation of the contract to the same market conditions. Then sell the property to an "ordinary" investor, at the time of the rental income maximization and, consequently, the final selling price.
It should be noted that the duration of the cash-flow assumed on the basis of the property appraisal is not influenced, nor is it conditional on the SGR's investment choices and decisions, which may or may not correspond with those of the "ordinary" investor; for this reason, it is possible that some of the parameters and assumptions in this appraisal could in principle vary from what is contained in the Fund's business plan.

MACROECONOMIC VARIABLES

The cash flow is expressed in local currency, and it incorporates a forecast of inflation (for indexation of costs) and the real estate market trends (for indexing of revenues).
The inflation trend is taken from forecasts prepared by consensus economics (one of the leading world economic and financial research centres - www.consensuseconomics.com) and published in the October 2019 consensus forecast, from which comes the table it follows:

Italy

* % change over previous year	Historical					Consensus Forecasts					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-29[1]
Gross Domestic Product*	0.8	1.3	1.7	0.8	0.1	0.4	0.6	0.7	0.8	0.8	0.6
Household Consumption*	1.8	1.2	1.5	0.8	0.4	0.4	0.5	0.7	0.7	0.8	0.6
Gross Fixed Investment*	1.8	4.0	3.3	3.2	1.9	1.0	1.4	1.6	1.6	1.4	1.0
Industrial Production*	3.2	1.9	3.6	0.6	-0.5	0.6	1.2	1.3	1.4	1.2	1.1
Consumer Prices*	0.1	-0.1	1.2	1.2	0.7	1.0	1.2	1.5	1.7	1.8	1.8
Current Account Balance (Euro bn)	23.5	44.0	46.5	46.0	45.6	44.4	40.0	35.4	34.8	38.8	41.1
10 Year Treasury Bond Yield, %[2]	1.6	1.7	1.9	2.8	1.0 [3]	1.2 [4]	1.8	2.3	2.8	3.4	3.7

For the first two years (four semesters) of the DCF it has been used the figures indicated by Consensus Forecast, while for the remaining period it has been considered the average of the predicted values, and thus comes to the following result:

Inflation trend 1^ semester	0,50%		
Inflation trend 2^ semester	0,50%		
Inflation trend 3^ semester	0,60%		
Inflation trend 4^ semester	0,60%		
Inflation trend following semesters	0,875%	**1,75%**	**per year**

The real estate market trend was determined separately for the first two-year period of the cash flow and for the subsequent period. For the first two years, the trend is punctually estimated, while for the next period it is expected to be in line with the inflation trend, and it is then made reference to the Consensus forecast projections mentioned above.

Market trend 1^ semester	0,50%		
Market trend 2^ semester	0,50%		
Market trend 3^ semester	0,75%		
Market trend 4^ semester	0,75%		
Market trend following semesters	0,875%	**1,75%**	**per year**

In addition, to determine the potential return on investment (equity), which it is specifically addressed in the next section, it has been also made forecasts about the trend of long-term government bonds (risk free return) and of the EurIRS (basis for the determination of the long-term debt cost).

The 10 Year Treasury Bond Yield trend was also derived from Consensus Forecast, and is equal to 1.20% for the 2020 (October 2019 forecast).

Italy

* % change over previous year	Historical					Consensus Forecasts					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-29[1]
Gross Domestic Product*	0.8	1.3	1.7	0.8	0.1	0.4	0.6	0.7	0.8	0.8	0.6
Household Consumption*	1.8	1.2	1.5	0.8	0.4	0.4	0.5	0.7	0.7	0.8	0.6
Gross Fixed Investment*	1.8	4.0	3.3	3.2	1.9	1.0	1.4	1.6	1.6	1.4	1.0
Industrial Production*	3.2	1.9	3.6	0.6	-0.5	0.6	1.2	1.3	1.4	1.2	1.1
Consumer Prices*	0.1	-0.1	1.2	1.2	0.7	1.0	1.2	1.5	1.7	1.8	1.8
Current Account Balance (Euro bn)	23.5	44.0	46.5	46.0	45.6	44.4	40.0	35.4	34.8	38.8	41.1
10 Year Treasury Bond Yield, %[2]	1.6	1.7	1.9	2.8	1.0 [3]	$\boxed{1.2}$ [4]	1.8	2.3	2.8	3.4	3.7

The EurIRS trend was assumed equal to the average of the values of the last twelve months, calculated from the press, and is equal to 0.70% per year:

Trend EurIRS (last 12 months)

Nov-18	1,30
Dec-18	1,25
Jan-19	1,14
Feb-19	1,03
Mar-19	0,92
Apr-19	0,87
May-19	0,79
Jun-19	0,57
Jul-19	0,44
Aug-19	0,06
Sep-19	0,10
Oct-19	0,22

average EurIRS
0,70

CAPITALISATION AND DISCOUNT RATES

As indicated above, in the valuations done using the DCF method (both in the case of income-generating properties, trade related properties and properties suitable for transformation) appropriate capitalisation and discount rates were used, which were determined according to the criteria set out below.

General considerations regarding rates

The **capitalisation rate** corresponds to the relationship that exists on the market between the rent and the value of a specific property.

In the Italian context, reference is usually made to the gross return (the so-called *cash on cash return*); in other words, the landlord costs (property taxes, insurance, property management, etc.) are not deducted from the rental income.

In any case, as this is a measurement that represents the return on an investment, the capitalisation rate implicitly takes into account the risk on the investment of the property in question, or at least the average risk grade of the market cluster that the property itself belongs to.
The **discount rate** is the mathematical variable used to determine the "equivalent value", at a specific date, of a financial amount that is generated at a different moment in time.
In the case of property investments/developments, this rate is used to determine the actual value of the costs and income expected during the course of the investment/development itself.

The discount rate was used to report at the present time the future cash flows expected to be generated from investment property or transaction in real estate development, and it entails two basic components: the return on an alternative investment with no risk (typically assumed to be equal to the average yield on government bonds with a maturity homogeneous with respect to the time horizon of reference) and the risk reward its operation (the premium linked to the possibility that the investor does not receive the expected flow on the date applicable). The risk is the potential that an event occurs is not provided, meaning any event a significant change in the results than expected.

The discount rate takes into account the specific risk of the investment (in addition to the macro-economic and financial variables), and therefore differs case by case, in relation to the nature, location, size, etc. of the property in question.

For all practical purposes, there is a direct relationship between the two rates; so much so that (with other variables being equal and on condition that both processes are correctly developed), the Market Value of a property calculated by using the direct capitalisation method or the DCF method should be the same.

The differentiation factors are essentially two:

- As already mentioned, in the Italian practice the capitalization rate is referred to gross rental income, while the discount rate is applied to a cash flow from which the "real cost" borne by the property is deducted from the gross rental income (which, on the basis of data collected in our database, currently correspond on average to the 12% of the gross rent);

- the capitalization procedure takes into consideration a constant perpetuity (and thus is "net" of the future trend of the real estate market), while in DCF costs and revenues that contribute to determining the cash flows are indexed on the basis of expected inflation trend and the market.

Market Returns

In theory, in the case of income-generating property, the performance of an investment property implicitly incorporates two factors:

- the risk-free component
- portion of written premiums in property investment specific risk in question.

It should be duly noted that in the valuation approach adopted by Praxi, real performance is obtained directly from a market survey, covering the whole national territory and referring to the main real estate typologies: traditional offices and shops; hospitality; retail; leisure and entertainment; logistics and production.

For each type the oscillation range of the gross yield is determined, with reference to a best case and a worst case; specifically on this valuation, the range of performance is as follows:

OFFICE	TROPHY ASSET
(office, urban retail store)	(office, primary standing store)
4,70%	3,60%
7,70%	5,90%

Within that range, the rate of capitalization of the property in question is determined on the basis of its situation and specific condition, with reference to:

- the rental situation (quality and number of tenants, rental contracts conditions and clauses, vacancy risk)
- extrinsic factors (effectiveness of the localization, at national and local level, and market trends)
- intrinsic factors (quality and state of maintenance, interchangeability, flexibility, dimensional cut).

From gross yields (cap rates) we derive the range of the discount rate to be used in the income-generating property DCF, taking into account the incidence of the costs of the property and the real estate market trend forecasting. The precise positioning within that sector range depends on the specific risk factors of the individual property.

From the foregoing, it is evident that our approach does not adopt a WACC methodology for the determination of the DCF discount rate.

It is still possible to trace back the invested equity remuneration, on the basis of leverage and the cost of financing a standard real estate investment that we found from the market.

The result of this calculation is shown backwards in the development of the valuation of individual properties, just below the "speedometer", which visually shows the degree of risk attached to the property being valued, than the range of the real estate segment which the property itself it belongs.

Investor profit
It should be noted that, in compliance with international valuation standards and according to the best practices that have now also become common in the Italian market, our valuation approach considers the return on the capital invested in the development within the discount rate; the expected remuneration for the equity corresponds to the internal rate of return (IRR) for the investor, while the overall rate (that derives from the weighted average between the remuneration for the equity and the cost of the debt) corresponds to the investment IRR.

DCF's Length
Our DCF model for the estimation of the income-generating properties Market Value provides a standard term of 15 years, six scanned. This period allows to include the entire cycle of an ordinary lease (6 + 6 years), plus any vacancy rates and development income, and thus, in general terms, allows the standardization of the rental income stream to determinate the terminal value for direct capitalization, using the fees of the last period and the going out cap rate above.

Indicators

For rental properties, there are reported in the "DCF" sheet of the evaluation attached some significant development indicators, in addition to the Market Value and the vacancy rate, useful to the synthetic interpretation of evaluation results:

- Current rent, which corresponds to the annual rent generated by the amount of leases in place;
- Current yield, which represents the profitability of the lease contracts, compared to the Market Value;
- Market Rent, which is the total market rent, according to the parameters determined from the estimation, just for the contracts which have their deadline during the DCF time span;
- Market return, which correspond to the cap rate of the property
- Capex, which covers the total amount of the initial interventions of restoration / renovation foreseen charged to the property, including investments programmed over the years by the property itself.
- Reversionary yield (the ratio between Market Rent and Market Value, plus any initial capex defined by estimation), which corresponds to the yield theoretically obtainable by an investor which acquires the property at a price equal to the estimated value, who get to put it entirely to income, with estimated Market Rent terms.

SPECIFICATIONS AND ASSUMPTIONS

For developing the estimation we had determine the property's commercial surface, attributing to the different types of surface a representative weighting of their real estate value. In particular, the accessory spaces have been virtualized in proportion both to their location/consistency/quantity within the property and to the surfaces and destinations of the main spaces as well as to the parameters assigned to them.

WORKING METHODOLOGY

The real estate portfolio was covered by specific site inspections (08/10/2019), with the aim to observe the general characteristics and understand the urban context in which the assets are located. At the same time we carried out specific market research in the areas concerned and for the concerned building typologies, involving brokers and real estate operators with any confidentiality and verifying, when possible, even cases of recent transactions (such information integrated and updated the database on real estate market already held by our Company).

In support to the assessment, we have assumed the technical documentation given to us by the property, from which, in particular, we deduced the surfaces, the cadastral identifications and the destinations of use, without making any further verification.

Lastly, we assumed that the real estate consistency, provided by the SGR, substantially correspond to IPMS 1 (Gross External Area / Gross External Surface) as, internationally defined.

LIMITATION OF SURVEY AND LIABILITY

It should be noted that no verification about the ownership title was carried out, nor it was inquired the existence of possible rights or encumbrances on the valued assets; the assessment assumes that the assets are fully compliant with the ongoing legislation and regulations, in particular as regards to the building codes standard, safety and fire prevention.

We did not consider any environmental liabilities imposed on the properties, which means those costs to be incurred both to avoid environmental damage and to recover non-compliant situations with the provisions of current regulations.

CHANGES OCCURRED COMPARED TO THE PREVIOUS VALUATION

Generally, the corporate real estate market had a remarkable activity in 2019, with a growing total investment volume with respect to 2018 and getting close to the 2017's record. Especially values of the high end of the market have increased, due to further yields drop, favoured by the atypical situation of financial rates (such as bonds with negative yields for some European countries).

The near future outlook is still influenced by the uncertain national political scenario and the stability of the current government. As for the real estate market, there is the risk of a new delay of investment projects (likewise 2018, following the general political election in March and the stormy phase of the establishment and start-up of the Conte I cabinet); this uncertainty weighs especially on the activity of international investors, which in recent years represented the preponderant share of corporate investments in Italy.

Below the main changes compared to the previous valuation.

Changes in the subject of appraisal

To 31/12/2019, compared to 30/06/2019, there were no changes in the subject of the estimate. During this time period were carried out small extraordinary maintenance interventions or internal changes not relevant for the evaluation.

Changes in the legal, regulatory and contractual nature

During the semester 30/06/2019 - 31/12/2019 were not contractual changes that varied the rental of property status.

Changes of estimation matters

The cost of completion of the urbanization works outside the complex were updated and communicated by the SGR for approximately € 2,179,000.00.

WORKING TEAM

This appraisal was coordinated and supervised by:

- Antonio GAMBA (Legal Representative of Praxi S.p.A., a Registered Professional Engineer in Milan n° 8913 dal 1966) *Project Coordinator*;
- Massimo MAESTRI MRICS (n° 1279512 dal 2008) - *Technical Manager of the project*;
- Salvatore Versaci MRICS (n° 5632881 dal 2013) - *Senior Valuer;*
- PRAXI Real Estate Study Centre.

Documents have been edited by the back-office team of the PRAXI's Milan headquarter.

Our Ref.: SV/val 19.4976 as at 31st December 2019

CONCLUSIONS

Based on what has been set out above, it is our opinion that the Market Value of the properties held by the FELTRINELLI FUND, in the current conditions of use and availability, at the reference date of 31st December 2019, is equal to:

€ 98,230,000.00 (euro ninety-eight million two hundred thirty thousand /00).

In accordance with valuation international standards, the final Value are expressed net of cost (including tax) related to the eventual sale and purchase of the estimated property. As an indication, we evaluate the incidence of these costs at around 3% on net market values. Therefore, the gross value of these costs is equal to € 101,177,000.00

In the individual appraisal reports we describe the properties and the adopted valuation procedures.

This report is signed by Antonio Gamba as legal representative of PRAXI S.p.A. and Massimo Maestri as Technical Manager of the valuation; it states that both signatories are meeting the requirements prescribed by paragraph 2 of art. 16 of the Ministerial Decree 30/2015.

Please do not hesitate to contact us should you require any further explanations. Best regards

Praxi S.p.A.
Technical Manager

Massimo Maestri MRICS
Registered Valuer

Praxi S.p.A.
Legal Representative

Antonio Gamba

PRAXI S.p.A. - ORGANIZZAZIONE e CONSULENZA
Cap. Soc. Euro 6.000.000 int. vers.
20145 MILANO - Via Mario Pagano, 69/A - Tel. +39 02 43 002
milano@praxi.praxi - www.praxi.praxi
ORGANIZZAZIONE - INFORMATICA - VALUTAZIONI e ADVISORY - RISORSE UMANE

Esteemed

COIMA SGR
Piazza Gae Aulenti, 12,

20154 MILAN (ITALY)

Milan, 31st December 2019

Our Ref. SV/val 19.5029

Following the assignment entrusted to us by (on 25 October 2019) by COIMA SGR**,** which manages the Real Estate Fund **"COIMA OPPORTUNITY FUND I"**, and in accordance with the provisions of the Bank of Italy Regulation of 19/1/2015, as amended, Title V - Chapter IV - Section II - Paragraph 2.5 (Real estate) and 4 (independent valuer), the Ministerial Decree 30 of 5/3/2015 (Art. 16, as provided by the 2019 Budget Law)), Praxi S.p.A. performed, as the Independent Valuer, the assessment of the Market Value for budgetary purposes, with reference to the date of December 31st, 2019.

Our assessment activities and this appraisal report comply with the IVS – International Valuation Standards –2017 edition e by RICS Valuation – Global Standards 2017 ("Red Book"). PRAXI Real Estate is a Valuation Firm "regulated by RICS" [Firm n° 710985].

PRAXI has carried out this assessment by acting as an External Independent Valuer, as defined by the Red Book. PRAXI is not in conflict of interest with respect to the Client, to the other Subjects involved, and to the property being assessed.

REAL ESTATE PORTFOLIO

The fund's portfolio consists of the following property:

- **Milano, Viale Sarca 235 with directional use**

Subject of the valuation are the buildings, including pertaining building systems (power, heating, sewing, etc.) and land, while the movable assets, documents, archives and in general what is contained in the building in question are excluded from the valuation.

BASIS OF VALUE AND APPRAISAL CRITERIA

Scope of the valuation is to determine the Market Value (MV) of the subject properties.

According to the definition provided in IVS – International Valuation Standards and in RICS Valuation – Global Standards ("Red Book"), "Market Value" is "the estimated amount for which an asset or liability should exchange on the valuation date, between a willing buyer and a willing seller, in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVS 2017 – IVS 104 Section 30,1; RICS Red Book 2017 - VPS4 4).

In relation to the characteristics, current destination and potential uses of each property, the following approaches have been used to calculate the Market Value:

– **discounted cash flow (DCF) method**
  The Value of the property stems from discounting the cash flow that will be generated by the rent contracts and /or by the earnings from sales, net of the relevant costs of the property; the process makes use of an appropriate discounting rate, that analytically takes into account the risks that are characteristic of the property in question.

The appraisal considered the properties "as is", that is to say in the conditions they were in at the appraisal reference date, and taking account of the leases in place, from the point of view of the adequacy of the fees compared to market rents, the period of residual validity of contracts, of the relevant clauses (right of withdrawal from responsibility for maintenance, etc..), the degree of reliability of the tenants and the risk of vacancy.

Our activity was done in compliance with current regulations and according to best international appraisal practices, both in terms of valuation criteria and working methodology.

SOURCE OF THE DATA USED IN THE APPRAISAL

In general, the appraisal was based on the technical data provided by client, which was taken as being correct, reliable and fully updated. Specifically, from the documentation provided by the Client we have taken the data relating to:

- Gross surfaces of the property (provided on the previous half-yearly report);
- Cadastral data;
- Plans;
- Town Planning Regulation data;
- Lease contracts;
- Rent roll (surfaces, contracts and special clauses or limitations);
- IMU and TASI taxes;

In particular, we derived from the documents provided us and from the direct comparison with the Fund Managers, the data regarding:

- Building surface;
- Current lease contracts (real estate units concerned, rents, deadlines, renewal options and/or early termination, etc.)
- Planned extraordinary maintenance interventions or renovation works

Instead the data, coming from our self-analysis and survey, are related to:

- Market values and rents, according to the different uses and relevant locations;
- Final sales price, construction time and absorption on the market, relating to the different uses expected in the renovation/transformation projects;
- Landlord costs regarding property management, extraordinary maintenance allowance, registration tax on leases, commissions on rents and sales;
- Cap rates and discount rates.

VALUATION APPROACHES

DISCOUNTED CASH FLOW (DCF) METHOD

Income-generating properties are those properties are able to generate for the owner a rental income, without the need for substantial structural works on the buildings and without any change of destination of usage.

The income properties were estimated by discounting the net cash flow generated by the current and prospective lease contracts; for the majority of the assets, the final sale price (terminal value) was determined by projecting the market rent at the end of the period, using a going-out rate cap which incorporates an adequate spread in order to take account of the intrinsic risk of long-term projections.

The **rental incomes** were deducted from the lease contracts (passing rents), where existing, and from our specific market investigations in the areas and for the precise typologies.

For vacant units, and all units whose leases will expire during the term of the cash-flow investment, it was taken in account the time needed to set up the same income, at market conditions (commercialization, periods of "vacancy" and "step-up" at the start of contracts, related to time restyling, etc.).

The **landlord costs** (IMU and TASI – municipal taxes on real estate properties, insurance, property management, allowance for extraordinary maintenance work, stamp duty, commissions on sales and lease contracts) were given directly by the Client or determined by an analytical method, based on the information provided by the owner, or independently quantified by ourselves, with reference to market standards and our experience with similar properties.

Our Ref.: SV/val 19.5029 as at 31/12/2019

The **duration of the investment cash-flow** was determined by reference to the number of years of a lease for a different use, usually 6 + 6 and to the time needed, at the expiry of the contract, to lead the new fully operational contract rent, after renegotiation / negotiation of the contract to the same market conditions. Then sell the property to an "ordinary" investor, at the time of the rental income maximization and, consequently, the final selling price.
It should be noted that the duration of the cash-flow assumed on the basis of the property appraisal is not influenced, nor is it conditional on the SGR's investment choices and decisions, which may or may not correspond with those of the "ordinary" investor; for this reason, it is possible that some of the parameters and assumptions in this appraisal could in principle vary from what is contained in the Fund's business plan.

MACROECONOMIC VARIABLES

The cash flow is expressed in local currency, and it incorporates a forecast of inflation (for indexation of costs) and the real estate market trends (for indexing of revenues).
The inflation trend is taken from forecasts prepared by consensus economics (one of the leading world economic and financial research centres - www.consensuseconomics.com) and published in the October 2019 consensus forecast, from which comes the table it follows:

Italy

* % change over previous year	Historical					Consensus Forecasts					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-29[1]
Gross Domestic Product*	0.8	1.3	1.7	0.8	0.1	0.4	0.6	0.7	0.8	0.8	0.6
Household Consumption*	1.8	1.2	1.5	0.8	0.4	0.4	0.5	0.7	0.7	0.8	0.6
Gross Fixed Investment*	1.8	4.0	3.3	3.2	1.9	1.0	1.4	1.6	1.6	1.4	1.0
Industrial Production*	3.2	1.9	3.6	0.6	-0.5	0.6	1.2	1.3	1.4	1.2	1.1
Consumer Prices*	0.1	-0.1	1.2	1.2	0.7	1.0	1.2	1.5	1.7	1.8	1.8
Current Account Balance (Euro bn)	23.5	44.0	46.5	46.0	45.6	44.4	40.0	35.4	34.8	38.8	41.1
10 Year Treasury Bond Yield, %[2]	1.6	1.7	1.9	2.8	1.0 [3]	1.2 [4]	1.8	2.3	2.8	3.4	3.7

For the first two years (four semesters) of the DCF it has been used the figures indicated by Consensus Forecast, while for the remaining period it has been considered the average of the predicted values, and thus comes to the following result:

Inflation trend 1^ semester	0,50%		
Inflation trend 2^ semester	0,50%		
Inflation trend 3^ semester	0,60%		
Inflation trend 4^ semester	0,60%		
Inflation trend following semesters	0,875%	**1,75%**	**per year**

The real estate market trend was determined separately for the first two-year period of the cash flow and for the subsequent period. For the first two years, the trend is punctually estimated, while for the next period it is expected to be in line with the inflation trend, and it is then made reference to the Consensus forecast projections mentioned above.

Market trend 1^ semester	0,50%		
Market trend 2^ semester	0,50%		
Market trend 3^ semester	0,75%		
Market trend 4^ semester	0,75%		
Market trend following semesters	0,875%	**1,75%**	**per year**

In addition, to determine the potential return on investment (equity), which it is specifically addressed in the next section, it has been also made forecasts about the trend of long-term government bonds (risk free return) and of the EurIRS (basis for the determination of the long-term debt cost).

The 10 Year Treasury Bond Yield trend was also derived from Consensus Forecast, and is equal to 1.20% for the 2020 (October 2019 forecast).

Italy	Historical					Consensus Forecasts					
* % change over previous year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-29[1]
Gross Domestic Product*	0.8	1.3	1.7	0.8	0.1	0.4	0.6	0.7	0.8	0.8	0.6
Household Consumption*	1.8	1.2	1.5	0.8	0.4	0.4	0.5	0.7	0.7	0.8	0.6
Gross Fixed Investment*	1.8	4.0	3.3	3.2	1.9	1.0	1.4	1.6	1.6	1.4	1.0
Industrial Production*	3.2	1.9	3.6	0.6	-0.5	0.6	1.2	1.3	1.4	1.2	1.1
Consumer Prices*	0.1	-0.1	1.2	1.2	0.7	1.0	1.2	1.5	1.7	1.8	1.8
Current Account Balance (Euro bn)	23.5	44.0	46.5	46.0	45.6	44.4	40.0	35.4	34.8	38.8	41.1
10 Year Treasury Bond Yield, %[2]	1.6	1.7	1.9	2.8	1.0 [3]	$\boxed{1.2}$ [4]	1.8	2.3	2.8	3.4	3.7

The EurIRS trend was assumed equal to the average of the values of the last twelve months, calculated from the press, and is equal to 0.70% per year:

Trend EurIRS (last 12 months)

Nov-18	1,30
Dec-18	1,25
Jan-19	1,14
Feb-19	1,03
Mar-19	0,92
Apr-19	0,87
May-19	0,79
Jun-19	0,57
Jul-19	0,44
Aug-19	0,06
Sep-19	0,10
Oct-19	0,22

average EurIRS
0,70

CAPITALISATION AND DISCOUNT RATES

As indicated above, in the valuations done using the DCF method (both in the case of income-generating properties, trade related properties and properties suitable for transformation) appropriate capitalisation and discount rates were used, which were determined according to the criteria set out below.

General considerations regarding rates

The **capitalisation rate** corresponds to the relationship that exists on the market between the rent and the value of a specific property.

In the Italian context, reference is usually made to the gross return (the so-called *cash on cash return*); in other words, the landlord costs (property taxes, insurance, property management, etc.) are not deducted from the rental income.

In any case, as this is a measurement that represents the return on an investment, the capitalisation rate implicitly takes into account the risk on the investment of the property in question, or at least the average risk grade of the market cluster that the property itself belongs to.
The **discount rate** is the mathematical variable used to determine the “equivalent value”, at a specific date, of a financial amount that is generated at a different moment in time.
In the case of property investments/developments, this rate is used to determine the actual value of the costs and income expected during the course of the investment/development itself.

The discount rate was used to report at the present time the future cash flows expected to be generated from investment property or transaction in real estate development, and it entails two basic components: the return on an alternative investment with no risk (typically assumed to be equal to the average yield on government bonds with a maturity homogeneous with respect to the time horizon of reference) and the risk reward its operation (the premium linked to the possibility that the investor does not receive the expected flow on the date applicable). The risk is the potential that an event occurs is not provided, meaning any event a significant change in the results than expected.

The discount rate takes into account the specific risk of the investment (in addition to the macro-economic and financial variables), and therefore differs case by case, in relation to the nature, location, size, etc. of the property in question.

For all practical purposes, there is a direct relationship between the two rates; so much so that (with other variables being equal and on condition that both processes are correctly developed), the Market Value of a property calculated by using the direct capitalisation method or the DCF method should be the same.

The differentiation factors are essentially two:

- As already mentioned, in the Italian practice the capitalization rate is referred to gross rental income, while the discount rate is applied to a cash flow from which the "real cost" borne by the property is deducted from the gross rental income (which, on the basis of data collected in our database, currently correspond on average to the 12% of the gross rent);

- the capitalization procedure takes into consideration a constant perpetuity (and thus is "net" of the future trend of the real estate market), while in DCF costs and revenues that contribute to determining the cash flows are indexed on the basis of expected inflation trend and the market.

Market Returns
In theory, in the case of income-generating property, the performance of an investment property implicitly incorporates two factors:

- the risk-free component
- portion of written premiums in property investment specific risk in question.

It should be duly noted that in the valuation approach adopted by Praxi, real performance is obtained directly from a market survey, covering the whole national territory and referring to the main real estate typologies: traditional offices and shops; hospitality; retail; leisure and entertainment; logistics and production.
For each type the oscillation range of the gross yield is determined, with reference to a best case and a worst case; specifically on this valuation, the range of performance is as follows:

OFFICE
(office, urban retail store))
4,70%
7,70%

Within that range, the rate of capitalization of the property in question is determined on the basis of its situation and specific condition, with reference to:

- the rental situation (quality and number of tenants, rental contracts conditions and clauses, vacancy risk)
- extrinsic factors (effectiveness of the localization, at national and local level, and market trends)
- intrinsic factors (quality and state of maintenance, interchangeability, flexibility, dimensional cut).

From gross yields (cap rates) we derive the range of the discount rate to be used in the income-generating property DCF, taking into account the incidence of the costs of the property and the real estate market trend forecasting. The precise positioning within that sector range depends on the specific risk factors of the individual property.

From the foregoing, it is evident that our approach does not adopt a WACC methodology for the determination of the DCF discount rate.

It is still possible to trace back the invested equity remuneration, on the basis of leverage and the cost of financing a standard real estate investment that we found from the market.

The result of this calculation is shown backwards in the development of the valuation of individual properties, just below the "speedometer", which visually shows the degree of risk attached to the property being valued, than the range of the real estate segment which the property itself it belongs.

Investor profit

It should be noted that, in compliance with international valuation standards and according to the best practices that have now also become common in the Italian market, our valuation approach considers the return on the capital invested in the development within the discount rate; the expected remuneration for the equity corresponds to the internal rate of return (IRR) for the investor, while the overall rate (that derives from the weighted average between the remuneration for the equity and the cost of the debt) corresponds to the investment IRR.

DCF's Length

Our DCF model for the estimation of the income-generating properties Market Value provides a standard term of 15 years, six scanned. This period allows to include the entire cycle of an ordinary lease (6 + 6 years), plus any vacancy rates and development income, and thus, in general terms, allows the standardization of the rental income stream to determinate the terminal value for direct capitalization, using the fees of the last period and the going out cap rate above.

Indicators

For rental properties, there are reported in the "DCF" sheet of the evaluation attached some significant development indicators, in addition to the Market Value and the vacancy rate, useful to the synthetic interpretation of evaluation results:

- Current rent, which corresponds to the annual rent generated by the amount of leases in place;
- Current yield, which represents the profitability of the lease contracts, compared to the Market Value;
- Market Rent, which is the total market rent, according to the parameters determined from the estimation, just for the contracts which have their deadline during the DCF time span;
- Market return, which correspond to the cap rate of the property
- Capex, which covers the total amount of the initial interventions of restoration / renovation foreseen charged to the property, including investments programmed over the years by the property itself.
- Reversionary yield (the ratio between Market Rent and Market Value, plus any initial capex defined by estimation), which corresponds to the yield theoretically obtainable by an investor which acquires the property at a price equal to the estimated value, who get to put it entirely to income, with estimated Market Rent terms.

SPECIFICATIONS AND ASSUMPTIONS

- For developing the estimation we had determine the property's commercial surface, attributing to the different types of surface a representative weighting of their real estate value. In particular, the accessory spaces have been virtualized in proportion both to their location/consistency/quantity within the property and to the surfaces and destinations of the main spaces as well as to the parameters assigned to them.
- The real estate portfolio was subject to inspections carried out in November 2019.

WORKING METHODOLOGY

The real estate portfolio was covered by specific site inspections (13/11/2019), with the aim to observe the general characteristics and understand the urban context in which the assets are located. At the same time we carried out specific market research in the areas concerned and for the concerned building typologies, involving brokers and real estate operators with any confidentiality and verifying, when possible, even cases of recent transactions (such information integrated and updated the database on real estate market already held by our Company).

In support to the assessment, we have assumed the technical documentation given to us by the property, from which, in particular, we deduced the surfaces, the cadastral identifications and the destinations of use, without making any further verification.

Lastly, we assumed that the real estate consistency, provided by the SGR, substantially correspond to IPMS 1 (Gross External Area / Gross External Surface) as, internationally defined.

LIMITATION OF SURVEY AND LIABILITY

It should be noted that no verification about the ownership title was carried out, nor it was inquired the existence of possible rights or encumbrances on the valued assets; the assessment assumes that the assets are fully compliant with the ongoing legislation and regulations, in particular as regards to the building codes standard, safety and fire prevention.

We did not consider any environmental liabilities imposed on the properties, which means those costs to be incurred both to avoid environmental damage and to recover non-compliant situations with the provisions of current regulations.

Our Ref.: SV/val 19.5029 as at 31/12/2019

WORKING TEAM

This appraisal was coordinated and supervised by:

- Antonio GAMBA (Legal Representative of Praxi S.p.A., a Registered Professional Engineer in Milan n° 8913 dal 1966) *Project Coordinator*;
- Massimo MAESTRI MRICS (n° 1279512 dal 2008) - *Technical Manager of the project*;
- Salvatore Versaci MRICS (n° 5632881 dal 2013) - *Senior Valuer;*
- PRAXI Real Estate Study Centre.

Documents have been edited by the back-office team of the PRAXI's Milan headquarter.

Our Ref.: SV/val 19.5029 as at 31/12/2019

CONCLUSIONS

Based on what has been set out above, it is our opinion that the Market Value of the properties held by the **COIMA OPPORTUNITY FUND I**, in the current conditions of use and availability, at the reference date of 31st December 2019, is equal to:

€ 62,790,000.00 (euro sixty two million seven hundred ninety thousand /00).

In accordance with valuation international standards, the final Value are expressed net of cost (including tax) related to the eventual sale and purchase of the estimated property. As an indication, we evaluate the incidence of these costs at around 3% on net market values. Therefore, the gross value of these costs is equal to € 65,148,000.00

In the individual appraisal reports we describe the properties and the adopted valuation procedures.

This report is signed by Antonio Gamba as legal representative of PRAXI S.p.A. and Maurizio Negri as Head Coach of the valuation; it states that both signatories are meeting the requirements prescribed by paragraph 2 of art. 16 of the Ministerial Decree 30/2015.

Please do not hesitate to contact us should you require any further explanations. Best regards

Praxi S.p.A.
Technical Manager

Massimo Maestri MRICS
Registered Valuer

Praxi S.p.A.
Legal Representative

Antonio Gamba

DUFF & PHELPS
Real Estate Advisory Group

COIMA S.G.R. S.p.A

DECEMBER 31st, 2019

Institutional Closed-end Alternative Investment Fund

"COIMA CORE FUND VIII"

EXECUTIVE SUMMARY

Market Value

AZIENDA CON SISTEMA
DI GESTIONE QUALITÀ
CERTIFICATO DA DNV GL
= ISO 9001 =

DUFF & PHELPS
Real Estate Advisory Group

Agrate B.za, December 31st,2019
Rif. n. 23119

Messrs
COIMA SGR S.p.A.
Piazza Gae Aulenti, 12
20154 MILANO

To the kind attention of Mrs Giuditta Losa

Object: **Determination of the Fair Market Value of Real Estate Properties included in Institutional Closed-end Alternative Investment Fund, called "COIMA CORE FUND VIII", as of December 31st, 2019 – EXECUTIVE SUMMARY**

Dear Sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (hereinafter REAG) carried out the valuation of the real estate assets in which the patrimony of the Institutional Closed-end Alternative Investment Fund called "COIMA CORE FUND VIII" is invested, in order to determine the Market Value as of December 31st, 2019.

The valuation will be used for a patrimonial verification, in compliance with the Italian law governing the Asset Management companies (Decree of Ministry of Economic Affairs and Finance no. 30 dated 5 March 2015 and the Provision of Banca d'Italia dated 19 January 2015 "Regolamento sulla gestione collettiva del Risparmio", Item V, Article IV, Section II, as well as the Assogestioni guidelines of May 2010 and joint communication of Consob and Banca d'Italia dated 29 July 2010 and subseq. amend. and suppl.

Duff & Phelps REAG SpA a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB – Italy
Tel. +39 039 6423.1
Fax +39 039 6058427

Sede Legale
Via Monte Rosa, 91 20149 Milano - Italy
Capitale Sociale € 1.000.000,00 i.v
R.E.A. Milano 1047058.
C.F. / Reg. Imprese / P. IVA 05881660152
REAGinfo@duffandphelps.com

DUFF & PHELPS
Real Estate Advisory Group

ASSET UNDER ANALYSIS

The real estate portfolio belonging to the "COIMA CORE FUND VI" consists of:

- ✓A single building, located in the south-west periphery of Milan – Via Lorenteggio 240, intended for office use (Vodafone Village).

Please refer to the individual evaluation report attached for the characteristics of the asset.

DUFF & PHELPS
Real Estate Advisory Group

Definitions

In this Executive Summary, the corresponding definition is to be applied to the terms listed below, unless otherwise indicated in the ES itself.

"Real Estate Property": represents the following assets subject to being appraised: land, buildings, building systems and land improvements. Personal property and intangible assets shall be excluded from the appraisal.

"Valuation" is defined by the Royal Institution of Chartered Surveyors ("RICS") as: an opinion of the value of an asset or liability on a stated basis, at a specified date. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.

"Market Value" The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017)

"Market Rent" The estimated amount for which an interest in *real property* should be leased on the *valuation date* between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017).

"Gross area" measured along the external edge of the perimeter walls of the building, to the centre line of the confining walls towards Third Parties, it is expressed in square meters.

"Commercial area" the gross area with the exclusion of technical rooms, facilities, cellars, stairwells and/or lift shafts.

DUFF & PHELPS
Real Estate Advisory Group

Valuation criteria

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

Market/Sales Comparison Approach: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

Income Capitalization Approach: takes two different methodological approaches into consideration:

- ✓ Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;
- ✓ Discounted Cash Flow Method (DCF) based:
  a) on the calculation of future net incomes derived from Property renting for a period of "n." years;
  b) on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;
  c) on the discounted back net incomes (cash flow) as of the evaluation date.

REAG determined Market Value in order to its highest and best use. The highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

In determining the Value of the Property, the criteria and methods of evaluation conformed to the general directives issued by the Banca d'Italia.

DUFF & PHELPS
Real Estate Advisory Group

In addition, REAG:

- according with the Client, carried out an internal and external site inspection of the Properties; in December 2019;
- conducted the valuation basing on the data provided by the Client;
- analysed the conditions of the local real estate market, taking the economic data related thereto into consideration and adapting it to the specific features of the properties by means of appropriate statistical workups;
- considered the building areas relating to the property (gross area divided by intended use) provided by the Client and not verified by REAG;
- verified the city-planning situation of the property, based on the documentation supplied by the Client and by conducting specific checks on the Milano Municipality websites (city-planning section);
- did not investigate the title to or any liabilities against the real estate property but shall rely on the infor-mation provided by the Client. REAG neither investigated nor assumed any responsibility with regards to any right or encumbrance of the property under appraisal.
- did not verify permits, building licenses or assessments, but considered the property as conforming to existing regulations;
- did not be consider Environmental liabilities are the costs which may be incurred to avoid environmental damages or to modify situations which do not comply with ongoing regulations.

DUFF & PHELPS
Real Estate Advisory Group

Contents of the Report

The report includes:
"Volume 0" including the final report on the conclusions reached by REAG, comprises the conclusion reached, Valuation considerations and criteria, assumptions and limiting conditions and General Service conditions.

The **"Volume 1"**, related to the analysis and the valuation of the real estate property and consists of the following paragraphs:

- ID data; surrounding area; property description; town planning situation; real estate market; area chart;
- Attachments: Valuation chart.

Conclusions

The value conclusions concerning the valuation Report were treated by REAG on the basis of the results obtained upon completion of all of the following operations:

- collection, selection, analysis and valuation of the data and documents pertaining to the Property;
- internal and external site inspection;
- carrying out appropriate market surveys;
- technical-financial workups;
- collection, selection, analysis of the "Market / Rent Comparables"

as well as on the basis of the evaluative methods and principles indicated previously.

DUFF & PHELPS
Real Estate Advisory Group

Based on the investigation and the premises outlined

Based on the investigation, and the premises outlined, it is our opinion that as of December 31st, 2019, the Market Value of the Real Estate Property constituting the Institutional Closed-end Alternative Investment Fund called "COIMA CORE FUND VI" can be reasonably expressed as follows:

Market Value:
Euro 213.000.000,00
(Euro Two Hundred and Thirty million/00)

The Market Value is shown excluding acquisition costs for the future Buyer, which incidence, as communicated by the Client on the basis of transactions carried out previously, may be between 2.5% and 3% of the exposed market value.

Duff & Phelps REAG S.p.A.

Performed by:
Christian Cavenaghi
Associate Director, Valuation & Investment

Supervision and control:
Marco Ugolini
Director, Valuation & Investment

Simone Spreafico
Managing Director, Advisory & Valuation Dept.

Paola Ricciardi
Country Managing Director

Mauro Corrada
Chief Executive Officer

The results of our findings can be understood only by reading the whole report, consisting of:

- *Statement of Value including valuation criteria, assumptions and limiting conditions, general service conditions;*
- *Description reports and attachments, including in Volume 1.*

DUFF & PHELPS
Real Estate Advisory Group

Work Team:

The performance of the valuation and drafting of the Report was managed by:

Simone Spreafico – *Managing Director, Advisory & Valuation Dept.*

with the supervision of and control by:

Marco Ugolini – *Director, Valuation & Investment*

and collaboration of:

Christian Cavenaghi – *Associate Director, Valuation & Investment*

Raffaella Ferrara – *Site inspection and technical analisys*

R&D Office – *Market Analysis*

Micaela Beretta – *Editing*

Site inspection was carried out by Raffaella Ferrara on December 19, 2019

DUFF & PHELPS
Real Estate Advisory Group

ASSUMPTIONS AND LIMITING CONDITIONS

REAG has expressly indicated the date to which the opinions and conclusions of value refer. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of the valuation.

REAG didn't carry out verifications of the area or boundaries of the property subject to analysis. All indications regarding the area and boundaries of the property are supplied by REAG only with the purpose of identifying the property subject to analysis. These identifications cannot be included in property transfer deeds or any other legal document, without the accurate verification on the part of a notary or legal advisor. Any plans, should they be present, are intended to be used solely as aids to represent the property and the area in which it is located. Although these materials were prepared using the most accurate data available, they should not be considered as a survey or as a plan to scale.

No environmental impact study has been ordered or made.
Full compliance with all applicable laws and governmental regulations was assumed unless otherwise stated in this report. We have also assumed responsible ownership and that all required licenses, permits, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis (except for what was expressly analysed during the Due Diligence activity).

The value estimate contained within the final report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in this report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural or environmental defects, the existence of which could have a

DUFF & PHELPS
Real Estate Advisory Group

material impact on value (except for what was expressly analysed during the Due Diligence activity).

REAG did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places, unless stated to the contrary in this report.

No soil analysis or geological studies were provided by REAG, nor were any water, oil, gas, or other subsurface minerals nor were the rights of use and conditions were investigated.

REAG assumed that all applicable zoning and use regulations and restrictions have been complied with unless stated to the contrary in this report. Furthermore, REAG assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespassing exists (except for what was expressly analysed during the Due Diligence activity).

We did not consider costs (fiscal costs included) potentially emerging from sale or purchase of the property.

VAT (Value Added Tax) is not included in the values expressed.

The site inspection on the property has been carried out by staff who are experts in the real estate division.

Nevertheless REAG, unless otherwise provided for by this report, did not express any opinion and will not be responsible for the structural integrity of the property, including its conformity to specific governmental code requirements such as fire prevention, earthquake resistance, workers' safety or for physical defects not evident to the appraiser.

DUFF & PHELPS
Real Estate Advisory Group

GENERAL SERVICE CONDITIONS

Agreement

The Contract governing this engagement, including these General Service Conditions, represents the entire agreement between REAG and the Client. It supersedes any prior oral or written agreement and may not be altered except by the mutual agreements of all parties thereto.

Non-Assignment

None of the Parties can transfer the contract to Third Parties, neither in whole nor in part, without prior written agreement of the other Party, as provided for by art. 1406 c.c, except for the case of conveyance of the firm.

The Client may not delegate Third Parties to make the whole payment of the compensation in favour of REAG, without the written agreement of REAG.

The Client acknowledges to have been informed by Reag about the possibility of the Assignment of Credit (hereinafter the "Assignment") to any legal person appointed by Reag (hereinafter the "Cessionary"). The Client agrees from now on and without reserve to such Assignment and commits himself to signing any document which may be necessary for legal and administrative regularization on Reag request. The Client may possibly be notified of the Assignment by means of either registered letter with acknowledgement of delivery or extrajudicial act. With effect from the invoice factoring, the Client shall be bound to pay any amount due according to this agreement and to keep to any contractual obligation.

Client of Record

Only the signed Client(s) of Record may rely on the results of REAG's work. No Third Party shall have reliance or contractual rights of REAG's Client(s) of Record without REAG's prior written consent. No Party should rely on the results of REAG's work as a substitute for its own due diligence.

Communication

Electronic media including e-mail and faxes are acceptable vehicles to communicate all materials unless such communication forms are expressly prohibited in the Contract. The Client is expected to communicate and to give information to the Client Service Team assigned by REAG to this engagement.

DUFF & PHELPS
Real Estate Advisory Group

The Client shall not assume nor enlist the Client Service Team assigned by REAG to any work contemplated by the Contract to have knowledge of information provided to others not part of the team.

Contingent Fees

REAG's compensation is not contingent in any way upon its opinion or conclusions or upon any subsequent event directly related to those opinions or conclusions. The Client shall pay REAG's invoices in accordance with their stated terms.

Confidentiality of data and information.

REAG maintained strictly confidential all information and data relating to the object of the engagement and its performance, and undertook not to disclose them or make them known to third parties, except in compliance with the provisions and provisions of the Authority.

REAG has the right to show the files and work notes in the context of any quality or compliance audits carried out by certification organizations to which REAG or its employees are associated. Any such access continues to be subject to the same confidence and protection by both REAG and the certification organizations. The information has not been handled and will not be handled as confidential if:

i) it is at the moment of the disclosure or later released to the public;

ii) at the time of disclosure to REAG, the information was already in its possession;

iii) the information was obtained from a third party not subject to confidentiality obligations towards the Customer.

Unless mandated by applicable laws or governmental regulations, Client shall not disclose any part REAG's work product, its confidential materials, or its role in the engagement to anyone not stipulated in the Contract, without the prior written consent of REAG.

Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus,

Duff & Phelps
Real Estate Advisory Group

advertising, public relations, news, or any other means of communication without the written consent and approval of REAG.
REAG has the right to include the name of the Customer in his list of references.

Data Protection

The Parties recognised that they each processed or shall each be processing personal data in connection with the performance of their obligations and/or exercise of their rights under this Agreement and/or as otherwise required by law or regulation and that the factual arrangement between them dictated the role of each Party (as to data controller or data processor) in respect of the Data Protection Laws. Notwithstanding the foregoing, the Parties agreed and acknowledged that where either Party processed personal data pursuant to or in relation to this Agreement, that Party carried out the processing for its own purposes, and as such is a data controller under the Data Protection Laws.
Each Party at all times complies with its respective obligations under all applicable Data Protection Laws to the extent such Data Protection Laws applies to it in connection with the performance of its obligations or exercise of its rights under this Agreement.

Force Majeure

Neither the Client nor REAG shall be liable for delays or for failures to perform according to the terms of the Contract due to circumstances that are beyond their individual control.

Governing Law, Jurisdiction and Venue

This Contract shall be governed exclusively by the Italian Law. Any disputes regarding these agreements will be handled exclusively by the Italian Judge and will fall within the territorial jurisdiction of the Court of Milan.

Indemnity and limitation of compensation

Client shall hold harmless and indemnify REAG against and from any harmful consequence which REAG may become subject to in connection with this engagement, except to the extent finally judicially determined to have resulted from the negligence or intentional misconduct of REAG.

DUFF & PHELPS
Real Estate Advisory Group

REAG shall hold harmless and indemnify the Client against and from any harmful consequence deriving from the nonfulfillment or breach of the engagement. Without prejudice to indemnification for bodily injury or material property damage as stated below, REAG's liability to Client and to any recipient of any Reliance letter and Re-Addressing shall in no event exceed the fees it receives as a result of the engagement, except to the extent determined to have resulted from major negligence or intentional misconduct of REAG Moreover REAG's liability extent is to be understood as limit in the aggregate for all claims for indemnification/compensation that may be issued by all recipients of the Report and of Reliance letters and/or Re-addressing.
REAG shall hold harmless and indemnify Client against and from any harmful consequence for bodily injury or material property damage caused by REAG personnel or representatives during the performance of the engagement, except to the extent of Client's negligence.
The extent of indemnification and compensation is however strictly consequent and proportional to REAG employees or representatives' behavior and actions.
While on Client's premises, REAG staff in charge with any work related to the engagement shall comply with all posted safety instructions or safety procedures requested by Client.

Independent Contractor

REAG and the Client shall be independent contractors with respect to each other. REAG has reserved the right to use subcontractors in executing the engagement. REAG is an equal opportunity employer.

Subcontract

Reag has reserved the right to appoint subcontractors to perform all or part of the services offered herein, provided that, by having signed the proposal, the Client consented to subcontracting as provided for by Art. 1656 of the Italian Civil Code.
Should a subcontractor be appointed by Reag, the liability undertaken by Reag towards the Client shall remain unaltered, within the limits outlined herein, and include the services provided to the Client through the subcontractor.
A subcontractor appointed by Reag shall observe the same confidentiality obligations undertaken by Reag and set forth herein.

Limits on the Use of the Work

DUFF & PHELPS
Real Estate Advisory Group

REAG's report may be used only for the specific use or uses stated in the Contract, and any other use is invalid.

Matters legal in nature

No responsibility is assumed for matters legal in nature. No investigation has been made regarding the title of or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in this report.

Reliance on Information Provided by the Client

REAG is entitled to rely without independent verification on the accuracy and completeness of all of the information, data, documents or technical analyses provided by the Client or its advisors. Although gathered from sources that we believe are reliable, no guarantee is made, nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others, unless stated to the contrary in this report.

Retention

Unless stipulated to the contrary in this report or in a related written agreement, REAG retains as its property all files, documents, work papers, and other results, developed during the course of the engagement. Such materials will be retained for a period of at least 5 years. During this retention period, the Client shall have access to these documents to assist it in completing the specific use or uses stated in the Contract, subject only to reasonable notification.

Standards of Performance

REAG performed the engagement in accordance with applicable professional standards. However, professional services usually involve judgements made in uncertain environments and based on an analysis of data that may be unverified or subject to change over time. The Client and other parties to whom the Client provides access to the results of REAG's work, shall evaluate the performance of REAG based on the specifications of the Contract as well as on the applicable professional standards.

Duff & Phelps
Real Estate Advisory Group

Scope of the work

REAG should be obligated only for services specified in the contract, and only for changes to the scope of those services that are set forth in any subsequent written agreement. As a result, the scope of the work does not include unrelated services or the responsibility to update any of the work after its completion. Further, REAG reserves the right to decline to perform any additional services, if REAG believes such services would create an actual or perceived conflict of interests or would be illegal or in violation of applicable regulations of professional standards.

Testimony

REAG's services do not include giving testimony or participating in or attending court or any other legal or regulatory hearings or inquiries unless provided for in the Contract or in a subsequent written agreement.

Ethical code – Model 231

The Client takes note that REAG has adopted its own ethical code (hereinafter "Ethical code") and its organization, management and control model according to principles and guidelines of Decreto Legislativo n. 231/2001 (hereinafter "Model 231"). The adoption of Model 231 is intended to prevent any crimes which Decreto Legislativo n. 231/2001 refers to and to avoid any related sanction. Copy of the Ethical code in force is available upon specific request.
The Client declares that they and any of their direct and/or indirect parent companies and subsidiaries: - do not deal (do not have offices, business, investments, transactions) with sensitive countries and/or countries subject to sanctions and embargos imposed by the UN, USA, EU and local governments; - do not do business with individuals or entities based/operating in said countries; - are not subject to said sanctions.

Requirements for the position of Independent Expert

REAG declares and guarantees the conformity and compliance of its structure with the requirements prescribed pursuant to art. 16, paragraphs 7.8 and 9 of Ministerial Decree no. 30 of 5 March 2015; it also guarantees that it is not in one of the situations of impediment to the assumption of the assignment indicated in paragraph 11 of the aforementioned article.

REAG, furthermore, undertakes:

- to promptly notify the Customer of the possible occurrence of one of the aforementioned impediment situations;
- to abstain from the evaluation in case of conflict of interest in relation to the goods to be evaluated, giving timely notice to the Customer.

Clash of interests

Six –months after delivery of the final report REAG shall be able to submit to Third Parties proposals concerning the real estate assets which are the subject of this report.

Time limit for refutations, Complaints, Limitation period of the action

Without prejudice to any applicable binding laws, and on pain of forfeiture, the Client may demonstrate dissatisfaction to REAG by sending a complaint via e-mail to customercare@reag-dp.com within 30 days of receipt of the Report. Said complaint shall state the reasons for the dissatisfaction and any faults, errors and/or dissimilarities being contested. In order to accept and respect the requests of the Client, REAG shall carefully review any claim, verifying and analysing the work.

REAG and the Client herewith expressly acknowledge and declare that this agreement constitutes a services supply agreement and, hence, any action against Duff & Phelps REAG is subject to a two-year limitation period, as per Art 1667 of the Italian Civil Code.

DUFF & PHELPS
Real Estate Advisory Group

Duff & Phelps REAG S.p.A.
Centro Direzionale Colleoni
Palazzo Cassiopea 3- Via Paracelso, 26
20864 Agrate Brianza (MB) Italy

T + 39 039 6423 1

www.duffandphelps.it
www.duffandphelps.com

Duff & Phelps is a premier independent advisor with expertise in the areas of valuation, corporate finance, disputes and investigations, compliance and regulatory matters and other governance-related issues. From offices around the world, the firm's nearly 2,500 employees help clients address their most pressing business challenges.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising services in Canada are provided by Duff & Phelps Securities Canada Ltd., a registered Exempt Market Dealer. M&A advisory and capital raising services in the United Kingdom and across Europe are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. In Germany M&A advisory and capital raising services are also provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

RICS

QUALITY SYSTEM CERTIFICATION DNV·GL ISO 9001

DUFF & PHELPS
Real Estate Advisory Group

COIMA S.G.R. S.p.A

DECEMBER 31st, 2019

Institutional Closed-end Alternative Investment Fund

"COIMA CORE FUND VIII"

EXECUTIVE SUMMARY

Market Value

AZIENDA CON SISTEMA
DI GESTIONE QUALITÀ
CERTIFICATO DA DNV GL
= ISO 9001 =

DUFF & PHELPS
Real Estate Advisory Group

Agrate B.za, December 31st,2019
Rif. n. 23119

Messrs
COIMA SGR S.p.A.
Piazza Gae Aulenti, 12
20154 MILANO

To the kind attention of Mrs Giuditta Losa

Object: **Determination of the Fair Market Value of Real Estate Properties included in Institutional Closed-end Alternative Investment Fund, called "COIMA CORE FUND VIII", as of December 31st, 2019 – EXECUTIVE SUMMARY**

Dear Sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (hereinafter REAG) carried out the valuation of the real estate assets in which the patrimony of the Institutional Closed-end Alternative Investment Fund called "COIMA CORE FUND VIII" is invested, in order to determine the Market Value as of December 31st, 2019.

The valuation will be used for a patrimonial verification, in compliance with the Italian law governing the Asset Management companies (Decree of Ministry of Economic Affairs and Finance no. 30 dated 5 March 2015 and the Provision of Banca d'Italia dated 19 January 2015 "Regolamento sulla gestione collettiva del Risparmio", Item V, Article IV, Section II, as well as the Assogestioni guidelines of May 2010 and joint communication of Consob and Banca d'Italia dated 29 July 2010 and subseq. amend. and suppl.

Duff & Phelps REAG SpA a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB – Italy
Tel. +39 039 6423.1
Fax +39 039 6058427

Sede Legale
Via Monte Rosa, 91 20149 Milano - Italy
Capitale Sociale € 1.000.000,00 i.v
R.E.A. Milano 1047058.
C.F. / Reg. Imprese / P. IVA 05881660152
REAGinfo@duffandphelps.com

DUFF & PHELPS
Real Estate Advisory Group

ASSET UNDER ANALYSIS

The real estate portfolio belonging to the "COIMA CORE FUND VI" consists of:

- ✓A single building, located in the south-west periphery of Milan – Via Lorenteggio 240, intended for office use (Vodafone Village).

Please refer to the individual evaluation report attached for the characteristics of the asset.

DUFF & PHELPS
Real Estate Advisory Group

Definitions

In this Executive Summary, the corresponding definition is to be applied to the terms listed below, unless otherwise indicated in the ES itself.

"Real Estate Property": represents the following assets subject to being appraised: land, buildings, building systems and land improvements. Personal property and intangible assets shall be excluded from the appraisal.

"Valuation" is defined by the Royal Institution of Chartered Surveyors ("RICS") as: an opinion of the value of an asset or liability on a stated basis, at a specified date. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.

"Market Value" The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017)

"Market Rent" The estimated amount for which an interest in *real property* should be leased on the *valuation date* between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017).

"Gross area" measured along the external edge of the perimeter walls of the building, to the centre line of the confining walls towards Third Parties, it is expressed in square meters.

"Commercial area" the gross area with the exclusion of technical rooms, facilities, cellars, stairwells and/or lift shafts.

DUFF & PHELPS
Real Estate Advisory Group

Valuation criteria

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

Market/Sales Comparison Approach: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

Income Capitalization Approach: takes two different methodological approaches into consideration:

- ✓ Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;
- ✓ Discounted Cash Flow Method (DCF) based:
  a) on the calculation of future net incomes derived from Property renting for a period of "n." years;
  b) on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;
  c) on the discounted back net incomes (cash flow) as of the evaluation date.

REAG determined Market Value in order to its highest and best use. The highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

In determining the Value of the Property, the criteria and methods of evaluation conformed to the general directives issued by the Banca d'Italia.

DUFF & PHELPS
Real Estate Advisory Group

In addition, REAG:

- according with the Client, carried out an internal and external site inspection of the Properties; in December 2019;
- conducted the valuation basing on the data provided by the Client;
- analysed the conditions of the local real estate market, taking the economic data related thereto into consideration and adapting it to the specific features of the properties by means of appropriate statistical workups;
- considered the building areas relating to the property (gross area divided by intended use) provided by the Client and not verified by REAG;
- verified the city-planning situation of the property, based on the documentation supplied by the Client and by conducting specific checks on the Milano Municipality websites (city-planning section);
- did not investigate the title to or any liabilities against the real estate property but shall rely on the infor-mation provided by the Client. REAG neither investigated nor assumed any responsibility with regards to any right or encumbrance of the property under appraisal.
- did not verify permits, building licenses or assessments, but considered the property as conforming to existing regulations;
- did not be consider Environmental liabilities are the costs which may be incurred to avoid environmental damages or to modify situations which do not comply with ongoing regulations.

Contents of the Report

The report includes:

"Volume 0" including the final report on the conclusions reached by REAG, comprises the conclusion reached, Valuation considerations and criteria, assumptions and limiting conditions and General Service conditions.

The **"Volume 1"**, related to the analysis and the valuation of the real estate property and consists of the following paragraphs:

- ID data; surrounding area; property description; town planning situation; real estate market; area chart;
- Attachments: Valuation chart.

Conclusions

The value conclusions concerning the valuation Report were treated by REAG on the basis of the results obtained upon completion of all of the following operations:

- collection, selection, analysis and valuation of the data and documents pertaining to the Property;
- internal and external site inspection;
- carrying out appropriate market surveys;
- technical-financial workups;
- collection, selection, analysis of the "Market / Rent Comparables"

as well as on the basis of the evaluative methods and principles indicated previously.

DUFF & PHELPS
Real Estate Advisory Group

<u>*Based on the investigation and the premises outlined*</u>

Based on the investigation, and the premises outlined, it is our opinion that as of December 31st, 2019, the Market Value of the Real Estate Property constituting the Institutional Closed-end Alternative Investment Fund called "COIMA CORE FUND VI" can be reasonably expressed as follows:

Market Value:
Euro 213.000.000,00
(Euro Two Hundred and Thirty million/00)

The Market Value is shown excluding acquisition costs for the future Buyer, which incidence, as communicated by the Client on the basis of transactions carried out previously, may be between 2.5% and 3% of the exposed market value.

Duff & Phelps REAG S.p.A.

Performed by:
Christian Cavenaghi
Associate Director, Valuation & Investment

Supervision and control:
Marco Ugolini
Director, Valuation & Investment

Simone Spreafico
Managing Director, Advisory & Valuation Dept.

Paola Ricciardi
Country Managing Director

Mauro Corrada
Chief Executive Officer

The results of our findings can be understood only by reading the whole report, consisting of:
- *Statement of Value including valuation criteria, assumptions and limiting conditions, general service conditions;*
- *Description reports and attachments, including in Volume 1.*

DUFF & PHELPS
Real Estate Advisory Group

Work Team:

The performance of the valuation and drafting of the Report was managed by:

Simone Spreafico – *Managing Director, Advisory & Valuation Dept.*

with the supervision of and control by:

Marco Ugolini – *Director, Valuation & Investment*

and collaboration of:

Christian Cavenaghi – *Associate Director, Valuation & Investment*

Raffaella Ferrara – *Site inspection and technical analisys*

R&D Office – *Market Analysis*

Micaela Beretta – *Editing*

Site inspection was carried out by Raffaella Ferrara on December 19, 2019

DUFF & PHELPS
Real Estate Advisory Group

ASSUMPTIONS AND LIMITING CONDITIONS

REAG has expressly indicated the date to which the opinions and conclusions of value refer. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of the valuation.

REAG didn't carry out verifications of the area or boundaries of the property subject to analysis. All indications regarding the area and boundaries of the property are supplied by REAG only with the purpose of identifying the property subject to analysis. These identifications cannot be included in property transfer deeds or any other legal document, without the accurate verification on the part of a notary or legal advisor. Any plans, should they be present, are intended to be used solely as aids to represent the property and the area in which it is located. Although these materials were prepared using the most accurate data available, they should not be considered as a survey or as a plan to scale.

No environmental impact study has been ordered or made.
Full compliance with all applicable laws and governmental regulations was assumed unless otherwise stated in this report. We have also assumed responsible ownership and that all required licenses, permits, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis (except for what was expressly analysed during the Due Diligence activity).

The value estimate contained within the final report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in this report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural or environmental defects, the existence of which could have a

DUFF & PHELPS
Real Estate Advisory Group

material impact on value (except for what was expressly analysed during the Due Diligence activity).

REAG did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places, unless stated to the contrary in this report.

No soil analysis or geological studies were provided by REAG, nor were any water, oil, gas, or other subsurface minerals nor were the rights of use and conditions were investigated.

REAG assumed that all applicable zoning and use regulations and restrictions have been complied with unless stated to the contrary in this report. Furthermore, REAG assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespassing exists (except for what was expressly analysed during the Due Diligence activity).

We did not consider costs (fiscal costs included) potentially emerging from sale or purchase of the property.

VAT (Value Added Tax) is not included in the values expressed.

The site inspection on the property has been carried out by staff who are experts in the real estate division.

Nevertheless REAG, unless otherwise provided for by this report, did not express any opinion and will not be responsible for the structural integrity of the property, including its conformity to specific governmental code requirements such as fire prevention, earthquake resistance, workers' safety or for physical defects not evident to the appraiser.

DUFF & PHELPS
Real Estate Advisory Group

GENERAL SERVICE CONDITIONS

Agreement

The Contract governing this engagement, including these General Service Conditions, represents the entire agreement between REAG and the Client. It supersedes any prior oral or written agreement and may not be altered except by the mutual agreements of all parties thereto.

Non-Assignment

None of the Parties can transfer the contract to Third Parties, neither in whole nor in part, without prior written agreement of the other Party, as provided for by art. 1406 c.c, except for the case of conveyance of the firm.

The Client may not delegate Third Parties to make the whole payment of the compensation in favour of REAG, without the written agreement of REAG.

The Client acknowledges to have been informed by Reag about the possibility of the Assignment of Credit (hereinafter the “Assignment”) to any legal person appointed by Reag (hereinafter the “Cessionary”). The Client agrees from now on and without reserve to such Assignment and commits himself to signing any document which may be necessary for legal and administrative regularization on Reag request. The Client may possibly be notified of the Assignment by means of either registered letter with acknowledgement of delivery or extrajudicial act. With effect from the invoice factoring, the Client shall be bound to pay any amount due according to this agreement and to keep to any contractual obligation.

Client of Record

Only the signed Client(s) of Record may rely on the results of REAG’s work. No Third Party shall have reliance or contractual rights of REAG’s Client(s) of Record without REAG’s prior written consent. No Party should rely on the results of REAG’s work as a substitute for its own due diligence.

Communication

Electronic media including e-mail and faxes are acceptable vehicles to communicate all materials unless such communication forms are expressly prohibited in the Contract. The Client is expected to communicate and to give information to the Client Service Team assigned by REAG to this engagement.

DUFF & PHELPS
Real Estate Advisory Group

The Client shall not assume nor enlist the Client Service Team assigned by REAG to any work contemplated by the Contract to have knowledge of information provided to others not part of the team.

Contingent Fees

REAG's compensation is not contingent in any way upon its opinion or conclusions or upon any subsequent event directly related to those opinions or conclusions. The Client shall pay REAG's invoices in accordance with their stated terms.

Confidentiality of data and information.

REAG maintained strictly confidential all information and data relating to the object of the engagement and its performance, and undertook not to disclose them or make them known to third parties, except in compliance with the provisions and provisions of the Authority.

REAG has the right to show the files and work notes in the context of any quality or compliance audits carried out by certification organizations to which REAG or its employees are associated. Any such access continues to be subject to the same confidence and protection by both REAG and the certification organizations. The information has not been handled and will not be handled as confidential if:

i) it is at the moment of the disclosure or later released to the public;

ii) at the time of disclosure to REAG, the information was already in its possession;

iii) the information was obtained from a third party not subject to confidentiality obligations towards the Customer.

Unless mandated by applicable laws or governmental regulations, Client shall not disclose any part REAG's work product, its confidential materials, or its role in the engagement to anyone not stipulated in the Contract, without the prior written consent of REAG.

Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus,

DUFF & PHELPS
Real Estate Advisory Group

advertising, public relations, news, or any other means of communication without the written consent and approval of REAG.
REAG has the right to include the name of the Customer in his list of references.

Data Protection

The Parties recognised that they each processed or shall each be processing personal data in connection with the performance of their obligations and/or exercise of their rights under this Agreement and/or as otherwise required by law or regulation and that the factual arrangement between them dictated the role of each Party (as to data controller or data processor) in respect of the Data Protection Laws. Notwithstanding the foregoing, the Parties agreed and acknowledged that where either Party processed personal data pursuant to or in relation to this Agreement, that Party carried out the processing for its own purposes, and as such is a data controller under the Data Protection Laws.
Each Party at all times complies with its respective obligations under all applicable Data Protection Laws to the extent such Data Protection Laws applies to it in connection with the performance of its obligations or exercise of its rights under this Agreement.

Force Majeure

Neither the Client nor REAG shall be liable for delays or for failures to perform according to the terms of the Contract due to circumstances that are beyond their individual control.

Governing Law, Jurisdiction and Venue

This Contract shall be governed exclusively by the Italian Law. Any disputes regarding these agreements will be handled exclusively by the Italian Judge and will fall within the territorial jurisdiction of the Court of Milan.

Indemnity and limitation of compensation

Client shall hold harmless and indemnify REAG against and from any harmful consequence which REAG may become subject to in connection with this engagement, except to the extent finally judicially determined to have resulted from the negligence or intentional misconduct of REAG.

REAG shall hold harmless and indemnify the Client against and from any harmful consequence deriving from the nonfulfillment or breach of the engagement. Without prejudice to indemnification for bodily injury or material property damage as stated below, REAG's liability to Client and to any recipient of any Reliance letter and Re-Addressing shall in no event exceed the fees it receives as a result of the engagement, except to the extent determined to have resulted from major negligence or intentional misconduct of REAG Moreover REAG's liability extent is to be understood as limit in the aggregate for all claims for indemnification/compensation that may be issued by all recipients of the Report and of Reliance letters and/or Re-addressing.
REAG shall hold harmless and indemnify Client against and from any harmful consequence for bodily injury or material property damage caused by REAG personnel or representatives during the performance of the engagement, except to the extent of Client's negligence.
The extent of indemnification and compensation is however strictly consequent and proportional to REAG employees or representatives' behavior and actions.
While on Client's premises, REAG staff in charge with any work related to the engagement shall comply with all posted safety instructions or safety procedures requested by Client.

Independent Contractor

REAG and the Client shall be independent contractors with respect to each other. REAG has reserved the right to use subcontractors in executing the engagement. REAG is an equal opportunity employer.

Subcontract

Reag has reserved the right to appoint subcontractors to perform all or part of the services offered herein, provided that, by having signed the proposal, the Client consented to subcontracting as provided for by Art. 1656 of the Italian Civil Code.
Should a subcontractor be appointed by Reag, the liability undertaken by Reag towards the Client shall remain unaltered, within the limits outlined herein, and include the services provided to the Client through the subcontractor.
A subcontractor appointed by Reag shall observe the same confidentiality obligations undertaken by Reag and set forth herein.

Limits on the Use of the Work

DUFF & PHELPS
Real Estate Advisory Group

REAG's report may be used only for the specific use or uses stated in the Contract, and any other use is invalid.

Matters legal in nature

No responsibility is assumed for matters legal in nature. No investigation has been made regarding the title of or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in this report.

Reliance on Information Provided by the Client

REAG is entitled to rely without independent verification on the accuracy and completeness of all of the information, data, documents or technical analyses provided by the Client or its advisors. Although gathered from sources that we believe are reliable, no guarantee is made, nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others, unless stated to the contrary in this report.

Retention

Unless stipulated to the contrary in this report or in a related written agreement, REAG retains as its property all files, documents, work papers, and other results, developed during the course of the engagement. Such materials will be retained for a period of at least 5 years. During this retention period, the Client shall have access to these documents to assist it in completing the specific use or uses stated in the Contract, subject only to reasonable notification.

Standards of Performance

REAG performed the engagement in accordance with applicable professional standards. However, professional services usually involve judgements made in uncertain environments and based on an analysis of data that may be unverified or subject to change over time. The Client and other parties to whom the Client provides access to the results of REAG's work, shall evaluate the performance of REAG based on the specifications of the Contract as well as on the applicable professional standards.

DUFF & PHELPS
Real Estate Advisory Group

Scope of the work

REAG should be obligated only for services specified in the contract, and only for changes to the scope of those services that are set forth in any subsequent written agreement. As a result, the scope of the work does not include unrelated services or the responsibility to update any of the work after its completion. Further, REAG reserves the right to decline to perform any additional services, if REAG believes such services would create an actual or perceived conflict of interests or would be illegal or in violation of applicable regulations of professional standards.

Testimony

REAG's services do not include giving testimony or participating in or attending court or any other legal or regulatory hearings or inquiries unless provided for in the Contract or in a subsequent written agreement.

Ethical code – Model 231

The Client takes note that REAG has adopted its own ethical code (hereinafter "Ethical code") and its organization, management and control model according to principles and guidelines of Decreto Legislativo n. 231/2001 (hereinafter "Model 231"). The adoption of Model 231 is intended to prevent any crimes which Decreto Legislativo n. 231/2001 refers to and to avoid any related sanction. Copy of the Ethical code in force is available upon specific request.

The Client declares that they and any of their direct and/or indirect parent companies and subsidiaries: - do not deal (do not have offices, business, investments, transactions) with sensitive countries and/or countries subject to sanctions and embargos imposed by the UN, USA, EU and local governments; - do not do business with individuals or entities based/operating in said countries; - are not subject to said sanctions.

Requirements for the position of Independent Expert

REAG declares and guarantees the conformity and compliance of its structure with the requirements prescribed pursuant to art. 16, paragraphs 7.8 and 9 of Ministerial Decree no. 30 of 5 March 2015; it also guarantees that it is not in one of the situations of impediment to the assumption of the assignment indicated in paragraph 11 of the aforementioned article.

DUFF & PHELPS
Real Estate Advisory Group

REAG, furthermore, undertakes:

-to promptly notify the Customer of the possible occurrence of one of the aforementioned impediment situations;

-to abstain from the evaluation in case of conflict of interest in relation to the goods to be evaluated, giving timely notice to the Customer.

Clash of interests

Six –months after delivery of the final report REAG shall be able to submit to Third Parties proposals concerning the real estate assets which are the subject of this report.

Time limit for refutations, Complaints, Limitation period of the action

Without prejudice to any applicable binding laws, and on pain of forfeiture, the Client may demonstrate dissatisfaction to REAG by sending a complaint via e-mail to customercare@reag-dp.com within 30 days of receipt of the Report. Said complaint shall state the reasons for the dissatisfaction and any faults, errors and/or dissimilarities being contested. In order to accept and respect the requests of the Client, REAG shall carefully review any claim, verifying and analysing the work.

REAG and the Client herewith expressly acknowledge and declare that this agreement constitutes a services supply agreement and, hence, any action against Duff & Phelps REAG is subject to a two-year limitation period, as per Art 1667 of the Italian Civil Code.

DUFF & PHELPS
Real Estate Advisory Group

Duff & Phelps REAG S.p.A.
Centro Direzionale Colleoni
Palazzo Cassiopea 3- Via Paracelso, 26
20864 Agrate Brianza (MB) Italy

T + 39 039 6423 1

www.duffandphelps.it
www.duffandphelps.com

Duff & Phelps is a premier independent advisor with expertise in the areas of valuation, corporate finance, disputes and investigations, compliance and regulatory matters and other governance-related issues. From offices around the world, the firm's nearly 2,500 employees help clients address their most pressing business challenges.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising services in Canada are provided by Duff & Phelps Securities Canada Ltd., a registered Exempt Market Dealer. M&A advisory and capital raising services in the United Kingdom and across Europe are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. In Germany M&A advisory and capital raising services are also provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

RICS

QUALITY SYSTEM CERTIFICATION DNV·GL ISO 9001

Duff & Phelps
Real Estate Advisory Group

COIMA SGR S.p.A.

31st December 2019

Institutional Closed-end Investment Fund

COIMA CORE FUND IV

MARKET VALUE

EXECUTIVE SUMMARY

AZIENDA CON SISTEMA
DI GESTIONE QUALITÀ
CERTIFICATO DA DNV GL
= ISO 9001 =

DUFF & PHELPS
Real Estate Advisory Group

Agrate Brianza, 31st December 2019
Pos. n° 21507.05

Spettabile
COIMA SGR S.p.A.
Piazza Gae Aulenti, 12
20154 MILANO

To the kind attention of Mrs Giuditta Losa

Object: **Determination of the Fair Market Value of Real Estate Properties included in Institutional Closed-end Investment Fund, called "Coima Core Fund IV", as of December 31st, 2019 – EXECUTIVE SUMMARY**

Dear Sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (here inafter REAg S.p.A.) carried out the valuation of the real estate assets in which the patrimony of the Institutional Closed-end Investment Fund called "COIMA CORE FUND IV" is invested, in order to determine the Market Value as of December 31st, 2019.

The valuation will be used for a patrimonial verification, in compliance with the Italian law governing the Asset Management companies (Decree of Ministry of Economic Affairs and Finance no. 30 dated 5 March 2015 and the Provision of Banca d'Italia dated 19 January 2015 "Regolamento sulla gestione collettiva del Risparmio", Item V, Article IV, Section II, as well as the Assogestioni guidelines of May 2010 and joint communication of Consob and Banca d'Italia dated 29 July 2010 and subseq. amend. and suppl.

Duff & Phelps REAG SpA a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB – Italy
Tel. +39 039 6423.1
Fax +39 039 6058427

Sede Legale
Via Monte Rosa, 91 20149 Milano - Italy
Capitale Sociale € 1.000.000,00 i.v.
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P. IVA 05881660152
REAGinfo@duffandphelps.com

DUFF & PHELPS
Real Estate Advisory Group

Definitions

In this Executive Summary, the corresponding definition is to be applied to the terms listed below, unless otherwise indicated in the ES itself:

- **"Real Estate Portfolio"** (hereinafter **"Portfolio"**) represents the ensemble of assets subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.
- **"Real Estate Property":** represents the following assets subject to being appraised: land, buildings, building systems and land improvements. Personal property and intangible assets shall be excluded from the appraisal.
- **"Valuation"** is defined by the Royal Institution of Chartered Surveyors ("RICS") as: an opinion of the value of an asset or liability on a stated basis, at a specified date. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.
- "**Market Value" (MV)** is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017)
- **"Market Rent (MR)"** is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017).

- **"Gross area"** measured along the external edge of the perimeter walls of the building, to the centre line of the confining walls towards Third Parties, it is expressed in square meters.

- **"Commercial area"** the gross area with the exclusion of technical rooms, facilities, cellars, stairwells and/or lift shafts.

Valuation criteria

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

Market/Sales Comparison Approach: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

Income Capitalization Approach: takes two different methodological approaches into consideration:

✓ Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;

✓ Discounted Cash Flow Method (DCF) based:

a) on the calculation of future net incomes derived from Property renting for a period of "n." years;

b) on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;

c) on the discounted back net incomes (cash flow) as of the evaluation date.

Above mentioned valuation criteria are used singularly and/or integrated one with another, on the discretion of REAG, considering that these criteria are not ever applicable because of difficulties in collecting market data.

REAG determined the value of the Property on the assumption of their higher and best use considering among all legally permitted and financially feasible possible technical uses, only the uses that can potentially confer the maximum value to each Property.

Criteria and methods of evaluation are conformed to the general directives issued by Banca d'Italia.

DUFF & PHELPS
Real Estate Advisory Group

In addition, REAG:

- in agreement with the Client, carried out an inspection of 35 assets in the first days of January 2020; the other inspections were carried out during the previous half-early evaluation as of 30/06/2019 (pos. n. 21507.04)
- As requested by the Client, considered the asset located in Genoa Via Garibaldi 5 (cod. 55B) within the valuation perimeter; the Client sold the property on December 5th, 2019 but the sale will be effective in case of non-use of the right of pre-emption by the Ministry of Cultural and Environmental Heritage;
- considered the assets in the current rental status, as supplied by the Client, in the copy of lease agreements or in the excel filles called "20191114_EI_DB" e "COIMA COREIV_simulazione Istat 2019" or lease agreements;
- Considered IMU&TASI and Insurance amount (2019) provided by the Client;
- Considered gross surfaces provided by the Client; REAG did not verify gross surfaces;
- analysed the conditions of the local real estate market, taking the economic data related thereto into consideration and adapting it to the specific features of the properties by means of appropriate statistical work-ups;
- analysed the market data supplied by the main market observer and by our own data-base, managed by REAG research & development office, the data-base consists of "rent comparables" and "sale comparables" deriving from the most recent transactions carried out on the Italian market and collected during the daily work by our appraiser technicians
- did not investigate the title to or any liabilities against the real estate properties, but relied on the information provided by the Client. REAG shall neither investigate nor assume any responsibility with regards to any right or encumbrance of the property under appraisal. REAG didn't verify permits, building licenses or assessments, but considered the properties as conforming to existing regulations;

DUFF & PHELPS
Real Estate Advisory Group

- did not consider possible environmental liabilities of the subject properties. Environmental liabilities are the costs which may be incurred to avoid environmental damages or to modify situations which do not comply with ongoing regulations;
- did not make a specific compliance survey and analysis of the properties to determine whether or not it is in conformity with the various detailed requirements of the law, concerning the possibility for disabled people to enter working places; no soil analysis or geological studies were provided by REAG, nor any water, oil, gas, or other subsurface mineral and use rights or conditions were investigated;
- did not make any environmental impact studies. Full compliance with all applicable laws and governmental regulations were assumed. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.

DUFF & PHELPS
Real Estate Advisory Group

Contents of the Report

The Executive Summary includes:

- a general letter of introduction to the report, which identifies the Property, describes the type of examination carried out and presents and certifies the value conclusions;
- assumptions and limitations of the Valuation;
- general service conditions.

Conclusions

The conclusions on the value pertinent to the Valuation were treated by REAG based on the results obtained upon completion of the following operations:

- collection, selection, analysis and valuation of the data and documents related to the Property;
- External and Internal site inspection;
- carrying out of timely market surveys;
- technical-financial work-ups;

as well as based on the valuation methods and principles indicated above.

DUFF & PHELPS
Real Estate Advisory Group

Based on the investigation and the premises outlined

it is our opinion that as of December 31st, 2019, the Market Value of the Real Estate Properties (asset by asset) can be reasonably expressed as follows:

Market Value in the current rental situation

Euro 93.979.000,00

(Euro Ninety-Three Million Ninety Hundred Seventy-Nine Thousand/00)

The overall value is the sum of the values of each single asset, as indicated in the follow Attachment A

The Market Value is shown excluding acquisition costs for the future Buyer. The incidence of acquisition costs, as communicated by the Client on the basis of transactions carried out previously, may be between 2.5% and 3% of the exposed Market Value.

Duff & Phelps REAG S.p.A.

Performed by:
Simone Macchi
Senior Associate Valuation & Investment

Supervision and control:
Marco Ugolini
Director, Valuation & Investment

Simone Spreafico
Managing Director, Advisory & Valuation Dept.

Paola Ricciardi
Country Managing Director

Mauro Corrada
Chief Executive Officer

N.B.

The results of our findings can be understood only by reading the whole report, consisting of:
- Volume 0, including valuation criteria, assumptions and limiting conditions, general service conditions;
-N. 70 valuation reports and attachments.

DUFF & PHELPS
Real Estate Advisory Group

WORK TEAM:

The performance of the valuation and drafting of the Report was managed by:

Simone Spreafico – Managing Director, Advisory & Valuation Dept.

Marco Ugolini - Director, Advisory & Valuation Dept.

and collaboration of:

Simone Macchi – Senior Associate, Valuation & Investment

Centro Studi Reag – Analisi di Mercato

Micaela Beretta – Editing.

The site visits have been carried out by:

-Francesca Crippa (assets: Lecco - Piazza G. Carducci 8, Lecco - Maggianico - Corso E. Filiberto 108/110, Lecco - Viale Turati 48 - Via Petrarca 4, Casatenovo - Via Cavour 10/12, Colico - Via Nazionale 126 - Via Baronia 1, Galbiate - Piazza Don Gnocchi 12 - Via Crocefisso, Introbio - P.Za del Sagrato 9/10, Mandello del Lario - Via Manzoni 21, Merate - Via C. Baslini 6 - Via Trento 29, Oggiono - Via Marco D'oggiono 15, Olgiate Molgora - Via Canova 39, Olginate - Via Redaelli 24, Valmadrera - Via Stoppani 2, Lecco - Acquate - Via Belfiore 15/A, Abbadia Lariana - Via Nazionale 42, Barzio - Via Roma 47/49, Brivio - Piazza Della Vittoria 3/4/5, Cassago Brianza - Piazza Visconti 10, Civate - Via Manzoni 1, Dervio - Via Diaz 62, Lierna - Via Roma 124/126, Malgrate - Via San Leonardo 14/B-C, Paderno d'Adda - Via Volta 10/12, Rovagnate - Via Vittorio Veneto 8, Vercurago - Via Roma 66.

- Raffaella Ferrara (assets: Milano - Via Larga 16, Milano - Piazza De Angeli, Milano - Corso Sempione 77, Milano - Viale Famagosta 7, Melzo - Largo Gramsci, Brugherio - V.Le Lombardia 179, Vedano al Lambro - Viale C. Battisti, 42/B, Milano - Via Dei Martinitt 3, Milano - Via Pierluigi Da Palestrina 2, Trezzano S/N - Viale C. Colombo 23 - Viale Fermi)

ATTACHMENT:

- Attachment "A" - Summary of values.
- Assumptions and Limiting Conditions;
- General Service Conditions;

Duff & Phelps
Real Estate Advisory Group

ATTACHMENT A

SUMMARIES OF VALUES

DUFF & PHELPS
Real Estate Advisory Group

Market Values as of December 31st, 2019 – "Asset by asset"

Cod.	Asset	Prov.	City	Address	MV 31st December 2019 (Euro)
1-MI	1 MILANO	MI	Milano	Via Larga, 16	
2-MI	2 MILANO	MI	Milano	Piazza De Angeli	
3-MI	3 MILANO	MI	Milano	Corso Sempione, 77	
5-MI	5 MILANO	MI	Milano	Viale Famagosta, 7	
7-MI	7 MELZO	MI	Melzo	Largo Gramsci, 1	
10-CO	10 COMO	CO	Como	Viale Cavallotti, 3/A	
14-CO	14 ERBA	CO	Erba	Via Volta, 2	
18-CO	18 LURAGO	CO	Lurago d'Erba	Via Roma, 23	
22-LC	22 LECCO	LC	Lecco	CASTELLO - Piazza G. Carducci, 8	
23-LC	23 LECCO	LC	Lecco	MAGGIANICO - Corso E. Filiberto, 108/110	
25-LC	25 LECCO	LC	Lecco	Viale Turati, 48 - Via Petrarca, 4	
30-LC	30 CASATENOVO	LC	Casatenovo	Via Cavour, 10/12	
33-LC	33 COLICO	LC	Colico	Via Nazionale, 126 - Via Baronia, 1	
35-LC	35 GALBIATE	LC	Galbiate	Piazza Don Gnocchi, 12 - Via Crocefisso	
36-LC	36 INTROBIO	LC	Introbio	P.Za Del Sagrato 9/10	
39-LC	39 MANDELLO	LC	Mandello del lario	Via Manzoni, 21	
40-LC	40 MERATE	LC	Merate	Via C. Baslini, 6 - Via Trento, 29	
41-LC	41 OGGIONO	LC	Oggiono	Via Marco D'oggiono, 15	
42-LC	42 OLGIATE MOLGORA	LC	Olgiate Molgora	Via Canova, 39	
43-LC	43 OLGINATE	LC	Olginate	Via Redaelli, 24	
46-LC	46 VALMADRERA	LC	Valmadrera	Via Stoppani, 2	
49-MB	49 BRUGHERIO	MB	Brugherio	V.Le Lombardia, 179	
51-MB	51 VEDANO AL LAMBRO	MB	Vedano al lambro	Viale C. Battisti, 42/B	
52-VA	52 CASTELLANZA	VA	Castellanza	Corso Matteotti, 19-19A	
54-BI	54 BIELLA	BI	Biella	Via Losana, 22	
60-VR	60B VERONA	VR	Verona	Via Locatelli, 6	
60-VR 2	60 VERONA	VR	Verona	Corso Porta Nuova, 135	
61-VE	61 MESTRE	VE	Mestre	Riviera XX Settembre, 13/15/17	
64-BO	64 BOLOGNA	BO	Bologna	Via Emilia Levante, 113	
71-RM	71 ROMA	RM	Roma	Piazza Ss Apostoli 70/a7b7c/73	
6-MI	6 MILANO	MI	Milano	Via Dei Martinitt, 3	
19-CO 2	19B NOVEDRATE	CO	Novedrate	Via Prov. Novedratese, 8	
19-CO	19 NOVEDRATE	CO	Novedrate	Via Prov. Novedratese, 8	
53-TO	53 TORINO	TO	Torino	Via Arcivescovado, 7	
55-GE	55 GENOVA	GE	Genova	V.Garibaldi,5 - PIAZZA PORTELLO 6	
55B-GE	55B GENOVA	GE	Genova	V.Garibaldi,5 - PIAZZA PORTELLO 6	
62-PD	62 PADOVA	PD	Padova	Piazza Alcide De Gasperi, 34/35/45a	
62-PD 2	62B PADOVA	PD	Padova	Piazza Alcide De Gasperi, 34/35/45a	
66-LI	66 LIVORNO	LI	Livorno	Via Carabinieri, 30	
67-PO	67 PRATO	PO	Prato	Via F. Ferrucci, 41	
4-MI	4 MILANO	MI	Milano	Via Pierluigi Da Palestrina, 2	
8-MI	8 TREZZANO SUL NAVIGLIO	MI	Trezzano S/N	Viale C. Colombo, 23 - Viale Fermi	
9-BG	9 CAPRIATE	BG	Capriate	Via V. Veneto, 28/b - 36d	
15-CO	15 GRANDATE	CO	Grandate	Via Statale Dei Giovi, 11/B	
63-VI	63 THIENE	VI	Thiene	Piazza Cesare Battisti, 5	
56-GE	56 GENOVA	GE	Genova	Largo S. Franc. Da Paola. , 20/D	
57-GE	57 CICAGNA	GE	Cicagna	Piazza Garibaldi, 1/R	
58-GE	58 LAVAGNA	GE	Lavagna	Via Nuova Italia, 89/91	
59-SV	59 ALBENGA	SV	Albenga	Via Martiri Della Liberta', 72	
65-LU	65 BARGA	LU	Barga	Via Pascoli, 23/25/27	
68-PO	68 MONTEMURLO	PO	Montemurlo	Via Provinciale. Scarpettini, 413	
70-FI	70 SESTO FIORENTINO	FI	Sesto Fiorentino	Via Lucchese, 2/4/R - PONTE A GIOGOLI 1	
11-CO	11 ASSO	CO	Asso	Piazza Mons. Ratti, 5	
12-CO	12 CANZO	CO	Canzo	Via Mazzini, 12/14	
13-CO	13 CIVENNA	CO	Civenna	Via Provinciale, 52	
17-CO	17B LIPOMO	CO	Lipomo	Via Belvedere, 1	
17-CO 2	17 LIPOMO	CO	Lipomo	Via Belvedere, 1	
20-CO	20 VALBRONA	CO	Valbrona	Via Vittorio Veneto, 9/11	
21-LC	21 LECCO	LC	Lecco	ACQUATE - Via Belfiore, 15/A	
26-LC	26 ABBADIA LARIANA	LC	Abbadia Lariana	Via Nazionale, 42	
27-LC	27 BARZIO	LC	Barzio	Via Roma, 47/49	
28-LC	28 BRIVIO	LC	Brivio	Piazza Della Vittoria, 3/4/5	
31-LC	31 CASSAGO BRIANZA	LC	Cassago Brianza	Piazza Visconti, 10	
32-LC	32 CIVATE	LC	Civate	Via Manzoni, 1	
34-LC	34 DERVIO	LC	Dervio	Via Diaz, 62	
37-LC	37 LIERNA	LC	Lierna	Via Roma, 124/126	
38-LC	38 MALGRATE	LC	Malgrate	Via San Leonardo, 14/B-C	
44-LC	44 PADERNO DADDA	LC	Paderno d'Adda	Via Volta, 10/12	
45-LC	45 ROVAGNATE	LC	Rovagnate	Via Vittorio Veneto, 8	
48-LC	48 VERCURAGO	LC	Vercurago	Via Roma, 66	
				Totale	**93.979.000**

As requested by the Client, considered the asset located in Genoa Via Garibaldi 5 (cod. 55B) within the valuation perimeter; the Client sold the property on December 5th, 2019 but the sale will be effective in case of non-use of the right of pre-emption by the Ministry of Cultural and Environmental Heritage.

DUFF & PHELPS
Real Estate Advisory Group

On the valuation date, some buildings are subject to a preliminary sales agreement. As requested by the Client, we insert below a summary table of values where for these buildings (highlighted in grey) is showed the "Sale price" and not the "Market Value" determined by REAG as of 31st December 2019.

Cod.	Asset	Prov.	City	Address	MV 31st December 2019 / Selling Prices (Euro)
1-MI	1 MILANO	MI	Milano	Via Larga, 16	
2-MI	2 MILANO	MI	Milano	Piazza De Angeli	
3-MI	3 MILANO	MI	Milano	Corso Sempione, 77	
5-MI	5 MILANO	MI	Milano	Viale Famagosta, 7	
7-MI	7 MELZO	MI	Melzo	Largo Gramsci, 1	
10-CO	10 COMO	CO	Como	Viale Cavallotti, 3/A	
14-CO	14 ERBA	CO	Erba	Via Volta, 2	
18-CO	18 LURAGO	CO	Lurago d'Erba	Via Roma, 23	
22-LC	22 LECCO	LC	Lecco	CASTELLO - Piazza G. Carducci, 8	
23-LC	23 LECCO	LC	Lecco	MAGGIANICO - Corso E. Filiberto, 108/110	
25-LC	25 LECCO	LC	Lecco	Viale Turati, 48 - Via Petrarca, 4	
30-LC	30 CASATENOVO	LC	Casatenovo	Via Cavour, 10/12	
33-LC	33 COLICO	LC	Colico	Via Nazionale, 126 - Via Baronia, 1	
35-LC	35 GALBIATE	LC	Galbiate	Piazza Don Gnocchi, 12 - Via Crocefisso	
36-LC	36 INTROBIO	LC	Introbio	P.Za Del Sagrato 9/10	
39-LC	39 MANDELLO	LC	Mandello del lario	Via Manzoni, 21	
40-LC	40 MERATE	LC	Merate	Via C. Baslini, 6 - Via Trento, 29	
41-LC	41 OGGIONO	LC	Oggiono	Via Marco D'oggiono, 15	
42-LC	42 OLGIATE MOLGORA	LC	Olgiate Molgora	Via Canova, 39	
43-LC	43 OLGINATE	LC	Olginate	Via Redaelli, 24	
46-LC	46 VALMADRERA	LC	Valmadrera	Via Stoppani, 2	
49-MB	49 BRUGHERIO	MB	Brugherio	V.Le Lombardia, 179	
51-MB	51 VEDANO AL LAMBRO	MB	Vedano al lambro	Viale C. Battisti, 42/B	
52-VA	52 CASTELLANZA	VA	Castellanza	Corso Matteotti, 19-19A	
54-BI	54 BIELLA	BI	Biella	Via Losana, 22	
60-VR	60B VERONA	VR	Verona	Via Locatelli, 6	
60-VR 2	60 VERONA	VR	Verona	Corso Porta Nuova, 135	
61-VE	61 MESTRE	VE	Mestre	Riviera XX Settembre, 13/15/17	
64-BO	64 BOLOGNA	BO	Bologna	Via Emilia Levante, 113	
71-RM	71 ROMA	RM	Roma	Piazza Ss Apostoli 70/a7b7c/73	
6-MI	6 MILANO	MI	Milano	Via Dei Martinitt, 3	
19-CO 2	19B NOVEDRATE	CO	Novedrate	Via Prov. Novedratese, 8	
19-CO	19 NOVEDRATE	CO	Novedrate	Via Prov. Novedratese, 8	
53-TO	53 TORINO	TO	Torino	Via Arcivescovado, 7	
55-GE	55 GENOVA	GE	Genova	V.Garibaldi,5 - PIAZZA PORTELLO 6	
55B-GE	55B GENOVA	GE	Genova	V.Garibaldi,5 - PIAZZA PORTELLO 6	
62-PD	62 PADOVA	PD	Padova	Piazza Alcide De Gasperi, 34/35/45a	
62-PD 2	62B PADOVA	PD	Padova	Piazza Alcide De Gasperi, 34/35/45a	
66-LI	66 LIVORNO	LI	Livorno	Via Carabinieri, 30	
67-PO	67 PRATO	PO	Prato	Via F. Ferrucci, 41	
4-MI	4 MILANO	MI	Milano	Via Pierluigi Da Palestrina, 2	
8-MI	8 TREZZANO SUL NAVIGLIO	MI	Trezzano S/N	Viale C. Colombo, 23 - Viale Fermi	
9-BG	9 CAPRIATE	BG	Capriate	Via V. Veneto, 28/b - 36d	
15-CO	15 GRANDATE	CO	Grandate	Via Statale Dei Giovi, 11/B	
63-VI	63 THIENE	VI	Thiene	Piazza Cesare Battisti, 5	
56-GE	56 GENOVA	GE	Genova	Largo S. Franc. Da Paola. , 20/D	
57-GE	57 CICAGNA	GE	Cicagna	Piazza Garibaldi, 1/R	
58-GE	58 LAVAGNA	GE	Lavagna	Via Nuova Italia, 89/91	
59-SV	59 ALBENGA	SV	Albenga	Via Martiri Della Liberta', 72	
65-LU	65 BARGA	LU	Barga	Via Pascoli, 23/25/27	
68-PO	68 MONTEMURLO	PO	Montemurlo	Via Provinciale. Scarpettini, 413	
70-FI	70 SESTO FIORENTINO	FI	Sesto Fiorentino	Via Lucchese, 2/4/R - PONTE A GIOGOLI 1	
11-CO	11 ASSO	CO	Asso	Piazza Mons. Ratti, 5	
12-CO	12 CANZO	CO	Canzo	Via Mazzini, 12/14	
13-CO	13 CIVENNA	CO	Civenna	Via Provinciale, 52	
17-CO	17B LIPOMO	CO	Lipomo	Via Belvedere, 1	
17-CO 2	17 LIPOMO	CO	Lipomo	Via Belvedere, 1	
20-CO	20 VALBRONA	CO	Valbrona	Via Vittorio Veneto, 9/11	
21-LC	21 LECCO	LC	Lecco	ACQUATE - Via Belfiore, 15/A	
26-LC	26 ABBADIA LARIANA	LC	Abbadia Lariana	Via Nazionale, 42	
27-LC	27 BARZIO	LC	Barzio	Via Roma, 47/49	
28-LC	28 BRIVIO	LC	Brivio	Piazza Della Vittoria, 3/4/5	
31-LC	31 CASSAGO BRIANZA	LC	Cassago Brianza	Piazza Visconti, 10	
32-LC	32 CIVATE	LC	Civate	Via Manzoni, 1	
34-LC	34 DERVIO	LC	Dervio	Via Diaz, 62	
37-LC	37 LIERNA	LC	Lierna	Via Roma, 124/126	
38-LC	38 MALGRATE	LC	Malgrate	Via San Leonardo, 14/B-C	
44-LC	44 PADERNO DADDA	LC	Paderno d'Adda	Via Volta, 10/12	
45-LC	45 ROVAGNATE	LC	Rovagnate	Via Vittorio Veneto, 8	
48-LC	48 VERCURAGO	LC	Vercurago	Via Roma, 66	
				Totale	93.284.000

DUFF & PHELPS
Real Estate Advisory Group

ASSUMPTIONS AND LIMITING CONDITIONS

REAG has expressly indicated the date to which the opinions and conclusions of value refer. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of the valuation.

REAG didn't carry out verifications of the area or boundaries of the property subject to analysis. All indications regarding the area and boundaries of the property are supplied by REAG only with the purpose of identifying the property subject to analysis. These identifications cannot be included in property transfer deeds or any other legal document, without the accurate verification on the part of a notary or legal advisor. Any plans, should they be present, are intended to be used solely as aids to represent the property and the area in which it is located. Although these materials were prepared using the most accurate data available, they should not be considered as a survey or as a plan to scale.

No environmental impact study has been ordered or made.
Full compliance with all applicable laws and governmental regulations was assumed unless otherwise stated in this report. We have also assumed responsible ownership and that all required licenses, permits, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis (except for what was expressly analysed during the Due Diligence activity).

The value estimate contained within the final report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in this report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural or environmental defects, the existence of which could have a material impact on value (except for what was expressly analysed during the Due Diligence activity).

DUFF & PHELPS
Real Estate Advisory Group

REAG did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places, unless stated to the contrary in this report.

No soil analysis or geological studies were provided by REAG, nor were any water, oil, gas, or other subsurface minerals nor were the rights of use and conditions were investigated.

REAG assumed that all applicable zoning and use regulations and restrictions have been complied with unless stated to the contrary in this report. Furthermore, REAG assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespassing exists (except for what was expressly analysed during the Due Diligence activity).

We did not consider costs (fiscal costs included) potentially emerging from sale or purchase of the property.

VAT (Value Added Tax) is not included in the values expressed.

Nevertheless REAG, unless otherwise provided for by this report, did not express any opinion and will not be responsible for the structural integrity of the property, including its conformity to specific governmental code requirements such as fire prevention, earthquake resistance, workers' safety or for physical defects not evident to the appraiser.

Duff & Phelps
Real Estate Advisory Group

GENERAL SERVICE CONDITIONS

Agreement

The Contract governing this engagement, including these General Service Conditions, represents the entire agreement between REAG and the Client. It supersedes any prior oral or written agreement and may not be altered except by the mutual agreements of all parties thereto.

Assignment

Neither party may assign, transfer, or delegate any of the rights or obligations hereunder without the prior written consent of the other party; unless such assignment is based upon the lawful transfer to a successor in interest of all or substantially all of the party's assets or business interests.

The Client acknowledges to have been informed by Reag about the possibility of the Assignment of Credit (hereinafter the "Assignment") to any legal person appointed by Reag (hereinafter the "Cessionary"). The Client agrees from now on and without reserve to such Assignment and commits himself to signing any document which may be necessary for legal and administrative regularization on Reag request. The Client may possibly be notified of the Assignment by means of either registered letter with acknowledgement of delivery or extrajudicial act. With effect from the invoice factoring, the Client shall be bound to pay any amount due according to this agreement and to keep to any contractual obligation

Client of Record

Only the signed Client(s) of Record may rely on the results of REAG's work. No Third Party shall have reliance or contractual rights of REAG's Client(s) of Record without REAG's prior written consent. No Party should rely on the results of REAG's work as a substitute for its own due diligence.

Communication

Electronic media including e-mail and faxes are acceptable vehicles to communicate all materials unless such communication forms are expressly prohibited in the Contract. The Client is expected to communicate and to give information to the Client Service Team assigned by REAG to this engagement. The Client shall not assume nor enlist the Client Service Team assigned by REAG to any work contemplated by the Contract to have knowledge of information provided to others not part of the team.

DUFF & PHELPS
Real Estate Advisory Group

Contingent Fees

REAG's compensation is not contingent in any way upon its opinion or conclusions or upon any subsequent event directly related to those opinions or conclusions. The Client shall pay REAG's invoices in accordance with their stated terms.

Confidentiality of data and information.

REAG maintained strictly confidential all information and data relating to the object of the engagement and its performance, and undertook not to disclose them or make them known to third parties, except in compliance with the provisions and provisions of the Authority.

REAG has the right to show the files and work notes in the context of any quality or compliance audits carried out by certification organizations to which REAG or its employees are associated. Any such access continues to be subject to the same confidence and protection by both REAG and the certification organizations. The information has not been handled and will not be handled as confidential if:

i) it is at the moment of the disclosure or later released to the public;

ii) at the time of disclosure to REAG, the information was already in its possession;

iii) the information was obtained from a third party not subject to confidentiality obligations towards the Customer.

Unless mandated by applicable laws or governmental regulations, Client shall not disclose any part REAG's work product, its confidential materials, or its role in the engagement to anyone not stipulated in the Contract, without the prior written consent of REAG.

Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of REAG.

REAG has the right to include the name of the Customer in his list of references.

Data Protection

The Parties recognised that they each processed or shall each be processing personal data in connection with the performance of their obligations and/or exercise of their

DUFF & PHELPS
Real Estate Advisory Group

rights under this Agreement and/or as otherwise required by law or regulation and that the factual arrangement between them dictated the role of each Party (as to data controller or data processor) in respect of the Data Protection Laws. Notwithstanding the foregoing, the Parties agreed and acknowledged that where either Party processed personal data pursuant to or in relation to this Agreement, that Party carried out the processing for its own purposes, and as such is a data controller under the Data Protection Laws.

Each Party at all times complies with its respective obligations under all applicable Data Protection Laws to the extent such Data Protection Laws applies to it in connection with the performance of its obligations or exercise of its rights under this Agreement

Force Majeure

Neither the Client nor REAG shall be liable for delays or for failures to perform according to the terms of the Contract due to circumstances that are beyond their individual control.

Governing Law, Jurisdiction and Venue

This Contract shall be governed exclusively by the Italian Law. Any disputes regarding these agreements will be handled exclusively by the Italian Judge and will fall within the territorial jurisdiction of the Court of Milan.

Indemnification

Client shall indemnify and hold REAG harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorney fees, to which REAG may become subjected in connection with this engagement, except to the extent finally judicially determined to have resulted from the negligence or intentional misconduct of REAG. The Client's obligation for indemnification and reimbursement shall extend to any authoritative person of REAG including any director, officer, employee, subcontractor, affiliate or agent. REAG's liability to the Client shall in no event exceed the fees it receives as a result of the engagement, except to the extent determined to have resulted from the negligence or intentional misconduct of REAG.

REAG shall indemnify and hold the Client harmless against and from any and all losses, claims, or expenses for bodily injury or property damage, in proportion to that which is caused by REAG personnel or representatives during the performance of the engagement, except to the extent of the Client's negligence. While on the Client's premises, the personnel assigned by REAG to any work contemplated by the Contract shall comply with all posted safety instructions or safety procedures requested by the Client.

Independent Contractor

REAG and the Client shall be independent contractors with respect to each other. REAG reserves the right to use subcontractors in executing the engagement. REAG is an equal opportunity employer.

Limits on the Use of the Work

REAG's report may be used only for the specific use or uses stated in the Contract, and any other use is invalid.

Matters legal in nature

No responsibility is assumed for matters legal in nature. No investigation has been made regarding the title of or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes.

Reliance on Information Provided by the Client

REAG is entitled to rely without independent verification on the accuracy and completeness of all of the information provided by the Client or its advisors. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others, unless stated to the contrary.

Retention

Unless stipulated to the contrary in this report or in a related written agreement, REAG retains as its property all files, documents, work papers, and other results, developed during the course of the engagement. Such materials will be retained for a period of at least 5 years. During this retention period, the Client shall have access to these documents to assist it in completing the specific use or uses stated in the Contract, subject only to reasonable notification.

DUFF & PHELPS
Real Estate Advisory Group

Standards of Performance

REAG shall perform the engagement in accordance with applicable professional standards. However, professional services usually involve judgements made in uncertain environments and based on an analysis of data that may be unverified or subject to change over time. The Client and other parties to whom the Client provides access to the results of REAG's work, shall evaluate the performance of REAG based on the specifications of the Contract as well as on the applicable professional standards.

Testimony

REAG's services do not include giving testimony or participating in or attending court or any other legal or regulatory hearings or inquiries unless provided for in the Contract or in a subsequent written agreement.

Ethical code – Model 231

The Client takes note that REAG has adopted its own ethical code (hereinafter "Ethical code") and its organization, management and control model according to principles and guidelines of Decreto Legislativo n. 231/2001 (hereinafter "**Model 231**"). The adoption of Model 231 is intended to prevent any crimes which Decreto Legislativo n. 231/2001 refers to and to avoid any related sanction. Copy of the Ethical code in force is available upon specific request.

The Client declares that they and any of their direct and/or indirect parent companies and subsidiaries: - do not deal (do not have offices, business, investments, transactions) with sensitive countries and/or countries subject to sanctions and embargos imposed by the UN, USA, EU and local governments; - do not do business with individuals or entities based/operating in said countries; - are not subject to said sanctions.

Clash of interests

Six –months after delivery of the final report REAG shall be able to submit to Third Parties proposals concerning the real estate assets which are the subject of this appraisal.

Complaint

The Client can demonstrate, within 20 days of the end of the activity, his dissatisfaction to REAG sending a complaint via e-mail to the appropriate e-mail account customercare@reag-dp.com.

QUALITY SYSTEM CERTIFICATION DNV·GL ISO 9001

Duff & Phelps
Real Estate Advisory Group

In order to accept and respect the requests of the Client, REAG shall carefully review any claim, verifying and analyzing the work.

DUFF & PHELPS
Real Estate Advisory Group

Duff & Phelps REAG S.p.A.
Centro Direzionale Colleoni
Palazzo Cassiopea 3- Via Paracelso, 26
20864 Agrate Brianza (MB) Italy

T + 39 039 6423 1

www.duffandphelps.it
www.duffandphelps.com

Duff & Phelps is a premier independent advisor with expertise in the areas of valuation, corporate finance, disputes and investigations, compliance and regulatory matters and other governance-related issues. From offices around the world, the firm's nearly 2,500 employees help clients address their most pressing business challenges. www.duffandphelps.com.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising services in Canada are provided by Duff & Phelps Securities Canada Ltd., a registered Exempt Market Dealer. M&A advisory and capital raising services in the United Kingdom and across Europe are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. In Germany M&A advisory and capital raising services are also provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

RICS

QUALITY SYSTEM CERTIFICATION DNV·GL ISO 9001

Rome - **DEUTSCHE BANK PORTFOLIO** - Façade

COIMA RES S.P.A. SIIQ
Piazza Gae Aulenti, 12
20154 - Milan
www.coima.com

PUBLICATION BY:
Corporate and Social Affairs Function
Finance Function
Marketing & Investor Relations Function

PHOTO CREDITS
Andrea Martiradonna
The photographs show the architecture and interiors of the COIMA RES real estate portfolio properties.

Carlo Perazzolo
The reportage images have been created in the interiors and exteriors of the properties that are part of the COIMA RES portfolio.

CONCEPT, CREATIVE COORDINATION AND GRAPHICS
Network Comunicazione
www.ntkc.it

Milan - **COIMA HEADQUARTERS** - Façade

2019
ANNUAL REPORT

COIMARES

www.coima.com