



## COIMA RES - PRESS RELEASE

### STRONG OPERATING RESULTS, IMPROVED CORPORATE GOVERNANCE, DISCIPLINED CAPITAL ALLOCATION

#### BOARD OF DIRECTORS APPROVES H1 2017 RESULTS, AS OF JUNE 30<sup>th</sup>, 2017

##### Strong Results in H1 2017 and Conservative Financial Position

- GAV of Euro 580.3<sup>1</sup> million, including revaluations of Euro 7.3 million in H1 2017
- EPRA NIY of 5.3% in H1 2017
- EPRA NAV per share of Euro 10.34 (+5.6% over the last 12 months)
- Net LTV at 35.0%<sup>1</sup> as of June 30<sup>th</sup>, 2017
- Lowered “all in” cost of debt by 7 bps to 1.92% (vs 1.99% as of December 31<sup>st</sup>, 2016)
- Rents of Euro 16.7 million in H1 2017
- Like for like rental growth of +0.8% in H1 2017 (+3.0% excluding Deutsche Bank branches)
- EPRA Occupancy Rate growth by 50 bps to 96.3%<sup>2</sup> (vs 95.8%<sup>2</sup> as of December 31<sup>st</sup>, 2016)
- EPRA EPS of Euro 0.19 in H1 2017
- Recurring FFO per share of Euro 0.22 in H1 2017
- First dividend (Euro 0.11 per share) paid in April 2017, one year ahead vs IPO plan
- Future dividend distributions twice a year, next payment in Q4 2017

##### Board Changes Strengthen Corporate Governance

- Luciano Gabriel and Olivier Elamine join the Board and internal committees
- Independent Board members now 7 out of 9
- Olivier Elamine appointed as a member of the Compensation Committee
- Luciano Gabriel appointed as a member of the Control and Risk Committee
- Annual election of directors improves accountability of Board to shareholders

##### Portfolio Growth and Asset Management Success

- Deruta bought for Euro 47 million at 7.0% EPRA NIY, 9% revaluation in H1 2017
- Study carried out to evaluate Deruta capacity increase and energy efficiency improvements
- Deutsche Bank branch disposals for Euro 0.5 million (6% above book value) in 2017 YTD
- Ongoing discussions on sale of additional Deutsche Bank branches
- NH Hotel lease renewal 120%<sup>3</sup> above in-place rent, refurbishment process underway
- MHREC refinancing extends debt maturity and lowers borrowing cost
- Plan to increase rentable area of 2331 Eurcenter by 360 sqm (c. 3% of NRA) approved
- Bonnet redevelopment on track, PLP Architecture appointed

##### Selective Approach to Further Investments in a Strong Market

- Euro 100 million of remaining firepower with target LTV below 45%
- Disciplined approach to capital allocation, Euro 1 billion pipeline under investigation
- Opportunistic disposals being evaluated given strong market dynamics
- Renewed focus on the Milan office market

##### Other

- Publication of Sustainability Report for the year 2016 inspired by GRI standards

<sup>1</sup> Pro-forma data considering Bonnet on a look through basis

<sup>2</sup> Does not include Bonnet being a value-added project

<sup>3</sup> At steady state

Milan, July 27<sup>th</sup>, 2017 – The Board of Directors of **COIMA RES S.p.A. SIIQ** (“**COIMA RES**” or the “**Company**”) – a listed real estate company specialised in the investment and management of commercial property in Italy – meeting under the chairmanship of Massimo Capuano on July 26<sup>th</sup>, 2017, approved the consolidated financial statements as at June 30<sup>th</sup>, 2017.

### Financial Highlights, as of June 30<sup>th</sup>, 2017

(million Euro)	June 30 <sup>th</sup> , 2017	per share	December 31 <sup>st</sup> , 2016	per share	Δ (million Euro)	Δ%
Total property value	547.0		493.1		53.9	10.9%
EPRA NAV	372.2	10.34	362.2	10.06	10.0	2.8%
EPRA NNNAV	370.2	10.28	359.6	9.99	10.6	3.0%
Debt position	302.9		290.0		12.9	4.5%
Cash position	77.7		113.1		(35.4)	(31.3%)
Net Loan To Value	33.9%		27.4%		6.5 p.p.	n.m.
EPRA Net Initial Yield	5.3%		5.3%		0.0 p.p.	n.m.
EPRA “topped-up” NIY	5.5%		5.3%		0.2 p.p.	n.m.
EPRA vacancy rate	3.7%		4.2%		(0.5) p.p.	n.m.
(million Euro)	June 30 <sup>th</sup> , 2017	per share	June 30 <sup>th</sup> , 2016	per share	Δ (million Euro)	Δ%
Revenues	17.7		1.3		16.4	n.m.
NOI	14.8		(0.4)		15.2	n.m.
EBITDA	10.1		(0.5)		10.6	n.m.
EBIT	17.4		1.6		15.8	n.m.
Recurring FFO	8.0		(0.4)		8.4	n.m.
Net Profit	14.1	0.39	2.7	0.07	11.4	n.m.
EPRA Earnings	6.8	0.19	(0.4)	(0.01)	7.2	n.m.
EPRA Cost Ratio (including direct vacancy costs)	40.4%		136.4%		(96) p.p.	n.m.
EPRA Cost Ratio (excluding direct vacancy costs)	38.3%		137.7%		(99.4) p.p.	n.m.
Like for like rental growth	0.8%		2.9%		(2.1) p.p.	n.m.
WALT (years)	8.0		8.7		(0.7)	(8.0%)

### Growth of EPRA NAV in H1 2017

EPRA Net Asset Value per share as of June 30<sup>th</sup>, 2017 was Euro 10.34, an increase over the last twelve months of 6.7% before the dividend payment related to FY 2016 and 5.6% after the dividend payment. The increase in the NAV is related to positive operating results generated over the last twelve months, improvements made to the real estate portfolio and revaluation gains.

### First Dividend Paid in April 2017, Next Distribution Planned for Q4 2017

The acceleration of the post-IPO investment plan enabled COIMA RES to bring forward the distribution of its first dividend by 12 months: a dividend of Euro 4,068,352 (i.e. 70% of 2016 distributable profits) was paid on April 12<sup>th</sup>, 2017. The Board has approved future dividend distributions to be made twice a year. The next expected dividend distribution will be in Q4 2017.



## **Portfolio as at June 30<sup>th</sup>, 2017**

As of June 30<sup>th</sup>, 2017, COIMA RES portfolio totals Euro 580.3<sup>4</sup> million. The net rentable area comprises 155,494 square meters and gross initial rents amount to approximately Euro 33.2 million. The property portfolio recorded an increase in value of Euro 7.3 million in H1 2017.

## **Changes to Board of Directors Further Improve Independence**

On April 26<sup>th</sup>, 2017, the Board of Directors appointed two new independent directors of high international standing and long experience in managing listed real estate companies: Luciano Gabriel and Olivier Elamine. Olivier Elamine has been appointed as a member of the Compensation Committee and Luciano Gabriel as a member of the Control and Risk Committee. Matteo Ravà and Gabriele Bonfiglioli have concurrently resigned from their roles as executive directors. The governing body has additionally decided to propose to the next shareholders' meeting the annual appointment of all Board members. Olivier Elamine and Laura Zanetti have each purchased c. Euro 29 thousand worth of COIMA RES shares in Q2 2017.

## **Acquisition of Office Building Via Deruta in Milan**

On January 16<sup>th</sup>, 2017, COIMA RES finalised the agreement to purchase for Euro 47 million a real estate complex consisting of two buildings located in Milan in Via Deruta. The fair value of the property is Euro 51.2 million as of June 30<sup>th</sup>, 2017. A feasibility study has been carried out to evaluate (i) an increase in the capacity of the complex and (ii) optimisation of energy performance.

## **Active Asset Management on Deutsche Bank Branches**

A branch in Gravedona was sold for Euro 345 thousand (4.5% above appraised value) on March 13<sup>th</sup>, 2017. A branch in Casargo was sold for Euro 195 thousand (8.3% above appraised value) on July 19<sup>th</sup>, 2017. Discussions with potential buyers indicate interest for several additional branches. Property tax (IMU) reduction of 50% has been obtained for the Rome branch. Further potential property tax reductions for other branches are under investigation.

## **Lease Renewal and Refurbishment for NH Hotel at Gioaiotto**

On January 23<sup>rd</sup>, 2017, the MH Real Estate Crescita Fund ("MHREC"), 86.7% owned by COIMA RES, renewed and extended the lease with NH Hotel. The new lease signed with the NH Hotel (in force from January 1<sup>st</sup>, 2017), will run for nine years (no possibility to withdraw) plus a renewal option for further six years. The stabilised minimum rent is Euro 1.5 million (120%<sup>5</sup> above the previous rent) with a potential increase based on the hotel's annual turnover. NH Hotel Group undertook to perform renovation works for Euro 4 million by the end of 2018 (MHREC will contribute Euro 1.4 million to this amount). NH Hotel will finalise the design project by Q3 2017 with commencement of works planned for Q4 2017 and works to be completed by the end of 2018.

## **MHREC Refinancing Extends Maturity and Lowers Borrowing Spread**

On April 12<sup>th</sup>, 2017, COIMA RES announced that MHREC refinanced the debt on two office buildings: Gioiaotto in Milan and 2331 Eurcenter in Rome. The refinancing became effective on March 31<sup>st</sup>, 2017. The refinancing was executed for a total amount of Euro 73 million. As part of the refinancing, Euro 5 million was repaid. The refinancing extends by 3.7 years the previous maturity to 2022. A margin reduction of 25 bps was achieved. As of June 30<sup>th</sup>, 2017, the

<sup>4</sup> Pro-forma data considering Bonnet on a look through basis

<sup>5</sup> At steady state



consolidated Net LTV for COIMA RES is 35.0%<sup>6</sup>, the weighted average debt maturity is 4.0 years and the weighted average “all in” cost of debt is 1.92% (81% of debt is hedged).

### **Active Asset Management on 2331 Eurcenter**

In May 2017, our application to increase the covered rentable area on the rooftop (320 sqm) and mezzanine (40 sqm) level was accepted by the relevant authorities. The design is being finalized and preliminary leasing activity with current tenants is being carried out.

### **Appointment of PLP Architecture to Manage Bonnet project**

London-based studio PLP Architecture has been selected for the development of the Via Bonnet complex, focussing on the high-rise building and the adjacent square which will include a retail box. PLP Architecture has designed many high-profile projects, including: “The Edge” in Amsterdam (named the world's most sustainable building), 1 Page Street in London (Burberry’s headquarters) and Nova Victoria in London. The conceptual design was completed during H1 2017. The strip out and environmental clean-up are planned for H2 2017 while the construction phase will start in H1 2018 with completion of the project planned for the beginning of 2020.

### **Investments and Pipeline**

Current residual investment capacity amounts to c. Euro 100 million at an LTV target below 45%. More than Euro 1 billion of investment opportunities have been evaluated in H1 2017: a disciplined approach to capital allocation has been maintained. In addition, given the strength of the market, opportunistic disposals are being considered to crystallize value and rotate the portfolio.

### **Publication of First Sustainability Report**

COIMA RES published its first Sustainability Report for the year 2016. The Sustainability Report is inspired by GRI (Global Reporting Initiative) sustainability reporting guidelines.

### **Roadshow Activity**

COIMA RES organizes a monthly call with the aim of keeping the market informed about the Italian real estate sector outlook and notable transactions. The next monthly calls are scheduled for July 27<sup>th</sup>, 2017 (which will also serve as our H1 2017 results call), September 28<sup>th</sup>, October 25<sup>th</sup>, and November 30<sup>th</sup>, 2017. Management will also attend the 2017 EPRA Conference in London on September 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup>, 2017. Lastly, the 6<sup>th</sup> edition of the COIMA Real Estate Forum and the related property tour will take place in Milan on October 26<sup>th</sup>, 2017.

**Manfredi Catella**, Founder and CEO of COIMA RES, commented: *“Our activity during H1 2017 confirms the merits of our focus on Milan, which is experiencing very strong market dynamics. We remain focused on actively managing our portfolio, endeavor to extract value from our assets and continue to evaluate a strong pipeline for further disciplined investment activity.”*

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<sup>6</sup> Pro-forma data considering Bonnet on a look through basis

## CONSOLIDATED BALANCE SHEET

(thousands of Euro)	June 30 <sup>th</sup> , 2017	of which related parties	December 31 <sup>th</sup> , 2016	of which related parties
<b>Assets</b>				
Real estate investments	534,850	-	480,900	-
Other tangible assets	29	-	3	-
Investments accounted for using the equity method	16,645	-	16,187	-
Available for sale financial assets	1,482	-	-	-
Non - current deferred tax assets	8	-	6	-
Derivatives	690	-	613	-
Non - current financial receivables	1,620	1,620	1,621	1,621
Trade and other non - current receivables	38,000	-	38,000	-
<b>Total non - current assets</b>	<b>593,324</b>	<b>1,620</b>	<b>537,330</b>	<b>1,621</b>
Inventories	12,140	-	12,220	-
Trade and other current receivables	8,338	46	8,739	115
Cash and cash equivalents	77,663	-	113,102	-
<b>Total current assets</b>	<b>98,141</b>	<b>46</b>	<b>134,061</b>	<b>115</b>
<b>Total assets</b>	<b>691,465</b>	<b>1,666</b>	<b>671,391</b>	<b>1,736</b>
<b>Liabilities</b>				
Capital stock	14,451	-	14,451	-
Share premium reserve	335,549	-	335,549	-
Valuations reserve	58	-	75	-
Other reserves	7,733	-	-	-
Profit / (loss) for the period	14,096	-	12,123	-
Profit / (loss) carried forward	-	-	(320)	-
<b>Total group shareholders' equity</b>	<b>371,887</b>	<b>-</b>	<b>361,878</b>	<b>-</b>
<b>Total minority equity</b>	<b>11,290</b>	<b>-</b>	<b>11,114</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>383,177</b>	<b>-</b>	<b>372,992</b>	<b>-</b>
Bank borrowings and other non-current lenders	302,908	-	289,973	-
Deferred tax liabilities	1	-	-	-
Payables for post-employment benefits	11	-	5	-
Provisions for risks and charges	171	45	125	-
Trade and other non - current payables	582	396	577	391
<b>Total non - current liabilities</b>	<b>303,673</b>	<b>441</b>	<b>290,680</b>	<b>391</b>
Trade and other current payables	4,562	1,358	7,713	3,762
Current tax payables	53	-	6	-
<b>Total current liabilities</b>	<b>4,615</b>	<b>1,358</b>	<b>7,719</b>	<b>3,762</b>
<b>Total liabilities</b>	<b>308,288</b>	<b>1,799</b>	<b>298,399</b>	<b>4,153</b>
<b>Total liabilities and shareholders' equity</b>	<b>691,465</b>	<b>1,799</b>	<b>671,391</b>	<b>4,153</b>

## CONSOLIDATED INCOME STATEMENT

(thousands of Euro)	Six months ended, June 30 <sup>th</sup> , 2017	of which related parties	Six months ended, June 30 <sup>th</sup> , 2016	of which related parties
<b>Income statement</b>				
Revenues	17,693	-	1,286	-
Cost of raw materials and services	(4,837)	(2,183)	(1,052)	(474)
Personnel costs	(795)	(400)	(320)	(85)
Other operating expenses	(1,935)	(7)	(382)	(104)
Amortization, depreciation and write-downs	(1)	-	-	-
Adjustment to fair value of property	7,314	-	2,045	-
<b>Operating Earnings</b>	<b>17,439</b>	<b>(2,590)</b>	<b>1,577</b>	<b>(663)</b>
Net income attributable to non-controlling interests	(6)	-	-	-
Income / (losses)	-	-	1,022	-
<i>of which non-recurring</i>	-	-	1,022	-
Financial income	416	-	108	-
Financial expenses	(3,102)	-	-	-
<b>Profit before tax</b>	<b>14,747</b>	<b>(2,590)</b>	<b>2,707</b>	<b>(663)</b>
Income tax	(8)	-	-	-
<b>Profit for the period</b>	<b>14,739</b>	<b>(2,590)</b>	<b>2,707</b>	<b>(663)</b>
Minority interest	(643)	-	-	-
<b>Profit for the Group</b>	<b>14,096</b>	<b>(2,590)</b>	<b>2,707</b>	<b>(663)</b>

## EARNINGS PER SHARE

(thousands of Euro)	Six months ended, June 30 <sup>th</sup> , 2017	Six months ended, June 30 <sup>th</sup> , 2016
<b>Earnings per share</b>		
Basic, net income attributable to ordinary COIMARES SIIQ' shareholders	0.39	0.27
Diluted, net income attributable to ordinary COIMARES SIIQ' shareholders	0.39	0.27

## CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of Euro)	Six months ended, June 30 <sup>th</sup> , 2017	Six months ended, June 30 <sup>th</sup> , 2016
Profit / (loss) for the period	14,739	2,707
<b>Adjustments to reconcile the profit to net cash flow:</b>		
Amortization, depreciation and write-downs	1	-
Severance pay	52	-
Adjustment to fair value of property	(7,314)	(2,045)
Net income attributable to non-controlling interests	6	-
Financial income	(405)	-
Financial expenses	410	-
Adjustment to fair value of financial instruments	5	204
Other operating expenses	-	24
<b>Changes in working capital:</b>		
(Increase) / decrease in trade receivables and other current receivables	400	(44,260)
Increase / (decrease) in trade payables and other non - current liabilities	(3,152)	7,983
Increase / (decrease) in tax payables	47	-
<b>Net cash flows generated (absorbed) from operating activities</b>	<b>4,789</b>	<b>(35,387)</b>
<b>Investment activities</b>		
(Acquisition) / disposal of real estate property	(46,556)	(203,506)
(Acquisition) / disposal of other tangible assets	(26)	-
(Acquisition) / disposal of other non-current assets	(1,534)	-
(Acquisition) of associated companies	(6)	3,923
<b>Net cash flows generated (absorbed) from investment activities</b>	<b>(48,122)</b>	<b>(199,583)</b>
<b>Financing activities</b>		
Shareholders' contributions / (dividend payment)	(3,972)	204,930
Minorities	(467)	-
Acquisition of derivatives	(192)	-
Increase / (decrease) in bank borrowings and other non-current lenders	19,180	213,622
Repayment of loans	(6,655)	-
<b>Net cash flows generated (absorbed) from financing activities</b>	<b>7,894</b>	<b>418,552</b>
Net (decrease) / increase in cash and cash equivalents	(35,439)	183,582
Cash and cash equivalents at the beginning of the period	113,102	390
<b>Cash and cash equivalents at the end of the period</b>	<b>77,663</b>	<b>183,972</b>

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COIMA RES will discuss its results during a public conference call on July 27<sup>th</sup>, 2017 at 15:00 CET (Central European Time). The call will be held in English and the presentation will be available on the company website ([http://www.coimares.com/\\_EN/investor-relations/results-and-presentations.php](http://www.coimares.com/_EN/investor-relations/results-and-presentations.php)). To participate to the call, please call on of the following numbers:

Italy: +39 028020902  
 UK: +44 2030595875  
 USA: +1 7187058795

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The Executive responsible for the preparation of the company's accounting documents, Fulvio Di Gilio, declares that, pursuant to the art. 154-bis comma 2 of the Consolidated Financial Act, the accounting information given in this press release corresponds to accounting documents, books and entries.

This press release may contain forecasts and estimates which reflect the current management expectations on future events and developments and, therefore, by their nature, forecasts and estimates involve risks and uncertainties. Taking into account such risks and uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements which should not be considered as forecasts of actual results. The ability of COIMA RES to achieve the expected results depends on many factors outside of management's control. Actual results could cause the results to



differ materially (and to be more negative) from those expressed or implied in the forward-looking statements. Such forecasts and estimates involve risks and uncertainties that may significantly affect the expected results and are based on certain key assumptions. The forecasts and estimates expressed herein are based on information made available to COIMA RES as of the date hereof. COIMA RES does not assume any obligation to publicly update and review these forward-looking statements to reflect new information, events or other circumstances, subject to compliance with applicable laws.

The report on the financial results as at June 30<sup>th</sup>, 2017 will be made available to the public by the company headquarters, on the company internet website ([www.coimares.com](http://www.coimares.com)) and by the authorised storage system NIS-Storage ([www.emarketstorage.com](http://www.emarketstorage.com)) from July 31<sup>st</sup>, 2017.

This release uses some “alternative performance indicators” not foreseen by the IFRS-EU accounting standards. Their meaning and contents, consistent with the CESR/05-178b recommendation published on 3 November 2005, are illustrated in the single sections of this release.

For further information on the company: [www.coimares.com](http://www.coimares.com)

**COIMA RES S.p.A. SIIQ** is a commercial real estate company listed on the Italian Stock Exchange. COIMA RES manages real estate transactions, primarily focused on commercial properties (offices, retail, logistics), aimed at generating rental income from the major national and international operators. 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.

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