Real Estate SIIQ

COIMA RES

Interim financial statements
for the period ending
March 31st, 2018

INDEX

CORPORATE INFORMATION

COIMA RES S.p.A. SIIQ, (the "**Company**" or "**COIMA RES**"), with legal incorporation in Milan, Piazza Gae Aulenti 12, with Tax Code, Register of Companies and VAT No. n. 09126500967, is a commercial real estate company listed on Borsa Italiana.

COIMA RES manages commercial real estate properties with primary focus on the office segment, in order to generate rental income from major national and international operators. The company operates with the beneficial tax status granted to SIIQs (Società di Investimento Immobiliare Quotata) which is similar to the designation of Real Estate Investment Trusts (REITs) in other jurisdictions. COIMA RES' investment strategy is focused on creating a high-quality real estate portfolio – underpinned by stable, growing and sustainable cash flows – through acquisition, management, and selective disposal of commercial properties with the potential for medium-term capital-value appreciation.

CORPORATE STRUCTURE

Established by Manfredi Catella in agreement with COIMA S.r.l., COIMA SGR S.p.A. and with Qatar Holding LLC, as primary sponsor of the venture, COIMA RES is listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. since May 2016.

GOVERNANCE

Board of Directors

Caio Massimo Capuano[1]	Chairman, Non-Executive Director
Feras Abdulaziz Al-Naama[1]	Vice Chairman, Independent Director
Manfredi Catella[1]	Key Manager (CEO), Executive Director
Luciano Gabriel[1]	Independent Director
Olivier Elamine[1]	Independent Director
Agostino Ardissone[1]	Independent Director
Alessandra Stabilini[1]	Independent Director
Michel Vauclair[1]	Independent Director
Ariela Caglio[1]	Independent Director

Board of Statutory Auditors

Massimo Laconca[2]	Chairman
Milena Livio[2]	Statutory Auditor
Marco Lori[2]	Statutory Auditor
Emilio Aguzzi De Villeneuve[2]	Alternate Auditor
Maria Stella Brena[2]	Alternate Auditor
Maria Catalano[2]	Alternate Auditor

Compensation Committee

Alessandra Stabilini	Chairman
Caio Massimo Capuano	Member
Olivier Elamine	Member

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

Investment Committee

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

Control and Risk Committee

Agostino Ardissone	Chairman
Alessandra Stabilini	Member
Luciano Gabriel	Member

Internal Audit and Compliance

The Internal Audit and Compliance functions are outsourced to a specialized company named Tema S.r.l., which has designated Mr. Massimiliano Forte as responsible for the Internal Audit function and Mr. Paolo Costanzo for the Compliance function.

Risk Manager

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

External Auditors

The shareholders' meeting held on February 1st, 2016 appointed Ernst & Young S.p.A. as auditor of the Company for the period 2016-2024 in accordance with articles 14 and 16 of Legislative Decree n. 39/2010.

Executive responsible for the preparation of the company's accounting documents

Fulvio Di Gilio	Chief Financial Officer

FINANCIAL HIGHLIGHTS

The financials as of March 31st, 2018 are summarized in the table below.

(in million Euro)	March 31st, 2018	per share	December 31st, 2017	per share	Δ	Δ%
Total property value	575.6		575.6		0.0	0.0%
EPRA NAV	388.3	10.78	384.6	10.68	3.7	1.0%
EPRA NNNAV	385.3	10.70	380.2	10.56	5.1	1.3%
Debt position	239.8		263.1		(23.4)	(8.9%)
Cash position	43.2		27.0		16.1	59.6%
Net Loan To Value	34.2%		37.1%		(2,9 p.p.)	n.m.
EPRA Net Initial Yield	5.5%		5.3%		0,2 p.p.	n.m.
EPRA “topped-up” NIY	5.5%		5.5%		0,0 p.p.	n.m.
EPRA vacancy rate	4.4%		4.8%		(0,4 p.p.)	n.m.

(in million Euro)	March 31st, 2018	per share	March 31st, 2017	per share	Δ	Δ%
Rents	8.8		8.3		0.6	6.9%
NOI	7.9		7.4		0.5	6.9%
EBITDA	5.2		5.1		0.1	2.3%
EBIT	5.2		9.2		(4.0)	(43.8%)
Recurring FFO	4.3	0.12	4.2	0.12	0.1	2.8%
Net Profit	3.4	0.09	7.5	0.21	(4.2)	(55.2%)
EPRA Earnings	4.0	0.11	3.6	0.10	0.4	10.4%
EPRA Cost Ratio (including direct vacancy costs)	37.3%		39.4%		(2,1) p.p.	n.m.
EPRA Cost Ratio (excluding direct vacancy costs)	36.0%		36.2%		(0,2) p.p.	n.m.
Like for like rental growth	2.7%		0.3%		n.m.	n.m.
WALT (years)	6.9		8.3		(1.4)	(16.9%)

Steady growth of EPRA NAV in the first three months of 2018

EPRA Net Asset Value per share as of March 31st, 2018 was Euro 10.78, an increase over the last twelve months of 6.2% before the dividend payment related to FY 2017 and 4.4% after the dividend payment related to FY 2017. The increase in the NAV is related to positive operating results generated over the last three months.

The key factors affecting the NAV increase in the first three months of 2018 are:

- addition of EPRA Earnings for the period of Euro 4.0 million;
- reduction due to changes in the fair value of financial instruments for Euro 0.3 million

An improvement of the EPRA Cost Ratio to 37.3% from 39.4% as of March 31st, 2017 and from 37.5% as of December 31st, 2017, is mainly due to the increase in revenues compared to the first quarter of 2017 on a cost base which is in line with previous quarters.

The following table summarizes the balance sheet of the Company with the subsequent reclassification of the investment in the Bonnet Fund based on proportional consolidation in order to obtain the total value of the COIMA RES real estate investments at March 31st, 2018.

(in million Euro)	March 31st, 2018	December 31st, 2017	Δ	Δ%	Look-Through adjusted March 31st, 2018
Investment properties	575.6	575.6	-	0.0%	610.9
Financial assets	4.1	4.2	(0.1)	(2.3%)	4.1
Investments accounted for using the equity method	17.3	16.9	0.4	2.6%	1.9
Total LT assets	**597.0**	**596.6**	**0.3**	**0.1%**	**616.9**
Trade receivables	7.4	8.2	(0.8)	(9.4%)	8.0
Other assets	0.0	0.0	0.0	0.0%	0.0
Cash	43.2	27.0	16.1	59.6%	43.4
Total current assets	**50.6**	**35.2**	**15.4**	**43.6%**	**51.4**
Held for sale assets	-	38.0	(38.0)	100.0%	-
Total assets	**647.6**	**669.9**	**(22.3)**	**(3.3%)**	**668.3**
Debt	239.8	240.4	(0.7)	(0.3%)	259.4
Provisions	0.2	0.1	0.0	8.9%	0.2
Other liabilities	0.1	0.1	0.0	72.5%	0.1
Trade payables	8.0	11.2	(3.2)	(28.9%)	9.1
Current Financial Debt	-	22.7	(22.7)	100.0%	-
Total liabilities	**248.0**	**274.6**	**(26.6)**	**(9.7%)**	**268.7**
Minorities	12.2	11.9	0.3	2.3%	12.2
NAV	**387.4**	**383.4**	**4.0**	**1.0%**	**387.4**
NAV per share	10.76	10.65	0.11	1.0%	10.76
Net Loan to Value	*34.2%*	*37.1%*			*35.4%*

The financial table above includes the “Look-Through adjusted” column that shows our 35.7% equity investment in the Porta Nuova Bonnet Fund on a proportionally consolidated basis, instead of using equity-method accounting.

Investment properties includes Euro 98.9 million related to the Deutsche Bank portfolio, Euro 208.5 million related to Vodafone Village, Euro 72.1 million related to Gioiaotto, Euro 83.8 million related to Eurcenter, Euro 51.9 million related to Deruta and Euro 60.4 million related to Monte Rosa.

Investments accounted for using the equity method increased by Euro 0.4 million due to the equity recalls of Porta Nuova Bonnet Fund.

Financial assets relate to the temporary investment in equity funds of part of the excess liquidity through a management mandate given to Pictet, equal to Euro 1.5 million, derivative instruments, equal to Euro 0.7 million and non-current financial receivables and trade receivables amounting to Euro 1.6 million receivables relating to loans granted by the investee company MHREC Sarl to the associate company Co–Investment 2SCS.

Trade receivable refer the ordinary activities of the Company.

Compared to December 31st, 2017 the current assets held for sale show a zero-balance due to the disposal of 21 Deutsche Bank branches finalised in January 2018 for an amount of Euro 38 million.

The Company has a net debt position of Euro 196.6 million as of March 31st, 2018, in reduction of Euro 39.5 million compared to December 31st, 2017.

As of March 31st, 2018, the Net Loan to Value is equal to 34.2%, within the target of the Company to maintain on LTV below 45%.

The trade payables and other liabilities mainly include amounts payable to suppliers and invoices to be paid in an amount of Euro 4.4 million (Euro 4.2 thousand as of December 31st, 2017) and deferred income in an amount of Euro 2.2 million (Euro 1.6 million as of December 31st, 2017).

As of March 31st, 2018, the weighted average debt maturity is 3.5 years and the weighted average "all in" cost of debt is 1.97% (74.1% of debt is hedged).

The Group equity amounts to Euro 387.4 million corresponding to a NAV per share of Euro 10.76.

The interim consolidated figures show a net profit of Euro 16.0 million for the nine-month period ending March 31st, 2018.

(in million Euro)	March 31st, 2018	March 31st, 2017	Δ	Δ%
Rents	8.8	8.3	0.6	6.9%
Net real estate operating expenses	(0.9)	(0.9)	(0.1)	6.9%
NOI	**7.9**	**7.4**	**0.5**	**6.9%**
Other revenues	0.0	0.0	0.0	0.0%
G&A	(1.9)	(1.7)	(0.2)	11.8%
Other expenses	(0.0)	(0.1)	0.1	(67.2%)
Non-recurring general expenses	(0.7)	(0.4)	(0.3)	69.0%
EBITDA	**5.2**	**5.1**	**0.1**	**2.3%**
Net depreciation	(0.0)	(0.0)	(0.0)	0.0%
Net movement in fair value	0.0	4.1	(4.1)	(100.0%)
EBIT	**5.2**	**9.2**	**(4.0)**	**(43.8%)**
Finance income	0.0	0.2	(0.2)	(100.0%)
Income from investments	(0.0)	(0.2)	0.1	(77.9%)
Financial expenses	(1.6)	(1.5)	(0.1)	3.5%
Profit before taxation	**3.6**	**7.7**	**(4.2)**	**(54.0%)**
Income tax	0.0	0.0	0.0	0.0%
Profit after taxation	**3.6**	**7.7**	**(4.2)**	**(53.9%)**
Minorities	(0.2)	(0.2)	0.0	(3.1%)
Profit of the Group	**3.4**	**7.5**	**(4.2)**	**(55.2%)**
EPRA Adjustments[3]	0.6	(3.9)	4.5	<100.0%
EPRA Earnings	**4.0**	**3.6**	**0.4**	**10.4%**
EPRA Earnings per share	0.11	0.10	0.01	10.4%
FFO	**3.6**	**3.8**	**(0.1)**	**(3.8%)**
FFO Adjustments[4]	0.7	0.4	0.3	62.4%
Recurring FFO	**4.3**	**4.2**	**0.1**	**2.8%**
Recurring FFO per share	0.12	0.12	0.00	2.8%

The NOI includes rents generated by the Deutsche Bank portfolio, the Vodafone complex, Gioiaotto, Eurcenter, Deruta and Monte Rosa, net of direct property operating costs (such as property taxes, property management costs, utilities and maintenance costs).
The NOI margin as of March 31st, 2018 is 89.4% and the current in-place NOI yield is 5.5%.

The G&A expenses include personnel expenses, asset management fees, governance and control function costs as well as costs related to consultants, auditors, IT, marketing and communication and other operating costs.

In the first quarter of 2018 there are no revaluations due to the fact that the appraisals reports are issued every six months. As of March 31st, 2017, the net movement in fair value was related to the difference between the sale price and the independent appraisal valuation related to Deruta 19.

The financial expenses are mainly related to in-place debt.

The Group profit per share amounts to Euro 0.09 (Euro 3.4 million total) and is calculated according to IFRS principles, considering the average number of shares outstanding during the period.

[3] Include non-recurring costs, mainly related to the 21 Deutsche Bank branches disposal finalised in January 2018.
[4] Include mainly the amortised costs related to the reimbursement of the loan linked to 21 Deutsche Bank branches disposal finalised in January 2018 and the related disposal expenses.

PORTFOLIO AS OF MARCH 31st, 2018

As of March 31st, 2018, COIMA RES’ portfolio totals Euro 610.9[5] million and includes the Deutsche Bank portfolio, the real estate complex Vodafone Village, Gioiaotto, Eurcenter, Bonnet, Deruta and Monte Rosa.

The net rentable area is 188,817 square meters and gross initial rents are approximately Euro 35.6 million. The overall initial portfolio WALT is approximately 6.9 years, the EPRA net initial yield is 5.5%.

[5] Pro-forma data considering Bonnet look through.

Main figures of real estate portfolio as at March 31st, 2018

	Deutsche Bank	Vodafone Village	Gioiaotto	Eurcenter	Bonnet	Deruta	Monte Rosa	Portafolio March 31st, 2018
City	Various	Milano	Milano	Rome	Milan	Milan	Milan	-
Address	Various	Lorenteggio 240	Melchiorre Gioia 6-8	Piazzale Sturzo 23-31	Via Bonnet	Via Deruta 19	Via Monte Rosa 93	-
Sub-market	Various	Lorenteggio BD	Porta Nuova BD	EUR BD	Porta Nuova BD	Piazza Udine BD	Lotto-Citylife BD	-
Asset class	Bank Branches	Office	Office Hotel Retail	Office Retail	Office Retail	Office	Ufficio	-
% of ownership	100.0%	100.0%	86.7%	86.7%	35.7%	100.0%	100,0%	-
NRA excluding parkings (sqm)	45,362	46,323	15,256	14,556	20,210	27,571	19,539	**188,817**
EPRA occupancy rate	82%	100%	100%	100%	n.a.	100%	90%	**95.6%**
Tenants (#)	1	1	10	10	6	1	4	**33**
WALT (years)	8.6	8.8	6.1[6]	4.2[6]	2.2	3.8	4.6	**6.9**
Gross initial rents (€m)	5.2	13.9	3.7[6]	5.1[6]	0.3[7]	3.6	3.7	**35.6**
Net initial rents (€m)	4.4	12.9	3.3[6]	4.6[6]	0.1[7]	3.3	3.0	**31.5**
Gross stabilised rents (€/m)	5.2	13.9	4.1[6]	5.1[6]	0.3[7]	3.6	3.8	**36.1**
Net stabilised rents (€m)	4.4	12.9	3.7[6]	4.6[6]	0.1[7]	3.3	3.1	**32.1**
Expected gross stabilised rents (€m)	5.2	13.9	4.1[6]	5.1[6]	3.1[7]	3.6	4.1	**39.3**
Expected net stabilised rents (€m)	4.5	12.9	3.7[6]	4.6[6]	2.9[7]	3.3	3.5	**35.3**
Fair Value (€m)	98.9	208.5	72.1[6]	83.8[6]	35.3[7]	51.9	60.4	**610.9**
Gross initial yield[8]	5.3%	6.7%	5.1%	6.1%	n.a.	6.9%	6.1%	**6.1%**
EPRA net initial yield[8]	4.4%	6.2%	4.5%	5.4%	n.a.	6.3%	4.9%	**5.5%**
Gross stabilised yield[8]	5.3%	6.7%	5.7%	6.1%	n.a.	6.9%	6.3%	**6.2%**
EPRA topped-up NIY[8]	4.4%	6.2%	5.1%	5.4%	n.a.	6.3%	5.1%	**5.6%**
Expected gross stabilised yield	6.0%[9]	6.7%	5.7%	6.1%	6.2%[10]	6.9%	6.5%	**6.4%**
Expected net stabilised yield	5.2%[9]	6.2%	5.1%	5.4%	5.7%[10]	6.3%	5.6%	**5.7%**

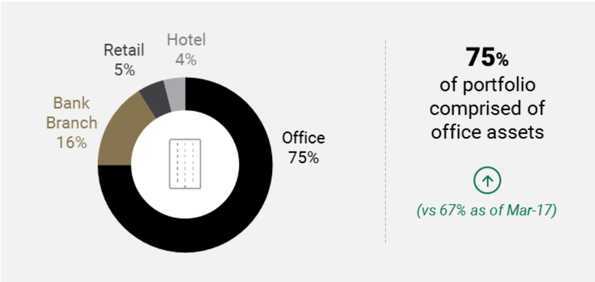
[6] Accounted at 100%
[7] Pro-rata (35.7%)
[8] Excluding the redevelopment of Bonnet
[9] Vacant buildings excluded from the calculation
[10] Expected capex considered (hard & soft costs)

The acquisition plan executed to date is in line with our investment strategy focused on the development of a portfolio focused on:

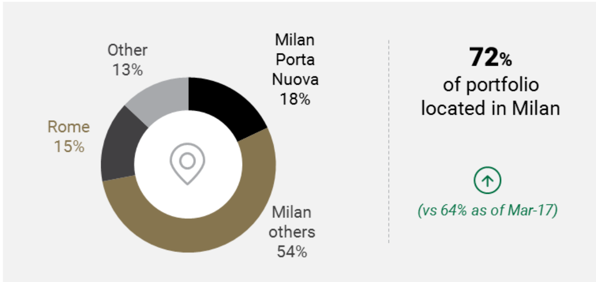
- office use;
- Italy's most attractive markets (Milan 72% and Rome 15%);
- primarily income-producing assets;
- Grade B/C buildings to be converted to Grade A.

Portfolio breakdown as of March 31st, 2018

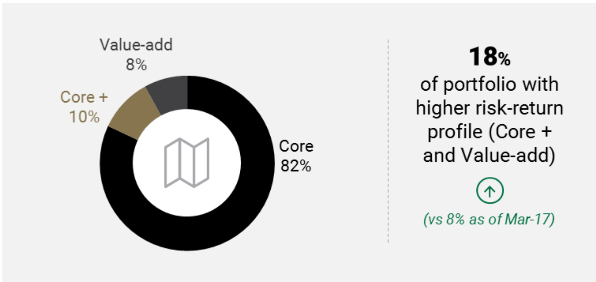
BREAKDOWN BY USE



BREAKDOWN BY GEOGRAPHY

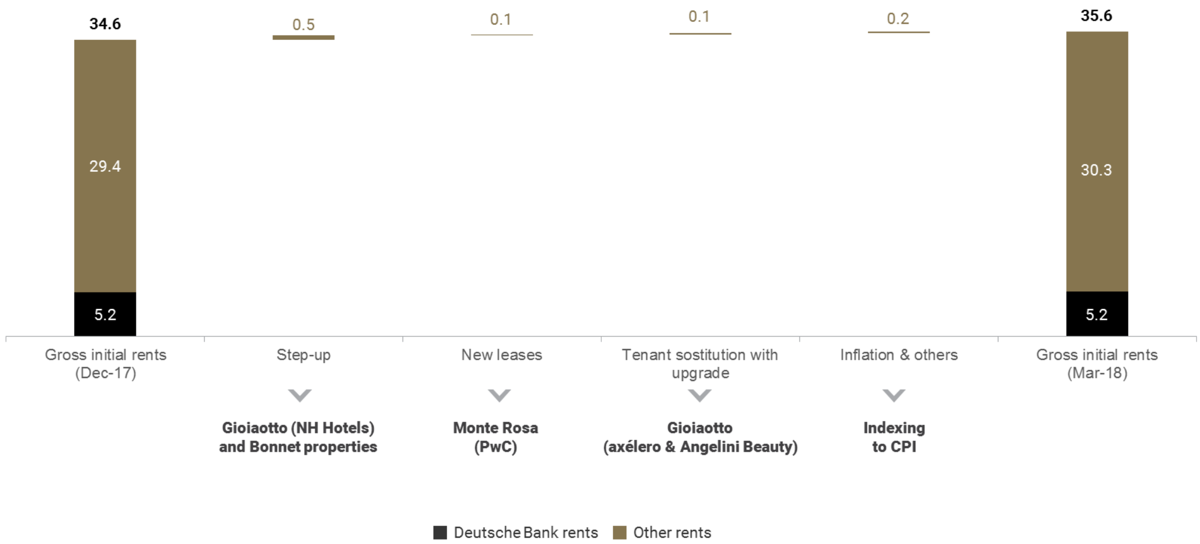


BREAKDOWN BY STRATEGY



Rental evolution

The graph below summarises the evolution of our rental income for the period ending March 31st, 2018.



Like-for-like rents grew by 2.7% in the first quarter of 2018, driven by rental step-ups, indexation and additional asset-management initiatives. Like-for-like rents grew by 3.0%, excluding the bank branch portfolio and by 3.6% if we consider only the Milan portfolio.

Finalisation of Deutsche Bank Branches Sale and Active Asset Management

The sale of 21 Deutsche Bank Branches (which was announced on October 25th, 2017) closed in January 2018, six months prior to the date originally expected. The sale closed at a price of Euro 38.0 million, 3.1% below appraised book value and slightly above the amount initially agreed of Euro 37.8 million. The 11,416 sqm portfolio included the branch in Naples on Via Santa Brigida (4,600 sqm) and several smaller branches in the regions of Campania (10 branches), Abruzzo (1 branch) and Puglia (8 branches). COIMA RES may consider further disposals on an opportunistic basis. In addition, we have achieved property tax reductions for 11 branches in the first quarter of 2018 leading to savings of c. Euro 94 thousand per annum which correspond to an increase in EPRA Net Initial Yield of approx. 10 bps (from 4.3% to 4.4%) of our Deutsche Bank portfolio on an annualised basis.

Vodafone Consolidates in the COIMA RES Campus

In January 2018, Vodafone completed the consolidation in our premises by concentrating all its employees in the two buildings of the Vodafone Village owned by COIMA RES. Vodafone was thereby able to reduce its cost per employee. COIMA RES has also activated a new property management contract for the buildings which will result in cost reduction of circa Euro 70 thousand per annum and boost the property’s NOI margin by around 50 bps (from 92.2% to 92.7%).

Refurbishment for NH Hotel and Net Release with Upgrade for Office Portion at Gioiaotto

With the aim of upgrading the hotel standards to the NH Collection level, the NH Hotel Group is performing renovation works for Euro 4.0 million. The fund which owns the Gioiaotto property – which is 87% owned and fully consolidated by COIMA RES – will contribute Euro 1.4 million to this amount. The works started in the last quarter of 2017 and are expected to be completed by the first half of 2018. Regarding Gioiaotto’s office segment, axélero S.p.A. (“**axélero**”) vacated the premises in the first quarter of 2018 (c. 700 sqm) and was contextually replaced by Angelini Beauty S.p.A. (“**Angelini Beauty**”) as a new tenant on a 6 years + 6 years lease agreement. The new lease was signed at a 14% premium to the rental rate previously paid by axélero, highlighting the strong rental dynamic currently unfolding in the Porta Nuova district.

Eurcenter NRA Increase Project Activated

In May 2017, the relevant authorities approved our application to increase the Eurcenter net rentable area (“**NRA**”) by 3.1% or 458 sqm: 419 sqm pertaining to the development of a rooftop and 39 sqm to a mezzanine floor. In relation to the rooftop, the design has been finalised and works will start upon appointment of a general contractor to be selected by the end of the third quarter of 2018. Meanwhile, preliminary leasing activity with current tenants is underway. Estimated cost for the increase in the rooftop NRA amount to c. Euro 830 thousand and could yield additional gross rent of c. Euro 134 thousand (16% yield on cost). We expect to conclude the works in the first quarter of 2019.

Additional Lease with PwC at Monte Rosa

On February 1st, 2018, COIMA RES signed an additional lease agreement with PricewaterhouseCoopers (“**PwC**”) for Euro 154 thousand per annum covering an additional 500 sqm (3.4% of NRA) plus 7 parking spots. Including this new lease, PwC will occupy c. 46% of the building’s net rentable area. The lease was signed at Euro 280 /

sqm plus annual rent of Euro 2 thousand per parking space. The new rent was signed at a premium of about 8% vs the blended average rental value of Euro 260 / sqm in place at the time of the acquisition.

Bonnet Project on Track for Delivery in 2020

The Bonnet Project is well on track for delivery by the first half of 2020 within the estimated overall cost of Euro 164 million. Demolition works and excavations began in November 2017 and are expected to complete in the first half of 2018. The final approval for construction works is expected by the first half of 2018. The construction phase would start after the approval, with overall completion of the project planned for the first half of 2020. Preliminary feedback from prospective tenants is positive.

COIMA Opportunity Fund II

On February 13th, 2018, COIMA SGR, announced the closing of the COIMA Opportunity Fund II ("**COF II**") fundraise, a Euro 500 million Value-add and Development discretionary fund with an Italian focus. COF II – the largest discretionary real estate investment fund ever launched in Italy – has investment firepower of over Euro 1.5 billion (including leverage) and is backed by blue-chip institutional investors from Asia and North America, who account for 90% of the fund's total equity. COIMA RES may co-invest in specific COF II projects, where proposed by COIMA SGR. COIMA RES has already invested alongside COF II in the Bonnet project with a 35.7% stake.

Investment Strategy and Outlook for 2018

Milan offices offer an attractive investment opportunity based on the city's positive rental growth outlook and structural undersupply of Grade A properties.

We are targeting to be fully invested by the second quarter of 2018. All our acquisition targets are in Milan with a particular focus on Porta Nuova. We will stay within a tactical LTV level of up to 45% but we will seek to maintain a medium-term LTV below 40%. Our fully invested portfolio profile will see Milan being more than 75% of GAV and our Porta Nuova exposure to be more than 20% of GAV. Our increased focus on Porta Nuova is based on the market's strategic position within Milan and its comparatively high look-forward growth: Green Street Advisors expects combined rent and occupancy gains of nearly 20% for Porta Nuova over the 2018-2020 period.

We are also actively evaluating disposals of non-core and mature assets in order demonstrate value creation and to generate additional firepower for redeployment into attractive investment opportunities within the Milan office market.

In addition to our Core / Core + focus, we will consider selective co-investments in Value-add projects with the COF II fund, in order to boost returns at a time of increased competition and compressed yields for "plain vanilla" acquisitions.

SUBSEQUENT EVENTS

FY 2017 Dividend of Euro 0.27 per share

The Annual Shareholders' Meeting held on April 12th, 2018 approved the Board of Directors proposal for the distribution of dividends for the fiscal year 2017 of Euro 9,721,890 (Euro 0.27 per share). Included in the annual dividend was the interim dividend of Euro 3,240,630 (Euro 0.09 per share) already paid in November 2017 and the final dividend of Euro 6,481,260 (Euro 0.18 per share) paid in April 2018. The 2017 dividend represented a pay-out ratio of c. 63% based on the consolidated EPRA Earnings for 2017.

Board Renewed and to be Appointed on an Annual Basis Going Forward

On April 12th, 2018, the Annual General Meeting approved the annual appointment of all Board members going forward (vs previous three-year terms). The Board has been reappointed, except for one member (Laura Zanetti) who is being replaced by Ariela Caglio. The substitution is due to the increase of other professional commitments by Laura Zanetti. Ariela Caglio is an Associate Professor of Management Accounting at the Bocconi University of Milan.

ITALY: ECONOMIC AND REAL ESTATE MARKET CONDITIONS

Italian macroeconomic environment

Italy's macro-economic performance has materially improved in 2017 vs 2016. GDP growth in 2017 stood at 1.5%[11] and the performance is consolidating in the first part of 2018 with the latest projections around GDP growth being revised upward to c. 1.5% for 2018[11] despite the political uncertainty caused by the outcome of the last general election held on March 4th, 2018. Having said that, the Italian macro recovery remains slower vs other countries in Europe (both core and peripheral) with the Eurozone expected to grow its GDP in aggregate at around 2.4% in 2018[12].

The inflation environment in Italy remains benign with the March 2018 (year on year) level being 0.8%[13] and expected to stand at 1.2% in 2018[12].

Employment continues to grow in Italy with February 2018 figures showing an increase of 0.5% of number of people employed over the last 12 months and 0.1% increase in the last month[13].

The 10 years Italian Government Bond yield has remained at around the 2% level in the first quarter of 2018 despite the political uncertainty on the back of the general elections and the normalisation of ECB's monetary policy and has tightened well below the 2% level in April 2018.

Milan office market environment

The Milan office market remains benign in the first quarter of 2018 with prime rent in CBD having grown to €575/sqm in the first quarter of 2018[14], i.e. an increase of 10.6% over the last 12 months.

Green Street Advisors estimates that the combined rental and occupancy growth in the period 2018-2020 will be +18.5% in Milan Porta Nuova, +10.2% in Milan CDB and +4.8% in Milan Inner City.

Vacancy in Milan offices as of the first quarter of 2018 stands at 11.4%, a 10-bps decrease vs the end of 2017.

Take up for Milan offices in the first quarter of 2018 stood at c. 82.000 sqm, broadly in line with pre-crisis levels[15].

The investment market for Milan offices remains solid with Euro 162 million worth of transaction recorded in the first quarter of 2018[15] and 2018 is expected to be a strong year given the strong interest by investors. Approx. 51% of the investments made over the last 12 months were performed by foreign investors.

A recent study by CBRE indicates that the main four main obstacles that investors encounter when looking to acquire assets in Italy in 2018 are (i) the availability of assets, (ii) the price of the assets, (iii) the intense level of competition amongst investors and (iv) the fiscal framework. The political aspect appears to be only the fifth obstacle considered by investors this year (was the second element in 2017 together with market transparency behind the availability of assets).

Prime net yield for Milan offices stands at 3.50% and secondary net yield stands at 5.25% which are both in line with the level recorded at the end of 2017[15].

[11] Source: FMI
[12] Source: The Economist
[13] Source: Istat
[14] Source: JLL
[15] Source: CBRE

CONSOLIDATED INCOME STATEMENT

(in thousands Euro)	Notes	March 31st, 2018	*of which related parties*	March 31st, 2017	*of which related parties*
Income statements					
Rents	1	8,833	-	8,265	-
Net real estate operating expenses	2	(968)	(67)	(938)	(20)
Net rents		**7,865**	**(67)**	**7,327**	**(20)**
Revenues from disposal		-	-	15	-
Costs of sales		-	-	-	-
Net revenues from disposal		**-**	**-**	**15**	**-**
G&A expenses	3	(2,543)	(1,385)	(2,189)	(1,269)
Other operating expenses	4	(110)	(5)	(58)	-
Gross operating income		**5,212**	**(1,457)**	**5,095**	**(1,288)**
Net depreciation		(25)	-	(0)	-
Net movement in fair value		-	-	4,137	-
Net operating income		**5,187**	**(1,457)**	**9,232**	**(1,288)**
Net income attributable to non-controlling interests		(38)	-	(172)	-
Financial income		-	-	202	-
Financial expenses	5	(1,594)	-	(1,539)	-
Profit before tax		**3,555**	**(1,457)**	**7,723**	**(1,288)**
Income tax		3	-	-	-
Profit after tax		**3,558**	**(1,457)**	**7,723**	**(1,288)**
Minorities		(176)	-	(181)	-
Profit for the Group		**3,382**	**(1,457)**	**7,541**	**(1,288)**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Below are the main items of profit and loss that have most significantly affected Group profit as of March 31th, 2018.

1. Rents

The rents amount to Euro 8,833 thousand as of March 31st, 2018 and include the rents accrued on the real estate portfolio.

(in thousands Euro)	Investments	March 31st, 2018	March 31st, 2017
COIMA RES SIIQ	Vodafone	3,485	3,466
	Monte Rosa	916	-
COIMA CORE FUND IV	Deutsche Bank branches	1,258	1,830
COIMA CORE FUND VI (ex "MHREC")	Gioiaotto	997	958
	2331 Eurcenter	1,280	1,271
COIMA RES SIINQ I	Deruta	897	741
Rents		**8,833**	**8,265**

2. Net real estate operating expenses

The net real estate operating expenses amount to Euro 968 thousand as of March 31th, 2018. The breakdown of the figure is detailed below:

(in thousands Euro)	Vodafone	Monte Rosa 93	Deutsche Bank branches	Gioiaotto and 2331 Eurcenter	Deruta	March 31st, 2018	March 31st, 2017
Recovery of costs from tenants	467	259	10	204	4	944	531
Property management fee	(69)	(15)	(49)	(77)	(9)	(219)	(168)
Maintenance and service charges	(128)	(116)	(16)	(60)	-	(320)	(86)
Utilities	(259)	(122)	-	(70)	-	(451)	(314)
Insurance	(19)	(5)	(13)	(13)	(6)	(56)	(46)
Property tax (IMU)	(173)	(112)	(193)	(162)	(58)	(698)	(706)
Property tax (TASI)	(13)	(8)	(7)	(12)	(4)	(44)	(38)
Stamp duties	(34)	(8)	(18)	(24)	(9)	(93)	(66)
Other real estate costs	-	(24)	-	(7)	-	(31)	(45)
Net real estate operating expenses	**(228)**	**(151)**	**(286)**	**(221)**	**(82)**	**(968)**	**(938)**

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

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

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

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

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

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

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

3. General and administration expenses

General and administration expenses amount to Euro 2,543 thousand as of March 31st, 2018. The detailed summary table is attached below:

(in thousands Euro)	COIMA RES	COIMA CORE FUND IV	COIMA CORE FUND VI	COIMA RES SIINQ I	Others	March 31st, 2018	March 31st, 2017
Asset management fee	(709)	(119)	(234)	-	-	(1,062)	(1,012)
Legal, administrative and technical consulting costs	(180)	(26)	(55)	(8)	(55)	(324)	(400)
Personnel costs	(439)	-	-	-	-	(439)	(373)
Governance and other control functions	(76)	(4)	(16)	(4)		(100)	(92)
Independent property valuation	(9)	(5)	(3)	(2)	-	(19)	(41)
Audit	(48)	(6)	(5)	(4)	(3)	(66)	(75)
IT service	(43)	-	-	-	-	(43)	(31)
Communication, marketing and PR	(75)	-	-	-	-	(75)	(64)
Other expenses	(123)	-	(290)	-	(2)	(415)	(101)
G&A expenses	**(1,702)**	**(160)**	**(603)**	**(18)**	**(60)**	**(2,543)**	**(2,189)**

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

*Legal, administrative and technical consulting costs r*elate mainly to support provided by consultants for ordinary management, such as:

- legal, tax and notary’s consulting for corporate services;
- technical consulting on real estate properties.

Personnel costs include:

- wages, salaries and similar expenses, amounting to Euro 187 thousand, related to wages for the Company’s employees.
- social security contributions, amounting to Euro 62 thousand, paid by the Company to social security funds.
- other personnel costs, amounting to Euro 190 thousand, include mainly the Board of Directors’ remuneration.

Governance and other control functions costs are mainly related to the Board of Statutory Auditors, amounting to Euro 31 thousand, risk management, amounting to Euro 16 thousand, and other control functions, amounting to Euro 52 thousand.

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

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

Communication, marketing and Public Relations costs are mainly related to digital and media relations expenses, amounting to Euro 47 thousand; website maintenance, amounting to Euro 23 thousand, and other marketing costs for Euro 5 thousand.

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

4. Other operating expenses

The other operating expenses, amounting to Euro 110 thousand (Euro 58 thousand as of March 31st, 2017), mainly include corporate taxes and fees, costs related to non-deductible VAT, non-recurring liabilities and other operating costs. This item also includes the increase of fair value of the financial instrument granted to some executive directors and key managers for an amount of Euro 3 thousand.

5. Financial expenses

Financial expenses, amounting to Euro 1,594 thousand, include interests accrued on existing bank borrowings.

CONSOLIDATED BALANCE SHEET

(in thousands Euro)	Notes	March 31st, 2018	*of which related parties*	December 31st, 2017	*of which related parties*
Assets					
Real estate investments	6	563,410	-	563,410	-
Other tangible assets	7	337	-	351	-
Intangible assets	7	29	-	24	-
Investments accounted for using the equity method	8	17,324	-	16,879	-
Financial assets at fair value	9	1,475	-	1,492	-
Non-current deferred tax assets		15	-	9	-
Derivatives	10	649	-	723	-
Non-current financial receivables	11	1,620	1.620	1,620	1.620
Total non - current assets		**584,859**	**1,620**	**584,508**	**1,620**
Inventories	12	12,140	-	12,140	-
Trade and other current receivables	11	7,423	46	8,194	46
Cash and cash equivalents	13	43,171	-	27,042	-
Total current assets		**62,734**	**46**	**47,376**	**46**
Non-current assets held for sale		-	-	38,000	-
Total assets		**647,593**	**1,666**	**669,884**	**1,666**
Liabilities					
Capital stock		14,451	-	14,451	-
Share premium reserve		335,549	-	335,549	-
Valuations reserve		20	-	29	-
Interim dividend		(3,240)	-	(3,240)	-
Other reserves		37,237	-	7,733	-
Profit / (loss) for the period		3,382	-	28,889	-
Total Group shareholders' equity		**387,399**	-	**383,411**	-
Minorities		**12,187**	-	**11,915**	-
Shareholders' equity	**14**	**399,586**	-	**395,326**	-
Bank borrowings and other non-current lenders	15	239,766	-	240,420	-
Deferred tax liabilities		-	-	7	-
Payables for post-employment benefits		29	-	20	-
Provisions for risks and charges	16	126	-	123	-
Trade payables and other non-current liabilities	17	615	246	554	243
Total non-current liabilities		**240,536**	**246**	**241,124**	**243**
Bank borrowings and other current lenders	15	-	-	22,720	-
Trade payables and other current liabilities	17	7,354	2,309	10,653	2,306
Current tax payables		117	-	61	-
Total current liabilities		**7,471**	**2,309**	**33,434**	**2,306**
Total liabilities		**248,007**	**2,555**	**274,558**	**2,549**
Total liabilities and shareholders' equity		**647,593**	**2,555**	**669,884**	**2,549**

NOTES TO THE BALANCE SHEET

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

6. Real estate investments

Property investments as of March 31st, 2018 are detailed as follows:

- Vodafone Village with fair value of Euro 208,500 thousand;
- Deutsche Bank branches with fair value of Euro 86,750 thousand;
- Gioiaotto with fair value of Euro 72,070 thousand and Eurcenter, with fair value of Euro 83,790 thousand;
- Deruta 19 with fair value of Euro 51,900 thousand;
- Monte Rosa 93, with a fair value of Euro 60,400 thousand.

The total amounts reported match those of the last appraisals produced by independent appraisers as of December 31st, 2017. The appraisals are drawn up in accordance with "RICS Valuation – Professional Standards", in compliance with applicable law and with recommendations given by ESMA European Security and Market Authority.

The next independent appraisals will be produced as part of our half-yearly report, based on a biannual valuation update (June 30th and December 31st). The Company, has verified the absence of any signs of impairment on real estate investments, as part of the preparation of first quarter results.

It should be noted that on January 12th, 2018, COIMA CORE FUND IV finalised the disposal of 21 Deutsche Bank branches located in Campania (12 branches), Abruzzo (1 branch) and Puglia (8 branches) for a total amount of Euro 38,000 thousand.

7. Other tangible assets and intangible assets

Other tangible assets, amounting to Euro 337 thousand (Euro 351 thousand as of December 31st, 2017), mainly include the furniture and fixtures relating to the Company's headquarter.

Intangible assets, amounting to Euro 29 thousand (Euro 24 thousand as of December 31st, 2017), refer to administrative and accounting software in implementation.

8. Investments accounted for using the equity method

The item, amounting to Euro 17,324 thousand (Euro 16,879 thousand as of December 31st, 2017), includes Porta Nuova Bonnet equity investment of Euro 15,378 thousand, and the Co – Investment 2 SCS equity investment, owned indirectly by MHREC Sàrl, amounting to Euro 1,946 thousand.

The increase of Euro 445 thousand compared to the previous year is due to the recalls made by Porta Nuova Bonnet Fund during this quarter.

9. Financial assets at fair value

Financial assets at fair value, amounting to Euro 1,475 thousand (Euro 1,492 thousand as of December 31st, 2017), relate to a temporary investment of part of COIMA RES' excess cash into certain investment funds through an investment mandate assigned to Pictet.

10. Derivatives

The derivative instruments, with a fair value of Euro 649 thousand (Euro 723 thousand as of December 31st, 2017), were entered to hedge 74.1% of our floating interest rate exposure.
The Company has recorded the financial instruments based on international accounting principles, verifying the effectiveness of the hedging relation, by performing the test retrospectively.

11. Trade and other receivables

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

Current receivables, amounting to Euro 7,423 thousand (Euro 8,194 thousand as of December 31st, 2017), include:

- other VAT receivables in an amount of Euro 2,199 thousand;
- prepayments and accrued income in an amount of Euro 2,395 thousand;
- rental receivables in an amount of Euro 2,687 thousand;
- deposits, advance and other receivables in an amount of Euro 142 thousand.

12. Inventories

Inventories, amounting to Euro 12,140 thousand, include the remaining vacant Deutsche Bank branches.

13. Cash and cash equivalents

The Company's cash and cash equivalents, amounting to Euro 43,171 thousand (Euro 27,042 thousand as of December 31st, 2017), include mainly the available cash of the parent company.
The increase of Euro 16,129 thousand compared to the previous year is mainly due to the cash collected from the disposal of 21 Deutsche Bank branches finalised on January 12th, 2018.

14. Shareholders' equity

As of March 31st, 2018, the net equity of the Company amounts to Euro 387,399 thousand.
Share capital, amounting to Euro 14,451 thousand, is represented by 36,007,000 shares, without par value, and all fully subscribed for and paid up.
Reserves include:

- share premium reserve of Euro 335,549 thousand;
- legal reserve of Euro 1,729 thousand;
- other reserves of Euro 34,017 thousand, net of the interim dividend paid on November 2017, amounting to Euro 3,240 thousand.

Minority interests are related to the participation of other investors (13.33%) in the results of the COIMA CORE FUND VI (ex "MHREC").

15. Bank borrowings and other non-current lenders

The bank borrowings, amounting to Euro 239,766 thousand, include:

- Euro 148,048 thousand related to a loan-facility granted by Banca IMI, Unicredit, BNP Paribas and ING Bank to the Company for the acquisition of the Vodafone real estate complex and the refinancing of Deutsche Bank portfolio;
- Euro 71,974 thousand related to a loan-facility granted by UBI Banca, ING Bank and Credit Agricole to the COIMA CORE FUND VI (ex "MHREC");
- Euro 19,744 thousand related to a loan-facility granted by ING Bank to COIMA RES SIINQ I for the Deruta 19 acquisition.

(in thousands Euro)	March 31st, 2018	Maturity	Rate	Arrangement fee	% hedged
COIMA RES – Senior Line	148,048	June 29th, 2021	Eur 3M +180bps	90 bps	60%
COIMA CORE FUND VI	71,974	March 31st, 2022	Eur 3M +150bps	50 bps	81%
COIMA RES SIINQ I	19,744	January 16th, 2022	Eur 3M +160bps	90 bps	81%

On March 9th, 2018, the Company repaid a portion of the senior line outstanding loan for an amount of Euro 23,000 thousand, partially utilizing the cash collected from the disposal of 21 Deutsche Bank branches.

16. Provisions for risks and charges

The provisions for risks and charges, amounting to Euro 126 thousand (Euro 123 thousand as of December 31st, 2017), include the discounted value of the long-term incentive plan granted to an employee. The incentive stipulates that employee should be paid if he still employed in the company on December 31st, 2018.

17. Trade payables and other liabilities

Trade payables and other non-current liabilities, amounting to Euro 615 thousand (Euro 554 thousand as of December 31st, 2017), are comprised of:

- Euro 246 thousand related to the fair value of the financial instruments granted to some executive directors and key managers, whose value was determined by an independent expert in February 2018;
- Euro 369 thousand related to cash deposits received from tenants.

The trade payables and other current liabilities, amounting to Euro 7,354 thousand (Euro 10,653 thousand as of December 31st, 2017) include the following:

- trade payables to suppliers and invoices to be received of Euro 3,883 thousand;
- accruals and deferred income of Euro 2,379 thousand;
- security provisions, personnel debts and other payables of Euro 1,092 thousand.

CONSOLIDATED CASH FLOW

(in thousands Euro)	March 31st, 2018	March 31st, 2017
Profit for the period before tax	3,554	7,723
Adjustments to reconcile the profit to net cash flow:		
Net depreciation	25	-
Severance pay	24	15
Net movement in fair value property	-	(4,137)
Net income attributable to non-controlling interests	38	172
Income from subsidiaries (badwill)	-	-
Financial income	-	(190)
Financial expenses	450	186
Net movement in fair value derivatives	3	-
Income taxes	3	-
Changes in working capital:	-	-
(Increase) / decrease in trade and other current receivables	770	(731)
(Increase) / decrease in deferred tax assets	(6)	-
(Increase) / decrease in long term financial assets	-	1
(Increase) / decrease in inventories	-	-
Increase / (decrease) in trade payables and other current liabilities	(3,299)	(1,896)
Increase / (decrease) in current tax payables	52	38
Increase / (decrease) in trade payables and other current liabilities	47	(14)
Other changes in working capital	-	-
Net cash flows generated (absorbed) from operating activities	**1,661**	**1,167**
Investment activities		
(Acquisition) / disposal of real estate property	38,000	(46,733)
(Acquisition) / disposal of other tangible and intangible assets	(2)	-
(Acquisition) / disposal of other non-current receivables	-	1
(Increase) / decrease in financial activities	-	-
Purchase of associated companies	(482)	-
Net cash flow generated (absorbed) from investment activities	**37,516**	**(46,732)**
Financing activities		
Shareholders' contribution / (dividends paid)	700	(2)
Dividends paid to minorities	-	(467)
Acquisition of derivatives	-	(192)
Increase / (decrease) in bank borrowings and other current lenders	-	-
Increase / (decrease) in bank borrowings and other non-current lenders	(748)	19,268
Reimbursement	(23,000)	(5,828)
Net cash flows generated (absorbed) from financing activities	**(23,048)**	**12,779**
Net increase / (decrease) in cash and cash equivalents	16,129	(32,786)
Cash and cash equivalents at the beginning of the period	27,042	113,102
Cash and cash equivalents at the end of the period	**43,171**	**80,316**

RISKS, GUARANTEES AND COMMITMENTS

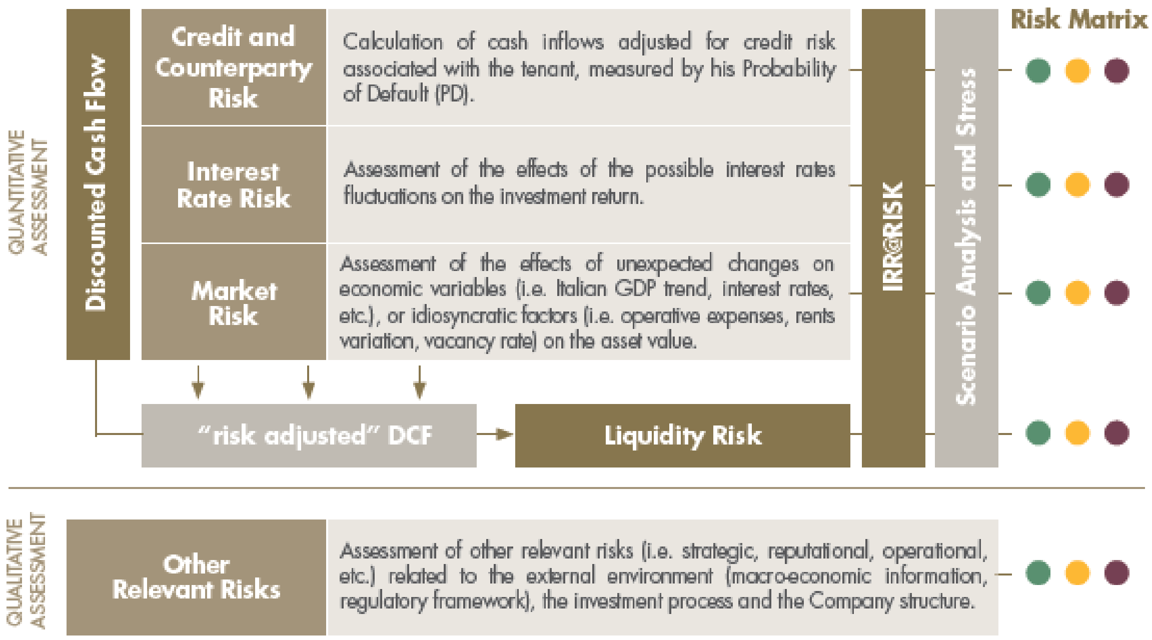
Risks

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

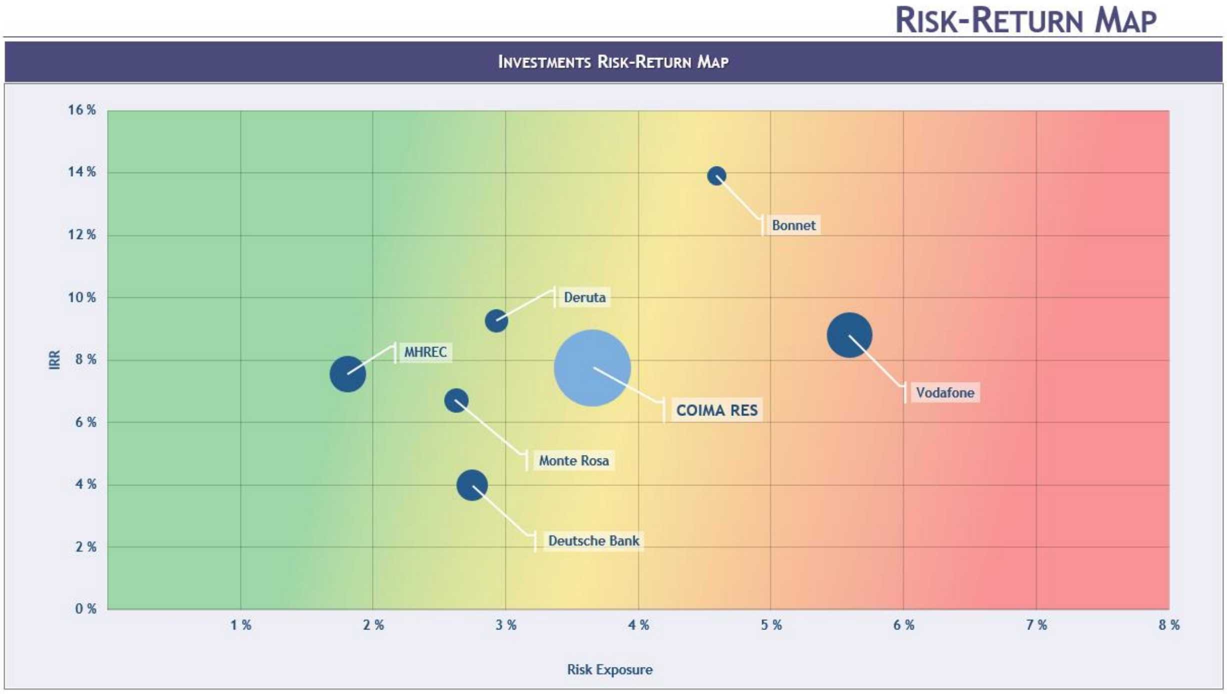
	Risks	COIMA RES mitigation
1	**Market risk** - the risk of losses related to the fluctuation in the prices of properties in the portfolio resulting from adverse changes of macroeconomic variables, the property market and/or the specific characteristics of the properties owned by the Company. This risk also includes the effects resulting from properties in the portfolio that are vacant (vacancy risk) and potential losses associated with investment in "value-added" projects, in particular relating to restructuring or refurbishment works of certain real estate projects.	The Company's investment strategy is focused on high-quality assets (real estate or fund units) in large urban areas, specifically in Milan, which have demonstrated high income capacities and good resilience during negative market cycles, partly due to a less volatile level of demand compared with smaller assets located in secondary cities. Regarding vacancy risk, the Company deals with long-term rental agreements with adequate protection clauses. Tenant-specific asset management initiatives are designed in order to understand the situation and needs of each tenant, and to identify and address potential problems proactively. Furthermore, the high quality of the Company's real estate assets mitigates the vacancy risk.
2	**Credit and counterparty risk** - the risk of losses resulting from the non-compliance of counterparties due to the deterioration of their creditworthiness, with them defaulting in extreme cases with reference to: - tenants; - counterparties in real estate development operations (manufacturer, operator); - counterparties in real estate transactions.	During the on-boarding phase, the Company analyses and continuously monitors the risks of non-compliance of tenants and other significant counterparties (e.g. solvency and creditworthiness analyses, analysis of the financial situation, references, prejudicial and negative information, etc.), also resorting to external databases. In this regard, the Company's investment strategy favours reputable and well-capitalized counterparties and those belonging to large international groups.
3	**Concentration risk** - the risk resulting from properties leased to individual counterparties or groups of legally connected counterparties, counterparties from the same economic sector or which carry out the same activity, or are located in the same geographical area.	The Company analyses and monitors this risk regularly and has also defined the limits in its Articles of Association with regard to concentration of individual properties/tenants. The Company's strategy involves increasing the number of tenants and the number of industrial sectors in which our tenants are active, in order to mitigate the risks associated with excessive concentration.
4	**Interest rate risk** - the risk related to adverse changes in the rate curve that change the current value of assets, liabilities and their net value (ALM), and cash flows (assets and liabilities) based on changes in interest expense (assets and liabilities).	The Company purchases hedging instruments or otherwise contractually fixes an adequate amount of its floating rate exposure in order to reduce the impact of adverse changes in interest rates.
5	**Liquidity risk** - the risk of not being able to meet one's payment obligations due to: - the inability to obtain funds in the market (funding liquidity risk); - the inability to monetise one's assets (market liquidity risk).	The Company continuously monitors the level of its liquidity based on detailed cash-flow analyses and projections as well as through cash flow and ALM risk management activities, utilizing among other tools scenario analyses and stress tests. From the perspective of optimising the financial and capital structure, the Company limits financial leverage to 45% of the total value of assets.
6	**Other financial risks** - other financial risks not associated with real estate assets such as, for example, counterparty risks and/or other market risks on any financial instruments in the portfolio.	The strategy currently adopted by the Company involves a limited investment in assets other than real estate assets except for treasury bills and instruments needed to hedge interest rate risk; this also takes into account statutory restrictions related to the SIIQ status to which we are subject. Exposure to any financial risks, not connected with real estate assets, is subject to periodic monitoring and is also mitigated through our use of reputable and well-capitalized banking counterparties.

7	**Operating risk** - the risk of suffering losses resulting from the inadequacy or malfunction of procedures, human resources and internal systems or external events. This risk includes the risk of outsourcing, i.e. the operating losses arising from the performance of the outsourced activities.	Operating risks are addressed by adopting adequate internal procedures and the structuring of the internal control system on three levels: - Level One: Scheduled checks carried out by the business units and staff functions; - Level Two: Checks carried out by the Legal, Compliance and Risk Management functions; - Level Three: Checks carried out by the internal audit function based on the Audit Plan.
8	**Legal and compliance risk** - the risk of changes in performance due to changes in the legislative framework.	The Company continuously monitors the risk of non-compliance with current legislation and compliance requirements. Our compliance checks include asset and profit tests to ensure that legal requirements, necessary to maintain the SIIQ status are met now and in the future, as indicated in the Articles of Association.
9	**Reputational risk** - the current or future risk of a fall in profits or capital, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors or the Regulatory Authorities.	Reputational risk, like operating risk, is mitigated by adopting an adequate organizational and control structure, consistent with international best-practices. We also mitigate reputational risk by putting in place stringent and specific procedures such as supervising external communication, overseeing interaction with stakeholders (e.g. governmental authorities) and monitoring contact with investors (e.g. complaint management).
10	**Strategic risk** - Pure risk and business risk; this consists of the current or prospective risk of a fall in profits or capital, resulting from changes in the operating environment or from incorrect corporate decisions, inadequate implementation of decisions, poor reaction to changes in the competitive environment, customer behaviour or technological developments.	In addition to a comprehensive strategic planning and evaluation process for analysis of investments, strategic risk is mitigated by the high level of experience and professionalism of Company management, with regard to the real estate market, operational/financial management, and internal controls.

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



The last survey on the Company's portfolio, based on the model described above, outlined the risk profile shown in the chart below:



Guarantees and commitments

Regarding bank loans taken on by COIMA RES, the Company has agreed with the lending banks on the following *security package*:

- first mortgage of Euro 432,550 thousand;
- pledge on the COIMA CORE FUND IV units;
- pledge on operating bank accounts linked to the loan agreement, except for the account to which any amounts distributed as dividends will be paid;
- disposal of receivables related to Vodafone rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on Vodafone.

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, except for 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 building.

COIMA CORE FUND VI (ex "MHREC") 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	146,000,000	I	UBI Bank

Furthermore, COIMA CORE FUND VI will contribute Euro 1,400 thousand for the modernisation and redevelopment works on Gioiaotto carried out by NH Hotel.

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. Note that as of March 31st, 2018 the Porta Nuova Bonnet Fund drew Euro 14,339 thousand and therefore has a residual claim of Euro 10,661 thousand on the Company.

Criteria for the preparation of the interim consolidated financial statements

The interim consolidated financial statements have been prepared adopting the same principles of consolidation and measurement criteria described in the last annual report as at December 31st, 2017, applying the new international accounting standards coming into application from January 1st, 2018. The interim consolidated financial statements do not disclose all the information required during preparation of the annual consolidated financial statements nor all the information required by IAS 34.

The consolidation perimeter includes COIMA RES SIIQ as parent company, COIMA CORE FUND IV, COIMA CORE FUND IV (ex “MHREC”), MHREC Sàrl, COIMA RES SIINQ I and Lorenteggio Village Consortium as entities consolidated using the full consolidation method, Porta Nuova Bonnet Fund and Co-Investment 2 SCS as entities consolidated in accordance with the equity method.

STATEMENT OF THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

Pursuant to art. 154-bis, subsection 2 of the Italian Consolidated Law on Finance, the Manager responsible for preparing the Company's financial reports, Fulvio Di Gilio, hereby declares that the accounting information contained in this Interim Consolidated Financial Statement as of March 31st, 2018 corresponds to corporate records, books and accounts.

Milan, May 3rd, 2018

Manager responsible for preparing the Company's financial reports

Fulvio Di Gilio

GLOSSARY

	Definition
Accounting Period	Accounting period means each successive period of 12 calendar months each of which starts on 1 January and ends at midnight on December 31st in each year.
ALM	Asset Liabilities Management is the practice of managing risks stemming from mismatches between assets and liabilities. The process is a mix between risk management and strategic planning.
Asset Management Agreement	The agreement entered into on October 15th, 2015, by and between COIMA RES and COIMA SGR and modified on November 15th, 2015.
Bonnet	Bonnet is the building located in Milan, in via Bonnet, held through the Porta Nuova Bonnet investment (35.7%).
Break Option	The right of the tenant to withdraw from the lease agreement.
CBD	Central Business District, which is the area where the prime office market is mainly located.
CBRE	CBRE Valuation S.p.A., with registered office in Milan, Via del Lauro, 5/6.
CO - Investment 2SCS	A subsidiary owned indirectly via MHREC Real Estate S.à.r.l., which owns 33.33% of the units.
COIMA CORE FUND IV	Fund in which the Company owns 100% of the shares.
COIMA CORE FUND VI (ex "MHREC")	Fund of which the Company acquired 86.67% of the shares on July 27th, 2016.
COIMA 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.
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 building 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 Ratios	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.
FFO	Funds From Operations calculated as Core Business EBITDA less net interest expense.

Gioiaotto	Gioiaotto is the building located in Milan, in Melchiorre Gioia 6-8, held through the MHREC Fund.
Good Secondary	High quality properties located in central or peripheral areas of primary cities.
Gross Expected Stabilised Yield	Calculated as Expected Gross Stabilised Rent divided by the gross market value of the property.
Gross Initial Rent	Annualised rents being received as at a certain date considering lease incentives such as rent-free periods, discounted rent periods and step rents.
Gross Initial Yield	Calculated as Gross Initial Rent divided by the gross market value of the property.
Gross Stabilised Rent	Annualised rents being received as at a certain date adjusted for unexpired lease incentives. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive.
Gross Stabilised Yield	Calculated as Gross Stabilised Rent divided by the gross market value of the property.
Initial Portfolio	The Deutsche Bank branches and the Vodafone properties.
Interest Coverage Ratios	Ratio between the EBITDA and interest expense.
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").
Monte Rosa	Monte Rosa is the building 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 building located in Roma, in Piazza Don Luigi Sturzo, held through COIMA CORE FUND VI ("ex MHREC").
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.
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.
Weighted Average Debt Maturity	It is the length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortisation or sinking fund payments.
Value-added	This type of assets includes buildings 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.