

# Bit Market Services

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Oggetto : COIMA RES renews and extends lease agreement with NH Hotel Group for Gioiaotto property in Milan

*Testo del comunicato*

Vedi allegato.

PRESS RELEASE

## COIMA RES RENEWS AND EXTENDS LEASE AGREEMENT WITH NH HOTEL GROUP FOR GIOIAOTTO PROPERTY IN MILAN

- NH Hotel Group will complete substantial renovation and upgrade
- New 9-year firm unbreakable lease term + 6-year extension option
- Increased in stabilized minimum rent of approximately 120%; additional rent potential based on asset performance
- 100% inflation indexed

Milan, January 23<sup>rd</sup>, 2017 – **COIMA RES S.p.A. SIIQ (“COIMA RES”)** – an Italian publicly listed property company specialised in investing and managing commercial properties in Italy – **announced it has finalised a lease agreement with NH Hotel Group for the hotel portion of the Gioiaotto property in Milan** (located in via Melchiorre Gioia, in the Porta Nuova district), owned by the MHREC Fund (the “Fund”) – which is 86.7%-owned by COIMA RES.

**NH Hotel Group** is a world-leading urban hotel operator and a consolidated multinational player. It operates close to 400 hotels and almost 60,000 rooms in 30 markets across Europe, the Americas, Africa and Asia, including top city destinations such as Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico City, Milan, Munich, New York, Rome and Vienna.



**Gioiaotto** is Milan's first LEED Platinum certified building, with a net rentable area of nearly 13,000 square metres (excluding parking). As at October 31<sup>st</sup> 2016, prior to the agreement with NH Hotel Group announced today, the property was valued at 64.3 million euros.

The NH Hotel (rated 4 stars by 2006) covers **6,500 square meters** – divided into 100 rooms. **The new lease** has an unbreakable term of 9 years, plus a further 6-year renewal option and a stabilised minimum annual rent totalling 1.5 million euros. The agreement provides for a potential increase of the rent based on the hotel's annual turnover. Furthermore, an indexation of the rent of 100% has been envisaged. NH Hotel Group has committed to investing approximately 4 million euros in renovation and upgrades by 2018, of which **the Fund will contribute 1.4 million euros (COIMA RES share is 86.7%)**.

The remaining 50% of the building is fully leased as office space (tenants include Roland Berger, Grant Thornton, QBE Insurance and others), with a stabilised gross rent amounting to 380 euro/sq m, well below current market levels and therefore providing the prospect for rental upside over time.



COIMA RES' acquisition of Gioiaotto was finalised on July 27<sup>th</sup> 2016, with a 3.1% Epra Net Initial Yield. Reflecting the new NH Hotel lease and other leases in place, and including the effect of upcoming contractual rent increases, the estimated **stabilised gross rental income will be approximately 4 million euros, with a net stabilised yield of 5.6% as of the start of 2019, in line with our original underwriting.** Following the lease with NH Hotel Group, the weighted average lease term (WALT) for Gioiaotto increases from approximately 4 years to approximately 7 years.

As prime yields in the Porta Nuova submarket in which Gioiaotto is located are currently about 4.0%, COIMA RES believes that our active management has resulted in material value creation in only 6 months from acquisition.

**Manfredi Catella**, CEO of COIMA RES said: "The acquisition of Gioiaotto, located in Porta Nuova, Milan, was finalised with a view to actively managing the property in order to quickly increase returns. In less than 6 months, the net annual yield has increased by approximately 25%, with a net stabilised yield of 5.6%, which compares with an average yield in Porta Nuova of 4.0%. This provides the basis for a revaluation of the asset and positively contributes to the performance of COIMA RES' portfolio, which now exceeds 600 million euros."

COIMA RES is currently invested in an overall real estate portfolio – including assets owned directly as well through real estate funds – consisting of **105 properties**, with a **net rentable area of approximately 161,500 square metres** and **nearly 630 million euros in value**. 81% of COIMA RES's portfolio is allocated to Italy's two primary office markets, Milan and Rome – accounting for 67% and 14%, respectively.

The agreement with NH Hotel Group was finalised with the coordination of COIMA SGR as asset manager and the assistance of DLA Piper as legal advisor. COIMA SRL will act as property manager.

For more information on the Company, visit [www.coimares.com](http://www.coimares.com)

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**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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