

**COIMARES**

# H1 2018 RESULTS

FULLY INVESTED WITH A STRONGER  
FOCUS ON MILAN AND ADDITIONAL  
UPSIDE POTENTIAL

July 27<sup>th</sup>, 2018

REAL ESTATE SIIQ



## Key Highlights

*Manfredi Catella, CEO*

Financial Results

*Fulvio Di Gilio, CFO*

Portfolio & Asset Management

*Matteo Ravà, Head of Asset Management*

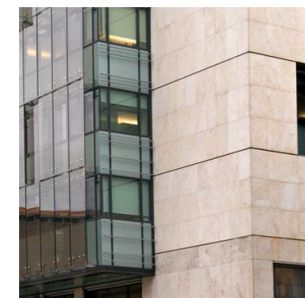
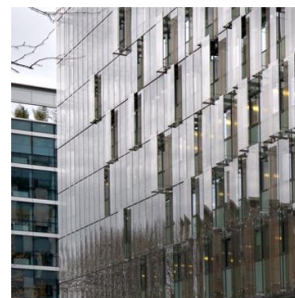
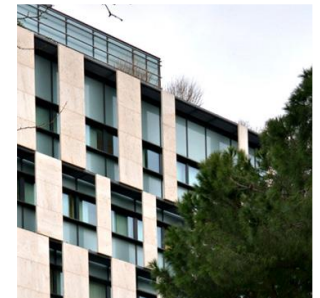
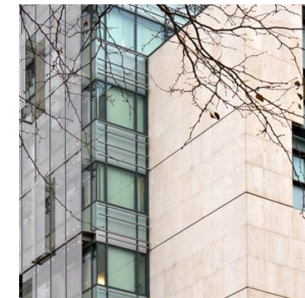
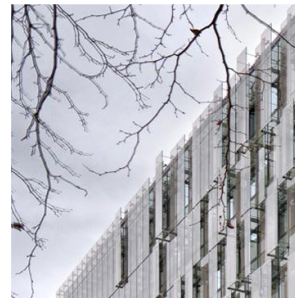
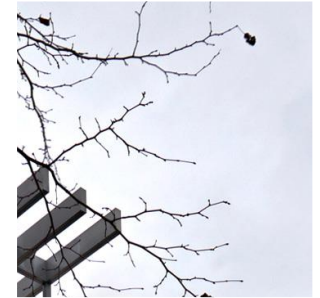
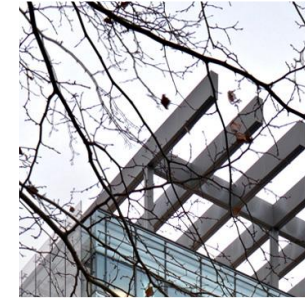
Market Outlook

*Gabriele Bonfiglioli, Head of Investments*

Closing Remarks

*Manfredi Catella, CEO*

Appendix



**COIMARES**

# H1 2018 HIGHLIGHTS



## DISCIPLINED INVESTMENT PROCESS

- Fully invested with Pavilion and Tocqueville<sup>1</sup>
  - €726m Gross Asset Value portfolio
  - ~ 80% in Milan (30% in Porta Nuova)
  - ~ 30% in Core + / Value-add
- Deutsche Bank branches
  - €41.5m of disposal since IPO
    - 100% of South of Italy sold
    - completed sale of trading portfolio
    - overall sale price in line with IPO contribution value
  - new binding offer on 2 branches
    - sale price of €1.5m @ 6.2% premium
  - additional disposals expected

## STRONG PORTFOLIO PERFORMANCE

- Like for like rental growth at +3.1%
  - +3.5% excluding bank branches
  - +4.1% for Milan portfolio
- Positive revaluations for €10.0m in H1 2018
  - +1.7% capital value growth
- Active leasing activity
  - PwC @ 8% premium to rent in place
  - Angelini @ 14% premium to rent in place
- Cost reduction activity
  - Bank Branches +180 bps NOI margin
  - Vodafone Village +50 bps NOI margin
- NOI margin increased to 89.3%
  - up 40 bps Y-on-Y
- EPRA occupancy increased to 96.0%<sup>1</sup>
  - up 40 bps vs Mar-18

## STRONG FINANCIAL RESULTS

- EPRA NAV per share increased to €10.97
  - up 2.7% in H1 2018
  - up 6.1% in LTM
  - up 12.4% since IPO
- EPRA Earnings per share of €0.22
  - up 17.4% Y-on-Y
- Recurring FFO per share of €0.25
  - up 11.5% Y-on-Y
- Reported LTV of 36.3%
  - up 90 bps vs Mar-18
- Pro-forma LTV of c. 44%<sup>1</sup>
  - medium term target LTV below 40%
- Improved financing structure
  - extended maturity to c. 5 years
  - cost remained below 2.0%

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## Market Outlook

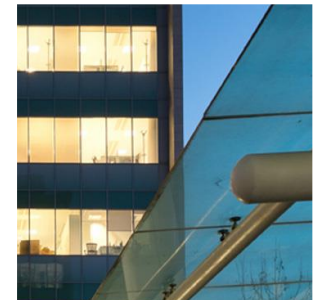
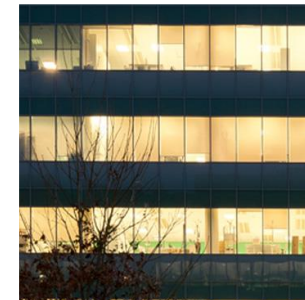
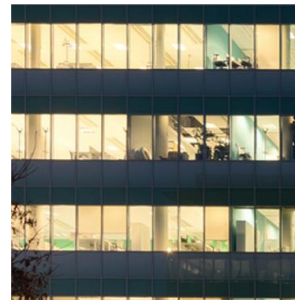
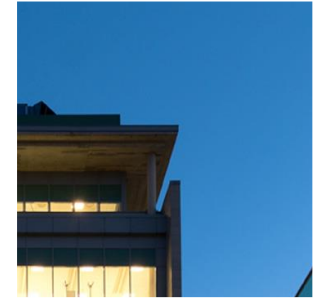
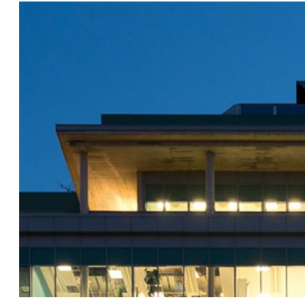
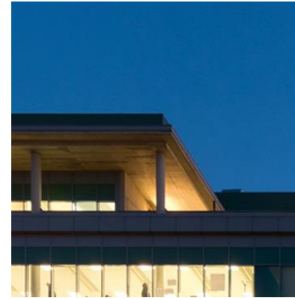
*Gabriele Bonfiglioli, Head of Investments*

## Closing Remarks

*Manfredi Catella, CEO*

## Appendix

**COIMARES**



# FINANCIAL HIGHLIGHTS



BALANCE SHEET	JUN-18	DEC-17	Δ%	Δ
GAV <sup>1</sup>	€622.6m	€610.7m	1.9%	€11.9m
EPRA NAV per share	€10.97	€10.68	2.7%	€0.29
EPRA NNAV per share	€10.85	€10.56	2.8%	€0.29
LTV <sup>1,2</sup>	36.3%	38.1%	n.m.	(180) bps

INCOME STATEMENT	H1 2018	H1 2017	Δ%	Δ
Gross Rents	€17.7m	€16.7m	6.1%	€1.0m
NOI margin	89.3%	88.9%	n.m.	40 bps
EPRA Earnings per share	€0.22	€0.19	17.4%	€0.03
Recurring FFO per share	€0.25	€0.22	11.5%	€0.03
EPRA Cost Ratio (incl. direct vacancy cost)	36.9%	40.4%	n.m.	(350) bps
All in cost of debt (blended)	1.97%	1.97%	n.m.	flat
ICR	3.7x	3.3x	n.m.	0.4x

OTHER EPRA PERFORMANCE MEASURES <sup>3</sup>	H1 2018	Q1 2018	Δ%	Δ
EPRA Net Initial Yield	5.2%	5.5%	n.m.	(30) bps
Expected Net Stabilised Yield	5.5%	5.7%	n.m.	(20) bps
EPRA Vacancy Rate	4.0%	4.4%	n.m.	(40) bps

OTHER INCOME STATEMENT METRICS	Q2 2018	Q2 2017	Δ%	Δ
Gross Rents	€8.9m	€8.4m	5.3%	€0.5m
NOI margin	89.3%	88.3%	n.m.	100 bps
EPRA Earnings per share	€0.11	€0.09	25.7%	€0.02
Recurring FFO per share	€0.12	€0.11	14.8%	€0.01



Notes:

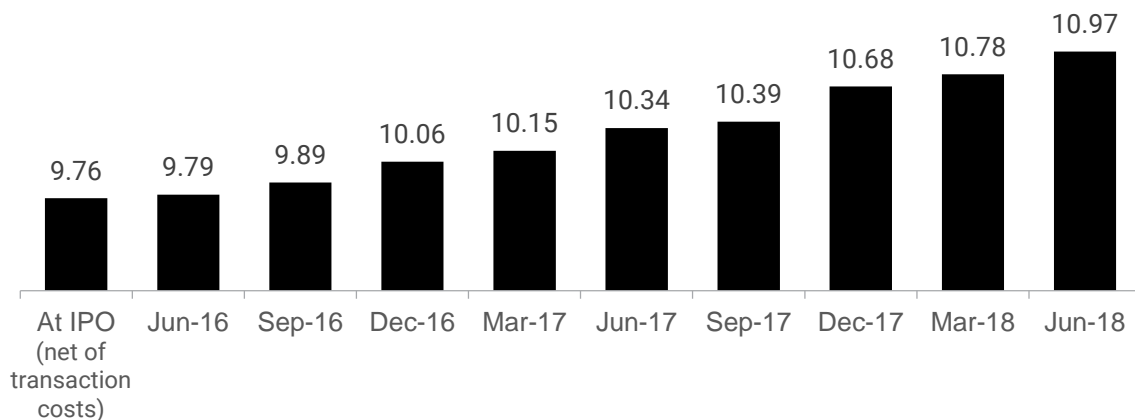
- 1) Bonnet included on a look through basis, does not include Pavilion and Tocqueville acquisitions and Deutsche Bank branches disposals (not yet closed)
- 2) Net debt and LTV as of Dec-17 do not include the €22.7m current financial debt associated to the 21 Deutsche Bank branches sold in January 2018
- 3) Data pro-forma for Tocqueville and Pavilion acquisitions and Deutsche Bank branches disposals

# EPRA NAV EVOLUTION



## EPRA NAV per share growth of 2.7% in H1 2018

### EPRA NAV PER SHARE EVOLUTION (€)



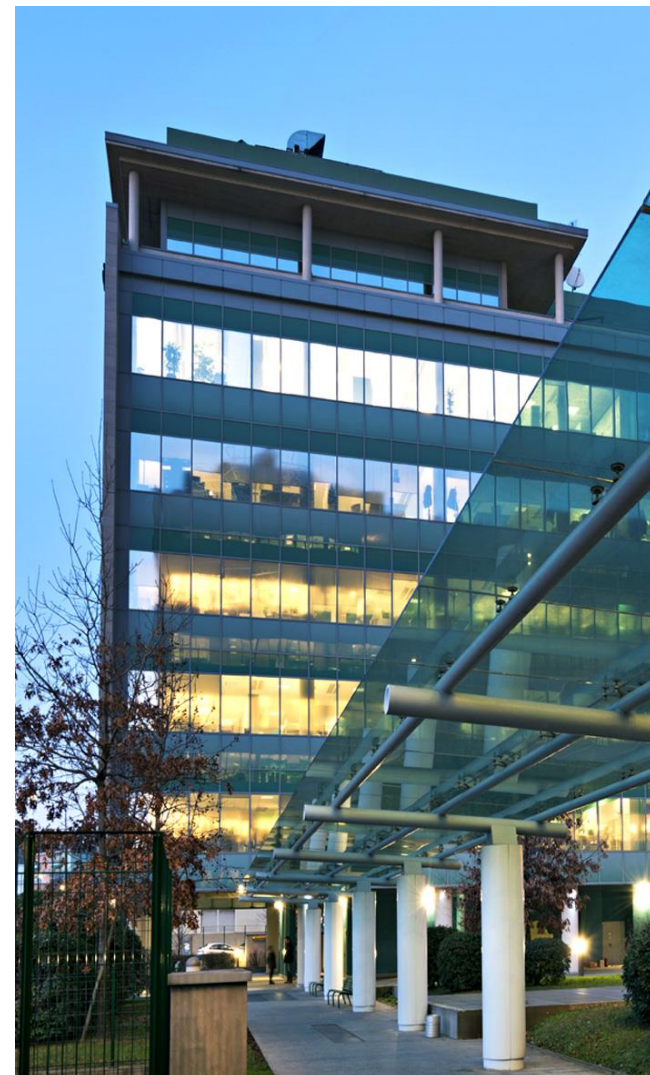
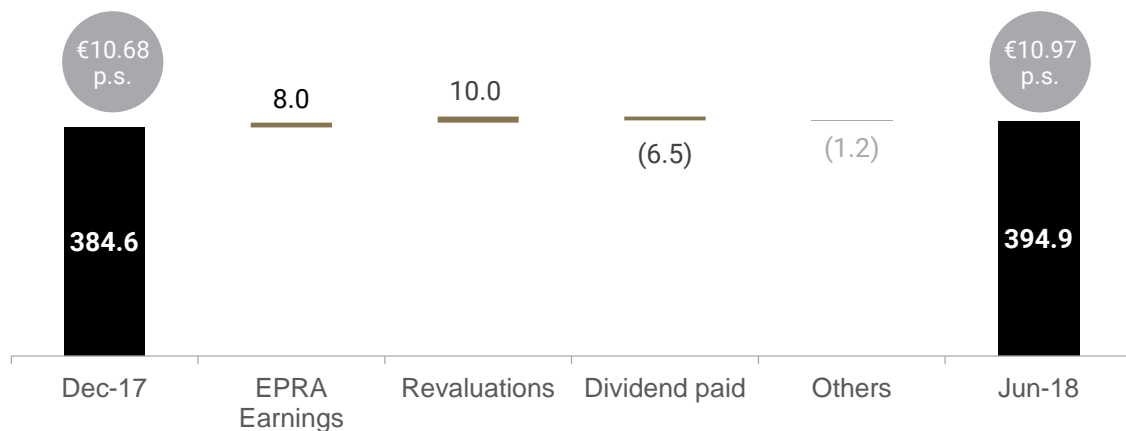
+2.7%  
in H1 2018

+6.1%  
in LTM

+6.2%  
in 2017

+12.4%  
since IPO

### EPRA NAV BRIDGE H1 2018 (€m)



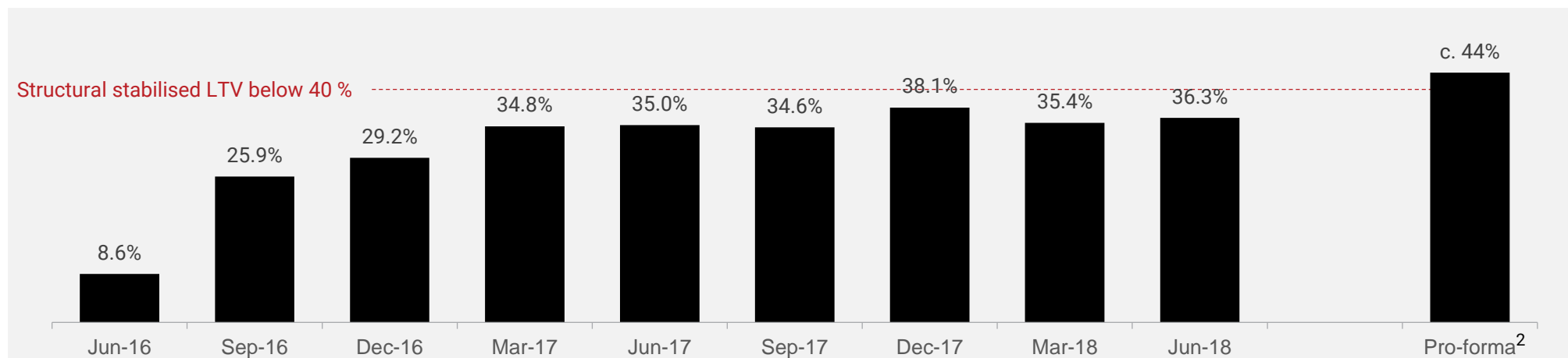
# LEVERAGE UPDATE AND RECENT DEBT DEAL



Post debt deal, weighted average debt maturity of 4.6 years, all in cost of debt of 1.98%

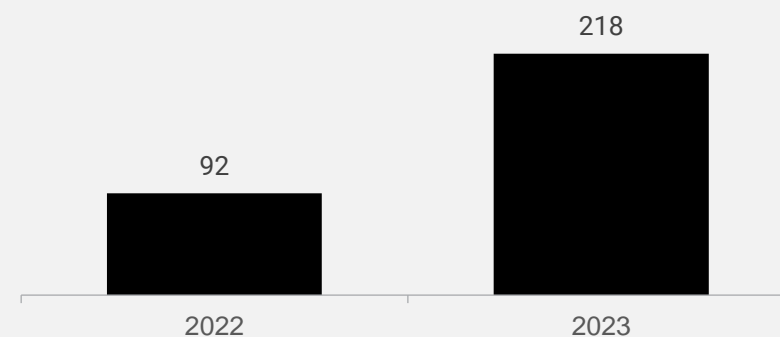
Gross debt c. 74% hedged (looking to increase portion of debt hedged to more than 80%)

## ■ LTV PROGRESSION<sup>1</sup>



## ■ GROSS DEBT MATURITY PROFILE POST RECENT DEBT DEAL (€m)

- Debt deal signed on July 16<sup>th</sup>, 2018
  - New debt for €70m for Monte Rosa and Tocqueville acquisition
  - Refinancing of €149m of existing debt on Vodafone Village and Deutsche Bank
  - Pool of banks: Banca IMI, BNP Paribas, ING, UniCredit
- Gross debt increased to €310m (from €240m as of June 30<sup>th</sup>, 2018)
- Average maturity increased to 4.6 years (from 3.3 years as of June 30<sup>th</sup>, 2018)
- Average "all in" cost of debt remained below 2.0%
- Further financing: looking to finance Pavilion acquisition in H2 2018



Notes:

1)  
2)

Bonnet included on a look-through basis

Pro-forma for Tocqueville and Pavilion acquisitions and Deutsche Bank branches disposals (not yet closed)

Key Highlights

*Manfredi Catella, CEO*

Financial Results

*Fulvio Di Gilio, CFO*

**Portfolio & Asset Management**

***Matteo Ravà, Head of Asset Management***

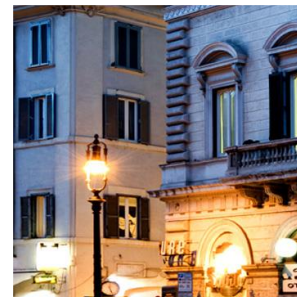
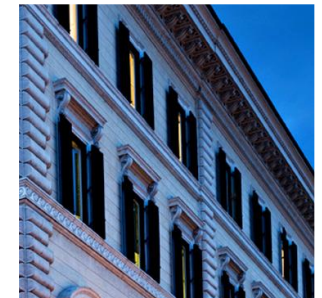
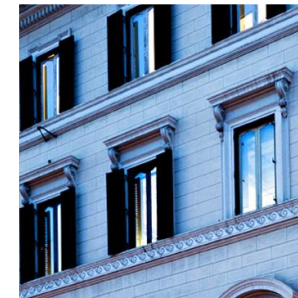
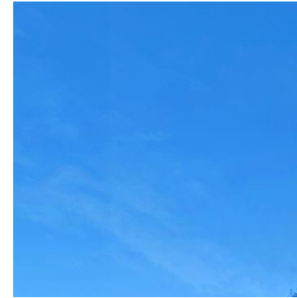
Market Outlook

*Gabriele Bonfiglioli, Head of Investments*

Closing Remarks

*Manfredi Catella, CEO*

Appendix



**COIMARES**



# PORTFOLIO – OVERVIEW<sup>1</sup>



Focus on Milan offices, the most sizeable and liquid real estate sub-segment in Italy

<p><b>€726M GROSS ASSET VALUE (PRO-FORMA)</b></p> <p><b>5.2% EPRA NET INITIAL YIELD</b></p> <p><b>5.5% EXPECTED NET STABILISED YIELD</b></p> <p><b>6.4 YEARS WALT</b></p> <p><b>4.0% VACANCY</b></p> <p><b>~ 80% MILAN</b></p> <p><b>30% PORTA NUOVA</b></p> <p><b>&gt; 80% OFFICES</b></p>	<p><b>STABLE CASH FLOW</b></p> <p>62% OF GAV 7.0 YEARS WALT</p>	 <p><b>Vodafone – Milan</b></p>	 <p><b>Deruta – Milan</b></p>	 <p><b>Eurcenter – Rome</b></p>	 <p><b>Deutsche Bank</b></p>
	<p><b>RENTAL GROWTH</b></p> <p>33% OF GAV 4.4 YEARS WALT</p>	 <p><b>Gioiotto – Milan</b></p>	 <p><b>Pavilion – Milan</b></p>	 <p><b>Tocqueville – Milan</b></p>	 <p><b>Monte Rosa – Milan</b></p>
	<p><b>NAV GROWTH</b></p> <p>5% OF GAV</p>	 <p><b>Bonnet – Milan</b></p>	<div style="border: 1px solid red; padding: 10px; text-align: center;"> <p>ASSETS IN MILAN PORTA NUOVA</p> </div>		

Notes:

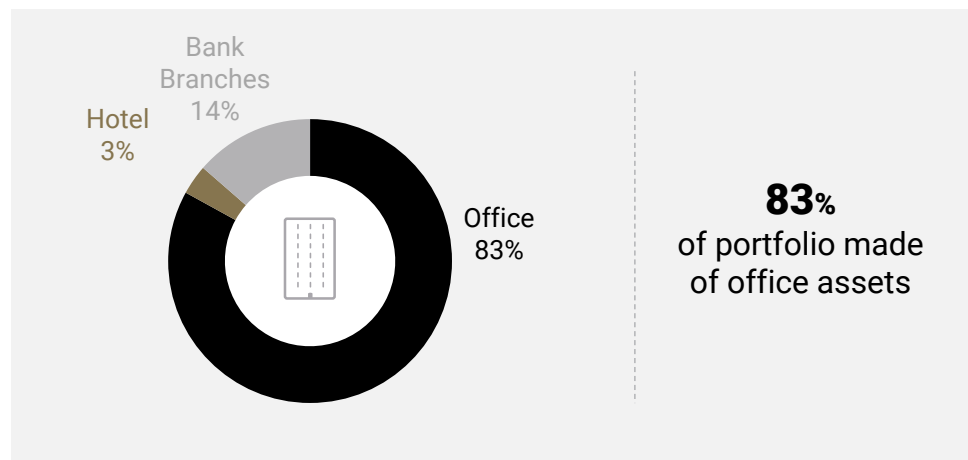
1)

Data as of June 30<sup>th</sup>, 2018, pro-forma for Tocqueville and Pavilion acquisitions and Deutsche Bank branches disposals

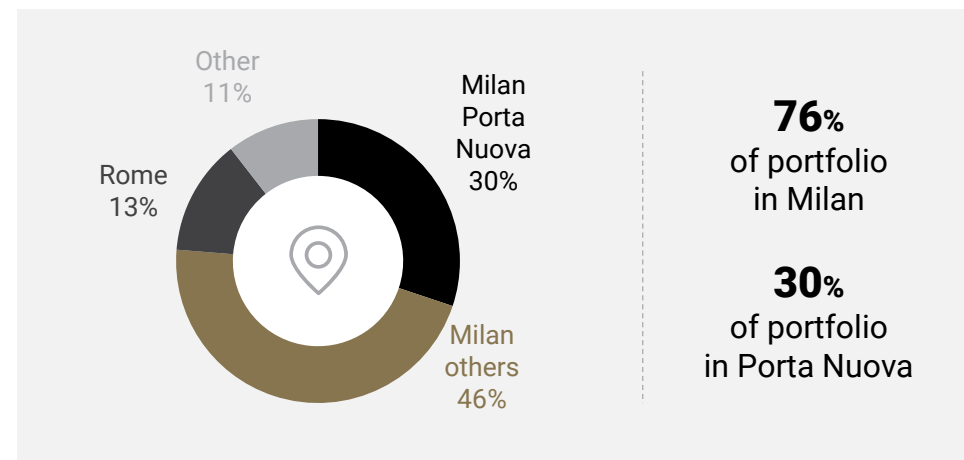
# PORTFOLIO - BREAKDOWN<sup>1</sup>



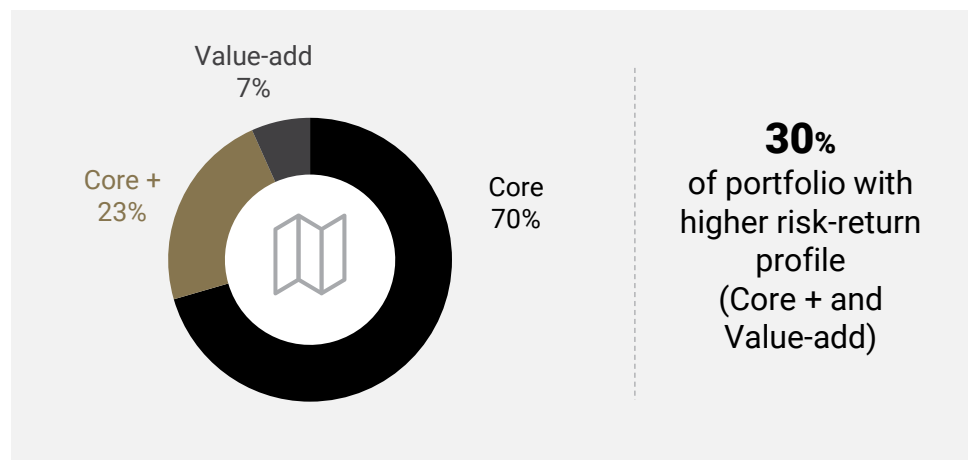
## ■ BREAKDOWN BY USE<sup>2,3</sup>



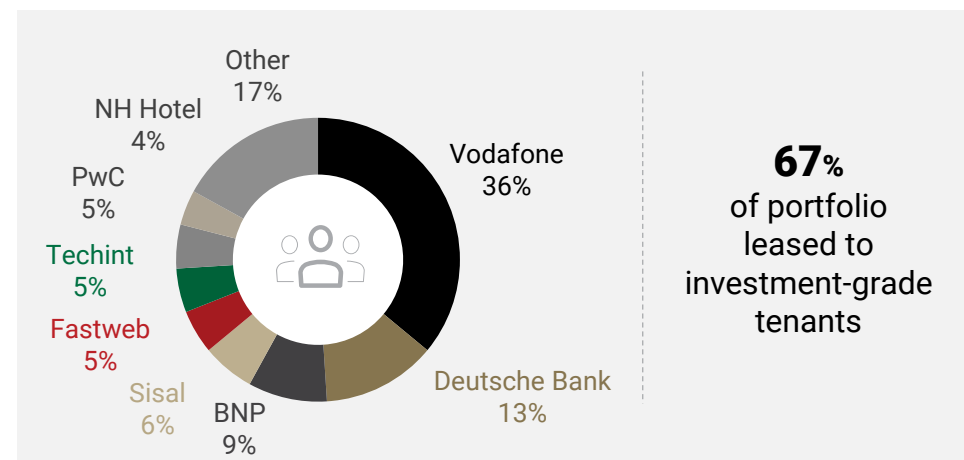
## ■ BREAKDOWN BY GEOGRAPHY



## ■ BREAKDOWN BY STRATEGY



## ■ BREAKDOWN BY TENANT



■ **GAV:** €726.0m  
 ■ **WALT:** 6.4 years

■ **EPRA Net Initial Yield:** 5.2%  
 ■ **EPRA Vacancy Rate:** 4.0%

■ **Inflation hedge:** rents 75-100% linked to CPI  
 ■ **LEED Certified / Candidate:** 70% of GAV

Note:

- 1) Data as of June 30<sup>th</sup>, 2018, pro-forma for Tocqueville and Pavilion acquisitions and Deutsche Bank branches disposals
- 2) Office portion includes c. 2,200 sqm of ground floor retail
- 3) Pavilion classified as office space

# PORTA NUOVA - OVERVIEW



## PORTA NUOVA: THE LOCATION OF CHOICE FOR BLUE-CHIP TENANTS



**+18.5% RENTAL AND OCCUPANCY GROWTH FORECAST (2018-2020)**

**HOME TO 35,000+ EMPLOYEES**

**+30% EXPECTED INCREASE IN NUMBER OF EMPLOYEES (2018-2022)**

**CURRENT FOOTFALL OF 10 MILLION**

**+50% EXPECTED INCREASE IN FOOTFALL (2018-2020)**

# PAVILION - OVERVIEW

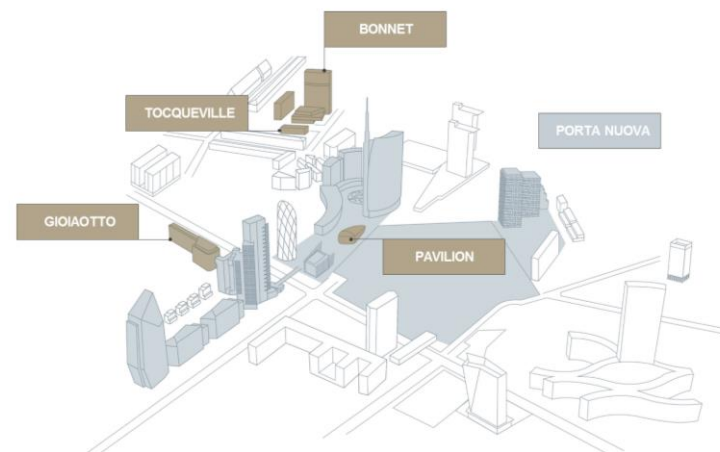


A unique Core + asset in the heart of Porta Nuova: multiple leasing strategies and strong capital appreciation potential

## KEY DATA

<b>Location</b>	Milan Porta Nuova
<b>Possible use</b>	Office / Retail / Showroom / etc.
<b>Strategy</b>	Core +
<b>Acquisition price</b>	€45.0m (+ €1.3m of transaction costs)
<b>Fair value</b>	-
<b>Surface</b>	approx. 3,580 sqm (GLA)
<b>Occupancy</b>	-
<b>EPRA Net Initial Yield</b>	-
<b>Exp. Net Stabilised Yield</b>	5.0%

## STRATEGIC LOCATION WITH GROWING FOOTFALL



## INVESTMENT HIGHLIGHTS

- Unique asset given its strategic location in the heart of Porta Nuova, between Piazza Gae Aulenti and the new “Biblioteca degli Alberi” park
- Unique technical features and 360° visibility provide a high level of flexibility and allow for a wide array of different leasing strategies
  - could be converted from exhibition centre into retail, office or showroom, creating an exclusive destination for a prospective tenant
  - prime rents in Porta Nuova have reached the €550/sqm level for office use and the €1,500/sqm level for retail use

## AN ICONIC BRAND BOOSTER FOR PROSPECTIVE TENANTS



# TOCQUEVILLE - OVERVIEW

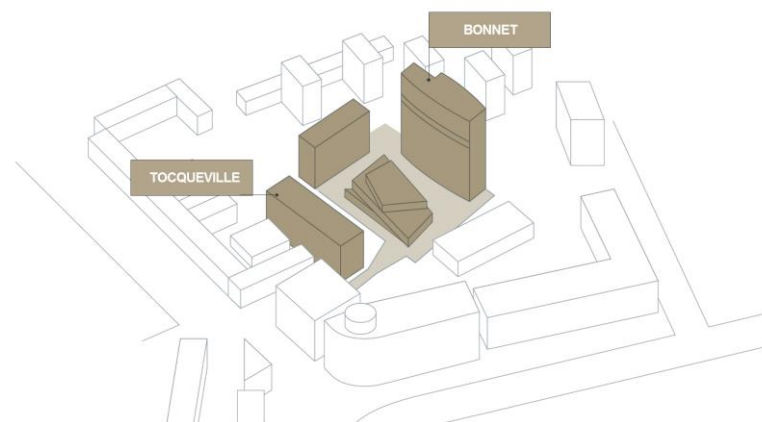


Sizeable Core + asset in Milan Porta Nuova with rental growth and capital appreciation potential

## KEY DATA

Location	Milan Porta Nuova
Main use	Office
Strategy	Core +
Acquisition price	€56.0m (+ €1.7m of transaction costs)
Fair value	€58.5m
Surface	approx. 9,600 sqm (NRA)
Occupancy	100%
EPRA Net Initial Yield	3.5%
Exp. Net Stabilised yield	4.9%

## SYNERGISTIC LOCATION WITH BONNET



## INVESTMENT HIGHLIGHTS

- Sizeable Core + asset in the Milan Porta Nuova area
- Current average gross rent in place is c. €245/sqm
  - more than 50% below Porta Nuova prime rent of €550/sqm
- Tocqueville will benefit from the planned regeneration of the surrounding area, being situated immediately in front of the Bonnet Value-add project in which COIMA RES owns a 35.7% stake
- Medium-term capex plan to achieve estimated net stabilized yield to c. 5% (based on expected net rents post refurbishment, acquisition price and capex)

## MEANINGFUL REPOSITIONING POTENTIAL



# ASSET MANAGEMENT UPDATE



## 01. DISPOSALS

### Deutsche Bank branches €41.5m disposal since IPO (2016-2018)

- Accepted binding offer in July 2018 for 2 branches in Lombardy (secondary locations of Desio and Varenna)
- Sale price of €1.5m which represents a premium of 6.2% vs the last book value as of June 30<sup>th</sup>, 2018
- Discussions on further disposal ongoing given appetite for this asset class

## 02. LEASING

### PwC incremental lease at Monte Rosa (Feb-18) and working on leasing remaining vacant portion

- New lease agreement with PwC for €154,000 p.a. (500 sqm at €280/sqm + 7 parking lots at €2,000 each) with break option in 2020
- PwC increases its share of NRA from 43% to 46%, new lease effective from February 1<sup>st</sup>, 2018
- Working on the leasing of c. 750 sqm of office premises currently vacant (c. 5% of NRA)

### Office tenant substitution with upgrade at Gioiaotto (Mar-18)

- axélero left the premises in Q1 2018 (c. 700 sqm) and was replaced by Angelini Beauty (6 years + 6 years lease agreement)
- Face rental level paid by Angelini Beauty c. 14% above the axélero level
- Expected further tenant substitutions with upgrade for c. 700 sqm

### Leasing of vacant Deutsche Bank branches

- Active leasing discussion on vacant branches for c. 5,500 sqm (c. 60% of total vacant surface)

### Leasing of AXA surfaces underway at Eurcenter

- Actively working on the re-letting of the NRA to be vacated by AXA on Dec-18 (according to lease agreement and in line with underwriting assumptions)
- AXA currently leases c. 3,240 sqm contributing to c. €1.4m of gross rents (c. 3.7% of COIMA RES gross initial rents of €37.9m)

## 03. COST OPTIMISATION

### Vodafone consolidating in Vodafone Village (Q1 2018)

- Vodafone completed the consolidation in our premises by moving all its employees in the two buildings of the Vodafone Village owned by COIMA RES
- Activated new property management contract to result in cost reduction of c. €70k boosting property's NOI margin by c. 50 bps (from 92.2% to 92.7%)

### Deutsche Bank branches IMU reduction (Q1 2018)

- Achieved property tax reduction in Q1 2018 for 11 branches for savings of c. €94k per annum, a 180-bps boost to NOI margin (from 80.1% to 82.0%)

## 04. FINANCING

### Financing maturity extension (Jul-18)

- Overall €219.3m package signed in July 2018 (€149.3m re-financing, €70.0m new financing)
- Debt maturity increased to c. 5 years, weighted average "all in" cost of debt remained below 2.0%

## 05. ASSET UPGRADING AND REPOSITIONING

### NH Hotel upgraded the Gioiaotto hotel to NH Collection standards (2018)

- Upgrade finalised, c. €4.0m capex spent by NH Hotel in 2018, of which €1.4m paid by fund which owns Gioiaotto, which is 86.7% owned by COIMA RES

### Eurcenter increase in NRA underway

- Approval received for the increase of NRA by c. 3.1% (i.e. 458 sqm, of which 419 sqm for rooftop and 39 sqm for mezzanine)
- For rooftop, estimated potential capex of c. €830k for increase in gross rent of c. €134k p.a. (c. 16% Yield on Cost)
- Rooftop design finalised, works to start at appointment of general contractor to be selected in Q3 2018, expect to conclude works in Q1 2019

### Bonnet

- Project on track for delivery on budget in H1 2020, appointed general contractor (on budget), preliminary feedback from prospective tenants is positive

# BONNET PROJECT ON TRACK



## PROJECT DESCRIPTION

- Value-add project in Milano Porta Nuova
  - COIMA RES owns 35.7% stake (remaining stake owned by COF II)
- Above ground surface at delivery of 27,000 sqm (GBA, i.e. Gross Building Area)
- Financial metrics
  - Purchase price (incl. transaction costs): €89m (€32m for COIMA RES)
  - Estimated capex: €58m (€21m for COIMA RES)
  - Total hard costs (purchase price plus capex): €148m (€53m for COIMA RES)
  - Other expenses, incl. financing (capitalised): €16m (€6m for COIMA RES)
  - Total project cost: €164m (€58m for COIMA RES)
- Project Loan to Cost: c. 60%
- Target returns
  - Gross Yield on Cost: c. 6%
  - Levered IRR: c. 12%
- Prime rents in Porta Nuova: €550/sqm office and €1,500/sqm retail

## PROJECT TIMELINE

- Approval obtained from Landscape Commission in October 2017
- Environmental clean-up and strip out completed in November 2017
- Demolition / excavation works started on November 2017 (completion in H1 2018)
- Signed re-financing for €96m in June 2017 extending maturity to 5 years
- Final approval to carry out construction works obtained in July 2018
- General contractor appointed (on budget), construction works started in July 2018
- Completion of the works and delivery of the project in H1 2020
- Formal leasing activity to start in September 2018, brokers already appointed
- Preliminary feedback from prospective tenants is positive on an unsolicited basis

## PROJECT OVERVIEW

- **Building A** (high-rise office tower, 16,000 sqm GBA)
  - existing building, 100% vacant
  - hard refurbishment
- **Building B** (low-rise office tower, 6,200 sqm GBA)
  - existing building, currently >60% leased
  - extraordinary maintenance works only
- **Building C** (new office / retail low-rise, 4,800 sqm GBA)
  - new building (partially replacing underground parking)
  - demolish and rebuild existing underground parking
  - develop new office with ground floor retail





## ■ FOCUS ON SUSTAINABILITY AND INNOVATION

- **Cutting edge sustainable and innovative technologies**
  - implementation of Smart Building infrastructure
  - approx. 65% of energy use from renewable sources
- **PLP Architecture leading the project**
  - award winning international studio
  - designed several high-profile projects, including "The Edge" in Amsterdam (named the world's most sustainable building)
- **High-rise office tower (Building A)**
  - hard refurbishment
  - LEED Gold, WELL Gold, Cradle to Cradle target
- **New office & retail low-rise (Building C)**
  - new building (partially replacing underground parking)
  - office with ground floor retail
  - LEED Gold, WELL Gold, Cradle to Cradle target
- **Place-making**
  - creation of a new public space
  - seamless integration of streets connecting to Corso Como in line with Porta Nuova standards

## ■ A "NEXT GENERATION" PROJECT IN PORTA NUOVA



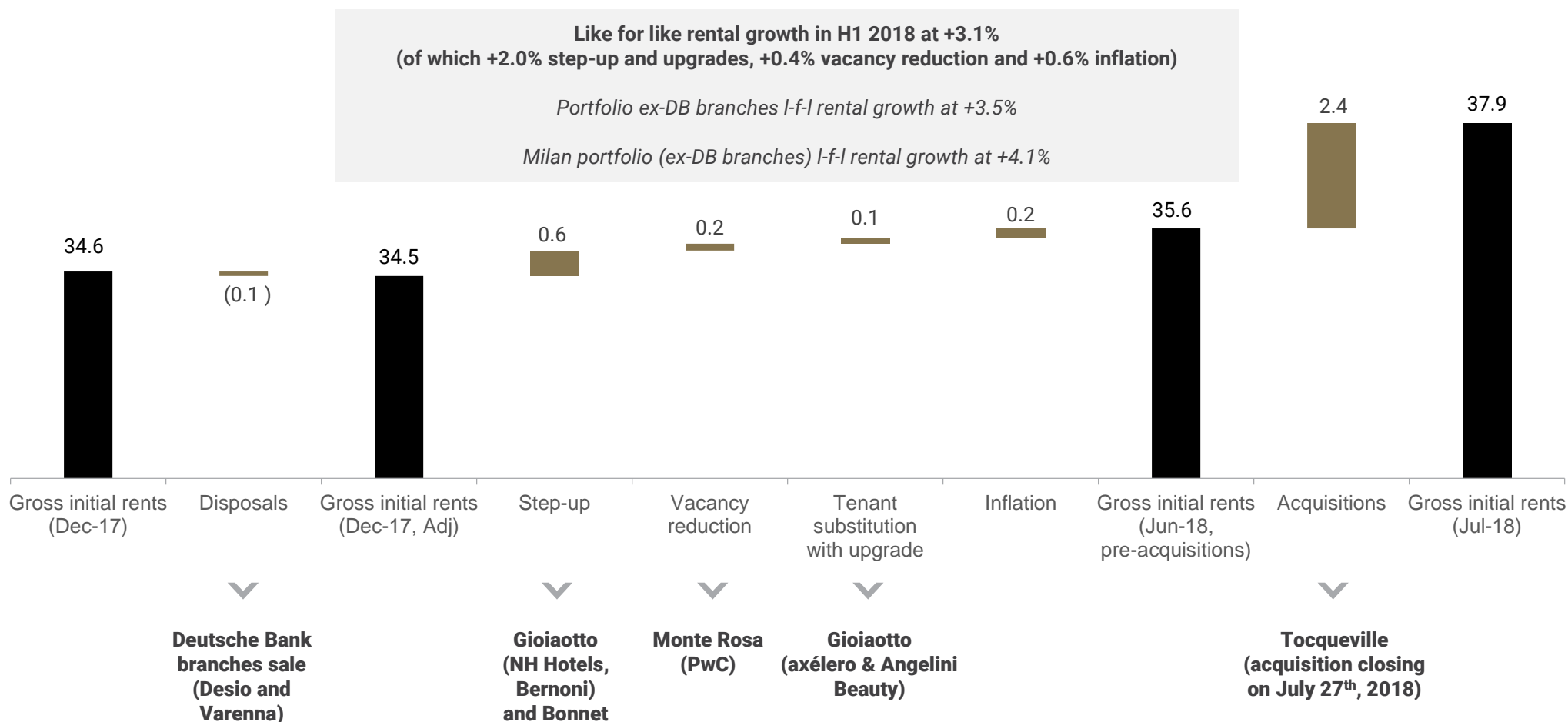


# STRONG UNDERLYING RENTAL GROWTH



Like-for-like rental growth<sup>1</sup> in H1 2018 at +3.1% (increased by 40 bps vs Q1 2018)

## ■ GROSS RENTAL BRIDGE IN H1 2018 (€m)

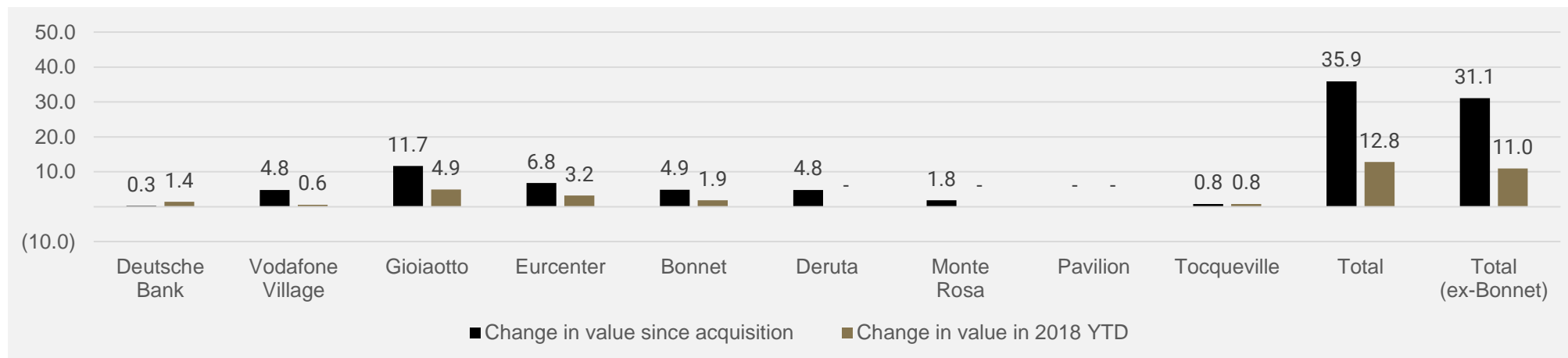


# PORTFOLIO VALUE CREATION

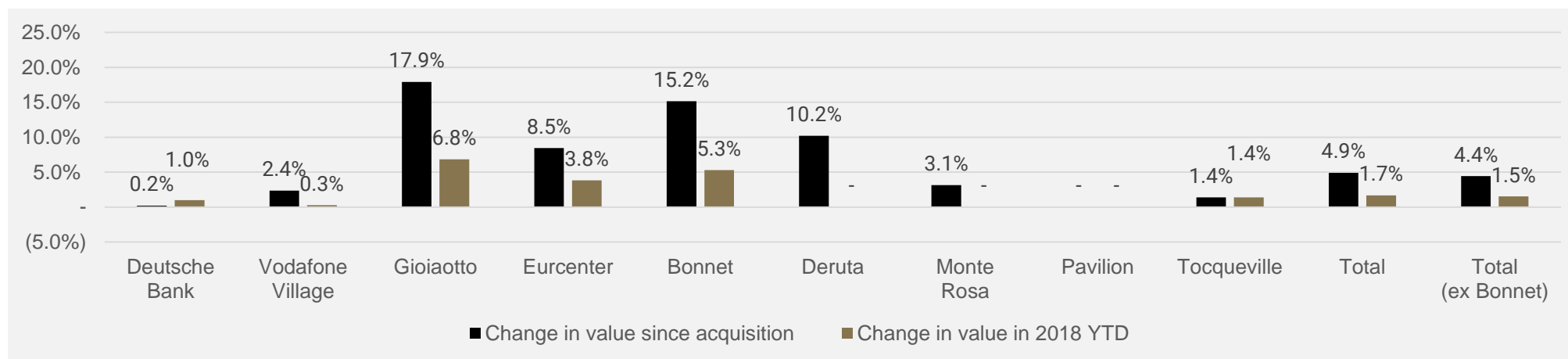


Value creation of €13m in 2018 YTD (c. +1.7% growth), and €36m since IPO (c. +4.9% growth)

## CHANGE IN VALUE<sup>1</sup> (€m)



## CHANGE IN VALUE<sup>1</sup> (%)



## Key Highlights

*Manfredi Catella, CEO*

## Financial Results

*Fulvio Di Gilio, CFO*

## Portfolio & Asset Management

*Matteo Ravà, Head of Asset Management*

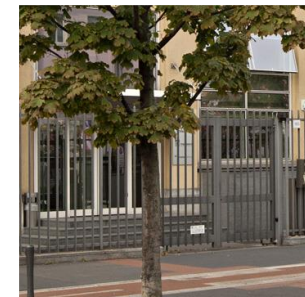
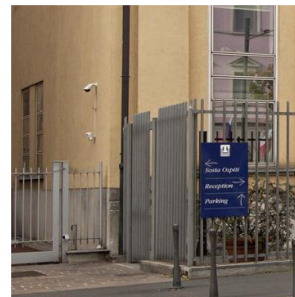
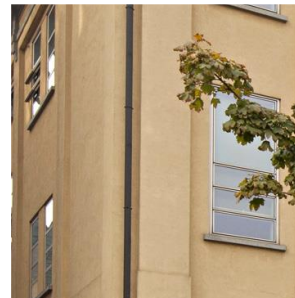
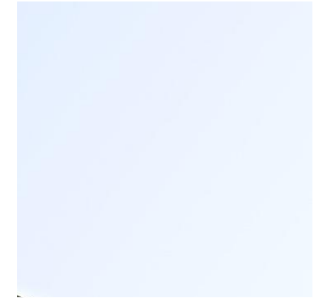
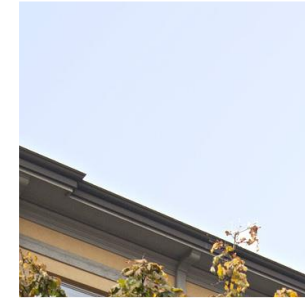
## **Market Outlook**

***Gabriele Bonfiglioli, Head of Investments***

## Closing Remarks

*Manfredi Catella, CEO*

## Appendix



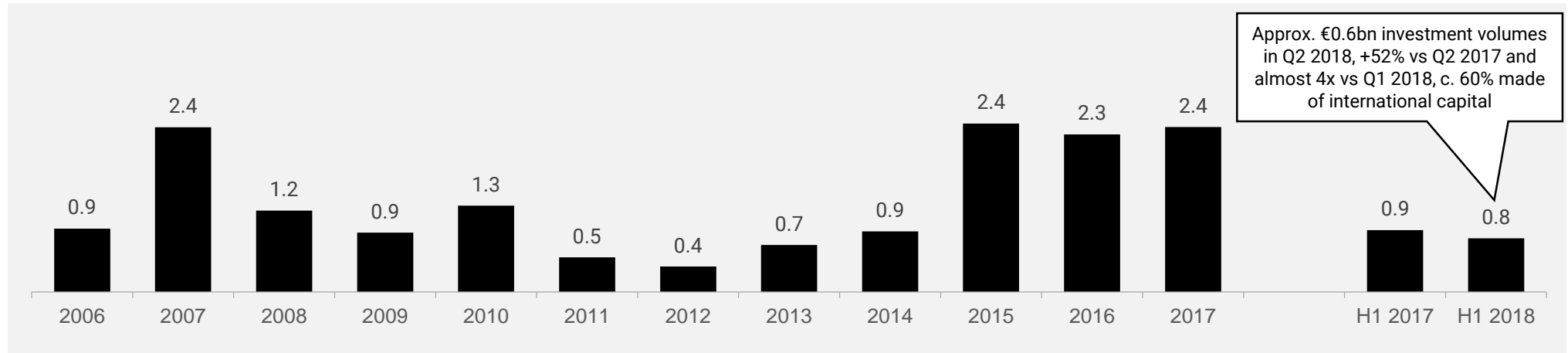
**COIMARES**

# MILAN OFFICES – INVESTMENT ENVIRONMENT

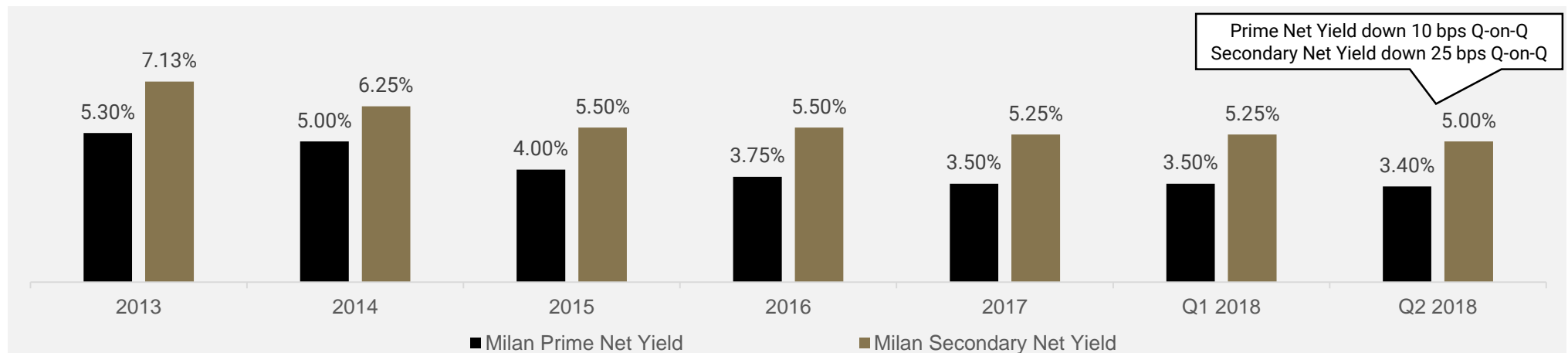


Strong investment environment despite market volatility and scarcity of product

## STRONG INVESTMENT VOLUMES IN H1 2018 (€m)



## FURTHER YIELD COMPRESSION IN Q2 2018 (%)

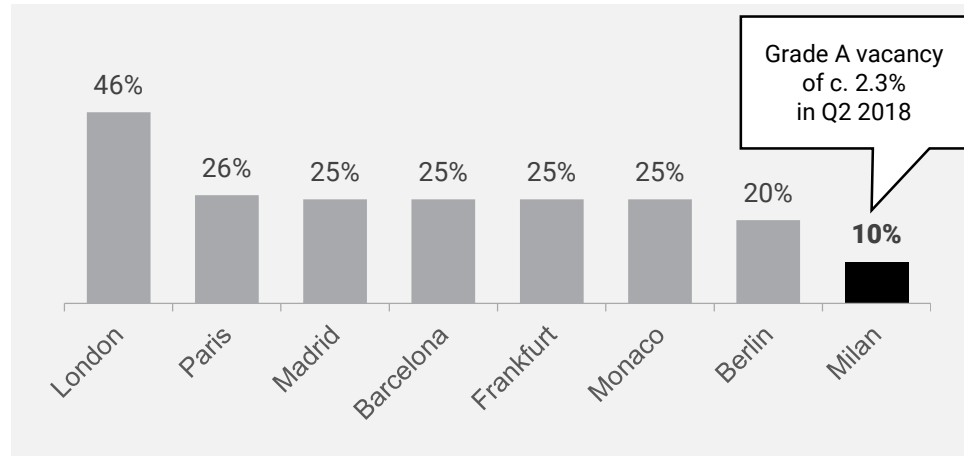


# MILAN OFFICES – DEMAND & SUPPLY DYNAMICS

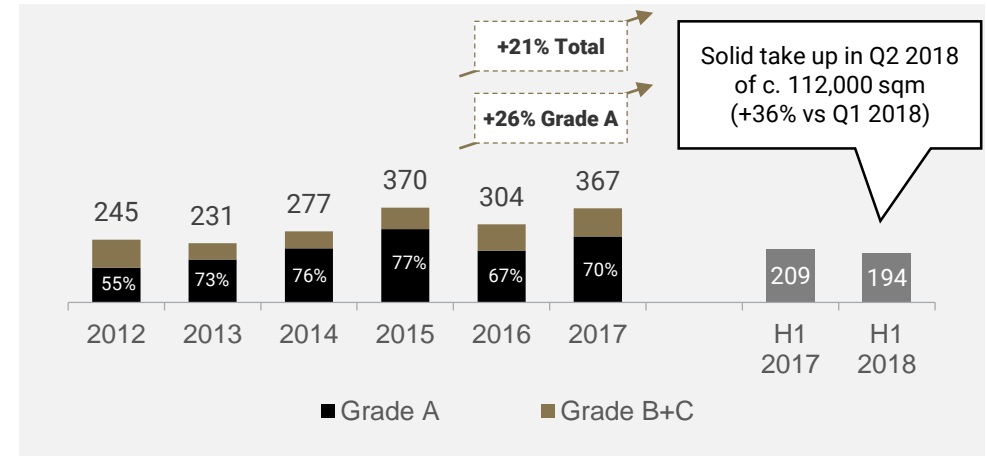


## Favourable demand and supply dynamics for Grade A offices

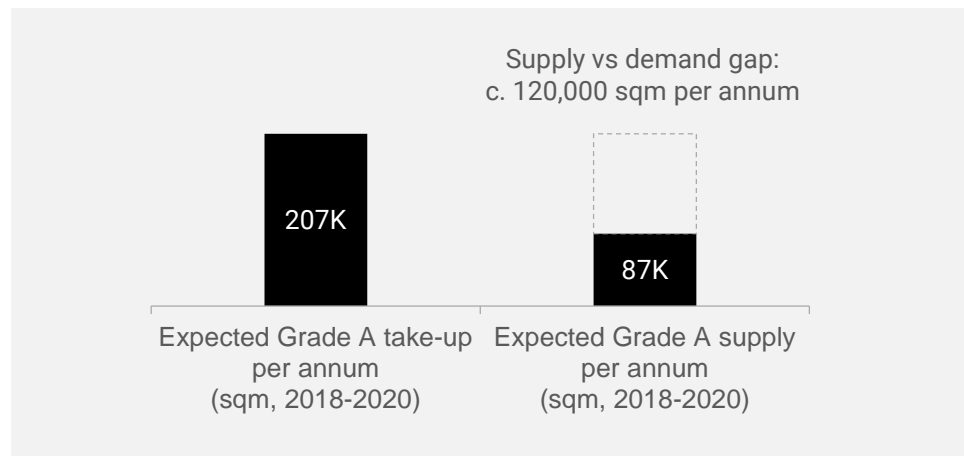
### LIMITED STOCK OF GRADE A OFFICES



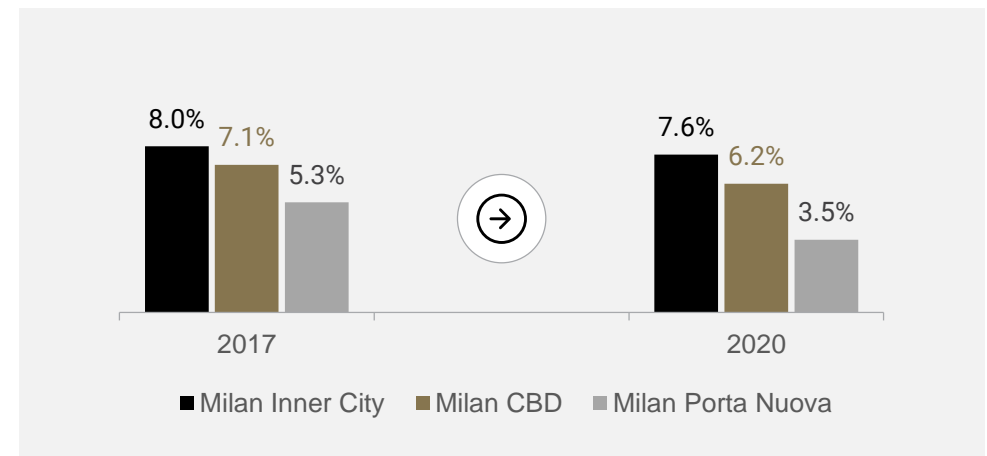
### SOLID TAKE UP IN H1 2018 ('000 SQM)



### SUPPLY VS DEMAND IMBALANCE



### VACANCY OUTLOOK

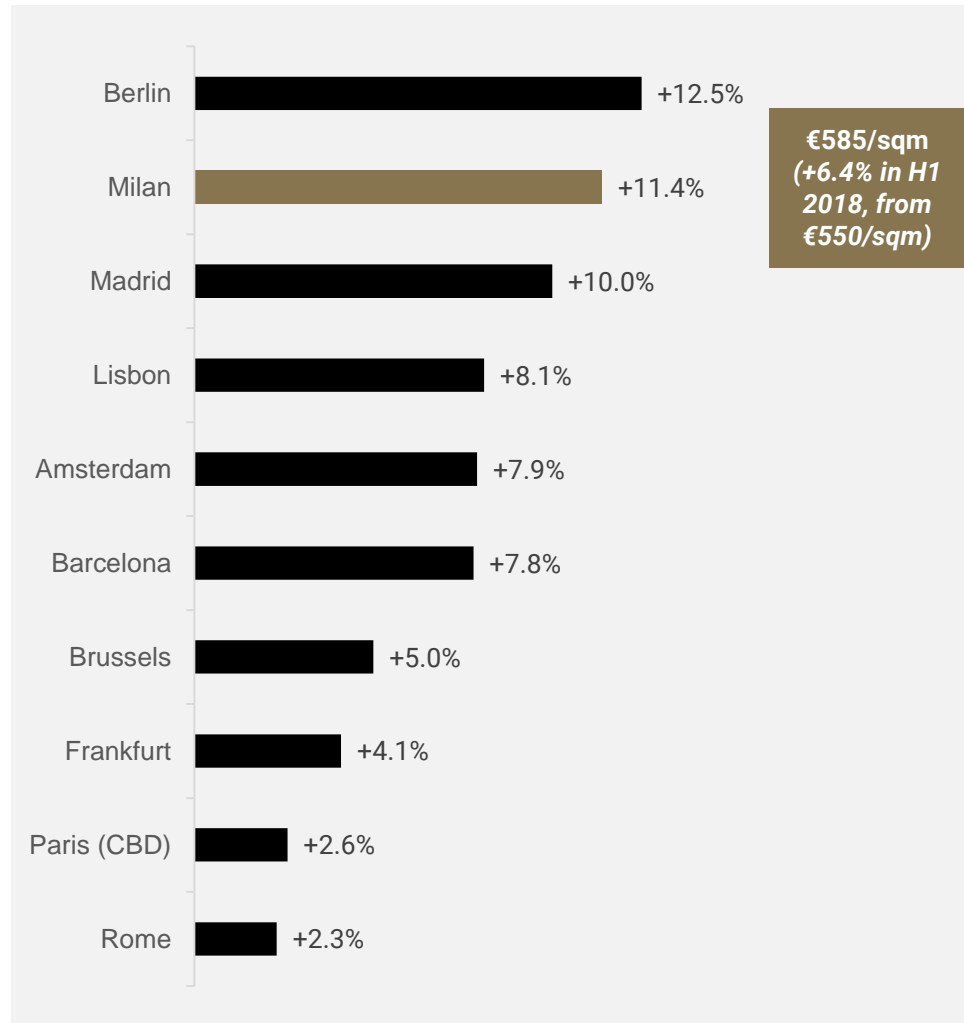


# MILAN OFFICES – RENTAL GROWTH

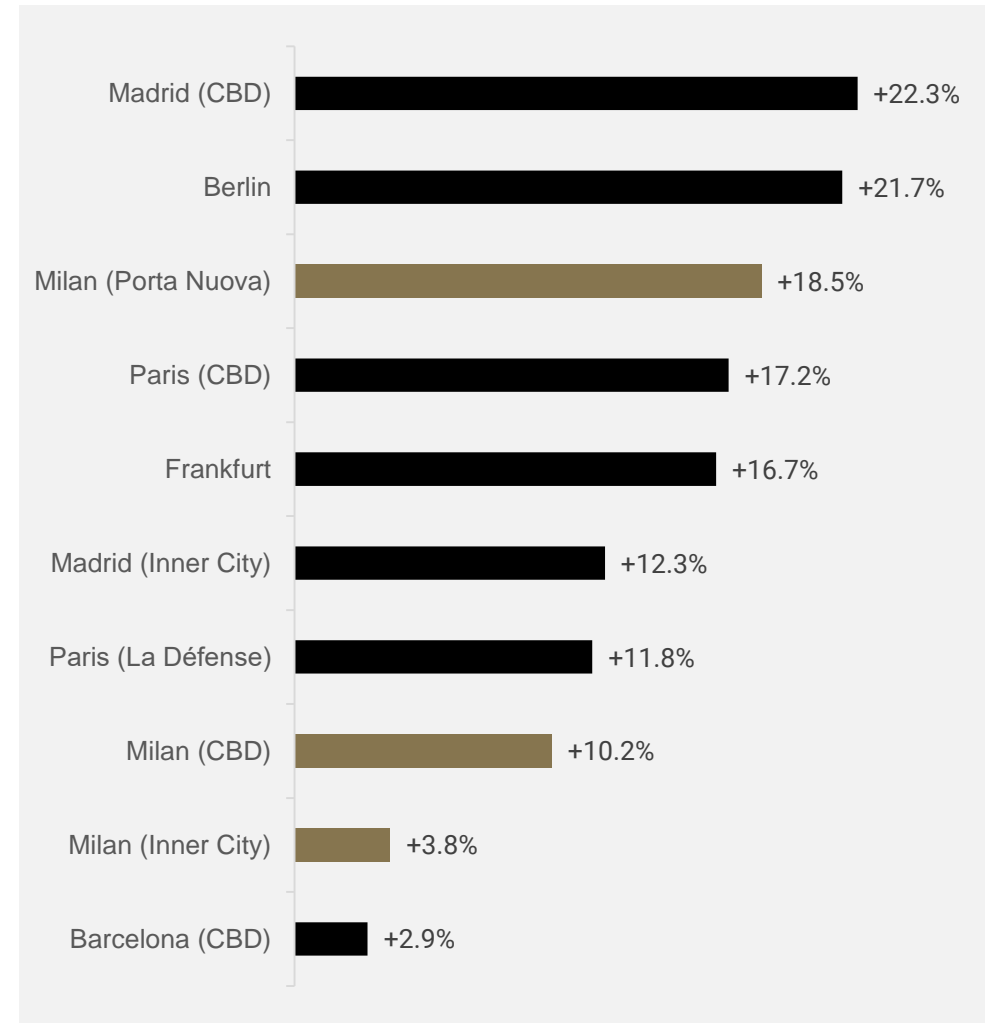


Milan top 3 city in Western Europe for rental growth in H1 2018 (Y-on-Y) with a strong outlook for 2018-2020

## PRIME OFFICE RENTAL GROWTH (H1 2018, Y-on-Y)



## OFFICE RENTAL AND OCCUPANCY GROWTH<sup>1</sup> (2018-2020)



Sources: JLL (H1 2018 data), Green Street Advisors (2018-2020 data)

Note:

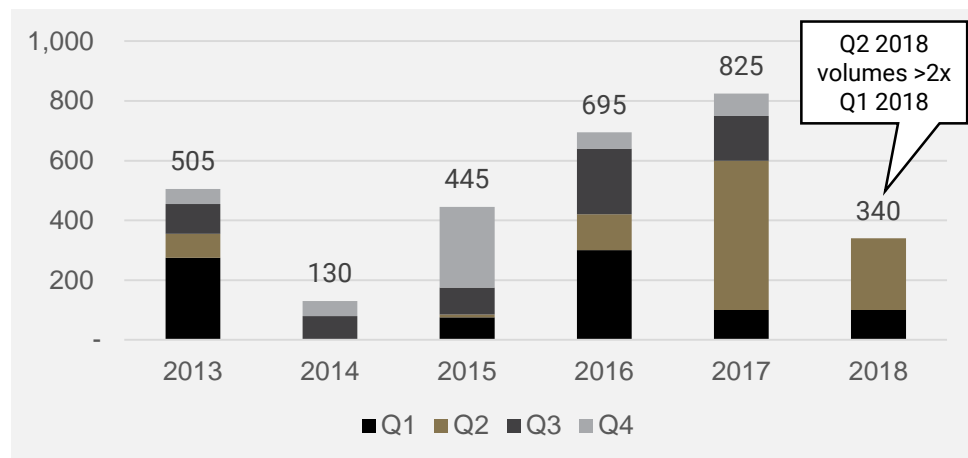
1) Metric is defined as RevPAM

# ROME OFFICES – OVERVIEW

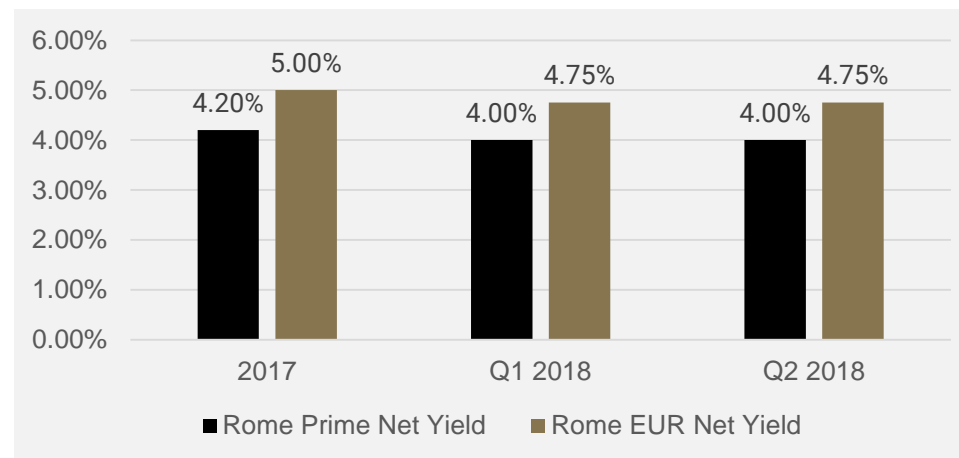


## A healthy investment and leasing market in H1 2018

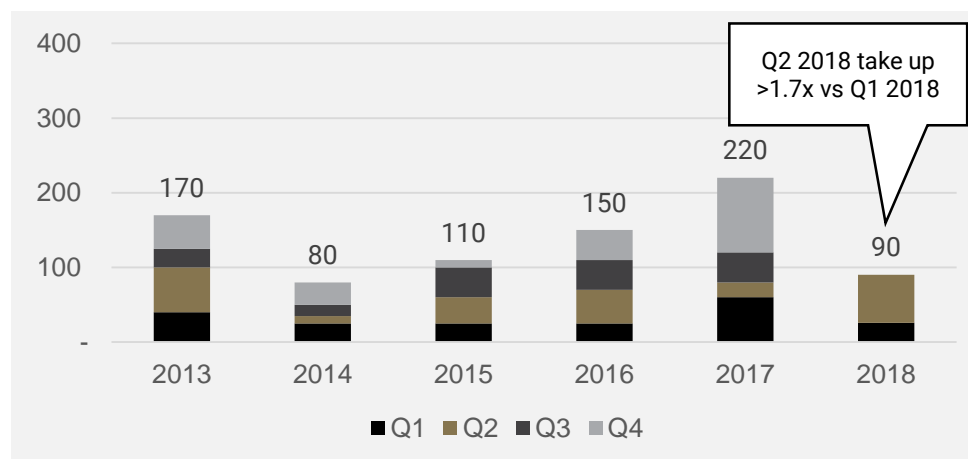
### STABLE INVESTMENT MARKET (€m)



### STABLE NET YIELD FOR PRIME AND EUR ASSETS IN Q2 2018



### GROWING TAKE UP IN H1 2018 ('000 SQM)



### OVERVIEW OF SUBMARKETS (Q2 2018)

Submarket	Prime rent (€/sqm)	Prime rent (Q-on-Q)	Vacancy (%)	Prime Net Yield (%)	Take up in H1 2018 (% of tot)
CBD	420	up	7.6%	4.00%	20%
Centre	350	stable		4.75%	6%
Greater EUR	340	stable	12.1%	4.75%	59%
Semi Centre	300	stable	8.8%	6.25%	8%
Periphery	150	stable	21.5%	8.00%	8%

## Key Highlights

*Manfredi Catella, CEO*

## Financial Results

*Fulvio Di Gilio, CFO*

## Portfolio & Asset Management

*Matteo Ravà, Head of Asset Management*

## Market Outlook

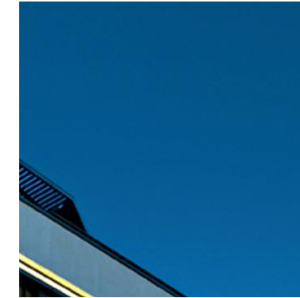
*Gabriele Bonfiglioli, Head of Investments*

## **Closing Remarks**

***Manfredi Catella, CEO***

## Appendix

**COIMARES**





# WHAT TO EXPECT IN H2 2018



## ■ ACTIVE ASSET MANAGEMENT, PORTFOLIO ROTATION, FURTHER ACQUISITIONS, LEVERAGE

- Active asset management across portfolio
  - Deutsche Bank: active leasing discussion on vacant branches for c. 5,500 sqm (c. 60% of total vacant surface)
  - Gioiaotto: expected further tenant substitutions with upgrade for c. 700 sqm (last re-gearing at c. 14% premium)
  - Eurcenter: project to increase NRA by 3% underway
  - Bonnet: appointed general contractor (on budget), formal leasing activity to start in Sep-18, delivery on track for H1 2020
  - Monte Rosa: working on the leasing of c. 750 sqm of office premises currently vacant (c. 5% of NRA)
  - Tocqueville: closing acquisition today (July 27<sup>th</sup>, 2018)
  - Pavilion: closing of acquisition expected for Q1 2019
  
- Portfolio rotation
  - opportunistic approach on disposals of mature assets and further bank branches to crystallise value and generate additional firepower
  
- Strategy for further acquisitions
  - Office assets with growth potential and where the COIMA platform can generate value also through sustainability and technology upgrades
  - Milan and possibly Porta Nuova tactical focus at this particular point in time as resilient through the cycle
  
- Stabilised LTV below 40%
  - Potential to tactically increase LTV to secure assets

## Key Highlights

*Manfredi Catella, CEO*

## Financial Results

*Fulvio Di Gilio, CFO*

## Portfolio & Asset Management

*Matteo Ravà, Head of Asset Management*

## Market Outlook

*Gabriele Bonfiglioli, Head of Investments*

## Closing Remarks

*Manfredi Catella, CEO*

## Appendix

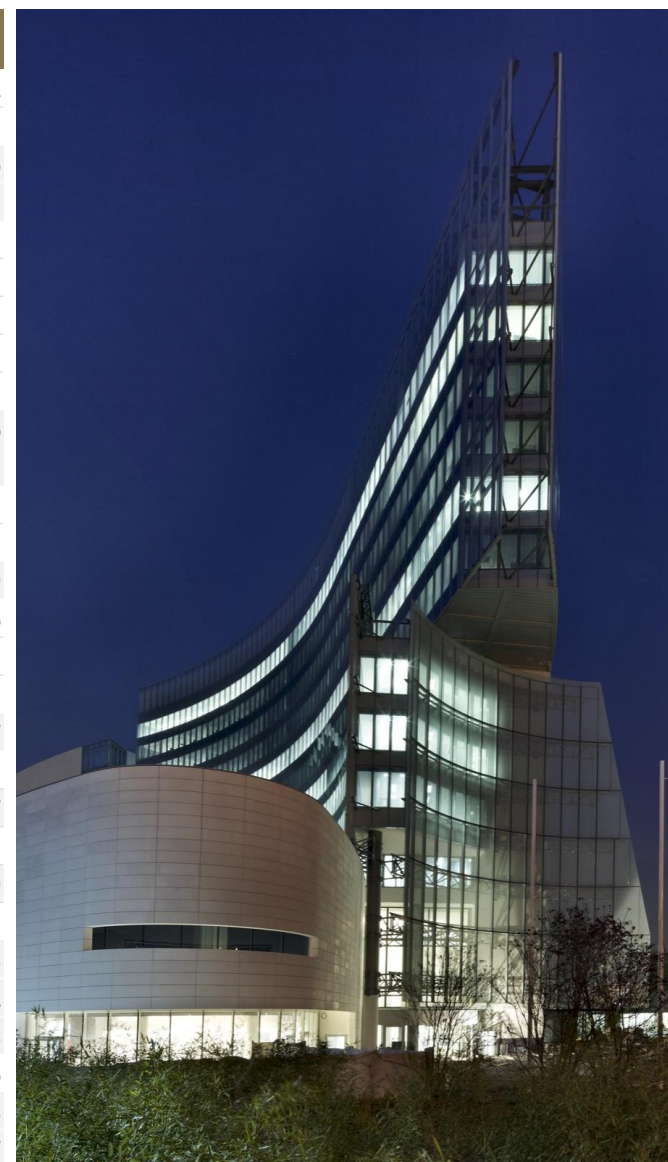
**COIMARES**



# INCOME STATEMENT



€M	H1 2018	H1 2017	Δ Y-Y (%)	Δ Y-Y	FY 2017
Rents	17.7	16.7	6.1%	1.0	34.2
Net real estate operating expenses	(1.9)	(1.9)	(1.6%)	0.0	(3.7)
<b>NOI</b>	<b>15.8</b>	<b>14.8</b>	<b>6.7%</b>	<b>1.0</b>	<b>30.5</b>
<b>NOI margin (%)</b>	<b>89.3%</b>	<b>88.9%</b>	<b>n.m.</b>	<b>40 bps</b>	<b>89.1%</b>
Other revenues	0.0	0.0	n.m.	(0.0)	0.0
G&A	(4.1)	(3.9)	6.7%	(0.2)	(8.0)
G&A / Rents (%)	23.2%	25.2%	n.m.	(200) bps	23.5%
Other expenses	(0.1)	(0.3)	n.m.	0.2	(0.1)
Non-recurring general expenses	(0.8)	(0.6)	n.m.	(0.2)	(0.8)
<b>EBITDA</b>	<b>10.8</b>	<b>10.1</b>	<b>7.2%</b>	<b>0.7</b>	<b>21.6</b>
<b>EBITDA margin (%)</b>	<b>61.2%</b>	<b>60.6%</b>	<b>n.m.</b>	<b>60 bps</b>	<b>63.1%</b>
Net depreciation	(0.9)	(0.0)	n.m.	(0.9)	(0.0)
Net movement in fair value	10.0	7.3	n.m.	2.7	15.3
<b>EBIT</b>	<b>20.0</b>	<b>17.4</b>	<b>14.7%</b>	<b>2.6</b>	<b>36.9</b>
Financial income	0.0	0.4	n.m.	(0.4)	0.5
Income from investments	0.9	(0.0)	n.m.	0.9	0.0
Financial expenses	(2.9)	(3.1)	(6.8%)	0.2	(6.8)
<b>Profit before taxation</b>	<b>18.0</b>	<b>14.7</b>	<b>22.4%</b>	<b>3.3</b>	<b>30.7</b>
Income tax	0.0	0.0	n.m.	0.0	(0.0)
<b>Profit for the period after taxation</b>	<b>18.0</b>	<b>14.7</b>	<b>22.4%</b>	<b>3.3</b>	<b>30.7</b>
Minorities	(1.3)	(0.6)	n.m.	(0.6)	(1.8)
<b>Profit attributable to COIMA RES</b>	<b>16.8</b>	<b>14.1</b>	<b>19.0%</b>	<b>2.7</b>	<b>28.9</b>
EPRA adjustments <sup>1</sup>	(8.8)	(7.3)	n.m.	(1.5)	(13.6)
<b>EPRA Earnings</b>	<b>8.0</b>	<b>6.8</b>	<b>17.4%</b>	<b>1.2</b>	<b>15.3</b>
<b>EPRA Earnings per share (€)</b>	<b>0.22</b>	<b>0.19</b>	<b>17.4%</b>	<b>0.03</b>	<b>0.42</b>
<b>FFO</b>	<b>8.0</b>	<b>7.4</b>	<b>7.1%</b>	<b>0.5</b>	<b>15.3</b>
FFO adjustments <sup>1</sup>	0.9	0.6	n.m.	0.3	1.5
<b>Recurring FFO</b>	<b>8.9</b>	<b>8.0</b>	<b>11.5%</b>	<b>0.9</b>	<b>16.8</b>
<b>Recurring FFO per share (€)</b>	<b>0.25</b>	<b>0.22</b>	<b>11.5%</b>	<b>0.02</b>	<b>0.47</b>



Notes:

1)

Includes mainly costs of disposal and amortised costs related to the reimbursement of debt associated with the 21 Deutsche Bank branches sold in January 2018

# BALANCE SHEET



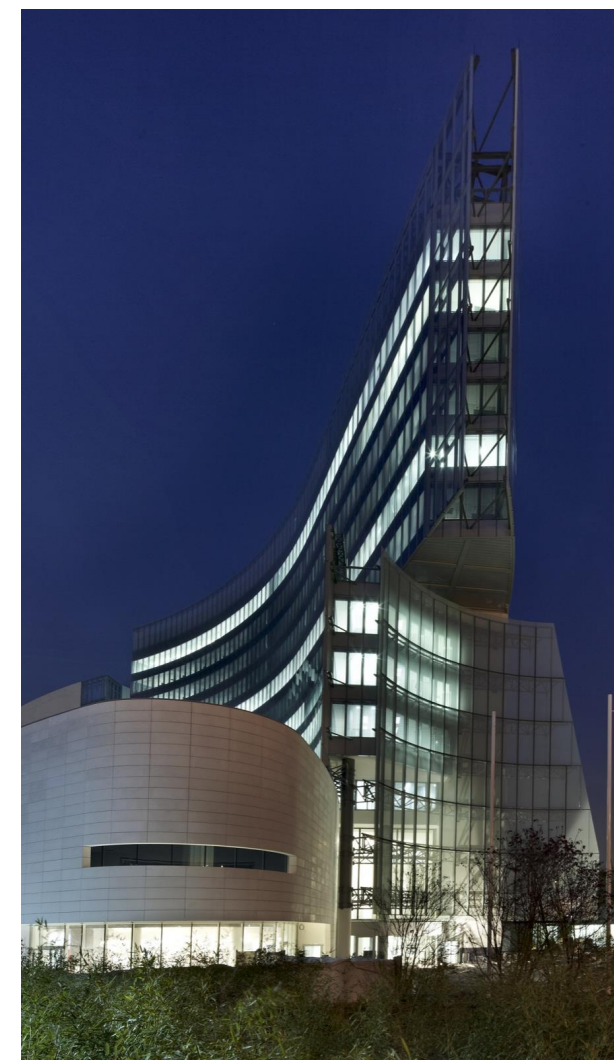
€M	JUN-18	DEC-17	Δ	JUN-18 <sup>1</sup>
Investment properties	585.6	575.6	10.0	622.6
Financial assets	3.9	4.2	(0.3)	3.9
Investments (equity method)	18.9	16.9	2.1	1.5
<b>Total LT assets</b>	<b>608.4</b>	<b>596.6</b>	<b>11.8</b>	<b>628.0</b>
Trade receivables	14.0	8.2	5.8	14.1
Cash	32.8	27.0	5.8	33.1
<b>Total current assets</b>	<b>46.8</b>	<b>35.2</b>	<b>11.6</b>	<b>47.2</b>
Assets held for sale	-	38.0	(38.0)	-
<b>Total assets</b>	<b>655.3</b>	<b>669.9</b>	<b>(14.6)</b>	<b>675.2</b>
Debt	239.9	240.4	(0.5)	259.2
Provisions	0.2	0.1	0.0	0.2
Other liabilities	0.1	0.1	0.1	0.1
Trade payables	7.7	11.2	(3.6)	8.3
Current financial debt	-	22.7	(22.7)	-
<b>Total liabilities</b>	<b>247.8</b>	<b>274.6</b>	<b>(26.7)</b>	<b>267.8</b>
Minorities	13.3	11.9	1.4	13.3
<b>NAV</b>	<b>394.1</b>	<b>383.4</b>	<b>10.7</b>	<b>394.1</b>
<b>LTV</b>	<b>35.4%</b>	<b>37.1%</b>	<b>(1.7) p.p.</b>	<b>36.3%</b>



# CASH FLOW



€M	H1 2018	H1 2017	Δ	FY 2017
<b>Profit (loss) for the period</b>	<b>18.0</b>	<b>14.7</b>	<b>3.3</b>	<b>30.7</b>
Non cash items adjustments	(9.3)	(7.3)	(2.1)	(14.4)
Changes in working capital	(2.4)	(2.7)	0.3	3.6
<b>Net cash flows generated (absorbed) from operating activities</b>	<b>6.3</b>	<b>4.8</b>	<b>1.5</b>	<b>19.9</b>
<b>Investment activities</b>				
(Acquisition) / disposal of real estate property	30.1	(46.6)	76.7	(67.1)
(Acquisition) / disposal of other tangible assets	(0.0)	(0.0)	0.0	(0.4)
(Acquisition) / disposal of other non-current assets	-	(1.5)	1.5	-
(Acquisition) / disposal of financial assets	(0.0)	(0.0)	(0.0)	(1.5)
Acquisition of associated companies	(1.1)	(0.0)	(1.1)	(0.6)
<b>Net cash flows generated (absorbed) from investment activities</b>	<b>29.0</b>	<b>(48.1)</b>	<b>77.1</b>	<b>(69.6)</b>
<b>Financing activities</b>				
Shareholders' contributions / (Dividend payment)	(6.5)	(4.0)	(2.5)	(7.3)
Increase / (decrease) in bank borrowings	(23.0)	12.5	(35.5)	(27.3)
Other change in financing activities	-	(0.7)	0.7	(1.7)
<b>Net cash flows generated (absorbed) from financing activities</b>	<b>(29.5)</b>	<b>7.9</b>	<b>(37.4)</b>	<b>(36.3)</b>
Net (decrease) / increase in cash equivalents and short-term deposits	5.8	(35.4)	41.2	(86.1)
Cash equivalents and short-term deposits (beginning of the period)	27.0	113.1	(86.1)	113.1
<b>Cash equivalents and short-term deposits (end of the period)</b>	<b>32.8</b>	<b>77.7</b>	<b>(44.9)</b>	<b>27.0</b>



# PORTFOLIO - DETAILS (H1 2018, PRO-FORMA FOR ACQUISITIONS AND DISPOSALS ANNOUNCED)



	DEUTSCHE BANK	VODAFONE VILLAGE	GIOIAOTTO <sup>1</sup>	EURCENTER <sup>1</sup>	BONNET	DERUTA	MONTE ROSA	TOCQUEVILLE	PAVILION	TOTAL
Location	Across Italy	Milan	Milan P. Nuova	Rome	Milan P. Nuova	Milan	Milan	Milan P. Nuova	Milan P. Nuova	-
Asset class	Bank Branch	Office	Office, Hotel	Office	Office, Retail	Office	Office	Office	Office / Retail	-
Product type	Core / Value-add	Core	Core	Core	Value-add	Core	Core +	Core +	Core +	-
% of ownership	100.0%	100.0%	86.7%	86.7%	35.7%	100.0%	100.0%	100.0%	100.0%	-
<b>Gross Asset Value ("GAV")</b>	<b>€98.9m<sup>7</sup></b>	<b>€209.1m</b>	<b>€77.0m</b>	<b>€87.0m</b>	<b>€37.0m<sup>2</sup></b>	<b>€51.9m</b>	<b>€60.4m</b>	<b>€58.5m</b>	<b>€46.3m</b>	<b>€726.0m</b>
WALT (years)	8.3	8.6	5.9	4.0	2.1	3.5	4.4	2.5 <sup>6</sup>	-	6.4
EPRA occupancy rate	82%	100%	100%	99%	n.a.	100%	91%	100%	-	96.0%
Gross initial rent	€5.1m	€14.0m	€3.7m	€5.1m	€0.3m <sup>2</sup>	€3.6m	€3.7m	€2.4m	-	€37.9m
EPRA net initial yield	4.2%	6.2%	4.3%	5.3%	n.a.	6.3%	5.0%	3.5%	-	5.2%
Expected net stabilised yield <sup>5</sup>	5.0% <sup>3</sup>	6.2%	4.8%	5.0% <sup>8</sup>	5.7% <sup>4</sup>	6.3%	5.6%	4.9%	5.0% <sup>9</sup>	5.5%

Notes:

- 1) Financial figures consider assets as being 100% consolidated
- 2) Including Bonnet on a look through basis
- 3) Calculated excluding vacant branches
- 4) Calculated including expected capex (soft and hard costs)
- 5) The Expected Net Stabilised Yield reflects in the numerator the stabilised NOI plus any other asset-management initiatives. In the denominator, it reflects the current appraised asset value plus capex or other expenditures expected to generate incremental income included in the numerator
- 6) Not considering break options given under-rented nature of the asset
- 7) Value takes into account €1.4m of positive revaluation in H1 2018 and €1.4m of disposal (Desio and Varenna branches) to close in Q3 2018
- 8) Assumes reletting of AXA surfaces and renting extra NRA rooftop surfaces (c. 419 sqm increase in NRA) at market rent
- 9) Calculated assuming letting 50-50% office-retail with office rent at €550/sqm and retail rent at €1,500/sqm and capex equal to 15% of purchase price

# DEUTSCHE BANK BRANCH DISPOSAL SINCE IPO



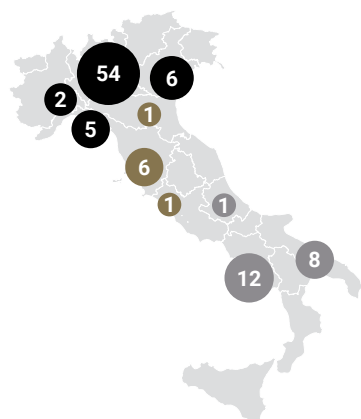
Accepted binding offer for €1.5m worth of disposals in July 2018 (Desio and Varenna branches, secondary locations in Lombardy)

Discussions on further disposal ongoing given appetite for this asset class

Focus on cost reduction and potential conversion of selected vacant branches

## PORTFOLIO AT IPO (MAY-16)

#: 96 branches<sup>1</sup>  
Book Value @ IPO: €140.1m



**North**  
#: 67 branches  
Book Value @ IPO: €83.9m (60% of total)

**Centre**  
#: 8 branches  
Book Value @ IPO: €17.0m (12% of total)

**South**  
#: 21 branches  
Book Value @ IPO: €39.2m (28% of total)

## DISPOSALS SINCE IPO

#: 26 branches<sup>2</sup>  
Sale Price: €41.5m  
Delta vs Book Value @ IPO: 0.1% premium

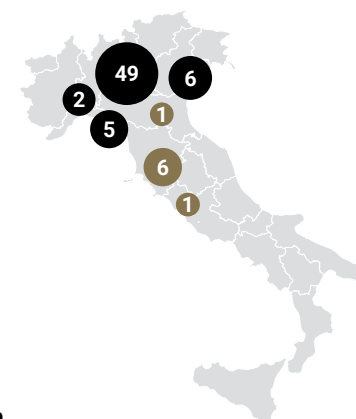


**North**  
#: 5 branches  
Sale Price: €3.5m  
Delta vs Book Value @ IPO: 1.7% premium

**South**  
#: 21 branches  
Sale Price: €38.0m  
Delta vs Book Value @ IPO: 0.1% discount

## PORTFOLIO PRO-FORMA<sup>4</sup>

#: 70 branches<sup>3</sup>  
Book Value @ Jun-18: €98.9m



**North**  
#: 62 branches (4 vacant)  
Book Value @ Jun-18: €81.9m (83% of total)

**Centre**  
#: 8 branches (1 vacant)  
Book Value @ Jun-18: €16.9m (17% of total)

Note:

- 1) of which 6 vacant
- 2) of which 1 branch sold in 2016 (North of Italy), 2 branches sold in 2017 (North of Italy), 21 branches sold in Jan-18 (South of Italy) and 2 branches to be sold in Q3 2018 (North of Italy)
- 3) of which 5 vacant (Livorno, Torino, Padova, Milano, Novedrate), ERV of vacant branches is €1.1m, Book Value of vacant branches is €11.9m as of June 30<sup>th</sup>, 2018
- 4) pro-forma for the €1.5m sale of 2 North of Italy branches (binding offer accepted in July 2018, closing expected in Q3 2018)

# BONNET ACCOUNTING TREATMENT



## ACCOUNTING TREATMENT OF THE BONNET PROJECT

- COIMA RES accounts its 35.7% stake in the Bonnet project in its balance sheet as "Investments accounted according to the equity method" but also provides figures on a "look-through" basis (i.e. proportional consolidation) for illustrative purposes
- Rents received on the Bonnet project (by the current tenants) flow through COIMA RES P&L in the "Income from investment" line, net of the operational costs of the asset (i.e. the operating expenses of the asset and fund costs)
- Capex and other project costs (including financing expenses) spent for the Bonnet project flow through COIMA RES cash flow and are capitalised increasing the "Investments accounted according to the equity method" line, they do not have an impact on COIMA RES P&L
- Changes in fair value in the Bonnet project (i.e. revaluations) are reflected in the P&L of COIMA RES through the "Income from investment" line and would affect the balance sheet in the "Investments accounted according to the equity method" line





# COIMA – A UNIQUE REAL ESTATE PLATFORM IN ITALY



## DEVELOPMENT AND PROPERTY MANAGEMENT



Real Estate Management

1974 – today

**Development** and **Property**  
management company

## ASSET AND INVESTMENT MANAGEMENT



Real Estate Investment

2007 – today

Regulated **Asset** and **Investment**  
management company

## REIT LISTED ON BORSA ITALIANA



Real Estate SIQ

2016 – today

**REIT listed** on Borsa Italiana  
since 2016

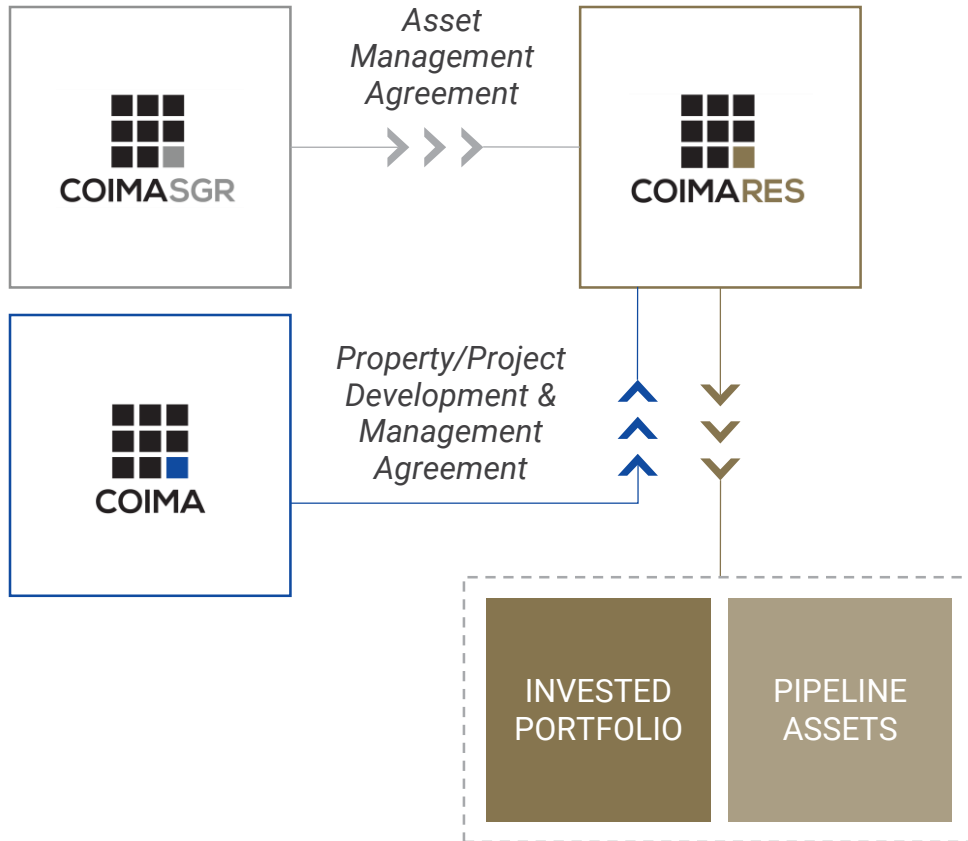


OVER 40 YEARS  
TRACK RECORD



OVER 150  
PROFESSIONALS

# COIMA RES – STRUCTURE OVERVIEW



## COIMA SGR COMPENSATION

### BASE FEE

- COIMA SGR's compensation is based on NAV with a scale down mechanism:
  - 110 bps (if NAV ≤ €1.0bn)
  - 85 bps (if NAV of €1.0-1.5bn)
  - 55 bps (if NAV ≥ €1.5bn)

### PROMOTE

- COIMA SGR's compensation is based on Total Return:
  - 10% above 8% Total Return<sup>1</sup>
  - 20% over 10% Total Return<sup>1</sup>
  - subject to High Watermark

## COIMA SRL COMPENSATION

- COIMA Srl's compensation is based on international benchmark for comparable services
  - 1.0% of annual gross rents for mono-tenant buildings
  - 1.5% of annual gross rents for multi-tenant buildings

Notes:

1) Total Return defined as NAV growth plus dividend paid

# COIMA RES – BEST IN CLASS GOVERNANCE



**Chairman**  
(non executive)

**Massimo Capuano**  
former CEO  
Italian Stock Exchange  
former deputy CEO  
London Stock Exchange

**Manfredi Catella**  
Founder and CEO  
COIMA

**Michel Vauclair**  
Senior Vice President  
Oxford Properties - OMERS

**Feras Abdulaziz Al Naama**  
Qatar Holding

**Olivier Elamine**  
Founder and CEO  
alstria office

**Luciano Gabriel**  
Chairman (and former CEO & CFO)  
PSP Swiss Properties

## Board of Directors

7 of 9 independent  
5 of 9 with real estate experience  
4 of 9 international

**Ariela Caglio**  
Professor  
Bocconi University

**Agostino Ardisson**  
Former Director  
Bank of Italy

**Alessandra Stabilini**  
Lawyer  
NCTM

**Independent**  
(Italian and with strong corporate finance, regulatory and legal expertise)

**Independent**  
(international and with strong real estate expertise)

**Investment Committee**  
Manfredi Catella (Chairman)  
Gabriele Bonfiglioli  
Matteo Ravà  
Michael Vauclair  
Feras Abdulaziz Al Naama

**Remuneration Committee**  
Alessandra Stabilini (Chairman)  
Massimo Capuano  
Olivier Elamine  
Ariela Caglio

**Risk, Control & Related Parties Committee**  
Agostino Ardisson (Chairman)  
Luciano Gabriel  
Alessandra Stabilini  
Ariela Caglio

# TRANSPARENCY, SUSTAINABILITY, INNOVATION



Commitment to be best in class in transparency, reporting, sustainability and innovation

## ■ EPRA GOLD AWARDS IN REPORTING

- COIMA RES received from the European Public Real Estate Association (EPRA) two Gold Awards for its 2016 Annual Report and its 2016 Sustainability Report (September 2017)



## ■ THINK TANK ON SUSTAINABILITY AND INNOVATION

- COIMA RES created a European Think Tank focused on sustainability and innovation with five other REITs (December 2017)



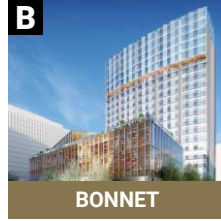
## ■ INCLUDED IN GPR IPCM SUSTAINABILITY INDEX

- COIMA RES was included in GPR IPCM LFSS Sustainable GRES Index since March 19<sup>th</sup>, 2018
- COIMA RES attained a particularly high score of 7.8 out of 10 in the Sustainability and ESG model which considers various factors including strategy, energy efficiency, management of climate change, water efficiency and the recognition of the strong commercial potential of proactively addressing environmental aspects
- COIMA RES is currently a top 25 company out of the 150 companies included in the GPR IPCM Sustainability Index

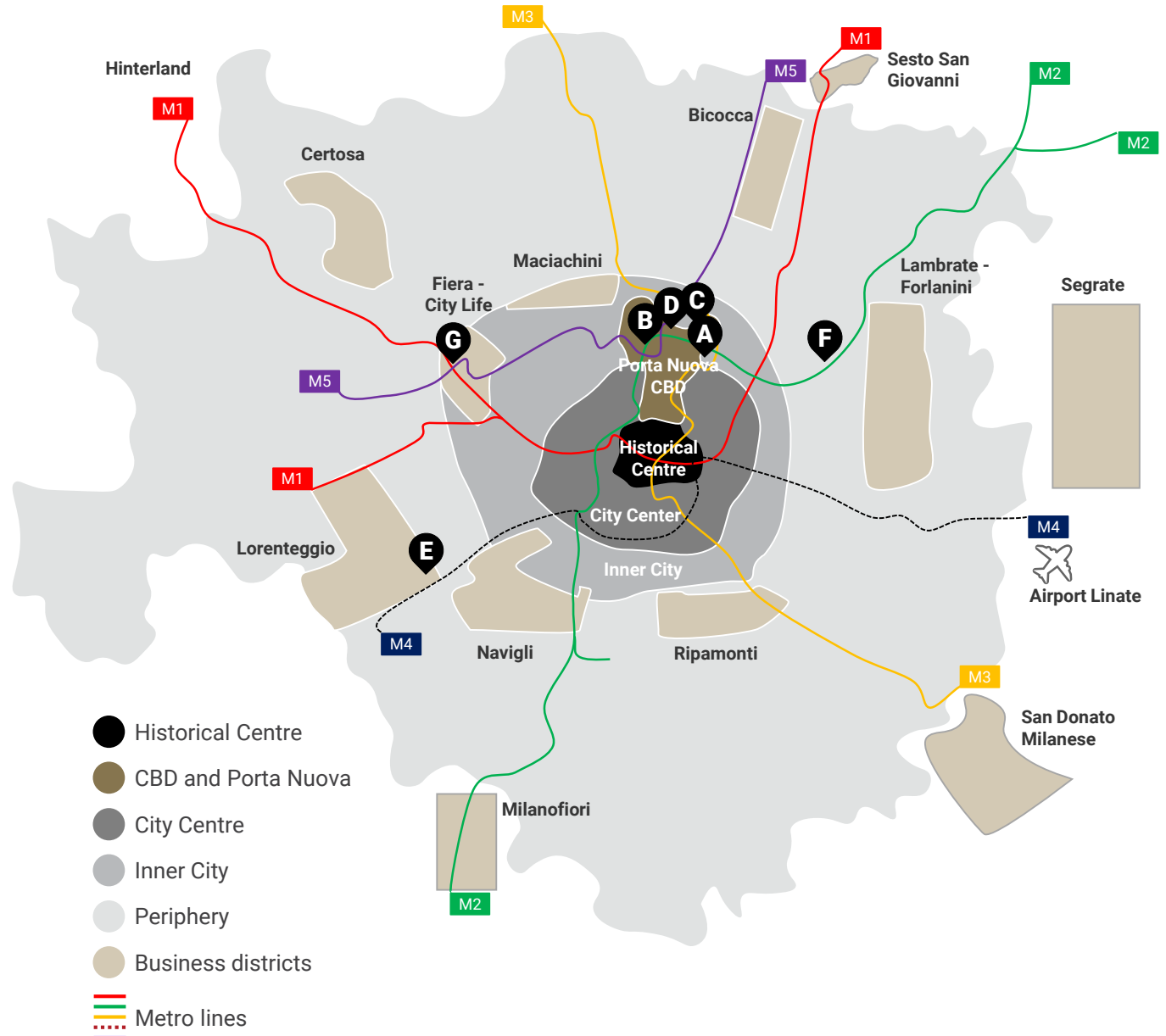
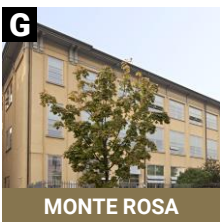
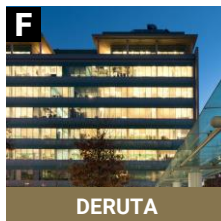
# COIMA RES – MILAN OFFICE ASSETS



## PORTA NUOVA



## OTHER DISTRICTS



# MILAN OFFICES – WHAT ARE TENANTS DOING?



A number of themes drive office space demand in Milan

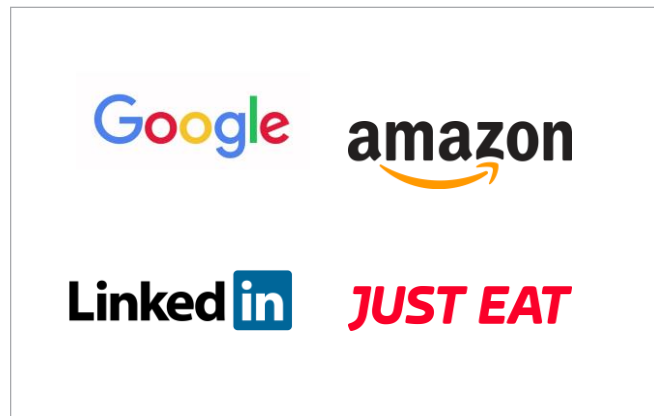
## ■ CONSOLIDATION



## ■ MOVE TO THE CITY



## ■ NEW TECH



## ■ CO-WORKING



## ■ BREXIT



# DISCLAIMER

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