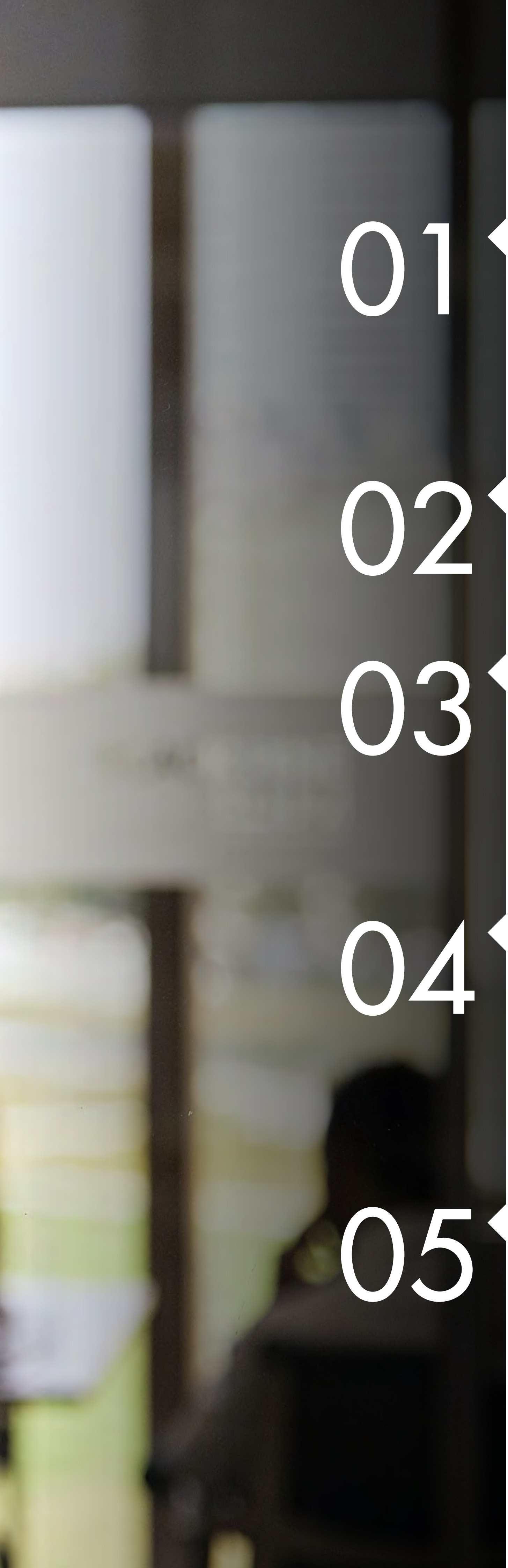
COIMARES

ANNUAL REPORT
2018

Milan - COIMA HEADQUARTERS - Interior



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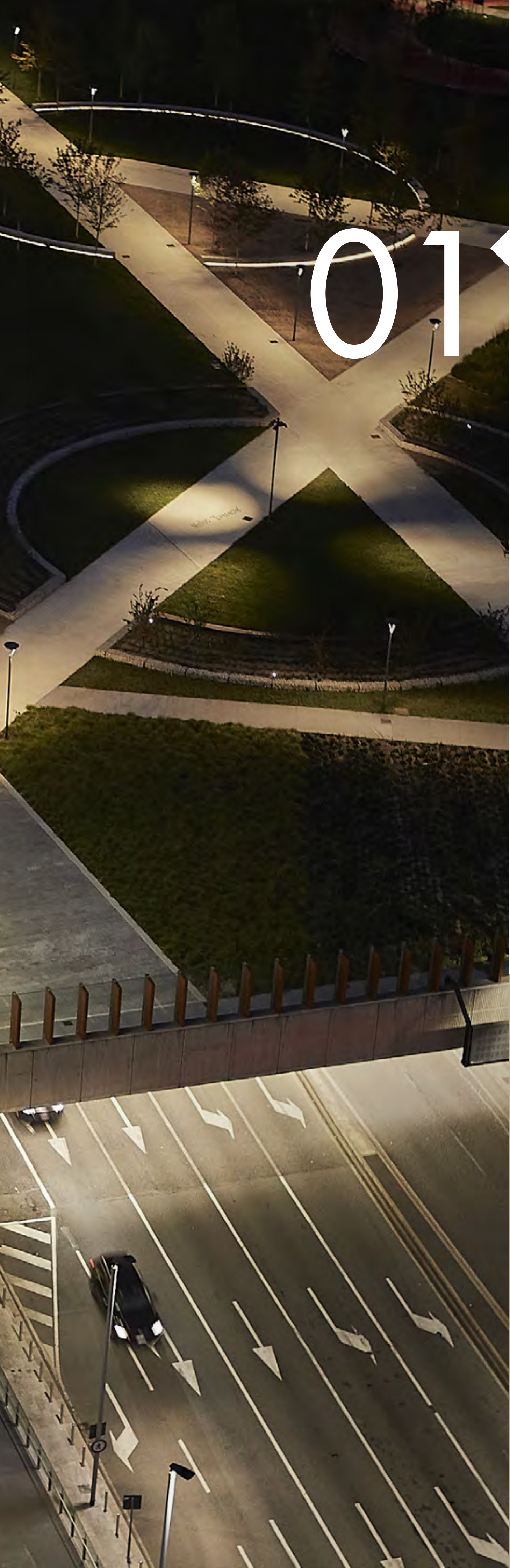
Milan - COIMA HEADQUARTERS in Porta Nuova



THE COMPANY

COIMA RES IS A PROPERTY COMPANY LISTED ON BORSA ITALIANA, SPECIALISED IN REAL ESTATE INVESTMENT AND MANAGEMENT IN ITALY

665.0[1,2] MILLION EURO

VALUE OF THE PORTFOLIO

1 BONNET (HEREINAFTER ALSO CORSO COMO PLACE) ACCOUNTED ON A PRO-RATA BASIS (35.7%)
2 INCLUDES THE FAIR VALUE OF A DEUTSCHE BANK BRANCH CLASSIFIED AS INVENTORY AND VALUED AT COST

189,000 SQUARE METERS

87%[3] IN MILAN

3 CALCULATED ON MARKET VALUE

MISSION AND PRINCIPLES

MISSION

Our mission is to generate attractive and sustainable returns for shareholders through our investment activity and the active management of our assets.

PRINCIPLES

INDEPENDENCE
We focus our effort as an independent and trusted partner of institutional investors and national and international operators.

ENTREPRENEURSHIP
Our ambition is to constantly face new challenges, expanding our knowledge and experience in a creative, yet rigorous, way.

INTEGRITY
We promote honesty and transparency as essential values.

EXCELLENCE
Seeking quality in each of our action is our everyday passion and commitment.

SUSTAINABILITY
It is important for us that our investments are responsible for the society and the environment.

"The business model and the organizational structure of COIMA RES is inspired by the best international market practices with the aim of presenting itself as a solid and transparent gateway for accessing the Italian real estate market by Italian and foreign investors."

Caio Massimo Capuano
Chairman of COIMA RES

Milan - PORTA NUOVA VARESINE

HIGHLIGHTS OF 2018

IN ITS THIRD YEAR OF ACTIVITY, COIMA RES GENERATED SOLID ECONOMIC AND FINANCIAL RESULTS THROUGH AN ACTIVE APPROACH IN INVESTMENT AND PORTFOLIO MANAGEMENT

MAIN CONSOLIDATED DATA

As of December 31st, 2018

GROSS RENTS **36.3** *Euro million*	NOI **32.3** *Euro million*	NET PROFIT **46.3** *Euro million*
EPRA EARNINGS **15.1** *Euro million (0.42 Euro per share)*	FFO **22.0** *Euro million (0.61 Euro per share)*	RECURRING FFO **17.7** *Euro million (0.49 Euro per share)*
PORTFOLIO VALUE[1,3] **665** *Euro million*	NET FINANCIAL POSITION[1] **228.9** *Euro million*	LOAN TO VALUE[1] **34.5%**
EPRA NAV **421.6** *Euro million (11.71 Euro per share)*	DIVIDEND[4] **10.8** *Euro million (0.30 Euro per share)*	RETURN ON EQUITY **11.8%**
EPRA NET INITIAL YIELD[2] **5.2%**	EPRA VACANCY RATE[2] **4.6%**	WALT[2] **6.2** *anni*
PORTFOLIO LEED CERTIFIED (or in the process of being certified) **60%**	CARBON INTENSITY **0.063** *tCO^2 e/sqm*	ENERGY INTENSITY **238** *kWh/sqm year*

1 Corso Como Place accounted on a pro-rata basis (35.7%)
2 Not including Pavilion given the specific situation of the asset as of December 31st, 2018 (lease agreement with IBM already in place but not yet effective)
3 Includes the fair value of a Deutsche Bank branch classified as inventory and valued at cost
4 Subject to approval by the shareholders' meeting (April 2019)

SUMMARY OF ACTIVITIES CARRIED OUT IN 2018

Through the acquisitions and disposals carried out in 2018, COIMA RES has consolidated its real estate portfolio by increasing the portion of the portfolio in Milan (87% vs. 72% at December 31st, 2017) and the portion of the office portfolio (81% vs 80% at December 31st, 2017), also increasing the portion of properties characterized by a growth profile in terms of expected increase in rents (47% vs. 27% at December 31st, 2017).

- **JANUARY 2018:** COMPLETION OF SALE OF BANK BRANCHES FOR EURO 38.0 MILLION
- **APRIL 2018:** RENEWAL OF THE BOARD OF DIRECTORS
- **APRIL 2018:** FINAL DIVIDEND PAYMENT EQUAL TO EURO 0.18 PER SHARE
- **MAY 2018:** PRELIMINARY PURCHASE AGREMEENT FOR PAVILION FOR EURO 46.1 MILLION
- **MAY 2018:** PRELIMINARY PURCHASE AGREMEENT FOR TOCQUEVILLE FOR EURO 57.7 MILLION
- **JULY 2018:** EXTENSION DEBT MATURITY AND NEW FINANCING (TOTAL OF EURO 219 MILLION)
- **JULY 2018:** CLOSING OF THE TOCQUEVILLE ACQUISITION
- **AUGUST 2018:** SIGNING OF LEASING AGREEMENT WITH IBM FOR THE PAVILION
- **SEPTEMBER 2018:** EPRA "GOLD AWARD" FOR ANNUAL AND SUSTAINABILITY REPORT 2017
- **OCTOBER 2018:** FINANCING (EURO 27.0 MILLION) FOR PAVILION ACQUISITION
- **NOVEMBER 2018:** INTERIM DIVIDEND PAYMENT EQUAL TO EURO 0.10 PER SHARE
- **NOVEMBER 2018:** "BEST IMPROVER" AWARD IN THE WEBRANKING BY COMPREND RANKING
- **NOVEMBER 2018:** COMPLETION OF THE PAVILION ACQUISITION
- **DECEMBER 2018:** EURCENTER DISPOSAL IN ROME FOR EURO 90.3 MILLION

INVESTMENT MANAGEMENT

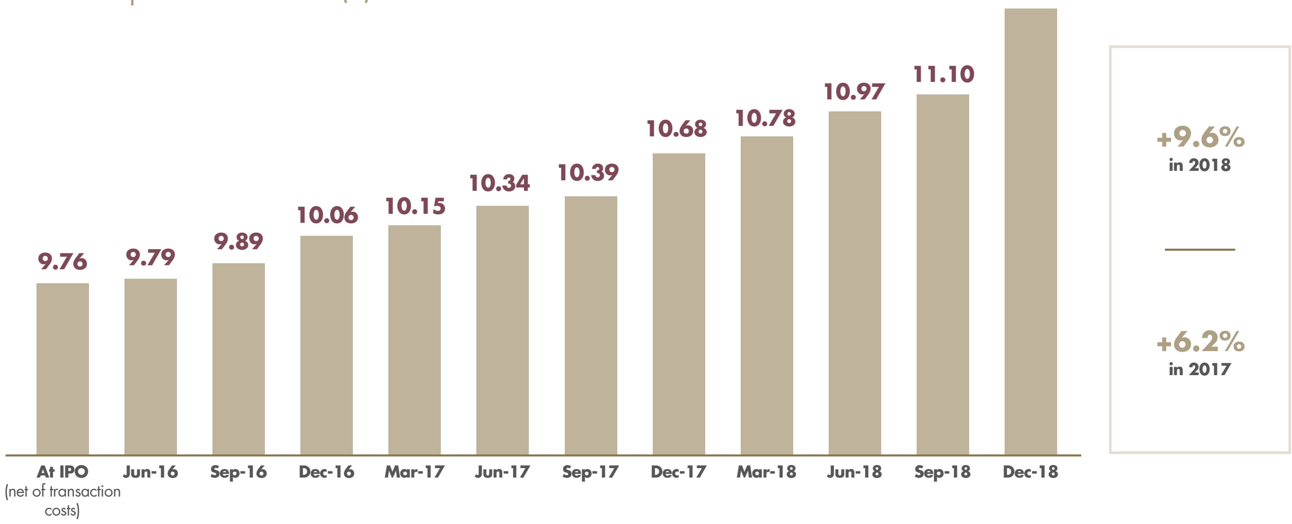
ACQUISITIONS	DISPOSALS
104.0 *Euro million*	**129.8**[1] *Euro million*

ASSET MANAGEMENT

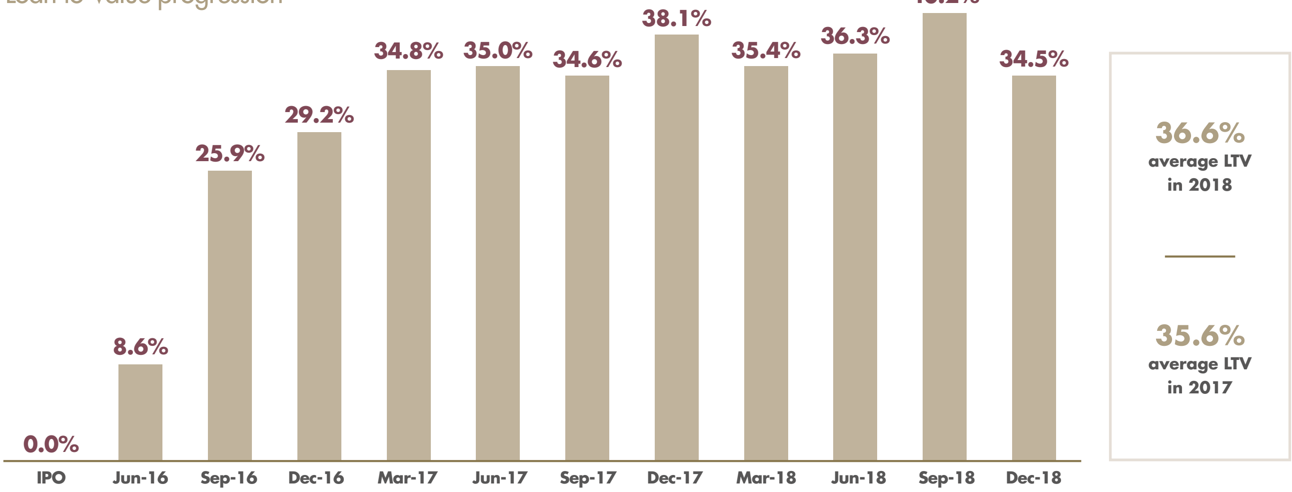
TENANT RETENTION RATE	EPRA VACANCY RATE	NEW LEASING OR RENEWALS
99.2%	**4.6%**	**4.3** *Euro million*

1 Also includes the disposal of the Deutsche Bank branches in the South of Italy for Euro 38.0 million (announced in 2017 and completed in 2018)

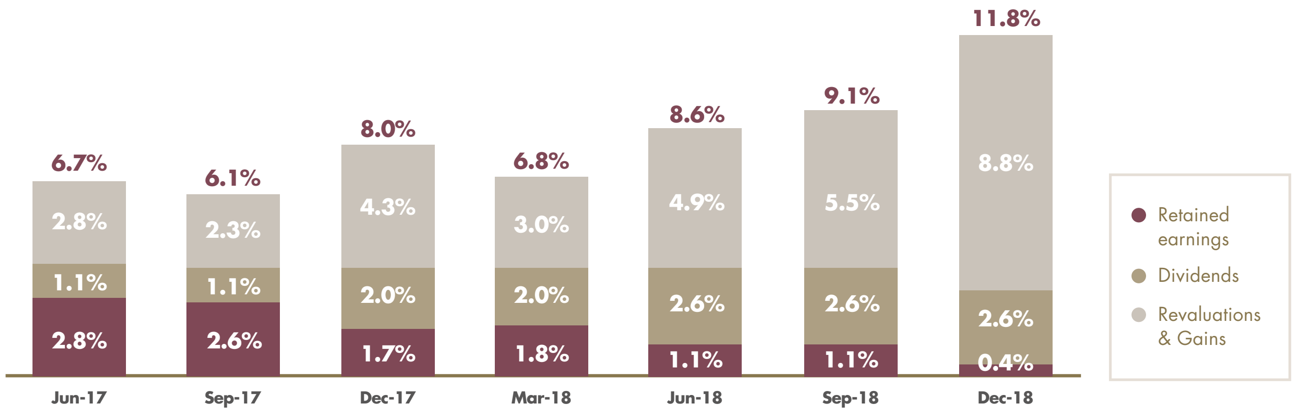
EPRA NAV per share evolution (€)



Loan to Value progression[1]



Return on Equity breakdown (rolling last twelve months)



1 Corso Como Place accounted on a pro-rata basis (35.7%)

MAIN DATA		2018	2017	Delta
Gross Rents	Euro million	36.3	34.2	5.9%
Net Operating Income (NOI)	Euro million	32.3	30.5	5.9%
NOI margin	%	89.1%	89.1%	flat
EBITDA	Euro million	25.0	21.6	15.9%
EBITDA margin	%	69.0%	63.1%	5.9 p.p.
Net Profit	Euro million	46.3	28.9	60.2%
EPRA Earnings	Euro million	15.1	15.3	(1.3)%
Recurring FFO	Euro million	17.7	16.8	5.0%
Dividend	Euro million	10.8[1]	9.7	11.1%
EPRA Earnings per share	Euro	0.42	0.42	(1.3)%
Recurring FFO per share	Euro	0.49	0.47	5.0%
Dividend per share	Euro	0.30[1]	0.27	11.1%
IFRS Equity	Euro million	418.7	383.4	9.2%
EPRA NAV	Euro million	421.6	384.6	9.6%
EPRA NNNAV	Euro million	415.4	380.2	9.2%
IFRS NAV per share	Euro	11.63	10.65	9.2%
EPRA NAV per share	Euro	11.71	10.68	9.6%
EPRA NNNAV per share	Euro	11.54	10.56	9.2%
Return on Equity	%	11.8%	8.0%	3.8 p.p.
Gross debt[2]	Euro million	311.3	259.7	n.m.
Cash[2]	Euro million	82.4	27.1	n.m.
Net Debt[2]	Euro million	228.9	232.6	n.m.
Loan to Value[2]	%	34.5%	38.1%	(3.6) p.p.
Interest cover ratio	x	4.0x	3.2x	0.8x
Average "all in" cost of debt	%	2.03%	1.97%	6 bps
Average debt maturity	years	4.4	3.7	0.7
Number of assets	-	77	99	n.m.
Value of the assets[2]	Euro million	665.0[3]	610.7	8.9%
Gross annualised rents	Euro million	32.6	34.6	(5.8)%
Commercial surface	sqm	188,844	188,817	n.m.
EPRA Net Initial Yield	%	5.2%	5.3%	(10) bps
EPRA Topped-up Net Initial Yield	%	5.3%	5.5%	(20) bps
EPRA Vacancy Rate	%	4.6%	4.8%	(20) bps
Like for like rental growth	%	2.5%	1.4%	1.1 p.p.

1 Subject to approval by the shareholders' meeting (April 2019)
2 Corso Como Place accounted on a pro-rata basis (35.7%)
3 Includes the fair value of a Deutsche Bank branch classified as inventory and valued at cost

LETTER FROM THE CEO

IN 2018 COIMA RES HAS FURTHER CONCENTRATED ITS REAL ESTATE PORTFOLIO IN MILAN, GENERATED A RETURN ON EQUITY OF 12% AND MAINTAINED A PRUDENTE LEVERAGE

Dear shareholders, investors, tenants and partners,

at the end of our third year of activity we are pleased to present the solid results achieved by COIMA RES in 2018 which translated into a Return on Equity of 11.8% (vs 8.0% in 2017), an increase in EPRA NAV per share of 9.6% (vs 6.2% in 2017) and an increase in the dividend per share of 11.1% (Euro 0.30 in 2018 vs Euro 0.27 in 2018).

The macroeconomic context in which COIMA RES operated in 2018 was complex, mainly in light of the slowdown in the Italian, European and global economies and the increase in the perception of the Italian risk. In this context, the fundamentals of the office property market in Milan remained solid posting a 6% growth in prime rents and a record take-up of almost 400 thousand square meters. The strong demand by institutional investors for office assets in Milan is demonstrated by the level of the investment activity that reached the aggregate level of Euro 2.1 billion in 2018 and by the further yield compression of 10-25 bps in 2018, bringing the prime yield to 3.4% and the yield for good quality properties in secondary districts to 5.0%.

The year 2018 marked the conclusion of the first part of a journey, that began with our IPO in 2016, and that saw the completion of our first investment phase with the acquisition of two strategic buildings in the Porta Nuova district in Milan: the Tocqueville property, acquired for Euro 57.7 million, with an expected net stabilised yield on cost of around 5.0% (considering a refurbishment and subsequent reletting scenario) and the iconic Pavilion building, purchased for Euro 46.1 million, on which a significant revaluation, equal to c. 50% of the purchase value, has already been recorded.

This year we were also active on the disposals front, completing the sale of the Eurcenter in Rome for Euro 90.3 million (property purchased in August 2016 and sold in December 2018), obtaining a 13% premium on the purchase price and achieving a 20% levered IRR. The disposals also include the sale of 21 Deutsche Bank branches in the South of Italy for Euro 38.0 million, in line with the contribution value at the time of the IPO (disposal announced in October 2017 and completed in January 2018). From the IPO to today we have carried out disposals that represent 18% of the total investments made at an average premium compared to the acquisition price of 8%.

The COIMA RES portfolio currently consists of high-quality commercial properties mainly located in Milan, which today accounts for almost 90% of our portfolio. In the

Milanese context, we have a strong exposure to the dynamic district of Porta Nuova, a district that is expected to offer a combined growth of rents and occupancy of 10% in 2019-2021 according to the latest estimates of Green Street Advisors. Porta Nuova currently represents almost 40% of our portfolio. The quality of our portfolio is also demonstrated by the 3 existing LEED certifications and by the LEED certification targeted for the Corso Como Place project which would bring the portion of our certified properties to 60% of the total portfolio.

Our portfolio offers both a defensive profile and growth potential. On one hand, the Vodafone complex, the Deutsche Bank branches and Deruta, which represent about 50% of the value of our portfolio, provide a stable and long-term cash flow. On the other hand, the complementary portfolio, equal to about 50% of the total, offers rental growth prospects: in the short term as regards the Pavilion and Gioiaotto and in the medium term as regards Tocqueville, Monte Rosa and Corso Como Place on the back of their respective refurbishment projects.

In this period of uncertainty both in Italy and in Europe, we have decided to focus on Milan, the largest, most transparent and most liquid office market in Italy. Milan has represented over 60% of the office investment market in Italy, both in terms of number of transactions and investment volumes over the last four years. Milan is characterized by solid fundamentals between supply and demand, in particular due to the scarcity of Grade A buildings, which represent only 10% of the total office stock, but represent more than 70% of demand from tenants. This imbalance suggests that demand could exceed supply by a tune of 2-3x in the coming years, which will support rental growth in the short and medium-term.

In addition to focusing on Milan, in order to protect COIMA RES from the macroeconomic conditions affecting Italy, we opted for a more prudent position on financial leverage, remaining below the 40% LTV threshold (the current net LTV stands at 34.5%). As a reminder, our financial structure is basically set for the coming years, with no maturities before 2022, with an average maturity of more than 4 years and an attractive cost of debt at 2.0%, of which c. 75% is hedged with respect to interest rate fluctuations.

Implementing and maintaining a strong governance structure is of primary importance to us, both through a strong and independent Board of Directors, by adopting EPRA recommendations on financial reporting and sustainability, and by promoting innovation through our participation in the European Think Tank with five other leading listed real estate companies focused on the office segment.

We are confident in the quality of our portfolio, our team and our future growth potential. Looking ahead, we will continue to manage our company with discipline, we will further optimise our portfolio, preferring exposure to the office segment in Milan, we will reduce risks where appropriate and actively manage our assets with the main objective of creating value for our shareholders.

Thank you for your support.

Manfredi Catella
Founder & CEO, COIMA RES

COIMA RES
THE ONLY ITALIAN OFFICE REIT

1

THE GATEWAY TO ITALIAN REAL ESTATE
THE ONLY ITALIAN OFFICE REIT

2

FOCUSSED PORTFOLIO
€665 MILLION PORTFOLIO, 80% OFFICES, 90% IN MILAN, 40% IN PORTA NUOVA

3

GROWTH POTENTIAL
50% OF PORTFOLIO WITH A GROWTH PROFILE

4

PRUDENT LEVERAGE
34% LTV

5

BEST IN CLASS GOVERNANCE
7 OF 9 BOARD MEMBERS ARE INDEPENDENT

6

TRANSPARENCY
EPRA "GOLD AWARD" IN REPORTING

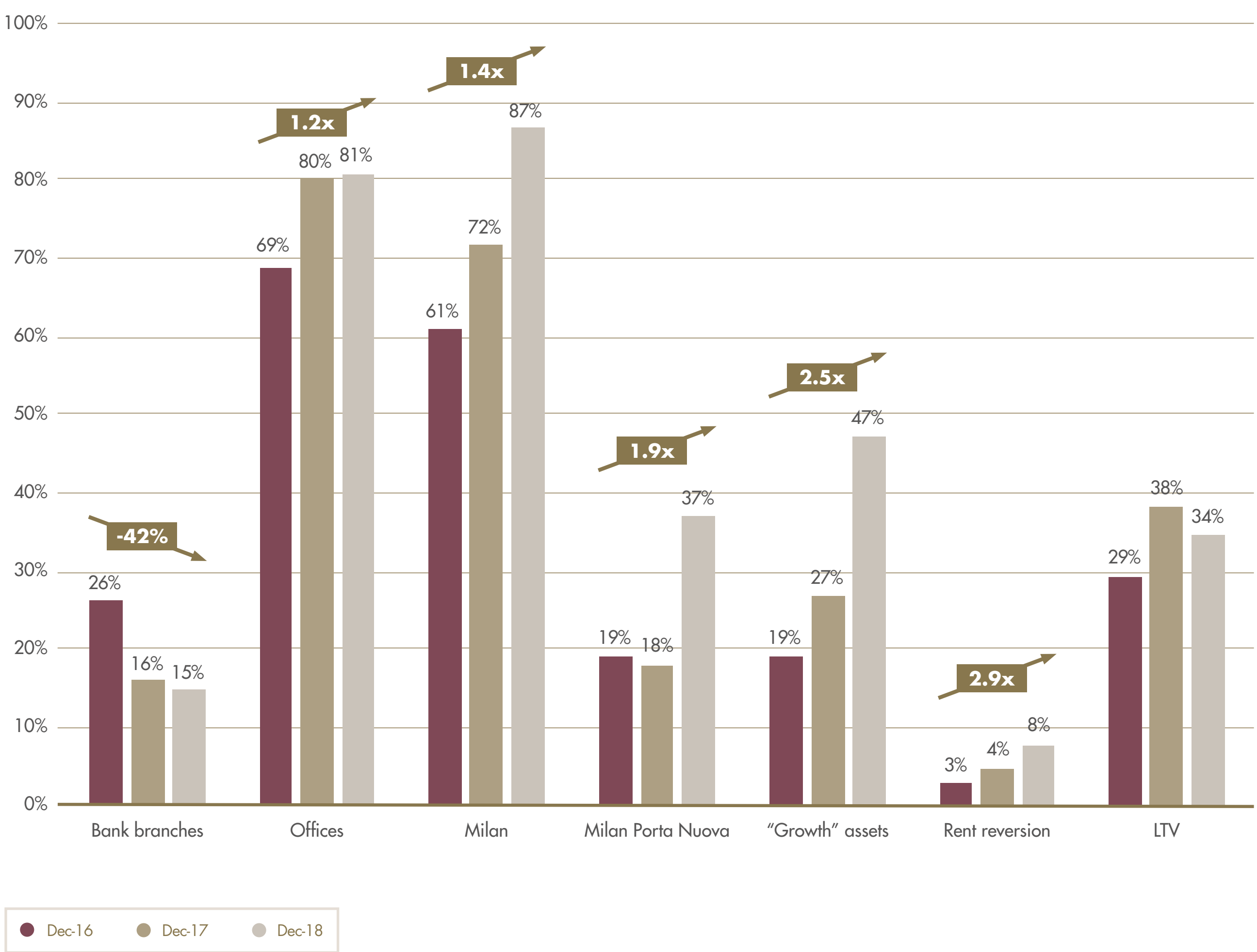
7

SUSTAINABILITY
60% OF PORTFOLIO LEED CERTIFIED (OR BEING CERTIFIED)

OVERVIEW OF OUR ACTIVITY FROM IPO TO TODAY

From our IPO to today we focussed the portfolio towards the most liquid asset class (offices) and towards a resilient business district (Porta Nuova), increasing the growth potential of the portfolio and maintaining a prudent leverage.

PORTFOLIO END USE		PORTFOLIO LOCATION		PORTFOLIO POTENTIAL UPSIDE		
Almost halved bank branches exposure	Increased office portion	Materially increased exposure to Milan (100% of office properties are in Milan)	Almost doubled exposure to Porta Nuova (4 of 7 office properties are in Porta Nuova)	More than doubled growth component (4 of 5 growth assets are in Porta Nuova)	Almost tripled rental growth upside potential	Maintained leverage at a prudent level



1 Rent reversion is a metric estimating the potential for rental growth in the portfolio and is defined as "Gross Rent / ERV - 1"
2 ERV is "estimated rental value" estimated by independent valuers

STRATEGY AND BUSINESS MODEL

GENERATE ATTRACTIVE AND SUSTAINABLE RETURNS MONITORING AND LIMITING RISKS

"Our strategy is aimed at the creation, optimisation and active management of a high quality real estate portfolio characterised by potential for appreciation and able to generate increasing and sustainable cash flows. Particular attention is paid to the sustainability and energy performance of our buildings both in their current status and also taking into account potential refurbishments. Given current market conditions, we have opted to focus on the office segment in Milan, as it is the largest, most transparent and most liquid market in Italy."

Manfredi Catella
Founder & CEO, COIMA RES

INVESTMENT STRATEGY

- Core and Core + commercial real estate with an attractive risk-return profile
- Offices assets in Milan: the largest, most transparent and most liquid market in Italy
- Off-market transactions leveraging our network and presence on the market
- Prudent financial structure maintaining an LTV below 40%
- Possibility of co-investment in Value-add projects in Joint Venture

MAIN FEATURES OF THE BUILDINGS WE BUY

- High quality buildings, both in their current state and in a refurbishment scenario
- Situated mainly in strategic areas which are well connected to the public transport network
- High quality of tenants with preference for "investment grade" status
- Combination of long-term leases for properties rented at market levels in order to support the cash flows of COIMA RES and short-term leases for properties rented below market in order to capture potential rental growth in the medium term (also on the back of refurbishment processes)
- Particular attention to the sustainability of buildings, both in their current state and in a refurbishment scenario, and related certifications (LEED, WELL, Cradle to Cradle, Near Zero Emission Building, etc.)

ACTIVE ASSET MANAGEMENT

- Constant monitoring of tenants' satisfaction
- Renegotiation of lease agreements to increase their level and/or extend duration
- Tenants' rotation in order to capture market rental growth
- Feasibility studies and implementation of improvement actions when needed
- Repositioning and upgrading buildings to satisfy market demand
- Evaluation of possible disposals of non-strategic assets and on an opportunistic basis

Milan - COIMA HEADQUARTERS - Inside

OUR PORTFOLIO

COIMA RES PORTFOLIO CONSISTS IN 7 BUILDINGS MAINLY FOR OFFICE USE SITUATED IN MILAN AND A PORTFOLIO OF 70 BANK BRANCHES SITUATED IN THE NORTH AND CENTRE ITALY FOR A TOTAL VALUE OF EURO 665[1] MILLION AND A COMMERCIAL SURFACE OF ABOUT 189,000 SQM

"During 2018 we have been particularly active in signing new lease agreements for the Gioiaotto, Monte Rosa and Pavilion properties and in advancing the Corso Como Place development project by starting the construction phase and the marketing to prospective tenants."

Matteo Ravà
Head of Asset Management

At December 31st, 2018, the COIMA RES portfolio consisted of 77 properties (70 bank branches and 7 office buildings) for approximately 189,000 square meters. The portfolio has a value of Euro 665[1] million (of which c. 90% is in Milan, c. 40% in Milan Porta Nuova and c. 80% is for office use).

The value of the portfolio increased by Euro 54.4 million compared to December 31st, 2017 due to the acquisitions of Pavilion and Tocqueville for Euro 103.8 million, the increase in the value of the portfolio equal to Euro 35.9 million (mainly due to revaluations, to the capex expenses for the Corso Como Place project and the refurbishment of Gioiaotto), partially offset by the sale of Deutsche Bank branches for Euro 1.5 million and the sale of the Eurcenter property in Rome for Euro 90.3 million (book value equal to Euro 83.8 million as of December 31st, 2017).

Our portfolio offers both a defensive profile and growth potential. On the one hand, the Vodafone complex, the Deutsche Bank branches and Deruta, which represent c. 50% of the value of our portfolio provide a stable cash flow basis deriving from long-term leases. On the other hand, the complementary portfolio, equal to c. 50% of the total value, offers rental growth potential: in the short term regarding the Pavilion and Gioiaotto and in the medium term regarding Tocqueville, Monte Rosa and Corso Como Place on the back of their respective refurbishment projects.

1 Includes the fair value of a Deutsche Bank branch classified as inventory and valued at cost

Portfolio overview

GROSS ASSET VALUE
665[1]
Euro million

EPRA NET INITIAL YIELD
5.2%

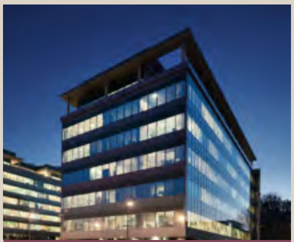
WALT
6.2
years

VACANCY
4.6%

LEED CERTIFIED (OR TARGET)
60%

CORE


VODAFONE - Milan

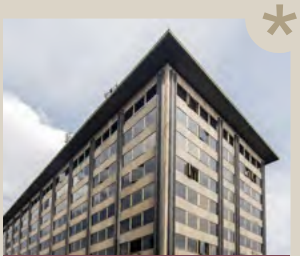

DERUTA - Milan


DEUTSCHE BANK

CORE +


* GIOIAOTTO - Milan


* PAVILION - Milan


* TOCQUEVILLE - Milan


MONTE ROSA - Milan

VALUE-ADD


* CORSO COMO PLACE - Milan

CORE
~53% of GAV
(7.2 years WALT)

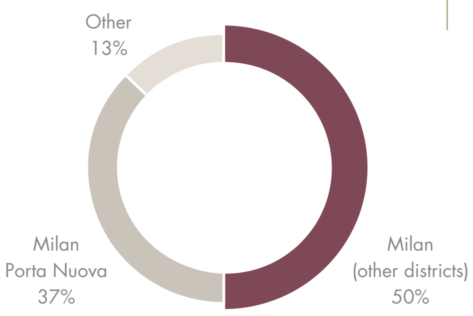
ASSET CON PROSPETTIVA DI CRESCITA
~47% of GAV
(3.9 years WALT)

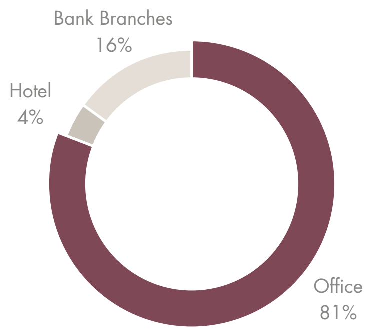
* *Asset in Milan Porta Nuova*

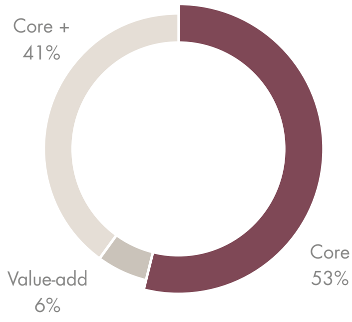
1 Includes the fair value of a Deutsche Bank branch classified as inventory and valued at cost

REAL ESTATE PORTFOLIO (AS OF DECEMBER 31ST, 2018)

by GEOGRAPHY	by END USE	by INVESTMENT STRATEGY

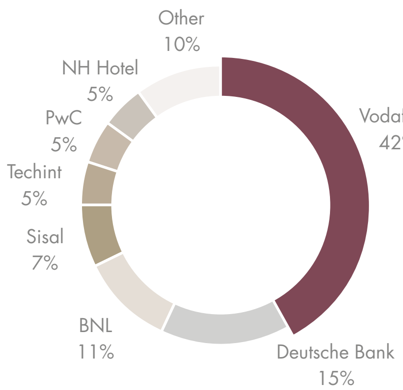


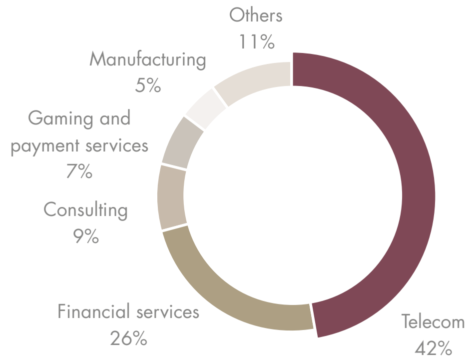




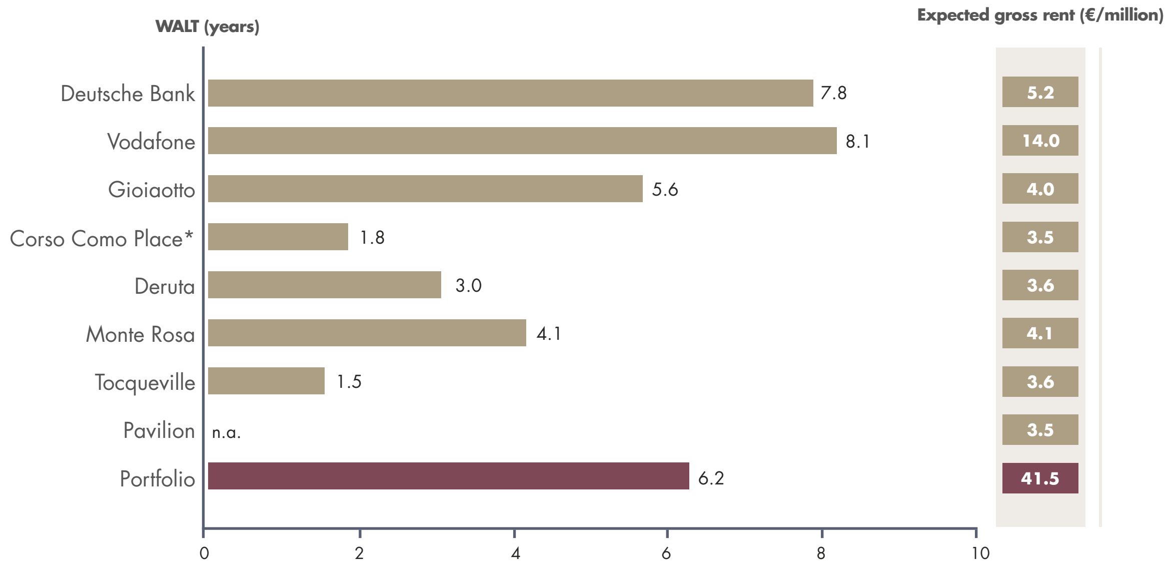
GROSS STABILISED RENTS – ANNUALISED (AS OF DECEMBER 31ST, 2018)

by TENANT	by SECTOR





WALT



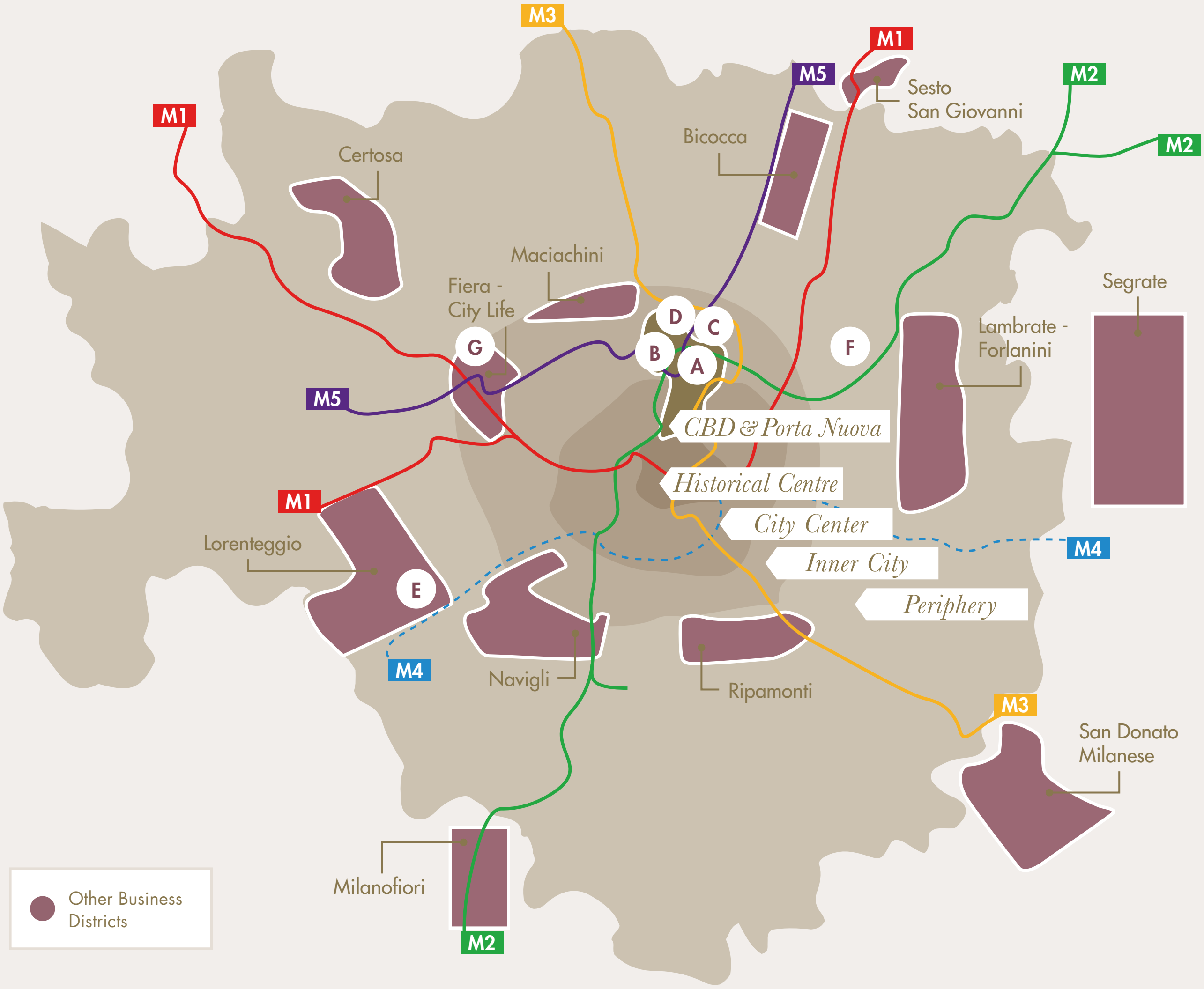
*Accounted on a pro-rata basis (35.7%)

Main metrics of the real estate portfolio (as of December 31st, 2018)

	Deutsche Bank	Vodafone	Gioiaotto[1]	Corso Como Place	Deruta	Monte Rosa	Tocqueville	Pavilion	Total
Location	Across Italy	Milan	Milan P. Nuova	Milan P. Nuova	Milan	Milan	Milan P. Nuova	Milan P. Nuova	-
Asset class	Bank Branches	Office	Office, Hotel	Office, Retail	Office	Office	Office	Office	-
Product type	Core	Core	Core +	Value-add	Core	Core +	Core +	Core +	-
% of ownership	100.0%	100.0%	86.7%	35.7%	100.0%	100.0%	100.0%	100.0%	-
Gross Asset Value ("GAV")	€96.5m[7]	€209.3m	€79.8m	€40.4m[2]	€49.8m	€60.4m	€58.9m	€70.0m	**€665.0m**
WALT (years)	7.8	8.1	5.6	1.8	3.0	4.1	1.5	n.a.[6]	**6.2**
EPRA occupancy rate	81%	100%	100%	n.a.	100%	91%	100%	n.a.[6]	**95.4%**
Gross initial rent	€5.2m	€14.0m	€3.3m	€0.3m[2]	€3.6m	€3.7m	€2.4m	n.a.[6]	**€32.6m**
EPRA Net Initial Yield	4.5%	6.2%	3.7%	n.a.	6.6%	5.0%	3.6%	n.a.[6]	**5.2%**
EPRA Topped-up NIY	4.5%	6.2%	4.5%	n.a.	6.6%	5.2%	3.6%	n.a.[6]	**5.3%**
Expected net stabilised yield[5]	5.3%[3]	6.2%	4.5%	6.2%[4]	6.6%	5.6%	4.9%[4]	4.8%	**5.6%**

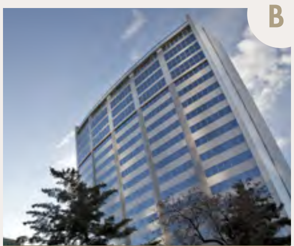
1 Figures consider Gioiaotto as being 100% consolidated
2 Including Corso Como Place on a pro-rata basis (35.7%)
3 Calculated excluding vacant branches
4 Calculated including expected capex
5 Reflects in the numerator the stabilised NOI plus any other asset-management initiatives. In the denominator, it reflects the current appraised asset value plus potential capex.
6 Starting from January 31st, 2018 the Pavilion is fully leased to IBM
7 Includes the fair value of a Deutsche Bank branch classified as inventory and valued at cost

Milan - DERUTA - Inner courtyard



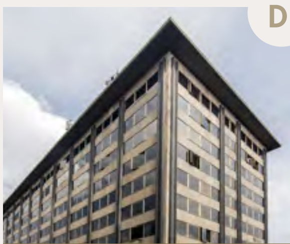
Porta Nuova

GIOIAOTTO



CORSO COMO PLACE

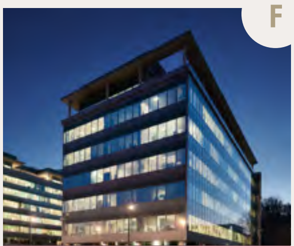
PAVILION



TOCQUEVILLE

Other Business Districts

VODAFONE



DERUTA

MONTE ROSA

Rome - DEUTSCHE BANK PORTFOLIO - Façade

DEUTSCHE BANK BRANCHES

INVESTMENT STRATEGY

Portfolio contributed into COIMA RES by Qatar Holding LLC at the time of the IPO and aimed at creating a predictable and stable cash flow for COIMA RES. Conversion potential into retail use at the time of expiry of the lease agreement with Deutsche Bank if the contract were not to be renewed.

Facts & figures

Address:
various cities in the North and Centre of Italy

Commercial Surface:
43,857 sqm

Value:
Euro 96.5 million

WALT:
7.8 years

Year of acquisition by COIMA RES:
2016

TENANT

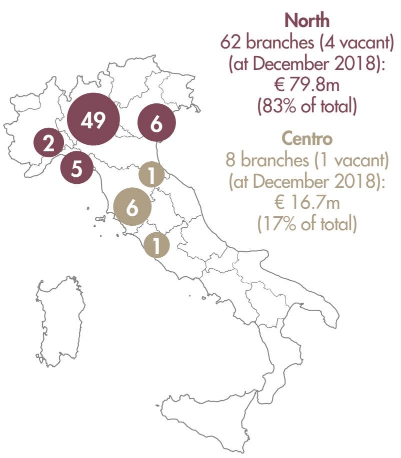
Deutsche Bank

Description

Portfolio consisting of 70 bank branches located in North and Centre of Italy. As of December 31st, 2018, 5 branches were vacant while the remaining 65 branches were leased to Deutsche Bank under a long term "unbreakable" contract (equal to 7.8 years).

CURRENT PORTFOLIO

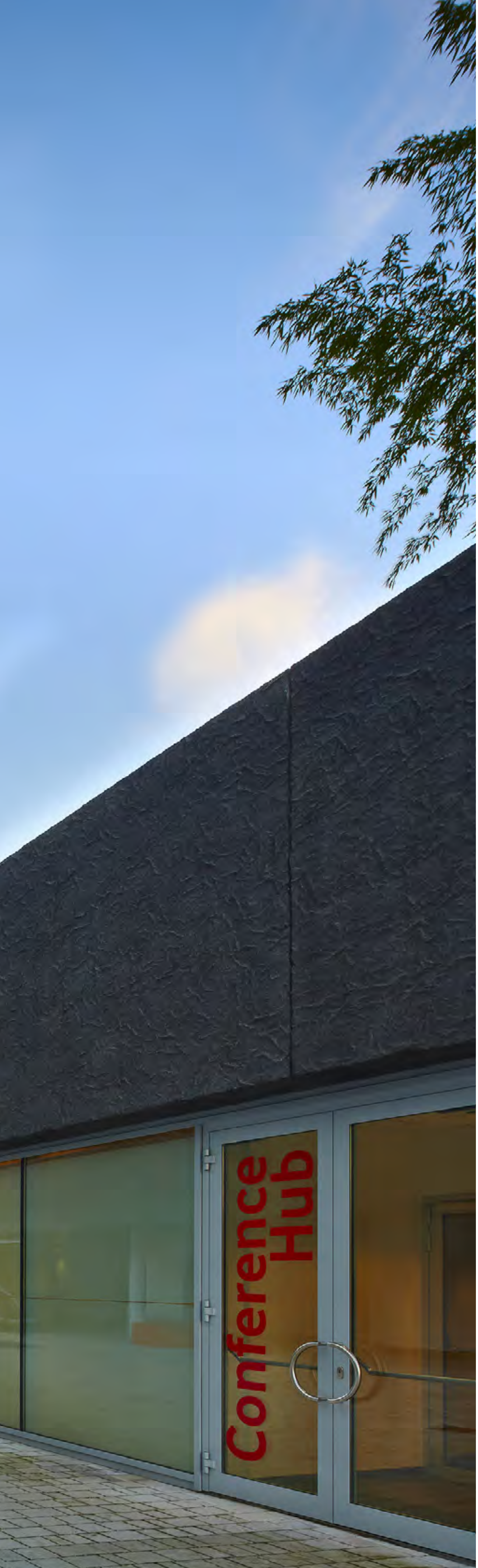
n° of branches: 70
Market value (at December 2018):
Euro 96.5 million



LARGEST 10 BANK BRANCHES

#	*City*	*Address*	*Cumulated value (%)*
1	Como	Viale Cavallotti 3	10%
2	Rome	Piazza Ss. Apostoli 70	19%
3	Turin	Via Arcivescovado 7	25%
4	Genova	Via Garibaldi 5	31%
5	Verona	Corso Portanuova 135	35%
6	Milan	Via Dei Martinitt 3	39%
7	Mestre	Riviera Xx Settembre 13	43%
8	Prato	Via F. Ferrucci 41	46%
9	Milan	Via Larga 16	49%
10	Milan	Via Pierluigi Da Palestrina 2	51%

Milan - VODAFONE - Entrance



VODAFONE

INVESTMENT STRATEGY

Property purchased in the first phase of the investment program post IPO and aimed at creating a predictable and stable cash flow for COIMA RES.

Facts & figures

Address:
Via Lorenteggio 240, Milan

Value:
Euro 209.3 million

Commercial Surface:
46,323 sqm

WALT:
8.1 years

Year of construction:
2012

Year of acquisition by COIMA RES:
2016

Certification:
LEED Silver

TENANT

vodafone

Description

Complex consisting of three buildings and fully leased to Vodafone with a long-term lease contract (expiring in January 2027). Located in the Lorenteggio district that will benefit from the completion of the MM4 metro line (expected by 2023) that will connect the district directly to the Linate airport. The complex is an important example of excellence in terms of eco-sustainability, thanks to its LEED certification.

GIOIAOTTO

INVESTMENT STRATEGY

Active management of the tenants for the office part, due to the relatively short residual life of the existing leasing contracts, aimed at capturing the rental growth trend in the area. Long-term lease agreement as far as the hotel portion is concerned with the possibility of capturing part of the upside resulting from the commercial performance of the hotel operator from 2020.

Facts & figures

Address:
Viale Melchiorre Gioia 6/8, Milan

Value:
Euro 79.8 million

Commercial Surface:
14,454 sqm

WALT:
5.6 years

Year of construction:
1970s

Year of last refurbishment:
2014

Year of acquisition by COIMA RES:
2016

Certification:
LEED Platinum

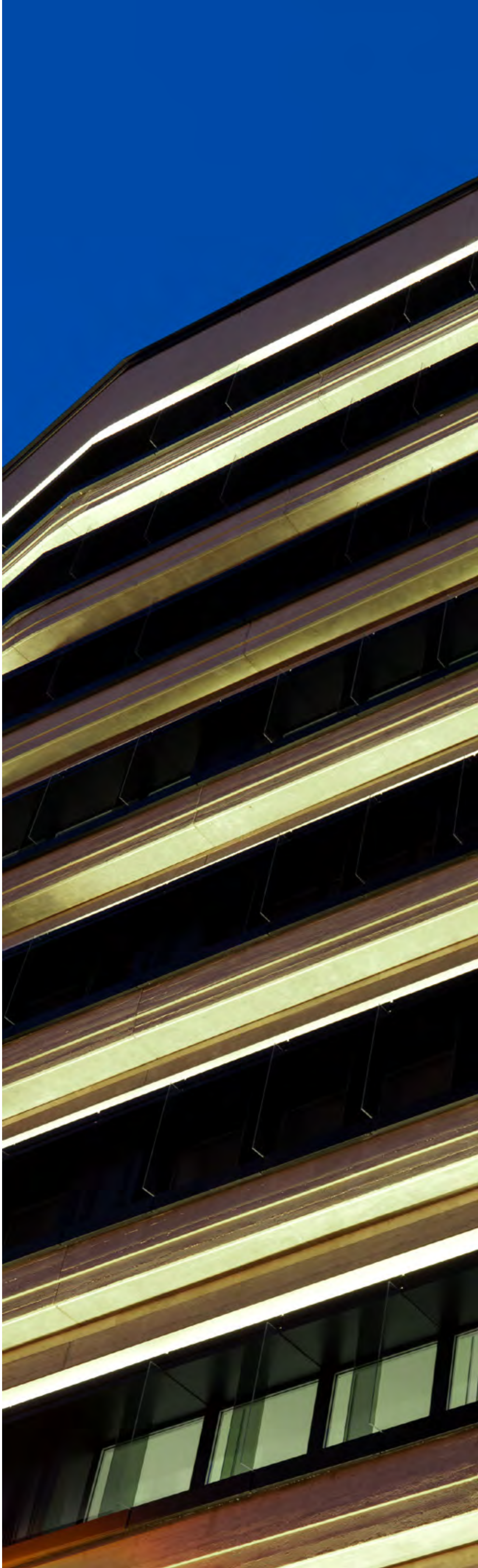
TENANTS

Grant Thornton

NH HOTEL GROUP QBE Angelini Beauty RGA

Description

Built in the 1970s and renovated in 2014, Gioiaotto was the first LEED Platinum certified building in Milan. 50% of the areas are leased for office use and the remaining 50% are leased for hotel use to NH Hotel.



Milan - CORSO COMO PLACE - Façade

CORSO COMO PLACE

INVESTMENT STRATEGY

The strategy for the building complex includes: (i) the complete redevelopment of the tower building with a mixed office and retail destination (building A), (ii) enhancement of the office building (building B) through active management in terms of leasing of the vacant areas, benefiting from the overall improvement of the area and (iii) the creation of a new building (building C) for offices and retail use. The project will also include the redevelopment of the pedestrian spaces that extend from Corso Como through Piazza Gae Aulenti to Piazza della Repubblica and the Isola district. The whole project is expected to be delivered in 2020.

London-based and award winning PLP Architecture studio is leading the development, focusing on the Corso Como Place high-rise building and the adjacent square which will include a retail box. PLP Architecture has designed many high-profile projects, including "The Edge" in Amsterdam (named the world's most sustainable building), 1 Page Street in London (Burberry's headquarters) and Nova Victoria in London. The Corso Como Place project will feature several cutting edge sustainable and innovative technologies, with implementation of Smart Building infrastructure and application of international sustainability certification such as LEED and WELL with extensive use of renewable energy sources. The project will also create a new public space in front of Tocqueville and the refurbishment of the streets connecting to Corso Como.

Facts & figures

Address: **Via Nino Bonnet 6A, 8A, 10A, Milan**	*Value:* **Euro 40.4 million (on pro-rata basis, 35.7%)**
Commercial Surface: **22,420 sqm**	*WALT:* **1.8 years**
Year of construction: **1950 - 1960**	*Year of last refurbishment:* **in progress**
Year of acquisition by COIMA RES: **2016**	*Target certifications:* **LEED Gold, WELL Gold, Cradle to Cradle, Near Zero Emission Building**

MAIN TENANT OF THE EXISTING BUILDING (BUILDING B)

Sisal

Building A & C in refurbishment, construction & leasing phase)

Description

Real estate complex located in Milan Porta Nuova between the UniCredit and Microsoft headquarters, both developed and managed by the COIMA platform. The property is well connected to the public transport network, with a high-speed train station (Garibaldi Station) and 2 underground lines (MM2 and MM5). The complex currently consists of two buildings, one partially empty and the second instead completely vacant. COIMA RES owns a 35.7% stake in the complex.

KEY PROJECT DATA

Estimated total project cost:
Euro 164 million
(100% OF THE PROJECT)

Purchase price (2016)
Euro 89 million
(100% OF THE PROJECT)

Estimated capex & other capitalised costs (including financing)
Euro 75 million
(100% OF THE PROJECT)

Already spent (2017-2018)
Euro 12.7 million

To be spent (2019-2020)
Euro 62.3 million

PROJECT CALENDAR

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

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

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

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

» ***By 2020:*** delivery of the project

TARGET RETURNS AND LEVERAGE

GROSS YIELD ON COST
c. **6%**

LEVERED IRR
c. **12%**

LOAN TO COST
c. **60%**

OVERVIEW OF THE COMPLEX

» ***BUILDING A***
(high-rise office tower, 16,000 sqm GBA)
- Existing building, 100% vacant and in refurbishment and commercialisation phase
- Hard refurbishment

» ***BUILDING B***
(low-rise office tower, 6,200 sqm GBA)
- Existing building, currently >60% leased
- Extraordinary maintenance works planned

» ***BUILDING C***
(new office / retail low-rise, 4,800 sqm GBA)
- Development of new building for mixed office and retail use
- New building (partially replacing underground parking)
- Demolition and rebuilding of existing underground parking

Milan - CORSO COMO PLACE - Façade

DERUTA

INVESTMENT STRATEGY

Possible refurbishment of the building that will allow the increase in the level of occupancy of the complex and improve its energy performance in order to ensure the necessary flexibility for the benefit of the tenant.

Facts & figures

Address:
Via Deruta 19, Milan

Value:
Euro 49.8 million

Commercial Surface:
27,751 sqm

WALT:
3.0 years

Year of construction:
2007

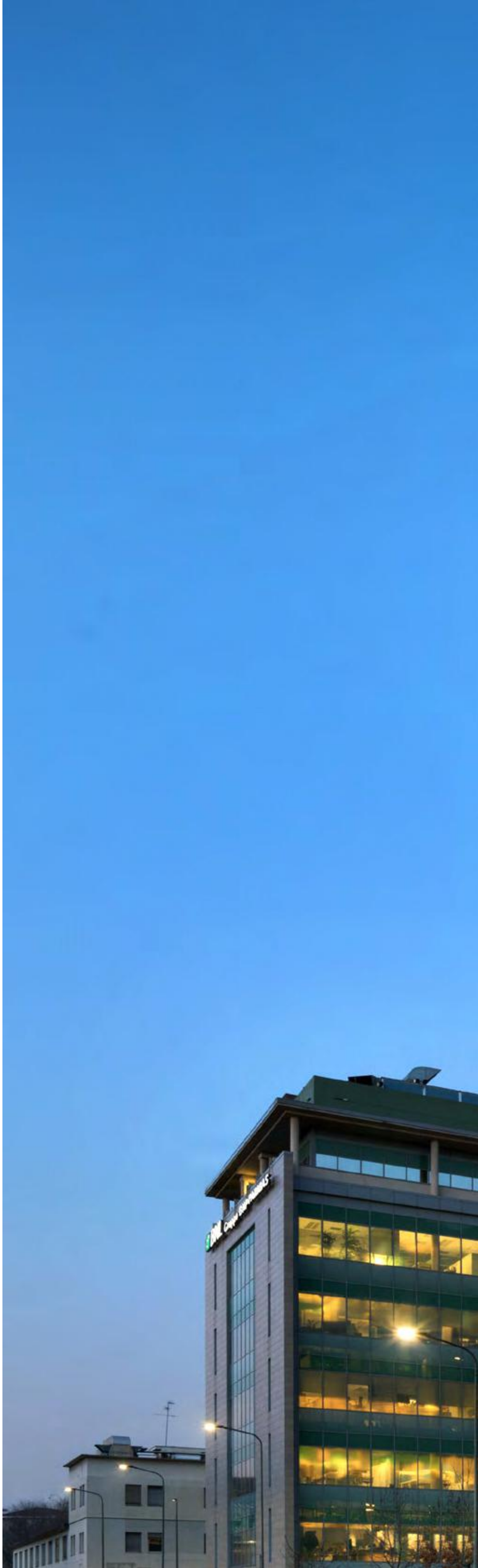
Year of acquisition by COIMA RES:
2017

TENANT

BNL
GRUPPO BNP PARIBAS

Description

Complex located in the north-east of Milan positioned in an area well connected to the public transport network and the motorway system. In particular, the area offers excellent access thanks to the adjacency of the MM2 subway, of railway stations (Lambrate Station 0.6 km, Central Station 2.7 km), of the motorway network (Tangenziale Est to 1.2 km) and Linate airport (just 10 minutes away).



Milan - DERUTA - Façade

Milan - MONTE ROSA - Inner courtyard

MONTE ROSA

INVESTMENT STRATEGY

Medium-term value creation strategy that includes (i) the leasing of the vacant part and the office surfaces that could be released in the coming years and (ii) the potential recovery of previously authorized surfaces that could lead to an increase of up to approximately 30% of the total surface.

Facts & figures

Address:
Viale Monte Rosa 93, Milan

Value:
Euro 60.4 million

Commercial Surface:
19,539 sqm

WALT:
4.1 years

Year of construction:
1942 / 1956 / 1961

Year of last refurbishment:
1997

Year of acquisition by COIMA RES:
2017

TENANTS

TECHINT Engineering & Construction, pwc, ARCADIS, Merck, Bluvacanze

Description

Complex composed of four buildings built at various times between 1942 and 1961 and which in 1997 were subjected to extensive renovation works. Complex characterized by an efficient use of space. Monte Rosa is leased at attractive terms (given the rental growth in Milan), and well located in a consolidated semi-central business district in Milan. The proximity to the recent development of CityLife and the excellent connection to public transport with two underground lines (MM1 and MM5) make the property particularly attractive.

TOCQUEVILLE

INVESTMENT STRATEGY

Value creation in the medium term through a refurbishment of the asset, increase in surfaces and re-letting also benefiting from the overall improvement of the area driven by the adjacent Corso Como Place project.

Facts & figures

Address:
Via Alessio di Tocqueville, 13, Milan

Value:
Euro 58.9 million

Commercial Surface:
10,922 sqm

WALT:
1.5 years

Year of construction:
1969

Year of last refurbishment:
2003

Year of acquisition by COIMA RES:
2018

MAIN TENANT

Sisal

Description

10-storey building in the Milan Porta Nuova area between Microsoft headquarters and UniCredit headquarters, both developed by the COIMA platform. The current average gross rent of Tocqueville is c. Euro 245 / sq.m, i.e. more than 50% lower vs the Prime Rent in Porta Nuova, most of the leases expire at the beginning of 2021. The main tenant is Sisal S.p.A. (the second largest gaming company and the largest payment service provider in Italy), which accounts for 89% of the surfaces.


P

Milan - PAVILION - Exterior

PAVILION

INVESTMENT STRATEGY

The original investment plan envisaged (i) the change of use of the building from exhibition centre to a mix of offices and / or retail, (ii) reconfiguration of the building to accommodate activities for office use and / or retail and (iii) leasing activities aimed at attracting office and / or retail tenants. The execution of the plan has instead led to the signing of a lease with IBM for the whole complex with a 9 years contract and with a simplified repositioning of the asset vs the initial plan.

Facts & figures

Address:
Piazza Gae Aulenti 10, Milan

Value:
Euro 70.0 million

Commercial Surface:
3,576 sqm

WALT:
9 years (from January 31^{st}, 2019)

Year of construction:
2014

Year of acquisition by COIMA RES:
2018

Certification:
LEED Gold

TENANT
IBM (from January 31^{st}, 2019)

Description

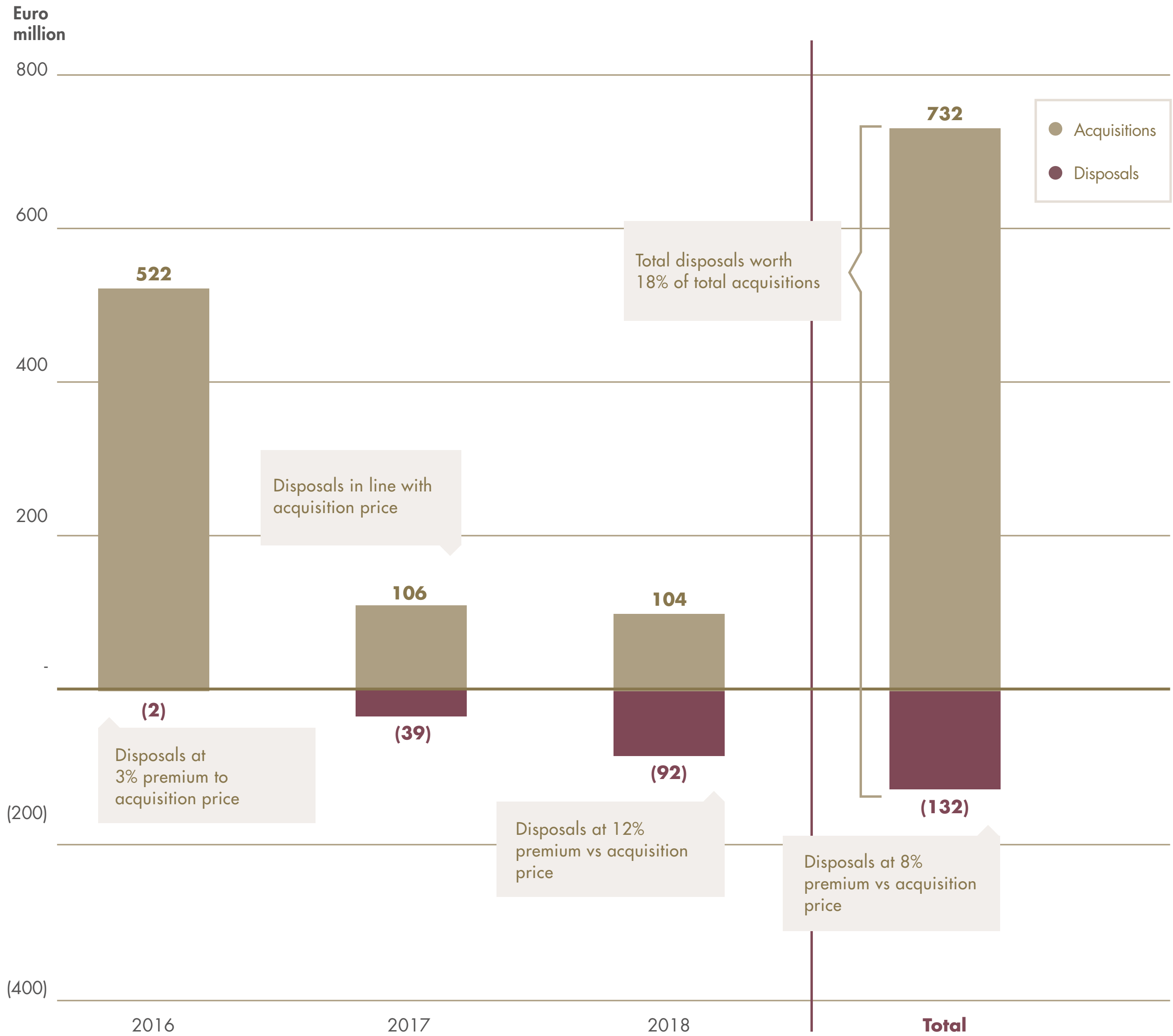
LEED Gold certified multi-functional building designed by Michele De Lucchi and built in 2014. Strategic location in the heart of Porta Nuova between Piazza Gae Aulenti and the new "Biblioteca degli Alberi" park, which is the third largest park in the centre of Milan. The unique technical features of the Pavilion and its 360° visibility offer a high degree of flexibility in terms of leasing strategy.

ACTIVE MANAGEMENT OF THE PORTFOLIO

DURING THE COURSE OF 2018 WE TOOK ACTIONS AIMED AT REFOCUSING THE PORTFOLIO AND AT CRYSTALLISING OF OUR INVESTMENT PERFORMANCE

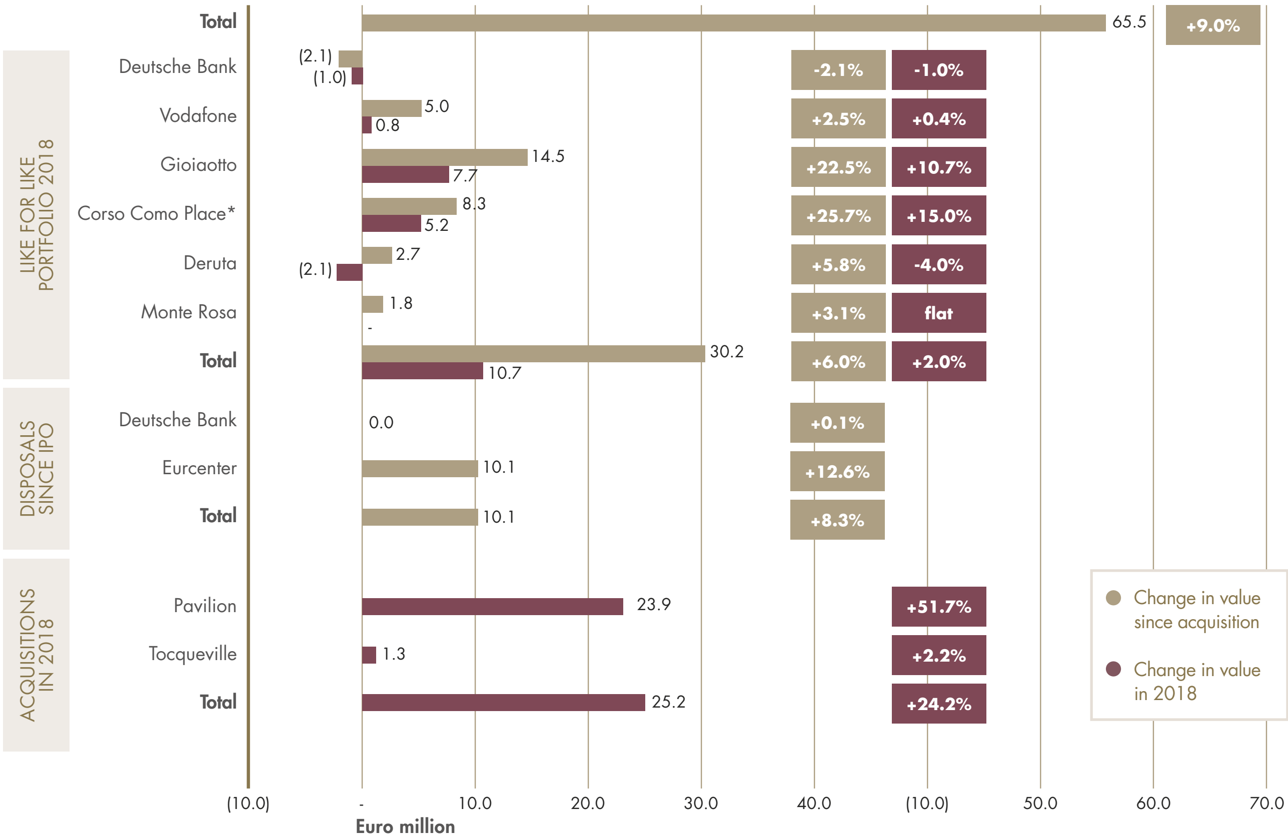
OVERVIEW OF INVESTMENT AND DISPOSALS ACTIVITY SINCE IPO

Approx. Euro 732 million in acquisitions and Euro 132 million in disposals (at a blended premium of 8% to acquisition price).



PROPERTIES' CHANGE IN VALUE[1,2,3]

Capital value growth of +2.0%[4] on a like for like basis in 2018 (or +2.7%[4] excluding bank branches).



1 Includes both revaluations, capex and capital gains or losses from disposals
2 Does not include brokers' costs for Deutsche Bank and Eurcenter disposals
3 Acquisition price includes also capitalised transaction costs
4 Taking into accounts assets that were in the COIMA RES perimeter both as at December 31st, 2018 and as at December 31st, 2017

DEUTSCHE BANK BRANCHES

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, a value in line with the contribution value at the time of the IPO. 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).

In September 2018, COIMA RES closed, through COIMA CORE FUND IV, the sale of 2 Deutsche Bank branches for a combined price of Euro 1.5 million, at a premium of 6.2% vs the last book value as of June 30th, 2018. The 2 branches are in Desio and Varenna (secondary locations in Lombardy, North of Italy).

Since its IPO, COIMA RES has sold 26 Deutsche Bank branches for an aggregate sale price of Euro 41.5 million and in line with the contribution value at the time of the IPO.

In terms of cost savings, we have achieved property tax reductions in Q1 2018 for 11 branches in an amount of c. Euro 94,000 (annualised), resulting in a 190-bps boost to the Deutsche Bank portfolio NOI margin (from 80.1% to 82.0%).

» *VODAFONE COMPLEX*

In January 2018, Vodafone completed its consolidation process relocating all its employees to the three buildings of the Lorenteggio Village owned by COIMA RES and allowing Vodafone to meaningfully reduce average cost per employee. COIMA RES has also activated a new property management contract for the buildings which will result in annual cost savings of circa Euro 70,000 and boost the property's NOI margin by around 50 bps (from 92.2% to 92.7%).

» *GIOIAOTTO*

With the aim of upgrading the hotel's standard to the NH Collection level, the NH Hotel Group has performed renovation works in an amount of c. Euro 4.0 million. The fund which owns the Gioiaotto property, which is 86.7% owned and fully consolidated by COIMA RES, committed to contribute up to Euro 1.4 million to this amount. The works started in Q4 2017 and were completed in July 2018.

Regarding Gioiaotto's office portion, two existing tenants released c. 1,400 sqm in aggregate in the first nine months of 2018 and were replaced by two new tenants which signed leases at an aggregate premium of 21% vs the previous in place rent (on a stabilised basis).

In particular, axélero vacated c. 700 sqm in Q1 2018 and was replaced by Angelini Beauty as a new tenant on a 6 years + 6 years lease. The new lease was signed at a 14% premium to the rental level previously paid by axélero.

In addition, Gibson vacated c. 700 sqm in Q3 2018 and was replaced by RGA as a new tenant on a 7 years + 6 years lease (effective from April 2019). The new lease was signed at a 28% premium to the rental level previously paid by Gibson.

» *EURCENTER*

On December 17th, 2018, COIMA RES sold the Eurcenter property located Rome for a price of Euro 90.3 million to Zurich Italy Real Estate Fund, a fund fully subscribed by Zurich Investments Life and managed by UBS Asset Management (Italia) SGR.

The disposal of the Eurcenter represents the largest single office transaction in Rome in 2018, a market characterised by lower transaction liquidity vs Milan. The Eurcenter was COIMA RES' second largest property, representing 12% of COIMA RES' portfolio.

The sale price represents a premium of 13% vs the asset acquisition price (July 2016) and a premium of 4% vs the last book value of the property as of June 30th, 2018, thus supporting the valuation of COIMA RES' portfolio of assets. The "roundtrip" levered IRR achieved by COIMA RES on the Eurcenter investment is 20% (unlevered IRR of 11%). The sale price implies a net stabilised yield in line with the prime net yield of the EUR area in Rome.

The Eurcenter sale was performed through the COIMA Core Fund VI (previously known as MH Real Estate Crescita, i.e. MHREC), which is 86.7% owned, and fully consolidated, by COIMA RES.

The disposal is in line with the plan of rotating assets and optimising the portfolio with the aim of crystallising value from mature properties and with the objective, at this particular point in time, of further concentrating the portfolio in the Milan office market.

CORSO COMO PLACE

The Corso Como Place project is well on track for delivery in 2020 within the overall budgeted cost of Euro 164 million, including the initial Euro 89 million acquisition price and total capex and other capitalised costs of Euro 75 million. Overall capex and other capitalised costs spent in 2017-2018 for the Corso Como Place project amount to Euro 12.7 million with a further Euro 62.3 million expected to be spent in 2019-2020 (of which Euro 22.2 million that will be spent by COIMA RES given its 35.7% stake in the project).

Demolition works and excavations began in November 2017 and were completed in H1 2018. In July 2018, the final approval for construction works was obtained and the construction phase was initiated with the appointment of the general contractor (on budget). The overall completion of the project is planned for 2020. Formal pre-leasing activity has commenced in September 2018, with brokers already appointed. Early feedback from prospective tenants is positive.

In Q2 2018, the Porta Nuova Bonnet Fund (35.7% owned by COIMA RES) agreed financing for the Corso Como Place Value-add project in an amount of Euro 95.6 million, of which Euro 56.4 million as refinancing of the existing acquisition and pre-development lines and Euro 39.2 million as new financing for redevelopment capex and VAT. The maturity of the overall financing package was extended by 18 months with a marginal improvement in some of the step-down mechanics of the financing.

MONTE ROSA

On February 1st, 2018, COIMA RES signed an additional lease agreement with PwC for Euro 154,000 per annum covering an additional 500 sqm (3.4% of NRA) plus 7 parking spots. Considering this new lease, PwC currently occupies 46% of the building's NRA. The lease was signed at Euro 280 / sqm plus annual rent of Euro 2,000 per parking space implying a premium of about 8% vs the blended average rental value of Euro 260 / sqm in place at Monte Rosa at the time of the signing of the lease.

PAVILION

COIMA RES signed on August 1st, 2018 a leasing agreement with IBM for 100% of the Pavilion. The lease agreement with IBM is effective since January 31st, 2019 and features a 9 years + 6 years structure, 100% linked to inflation, with gross initial rent of c. Euro 1.25 million (for the first 12 months) and a contractual gross stabilised rent of c. Euro 3.5 million (commencing after the first 12 months). IBM will be the sole tenant of the Pavilion. No material capex will be spent by COIMA RES to host IBM in the property.

Based on the acquisition price of Euro 46.1 million, the economics of the IBM lease implied an EPRA Net Initial Yield of 2.4% and an EPRA Topped-up Net Yield of 7.2%. A Euro 23.9 million revaluation was recorded in Q4 2018 on the Pavilion property which is valued by Independent Appraiser CBRE at Euro 70.0 million, implying for the IBM lease terms an EPRA Net Initial Yield of 1.6% and an EPRA Topped-up Net Yield of 4.8%.

WHY ITALY

The Italian real estate market continues to offer investment opportunities with competitive returns. The current phase is characterised, on one hand, by a consolidation of capital values and rental growth and, on the other hand, by the persistence of structural gaps both in terms of product and sub-sectors. The real estate investment volumes recorded in Italy in 2018, equal to c. Euro 9 billion, confirm that the overall size of the commercial real estate market in Italy has consolidated in the last few years also increasing the competition and transparency in the sector, without negatively impacting the possibility for local operators to carry out "off market" transactions which can generate above-market returns.

INVESTMENT VOLUMES IN ITALIAN REAL ESTATE IN 2018:

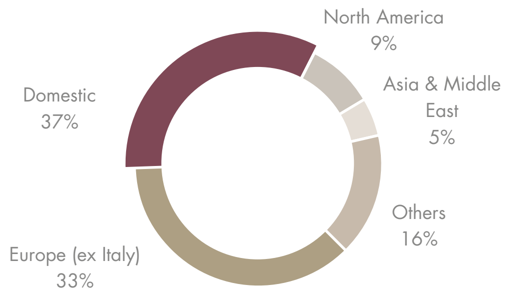
Euro **8.7** *billion*

+40% vs last 10 years average

DESTINATION OF INVESTMENTS BY ASSET CLASS

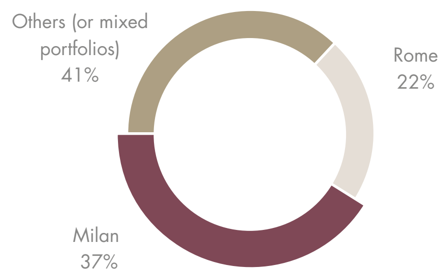
Office	*Retail*	*Logistics*	*Hotel*	*Alternatives*
41%	**25%**	**12%**	**12%**	**10%**

INVESTORS' ORIGIN (2018)



Source: BNP Paribas Real Estate Research, JLL

DESTINATION OF INVESTMENTS BY GEOGRAPHY (2018)



Source: BNP Paribas Real Estate Research, JLL

Rome - DEUTSCHE BANK PORTFOLIO - Façade

WHY MILAN

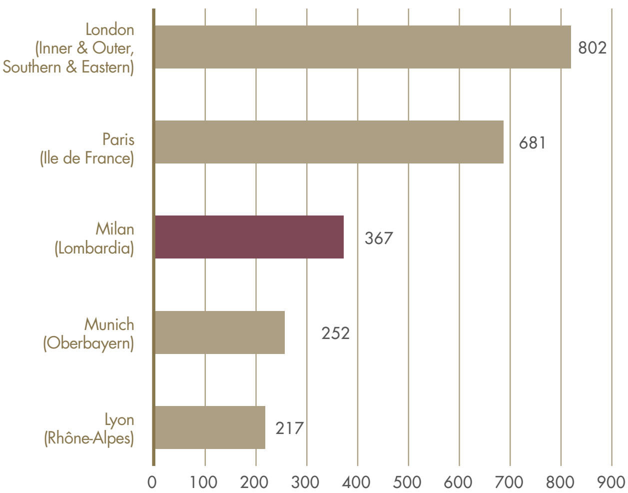
"Milan is characterized by solid fundamentals between supply and demand, also in relation to the scarcity of properties in grade A, which represent only 10% of total stock for office use, but represent more than 70% of the demand from the tenants. This imbalance suggests that demand could exceed 2-3x the supply in the next few years which, will support rental growth in the short and medium-term."

Gabriele Bonfiglioli
Head of Investments

LOMBARDY AMONG THE MOST DYNAMIC REGIONS OF EUROPE

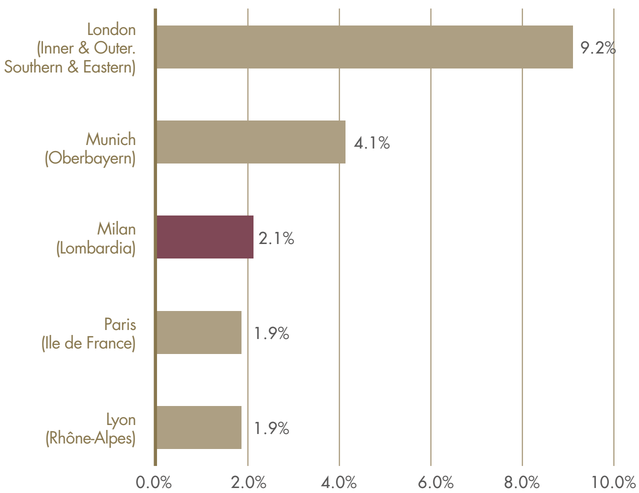
Lombardy is the third European region by size of the gross domestic product (GDP) and has recorded an average growth rate in the period 2013-2015 comparable with that of other regions of similar size.

GDP by region (billion of Euro, 2016)



Source: Eurostat

GDP growth (% CAGR, 2013-2016)



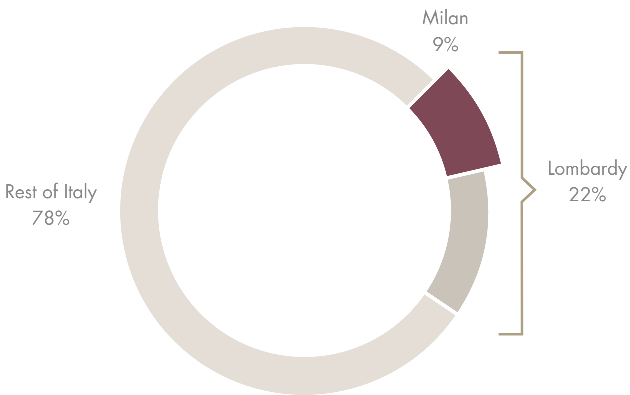
Source: Eurostat

MILAN AND LOMBARDY

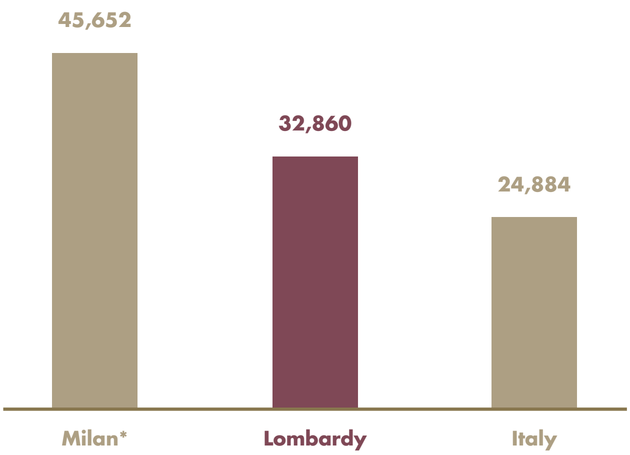
	LOMBARDY	ITALY	SHARE
AREA (sq. km)	**23,864**	302,073	7.9%
POPULATION (1/1/2018)	**10,036,258**	60,483,973	16.1%
WORKFORCE (thousand, 2017)	**4,399,374**	23,023,959	19.1%
GDP (nominal, million euro, 2016)	**368,582**	1,680,523	21.9%
VALUE ADDED (per capita, 2016)	**32,860**	24,884	-
NUMBER OF ENTERPRISES (2017)	**815,956**	5,150,149	15.8%
R&D EXPENDITURE (million euro, 2014)	**4,625**	22,291	20.8%
IMPORT (million euro, 2017)	**124,737**	400,659	31.1%
EXPORT (million euro, 2017)	**120,334**	448,107	26.9%

Source: Assolombarda on Istat and Prometeia data

Gross Domestic Product % - 2016



Value Added per capita - 2016 (euro)



(*) 2015

MILAN AS A FAST EVOLVING CITY[1]

Milan is a fast-evolving city, with a significant number of redevelopment projects and infrastructure upgrades relevant at the European level.

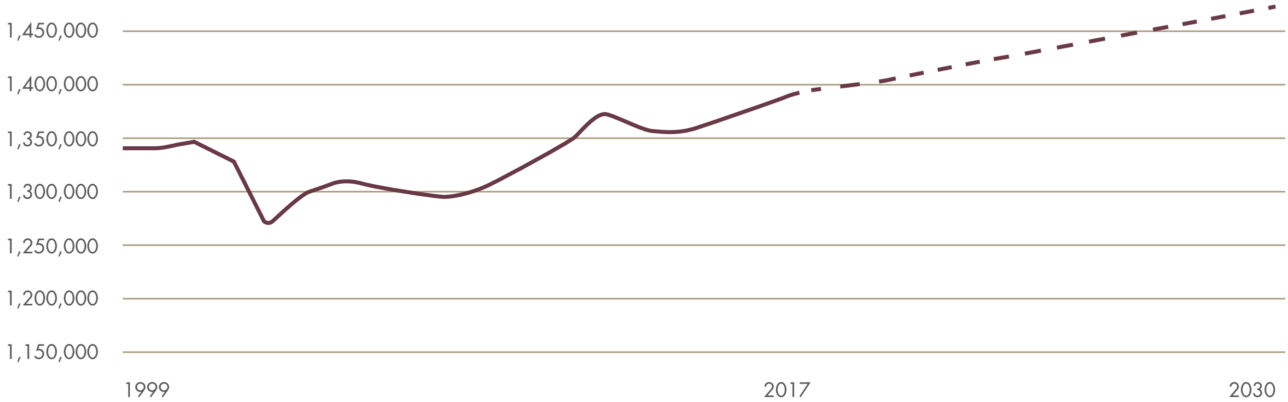
The Milan 2030 plan, promoted by the City of Milan and currently being defined, is a plan that will make the city more attractive, more liveable, more inclusive and more sustainable with incentives for those investing in the suburbs, important measures for the fight against abandoned buildings and urban regeneration to increase green spaces.

The five main objectives of the Milan 2030 plan relate to the promotion (1) of a connected, metropolitan and global city, (2) of a city of opportunities, attractive and inclusive, (3) of a green city, liveable and resilient, (4) of a city that values its 88 neighbourhoods and (5) of a city that regenerates itself.

The entry of Milan into a new phase of development can be grasped through the observation of the demographic trends in the medium term: the population of the city returns to growth already starting in 2008 and in a clear way since 2014. Residents in Milan in 2017 were 1,380,873, over 86 thousand more than in 2008 (+ 6.7%), with an increase concentrated in the last three years.

The demographic projections, elaborated by the Municipality of Milan in the medium scenario at 2030, estimate further growth: the population will be 1,458,170 (+5.6% vs 2017).

Population growth in Milan, 1999/2030



Source: Comune di Milano

1 The following section includes extracts from the documents published by the Municipality of Milan, and in particular from the document "Territorial Government Plan - September 2018".

After a long phase of employment growth that marked all the years '90 and a good part of the last decade, Milan - and its metropolitan area - suffered the crisis starting from 2008, recovering only in the most recent years the previous levels. The data on the labour force for 2016 indicate an unemployment rate equal to 6.2%, compared to 4.2% in 2008. Approx. 8% of the 3,000 medium-sized Italian companies are based in Milan, a city that sees the presence of 34% of the multinationals present in Italy.

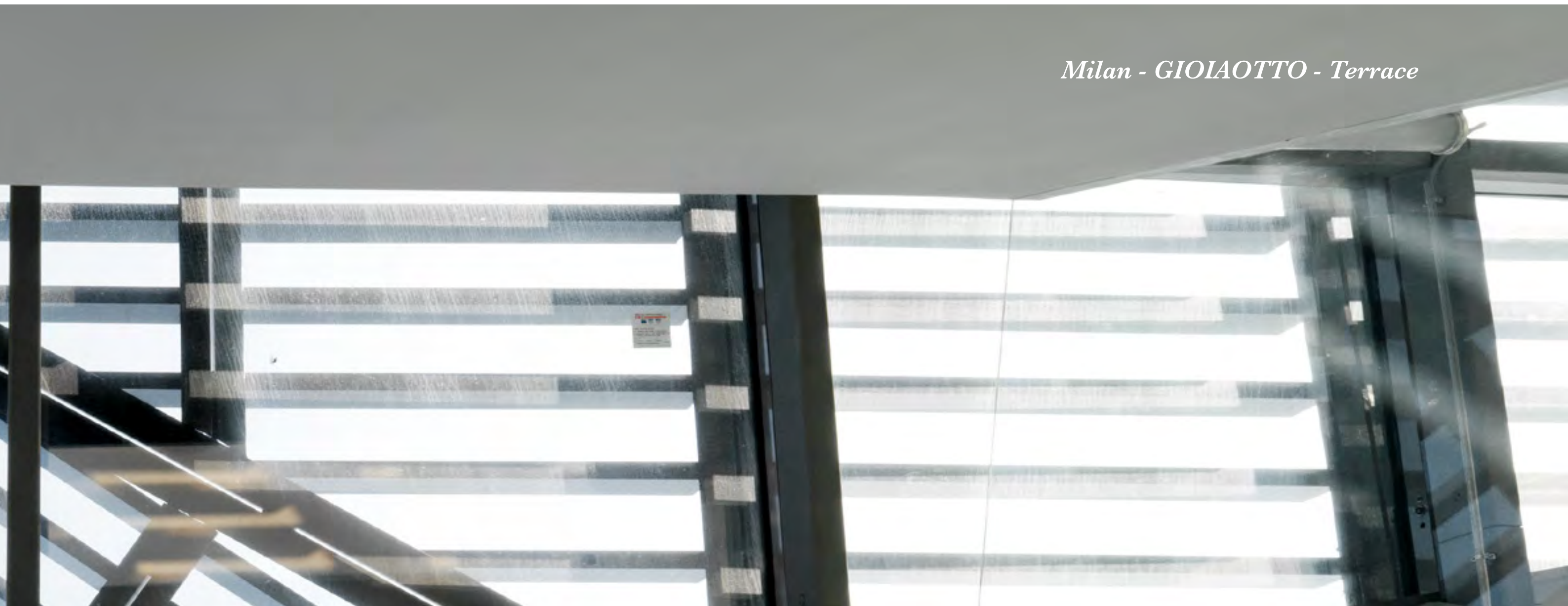
The tourism sector deserves special mention. Milan tourism has had a strong momentum since the beginning of the 90s, but if then domestic tourism accounted for 64%, today, in addition to more than doubled arrivals (5,088,523 in 2016), the percentages are they are inverted and 64% is represented by international presences, with a very strong increase in flows coming from China and Russia.

MILAN: URBAN TRANSFORMATION PROJECTS[1]

Milan and the metropolitan area are experiencing a particularly dynamic phase from the point of view of transformations, confirming the strong attractiveness of the city. A number of projects have started and more will start soon, which are helping to redefine the urban and metropolitan structure and balance. The process of transformation of the Porta Nuova / Garibaldi area, started over ten years ago, together with the new Palazzo della Regione, is perhaps the hub. Since then, other important interventions have taken place, of different size and nature, which have contributed to the extension of the city "centre": Porta Volta, with the Feltrinelli Foundation and Microsoft; CityLife, on the site of part of the historic Milan fair and the Portello, on the former Alfa Romeo areas. Other particularly significant interventions, for different reasons and nature, which have helped to regenerate important parts of the city are the recovery of the Darsena, heritage of Expo 2015, which has returned to new life; the former Ansaldo, which hosts, in addition to BASE Milano, the new Museum of Cultures of Milan (MUDEC); the new headquarters of the Prada Foundation, which transformed a former distillery of the early '900 in the Porta Romana area. Looking to the future, much revolves around MIND. In the post-Expo area there will be three major public functions: Human Technopole, the campus of the University of Milan and the IRCCS Galeazzi. Next to them will arise many other functions, developed by Lendlease (the operator who won the tender in November 2017), with residences, offices, work spaces and public facilities.

The other major regeneration process that will determine an important reorganization of the city with effects on the metropolitan scale is the AdP Scali Ferroviari, which represents an unmissable opportunity for urban regeneration for Milan. The accessibility and connection of the areas with the urban fabric, the possibility of creating new centres and services, including a new site for the Accademia di Brera, strengthening the green and ecological connections, promoting temporary uses will transform radically Milan. At the same time, the projects launched on the Ortomercato and the Barracks represent significant opportunities for the redevelopment of entire urban areas, as well as important transformation started some time ago and still awaiting completion (Santa Giulia, Porta Vittoria, Adriano, Cascina Merlata, Calchi Taeggi, etc.).

1 The following section includes extracts from the documents published by the Municipality of Milan, and in particular from the document "Territorial Government Plan - September 2018".



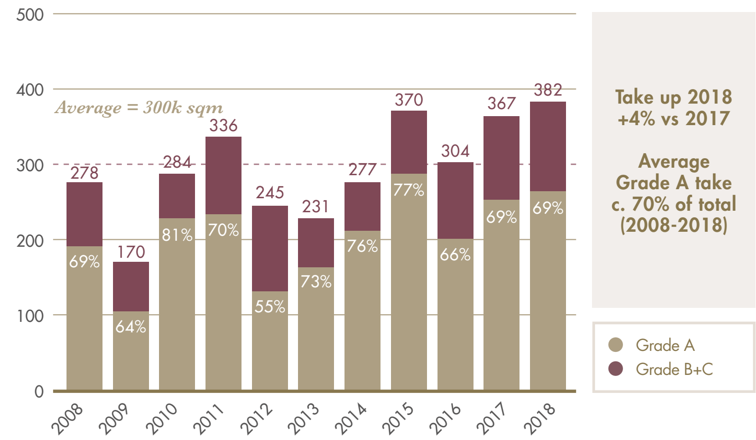
Milan - GIOIAOTTO - Terrace

OFFICE SECTOR IN MILAN: A DYNAMIC MARKET

The year 2018 saw a take-up level equal to about 380,000 square meters, up by 4% compared to 2017, a record value compared to the average of recent years.

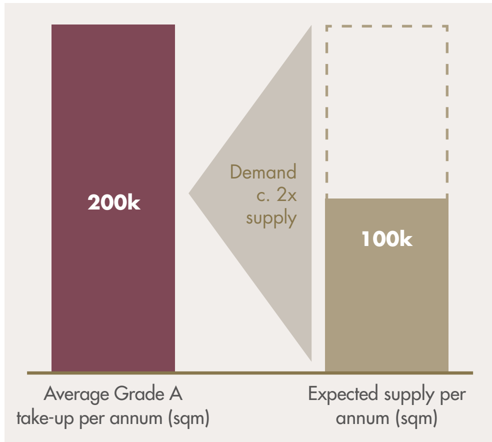
Milan is characterized by solid supply and demand fundamentals, in particular due to the scarcity of Grade A buildings, which represent only 10% of the total office stock, but represent more than 70% of tenants' demand. This imbalance suggests that demand could exceed the supply by a tune of 2-3x in the coming years, which will support rental growth in the short to medium-term.

Office Milan take-up ('000 sqm)



Sources: C&W, JLL

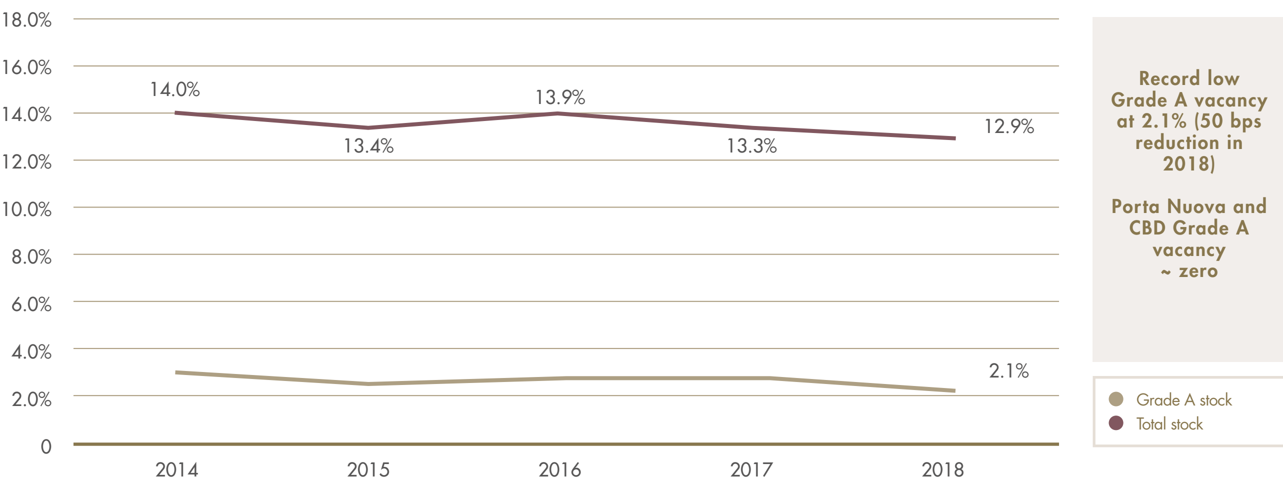
Supply and Demand for offices in Milan (2019-2022)



Sources: C&W, JLL

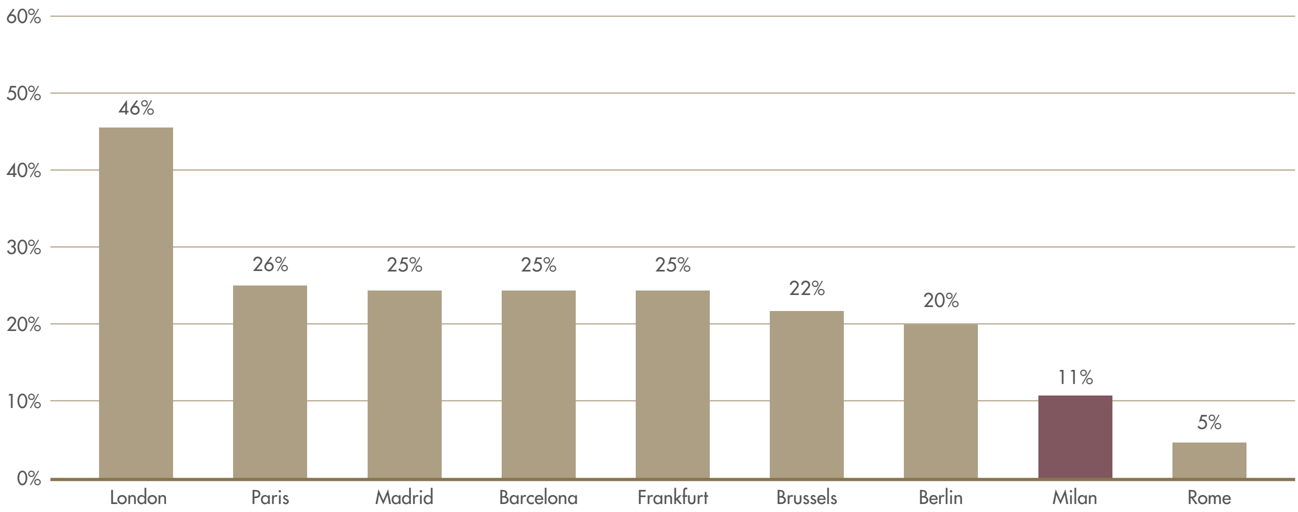
The vacancy rate in the Grade A office segment in Milan is at historical lows at a level of around 2.1%, a reduction of 50 basis points compared to the levels at the end of 2017.

Vacancy rate by grade for Milan offices (%)



Sources: C&W, JLL

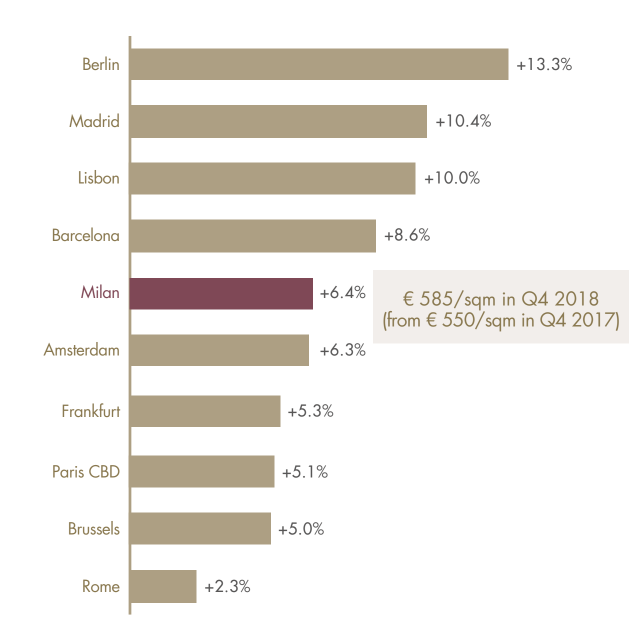
Grade A office stock in context (% as total stock)



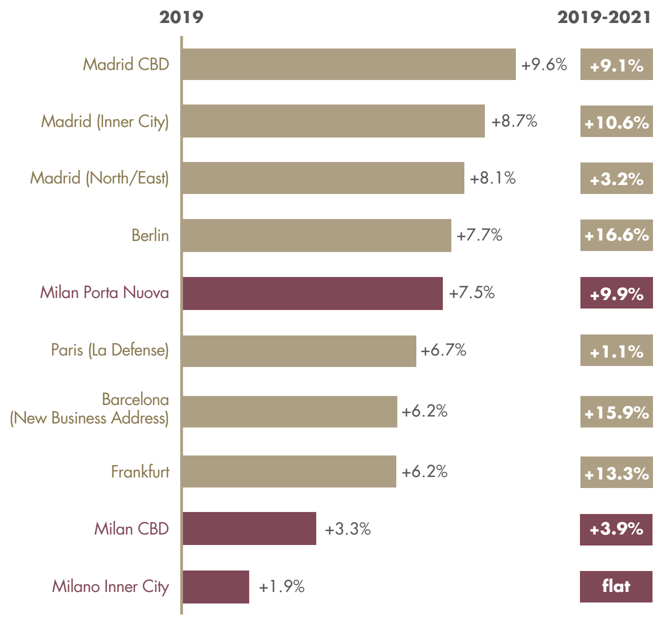
Sources: C&W, JLL

The office market in Milan saw prime rent reaching the Euro 585 / sqm level at December 31st, 2018, an increase of 6.4% in 2018. Green Street Advisors estimates that the combined rental and occupancy growth over the period 2019-2021 will be + 9.9% for Milano Porta Nuova and + 3.9% for Milano CDB.

Prime office rental growth (2018)



Office rental and occupancy growth[1]

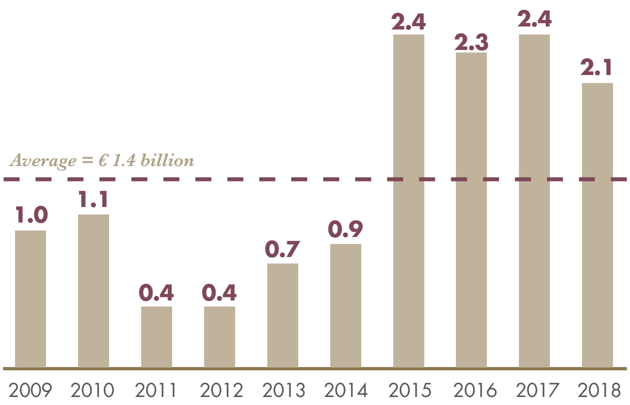


Fonti: JLL (2018 data), Green Street Advisors (2019-2021 data)

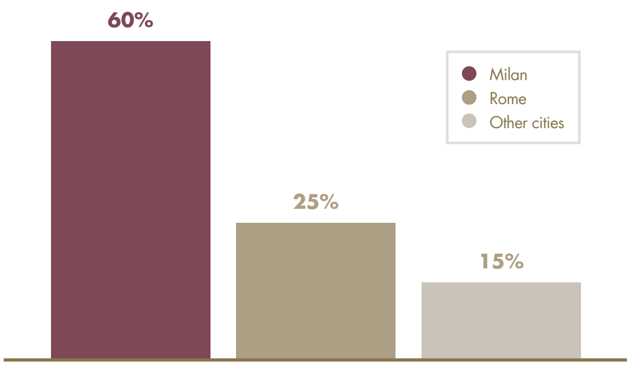
1 RevPAM

The investment market for Milan offices remains very dynamic with Euro 2.1 billion of transactions recorded in 2018, a level equal to 1.5x the average of the last 10 years. The net yield for the Milan prime office properties stands at 3.40%, down 10 basis points compared to the end of 2017 while the net yield for offices in good secondary locations stands at 5.00%, down 25 basis points compared to the end of 2017.

Milan offices - Investment volumes (€ billion)

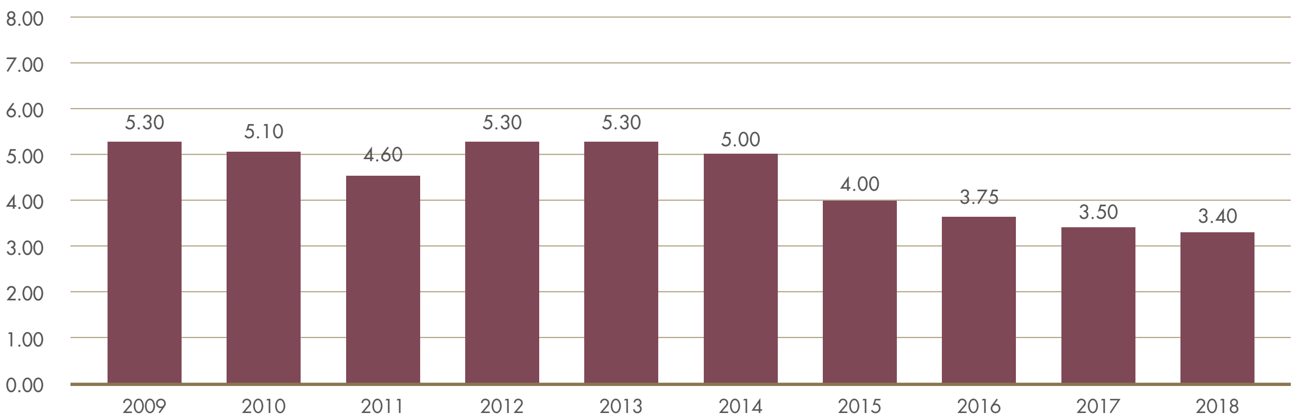


Italian offices - Investment market liquidity

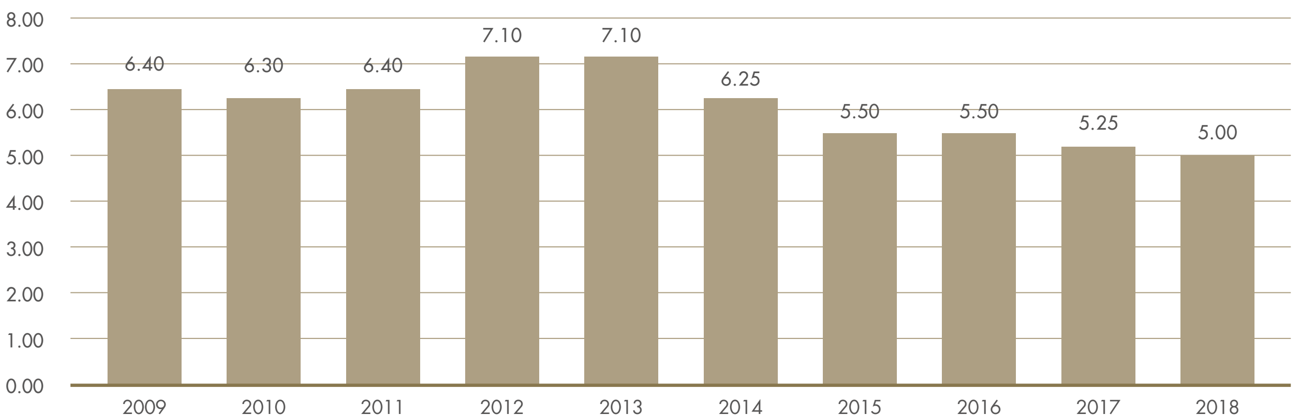


Total value of office transactions (% of total, 2015-2018)

Milan offices - Prime Net Yield (%)



Milan office - Good Secondary Net Yield (%)



Sources: CBRE, C&W

Milan - VODAFONE - Façade

Milan - PORTA NUOVA - Piazza Gae Aulenti

02

MANAGEMENT

COIMA RES IS LED BY A MANAGEMENT TEAM WITH SEVERAL YEARS OF EXPERIENCES IN THE ITALIAN AND INTERNATIONAL REAL ESTATE SECTOR

SENIOR MANAGEMENT

A CLOSELY-KNIT TEAM THAT HAS WORKED TOGETHER FOR OVER 10 YEARS

Manfredi Catella

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

Gabriele Bonfiglioli

A graduate in Business Administration from the University of Rome, he studied real estate finance at the University of Amsterdam, UVA. Gabriele Bonfiglioli is currently Key Manager, responsible for the Investment Management of COIMA RES and Managing Director of Investment Management of COIMA SGR.
He worked in the SGR of Beni Stabili where he collaborated on the launch of the first Italian contribution and collection mixed fund for international investors. Until 2014, he was a member of the Hines Group global investment and performance committee.
With over 14 years experience in the real estate sector, Bonfiglioli has overseen real estate transactions worth over €3 billion. During his career, he has negotiated rental agreements covering over 100,000 m^2 and financing of over €1 billion.

Fulvio Di Gilio

A graduate in Economics from the University of Naples "Federico II", Fulvio Di Gilio is the CFO of COIMA RES. He began his career at PriceWaterhouseCoopers, going on to become Senior Manager at the GFSI Group of Deloitte & Touche. He performed a similar role at Hines Italia SGR (which later became COIMA SGR) for five years, gaining considerable experience in the real estate sector.

During his career, he has carried out consulting activities in due diligence, extraordinary transactions such as mergers, acquisitions, securitisations and IPO processes, special transitional projects for the financial statements of listed companies for international accounting principles and he has negotiated financings worth more than €2 billion.

Matteo Ravà

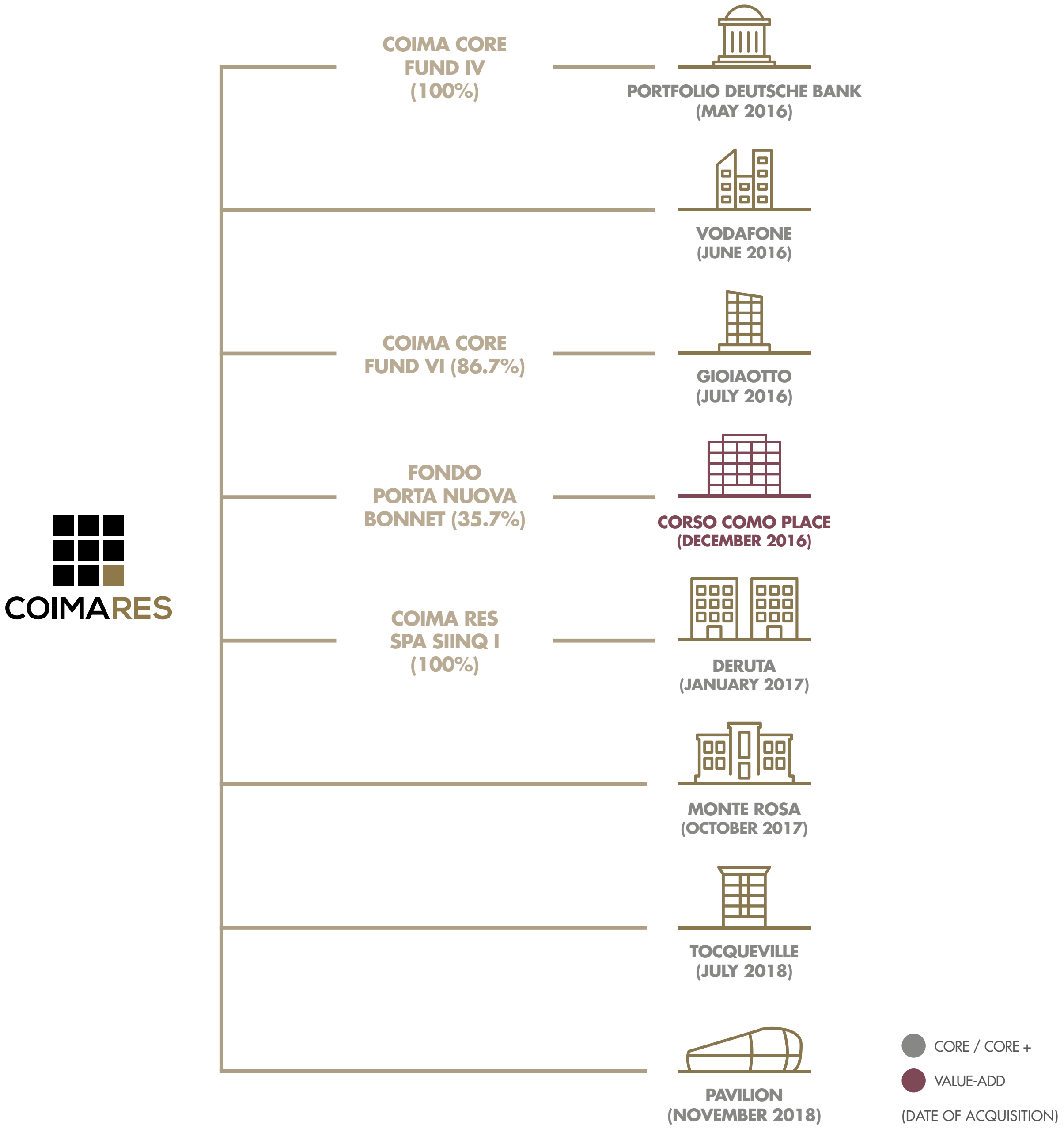
He graduated in Economics and Social Sciences from the Bocconi University, gained a Masters in Corporate Finance from the Bocconi University School of Management, Matteo Ravà is Key Manager, responsible for the Asset Management of COIMA RES and Managing Director of Asset Management of COIMA SGR.

Ravà has over five years of experience in the sector of corporate finance at leading consultancy firms, including Ernst & Young and Deloitte & Touche, carrying out valuation and advisory activities in extraordinary merger and acquisition transactions and IPOs.

In the real estate sector for more than 14 years, Matteo Ravà has managed property funds and assets worth over €3 billion and has negotiated rental agreements for over 100,000 m^2 of spaces for office use and financings for over 3 billion.

OUR CORPORATE STRUCTURE

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



MANAGEMENT OF ACTIVITIES

The Company is managed by an internal team of five people (which increased to six people in January 2019) that leverage an the external support of the resources of COIMA SGR and COIMA S.r.l..

The Board of Directors of the Company represents the strategic body and in it resides all powers for ordinary and extraordinary management.

With regard to investments and asset management, COIMA RES uses its Investment Director and the activities of COIMA SGR, a company managed by Manfredi Catella, Gabriele Bonfiglioli, Matteo Ravà, professionals with long experience in the real estate and finance world Italian.

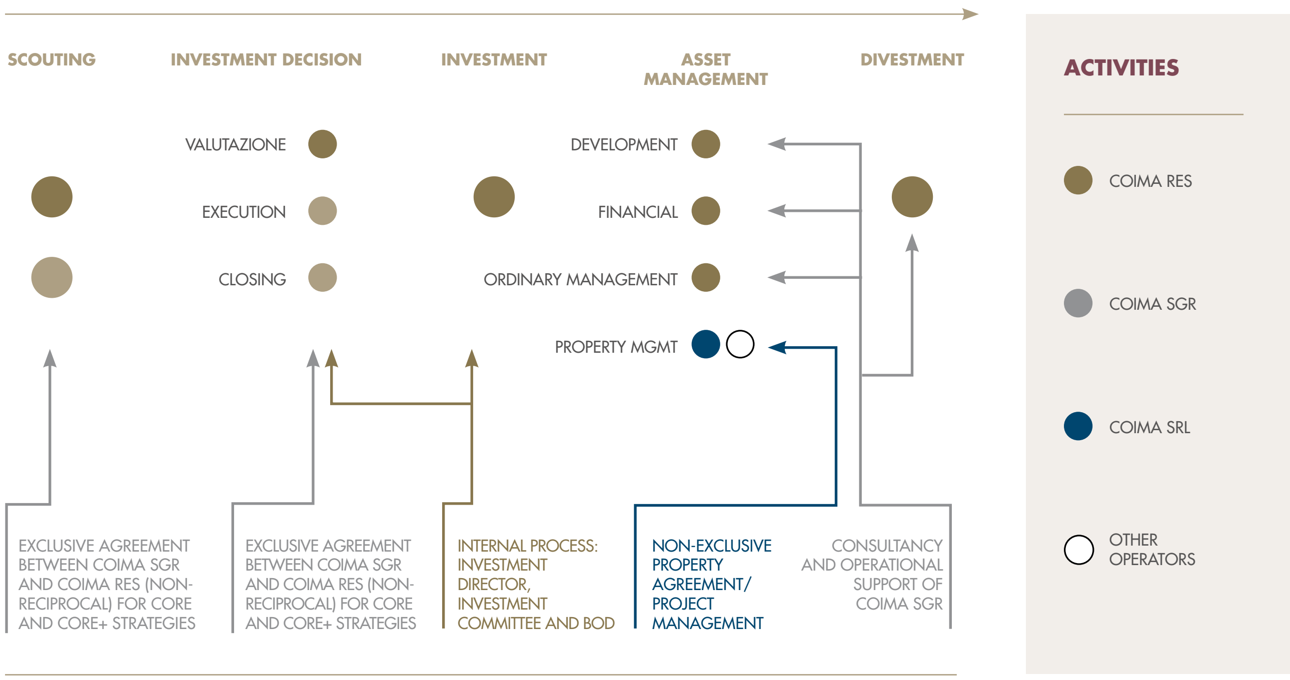
The Company's portfolio is mainly managed by COIMA S.r.l. as regards the property and development management activities; thanks to its presence in the real estate market since 1974, COIMA S.r.l. has developed over five million square meters, including one of the major European regeneration projects in a city area, Porta Nuova, and manages over one million square meters, including the largest portfolio of LEED certified office buildings in Italy. COIMA SGR and COIMA S.r.l. are controlled by the Catella family. The COIMA platform offers the reliability of a team of over 170 professionals, experts in the real estate sector and with a top management that, working together for over 10 years, has gained a first level experience in investments, development and management of real estate projects.

The culture of the COIMA platform is the basic element of our portfolio management system. They act in compliance with the highest standards of conduct based on honesty and transparency applied in everything they do, with a constant comparison with the best international benchmarks.

The Investment Director of COIMA RES, thanks to the depth of the COIMA platform, has a constant support in identifying potential acquisitions or in any case of investment opportunities falling within the scope of the investment policy and the company strategy. Each investment is subject to the valuation of the Investment Committee and approved by the Board of Directors.

The management has a long experience in the world of investment and management of real estate assets of various types, including offices, residential, logistics, hotels. Thanks to their professionalism, in these years of activity our managers have developed consolidated relationships with banks, investment funds, administrative authorities, tenants and private investors. This has allowed access to off-market opportunities and operations, as well as diversified sources of finance, despite the various economic phases of the last 20 years. As part of its investment strategy, the Company benefits from the support offered by COIMA SGR exclusively for office properties with a Core and Core + profile.

REAL ESTATE INVESTMENT OPERATIONAL PHASES



MANAGEMENT INVESTMENTS IN COIMA RES' SHARES

The total investment of founder members is Euro 3.2 million. The CEO, Manfredi Catella, invested approximately Euro 3.1 million directly and indirectly in the Company.

Investments in COIMA RES by the CEO, Manfredi Catella.

EURO	AVERAGE PRICE	DIRECT INVESTMENT	COIMA SGR	COIMA S.r.l.	TOTAL	STAKE IN COIMA RES
IPO	10.00	50,000	2,250,000	270,000	**2,570,000**	**0.71%**
POST IPO	7.14	200,167	-	379,185	**579,352**	**0.23%**
TOTAL		**250,167**	**2,250,000**	**649,185**	**3,149,352**	**0.94%**

The independent directors of the Company have also invested a total sum of approximately Euro 200 thousand in shares, also demonstrating a significant alignment with shareholders.

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

The activities and services provided by COIMA SGR and COIMA S.r.l. to COIMA RES are remunerated based on market parameters according to several principles defined in order to align interests with those of the company and investors.

COIMA SGR

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

MANAGEMENT FEE

	FEE
(EURO BILLION)	(BASIS POINTS)
NAV < 1	110
1 < NAV < 1.5	85
NAV > 1.5	55

In addition, from the fourth year of the agreement, subject to the circumstances in which:

1. Manfredi Catella is confirmed as the CEO of the Company;
2. the CEO is the controlling shareholder of the SGR;

From the fourth year, the fixed annual remuneration of the CEO, paid by COIMA RES, will be deducted from the management fee paid to COIMA SGR.

PERFORMANCE FEE

- calculated annually
- equal to 40% of the lower amount out of:

(i) the sum of 10% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 8% and 20% of the Shareholder Return Outperformance in the event of a Shareholder Return in excess of 10%;

(ii) 20% of the excess of the NAV per share at the end of the Accounting Period in relation to a minimum High Watermark defined level.

The performance fee is paid in cash or in shares at the discretion of the Company, with a three-year lock-up agreement.

COIMA S.r.l.

In 2018 COIMA RES has revisited the master agreement with COIMA S.r.l.
For more information please refer to the Related Parties section.

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

Rome - DEUTSCHE BANK PORTFOLIO - Entrance

INVESTOR RELATIONS

"In the context of a year characterized by high degree of volatility in the global capital markets, we have further intensified the Investor Relations activity, significantly increasing the interactions with both domestic and foreign investors."

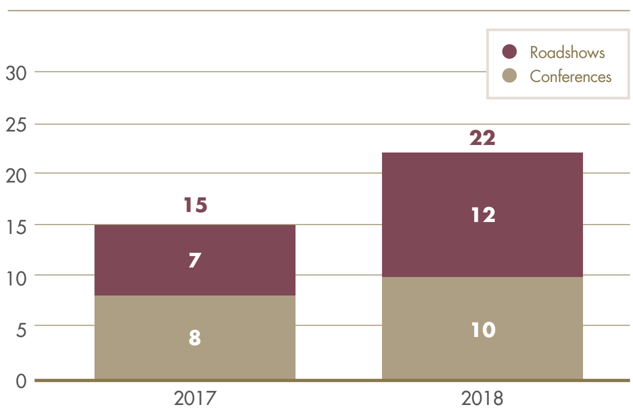
Alberto Goretti
Director, Investor Relations
Member of the Investor Relations Committee, European Public Real Estate Association (EPRA)

MARKET CONTEXT

The year 2018 was characterized by a high degree of volatility in the global capital markets. The causes of this volatility can be found in the general slowdown in the economy of the main European countries, in the cycle of interest rate hikes by the Federal Reserve now well underway in the USA and in the end of the Quantitative Easing cycle by the European Central Bank. In addition, the marked slowdown in the Italian economy, the lenghty process of formation of the Italian government after the elections of March 4th, 2018 and the intense exchanges with the European authorities for the finalization of the Budget Law have raised the perception of "Italian risk" as demostrated by the Italian Sovereign Debt yield evolution.

OVERVIEW OF INVESTOR RELATIONS ACTIVITIES IN 2018 VS 2017

In light of this volatile market environment, and with the aim of further deepening the knowledge of COIMA RES by the market, we have intensified our interactions with investors by participating in a greater number of conferences (both in the sector and dedicated to the Italian market) and carried out a greater number of roadshows. Compared to 2017, the Investor Relations activity in 2018 increased by around 50%.



SUMMARY OF THE MAIN ROADSHOW ACTIVITIES AND CONFERENCES CARRIED OUT IN 2018

ROADSHOW	CONFERENCES
Brussels (April)	Citi Global Property CEO Conference (Miami, March)
Luxembourg (May)	Kempen European Property Seminar (New York, March)
London (May)	REITs by ALLinvest (Paris, April)
Lugano (June)	Kepler Italian Conference (Milan, May)
Madrid (June)	Kempen European Property Seminar (Amsterdam, May)
Frankfurt (June)	Mediobanca CEO Conference (Milan, June)
London (July)	Borsa Italiana Sustainability Day (Milan, July)
Paris (September)	EPRA Conference (Berlin, September)
New York (November)	Banca IMI Italian Stock Market Opportunities Conference (Milan, September)
Milan (November)	Société Générale Pan-European Real Estate Conference (London, September)
	COIMA Real Estate Forum (Milan, October)
	EPRA Asia (Singapore, Hong Kong, Taipei, Seoul, Tokyo, December)

Source: COIMA RES

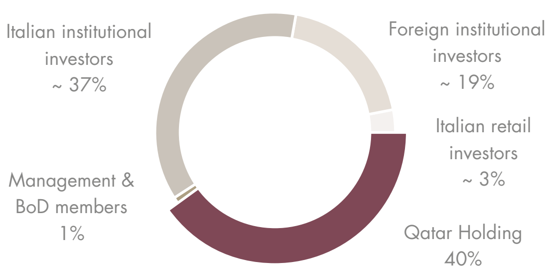
RESEARCH ANALYSTS COVERAGE

BROKER	RECOMMENDATIONS (as of December 31st, 2018)	PRICE TARGET (as of December 31st, 2018)
Banca IMI	Buy	Euro 10.10
Citi	Buy	Euro 10.10
Equita SIM	Buy	Euro 9.20
ING	Buy	Euro 10.00
Kempen	Buy	Euro 9.50
Mediobanca	Buy	Euro 9.32
AVERAGE		**Euro 9.70 (vs Euro 10.00 as of December 31st, 2017)**

Source: Banca IMI, Citi, Equita SIM, ING, Kempen, Mediobanca

SHAREHOLDER BASE ESTIMATE AT 31 DECEMBER 2018

The shareholding structure of COIMA RES remained overall stable in 2018, with a meaningful component of foreign and domestic institutional investors and a limited portion of retail investors.



Source: COIMA RES estimate

MAIN INSTUTITIONAL SHAREHOLDERS OF COIMA RES IN 2018

ITALIAN	FOREIGN
Arca	AMP
Assicurazioni Generali	BNP Paribas
Banca Ifigest	Fidelity & Research
Eurizon	Invesco
Fidelity International Italia	Lazard
Fideuram	Martin Maurel Rothschild
Kairos	Petercam
Nextam	Ranger Global
Pioneer (Amundi)	Sofidy
Zenit	Standard Life Aberdeen

Source: Bloomberg, Factset

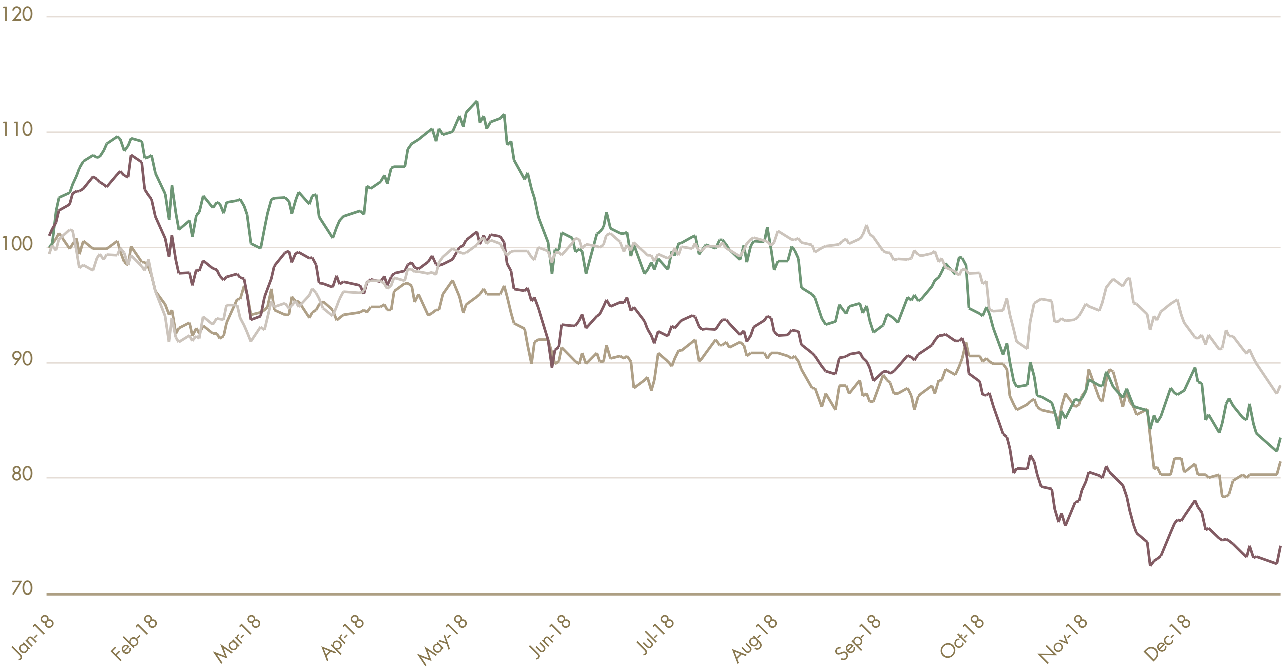
INCLUSION IN SUSTAINABILITY INDEX

On March 19th, 2018, COIMA RES was included in the GPR IPCM Sustainability Index. The Bloomberg ticker of the index is "GPTMS150 Index".

The GPR IPCM Sustainability Index comprises 150 companies globally mainly active in the real estate sector. The aggregate free float market cap of the companies included in the index is approx. US$ 850 billion. The GPR IPCM Sustainability Index is managed by Global Property Research, and is based on rankings prepared according to the Inflection Point Capital Management proprietary Sustainability and ESG model.

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.

PERFORMANCE OF COIMA RES SHARE PRICE VS RELEVANT INDICES IN 2018



PERFORMANCE (2018)	ABSOLUTE PERFORMANCE	RELATIVE PERFORMANCE (COIMA RES VS INDICES)
COIMA RES	-18.2%	
FTSE MIB	-16.1%	-2.1%
FTSE Italia Small Cap	-25.4%	+7.2%
EPRA Europe	-11.7%	-6.5%

COIMA RES
FTSE MIB
FTSE Italy Small Cap
EPRA Europe

Source: Bloomberg

JOINT VENTURES

COIMA RES has chosen to focus its post-IPO investment program mainly on assets with a Core and Core + profile, i.e. income generating properties with a medium-low risk profile. This approach has allowed us to set up a simple, clear and measurable business model and to distribute dividends already in our first year of activity.

In consideration of the specific characteristics of the real estate market for office use in Italy and in Milan and the scarcity of Grade A buildings, the Company deemed appropriate to also have the possibility of accessing a type of investment with a higher risk and return profile, i.e. refurbishment projects (defined as Value-add). To this end, and in order to limit the capital allocation to these projects and consequently the related risk exposure, the Company has pursued this path in joint venture.

In particular, is offered by COIMA SGR, COIMA RES can co-invest together with the cornerstone investor of the COIMA Opportunity Fund II ("COF II") in specific projects led by COF II, allowing to increase its exposure to Value-add projects. COIMA RES has already invested in joint ventures with COF II, which is the majority shareholder of the Corso Como Place project, in which COIMA RES has a 35.7% stake.

COIMA RES - Investment strategy

TYPE OF INVESTMENT	CORE	CORE +	VALUE-ADD	DEVELOPMENT
COIMA RES	√	√	√	✗

FOCUS ON THE INVESTMENT STRATEGY OF COIMA RES

- Exclusive in relation to CORE/CORE + properties

OPPORTUNISTIC JVS IN THE VALUE-ADD SEGMENT

- Opportunities to access Value-add projects
- √ **Possibility for COIMA RES to co-invest in specific projects with the COF II fund managed by COIMA SGR**

Milan - COIMA HEADQUARTERS - Interior

03

GOVERNANCE

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

7 OUT OF 9 MEMBERS OF THE BOARD OF DIRECTORS ARE INDEPENDENT

3 COMMITTEES

INTRODUCTION BY THE CHAIRMAN

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

The Company always looks for a constant "challenge" on its processes in order to adapt them continuously to the international best practices and to the recommendations of the Corporate Governance Committee. In fact, for the purposes of the board performance evaluation, we have hired the consulting firm Spencer & Stuart for a careful analysis of the activities carried out by the Board of Directors, any improvement points and a benchmarking comparison with the most prestigious companies in the sector both in national sphere than in the international sphere.

On April 12th, 2018, the Shareholders' Meeting appointed the new Board of Directors confirming the Company's approach already established in 2017, i.e. nine members of which seven are independent and one is non-executive (of which two are women) with adequate skills diversified. In addition, the Board of Directors will remain in office for only one year, giving shareholders the opportunity to express their appreciation each year on the work of all directors.

The Board of Directors is assisted in its activities by an Investment Committee, a Remuneration Committee and a Control and Risk Committee which also performs the functions of the Related Parties Committee.

The Board of Directors, in its work, also makes use of the Internal Audit and Compliance and Risk Management functions as well as the Supervisory Body. The risk is managed in a structured manner, both thanks to the creation of the three committees, and to the corporate culture based on monitoring and daily management of investments and assets in order to generate adequate returns for our investors that are sustainable in the long term.

The principles that guide the governance of the Company are: integrity, independence, transparency, respect for rules, business sustainability and control structure. It is essential for us to operate with appropriate Corporate Governance to provide evidence of maximum transparency to the outside in order to consolidate the trust from our current and future shareholders.

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

COIMA RES has been a member of EPRA since 2016, the European Public Real Estate Association (EPRA), an association created to promote, develop and represent the European real estate sector and establish industry best practices for reporting and the financial statement information. We are pleased that EPRA has also awarded us in 2018 with two "Gold Award" both the 2017 Financial Statements and the 2017 COIMA RES Sustainability Report and we continue to work to guarantee this level of transparency to our shareholders.

Caio Massimo Capuano
Chairman
of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS

Caio Massimo Capuano

9 September 1954

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

Feras Abdulaziz Al-Naama

6 August 1991

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

Manfredi Catella

18 August 1968

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

Agostino Ardissone

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

Olivier Elamine

9 October 1972
Founder and CEO of alstria office REIT AG, a real estate company operating in Germany, focused on the office sector and listed on the Frankfurt Stock Exchange, with assets under management of over € 3.9 billion and 118 properties for a total of 1.6 million square meters.
In the past, Olivier Elamine was one of the founders of NATIXIS Capital Partners, director of the Investment Banking team at CDC IXIS (focusing mainly on the real estate sector), and a consultant at Ernst & Young (still focusing on the real estate segment)

Luciano Gabriel

15 August 1953
He is currently Chairman of the Board of Directors of PSP Swiss Property AG, a commercial real estate company operating in Switzerland and listed on the Zurich Stock Exchange (SIX Swiss Exchange), with assets under management of over 7.4 billion Swiss francs. He held the position of Chief Executive Officer of PSP Swiss Property from 2007 to March 2017, and as Chief Financial Officer of PSP Swiss Property from 2002 to 2007. From 1998 to 2002 he was Head of the Corporate Finance and Treasury Department of Zurich Financial Services. From 1984 to 1998 he held various positions in the areas of corporate finance, risk management, international banking services to companies and commercial development at the Union Bank of Switzerland. He was President of EPRA (European Public Real Estate Association), the European association of major listed companies operating in the real estate sector for the period 2016/2017.

Alessandra Stabilini

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

Ariela Caglio

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

Michel Vauclair

29 May 1947
Degree in Economics from the HEC University of Lausanne. Post-graduate degree from Cornell University, Ithaca (NY - USA) and from the IMEDE University of Lausanne (CH). Diploma of "Hôtelier-Restaurateur, Société suisse des Hôteliers".
1969: Banque Paribas (Suisse) in Geneva.
Since 1980: founder, president and general manager of Sodereal Hotel Management in Geneva; general manager of Swissair Nestlé Swissôtel of Zurich; Director of BSI Bank of Italian Switzerland in Lugano.
He has held various management positions at the Société de Banques Suisses group in New York and Geneva and at the UBS Group in Geneva and Zurich.
Since 2008, member of the executive board of the Oxford Properties Group, the real estate investment unit of a Canadian OMERS Worldwide pension fund in Toronto. Chairman of the Board of Directors of the Grand Hotel du Lac, Vevey (CH).

GOVERNANCE

INVESTMENTS COMMITTEE

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

CONTROL AND RISK COMMITTEE

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

REMUNERATION COMMITTEE

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

MEMBERS AND ATTENDANCE		BOARD OF DIRECTORS	INVESTMENTS COMMITTEE	REMUNERATION COMMITTEE	CONTROL AND RISK COMMITTEE
MASSIMO CAPUANO	*Chairman* NON-EXECUTIVE	11/11	-	3/3	-
FERAS ABDULAZIZ AL NAAMA	*Vice Chairman* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	11/11	26/28	-	-
MANFREDI CATELLA	*Chief Executive Officer* EXECUTIVE	11/11	27/28	-	-
MICHEL VAUCLAIR	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	8/11	25/28	-	-
AGOSTINO ARDISSONE	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	11/11	-	-	8/8
OLIVIER ELAMINE	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	8/11	-	3/3	-
LUCIANO GABRIEL	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	9/11	-	-	8/8
ALESSANDRA STABILINI	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	11/11	-	3/3	8/8
ARIELA CAGLIO[1]	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	8/8	-	-	-
LAURA ZANETTI[2]	*Director* NON EXECUTIVE, INDIPENDENT CODE, INDEPENDENT TUF	3/3	-	-	-

1 In charge since April 12th, 2018
2 In charge till April 12th, 2018

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

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

THE BOARD OF DIRECTORS CARRIED OUT ITS ACTIVITIES RESPONSIBLY AND RIGOROUSLY, AS HIGHLIGHTED BY ITS PARTICIPATION AND ISSUES DEALT WITH AT THE MEETINGS

2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
STRATEGY AND ITS IMPLEMENTATION												
Business plan							✓		✓			
Investment/ divestment transactions		✓				✓				✓		✓
Leasing transactions					✓							
Financing transactions					✓	✓						
Market analysis		✓					✓				✓	
RISKS												
Analysis of the internal control and risk management system		✓					✓			✓	✓	✓
Risk monitoring				✓							✓	
GOVERNANCE												
Analysis of periodic reporting		✓			✓		✓				✓	
Reporting by committees		✓			✓		✓		✓	✓	✓	✓
Other governance matters	✓	✓	✓	✓		✓	✓				✓	✓
EVALUATIONS												
Evaluation of the Board of Directors		✓								✓		
Conflicts of interest/ related parties		✓			✓	✓			✓	✓		✓

REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee is composed of three Directors, two of whom are independent, by the Head of the Asset Management function and by the Head of the Investment Management function. In addition, the risk manager assists the Investment Committee with a technical support function. The members of the Investment Committee are: Manfredi Catella, Feras Abdulaziz Al-Naama, Michel Vauclair, Gabriele Bonfiglioli and Matteo Ravà. The Investment Committee is a partially inter-departmental and advisory body, with functions to support investment and disinvestment decisions by the Board of Directors of the Company with absolute decision-making power.

The Investments Committee carries out planning and execution of management and real estate investment decisions by defining the proposals relating to the following subjects as a result of a preliminary investigation process:

- Real estate investment and disposal transactions, including budget proposals to be allocated on due diligence activities related to these transactions
- Leasing contracts covering surfaces exceeding 4,000 square meters of commercial areas or more than 25% of the NRA (net rentable area) of a single building
- Update of the analyses started on the opportunities under examination (pipeline) and evaluation of the possibility of proceeding with the presentation of non-binding offers
- Loan agreements and hedge contracts
- Reporting on risks prepared by the Risk Management function

There is also the possibility of Company employees and third parties reporting to COIMA SGR, all in possession of a high degree of specialisation in financial and real estate matters, taking part in meetings.

If the outcome is positive, the investment or disposal proposal, supported by the technical and financial documentation collected and/or prepared during the preliminary stage, is submitted to the Board of Directors for evaluation and deliberation. If the Board of Directors rules in favour, the transaction is executed.

The Investment Committee has therefore assumed a central role in the intense investment activity carried out by the Company in 2018.

Manfredi Catella
Chairman
of the Investment Committee

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee is composed of the Chairman of the Company, Massimo Capuano, Olivier Elamine and the undersigned in the capacity of Chairman.

The main activities of the Committee involve:

- Drawing up proposals to the Board of Directors on the definition of the remuneration policy for company directors and senior managers with strategic responsibilities
- Periodically evaluating the adequacy, overall consistency and practical application of the remuneration policy for company directors and senior managers with strategic responsibilities, making use, with regard to the latter, of the information provided by the CEO; drawing up proposals to the Board of Directors on the subject
- Submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and other directors who hold specific offices, as well as on the establishment of performance targets related to the variable component of this remuneration; monitoring the application of the decisions adopted by the actual Board verifying, specifically, that the performance targets are effectively reached

The Committee reports to the Shareholders of the Company on the methods for exercising its functions.

In 2018, the Committee focused its activities on updating the remuneration policy, always taking into account the alignment of management interests with those of shareholders. Furthermore, the Committee proposed a policy for managing the succession of the CEO both as an emergency plan and as a scheduled replacement.

Alessandra Stabilini
Chairman
of the Remuneration Committee

REMUNERATION POLICY

The remuneration policy intends to establish the guidelines for determining the remuneration of members of the Company's Board of Directors and managers with strategic responsibilities (the "**Recipients**").

The remuneration of the Recipients is, generally speaking and unless indicated below, divided between a fixed component and a variable component, adequately balanced depending on the strategic objectives and risk management policy of the Company, also taking into account the business segment in which they operate and the nature of the business activities carried out.

The primary aim of the policy is to ensure that the Company adopts an adequate system that is consistent with the sustainable performance of the Company in the medium/long term. Specifically, the Company's remuneration policy aims to attract, retain and motivate staff and is consistent with the objectives outlined in the corporate strategy through:

- a correct balance between the variable component and the fixed component
- an adequate connection for remuneration between individual performance and that of the Company itself
- a performance evaluation system consistent with the defined risk profile

For this purpose, the policy:

- aims to increase transparency on the subject of remuneration and the responsibility of the Recipients in the management of the Company
- pursues the goal of incentivising the Recipients in order to reach the Company's objectives, without encouraging taking inappropriate risks
- requires the remuneration awarded to the Recipients to be proportional to the role performed, the responsibilities delegated and the skills and abilities actually demonstrated
- guarantees the alignment of the Recipients' interests with those of the Company, with the primary goal of creating value for the Company's shareholders in the medium/long term
- aims to attract, motivate and retain persons with the professional qualities needed to successfully manage the Company
- provides that, for directors with management responsibilities or who carry out, even if only de facto, functions involving the Company's management, as well as senior managers with strategic responsibilities, a significant part of their remuneration is connected to their performance

defines a system of economic and non-economic criteria on which to base the achievement of the objectives to which the allocation of part of the remuneration is connected

establishes that the remuneration of non-executive directors is commensurate with the commitment requested of each of them, also taking into consideration any participation in one or more committees

The Company, reserved the right to evaluate the implementation of further forms of medium-/long-term incentives which, together with those already adopted, can ensure the convergence of the interests of all Recipients and the performance of the Company in the medium/long term.

AMOUNTS PAID IN 2018

(EURO)	ROLE	FIXED COMPENSATION	COMMITTEE COMPENSATION	VARIABLE COMPENSATION	NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE EQUITY COMPENSATION	SEVERANC PAY/ TERMINATION OF EMPLOYMENT COMPENSATION
BOARD OF DIRECTORS									
Massimo Capuano	Chairman	150,000					**150,000**		
Feras Abdulaziz Al Naama	Vice-Chairman	30,000	10,000				**40,000**		
Manfredi Catella	CEO	100,000	10,000				**110,000**	**1,524,020**	
Olivier Elamine	Director	30,000	10,000				**40,000**		
Luciano Gabriel	Director	30,000	10,000				**40,000**		
Alessandra Stabilini	Director	31,200	10,400				**41,600**		
Agostino Ardissone	Director	30,000	10,000				**40,000**		
Ariela Caglio	Director	21,635					**21,635**		
Michel Vauclair	Director	30,000	10,000				**40,000**		
BOARD OF STATUTORY AUDITORS									
Massimo Laconca	Chairman	46,800					**46,800**		
Milena Livio	Member	31,200					**31,200**		
Marco Lori	Member	31,200				9,360	**40,560**		
SENIOR MANAGERS									
1 senior manager		156,837		67,500	8,949		**233,286**		

REPORT OF THE CONTROL AND RISKS AND RELATED-PARTIES COMMITTEE

As Chairman of the Control and Risk Committee, I believe that a very intense work has been done in terms of assessing the adequacy of the control and risk management systems in their evolution and implementation. The Board of Directors identified the Control and Risks Committee, made up of non-executive and independent directors, the competent committee pursuant to the Related-Party Procedure and assigned the role and responsibilities to the Control and Risk Committee, pursuant to the Related Parties Regulation, belong to the committees constituted, in whole or in the majority, by independent directors.

The Control and Risk Committee is made up of three non-executive and independent directors, i.e. myself as Chairman, Alessandra Stabilini and Luciano Gabriel.

The role envisaged by the Code of Self-discipline for the Committee is sensitive and includes in particular:

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

Expresses its opinion to the Board of Directors with regard to it:

- The definition of the guidelines of the ICRMS, so that the main risks relating to the Company and its subsidiaries are correctly identified, adequately measured, managed and monitored, and the determination of the degree of compatibility of these risks with the management of enterprise consistent with the identified strategic objectives
- The evaluation, at least annually, of the adequacy of the ICRMS with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness
- Approval, at least annually, of the work plan prepared by the Head of the Internal Audit Function, after consultation with the Board of Statutory Auditors and the Director in Charge of the Internal Control and Risk Management System
- The description, in the Report on corporate governance, of the main characteristics of the ICRMS and of the modalities of coordination among the subjects involved, expressing its own assessment on the adequacy of the same
- At the evaluation, after consulting with the Board of Statutory Auditors, of the results presented by the statutory auditor in the letter of suggestions and in the additional report that emerged during the legal audit

Expresses its opinion to the Board of Directors on the matter:

- The appointment and revocation of the Head of the Internal Audit Function
- The fact that the latter is equipped with adequate resources to fulfil his responsibilities
- The fact that the remuneration of the Head of the Internal Audit Function is defined in line with company policies

The Control and Risk Committee to assist the Board of Directors:

- Evaluates, together with the manager responsible for preparing the corporate accounting documents and after hearing the statutory auditor and the Board of Statutory Auditors, the correct use of accounting standards and, in the case of groups, their uniformity for the purpose of preparing the consolidated financial statements
- Express opinions on specific aspects concerning the identification of the main business risks
- Examines the periodic reports, concerning the assessment of the internal control and risk management system, and those of particular relevance prepared by the Internal audit function
- Monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function
- It can ask the Internal Audit function to carry out checks on specific operating areas, giving simultaneous notice to the chairman of the Board of Statutory Auditors
- Reports to the Board, at least every six months, on the occasion of the approval of the annual and semi-annual financial report, on the activity carried out and on the adequacy of the internal control and risk management system
- Supports, with an adequate preliminary investigation, the assessments and decisions of the Board of Directors relating to the management of risks deriving from injurious facts that the Board of Directors has become aware of

Furthermore, at the request of the Board of Directors, it expresses a prior opinion on the transactions between the Company and related parties, as defined by the International Accounting Standards (IAS) no. 24. During the year 2018, the Committee has:

- assessed transactions and contracts with related parties;
- assessed the periodic revision of the contractual conditions with COIMA S.r.l.;
- periodically examined the risk monitoring report;
- periodically assessed the adequacy of the internal control and risk management system;
- assessed the periodic financial reports and the annual and consolidated financial statements;
- assessed the evolution of the organizational structure;
- examined the replacement of the Internal Audit and Compliance function performed in outsourcing by an external consultancy company;
- periodically assessed the activities performed by the control functions;
- assessed, together with the manager in charge of preparing the corporate accounting documents and after hearing the statutory auditor and the board of statutory auditors, the correct use of accounting standards and, in the case of groups, their uniformity for the purpose of preparing the consolidated financial statements.

The Committee, which met eight times in 2018, has always set itself the objective of encouraging a wide and detailed assessment in favor of the Board of Directors in the interest of the Company and its shareholders.

Agostino Ardissone
Chairman
of the Control and Risks and Related-Parties Committee

HOW WE MANAGE RISKS

A PROVEN SYSTEM TO IDENTIFY, QUANTIFY, MONITOR AND MITIGATE THE RISKS THAT COMPANY IS, OR COULD BE, SUBJECT TO

RISK MANAGEMENT PROCESS PHASES	IDENTIFICATION	EVALUATION AND QUANTIFICATION
Responsible bodies/ players	Risk Management Function Internal Audit Function Director responsible for the internal control and risk management system Managers responsible for operational functions	Risk Management Function Managers responsible for operational functions Control and Risk Committee

RESPONSIBLE BODIES

CONTROL AND RISK COMMITTEE

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

- Supports the Board of Directors in defining the guidelines relating to the internal control and risk management system
- Express opinions on specific aspects concerning the identification of the main business risks
- Examines the work plans of the Control Functions as well as the related periodic reports, formulating any observations and proposals to the Board regarding them and expresses its opinion on the adequacy of the Company
- Performs coordination and connection activities between the various control functions
- Examines the periodic reporting of the control functions that are particularly significant in terms of the risks of the typical activity of the Company and the normal operation of the same
- It can ask the Heads of Control Functions to perform checks and analyses on specific areas and / or issues.

MONITORING	MITIGATION ACTIONS	REPORTING
Risk Management Function Director responsible for the internal control and risk management system	Managers responsible for operational functions	Control and Risk Committee Director responsible for the internal control and risk management system Board of Directors

RISK MANAGEMENT FUNCTION

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

- Supports the Board of Directors in preparing and updating the risk management policy and identifying risk limits
- Develops and proposes to the Board the methods for measuring the risks to which the Company is exposed
- Verifies the application of the measures adopted to remedy the deficiencies found in the risk management system
- Verify compliance with the risk management policy and compliance with the limits defined by the Board of Directors
- Examine the investment / disinvestment operations.

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

- The lines of development and the corporate objectives, the market context, the possible variations of the company business and / or new opportunities
- The expected evolution of assets and economic aggregates
- Information on the evolution of investments and other "company specific" information (eg organizational structure, internal regulations, etc.).

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

The structure of the Company's Risk Map is inspired by the main best practices in the financial sector, even if not directly applicable to COIMA RES. The risks presented in the Map also take into account the investment strategy adopted by the Company and its status as SIIQ, from which derive restrictions on the nature of revenues and assets.

The Risk Manager is in a position of independence, both functional and hierarchical, from the operational units and reports directly to the Board of Directors.

RISKS	COIMA RES MITIGATION
Market risk The risk of losses related to the fluctuation in the prices of properties in the portfolio 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 favours 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.
Credit and counterparty risk The risk of losses resulting from the non-compliance of counterparties due to the deterioration of their creditworthiness, with them defaulting in extreme cases with reference to: - tenants; - counterparties in real estate development operations (manufacturer, operator); - counterparties in real estate transactions.	During the on-boarding phase, the Company analyses and continuously monitors the risks of non-compliance of tenants and other significant counterparties (e.g. solvency and creditworthiness analyses, analysis of the financial situation, references, prejudicial and negative information, etc.), also resorting to external databases. In this regard, the Company's investment strategy favours reputable and well-capitalized counterparties and those belonging to large international groups.
Concentration risk The risk resulting from properties leased to individual counterparties or groups of legally connected counterparties, counterparties from the same economic sector or which carry out the same activity, or are located in the same geographical area.	The Company analyses and monitors this risk regularly and has also defined the limits in its Articles of Association with regard to concentration of individual properties/tenants. The Company's strategy involves increasing the number of tenants and the number of industrial sectors in which our tenants are active, in order to mitigate the risks associated with excessive concentration.
Interest rate risk The risk related to adverse changes in the rate curve that change the current value of assets, liabilities and their net value (ALM), and cash flows (assets and liabilities) based on changes in interest expense (assets and liabilities).	The Company purchases hedging instruments or otherwise contractually fixes an adequate amount of its floating rate exposure in order to reduce the impact of adverse changes in interest rates.
Liquidity risk The risk of not being able to meet one's payment obligations due to: - the inability to obtain funds in the market (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 40% of the total value of assets.
Other financial risks Other financial risks not associated with real estate assets such as, for example, counterparty risks and/or other market risks on any financial instruments in the portfolio.	The strategy currently adopted by the Company involves a limited investment in assets other than real estate assets except for treasury bills and instruments needed to hedge interest rate risk; this also takes into account statutory restrictions related to the SIIQ status to which we are subject. Exposure to any financial risks, not connected with real estate assets, is subject to periodic monitoring and is also mitigated through our use of reputable and well-capitalized banking counterparties.
Operating risk The risk of suffering losses resulting from the inadequacy or malfunction of procedures, 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.

RISKS	COIMA RES MITIGATION
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.
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).
Strategic risk Pure risk and business risk; this consists of the current or prospective risk of a fall in profits or capital, resulting from changes in the operating environment or from incorrect corporate decisions, inadequate implementation of decisions, poor reaction to changes in the competitive environment, customer behaviour or technological developments.	In addition to a comprehensive strategic planning and evaluation process for analysis of investments, strategic risk is mitigated by the high level of experience and professionalism of Company management, with regard to the real estate market, operational/financial management, and internal controls.

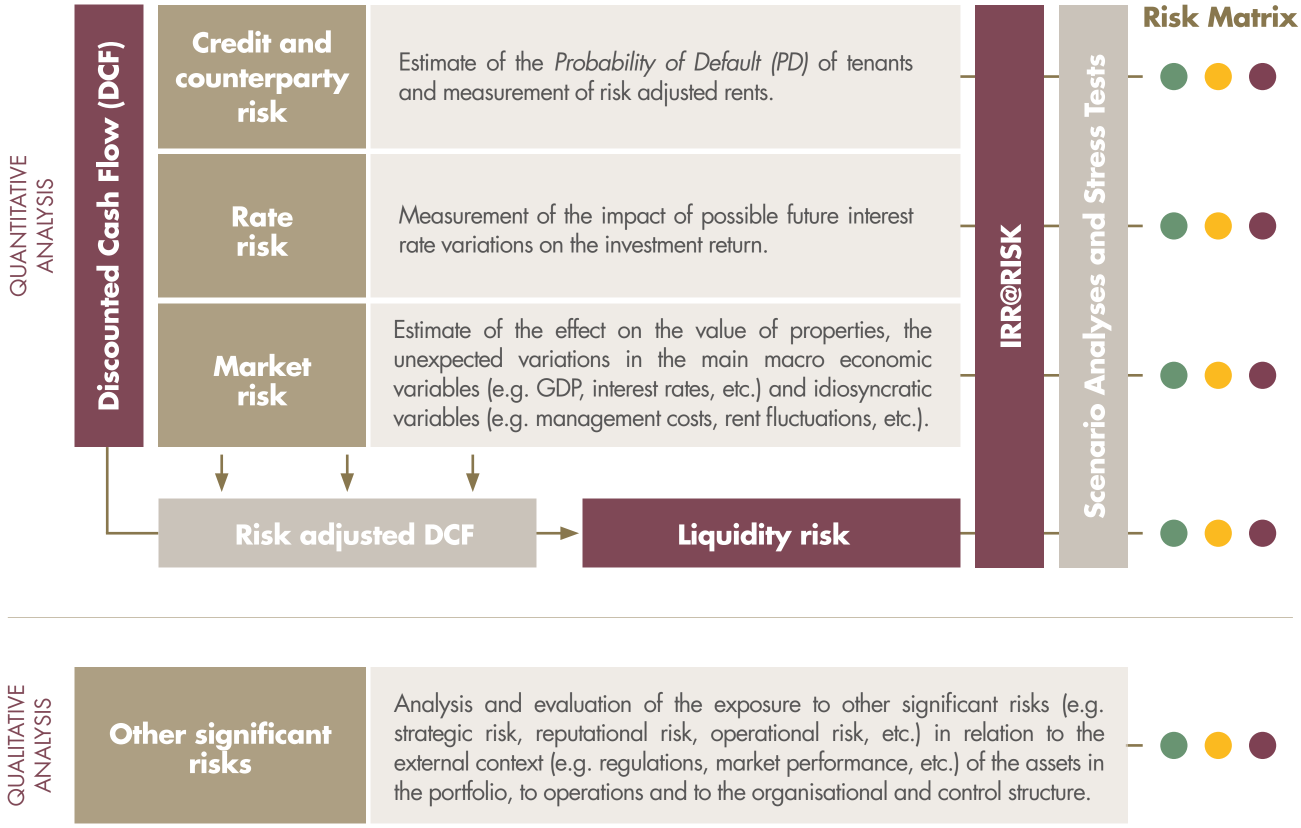
THE RISK MANAGEMENT MODEL

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

In terms of quantitative analysis, the model is based on an examination of the Internal Rate of Return (IRR) dynamics of the Company's investments, deriving from evolutionary scenarios of the components of the IRR itself. The methodology adopted is based on the comparison between the "base" IRR, calculated on the basis of the information that can be deduced from the Company's Business Plan and individual investments, and the IRR @ Risk calculated on the basis of the estimate of the risk factors (eg probability of default of tenants, occupancy of properties, brake option clauses, etc.) and of the performance of a property market index. The latter is determined according to the evolution of macroeconomic variables (eg interest rates, unemployment, etc.), formulated by international organizations (eg IMF, etc.) and appropriately selected, using a multivariate linear regression model.

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

Rome - DEUTSCHE BANK PORTFOLIO - Façade



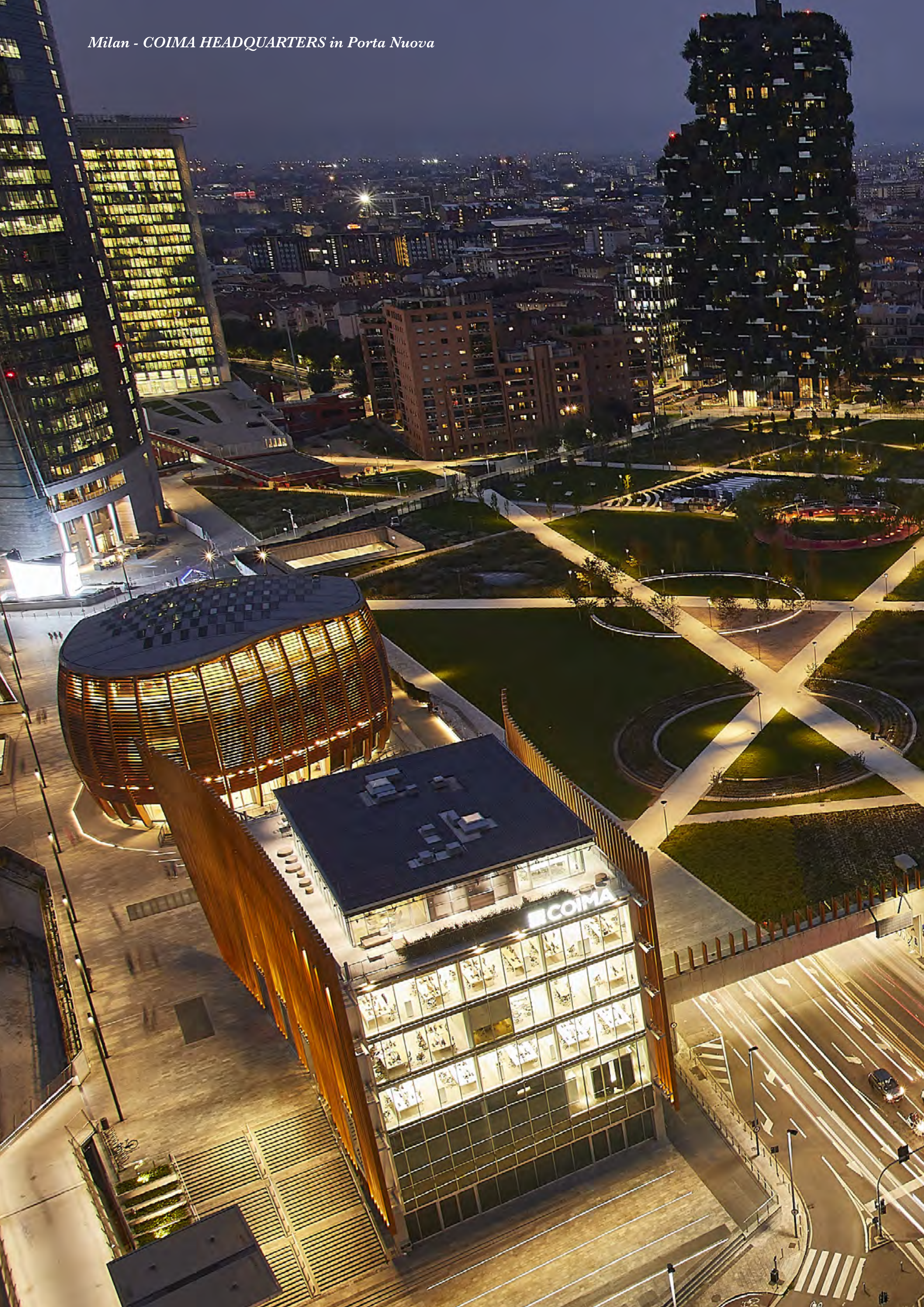
As mentioned above, the market risk is mitigated by the high quality and localization of the Company's property portfolio, which have a good resilience to market volatility, also on the basis of the findings of recent sector studies. The risk of vacancy is limited as the lease portfolio is characterized by an average duration of over 6 years, with a limited percentage of the portfolio with a maturity of less than three years (about 16.9%), and a limited vacancy rate less than 5%.

Credit and counterparty risks are limited due to the high credit standing of tenants - almost 90% have an investment grade rating and only about 10% are without ECAI ratings - and given the very limited backlog volume fees, less than 2% of the total volume of the portfolio.

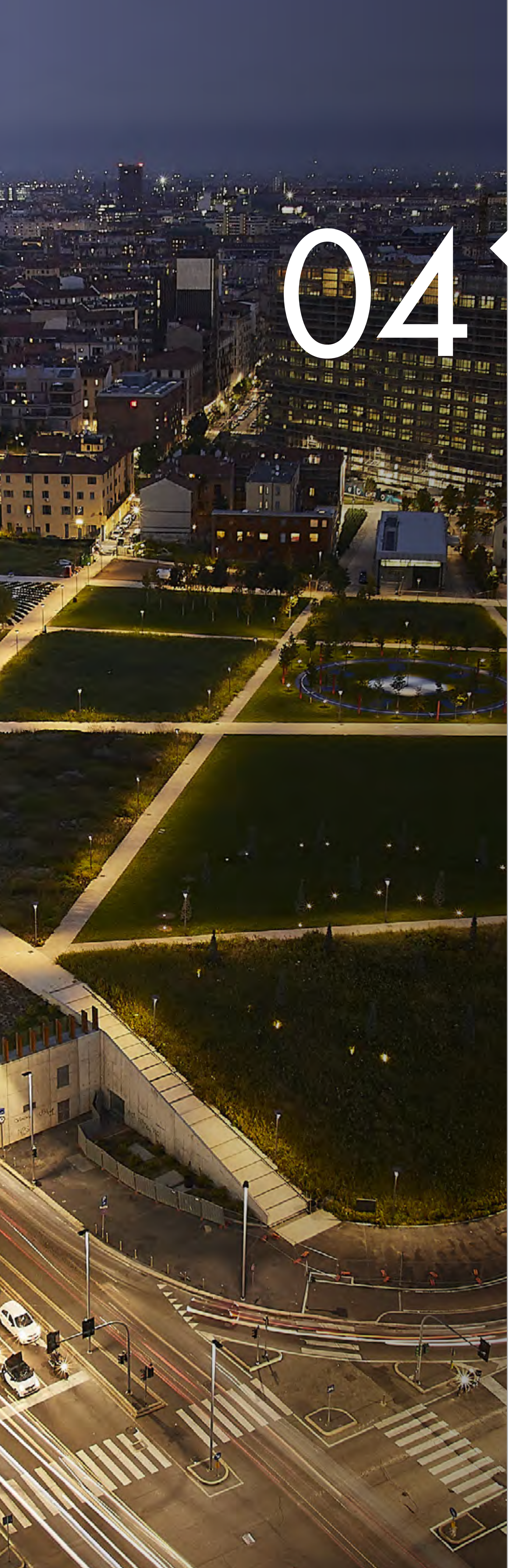
The liquidity risk is modest due to the consistency of the cash flows generated by the investment portfolio, and taking into account the liquidity deriving from the sale of the Deutsche Bank portfolio branches, while the interest rate risk is adequately mitigated as around 75% of the debt is backed by derivative hedging instruments.

Operational, reputational and strategic risks are subject to periodic analysis based on a qualitative approach that takes into account the following aspects:
• identification of the main risk factors and determination of the probability of occurrence and of the estimate of loss by risk factor;
• determination of the level of risk exposure ("absolute risk") and, based on existing controls, of the residual risk.

From the analyses performed, operational, reputational and strategic risks are adequately mitigated in consideration of the level of the controls and controls put in place by the Company.



Milan - COIMA HEADQUARTERS in Porta Nuova



SUSTAINABILITY

COIMA RES HAS INTEGRATED SUSTAINABILITY IN ITS BUSINESS WITH A 360° APPROACH, FOCUSSING ON THE ENVIRONMENTAL PERFORMANCE OF ITS PORTFOLIO AND ON THE RELATIONSHIP WITH THE COMMUNITIES AROUND ITS PROPERTIES

A STRATEGIC APPROACH TO SUSTAINABILITY

COIMA RES CONSIDERS SUSTAINABILITY AS AN INTEGRAL PART OF ITS BUSINESS

The demand for real estate properties by the market is increasingly focusing on buildings with elevated environmental performances, able to combine a conscious use of natural resources with the well-being of the people who live there or work there.

The investment strategy of COIMA RES has integrated sustainability criteria and aims at creating a high quality real estate portfolio, with sustainable growth over the long term, favouring properties with potential for appreciation over time.

The investment decisions favour properties that have already obtained energy or environmental certifications (eg LEED) and are therefore already performing well or on buildings that have all the characteristics to achieve that level through targeted refurbishments.

The acquisitions made in 2018 concerned the Pavilion (property with LEED Gold certification) and the Tocqueville building. Tocqueville is a 10-storey office building in the Milano Porta Nuova area that in the next few years will benefit from the regeneration of the surrounding area along Via Bonnet. The building will also undergo a refurbishment that will allow the achievement of higher environmental performances.

The attention to the planning of activities in the managed portfolio is a prerogative of COIMA RES. The refurbishment and optimisation of the properties or the portfolio are assessed in detail from the Due Diligence in the pre-acquisition phases. In this phase, multiple scenarios are analysed that can range from the sole optimization to the complete refurbishment. The scenarios evaluated include technical and economic environmental analyses to identify the aspects of greater enhancement and risk mitigation.

The COIMA platform approach, in line with the best international best practices, is pioneering in the Italian market and has helped to strengthen the attention of operators in the sector with respect to issues related to the environmental performance of buildings, their energy management and the integration of the principles of circular economy in real estate.

THE EUROPEAN REAL ESTATE "THINK TANK"

In 2017, COIMA RES contributed to the creation of a European "Think Tank" in collaboration with some of the most important listed real estate companies (alstria, Colonial, Gecina, Great Portland Estates and NSI).

During 2018, the Think Tank activities have intensified and have focussed on the discussion of issues related to sustainability and innovation, and on how the real estate and urban development context is rapidly changing.

FIRST EUROPEAN FOCUS GROUP SURVEY ON OFFICE END USERS: MOVING TOWARDS A FUTURE FOR THE MODERN OFFICE BUILDING COMBINING SUSTAINABLE, SMART, FLEX, SERVICES AND SWEET

In 2018, alstria, COIMA RES, Colonial, Gecina, Great Portland Estates plc and NSI have run a full pan European focus group analysis to better understand the future of the modern office building from an end users' point of view.

Considering the ever-increasing importance of understanding how the needs of the users of office buildings are evolving, the six listed office companies decided in H2 2018 on an innovative approach, usually applied to the consumer goods industry. A number of focus groups, comprising selected office users, have been asked to share their vision of the future of the modern office building. This analysis is a first for the European office real estate industry.

The focus groups included 18 meetings and interviewed 140 end-users in the UK, France, Germany, The Netherlands, Spain and Italy on their vision of the future user experience, the evolution of the workplace, the evolution of organisational structures and more generally the role of tomorrow's office building in terms of use and service.

The end users who participated draw 3 principal drivers:

Sociological: the role of the company office will evolve to respond to workers' needs to have meetings, collaborate, socialize and feel fulfilled at work

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

Technological: AI, Big Data, robotics, hyper connectivity will affect the way people work and connect as well as the organization within the companies

They also described 5 archetypes for future offices:

SUSTAINABLE OFFICE:

- more sustainable and natural building materials;
- sensor-enabled workspaces for energy efficiency optimisation;
- spaces that encourage a green conscience among employees

SMART OFFICE:

- mobile office: uninterrupted access regardless of physical space (in/out of the office);
- seamless network access enabled by WiFi-friendly, non-blocking materials;
- remote technology aimed at recreating/enhancing human interactions;
- Bio-metrics uses for security (access to buildings) & instant profile uploads.

FLEX-OFFICE 2.0:

- modular spaces: walls for all uses (open space, collaborative, confidential);
- modular furniture to accommodate the various ways people like to work

SERVICED OFFICE:

- multiple on-site facilities to facilitate work life balance;
- shower, bathroom facilities, and large equipped kitchens to share meals;

SWEET OFFICE:

- office spaces similar to home/cafés in terms of design and well-being;
- incorporation of office spaces for recreational use and relaxation;
- adaptable features: ergonomic seating, adjustable lighting, temperature, & music;
- warm tones of décor and walls that change their view and/or scent.

The focus groups were conducted among a population of both younger and more experienced professionals working in traditional offices or flexible working spaces throughout urban locations in Europe. Office end-users were recruited among the whole market and not among the 6 REIT's clients. Their opinions reflect their own views.

MATERIAL ASPECTS FOR COIMA RES

IN 2018, COIMA RES UPDATED ITS MATERIALITY ANALYSIS TO IDENTIFY THE MAIN ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES RELEVANT TO ITS BUSINESS AND ITS STAKEHOLDERS

The concept of materiality expresses the relevance of a theme with respect both to the internal (company) perspective and to the external (of its stakeholders) perspective.

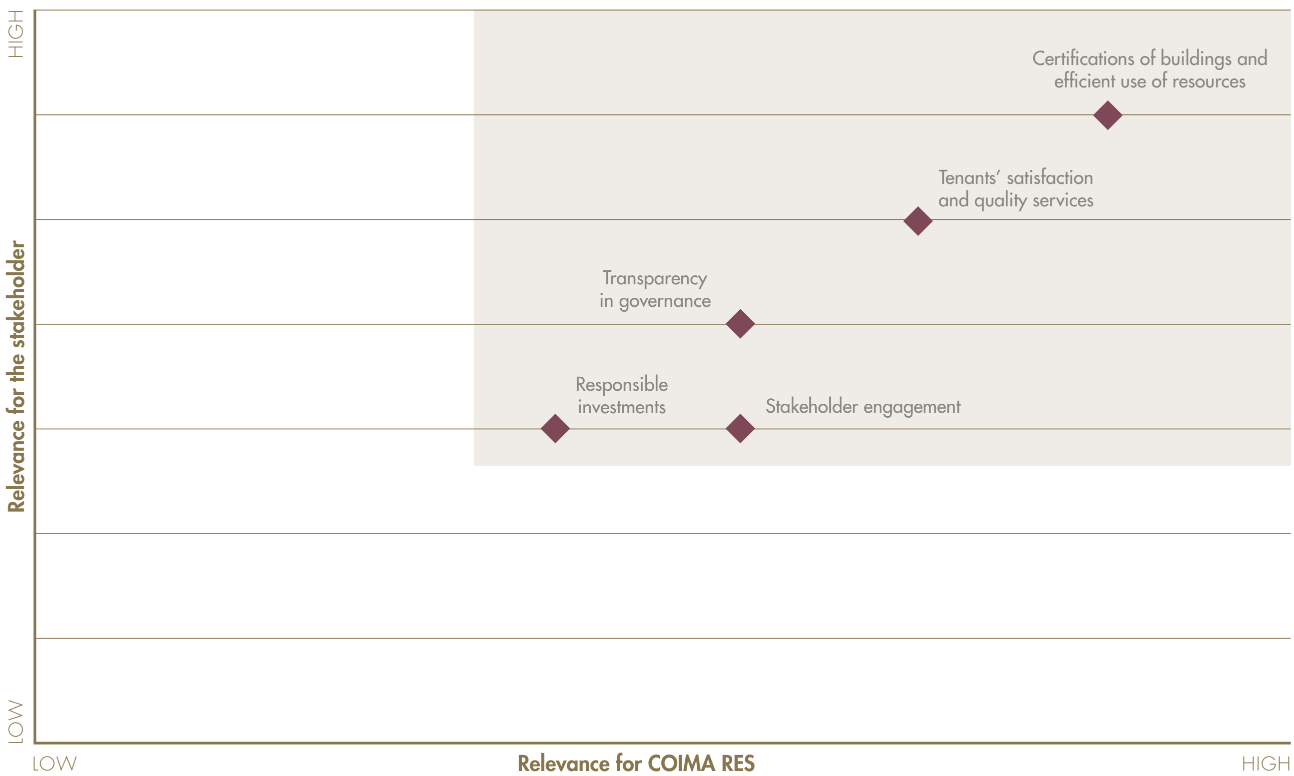
In 2018, an activity to update the materiality analysis was launched with the aim of grasping the main changes with respect to the market context and further focusing on the most relevant issues.

The analysis deepened the external point of view of the company with respect to the positioning of the public opinion towards COIMA RES (analysis of the web press review) and to the emerging trends in the sector (through a benchmark activity that involved the main peers in the sector).

Management was also involved, which contributed to highlighting the most relevant issues for the company, also explaining their variation with respect to the future prospects of the market.

The outcome of the analysis is shown in the materiality matrix, in which the priority themes for COIMA RES are highlighted.

MATERIALITY MATRIX - COIMA RES



MATERIAL ASPECTS	PERCEPTION	COIMA RES APPROACH
TRANSPARENCY IN GOVERNANCE	Ensuring transparency in corporate management is an essential element in the current market context and in the relationship with investors.	COIMA RES has a transparent corporate governance structure that ensures a high level of risk management control.
CERTIFICATIONS OF BUILDINGS AND EFFICIENT USE OF RESOURCES	Growing attention towards the energetic and environmental performance of the buildings and the request for certification to guarantee the approach followed.	The investment strategy of COIMA RES aims to create a high quality real estate portfolio, with high environmental performances and certified according to the main industry standards.
TENANTS' SATISFACTION AND QUALITY SERVICES	In the relationship with the tenants, the issue of occupant welfare is increasingly central, understood both as quality of life and as a guarantee of a healthy workplace that improves productivity.	COIMA RES applies the Kingsley Index to monitor the degree of satisfaction of its tenants and to identify the areas in which it is necessary to intervene to improve the wellbeing of the tenants.
RESPONSIBLE INVESTMENTS	In recent years, investors have been more inclined to integrate ESG criteria into the various investment strategies.	COIMA RES considers strategic the integration of "best practices" in its investment strategy. Evaluating the Environmental aspects of development and management right from the Due Diligence phases, the social aspects of all the stakeholders and their own "governance".
STAKEHOLDER ENGAGEMENT	The implementation of a sustainable business model goes beyond the internal business model and implies the increasingly strong involvement of all stakeholders.	COIMA RES has set up an intense communication activity with all its stakeholders, oriented towards transparency and listening to specific needs.

AIMING FOR EXCELLENCE

THE COIMA RES PORTFOLIO CONSISTS OF HIGH QUALITY REAL ESTATE ASSETS THAT GUARANTEE HIGH ENERGY EFFICIENCY AND PERFORMANCES WITH LOW ENVIRONMENTAL IMPACT

From the identification and purchase of a property, COIMA RES prefers high quality properties or those that have the characteristics to be further enhanced thanks to renovation or renewal of the plant components.

A highly efficient building is a building designed, built and managed aiming to achieve the reduction of energy needs and consumption, eliminating waste, exploiting the opportunities for self-production and favouring the supply from renewable sources.

During the due diligence phase, COIMA RES evaluates the property and its performance and determines the investments necessary to improve its impact and make it more efficient.

To this activity, we add a careful management to guarantee high energy and environmental performance of the buildings and, at the same time, allows to reduce costs and to lengthen the average life of the plants, reducing wear and tear.

Today, 54% of the value of the portfolio has voluntary environmental certifications, in particular the LEED certification.

The value of certified buildings will grow further thanks to the development of the Corso Como Place project which, in addition to LEED certification, aspires to obtain the WELL certification, one of the first buildings in Italy to achieve this ambitious goal.

If the LEED certification has been able to bring into the market an awareness and standardization of the aspects related to the construction and management process of a property, the WELL certification has the advantage of extending the sphere of environmental sustainability with the aspects of occupants' wellbeing and health.

WELL Building Standard® is a performance-based system for measuring, certifying and monitoring the characteristics of the built environment that has an impact on human health and well-being, through air, water, nourishment, light, exercise, comfort and cognitive well-being.

VODAFONE
Milan

GIOIAOTTO
Milan

PAVILION
Milan

CORSO COMO PLACE
Milan
Target certifications

1 WWW.WELLCERTIFIED.COM

Milan - COIMA HEADQUARTERS - Façade

ACTIVE ASSET MANAGEMENT

Thanks to asset management activities, the management of the COIMA RES portfolio allows constant improvement of rental income and the total value of the properties.

In particular, COIMA RES takes care of:

- constantly monitoring the level of satisfaction of tenants (also through the Kingsley Index℠ Survey);
- renegotiating lease agreements both to improve the level of rent and to extend their duration;
- actively managing tenants, with possible substitutions or upgrades;
- implementing operational management models adapted to the standards identified;
- verifying the feasibility of some solutions and implement improvement interventions when necessary;
- assessing repositioning projects for buildings;
- assessing disposal of properties;
- optimising financing;
- rationalising facility management services.

COIMA HEADQUARTER IS PLASTICLESS

The new COIMA headquarters in Piazza Gae Aulenti in Milan is a virtuous example of sustainable space management. It is powered by using 100% energy produced from renewable sources and, thanks to the active contribution of the employees, has embraced a plasticless approach.

Through the introduction of a series of measures, in the first months of employment of the headquarters, in fact, more than 14,000 plastic bottles were saved, which translates not only into a reduction in the production of waste but also a significant economic saving for the company.

SPECIFIC ASSET MANAGEMENT ACTIVITIES ON THE PORTFOLIO IN 2018

During 2018 and thanks to the experience and technical expertise of COIMA S.r.l. Property Management, COIMA RES has implemented some technical and management solutions with the aim of reducing the environmental impact of buildings, improving their performance and performance.

In particular, the solutions identified have enabled to:

- optimise the consumption of utilities (water, gas and electricity);
- implement, suggest and action sustainable practices among tenants;
- increase control over the products and maintenance materials used;
- start a proactive management in order to qualify as a strategic partner of the tenants.

COIMA RES has launched several specific activities to improve the environmental performance of its portfolio:

MONTEROSA

Activation of the supply of electricity from renewable sources (100%);

New emergency lighting system installed;

Completion of the fire-fighting system adjustment process;

A significant reduction in consumption and CO_2 emissions has been achieved thanks to improvements in the management and maintenance of the plants.

VODAFONE

The consortium for the management of the common parts has been set up to increase the effectiveness and efficiency of the activities;

Reduced the environmental impact of cleaning activities in the common areas thanks to the transmission and sharing of the LEED protocol;

Identified a loss in the management of water resources that had caused a significant increase in consumption in 2017;

Activated COIMA Srl as a property management company;

Start of "relamping" project through the replacement of traditional lighting fixtures with LED lights which has allowed a reduction in CO_2 emissions of approximately 82 t / year.

CORSO COMO PLACE (BUILDING B)

Start-up of trading activities with utilities for switching to a 100% green electricity supplier that will be completed in 2019;

The Building Management System (BMS) has been updated in order to operate the plants more efficiently and monitor consumption;

Completion of the fire-fighting system adjustment process to increase the maximum capacity of the building.

TOCQUEVILLE

Activation of the supply of electricity from renewable sources (100%);

Analysis of the heating system of the building to start evaluations related to its upgrade;

Definition of a medium-term investment plan.

DERUTA

4 specific audits on the management of the property have been completed;

Increase of the quality of maintenance activities after the audit.

GIOIAOTTO

Reduced the environmental impact of cleaning and maintenance activities in the common areas with the introduction of ecological suppliers;

Activation of the supply of electricity from renewable sources.

All properties in the COIMA RES portfolio include the figure of the Safety Manager who is concerned with implementing and updating the services relating to the prevention and protection of security in the building.

Alongside the activities related to the plants and the management of the buildings, COIMA RES has structured during the year a system for reporting on the performance of the properties, which provides a complete quarterly report.

TENANTS' SATISFACTION

COIMA RES CONSTANTLY MONITORS THE LEVEL OF SATISFACTION OF ITS TENENTS AND IMPLEMENTS POLICIES AND ACTIONS TO ENSURE HIGH LEVELS OF QUALITY AND SERVICE

Since the beginning of its activities, COIMA RES has implemented projects aimed at measuring the perception of its tenants in relation to the management of buildings. The main objective is to maintain a high level of quality perceived by them in order to guarantee continuity of activities over the medium / long term.

Thanks to this orientation, COIMA RES develops and strengthens relations with its tenants and, at the same time, plans the investments necessary to constantly improve the quality and value of the buildings. COIMA RES has structured some partnerships with selected professionals and industry suppliers to implement the best practices in the sector and thus contribute to a more sustainable management of buildings.

This approach in real estate management also supports the sustainability objectives of the tenants who today are becoming more and more careful in the implementation of projects and initiatives to reduce the environmental impact of their activities. The relationship with the tenants is kept active throughout the year, also thanks to the scheduling of ad hoc meetings in which the main issues related to property management are discussed.

The meetings with the tenants are scheduled at least annually. In the case of complex realities such as the Vodafone property or Monte Rosa, the meetings were scheduled with shorter deadlines, monthly in the first case and quarterly in the second. If a tenant signals criticality or if the building is subject to particular maintenance interventions, individual meetings and regular follow-ups are organized for the management of critical issues or interventions.

The COIMA platform implements management standards for each building or building complex, since its acquisition which include an emergency service through a dedicated call centre, which can offer technical assistance even during extra working hours and on holidays. This procedure, which can also be activated by individual tenants, allows complete tracing of problems, tracking and compression of intervention times.

THE RESULTS OF THE KINGSLEY INDEX℠ 2017

Since the first year of its activity, COIMA RES has commissioned the assessment of the satisfaction of the tenants to Kingsley Associates, a company that is the creator of the Kingsley Index℠, a measure of customer satisfaction, reaching in the portfolio under evaluation 100% of the properties since last year.

In 2018, COIMA RES analysed the results of the previous survey (2017) of the survey and developed targeted actions to mitigate the critical issues that have emerged.

Last year's survey identified some critical issues in the buildings of Gioiaotto and Eurcenter. For the building of Gioiaotto, we have intervened in the improvement of the reception services and on some critical issues that emerged on the regulation of the air conditioning systems in a confined portion of the building.

Regarding the Eurcenter property, specific meetings have been set up with retail tenants for the management of some contractual issues and for the assessment of a plant improvement project within their areas. The meetings and the actions have given positive feedback with the tenants.

STRENGTHENING THE RELATIONSHIP WITH PEOPLE AND WITH THE COMMUNITY

THE PEOPLE OF COIMA RES HELP TO CREATE VALUE FOR SOCIETY AND FOR THE COMMUNITY

COIMA RES employs 5 professionals who contribute daily to the development of relationships with tenants and with all stakeholders, engaging in the sharing of corporate values and culture.

The key roles of CFO, Investment Director, Investor Relations Director, Planning & Control Manager and Finance Associate are held internally within COIMA RES. The functions related to Asset & Investment Management and Property and Development Management are respectively assigned to COIMA SGR and COIMA S.r.l..

COIMA, as an integrated platform, promotes a corporate culture based on social relations, collaboration and dialogue between employees and collaborators to facilitate a cross-sectoral approach and the exchange of skills.

The training plan is designed and structured to meet everyone's needs, and is linked to an individual assessment activity that highlights goals achieved and areas for improvement.

Also in 2018, the "Knowledge Sharing Program" continued an initiative that involves the entire COIMA platform through the presentation of internal staff or ad hoc guests to promote best practices in the sector or to explore topics and new trends in the market.

ACTIVITIES IN 2018

SESSION	CONTENT	SPEAKERS
LESSON LEARNED	Due diligence in the acquisition phase	Gabriele Bonfiglioli Corrado Sensale Franco Gerbino Luigi Massimilla Stefano Corbella
EXCELLENT SPEAKERS	PCPA best practices worldwide	Gregg Jones (PCPA)
KNOWLEDGE SHARING	Office benchmarking - comparing Porta Nuova with international standards	Stefano Corbella Francesco Moretti
KNOWLEDGE SHARING	How we choose where we invest	Gabriele Bonfiglioli Edoardo Schieppati
KNOWLEDGE SHARING	At the beginning of the Gioia 22 construction	Danilo Indrio Francesco Moretti
KNOWLEDGE SHARING	Innovation in the Health & Safety	Ing. Giuseppe Amaro Gae Engineering
EXCELLENT SPEAKERS	Global economic overview	Sri Kumar Komal
KNOWLEDGE SHARING	The era of real estate "digital transformation"	Vincenzo Tortis Stefano Corbella
KNOWLEDGE SHARING	Workshop update on trends in architecture	Nicola Leonardi
KNOWLEDGE SHARING	Global Real Estate Sustainability Benchmark (GRESB)	Paul Bosworth Ramboll UK

COIMA RETREAT 2018: "IN COIMA ALLA VETTA"

The COIMA Retreat is an event that takes place every two years and aimed at employees who, for a few days, leave the daily life of their offices to carry out activities related to teamwork and to study in a different place.

The second edition of the Retreat developed starting from the same tender procedures of the previous edition of 2016. The event was born from an internal competition, open to all the people of COIMA: the initiative involved the various participants in the preparation of a proposal that included both organizational aspects and aspects related to content. The vote of all the staff of COIMA, added to that of a jury in charge, selected as the winning proposal: Trentino Alto Adige with the theme " In COIMA alla vetta".

The three-day program, from June 7th to June 9th, 2018, included a team building sessions aimed at strengthening relationships between colleagues and addressing issues of common improvement, linked to sustainability and corporate responsibility. In addition to the updates by the Management team and the focus of the teams on various projects, a challenge session was introduced that saw three teams working for each macro theme compete in a tight competition, whose victory is was decreed by an external super-partes judge.

There were moments of fun, which helped immerse the participants in the uncontaminated nature of Trentino Alto Adige, an excellent example of sustainability and attention to the environment, themes on which the foundations of this COIMA Retreat were founded; the next edition will be in 2020.

Rome - DEUTSCHE BANK PORTFOLIO - Façade

FUNDRAISING FOR MAMMADÙ ITALIA ONLUS AND FONDAZIONE FRANCESCA RAVA

COIMA RES interacts with communities also by facilitating collaboration with non-profit organizations and bodies to implement specific projects. In December, COIMA RES granted the availability of common spaces inside the buildings for the organization of fundraising initiatives in favour of Mammadù Italia Onlus in support of children and young people living in extreme poverty.

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

RESTORATION WORKS REGARDING FRESCOS IN A DEUTSCHE BANK BRANCH

In 2018, a Deutsche Bank branch owned by COIMA RES and situated in Genoa (Corso Garibaldi) was subject to restoration work related to the frescos and frames of the salon. The works have been authorized by the Soprintendenza dei Beni Architettonici della Liguria. COIMA RES has committed an amount up to Euro 1.5 million in relation to these renovations works.

Genoa - PORTAFOGLIO DEUTSCHE BANK - Ceiling

Milan - GIOIAOTTO - Lobby

GIOIAOTTO
ENERGY EFFICIENCY IMPROVEMENT STUDY

In the first quarter of 2019, COIMA RES, through the COIMA Core Fund VI fund (in which COIMA RES owns a 86.7% stake), which owns the Gioiaotto property, commissioned to the engineering firm Crippa & Lamberti a study aimed at investigating and identifying the weak areas of Gioiaotto's building management system and possible areas of intervention.

Gioiaotto current building management system ("**BMS**") is still relatively basic in its functions. It is able to regulate the essential parameters (temperatures and times) but is not optimized as far as energy efficiency is concerned, not allowing a capillary management of the activation of the various devices. Therefore, several intervention areas were recommended (which mainly involve changes to the BMS programming) to maintain the occupants' well-being whilst eliminating energy inefficiencies as far as possible.

POSSIBLE AREAS OF INTERVENTION

- Time of activation of ventilation systems
- Anticipation of activation of the internal systems, to realize a pre-heating, pre-cooling of the environments, in order to obtain the comfort conditions at the start of the working activity, regulated by a self-learning system based on the conditions, internal, external and the history of activations of the previous days
- Switch off the equipment (mainly primary and secondary pumps) when there is no hot / cold demand from the users
- Correct balancing of the flow rates of the AHUs in order to eliminate the parasitic returns through the cracks present on the perimeter walls (air not treated)

ESTIMATED INVESTMENT

Mainly intervening on the planning and implementation of new control / regulation and supervision logic, substantial energy savings are assumed without intervening on the mechanical part of the plants. The intervention costs (programming, glycol mixture and connections) were quantified at Euro 12,800.

ESTIMATED SAVINGS

The analysis also calculated the savings achievable with the proposed changes, for a total of Euro 4,900 per year. The savings achievable with the predictive activation of the plants can be estimated in about 5% of the general consumption.

PAYBACK OF THE INVESTMENT

From the previous points, an investment payback period of 2.6 years can be estimated. It should be emphasized that the savings will be appreciated in full by the tenants thanks to the reduction of running costs for heating / cooling and ventilation systems.

APPENDIX - EPRA TABLES

ENVIRONMENTAL PERFORMANCE OF COIMA RES' PORTFOLIO

In 2018, COIMA RES has implemented various initiatives to improve the environmental performance of its portfolio. A detailed breakdown of these initiatives is available on page 98 of this report.

The initiatives implemented has generated an overall reduction of the portfolio consumptions, as shown by the downward trend compared to 2017.

INDICATORS	EPRA	UNIT OF MEASURE	OFFICES				
			2017	COVERAGE	2018	COVERAGE	CHANGE
Total electrical consumption	Elec-Abs	annual MWh - tenant	n.d.	n.d.	15,187	96%	n.d.
		annual MWh - landlord	n.d.	n.d.	3,754	100%	n.d.
		annual MWh - total	9,567	100%	18,942	100%	98%
		% from rewable sources	100%	23%	21%	100%	-79%
Total electrical consumption: Like-for-like	Elec-LFL	annual MWh - tenant	n.d.	n.d.	8,890	95%	n.d.
		annual MWh - landlord	n.d.	n.d.	3,524	100%	n.d.
		annual MWh	9,567	100%	12,413	100%	30%
Consumption of energy from district heating and district cooling[1]	DH&C-Abs	annual MWh	n.a.	100%	n.a.	100%	0%
		% from renewable sources	n.a.		n.a.		0%
Consumption of energy from district heating and cooling: Like-for-like	DH&C-LFL	MWh	n.a.	100%	n.a.	100%	0%
Total fuel consumption	Fuels-Abs	annual MWh	10,400	100%	16,843	100%	62%
		% from renewable sources	0%		0%		0%
Total fuel consumption: Like-for-like	Fuels-LFL	annual MWh	10,400	100%	13,472	100%	30%
Energy intensity of buildings[2]	Energy-Int	KWh/m^2	235	100%	290	100%	23%
Direct greenhouse gas emissions (total) Scope 1 [3]	GHG-Indir-Abs	tCO_2e	2,120	100%	3,448	100%	63%
Indirect greenhouse gas emissions (total) Scope 2 [3]	GHG-Dir-Abs	tCO_2e (location based)	3,027	100%	5,993	100%	98%
Intensity of greenhouse gas emissions of the buildings[2]	GHG-Int	tCO_2e/m^2	0.051	100%	0.076	100%	50%
Total water consumption[4]	Water-Abs	m^3	44,621	100%	44,556	100%	0%
Water consumption: Like-for-like	Water-LFL	m^3	44,621	100%	34,041	88%	-24%
Water consumption: Like-for-like[2]	Water-Int	m^3/m^2	0.44	100%	0.36	100%	-18%
Weight of waste by disposal route [5]	Waste-Abs	tons	1,394	90%	1,508	89%	8%
		% recycled	53%		58%		9%
Weight of waste by disposal route Like-for-Like	Waste-LFL	tons	1,394	100%	1,394	88%	0%
		% recycled	53%		58%		9%
Type and number of certified assets	Cert-Tot	% of sqm. of the portfolio	64%	100%	53%	100%	-18%

Notes: The data above refers to the COIMA RES asset in the portfolio at December 2018, except for the Pavillion whose purchase was completed at the beginning of December 2018.
In 2018 the building located in Via Privata Deruta 19 has been included (excluded from the 2017 reporting scope).
The Like-for-Like indicators were calculated considering the same perimeter of 2017 and 2018 (thus excluding sales and acquisitions) and not considering the occupancy rate of the buildings.
Estimated tenants utilities consumption: Consumption data (except waste) have been provided by the Property Managers and includes directly purchased electricity, natural gas or water. From 2018 it was also possible to report electricity consumption directly purchased by the tenants. The area considered in the calculation is the gross, ie including common areas and parking lots, for which COIMA RES is accountable.
Coverage: the coverage level - expressed as a percentage - is given by the ratio between square meters covered by the indicator with respect to the total square meters owned by the portfolio. In particular, the coverage represented in relation to Offices, Retail and Others, is calculated with to the corresponding square meters of the different asset typology considered. Information related to the building certification was calculated in relation to the total square meters of properties in the portfolio at 31 December 2018.
Level of estimation: The data was collected with the contribution of the Property Managers. It has been necessary to estimate part of the water consumption (5% estimate level, based on consumption calculated on 2017), the district heating consumption (100% estimate level, based on 2017 consumption) and the waste products (100% estimate level).

In relation to the portfolio environmental performance, here below some clarifications:

» The 2018 offices portfolio increase of electricity and natural gas consumption have been influenced by the occupancy of Vodafone complex. In 2017, Vodafone released one of the building close to the ones owned by COIMA RES consolidating its staff in COIMA RES buildings. The 2018 consumption have been influenced by the increase of population and therefore consumptions compared to the previous year.

» The overall portfolio consumptions have been influenced also by the performance of the property in Via Monterosa in Milan, whose consumption in 2017 related exclusively for December.

RETAIL					OTHER					PORTFOLIO				
2017	COVERAGE	2018	COVERAGE	CHANGE	2017	COVERAGE	2018	COVERAGE	CHANGE	2017	COVERAGE	2018	COVERAGE	CHANGE
n.d.	n.d.	2,965	98%	n.d.	n.d.	n.d.	146	58%	n.d.	n.d.	n.d.	18,299	94%	n.d.
n.d.	n.d.	230	100%	n.d.	n.d.	n.d.	290	100%	n.d.	n.d.	n.d.	4,274	100%	n.d.
5,045	100%	3,196	100%	-37%	402	100%	436	100%	8%	15,014	100%	22,573	100%	50%
100%	11%	38%	100%	-62%	100%	71%	34%	100%	-66%	100%	23%	24%	100%	-76%
n.d.	n.d.	2,742	98%	n.d.	n.d.	n.d.	146	58%	n.d.	n.d.	n.d.	11,778	94%	n.d.
n.d.	n.d.	205	100%	n.d.	n.d.	n.d.	290	100%	n.d.	n.d.	n.d.	4,018	100%	n.d.
3,625	100%	2,947	100%	-19%	402	100%	436	100%	8%	13,594	100%	15,796	100%	16%
209	100%	209	100%	0%	n.a.	100%	n.a.	100%	0%	209	100%	209	100%	0%
0		0		0%	n.a.		n.a.		0%	0		0		0%
209	100%	209	100%	0%	n.a.	100%	n.a.	100%	0%	209	100%	209	100%	0%
2,404	100%	2,693	100%	12%	0	100%	0	100%	0%	12,408	100%	19,284	100%	-49%
0%		0%		0%	0%		0%		0%	0%		0%		0%
2,249	100%	2,667	100%	19%	0	100%	0	100%	0%	12,649	100%	16,139	100%	28%
146	100%	143	100%	-2%	33.29	100%	42	100%	28%	169	100%	238	100%	41%
490	100%	551	100%	12%	0	100%	0	100%	0%	2,610	100%	3,999	100%	53%
1,596	100%	1,011	100%	-37%	127	100%	138	100%	8%	4,750	100%	7,142	100%	50%
0.040	100%	0.037	100%	-8%	0.011	100%	0.013	100%	28%	0.044	100%	0.063	100%	42%
9,715	45%	7,284	59%	-25%	7,866	71%	7,867	84%	0%	62,202	80%	54,957	89%	-12%
9,715	45%	7,284	58%	-25%	8,570	71%	7,867	84%	-8%	62,202	80%	44,442	80%	-29%
0.18	45%	0.17	59%	-8%	0.65	71%	0.77	84%	18%	0.37	80%	0.31	89%	-17%
143	10%	143	27%	0%	n.a.	n.a.	n.a.	n.a.	0%	1,537	68%	1,651	69%	7%
51%		55%		7%	n.a.		n.a.		0%	53%		57%		8%
143	28%	131	26%	-8%	n.a.	n.a.	n.a.	n.a.	0%	1,537	74%	1,525	67%	0%
51%		54%		6%	n.a.		n.a.		0%	53%		57%		0%
10%	100%	12%	100%	23%	71%	100%	84%	100%	18%	48%	100%	45%	100%	-7%

N.A. = not applicable; n.d. = not available

1. Consumption related to district heating and district cooling systems refers exclusively to one Deutsche Bank branch.

2. Energy intensities, carbon intensity and water intensity have been calculated using impact data (energy consumption, total emissions and water consumption) as numerator, and the surface area in square meters owned (net of parking lots) as a denominator. COIMA RES is aware of the mismatch between the numerator and the denominator in the calculation of intensity metrics. However, the significance of the indicators is safeguarded as the parking energy consumption has a marginal impact of the total. The efficiency indicators have been distinctly calculated by type of building (offices, retail and other) and also for the entire portfolio.

3. The CO_2 conversion factors are published by ISPRA (updated to 2019)

4. Water consumption refers to the following properties: Toqueville, Vodafone Village, Gioiaotto, 2331 Eurcenter, Deruta, Monterosa and Corso Como Place. For the Deutsche Bank branches, the consumptions ware available some and measured in m3, for others it was estimated using 2017 water consumption as a reference, and for part of the branches it was not possible to detect it.

5. COIMA RES does not monitor the waste, whose disposal is managed directly by the Municipalities. The average coefficients (kc and kd) made available by the Municipalities and the respective average percentages of separate collection were used for the calculation.

APPENDIX - EPRA TABLES

COIMA RES' SOCIAL AND GOVERNANCE PERFORMANCE

During the year 2018 the number of employees of COIMA RES has remained unchanged, the level of skills in the field of sustainability increased with the renewal of the Board of Directors and no irregularities were recorded in terms of H&S on the COIMA RES portfolio.

<table>
<tr><th>INDICATORS</th><th>EPRA CODE</th><th>PERIMETER</th><th>UNIT OF MEASURE</th><th>2018</th><th>2017</th><th>COVERAGE</th></tr>
<tr><td rowspan="3">Gender diversity</td><td rowspan="3">Diversity-Emp</td><td rowspan="3">COIMA RES</td><td rowspan="2">% of employees</td><td>Men - 80%</td><td>Men - 80%</td><td rowspan="3">100%</td></tr>
<tr><td>Women - 20%</td><td>Women - 20%</td></tr>
<tr><td>% of women in the governance bodies</td><td>22%</td><td>22%</td></tr>
<tr><td>Gender pay [1]</td><td>Diversity-Pay</td><td>COIMA RES</td><td>%</td><td>n/a</td><td>n/a</td><td>100%</td></tr>
<tr><td>Training and development</td><td>Emp-Training</td><td>COIMA RES</td><td>average hours</td><td>45h</td><td>40h</td><td>100%</td></tr>
<tr><td>Performance appraisals</td><td>Emp-Dev</td><td>COIMA RES</td><td>% of employees</td><td>100%</td><td>100%</td><td>100%</td></tr>
<tr><td rowspan="2">New hires</td><td rowspan="4">Emp-Turnover</td><td rowspan="4">COIMA RES</td><td>number</td><td>0</td><td>2</td><td rowspan="2">100%</td></tr>
<tr><td>%</td><td>0%</td><td>40%</td></tr>
<tr><td rowspan="2">Turnover</td><td>number</td><td>0</td><td>0</td><td rowspan="2">100%</td></tr>
<tr><td>%</td><td>0%</td><td>0%</td></tr>
<tr><td>Rate of frequency of accidents</td><td rowspan="4">H&S-Emp</td><td>Corporate operations</td><td>no. by hours worked</td><td>0</td><td>0</td><td rowspan="4">100%</td></tr>
<tr><td>Average days lost</td><td>Corporate operations</td><td>no. by hours worked</td><td>0</td><td>0</td></tr>
<tr><td>Absenteeism</td><td>Corporate operations</td><td>days per employee</td><td>9</td><td>8</td></tr>
<tr><td>Deadly accidents</td><td>Corporate operations</td><td>number</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">H&S impact assessments[2]</td><td rowspan="3">H&S-Asset</td><td>Office portfolio</td><td rowspan="3">% of assets in the portfolio</td><td>100%</td><td>100%</td><td rowspan="3">100%</td></tr>
<tr><td>Retail portfolio</td><td>n/a</td><td>n/a</td></tr>
<tr><td>Other portfolio</td><td>n/a</td><td>n/a</td></tr>
<tr><td rowspan="3">Number of irregularities[3]</td><td rowspan="3">H&S-Comp</td><td>Office portfolio</td><td rowspan="3">total number</td><td>0</td><td>5</td><td rowspan="3">100%</td></tr>
<tr><td>Retail portfolio</td><td>n/a</td><td>n/a</td></tr>
<tr><td>Other portfolio</td><td>n/a</td><td>n/a</td></tr>
<tr><td rowspan="3">Community involvement[4]</td><td rowspan="3">Comty-Eng</td><td>Office portfolio</td><td rowspan="3">% of assets</td><td>0%</td><td>12.50%</td><td rowspan="3">100%</td></tr>
<tr><td>Retail portfolio</td><td>n/a</td><td>n/a</td></tr>
<tr><td>Other portfolio</td><td>n/a</td><td>n/a</td></tr>
<tr><td rowspan="4">Composition of the Board</td><td rowspan="4">Gov-Board</td><td rowspan="4">Corporate operations</td><td>Number of executive members</td><td>1</td><td>1</td><td rowspan="4">100%</td></tr>
<tr><td>Number of independent members</td><td>7</td><td>7</td></tr>
<tr><td>Average term of mandate[5]</td><td>1</td><td>1.8 y</td></tr>
<tr><td>Independent / non-executive members of the board of directors with responsibilities in the environmental area</td><td>4</td><td>3</td></tr>
<tr><td>Appointment and selection of the highest governance body</td><td>Gov-Select</td><td>Corporate operations</td><td>See note</td><td>(6)</td><td>(6)</td><td>100%</td></tr>
<tr><td>Conflict of interest</td><td>Gov-Col</td><td>Corporate operations</td><td>See note</td><td>(7)</td><td>(7)</td><td>100%</td></tr>
</table>

Note: (1) In 2018, COIMA RES has five employees with different roles and responsibilities. The salary Differential therefore cannot be calculated. (2) COIMA RES has direct responsibility over health and safety for 4 buildings used as offices (Gioiaotto, Monte Rosa, Toqueville, Eurcenter, Monte Rosa and Corso Como Place building B). With respect to these, an H&S assessment was conducted by COIMA RES H&S representative. As for the other buildings in the portfolio, these are not considered within this reporting perimeter since the responsibility on health and safety is a completely a tenant responsibility. (3) It has been considered an irregularity, non-conformity detected during the H&S assessment on the buildings. As for Corso Como Place, an H&S assessment on the building was carried out by two consultants in order to define the fire strategy legal framework and environmental compliance already during the preliminary Due Diligence phase (2017). Five irregularities were detected, and remediation works carried out and resolved. (4) For Corso Como Place, due to the plan for the requalification of two buildings, a complete analysis was carried out on the surrounding public areas and pedestrian flow, delineating the conditions of the streets, pedestrian sidewalks, etc.. The assessment conducted brought to light a number of possible implementations that the requalification project will provide. (5) In relation to the mandate, please note that the Board of Directors was elected in April 2018. (6) The prerequisites that guided COIMA RES in the definition and consolidation of its governance were: integrity and independence, transparency, respect of the rules, corporate sustainability and control structure. For COIMA RES it is essential to operate with an adequate governance to convey a message of maximum transparency outside the company, required to obtain the total trust of current and future shareholders. The members of the Board of Directors have been selected on the basis of the following criteria: - majority of independent (7 out of 9) and only 1 executive; completeness and complementarity of professional skills, at least 20% of the positions reserved for gender less represented. Furthermore, the Company has determined that the maximum number of director or statutory auditor positions in other listed companies cannot exceed the threshold of 6. Therefore, it is understood that, also due to the commitment required, in relation to the position of Chief Executive Officer, the same cannot be assumed by a person with the same position in another company listed in a regulated market. (7) The company has put in place a procedure (which is available to the public) to describe how to handle possible transactions with related parties, In particular, each Director notifies the Company of any role or interest he or she may have in other businesses. This information is public and set forth in the corporate governance report published annually on COIMA RES website. As required by law, COIMA RES has set up a Related Parties Committee (hereinafter the "Committee") composed exclusively of independent directors. The Committee issues a non-binding opinion for the Board of Directors in the case of transactions with related parties. The Committee assesses the interest of COIMA RES in completing the transaction, as well as the convenience and substantial correctness of the conditions applied. If the Board of Directors does not agree with the Committee's proposal, the issue is brought to the attention of the Shareholders Meeting.

APPENDIX - EPRA TABLES

COIMA RES HEADQUARTER

The COIMA headquarters is sustainability best practice. The building and the interior achieved LEED certification at the highest level of certification, PLATINUM. COIMA RES decided to purchase the electricity from a certified renewable sources offsetting the carbon emission of its own consumption. COIMA RES has also opted for a "plasticless" and "paperless" policy, avoiding single use plastic and reduction of paper use.

INDICATORS[1]	EPRA	UNIT OF MEASURE	2017	COVERAGE	2018	COVERAGE	CHANGE
Total electrical consumption	Elec-Abs	kWh	8,402	100%	11,921	100%	42%
		% from renewable sources	-		100%		
Consumption of energy from district hearting and cooling	DH&C-Abs	kWh	n.a.	100%	n.a.	100%	n.a.
		% from renewable sources	n.a.		n.a.		n.a.
Total fuel consumption	Fuels-Abs	kWh	0	42%	0%	100%	n.a.
		% from renewable sources	0%		n.a.		n.a
Energy intensity of buildings	Energy-Int	kWh/m²	149	100%	65.14	100%	-56%
Direct greenhouse gas emissions (total) Scope 1	GHG-Dir-Abs	tCO_2e	0	42%	0%	100%	
Indirect greenhouse gas emissions (total) Scope 2	GHG-Indir-Abs	tCO_2e (market based)	2.66	100%	3.77		42%
Intensity of greenhouse gas emissiosn of the buildings	GHG-Int	tCO_2e/m^2	0.05	100%	2%		-56%
Total water consumption[1]	Water-Abs	m³	66.0	100%	66.0	100%	0%
Building water consumption intensity	Water-Int	m³/persons	13.2	100%	13.2		0%
Weight of waste by disposal route [2]	Waste-Abs	tons	1.42	100%	2.47	100%	74%
		% recycled	53.8%		60%		11%
Type and number of certified properties	Cert-Tot	% sqm. of portfolio	100%	100%	100%	100%	0%

Note:

1. At the moment of publication of this report, it was not been possible to collect data on water consumption. Therefore these have been estimated assuming an average consumption of 60 liters / day per person for 220 working days.

2. COIMA RES does not monitor the waste, whose disposal is managed directly by the Municipality of Milan. The average coefficients (kc and kd) provided by the Municipality and the average percentage of separate collection were used for the estimation.

OUR OBJECTIVES

UPDATE OF OUR OBJECTIVES FOR 2018

ESG	TOPIC	OBJECTIVES SET IN 2017	STATUS	COMMENT FOR THE YEAR 2018
E	Responsible investments	Conduct a risk analysis to identify social and environmental risks and value creation opportunities as part of the due diligence process for all acquisitions from 2018	In progress	COIMA implemented a Sustainability Acquisition Checklist, performed during Due Diligences. The checklist aims to identify ESG risks and mitigation strategy
		Establish the baseline year 2018 against which to set long-term environmental performance targets covering energy, GHG emissions, water and waste by 2020 for 2030	In progress	The 2018 Environmental consumptions have been audited by a 3rd party consultant. The 2018 portfolio data will be used to establish the long-term environmental targets for 2030
E	Certification of properties	Obtain sustainability certification for 50% of the assets under direct management for at least 2 years, by 2020	In progress	At December 31st, 2018, 54% of our portfolio is LEED certified (in particular the Vodafone complex and the Gioiaotto and Pavilion properties). We are also aiming to achieve LEED Gold certification for the Corso Como Place project, which would bring the total portion of the certified portfolio to 60%
		Achieve certification to the Well Building Standard for one asset under management by 2020	In progress	Corso Como Place, which is planned to completion by 2020 aims to achieve the WELL certification
		Commit to procuring 100% renewable energy across our directly managed assets by 2020	In progress	COIMA is reviewing the energy procurement with the market, to identify 100% renewable energy suppliers and commit for long terms contracts
S	Stakeholder engagement	Increase material dedicated to ESG performance into roadshows and conferences	Completed	Dedicated ESG performance disclosure during roadshows have been implemented. COIMA RES also participated to the "Sustainability Day" organized by Borsa Italiana with dedicated one to one meeting with investors
		Develop a green procurement guide for property managers to promote more sustainable procurement practices across our supply chain by 2019	In progress	COIMA is developing a Sustainability Policy which defines the ESG commitment for the business with also specific references to a Sustainable Procurement policy

ESG	TOPIC	OBJECTIVES SET IN 2017	STATUS	COMMENT FOR THE YEAR 2018
S	**Tenant satisfaction and quality services**	Increase questions relating to sustainability in our annual tenant satisfaction survey by 2018 (Kingsley Index)	**Completed**	Kingsley index includes specific questions related to sustainability
		Develop an action plan for each asset under management in response to feedback from the annual tenant satisfaction survey by 2019	**Completed**	The 2017 Kingsley survey has been analysed and aspects have been identified which require improvements. An action plan has been developed and specific meeting held with the tenants
		Develop a Memorandum of Understanding containing green clauses for tenants by 2019	**Completed**	A comprehensive review of the standard lease contract has been completed, capturing several updates. A much stronger focus on tenant engagement and ESG data sharing
G	**Transparency in governance**	Seek 3rd party verification of our environmental performance data by 2018	**Completed**	The 2018 data will be audited by an independent 3rd party consultant
		Maintain EPRA GOLD rating for the Annual and Sustainability report	**Completed**	COIMA RES has been awarded with GOLD rating for the 2017 report, the second consecutive year
G	**Economic performance**	Develop key performance indicators to track the economic value created from sustainability initiatives by 2019	**In progress**	The 2018 data will be used as the base for a more comprehensive analysis that will be completed by 2019 - 2020
		Publish a fully integrated report that provides an integrated account the value created from our economic, environmental and social performance by 2020	**Completed**	COIMA RES, with this report issued an integrated report

OUR OBJECTIVES

OBJECTIVES FOR 2019

ESG	TOPIC	OBJECTIVES FOR 2019
E	Responsible investments	Set a long-tem environmental performance target covering energy, GHG emissions, water and waste by 2020 for 2030.
E	Certification of properties	Obtain sustainability certification for 50% of the assets under direct management for at least 2 years, by 2020
		Achieve certification to the Well Building Standard for one asset under management by 2020
		Commit to procuring 100% renewable energy across our directly managed assets by 2020
S	Stakeholder engagement	Develop a green procurement guide for property managers to promote more sustainable procurement practices across our supply chain by 2019
S	Tenant satisfaction and quality services	Develop, in partnership with the Pan European Think Tank a specific market survey on offices Tenant requirements, with particular focus on generational changes and future trends.
		Continuously engage with existing and new tenants in response to feedback from the annual tenant satisfaction survey.
G	Transparency in governance	Maintain EPRA GOLD rating for the Annual Report
G	Economic performance	Develop key performance indicators to track the economic value created from sustainability initiatives by 2019

NOTE ON METHODOLOGY

COIMA RES Sustainability Report complies with the "European Public Real Estate Association's Sustainability Best Practice Reporting guidelines" (EPRA sBPR) – updated in September 2017 – and is also inspired by the GRI Standards published by the Global Reporting Initiative in 2016.

The content of the Sustainability Report has thus been prepared in accordance with the reporting principles referred to in the Guidelines and using the so-called materiality principle to identify the main topics to be included.

REPORTING PROCESS AND SCOPE

Data and information included in the Sustainability chapter refer to 2018: the information has been collected from the main company functions and Property Managers.

ORGANISATIONAL BOUNDARY

The perimeter of the sustainability performance included in this Sustainability report include all properties in COIMA RES' portfolio as of December 31st, 2018 (as well as the Eurcenter property, sold in December 2018), in particular:

- 65 Deutsche Bank branches (excluding the 5 branches in the company's portfolio which were vacant for all of 2018),
- Gioiaotto,
- Deruta,
- Tocqueville,
- Eurcenter,
- the three buidings comprising the Vodafone complex,
- Monte Rosa,
- Corso Como Place.

The total commercial surface included in the perimeter was 176,413 sqm. The Pavilion asset was excluded given the property was acquired towards the end of 2018 and COIMA RES has not had the opportunity to influence the environmental performance of the asset in 2018.

COIMA RES HEADQUARTERS

In line with the EPRA sBPR guidelines, we have reported also the environmental data on COIMA RES HQ in Piazza Gae Aulenti, 12.

Milan - COIMA HEADQUARTERS - Façade

05

FINANCIAL REVIEW

IN 2018 WE HAVE CONSOLIDATED THE VALUE CREATED BY MANAGEMENT ON OUR PORTFOLIO

LTV
EQUAL TO
34.5%[1]

EPRA NAV
PER SHARE
11.71 EURO

1 CORSO COMO PLACE ACCOUNTED ON A PRO RATA BASIS (35.7%)

CFO REPORT

WORK TO IMPROVE THE QUALITY OF THE PORTFOLIO AND TO BRING OUT THE VALUE PRODUCED BY THE MANAGEMENT

"2018 was a year of real estate portfolio consolidation and crystallisation and validation of the value generated by the management team while maintaining a low risk profile and a prudent leverage level"

Fulvio Di Gilio
CFO of COIMA RES

COIMA RES SpA SIIQ has completed the real estate portfolio composition process by acquiring two properties for a total of Euro 104 million and also started a portfolio rotation process through disposals totalling approx. Euro 130 million[1].

The results obtained in 2018 indicate the process of creation of value by the Company's management.

(mEur)	31/12/2018	31/12/2017
Rents	36.3	34.2
Net real estate operating expenses	(4.0)	(3.7)
NOI	32.3	30.5
Other revenues	5.6	0.0
G & A costs	(8.6)	(8.0)
Other expenses	(2.4)	(0.1)
Non-recurring general costs	(1.9)	(0.8)
EBITDA	25.0	21.6
Depreciation	(1.2)	(0.0)
Adjustment to fair value	28.3	15.3
EBIT	52.2	36.9
Financial income	0.0	0.5
Recurring income (expenses)	2.4	0.0
Financial expenses	(6.3)	(6.8)
Result before the taxes	48.3	30.7
Taxes	(0.0)	(0.0)
Result	48.3	30.7
Minority interest	(2.0)	(1.8)
Group result	46.3	28.9
EPRA Earnings	15.1	15.3
EPRA Earnings per share	0.42	0.42
FFO	22.0	15.3
recurring FFO	17.7	16.8
Recurring FFO per share	0.49	0.47

1 Includes also the disposal of Deutsche Bank branches in the south of Italy for Euro 38.0 million (announced in 2017 and completed in 2018)

RESULTS ACHIEVED IN 2018

The year 2018 closed with net income of Group of **Euro 46.3 million**.

The **Net Operating Income** (Hereinafter also "**NOI**") is equal to **Euro 32.3 million**, an increase of Euro 1.8 million compared to December 31st, 2017, and represents 89% of rental income. This percentage is substantially stable compared to the figure as of December 31st, 2017.

The **NOI** includes rents earned on the portfolio of Deutsche Bank, the rents earned on Vodafone complex, the rents earned on Gioiaotto and Eurcenter of 2331, the rental fees accrued on the property located in Milan, Via Deruta 19, accrued rents on the property located in Milan at via Monterosa 93 and rents accrued on the property located in via de Tocqueville 13 from July 27th, 2018. The building located in Milan, Piazza Gae Aulenti 10, whose lease will start in the first quarter of 2019, has not however affected 2018 NOI.

Net real estate operating expenses are mainly related to property taxes, ***property management*** fees, operating expenses and not-recoverable maintenance.

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

Non-recurring costs mainly include the provision of Promote for the year 2018.

The movement in ***fair value*** of the property portfolio amounted to **Euro 28.3 million**, an increase of Euro 13.0 million compared to December 31st, 2017, is based on the Independent Experts report CBRE Valuation S.p.A. and Duff & Phelps. This change is due for Euro 0.8 million to Vodafone complex, for Euro 6.4 million to Gioiaotto, for Euro 1.2 million to Tocqueville, for Euro 23.9 million to Pavilion net of depreciations for Euro 2.1 million related to the property located in Milan, via Deruta 19, and Euro 1.9 million on Deutsche Bank portfolio.

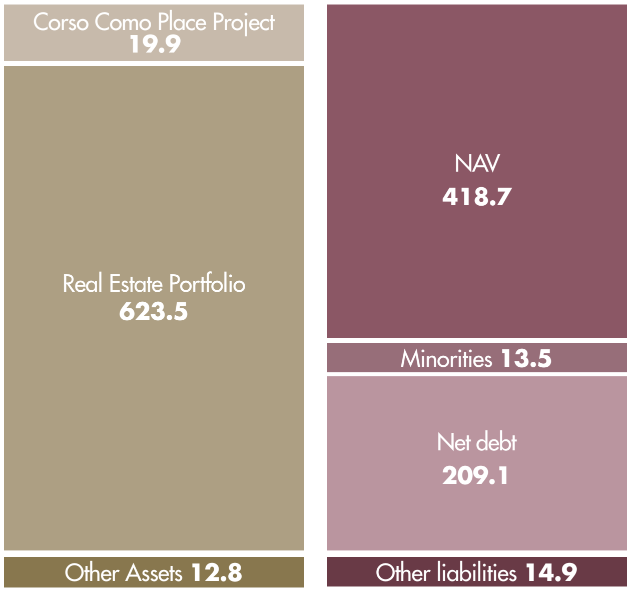
The revaluation of the portfolio is driven by market dynamics that showed a compression of property yields but also an upward trend in rents.

Financial expenses are related to loans outstanding at the date of these consolidated financial statements, bearing interest at an all-in cost of approximately 2.00%, including ***hedging*** costs. Financial charges decreased by Euro 0.5 million due to redemptions of Euro 71.3 million, of which Euro 47.9 million in December 2018, for the positive impact of the re-negotiation of the loan agreement to fund Vodafone Property and Deutsche Bank's portfolio acquisition, net of higher costs from new loans amounting to Euro 101.4 million, of which Euro 51.4 million drawn down at the end of November 2018.

All-in cost is instead increased by approximately 3 bps, while in the presence of improved conditions of funding, due to higher hedging costs for the market volatility.

Earnings per share amounted to Euro 1.28, an increase of about Euro 0.48 compared to December 31st, 2017, and it is calculated on the basis of IFRS, taking into account the average number of shares outstanding over the course of the fiscal year. The **EPRA Earnings**, reduced by the effect of the items subject to estimation, is equal to Euro 15.1 million (Euro 0.42 per share), substantially in line with December 31st, 2017 and an increase of Euro 1.0 million (Euro 0.03 per share) excluding the impact of Promote, and **FFO** recurring totalled Euro 17.7 million (Euro 0.49 per share), an increase of Euro 0.9 million (Euro 0.02 per share) compared to 31st December 2017.

Balance Sheet at December 31st, 2018 (€/million)



Real estate investments, amounting to Euro 623.5 million as of December 31st, 2018, increased by Euro 47.9 million because of acquisitions of Euro 103.8 million, disposals of Euro 85.3 million, capex for Euro 1.3 million and and net revaluations of Euro 28.1 million.

Investments in associates are up by Euro 4.6 million and include the investment in the Fund Porta Nuova Bonnet amounting to Euro 19.9 million and the participation in the Co-Investment 2SCS company, owned 33% by the COIMA CORE FUND VI, for an amount of Euro 1.5 million. The increase is mainly due to the capital calls and the result for the period of the Bonnet Fund.

The fair value of the interest rate caps, amounting to Euro 0.9 million, increased by Euro 0.2 million compared to December 31st, 2017 due to new derivatives acquired to hedge the new loans, net of ***fair value*** adjustments (Euro 0.6 million). The Company, in view of the positive outcome of tests of effectiveness, has accounted the hedging instruments in accordance with the hedge accounting principle.
The financial and non-current trade receivables amounted to Euro 1.6 million and relate to loans granted by the subsidiary MHREC Sarl to the associate Co-Investment 2SCS.

Cash and cash equivalents were up by Euro 55.2 million mainly due to the sale of the property located in Rome, in the month of December 2018.

The reduction of assets held for sale, amounted to Euro 38 million, is attributable to the disposal, in the month of January 2018, of the 21 branches of Deutsche Bank.

The consolidated net financial debt of the Company is equal to Euro 209.1 million as at December 31st, 2018, down by Euro 27.0 million due to the reimbursements following the disposals of real estate properties during the year, net of new loans obtained by the Company to fund the acquisition of Tocqueville and Pavilion.

To date, the net LTV is equal to 33.5% and the Company's target is to have a structural level of LTV below 40%.

Non-current liabilities principally relate to the financial instruments issued by the Company and acquired by management, amounting to Euro 1.0 million, and deposits amounting to Euro 0.7 million.

In risks and charges, is included the present value, amounting to Euro 0.1 million, the long-term incentive granted to an employee.

During 2018 the company has signed two interest rate swap agreements to hedge the new financings obtained. The fair value as of December 31st, 2018 is equal to Euro 1.0 million and the derivatives have been booked in accordance with the hedge accounting standard.

Trade payables and other current liabilities primarily include deferred income amounting to Euro 1.5 million, a decrease of Euro 0.1 million compared to December 31st, 2017, payables to suppliers and invoices to be received, including provision for Promote the payable to COIMA SGR SpA of Euro 1.0 million, amounting to Euro 8.1 million, an increase of Euro 3.8 million compared to December 31st, 2017. Trade payables include also the Coupon for the year 2018 related to the Financial Instrument subscribed by the CEO and the key managers. The Group shareholders' equity amounted to Euro 418.7 million, an increase of Euro 35.3 million compared to December 31st, 2017 due to net profit amounting to Euro 46.3 million and dividends and interim dividend payments equal to Euro 10.1 million. The NAV per share of Euro 11.63 grew by 9.2% during 2017 and 19.2% from the IPO theoretical value.

The Company has the following loans:

(EURO THOUSANDS)	December 31st, 2018	Maturity	Rate	% coverage
Vodafone, Deutsche Bank branches - Senior Line	147,140	July 16th, 2023	Eur 3M + 180 bps	70%
Monte Rosa, Tocqueville	69,086	July 16th, 2023	Eur 3M + 160 bps	72%
Pavilion	30,538	October 31st, 2023 October 31st, 2021	Eur 6M + 150 bps Eur 6M + 130 bps	80%
Gioiaotto	24,784	March 31st, 2022	Eur 3M + 150 bps	100%
Deruta	19,792	January 16th, 2022	Eur 3M + 160 bps	81%

DIVIDEND POLICY

The Company has distributed during the 2018 a dividend per share of Euro 0.18, the balance on the Euro 0.09 cents on account distributed in November 2017, with the net profit for 2017 and a dividend per share of Euro 0.10 as interim dividend on net profit for 2018.
The Company is implementing a pay-out ratio above the minimum required by the SIIQ regulation, maintaining, in any case, the resources necessary to invest in an interesting market, and to implement the asset management activities to improve the performance of the properties in this portfolio.

The Board of Directors has resolved to propose to the Shareholders the distribution of a dividend of Euro 10,802,100 (Euro 0.30 per share), of which Euro 3,600,700 (Euro 0.10 per share) pay as interim dividend on November 15th, 2018, with ex-dividend date on April 23rd, 2019, with record date on April 24th, 2019 and payment date on April 25th, 2019.

EPRA - PERFORMANCE INDICATORS

INDICATORS EPRA REVEAL A CONSIDERABLE GROWTH AS A RESULT OF CONSOLIDATED PORTFOLIO

The table below summarizes the EPRA indicators COIMA RES, as of December 31st, 2018.

EPRA Metrics	Definitions	31/12/2018 (Euro thousands - %)	€ per share	31/12/2017 (Euro thousands - %)	€ per share
EPRA Earnings	recurring profits from operations characteristics.	15,060	0.42	15,263	0.42
EPRA Cost Ratio (including costs of vacancy investments)	Relationship between recurring operating costs of the Company and recurring fees (including costs of vacancy investments).	46.7%[1]		37.5%	
EPRA Cost Ratio (excluding costs of vacancy investments)	Relationship between recurring operating costs of the Company and recurring payments (excluding costs of vacancy investments).	45.6%[2]		36.2%	
EPRA NAV	Epra The Net Asset Value is calculated on the basis of the net assets adjusted for the dilutive instruments include investment properties at fair value and excludes the fair value of other financial investments representing investments not long-term, as required by the recommendations issued by EPRA.	421,641	11.71	384,639	10.68
EPRA NNNAV	The Triple Net Asset Value is the EPRA NAV adjusted to include the fair value of financial instruments, debt and deferred taxes.	415,363	11.54	380,231	10.56
EPRA Net Initial Yield	Calculated as the ratio between the initial net fee and the gross value of the property market.	5.2%		5.3%	
EPRA "topped-up" NIY	Calculated as the ratio of net charge-stabilized and gross value of the property market.	5.3%		5.5%	
EPRA vacancy rate	Ratio of the vacant space on the market value of the entire portfolio market value.	4.6%		4.8%	

1 Equal to 37.6% excluding the impact of the financial instrument and promote fee for 2018
2 Equal to 36.6% excluding the impact of the financial instrument and promote fee for 2018

Milan - VODAFONE - Façade

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2018

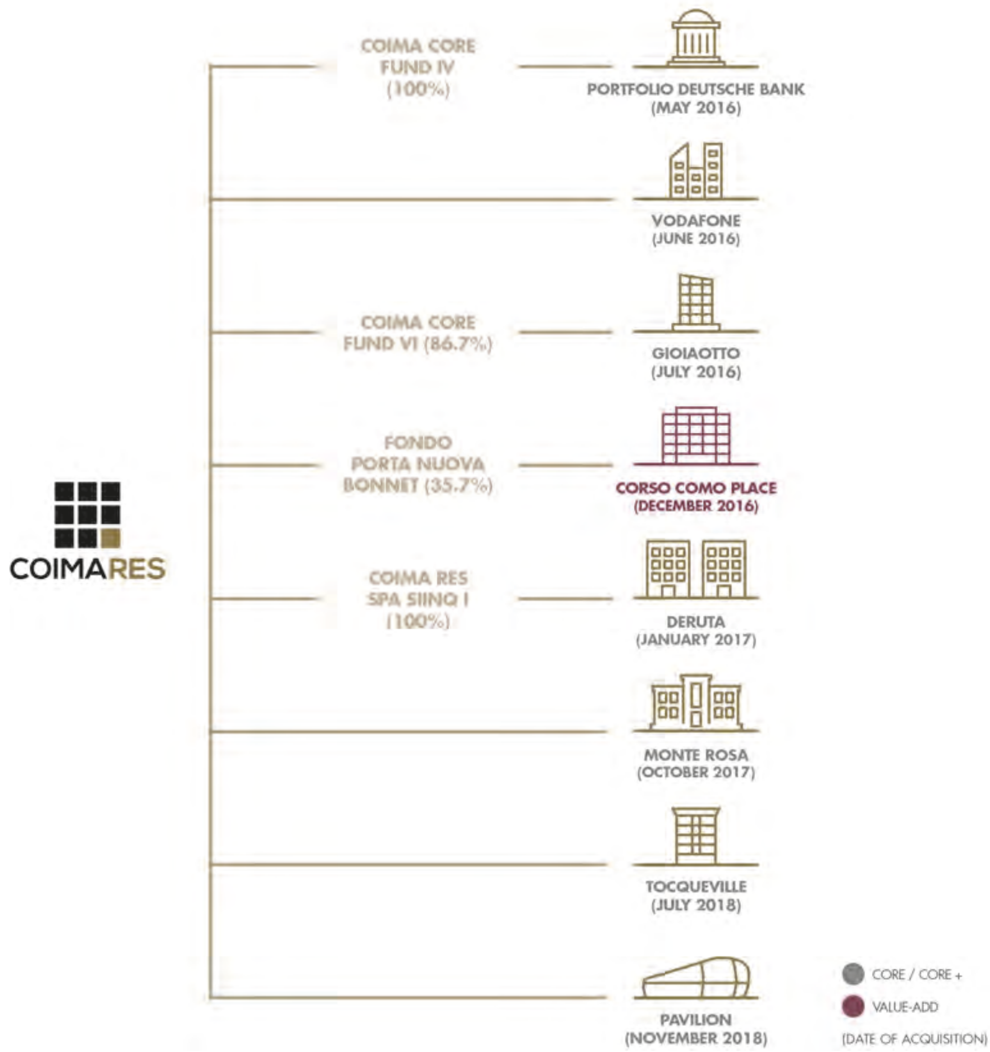
SUB-INDEX - Chapter 5 Financial review

OTHER COMPANY INFORMATION

COIMA RES S.p.A. SIIQ (following also the "**Company**" or "**COIMA RES**"), with legal incorporation in Milan, Piazza Gae Aulenti 12, with Tax Code, Register of Company and VAT No. 09126500967 is a real estate investment company listed on the Italian Stock Exchange.
COIMA RES manages real estate transactions, primarily focused on commercial properties, aimed at generating rental income from national and international tenants. The company operates with the beneficial tax status granted to SIIQs (Società di Investimento Immobiliare Quotate) which is similar to a Real Estate Investment Trust (REIT) in other jurisdictions. The investment strategy of COIMA RES is focused on creating a high-quality portfolio of real estate assets, with a view to generating stable, growing and sustainable cash flows for investors by acquiring, managing, and selectively disposing of properties intended mainly for use in the services and commercial sector and with the potential for their capital value to increase over time.

CORPORATE STRUCTURE

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



GOVERNANCE

Board of Directors [1]

Caio Massimo Capuano	Chairman, not executive Director
Feras Abdulaziz Al-Naama	Vice Chairman, Independent Director
Manfredi Catella	Key Manager (CEO)
Luciano Gabriel	Independent Director
Olivier Elamine	Independent Director
Agostino Ardissone	Independent Director
Alessandra Stabilini	Independent Director
Michel Vauclair	Independent Director
Ariela Caglio	Independent Director

Board of Statutory Auditors [2]

Massimo Laconca	Chairman
Milena Livio	Standing Auditor
Marco Lori	Standing Auditor
Emilio Aguzzi De Villeneuve	Alternate Auditor
Maria Stella Brena	Alternate Auditor
Maria Catalano	Alternate Auditor

Remuneration Committee

Alessandra Stabilini	Chairman
Caio Massimo Capuano	Member
Olivier Elamine	Member

Investment Committee

Manfredi Catella	Chairman
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

Internal Audit is outsourced to a specialized company called Consilia Regulatory S.r.l., which has indicated Mr. Gianmarco Maffioli as responsible for Internal Audit function and Mr. Giacomo del Soldà as responsible for Compliance function.

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[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.

Risk Manager

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

Independent Auditors

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

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

Fulvio Di Gilio	Chief Financial Officer

DIRECTORS' REPORT

OVERVIEW OF THE CONSOLIDATED FINANCIAL RESULTS

(in million Euro)	December 31st, 2018	per share	December 31st, 2017	per share	Δ	Δ%
Total property value	623.5		575.6		47.9	8.3%
EPRA NAV	421.6	11.71	384.6	10.68	37.0	9.6%
EPRA NNNAV	415.4	11.54	380.2	10.56	35.2	9.2%
Debt position	291.3		263.1		28.2	10.7%
Cash position	82.2		27.0		55.2	>100.0%
Net Loan to Value	33.5%		37.1%		(3.6 p.p.)	n.m.
EPRA Net Initial Yield	5.2%		5.3%		(0.1 p.p.)	n.m.
EPRA “topped-up” NIY	5.3%		5.5%		(0.2 p.p.)	n.m.
EPRA vacancy rate	4.6%		4.8%		(0.2 p.p.)	n.m.

(in million Euro)	December 31st, 2018	per share	December 31st, 2017	per share	Δ	Δ%
Rents	36.3		34.2		2.1	5.9%
NOI	32.3		30.5		1.8	5.8%
EBITDA	25.0		21.6		3.4	15.9%
EBIT	52.2		36.9		15.3	41.5%
Recurring FFO	17.7	0.49	16.8	0.47	0.9	5.0%
Net profit	46.3	1.28	28.9	0.80	17.4	60.2%
EPRA Earnings	15.1	0.42	15.3	0.42	(0.2)	(1.3%)
EPRA costs (including direct vacancy costs) [3]	37.6%		37.5%		0.1 p.p.	n.m.
EPRA costs (excluding direct vacancy costs) [3]	36.6%		36.2%		0.4 p.p.	n.m.
Like for like rental growth	2.5%		1.4%		1.1 p.p.	n.m.
WALT (years)	6.2		7.2		(1.0)	n.m.

EPRA Net Asset Value per share as of December 31st, 2018 was Euro 421.6 million, an increase over the year of 9.6%. The increase in the NAV is related to positive operating results generated over 2018 and revaluations gains on the real estate portfolio.

The key factors affecting the NAV increase in 2018 are:

- EPRA Earnings for the period of Euro 15.1 million;
- *fair value* adjustment related to the real estate portfolio, net of minorities of Euro 27.3 million;
- reduction due to dividend payment of Euro 10.1 million;
- net income from disposal of Euro 4.7 million, excluding minorities.

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

The Group net result at December 31st, 2018 amounted to Euro 46.2 million, an increase of Euro 17.4 million compared to December 31st, 2017, as shown in the table below.

(in million Euro)	December 31st, 2018	December 31st, 2017
Rents	36.3	34.2
Net real estate operating expenses	(4.0)	(3.7)
NOI	**32.3**	**30.5**
Other revenues	5.6	0.0
G&A	(8.6)	(8.0)
Other expenses	(2.4)	(0.1)
Non-recurring general expenses	(1.9)	(0.8)
EBITDA	**25.0**	**21.6**
Net depreciation	(1.1)	(0.0)
Net movement in fair value	28.3	15.3
EBIT	**52.2**	**36.9**
Financial income	0.0	0.5
Income from investments	2.4	0.0
Financial expenses	(6.3)	(6.8)
Profit before taxation	**48.3**	**30.7**
Income tax	0.0	(0.0)
Profit	**48.3**	**30.7**
Minorities	(2.0)	(1.8)
Profit attributable to COIMA RES	**46.3**	**28.9**
EPRA adjustments[4]	(31.2)	(13.6)
EPRA Earnings	**15.1**	**15.3**
EPRA Earnings per share	0.42	**0.42**
FFO	**22.0**	**15.3**
FFO adjustments [5]	(4.3)	1.5
Recurring FFO	**17.7**	**16.8**
Recurring per share	0.49	0.47

The NOI margin includes rents generated by the Deutsche Bank portfolio, Vodafone complex, Gioiaotto, EurCenter (until December 17th, 2018), Deruta, Monte Rosa and Tocqueville, net of direct property operating costs (such as property taxes, *property management* costs, utilities and maintenance costs).
Pavilion, acquired in November 23rd, 2018, did not contribute to the NOI of the year.
The NOI margin as of December 31st, 2018 is 89% and the current in-place NOI yield is 5.4%.

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

The non-recurring general expenses mainly include the promote fee related to COIMA SGR and the financial

[4] Include the adjustment in fair value related to investment properties and the income from disposals.
[5] Include mainly non-recurring costs and the amortised costs related to the reimbursement of the loans linked to 21 Deutsche Bank branches disposal finalised in January 2018 and Eurcenter disposal finalised in December 2018.

instruments granted to CEO and key managers accrued on the positive results of the year with a total shareholders' return of 12.3%, excluding the promote.

Net depreciation, amounting to Euro 1.1 million, mainly includes the effect of the valuation of receivables in place.

The net movement in *fair value*, amounting to Euro 28.3 million, is related to Vodafone complex for an amount equal to Euro 0.8 million, to the Pavilion for Euro 23.9 million, to Gioiaotto for Euro 6.4 million, to Tocqueville for Euro 1.2 million. The item includes the overall write-down amounting to Euro 4.2 million related to Deutsche Bank branches, Monte Rosa and Deruta properties.

Income from investments, amounting to Euro 2.4 million, is related to the profit of the investments accounted for using the equity method.

The financial expenses are mainly related to debt in place.

The Group profit per share amounts to Euro 1.28 and is calculated according to the international accounting standard IFRS, considering the average number of shares outstanding during the period.

The following table summarizes the Company's reclassified balance sheet, compared with the figures as at December 31st, 2017, including the reclassification of the investment in the Bonnet Fund based on proportional consolidation, in order to obtain the total value of the property investments of the Group as of December 31st, 2018.

(in million Euro)	**December 31st, 2018**	**December 31st, 2017**	**Δ**	**Δ%**	**December 31st, 2018 Look-Through adjusted**
Investment properties	623.5	575.6	48.0	8.3%	663.9
Other assets	2.9	4.2	(1.3)	(31.0%)	2.9
Investments accounted for using the equity method	21.5	16.9	4.6	27.2%	1.5
VAT receivable	-	-	-	0.0%	-
Total LT assets	**647.9**	**596.6**	**51.3**	**8.6%**	**668.3**
Trade receivables	8.2	8.2	0.0	0.5%	8.7
Other assets	0.0	0.0	0.0	0.0%	0.0
Cash	82.2	27.0	55.2	204.0%	82.4
Total current assets	**90.5**	**35.2**	**55.2**	**156.7%**	**91.1**
Held for sale assets	-	38.0	(38.0)	100.0%	-
Total assets	**738.4**	**669.9**	**68.5**	**10.2%**	**759.4**
			-		
Debt	291.3	240.4	50.9	21.2%	311.3
Provisions	0.2	0.1	0.0	21.3%	0.2
Other liabilities	2.1	0.1	2.0	>100%	2.1
Trade payables	12.5	11.2	1.3	11.9%	13.6
Current Financial Debt	-	22.7	(22.7)	100.0%	-
Total liabilities	**306.1**	**274.6**	**31.6**	**11.5%**	**327.2**
Minorities	13.5	11.9	1.6	13.2%	13.5
NAV	**418.7**	**383.4**	**35.3**	**9.2%**	**418.7**
NAV per share	11.63	10.65	0.98	9.2%	11.63
Net Loan to Value	*33.5%*	*37.1%*			*34.5%*

The column "*look-through adjusted*" shows our 35.7% equity investment in the Porta Nuova Bonnet Fund on a proportionally consolidated basis, instead of accounting for using equity method, only for management purposes.

Investment properties includes Euro 209.3 million related to the real estate complex Vodafone, Euro 95.3 million related to Deutsche Bank branches, Euro 79.8 million related to Gioiaotto, Euro 49.8 million related to Deruta, Euro 60.4 million related to Monte Rosa, Euro 58.9 million related to Tocqueville, acquired on July 27th, 2018 and Euro 70 million related to Pavilion, acquired on November 23rd, 2018.

Investments in associated companies increased by Euro 4.6 million mainly due to the profit of the period, amounting to Euro 2.4 million, and recalls of the period made by the Bonnet Fund amounting to Euro 2.2 million.

The other assets mainly include derivatives, amounting to Euro 0.9 million and financial and non-current trade receivables, amounting to Euro 1.6 million, which relate to loans relating to loans granted by MHREC Sarl and CO - Investment 2 SCS.

Trade receivable refer the core-business 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 consolidated net financial debt of the Company at December 31st, 2018 amounted to Euro 209.1 million, a decrease of Euro 27.0 million compared to December 31st, 2017, mainly due to the cash received from the sale of the Eurcenter property, net of the funds reimbursed.

(Million of Euro)	**December 31st, 2018**	**December 31st, 2017**
(A) Cash	82.2	27.0
(B) Cash equivalent	-	-
(C) Trading securities	-	
(D) Liquidity (A)+(B)+ (C)	**82.2**	**27.0**
(E) Current financial receivables		
(F) Current bank debt	-	
(G) Current portion of non-current debt	-	(22.7)
(H) Other current financial debt	-	
(I) Current financial debt (F)+(G)+(H)	**-**	**(22.7)**
(J) Net current liquidity (I)+(E)+(D)	**82.2**	**4.3**
(K) Non-current bank loans	(291.3)	(240.4)
(L) Bonds issued	-	
(M) Other non-current loans	-	
(N) Non-current financial indebtedness (K)+(L)+(M)	**(291.3)**	**(240.4)**
(O) Net liquidity (J)+(N)	**(209.1)**	**(236.1)**

The net *Loan To Value* is equal to 33.5% in line with the Company's target to have a leverage below 40%.

The trade payables mainly include amounts payable to suppliers and invoices to be paid amounting to Euro 8.1 million (Euro 4.3 million as of December 31st, 2017) and deferred income amounting to Euro 1.5 million (Euro 1.6 million as of December 31st, 2017). The trade payables also include the coupon for 2017 of the financial instruments granted to the CEO and key managers amounting to Euro 1.5 million and the promote fee of COIMA SGR, amounting to Euro 1.0 million.

The item *other liabilities* includes the change in fair value of long-term financial instruments, amounting to c.a. Euro 1.0 million.

As of December 31st, 2018, the weighted average debt maturity is 4.4 years and the weighted average "all in" cost of debt is about 2% (ca. 75% is hedged by derivatives).

Equity, amounting to Euro 418.7 million (NAV per share of Euro 11.63), underwent an increase of Euro 35 million mainly due to the profit for the year, amounting to Euro 46.3 million, and dividends and interim dividends distributed during 2017, amounting to Euro 10.1 million.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

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

REMUNERATION REPORT

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

ORGANISATIONAL MODEL AND CODE OF ETHICS

On July 27th, 2016, the Board of Directors approved the code of ethics and the organizational model, as provided for by Legislative Decree no. 231/2001, and on April 12th, 2018 established the supervisory body and appointed as members Marco Lori, as Chairman, Michele Luigi Giordano and Mario Ippolito from the Carnelutti law firm.

RESEARCH AND DEVELOPMENT

COIMA RES S.p.A. SIIQ did not conduct any research and development activities during 2018.

TREASURY SHARES AND SHARES OR UNITS OF PARENT COMPANIES

At December 31st, 2018, COIMA RES S.p.A. SIIQ did not hold any treasury shares or shares in parent companies.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

With reference to the nature of the relationships between Group companies and related parties, please refer to the description in the notes 35 – Related parties.

SUBSEQUENT EVENTS

In February 2019, COIMA CORE FUND IV, 100% owned by COIMA RES, signed a 9-year lease agreement for a bank branch located in Milan which was previously vacant. The new tenant is active in the healthcare services sector. The branch represents 1,700 sqm, i.e. 18% of the total vacant surface within the Deutsche Bank branches portfolio. The new leasing agreement will contribute to Euro 240,000 of additional gross rent per annum for COIMA RES on a stabilised basis. Up to Euro 50,000 of capex will be spent by COIMA RES to readapt the premises.

BUSINESS OUTLOOK

The Group focused mainly on performing new investments, improving the profile of its portfolio, including through divestments, and studying further investment opportunities. These activities involved the following results:

- **increase in EPRA NAV per share:** of 9.6% compared to December 31st, 2017;
- **expansion of the real estate portfolio:** from Euro 610.7[6] million (as at December 31st, 2017) to Euro 663.9[6] million (as of December 31st, 2017), with investments of Euro 103.8 million (including closing costs), disinvestments of Euro 85.3 million, revaluations for Euro 31.1[6] million and capex for Euro 3.6[6] million;
- **increase in gross rental income:** from Euro 34.2 million (as at December 31st, 2017) to Euro 36.3 million as at December 31st, 2018;
- **increase of Funds From Operations:** from Euro 16.8 million (as at December 31st, 2017) to Euro 17.7 million at December 31st, 2018;
- **moderate leverage:** Net Loan to Value equal to 34.5%[6]; maximum LTV of 40%.

The result of the Consolidated Financial Statements at December 31st, 2018 attributable to COIMA RES S.p.A. SIIQ is equal to Euro 46.3 million. In consideration of the above results, the Company's Board of Directors had the opportunity to propose to the Shareholders' Meeting a dividend of Euro 10.8 million (Euro 0.30 per share), of which Euro 3.6 million (Euro 0.10 per share) paid in advance in November 2018. The dividend was calculated based on the results of the Parent Company and of the regulations in force concerning listed real estate investment companies.

The Company expects that the portfolio composed and described in the previous pages, including the investment in the investment Pavilion carried out in the last quarter of 2018, may generate more revenues, giving the Company the opportunity to have a positive result also for the year 2019 and the possibility of distributing further dividends to shareholders. In addition, thanks to the disposals finalized in 2018, the Company has financial resources to invest in additional properties that may contribute to improving the profile of the Company's portfolio also in terms of additional income.
Based on the foregoing, the Directors have drawn up these consolidated financial statements with a view to carry on the business since they believe that all the elements that confirm the Company's ability to continue operating as an operating entity exist.

SIIQ REGIME

Application of SIIQ regime is subordinated to the condition which companies engage primarily the property leasing activities.

The prevalence shall be tested according to two parameters:

a) Financial: land and buildings held as property or other real right for rental activities represent at least 80% of the assets - "asset test".
b) Economic: in each financial year, revenues from rental activities representing at least 80% of the positive components of the income statement - "profit test" (ratio of exempt income and total proceeds).

At the date of these financial statements, the Company complies with the two parameters.

[6] Considering Bonnet on look-through basis (35.7%)

OTHER INFORMATIONS

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

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

Definition of SMEs

With reference to the definition of SMEs, set out in Article 1, paragraph 1, letter w-quarter.1) of the Consolidated Finance Act, we report that, at the date of these financial statements, the Company falls that definition because it has a lower turnover of Euro 300 million and a market capitalization less than Euro 500 million as shown in the table below.

Average cap. 2018	Average cap. 2017	Average cap. 2016	Revenues 2018	Revenues 2017	Revenues 2016	Revenues details 2017/2018	Revenues details 2016
289,368,398	279,022,354	265,658,109	36,260,844	34,241,625	15,533,190	Rents	Rents

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2018

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT/(LOSS) FOR THE YEAR

(in thousands Euro)	Notes	December 31st, 2018	*of which related parties*	December 31st, 2017	*of which related parties*
Income statements					
Rents	3	36,261	-	34,242	-
Net real estate operating expenses	4	(4,015)	(453)	(3,855)	(105)
Net rents		**32,246**	**(453)**	**30,387**	**(105)**
Income / (loss) from disposals	5	5,587	-	30	-
Costs of sales		-	-	-	-
Net revenues from disposal		**5,587**	**-**	**30**	**-**
G&A expenses	6	(10,445)	(6,728)	(8,737)	(5,289)
Other operating expenses	7	(2,373)	(2,290)	(89)	130
Gross operating income		**25,015**	**(9,471)**	**21,591**	**(5,264)**
Net depreciation	8	(1,154)	-	(91)	-
Net movement in fair value	9	28,339	-	15,400	-
Net operating income		**52,200**	**(9,471)**	**36,900**	**(5,264)**
Net income attributable to non-controlling interests	10	2,396	-	49	-
Financial income	11	13	-	537	-
Financial expenses	11	(6,295)	-	(6,786)	-
Profit before tax		**48,314**	**(9,471)**	**30,700**	**(5,264)**
Income tax	12	-	-	(11)	-
Profit		**48,314**	**(9,471)**	**30,689**	**(5,264)**
Minorities		(2,047)	-	(1,800)	-
Profit for the Group		**46,267**	**(9,471)**	**28,889**	**(5,264)**

EARNINGS PER SHARE

(in Euro)	Notes	December 31st, 2018	December 31st, 2017
Earnings per share			
Basic, net income attributable to ordinary shareholders	13	1.28	0.80
Diluted, net income attributable to ordinary shareholders	13	1.28	0.80

CONSOLIDATED STATEMENT OF OTHER ITEMS IN THE COMPREHENSIVE INCOME STATEMENT

(in thousands Euro)	Notes	December 31st, 2018	December 31st, 2017
Profit for the year		**48,314**	**30,689**
Other comprehensive income to be reclassified to profit of the period in subsequent periods	24	(1,474)	(46)
Other comprehensive income not to be reclassified to profit of the period in subsequent periods		-	-
Other comprehensive income		**46,840**	**30,643**
Referable to:			
Group shareholders		44,772	28,843
Minorities		2,068	1,800
Total		46,840	30,643

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands Euro)	Notes	December 31st, 2018	*of which related parties*	December 31st, 2017	*of which related parties*
Assets					
Real estate investments	14	611,590	-	563,410	-
Other tangible assets	15	319	-	351	-
Intangible assets	15	73	-	24	-
Investments accounted for using the equity method	16	21,473	-	16,879	-
Financial assets at fair value	17	-	-	1,492	-
Non-current deferred tax assets	18	10	-	9	-
Derivatives	19	893	-	723	-
Long term financial assets	20	1,620	1,620	1,620	1,620
Total non-current assets		**635,978**	**1,620**	**584,508**	**1,620**
Inventories	21	11,930	-	12,140	-
Trade and other current receivables	22	8,233	46	8,194	46
Cash and cash equivalents	23	82,221	-	27,042	-
Total current assets		**102,384**	**46**	**47,376**	**46**
Non-current assets held for sale		-	-	38,000	-
Total assets		**738,362**	**1,666**	**669,884**	**1,666**
Liabilities					
Capital stock		14,451	-	14,451	-
Share premium reserve		335,549	-	335,549	-
Valuation reserve		(957)	-	29	-
Interim dividend		(3,601)	-	(3,240)	-
Other reserves		27,039	-	7,733	-
Profit / (loss) for the period		46,267	-	28,889	-
Total Group shareholders' equity	**24**	**418,748**	**-**	**383,411**	**-**
Minorities	**24**	**13,492**	**-**	**11,915**	**-**
Shareholders' equity	**24**	**432,240**	**-**	**395,326**	**-**
Bank borrowings and other non-current lenders	25	291,340	-	240,420	-
Deferred tax liabilities		-	-	7	-
Payables for post-employment benefits	26	43	-	20	-
Provisions for risks and charges	27	130	-	123	-
Derivatives	28	1,026	-	-	-
Trade payables and other non-current liabilities	29	1,705	998	554	243
Total non-current liabilities		**294,244**	**998**	**241,124**	**243**
Bank borrowings and other current lenders	25	-	-	22,720	-
Trade payables and other current liabilities	30	11,832	4,939	10,653	2,306
Current tax payables	31	46	-	61	-
Total current liabilities		**11,878**	**4,939**	**33,434**	**2,306**
Total liabilities		**306,122**	**5,937**	**274,558**	**2,549**
Total liabilities and shareholders' equity		**738,362**	**5,937**	**669,884**	**2,549**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands Euro)	Capital stock	Share premium reserve	Valuation reserve	Other reserves / (interim dividend)	Profit / (loss) carried forward	Profit / (loss) for the period	Total Group Shareholders' equity	Minorities	Total Shareholders' equity
Balance as of January 1st, 2017	**14,451**	**335,549**	**75**	**-**	**(320)**	**12,123**	**361,878**	**11,114**	**372,992**
Partial allocation of the profit	-	-	-	7,735	320	(8,055)	-	-	-
Dividend distribution on 2016 results	-	-	-	-	-	(4,068)	(4,068)	(999)	(5,067)
Interim dividend on 2017 results	-	-	-	(3,242)	-	-	(3,242)	-	(3,242)
Cash flow hedge reserve	-	-	(58)	-	-	-	(58)	-	(58)
Available for sale reserve	-	-	12	-	-	-	12	-	12
Profit / (loss) for the period	-	-	-	-	-	28,889	28,889	1,800	30,689
Balance as of December 31st, 2017	**14,451**	**335,549**	**29**	**4,493**	**-**	**28,889**	**383,411**	**11,915**	**395,326**
Adjustments [7]	-	-	(13)	(348)	1,009	-	648	100	748
Allocation of the profit 2017	-	-	-	20,373	2,034	(22,407)	-	-	-
Dividend distribution on 2017 results [8]	-	-	-	-	-	(6,482)	(6,482)	(591)	(7,073)
Interim dividend on 2018 results	-	-	-	(3,601)	-	-	(3,601)	-	(3,601)
Valuation of derivatives	-	-	(973)	(522)	-	-	(1,495)	21	(1,474)
Profit / (loss) for the period	-	-	-	-	-	46,267	46,267	2,047	48,314
Balance as of December 31st, 2018	**14,451**	**335,549**	**(957)**	**20,395**	**3,043**	**46,267**	**418,748**	**13,492**	**432,240**

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

CASH FLOW STATEMENT

(in thousands Euro)	Notes	2018	2017
Profit for the period before tax		48,314	30,689
Adjustments to reconcile the profit to net cash flow:			
Net depreciation	8	1,154	91
Severance pay	26	62	46
Net movement in fair value property	9	(28,339)	(15,400)
Net income attributable to non-controlling interests	10	(2,396)	(49)
Financial income	11	(12)	(18)
Financial expenses	11	1,432	1,037
Net movement in fair value of financial instrument	29	755	(148)
Changes in working capital:			
(Increase) / decrease in trade and other current receivables	22	(892)	563
(Increase) / decrease in deferred tax assets		(1)	-
(Increase) / decrease in long term financial assets	30	1,179	2,940
(Increase) / decrease in inventories	31	(22)	55
Increase / (decrease) in trade payables and other current liabilities	26,29	364	91
Net cash flows generated (absorbed) from operating activities		**21,598**	**19,897**
Investment activities			
(Acquisition) / disposal of real estate properties	14	18,159	(105,110)
(Acquisition) / disposal of other tangible and intangible assets	15	(55)	(383)
(Acquisition) / disposal of other non-current receivables		-	38,000
(Increase) / decrease in financial activities	17	1,447	(1,485)
Purchase of associated companies	16	(2,197)	(643)
Net cash flow generated (absorbed) from investment activities		**17,354**	**(69,621)**
Financing activities			
Shareholders' contribution / (dividends paid)	24	(10,082)	(7,308)
Dividends paid to minorities	24	(591)	(999)
(Acquisition) / closing of derivatives	19	(1,224)	(736)
Increase / (decrease) in bank borrowings and other non-current lenders	25	99,452	19,770
Repayment of borrowings	25	(71,328)	(47,063)
Net cash flows generated (absorbed) from financing activities		**16,227**	**(36,336)**
Net increase / (decrease) in cash and cash equivalents		55,179	(86,060)
Cash and cash equivalents at the beginning of the period	23	27,042	113,102
Cash and cash equivalents at the end of the period		**82,221**	**27,042**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of preparation and changes in accounting standards

1.1 Principles of preparation

The consolidated financial statements at December 31st, 2018 have been prepared in accordance with the IAS/IFRS accounting standards set forth by the International Accounting Standards Board (IASB) and approved by the European Union.

The consolidated financial statements have been prepared under the historical cost principle, except for investment properties, land and buildings, financial instruments, derivative financial instruments, contingent consideration that are recognised at fair value. The carrying value of assets and liabilities that are subject to hedging transactions at fair value and would otherwise be carried at amortised cost, has been adjusted to take account of changes in fair value attributable to the hedged risks.

The consolidated financial statements were prepared in EUR and all amounts are rounded to thousands of Euro, unless otherwise indicated.

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

The consolidated financial statements have been prepared on a going concern basis, in accordance with the principle of accrual, principle of relevance and significance of information and the prevalence of substance over form.

Assets and liabilities and revenues and expenses are offset only if required or permitted by an accounting standard or its interpretation.

The accounts adopted are consistent with those established by IAS 1 - "Presentation of Financial Statements". In particular:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current / non-current" criterion;
- the income statement and other comprehensive income statement have been prepared by classifying operating expenses by nature;
- the cash flow statements have been prepared using the "indirect method";
- statement of changes of changes in shareholders' equity.

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

1.2 Consolidation

Scope of consolidation

The consolidated financial statements have been drawn up based on the financial statements as of December 31st, 2018 prepared by the consolidated companies and adjusted, where necessary, to align them with the IFRS-

compliant accounting and classification policies. The consolidation perimeter includes COIMA RES S.p.A. SIIQ as parent company, COIMA CORE FUND IV, COIMA CORE FUND VI (ex “MHREC”), MHREC S.à.r.l., COIMA RES S.p.A. SIINQ I and Lorenteggio Village Consortium as funds and companies consolidated using the full consolidation method, Porta Nuova Bonnet Fund and Co – Investment 2 SCS as related fund and company consolidated by the equity method.
The Company consolidates the mentioned funds and companies in the consolidation financial statements because all the criteria provided by paragraphs 6 and 7 of IFRS 10 in relation to the consolidation of the investment entities are met.

Consolidation methods

The consolidated financial statements include the financial statements of COIMA RES S.p.A. SIIQ, COIMA CORE FUND IV (“CCFIV”), COIMA CORE FUND VI (“CCFVI” ex MHREC), MHREC S.à.r.l (“SARL”), COIMA RES S.p.A. SIINQ I (“SIINQ”) and Lorenteggio Village Consortium (“CLV”) as of December 31st, 2018. The subsidiaries' accounts are prepared each year using the same accounting standards as the Company.
The main consolidation methods used to prepare the consolidated financial statements are the following:

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

1.3 Main balance sheet items

Real estate investments

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

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

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

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

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

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

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

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

According to IFRS 13, an entity must employ valuation techniques appropriate to the circumstances and for which sufficient data are available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value is measured based on observable transactions in an active market, adjusted if necessary, depending on the specific characteristics of each investment property. If such information is not available, to determine the fair value for measurement of the investment property, the company uses the discounted cash flow method (for a period that varies according to the duration of existing contracts) related to future net income from leasing of property, and it is assumed that the property is sold at the end of this period.
Investment property is valued with the support of an external independent valuation company, duly recognized in terms of professional qualification and recent experience in the leasing and characteristics of the property evaluated.
The Company has adopted an internal procedure for the selection and appointment of independent experts as well as for the valuation of investment properties. On the selection and appointment of the independent experts, the procedure requires specific operational binding instructions to verify, through appropriate written statements or acquiring specific certifications. that independent experts respond to business needs and with local regulations.
Valuations are prepared every six months, in compliance with the standard "*RICS Valuation - Professional Standards*" and in compliance with applicable regulations and the recommendations provided by ESMA European Securities and Markets Authority.
The remuneration provided for assessments at December 31st, 2018 has been preliminarily defined as a fixed amount based on the size of the individual investment property. The process by which the Company determines the fair value of its real estate investments, however, falls within the estimation processes, which implies the forecast of costs and revenues related to each investment and the formulation of assumptions on variables of calculation models that depend on expectations the performance of real estate and financial markets as well as the general economic conditions that affect rent levels and the reliability of tenants, and that, in consideration of the uncertainty connected to the realization of any future event, are able to determine variations, even significant and in the short term, the conclusions of the experts and therefore of the results of the financial statements, albeit in constant evaluation models. As for the use of estimates regarding real estate investments, refer to paragraph 14 – Real esttae investments.

Real estate initiatives in progress

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

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

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

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

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

Inventories

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

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

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

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

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

Property, plant and equipment

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

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

Machinery and equipment	5 years
Plant and office properties	12 years

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

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

Intangible assets

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

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

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

Cash and cash equivalents

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

Non-current assets held for sale and discontinued operations

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

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed

within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

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

Net Equity

Capital stock

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

Valuation reserve

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

Cash dividend and Interim dividend

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

Severance pay

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

Provision for risks and charges

The provisions for risks and charges are recognized when the Company has a present obligation (legal or constructive) as a result of a past event. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate. the risks specific to the liability. When discounting is used. the increase in the provision due to the passage of time is recognized as a finance cost.

Financial liabilities - Initial recognition and measurement

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

Loans and borrowings

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

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

Valuation of the financial instruments

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

Derivatives financial instruments and hedge accounting

The Group uses derivative financial instruments, such as interest rate caps and interest rate swaps to hedge the risk of cash flow of financial debts. Such derivative financial instruments are recognised at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.
Before January 1st, 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows

attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.
Beginning January 1st, 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

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

Recording of revenues, income and expenses in the income statement

Revenues

Revenue is recognized to the extent in which it is likely that economic benefits will be obtained by the company and the revenue can be measured reliably. Revenue is measured at fair value of the amount received, excluding discounts, rebates and other sales taxes.
The following specific recognition criteria of revenues must always be considered before recognition in the income statement:

- *rental income*: rental income from the investment property owned by the Company is recognised on an accrual basis, in accordance with the international accounting standard IAS 17 (paragraph 50), conforming the maturity lease agreements;
- *income from real estate disposals*: income from the real estate disposals are recognized in the income statement when the contractual obligation performance is effectively executed and then transferred to the buyer of all the significant risks and rewards associated with ownership, which is normally transferred on the date of signing the deed notarial, when the transaction price is generally also settled.

Costs

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

Financial income and charges

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

Taxes

Current taxes

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

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

Deferred tax

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

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

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

Earnings Per Share

Earnings Per Share - basic

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

Earnings Per Share - diluted

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

Use of estimates

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

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

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

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

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

- *investment property*: is initially recognised at cost including incidental expenses and acquisition, in according to IAS 40, and subsequently measured at fair value, recognising in the income statement the effects of changes in fair value of investment property in the year such occur. The fair value at the closing date of the period is determined by valuation of the real estate assets performed by independent experts; this valuation is subject to hypotheses. assumptions and estimates; therefore, a valuation by different experts might not result in an identical opinion;
- *financial assets at fair value*: after initial recognition, these assets are measured at fair value and their unrealized profits and losses are recorded in the income statement. The fair value is determined by management based on the market quotations of the securities funds at the reference date;
- *financial instrument*: financial instruments are initially valued at fair value, recording the effects deriving from the change in fair value in the period in which they occur in the income statement. Fair value is determined through estimates made by management, also through the support of independent experts; this valuation is subject to estimation processes, which implies the forecast of cash flows based on variables that depend on expectations of the performance of the real estate and financial markets as well as the general market conditions;
- *derivative financial instruments*: derivative financial instruments are measured at fair value, recognizing the effects deriving from the change in fair value in the period in which they occur. The fair value is determined through estimates made by management based on market prices at the reference date;
- *taxes*: income taxes, related to the non-exempt income, are estimated based on the prediction of the actual amount that will be paid to the Inland Revenue Office based on the income tax declaration; recognition of deferred tax assets is based on expectations of taxable income in future years, and pre-paid and deferred taxes are determined at the tax rates expected to be applied during the years in which temporary differences will be reversed.

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

The accounting standards adopted in the preparation of the consolidated financial statements are consistent with those in effect at the balance sheet date inclusive of new standards, amendments and interpretations effective from December 31st, 2017, except for the adoption of new standards effective as of January 1st, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.
The Company applies, for the first time, IFRS 9 - Financial Instruments and IFRS 15 - Revenues from contracts with customers.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidate financial statements of the Group.

Adoption of new accounting standard IFRS 15 e IFRS 9

Starting from January 1st, 2018, the new accounting standards IFRS 15 on the recognition of revenues and the accounting standard IFRS 9 on financial instruments must be applied, while from January 1st, 2019 the new accounting standard IFRS 16 on leases will come into force.

IFRS 15 Revenue from contracts with customers

IFRS 15 replaces IAS 11 - Customs work, IAS 18 - Revenues and related interpretations and applies to all revenues from contracts with customers, unless these contracts fall within the scope of other principles such as for example leases, for which the reference principle is IAS 17. The new standard introduces a new five-phase model that will apply to revenues from contracts with customers. IFRS 15 provides for the recognition of revenues for an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer.
The principle involves the exercise of a judgment by the Company, which takes into consideration all the relevant facts and circumstances in the application of each phase of the model to the contracts with its customers. The standard also specifies the accounting of incremental costs associated with obtaining a contract and costs directly linked to the completion of a contract.
The Company has applied the new standard using the full retrospective application method. However, since the revenues of the group are mainly leased, adoption did not have any impact on the consolidated financial statements.

Leasing

The Company is characterized by investments in high quality real estate portfolios, concentrated mainly in primary Italian cities, with high-profile tenants and long-term leases, including adequate safeguard clauses and clauses that provide for the tenant to pay the costs and ordinary and extraordinary maintenance works. Currently, the rental revenues deriving from property investments are recorded based on the international accounting standard IAS 17 (paragraph 50), the criterion representative of the temporal competence, based on the existing lease agreements.
Considering the current contractual structure and the sector practices adopted by the main competitors, it can be concluded that with the adoption of IFRS 15 it did not have any impact on the Group's results with regard to property leases.

Real estate disposals

Regarding real estate disposals, it should be noted that these take place through the signing of a notary deed, during which the actual contractual obligations and the actual availability of the asset by the notary are also verified. In particular, these transactions include: (i) the transfer of the asset by the seller, (ii) the adjustment of the consideration by the buyer to the deed without further extensions and / or commitments for the seller, and (iii), if possible, the payment of deposits or advances together with the signing of preliminary sales agreements, the latter case taking into account the short time interval between preliminary and deed (generally less than one year) does not provide for the inclusion in the price of significant implicit financial components. Although these operations fall within the scope of IFRS 15, they do not have significant effects deriving from the application of the new standard because the performance obligations were extinguished at the date of the deal.

Presentation and information required

The provisions of IFRS 15 regarding the presentation and disclosure required represent a significant change from the practice and significantly increase the volume of disclosure required in the financial statements. However, in consideration of the fact that at December 31st, 2018 the Group's revenues refer exclusively to rents and profits from sale and regarding the financial year 2017, these revenues referred almost exclusively to rents the impacts deriving from the application of the new principle are not relevant.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1st, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

As required by the standard, the Company adopts IFRS 9 from the date of entry into force without restating the comparative information for the previous year (prospective adoption).

With the introduction of the new standard, the Company had no significant impact on its consolidated financial statements except for the effects deriving from the valuation of financial assets and financial liabilities.

The impacts deriving from the application of the new standard, including the adjustment to the opening balance of retained earnings at January 1st, 2018, have been recorded in the statement of changes in equity for the year ended December 31st, 2018, highlighted in the related explanatory notes and described below.

Classification and measurement

The Group did not have a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9 infact, it continues measuring at fair value all financial assets currently held at fair value. However, with reference to the financial assets classified as available-for-sale (AFS) as at December 31st, 2017, with gains and losses recognized in the statement of other comprehensive income, as at January 1st, 2018 they have been classified as financial assets at fair value with an impact in the income statement. It is specified that during the year these securities were sold.

The AFS reserve relating to these assets, amounting of Euro 12 thousand, which is presented as accumulated OCI, following application of the new standard, was reclassified to retained earnings.

As for equity investments, it should be noted that the Group does not currently hold investments in other companies, in fact, the investments currently held in portfolio refer to non-listed subsidiaries and associated companies, subject to verification of any impairment at each reporting date and not subject to the standard in question.
Loans, as well as trade receivables, are held until they are collected based on contractual deadlines. The Group analyzed the characteristics of the contractual cash flows of these instruments and concluded that they comply with the criteria for amortized cost valuation in accordance with IFRS 9. Therefore, it was not necessary to proceed to a reclassification of these financial instruments.

With regard to the application of the classification and assessment requirements envisaged by IFRS 9, it was decided to continue to measure at fair value all the financial assets previously measured using this method.

Impairment

IFRS 9 requires the Group to record expected credit losses on all items such as loans and trade receivables, regarding either a 12-month period or the entire duration of the instrument (e.g. lifetime expected loss). The Group will apply the simplified approach and therefore record the expected losses on all trade receivables based on their residual contractual duration. The Group, in assessing the impacts deriving from its own receivables in the portfolio, both commercial and financial, considering the characteristics of the same and the counterparties, and the collection times, believes that even if not all loans present a guarantee, the impact deriving from the possible allocation is not significant, considering the risk profile of the tenants.

Hedge accounting

The Company resorts to the application of hedge accounting regarding the subscribed interest cap rate instruments. Considering the foregoing, the Company has established that all existing hedging relationships that are currently designated as effective hedges continue to qualify for hedge accounting in accordance with IFRS 9. However, the new standard provides concerning these instruments, the recognition of the effects deriving from the valuation, also for the portion of the extrinsic value, in the item "other reserves" of the shareholders' equity. Therefore, taking into account that in previous years the effects deriving from the valuation of the extrinsic value were charged to the income statement, with the application of the new principle prospectively, a reclassification was made to the re-opening balances at January 1st, 2018 from item "*retained earnings*" under "*other reserves*".

Other adjustments

IFRS 9 requires that if the cash flow forecasts generated by a financial liability are subject to revision / amendment, it is necessary to reflect the change by recalculating the amortized cost of the same and recognizing any differences in the Income Statement.
During the first half of 2017 the IFRIC and the IASB confirmed that this provision is applicable also in cases where the review of the expected cash flows from a liability is generated by a renegotiation of the contractual terms of the same that (prior exceeding the so-called "10% test") does not entail the accounting derecognition.

From methodological point of view, the calculation of the effects to be recognized in the income statement in the event of a review of the future cash flows of the liability is determined as the difference between:

- the amortized cost of the original liability on the renegotiation date (pre-renegotiation contractual features);
- the Net Present Value (NPV) of the new expected contractual flows (post-renegotiation), excluding any new costs incurred in the renegotiation phase, discounted based on the original internal rate of return (IRR) (i.e. prior to renegotiation).

The carrying amount of the new liability is subsequently adjusted for any fees or costs incurred during the renegotiation (with consequent modification of the IRR).
If this accounting approach has not already been applied in accordance with IAS 39 (which effectively allowed the possibility of modifying the IRR because of the changes made to the contractual flows without immediate

impacts on the Income Statement at the renegotiation date) IFRS 9 requires the retrospective application of the new provisions (with consequent adjustment of the book value of the renegotiated liabilities existing at the date of first application).
The value of the liabilities subject to renegotiation and in place at December 31st, 2017 has been recalculated in application of the new calculation approach defined by IFRS 9 and, in the opening balance at January 1st, 2018, the difference with respect to the book value under IAS 39 was adjusted to retained earnings for an amount equal to Euro 748 thousand.

Therefore, regarding the adoption of IFRS 9, the consolidate financial statements shows the impact deriving from the application of the new standard in the opening balances and in details:

- as for the financial assets at fair value described in the paragraph 17, a reclassification of Euro 13 thousand from the item "*valuation reserve*" to the item "*retained earnings*";
- as for derivatives described in the paragraph 19, a reclassification of Euro 348 thousand from the item "*retained earnings*" to the item "*other reserves*";
- as for financial liabilities described in the paragraph 25, an increase of Euro 748 thousand in the item "*retained earnings*" with a reduction of the same amount for the item "*bank borrowings and other non-current lenders*", deriving from the loan renegotiated on March 2017, which effects have been shown in the opening balance at January 1st, 2018, according to the prospective approach (test 10%).

These effects deriving from the prospective adoption of IFRS 9, shown in the opening balance at January 1st, 2018 are reported in the statement of changes in equity and described in the paragraph 24.

Furthermore, with reference to the effects deriving from the application of IFRS 9, the consolidated financial statements include the effects of the renegotiation of the loan relating to the Vodafone property on July 16th, 2018, which led to a decrease in the item "*financial expenses*" for Euro 718 thousand and a reduction in the item "*bank borrowings and other non-current lenders*" (test 10%).

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments do not affect the Group as it is not applicable with reference to the issue of insurance contracts.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

New accounting principles

IFRS 16 Leases

From January 1st, 2019 will come into application IFRS 16 setting out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting according to IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

It should be note that the Company has leasing contracts for IT equipment, which do not fall within the scope of the principle, and a lease contract relative to the registered office. In fact, on July 21st, 2017 COIMA RES signed a lease contract for the new registered office in Piazza Gae Aulenti n.12. The agreement provides for a six-year term renewable twice with an annual rent of approximately Euro 94 thousand. In consideration of the fact that COIMA RES has invested a significant amount for the fitting out of the new premises, it is appropriate to consider the duration of the lease contract over twelve years.

When applied for the first time, the accounting standard IFRS 16 provides for the possibility of recording the asset for right of use and the financial liability at the same amount, without adopting the retrospective approach. As of January 1st, 2019, the Company, considering the possibility granted by the principle of not showing the restatement of the previous years, will record an asset of Euro 688 thousand and a financial liability of the same amount.

2. Operating Segments

In order to represent the Company's activity by sector, it was decided to represent it primarily based on the intended purpose of the properties and secondarily, based on the geographic location.
Taking into consideration the investment strategy also outlined in the prospectus, the intended purpose of the properties is divided into administrative buildings, bank branches and other real estate. Administrative buildings include all properties intended for rental for office use, while other real estate includes all properties intended for other tertiary type purposes such as, for example, commerce and logistics. The bank branches category is presented separately because it represents 15% of the total property portfolio.

An income statement showing information about the Company's revenue and results as of December 31st, 2018 is given below:

(in thousands Euro)	Offices	Bank branches	Others	Unallocated amounts	Sector results
Rents	29,475	5,048	1,738	-	36,261
Income from disposal	5,807	(537)	317	-	5,587
Net movement in fair value	4,133	(1,873)	26,079	-	28,339
Net income of non-controlling interests	2,846	-	-	(450)	2,396
Financial income	-	-	-	13	13
Total income	**42,261**	**2,638**	**28,134**	**(437)**	**72,596**
Net real estate operating expenses	(2,830)	(987)	(198)	-	(4,015)
G&A expenses	(6,932)	(1,860)	(1,627)	(26)	(10,445)
Other operating expenses	(1,613)	(371)	(382)	(7)	(2,373)
Net depreciation	(874)	(210)	(17)	(53)	(1,154)
Financial expenses	(4,740)	(961)	(549)	(45)	(6,295)
Income tax	-	-	-	-	-
Sector results	**25,272**	**(1,751)**	**25,361**	**(568)**	**48,314**

Segment income is divided into the most significant real estate items as rents, income from disposals and net movement in fair value.
The sector result is also represented, which also includes all other income such as, for example, financial income, operating expenses and other corporate costs.
The column called *unallocated amounts* includes net income attributable to non-controlling interests of MHREC Sàrl, financial income, exchange losses and income taxes.

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

(in thousands Euro)	Offices	Bank branches	Others	Unallocated amounts	Sector results
Non-current assets	444,172	83,390	105,272	3,144	635,978
Current assets	28,277	16,693	11,173	46,241	102,384
Total assets	**472,449**	**100,083**	**116,445**	**49,385**	**738,362**
Non-current liabilities	204,616	45,613	44,015	-	294,244
Current liabilities	8,518	195	3,112	53	11,878
Total liabilities	**213,134**	**45,808**	**47,127**	**53**	**306,122**

Assets and liabilities are divided based on the relationship with the real estate divided by the various categories.

The column called *unallocated amounts* mainly includes:

- as for assets, long term financial assets, the equity investment in CO – Investments 2, MHREC Sàrl's cash and the partial income related to the disposal of Eurcenter;
- as for liabilities, deferred and current tax liabilities.

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

(in thousands Euro)	Milan	Rome	Others	Unallocated amounts	Sector results
Rents	26,964	5,349	3,948	-	36,261
Income from disposal	(10)	6,124	(527)	-	5,587
Net movement in fair value	28,762	-	(423)	-	28,339
Net income of non-controlling interests	2,846	-	-	(450)	2,396
Financial income	-	-	-	13	13
Total income	**58,562**	**11,473**	**2,998**	**(437)**	**72,596**
Net real estate operating expenses	(2,579)	(539)	(897)	-	(4,015)
G&A expenses	(7,946)	(1,038)	(1,435)	(26)	(10,445)
Other operating expenses	(2,019)	(81)	(266)	(7)	(2,373)
Net depreciation	(990)	-	(111)	(53)	(1,154)
Financial expenses	(5,171)	(1,086)	(28)	(10)	(6,295)
Income tax	-	-	-	-	-
Result by geographical area	**39,857**	**8,729**	**261**	**(533)**	**48,314**

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

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

(in thousands Euro)	Milan	Rome	Others	Unallocated amounts	Sector results
Non-current assets	558,571	9,021	65,252	3,134	635,978
Current assets	39,650	888	15,604	46,242	102,384
Total assets	**598,221**	**9,909**	**80,856**	**49,376**	**738,362**
Non-current liabilities	261,022	3,596	29,626	-	294,244
Current liabilities	10,330	139	1,143	266	11,878
Total liabilities	**271,352**	**3,735**	**30,769**	**266**	**306,122**

The same methodology described for the division of assets and liabilities by intended use is also used for the breakdown by geographic location.
The column called *unallocated amounts* mainly includes the cash collected from the Eurcenter’s disposal, the investments in MHREC Sàrl and tax liabilities.

3. Rents

As of December 31st, 2018, rents amount to Euro 36,261 thousand and are detailed as follows:

(in thousands Euro)	Investments	December 31st, 2018	December 31st, 2017
COIMA RES SIIQ	Vodafone	13,964	13,877
	Monte Rosa	3,762	677
	Tocqueville	1,045	-
CCFIV	Deutsche Bank branches	5,048	7,308
CCFVI (ex "MHREC")	Gioiaotto	3,899	3,863
	Eurcenter	4,954	5,108
COIMA RES SIINQ I	Deruta	3,589	3,409
Rents		**36,261**	**34,242**

The increase of Euro 2,019 thousand compared to December 31st, 2017 is mainly due to the acquisition of the properties located in Milan, via Monte Rosa and A. Tocqueville, which took place on October 24th, 2017 and July 27th, 2018.

As for the rents accrued on the Deutsche Bank portfolio, the reduction Euro 2,260 thousand compared to the previous year is mainly due to the sale of the 21 branches in January 2018.

4. Net real estate operating expenses

Net real estate operating expenses amounted to Euro 4,015 thousand as of December 31st, 2018. Details of the amount are shown below:

(in thousands Euros)	Vodafone Complex	Tocqueville Monte Rosa Pavilion	Deutsche Bank branches	Gioiaotto Eurcenter	Deruta	December 31st, 2018	December 31st, 2017
Recovery of costs from tenants	2,448	1,169	36	806	18	4,477	2,259
Property management fee	(301)	(70)	(84)	(304)	(36)	(795)	(741)
Maintenance charges	(892)	(594)	(55)	(294)	(6)	(1,841)	(524)
Utilities	(1,312)	(520)	(10)	(236)	-	(2,078)	(1,240)
Insurance	(69)	(41)	(52)	(52)	(26)	(240)	(199)
Property tax (IMU)	(694)	(561)	(725)	(661)	(230)	(2,871)	(2,893)
Property tax (TASI)	(47)	(39)	(25)	(43)	(16)	(170)	(148)
Stamp duties	(140)	(39)	(71)	(92)	(36)	(378)	(333)
Other real estate costs	(2)	(93)	-	(24)	-	(119)	(36)
Net real estate expenses	**(1,009)**	**(788)**	**(986)**	**(900)**	**(332)**	**(4,015)**	**(3,855)**

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

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

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

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

The item *insurance costs* refers to the all-risk policies signed by the Company and Funds to protect the asset value and ownership of the properties.

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

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

5. Income / (losses) from real estate disposals

Rents from real estate sales amounted to Euro 5,587 thousand (Euro 30 thousand as at December 31st, 2017), net of costs incurred for sales. This amount mainly includes income from the sale of the Eurcenter property, sold at a price amounting to Euro 90,300 thousand, higher than the book value amount.

6. General and administration expenses

General and administration expenses amount to 10,455 thousand. The detailed summary table is attached below:

(in thousands Euro)	COIMA RES	CCFIV IV	CCFVI (ex MHREC)	SIINQ I	Altre	December 31st, 2018	December 31st, 2017
Asset management fee	(2,964)	(445)	(1,027)	-	-	(4,436)	(4,173)
Personnel costs	(1,654)	-	-	-	-	(1,654)	(1,478)
Consulting costs	(794)	(95)	(457)	(27)	(101)	(1,474)	(1,517)
Control functions	(310)	(17)	(16)	(15)	-	(358)	(327)
Audit	(200)	(31)	(37)	(14)	(7)	(289)	(283)
Marketing	(383)	-	(2)	-	-	(385)	(303)
IT service	(177)	-	-	-	-	(177)	(141)
Independent appraisers	(46)	(48)	(59)	(6)	-	(159)	(183)
Promote fee	(1,021)	-	-	-	-	(1,021)	-
Other operating expenses	(477)	-	6	-	(21)	(492)	(332)
G&A expenses	**(8,026)**	**(636)**	**(1,592)**	**(62)**	**(129)**	**(10,455)**	**(8,737)**

Asset Management fees relate to the agreement signed by the Company and COIMA SGR for scouting activities for investment transactions and the management of the real estate portfolio, as well as for other activities provided by 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. For more details refer to Chapter 2 "Management" - *Asset management.*

Consulting costs relate mainly to support provided by consultants for ordinary management; in details for:

- legal, tax and notarial consulting for *corporate services*;
- technical consulting on real estate properties.

Personnel costs amount to Euro 1,654 thousand and its breakdown is given in the table below:

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Wages and salaries	(705)	(642)
Social security contribution	(190)	(132)
Severance pay	(55)	(48)
Other personnel costs	(704)	(656)
Personnel costs	**(1,654)**	**(1,478)**

The item *wages and salaries* amounts to Euro 705 thousand and includes:

- wages of Euro 452 thousand;
- bonus to employees of Euro 158 thousand;
- vacation and annual supplementary payments of Euro 88 thousand.

The item *other personnel costs* amounts to Euro 704 thousand and includes:

- board of directors and key managers' fees of Euro 590 thousand;
- social security contributions of directors of Euro 67 thousand;
- training costs, health insurance policies, restaurant tickets and travel expenses of Euro 46 thousand.

It should be noted that the CEO, in consideration of the fact that the Company has not reached such size as to benefit from economies of scale and that it wants to be in line with the interests of the other shareholders of COIMA RES, confirmed his waiver of recalculation of the annual fixed remuneration and payment of the annual variable remuneration for the years 2017 and 2018 and waived also for the financial year 2019.
This waiver is revocable only based on certain assumptions that are remote today. For more information, refer to the Remuneration Report.

Governance and other control functions costs amount to Euro 358 thousand and its breakdown is detailed in table below.

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Internal audit and compliance	(62)	(61)
Advisory Committee	(33)	(14)
Risk Management	(70)	(64)
Supervisory board	(27)	(28)
Board of statutory auditors	(124)	(124)
Professional directors	(42)	(36)
Governance and other control functions	**(358)**	**(327)**

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

Marketing and communication expenses relate mainly to costs for digital and media relations (Euro 192 thousand), maintenance of the digital website (Euro 102 thousand), corporate events (Euro 48 thousand) and other marketing costs (Euro 43 thousand).

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

The costs relating to *independent appraisers* are attributable to the assignments assigned to CBRE Valuation and Duff & Phelps REAG for the preparation of appraisals for the estimate of properties.

The item *promote fee* refers to the accrued based on the agreements with COIMA SGR.
In details, COIMA SGR is entitled to receive an amount equal to 40% of the minimum between:

- the sum of 10% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 8% (i.e. 10% of the amount, in euros, for which the Shareholder Return is higher than a level that would have produced a Shareholder Return of 8%) and 20% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 10% (i.e. 20% of the amount, in euros, for which the Shareholder Return is above a level that would have produced a 10% Shareholder Return), paid on an annual basis;
- 20% of the excess of the NAV per Share at the end of the Accounting Period (adjusted to include the dividends and any other payment per Share declared in each Accounting Period following the Reference Period and adjusted to exclude the effects of issues of Shares in the period) compared to a minimum level defined as High Watermark.

It should be noted that in the year 2018 the shareholder return was 12.3%, excluding the promote.

Other operating expenses are mainly related to:

- corporate insurances of Euro 194 thousand;
- roadshows of Euro 75 thousand;
- costs related to the management of the Company's headquarter, including lease, of Euro 153 thousand;
- costs related to membership fees, company cars and Borsa Italiana's services of Euro 55 thousand;
- other administrative costs of Euro 15 thousand.

7. Other operating expenses

Other operating expenses, amounting to Euro 2,373 thousand (Euro 89 thousand as of December 31st, 2017), mainly include the decrease of fair value of the financial instruments granted to the CEO and key managers for an amount of Euro 2,286 thousand, of which Euro 1,531 thousand related to the short term.
This item includes costs related to non-deductible VAT of Euro 42 thousand, corporate taxes and fees of Euro 33 thousand, non-recurring liabilities and other operating costs of Euro 12 thousand.

It should be noted that the fair value of the financial instrument includes the amount accrued in 2018, equal to Euro 1,531 thousand, and the estimated amount for the future until the maturity of the financial instrument.

The coupon of the financial instrument is calculated as 60% of the minimum between:

- the sum of 10% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 8% (i.e. 10% of the amount, in euros, for which the Shareholder Return is higher than a level that would have produced a Shareholder Return of 8%) and 20% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 10% (i.e. 20% of the amount, in euros, for which the Shareholder Return is above a level that would have produced a 10% Shareholder Return), paid on an annual basis,
- 20% of the excess of the NAV per Share at the end of the Accounting Period (adjusted to include the dividends and any other payment per Share declared in each Accounting Period following the Reference Period and adjusted to exclude the effects of issues of Shares in the period) compared to a minimum level defined as High Watermark.

It should be noted that in the year 2018 the shareholder return was 12.3%, excluding the promote.

8. Net depreciation

Net depreciation amounts to Euro 1,154 thousand (Euro 91 thousand as of December 31st, 2017) and mainly refers to the write-down of the write-down of receivables, equal to Euro 853 thousand and the reduction in the value of properties recorded under inventory of Euro 210 thousand, based on the report prepared by the independent expert appointed by the Coima Fund Fund IV.
For more details on the write-down, please refer to note 21 - Inventories.

9. Net movement in fair value

The amount of the item is equal to Euro 28,339 thousand (Euro 15,400 thousand as of December 31st, 2017) of which Euro 23,861 thousand related to Pavilion property, and refers to adjustments made to the value of real estate investments, based on the evaluation reports prepared by independent experts.
For more details, please refer to note 14 - Real estate investments.

10. Net income attributable to non-controlling interests

This item, amounting to Euro 2,396 thousand, includes the adjustment of the value of the equity investments in Porta Nuova Bonnet Fund and in Co - Investment 2SCS calculated using the equity method.

(in thousands Euro)	Equity as of December 31st 2018 (*)	% owned	Equity owned of December 31st 2018	Equity investment value before adjustment	Adjustment to equity value as of December 31st 2018	Adjustment to equity value as of December 31st 2017
Porta Nuova Bonnet Fund	55,882	35.7%	19,958	17,112	2,846	132
Co – Investment 2SCS	4,536	33.3%	1,514	1,964	(450)	(83)
Net income attributable to non-controlling interests					**2,396**	**49**

(*) *Equity of the entities has been calculated in accordance with International Accounting Standards.*

The equity investment in Porta Nuova Bonnet Fund is valued based on shareholders' equity as of December 31st, 2018, while the value of the equity investment in Co - Investment 2SCS has been calculated on the full corporate chain of MHREC Sàrl and considering the amount calculated by the independent expert.
For more details on the equity investments, please refer to paragraph 16 - Investments accounted for using the equity method.

11. Financial income and expenses

The item *financial income and expenses*, amounting to Euro 13 thousand (Euro 537 thousand as at December 31st, 2017), mainly includes foreign exchange gains, equal to Euro 12 thousand.

The details of the financial charges, amounting to Euro 6,295 thousand, are shown below.

(in thousands Euro)	COIMA RES	CCFIV IV	CCFIV VI (ex MHREC)	SIINQ I	Others	December 31st, 2018	December 31st, 2017
Financial costs of borrowings	(3,193)	-	(1,866)	(392)	-	(5,451)	(6.087)
Costs on bank accounts	(10)	(33)	(34)	(2)	(6)	(85)	(37)
Exchange losses	(5)	-	-	-	-	(5)	(13)
Other financial costs	(391)	-	(323)	(40)	-	(754)	(649)
Financial expenses	**(3,599)**	**(33)**	**(2,223)**	**(434)**	**(6)**	**(6,295)**	**(6.786)**

Financial costs of borrowings, amounting to Euro 5,451 thousand, are interests accrued on current loans. For more details, please refer to note 25 - Bank borrowings and other lenders.

Costs on bank accounts refer to expenses and commissions accrued on current accounts.

Other financial costs, amounting to Euro 754 thousand, mainly include the amount of the cash flows of the Interest Rate Swap and the effect on the income statement of the Interest Rate CAP.

12. Income tax

In accordance with the SIIQ regulations, the Company calculates income taxes arising from non-exempt activities, using a tax rate of 24%.
At December 31st, 2018, the Company has no income from non-exempt operations.

13. Earnings per share

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

There is no difference between diluted earnings per share and basic earnings per share.

The profit and the information about the shares used for the calculation of the basic earnings per share are illustrated below:

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Group profit for the period	46,267	28,889
Outstanding shares (weighted averange)	36,007	36,007
Earnings per share (in Euros)	**1.28**	**0.80**

There were no transactions involving ordinary shares between the reference date of the financial statements and the date of preparing the financial statements.

14. Real estate investments

The changes in property investments as at December 31st, 2018 are listed below:

(in thousands Euro)	Investments	December 31st, 2017	Acquisitions/ (disposal)	Other charges	Revaluations/ (write-downs)	December 31st, 2018
COIMA RES SIIQ	Vodafone	208,500	-	-	800	209,300
	Monte Rosa	60,400	-	38	(38)	60,400
	Tocqueville	-	56,000	1,653	1,247	58,900
	Pavilion	-	45,000	1,139	23,861	70,000
CCFIV	DB branches	86,750	(1,460)	(27)	(1,873)	83,390
CCFVI (ex MHREC)	Gioiaotto	72,070	-	1,288	6,442	79,800
	Eurcenter	83,790	(83,811)	21	-	-
COIMA RES SIINQ I	Deruta	51,900	-	-	(2,100)	49,800
Real estate investments		**563,410**	**15,729**	**4,112**	**28,339**	**611,590**

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

- on July 27th, 2018, acquisition of a property located in Milan, Via A. Tocqueville, for Euro 56,000 thousand, plus transfer taxes and other transaction costs;
- on September 24th and 25th, 2018 two bank branches were sold in Varenna (LC) and Desio (MB), recorded at the book value of Euro 1,460 thousand and sold for a total price of Euro 1,450 thousand;
- on November 23rd, 2018, the Pavilion property located in Milan, Piazza Gae Aulenti 10, was acquired at a price of Euro 45,000 thousand, in addition to taxes and other ancillary costs associated with the purchase;
- on December 17th, 2018, the Eurcenter property was sold to UBS Asset Management (Italy) SGR S.p.A. at the price of Euro 90,300 thousand, as described in note 5 - Income from disposal.

Other charges mainly refer to transfer taxes, notarial and consultancy costs incurred for the acquisition of the properties.
As for Gioiaotto, the capitalized amount of Euro 1,288 thousand mainly refers to the modernization and redevelopment of the property carried out by the tenant NH Hotel, amounting to Euro 1,260 thousand. For this restructuring the fund has committed a contribution for a total maximum amount of Euro 1,400 thousand.

The item *revaluations / (write-downs)* refers to the changes made in the year on the value of the properties to be in line with the relative market value, in accordance with the accounting principles, taken from the appraisals prepared by the independent experts appointed by the Company or by the funds.

The evaluation reports are drawn up in accordance with to “RICS Valuation – Professional Standards”, in with applicable law and with recommendations given by ESMA European Securities and Markets Authority.

The table below gives the parameters used by the independent experts to make their valuations:

Independent experts	Investment properties	Discounted rate	Discounted rate retraining	Gross cap out rate	Inflation rate forecast	Year plan
CBRE Valuation	Vodafone	5.55%	6.55%	5.70%	1.50%	11
	Monte Rosa	5.40%	7.00%	5.60%	1.50%	9.8
	Tocqueville	5.50%	6.50%	3.80%	1.50%	8.8
	Pavilion	4.50%	7.50%	3.50%	1.50%	17.1
Duff & Phelps REAG	DB branches (r.)	m.6.3%	m.6.3%	m.4.5%	1.5%-2.0%	11
	DB branches (v.)	m.6.9%	m.6.9%	m.5.1%	1.5%-2.0%	13-15
Duff & Phelps REAG	Gioiaotto (office)	6.30%	6.30%	4.22%	1.5%-2.0%	16
	Gioiaotto (tur./ric.)	6.70%	7.20%	4.61%	1.5%-2.0%	18
CBRE Valuation	Deruta	5.50%	7.70%	5.60%	1.50%	5

The valuation of the Vodafone real estate complex, shows an increase compared to the previous year's assessment for Euro 800 thousand. This change is mainly due to the increase in the area's market rents based on the research carried out by the independent expert.

The revaluation of the property located in Via Tocqueville, equal to Euro 1,247 thousand, was determined by the development, by the independent expert, of the valuation considerations regarding the period of income guaranteed by the lease agreements in force at the valuation date, as well as from the time of remittance to income of the property.

The revaluation of the Pavilion property of Euro 23,861 thousand is mainly due to the immediate income of the property and the need for conversion of use of the property. In fact, the original underwriting plan provided for the possibility of changing the intended use of the property to convert it to mixed use of offices and high street retail with the expectation of a restructuring period of up to two years followed by a leasing phase. The property was leased to IBM in August 2018 at an EPRA Topped-up Net Yield of 7.2%.

As for the valuation of the Deutsche Bank portfolio, there were decreases of Euro 1,873 thousand, mainly due to the increase in rates on "non-prime" locations.

The valuation of Gioiaotto underwent an increase of Euro 6,442 thousand compared to the previous year. The change is mainly due to the compression of returns that is evident on the reference real estate market and to some aspects of valorization linked to the hotel portion of the Gioiaotto property, contracted in the month of December 2016.
Furthermore, Gioiaotto's assessment incorporates the strong demand for properties in the Porta Nuova area in the face of a current shortage of finished products.

Lastly, the property located in via Deruta shows a decrease of Euro 2,100 thousand compared to the previous year, attributable to the approach of the expiry of the lease contract with BNL, currently scheduled for December 2021 and to the assumption of relocation assumed by the independent expert.

15. Other tangible assets and intangible assets

Other tangible assets, amounting to Euro 319 thousand, mainly include the plants, furniture and fixtures acquired by the Company during the year for the new headquarter. The movements in other tangible assets at December 31st, 2018 are shown below:

(in thousands Euro)	December 31st, 2017	Increase/(decrease)	December 31st, 2018
Furniture and fixtures	73	(2)	71
Installations	284	-	284
Other tangible assets	5	-	5
Original costs	**362**	**(2)**	**360**
Furniture and fixtures	(2)	(6)	(8)
Installations	(7)	(23)	(30)
Other tangible assets	(2)	(1)	(3)
Depreciation fund	**(11)**	**(30)**	**(41)**
Net book value	**351**	**(32)**	**319**

Other tangible fixed assets involve the purchase and the related depreciation of mobile phones of employees.

Intangible assets, amounting to Euro 73 thousand (Euro 24 thousand at December 31st, 2017), refer to administrative and accounting software in implementation. The increase of Euro 49 thousand compared to the previous year is due to the development of the implementation activities carried out during the period.

16. Investments accounted for using the equity method

This item, amounting to Euro 21,473 thousand, include the equity investment in Porta Nuova Bonnet Fund and Co – Investment 2 SCS, owned indirectly through MHREC Sàrl.

Porta Nuova Bonnet Fund holds a complex of two buildings subject to full redevelopment in Milan, in Porta Nuova district. The construction phase was completed in the first half of 2018 and the renovation works phase started in the second half of the year. The whole project is expected to be completed in the first half of 2020.

Co-Investment 2SCS is part of the corporate chain headed by MHREC Sàrl, established to manage with other investors a real estate development in Porta Nuova district, in Milan. After the sale of 58.6% units of Porta Nuova Varesine Fund from Le Varesine Sarl, the corporate chain does not own any real estate property and is not currently engaged in other activities.

The changes in equity investments as of December 31st, 2018 are detailed below:

(in thousands Euro)	% owned	December 31st, 2017	Increase	Net income	December 31st, 2018
Porta Nuova Bonnet Fund	35.7%	14,916	2,196	2,846	19,958
Co – Investment 2 SCS	33.3%	1,963	-	(450)	1,513
Other investments	< 4.0%	-	2	-	2
Investments in associated companies		**16,879**	**2,198**	**2,396**	**21,473**

The item *increase* refers to the amounts paid by the Company during the year in view of the costs to be incurred for the development of the Bonnet project.

The summary of the amounts paid to the Porta Nuova Bonnet fund and the residual amount to be paid is included.

(in thousands Euro)	Amount
Recalls 2016	13,214
Recalls 2017	643
Recalls 2018	2,196
Amount paid	**16,053**
Amount committed	25,000
Remaining amount to be paid	**8,947**

It should be noted that with regard to CO - Investments 2, the valuation of Euro 1,513 thousand is supported by the opinion of an independent expert.

17. Financial asset at fair value

On December 21st, 2018, the Company closed the management mandate given to the company Pictet on April 19th, 2017, related to the investment of liquidity not used in the Company's core business.

18. Non-current deferred tax assets

Non-current deferred tax assets, amounting to Euro 10 thousand as at December 31st, 2018 (Euro 9 thousand as at December 31st, 2017), mainly refer to receivables claimed by MHREC Sarl.

19. Derivatives

Derivatives, amounting to Euro 893 thousand, refer to *Interest Rate Cap* agreements to hedge the financial flows linked to existing loans.
The change in derivatives as of December 31st, 2018 is described below:

(in thousands Euro)	December 31st, 2017	Increase	Adjustment to fair value	Other movements	December 31st, 2018
COIMA RES SIIQ	377	1,224	(759)	-	842
COIMA CORE FUND VI	245	-	(217)	(2)	26
COIMA RES SIINQ I	101	-	(76)	-	25
Derivatives	**723**	**1,224**	**(1,052)**	**(2)**	**893**

The column *increase* refers to the amounts paid by the Company for the subscription of the maturity extension of I*nterest Rate Cap* derivative agreements.

On October 18th, 2018 COIMA RES SIIQ signed an amendment related to four hedging agreements on the three-month Euribor rate, with a strike of 50 bps, of the loan for the Vodafone property and the portfolio of Deutsche

Bank branches, postponing the maturity of June 30th, 2021 to July 16th, 2023.

The other *Interest Rate Cap* are related to the cash flow hedge of the existing loans of Gioiaotto e Deruta.

In compliance with IFRS 9 Financial Instruments: Recognition and Measurement, the *fair value* of derivatives has been separated into two components: the intrinsic value (*intrinsic value)*, as well the effective value of the derivative in the case of immediate exercise, and the time value *(time value)* or how much a buyer would be willing to pay beyond the intrinsic value. The Company has recorded in the income statement the change in fair value related to the temporal effect of derivatives, equal to Euro 285 thousand (net of deferment with effect on the income statement, equal to Euro 698 thousand) and to their cash flow hedge reserve their intrinsic component, equal to Euro 69 thousand, for a total of Euro 1,052 thousand.

20. Trade and other non-current receivables

Non-current financial receivables, amounting to Euro 1,620 thousand (Euro 1,620 thousand as of December 31st, 2017), are related to loans granted by MHREC Sàrl to the associated company Co – Investment 2 SCS.

21. Inventories

The item inventories, amounting to Euro 11,930 thousand (Euro 12,140 thousand as at December 31st, 2017), include the vacant Deutsche Bank branches. The change of Euro 210 thousand compared to the previous year is related to the decrease in value recorded in the financial statements following the appraisal prepared by the independent expert at December 31st, 2018.

In accordance with IAS 2, the Company has recorded inventories at the lower of cost and market value, for this reason not recording the increase in fair value of the branch located in Milan, amounting to Euro 1,160 thousand.

For more details on the parameters used by the expert in the evaluation, refer to paragraph 14 – Real estate investments.

22. Trade receivables and other current receivables

The breakdown of trade and other current receivables as of December 31st, 2018 is given below.

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Receivables from tenants	2,117	1,901
Receivables from buyers	-	863
Trade receivables	**2,117**	**2,764**
Tax receivables	4,282	2,948
Advance payment to suppliers	-	3
Other receivables	143	243
Accrued income and prepaid expenses	1,691	2,236
Other current receivables	**6,116**	**5,430**
Trade and other current receivables	**8,233**	**8,194**

The item *receivables from tenants* includes a total write-down of receivables of Euro 501 thousand and a loss of receivables amounting to Euro 352 thousand, both related to the tenant axèlero S.p.A. and Gibson, who have released most of the offices in Gioiaotto during the year.
The Company reasonably expects that the receivables not written down will be collected within twelve months, as to date there are no losses due to non-collection or other causes of non-realization of loans to tenants.

Tax receivables consist mainly of VAT receivables. The increase of Euro 1,334 thousand compared to the previous year is mainly due to the VAT credit accrued from the acquisition of the Pavilion property, net of the amount that has already been used by the Company, and from the use in compensation with other taxes.

The item *other receivables* includes amounts due from directors and other advances to suppliers.

Accrued income and prepaid expenses mainly include prepayments related to contributions to tenants for improvements and valuation works that will be amortized over the contract term (*landlord contribution*).

23. Cash and cash equivalents

The Company's cash and cash equivalents, amounting to Euro 82,221 thousand, are held at the following institutions:

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Banca Popolare di Milano	16,095	-
Unicredit	6,443	-
Intesa San Paolo	5,535	4,949
State Street Bank	46,239	1,396
ING Bank N.V.	3,697	2,733
BNP Paribas	3,350	4,059
Pictet	-	1,014
Banca Passadore	619	12,602
Cash	1	-
Société Générale Group	242	289
Cash and cash equivalents	**82,221**	**27,042**

Banca Popolare di Milano and *Banca Passadore* mainly include the available cash of the parent company

Unicredit and *Intesa San Paolo* include six current accounts and two unpaid accounts called *distribution accounts* that were opened following the stipulation of the loan contracts for the Deutsche Bank branches and the Vodafone, Monte Rosa, Tocqueville and Pavilion properties. The unpaid accounts include the amounts that the Company can freely use after the quarterly review of the *covenants* of the loan agreements.

The amount exposed to *State Street* refers to the liquidity available on the current accounts of Coima Core Fund VI (ex “MHREC”). The significant increase compared to 2017 is due to the collection deriving from the sale of the Eurcenter property. It should be noted that among the various accounts opened with a positive balance, one account is pledged against the financing banks.

ING Bank N.V. it includes the available liquidity of COIMA RES SIINQ I and of the Lorenteggio Village

Consortium, deriving from the collections of the BNL rents and the income charges of the consortium members of the Vodafone real estate complex. Part of these accounts are pledged to the lending bank.

BNP Paribas includes the available liquidity of Coima Core Fund IV lodged in depository service.

In December 2018, the Company closed the current account held with *Pictet* following the closure of the management mandate given in 2017 to Pictet.

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

24. Shareholders' equity

Shareholders' equity at December 31st, 2018 amounts to Euro 418,748 thousand (Euro 383,411 thousand as of December 31st, 2017) and its break down is illustrated in the Consolidated Financial Statements.

The *capital stock* amount to 14,451 and includes Euro 36,007,000 ordinary shares with no nominal value.

The *valuation reserve*, amounting to Euro 957 thousand, relates to the change in the *fair value* of the derivatives subscribed, in accordance with international accounting standard IFRS 9.

The table below shows the reconciliation between individual and consolidated value of equity shareholders and profit at December 31st, 2018:

(in thousands Euro)	Profit for the year	Shareholders' equity
COIMA RES SIIQ as of December 31st, 2018	**36,890**	**392,718**
Investments	38,874	(201,548)
Entities owned by COIMA RES	17,194	235,683
Dividends	(47,040)	-
Badwill from acquisitions in equity investments	-	1,977
Net income attributable to non-controlling interests	2,396	3,410
Consolidated amount as of December 31st, 2018	**48,314**	**432,240**
Minorities	(2,047)	(13,492)
Consolidated Group amount as of December 31st, 2018	**46,267**	**418,748**

The item "*investments*" includes the writedown of the investment in Coima Core Fund IV, equal to Euro 38.874 thousand, respectively, and the reversal of the total value of the investments, equal to Euro 201,548 thousand.
Such amount is composed by:

- Euro 99,957 thousand related to Coima Core Fund IV;
- Euro 69,868 thousand related to Coima Core Fund VI;
- Euro 27,750 thousand related to COIMA RES SIINQ I;
- Euro 7 thousand related to Lorenteggio Village Consortium;
- Euro 3,966 thousand related to MHREC Sàrl, indirectly owned.

In the column "profit for the year", the item *entities owned by COIMA RES* includes principally the profit of the year of Coima Core Fund IV, (Euro 755 thousand), Coima Core Fund IV (ex “MHREC”) (Euro 15,843 thousand), COIMA RES SIINQ I (Euro 633 thousand) and the loss of the year of MHREC Sarl (Euro 37 thousand), while the column “shareholders’ equity” includes the elimination of capital stock, reserves and gains carrying forward related to subsidiaries, without considering the dividends.

The item *dividends* includes the adjustment of income collected by COIMA RES from subsidiaries.

25. Bank borrowings and other lenders

Bank borrowings and other non-current lenders, amounting to Euro 291,340 thousand, include the financial loans contracted by the Company and by the controlled entities.

The changes in loans at December 31st, 2018, are shown below.

(Euro migliaia)	December 31st 2017	Borrowings	Admortised costs	Reimbursements	December 31st 2018
COIMA RES SIIQ	148,034	101,367	(1,957)	(680)	246,764
COIMA CORE FUND VI	72,661	-	52	(47,928)	24,785
COIMA RES SIINQ I	19,725	-	66	-	19,791
Non-current bank borrowings	**240,420**	**101,367**	**(1,839)**	**(48,608)**	**291,340**
COIMA RES SIIQ	22,720	-	-	(22,720)	-
Current bank borrowings	**22,720**	**-**	**-**	**(22,720)**	**-**

On March 9th, 2018, the Company repaid a portion of the senior line for a total amount of Euro 23,000 thousand, partly utilizing the liquidity deriving from the sale of 21 Deutsche Bank branches.

On July 16th, 2018, the Company signed a new loan agreement with Banca IMI (Agent), BNP Paribas, ING Bank and UniCredit for a maximum amount of Euro 70,000 thousand, to finance the acquisition of the Tocqueville property and refinance the acquisition of the Monte Rosa property, which was completed in October 2017 using the Company's own cash.
In details, the amounts of the loan were used for Euro 50,000 thousand for the purchase of the property located in Milan, via A. Tocqueville, and for Euro 20,000 thousand to partially finance the acquisition of the Pavilion property.

The acquisition of Pavilion was finalized through the signing of another loan agreement with UniCredit on October 31st, 2018, for a total amount of Euro 31,367 thousand (of which Euro 4,367 thousand relating to the VAT line).

Also on July 16th, 2018 the Company has agreed on the extension of the loan for the Vodafone property and the portfolio of Deutsche Bank branches amounting to Euro 149,275 thousand, postponing the deadline from June 30th, 2021 to July 16th ,2023.

On December 17th, 2018 Coima Core Fund VI (ex “MHREC”) paid part of the loan following the sale of the Eurcenter property, reducing the nominal amount of the debt from Euro 73,000 thousand to Euro 25,072 thousand.

For more information on existing loans, a summary table is presented with the economic details:

(in thousands Euro)	December 31st 2018	Maturity	Rate	% hedge
Vodafone, Deutsche Bank branches – Senior Line	147,140	July 16th 2023	Eur 3M + 180 bps	70%
Monte Rosa, Tocqueville	69,086	July 16th 2023	Eur 3M + 160 bps	72%
Pavilion	30,538	October 31st 2023 October 31st 2021	Eur 6M + 150 bps Eur 6M + 130 bps	80%
Gioiaotto	24,785	March 31st 2022	Eur 3M + 150 bps	100%
Deruta	19,791	Janury 16th 2022	Eur 3M + 160 bps	81%

To hedge the loans outstanding, the entities entered derivative hedging contracts in the form of an *Interest Rate Cap* and *an Interest Rate Swap*. These transactions are used to hedge cash flows of existing loans, falling within the scope of the so-called hedge accounting.
For more details on derivative financial instruments, refer to paragraph 19 - Derivative financial instruments.

As of December 31st, 2018 the net LTV amounts to 33.5% of the value of the real estate portfolio.

It should be noted that the verification of the financial covenants is held every quarter, as provided for in the contract. The following are the indicators for each entity as at December 31st, 2018:

	Covenant	Limits	Test result as of December 31st, 2018
Vodafone Deutsche Bank branches Monte Rosa Tocqueville	LTV Portfolio LTV Consolidated ICR Portfolio ICR/DSCR Consolidated	<60% <60% >1.8x >1.4x	51.0% 46.3% 4.3x 3.5x
Pavilion	LTV Portfolio	<65%	38.0%
Gioiaotto	LTV ICR	<60% >1.75x	31.4% 6.7x
Deruta	LTV ICR-BL ICR-FL	<55% >3.0x >3.0x	39.7% 9.7x 9.1x

The indicators shown above confirm the stability of the covenants defined in the loan agreement.

As for the guarantees granted by the entities to the financing banks, please refer to paragraph 34 - Risks and commitments.

26. Payables for post-employment benefits

The balance of the Severance Pay (TFR) at December 31st, 2018, equal to Euro 43 thousand (Euro 20 thousand at December 31st, 2017) concerns the payable relating to some employees of the Company.
The movement of the fund was also characterized by the provision and the subsequent transfer to external funds of the TFR relating to two managers of the Company.

27. Provisions for risks and charges

The provision for risks and charges, amounting to Euro 130 thousand (Euro 123 thousand at December 31st, 2017), includes the present value of the *Long Term Incentive* granted to an employee and paid in January 2019.

28. Derivatives

The derivative financial instruments classified in liabilities, equal to Euro 1,026 thousand (zero balance at December 31st, 2017), refer to Interest Rate Swaps subscribed to hedge the financial flows relating to Monte Rosa, Tocqueville and Pavilion.

The Interest Rate Swap agreement is stipulated in order to hedge the Euribor and its changes by paying a fixed amount that represents the total cost of the collection for the entire duration of the swap agreements.

The hedging strategy adopted by the Company is to be an upper limit on the cost of financing for the part covered. The Company recorded hedging transactions based on *hedging accounting* verifying the effectiveness of the same. In order to test the effectiveness of derivatives, the *hedged item* is identified at the time of hedging, with a *hypothetical derivative*. This derivative must perfectly cover the risks caused by exposure in contractual and underlying terms (notional. indexing. etc.). Finally, the hypothetical signing must take place under market conditions at the start of the hedging relationship. In order to verify the efficacy of the derivative, it was performed the prospective and retrospective test, which are effective to 100%.
The valuation of derivatives at fair value considered some potential adjustments to be made as a result of the deterioration of the bank counterparties or of the Company itself, also taking into consideration any guarantees given by the Company to the Banks.

29. Trade and other non-current payables

Trade payables and other non-current payables break down as follows:

(in thousands Euro)	**December 31st, 2018**	**December 31st, 2017**
Financial instruments	998	243
Guarantee deposits and advance payments	707	311
Trade and other non-current payables	**1,705**	**554**

The financial instrument recorded at fair value was issued by the Company and acquired by the management for a nominal value of Euro 1 thousand. The instrument was revalued at Euro 998 thousand (Euro 243 thousand at December 31st, 2017) based on an evaluation report specifically prepared by an external consultant at December 31st, 2018 and considering the estimates made by the Company.
The expert expressed its opinion regarding the *fair market value* of the financial instrument issued by the

Company for certain managers and directors based on the instrument regulations, of the fact that the Company is listed and of the cash flows forecast in three different scenarios (*base, downside and upside*).
The valuation was made applying the financial criterion. This estimates the value of an asset as the sum of expected financial flows, discounted at a rate expressing the systematic investment risk. The valuation model was set as follows:

- the reference date was December 31st, 2018;
- the estimate was made by assuming the expected annual cash flows from the Promote Fee over the period 2019-2030. Average-weighted cash flows were considered in three separate scenarios (*base, downside and upside*). For estimating the expected cash flows, the flows of the three scenarios were weighted respectively by 33.33%;
- for estimating the annual cash flows of the holders of the instrument, the average-weighted annual flows deriving from the Promote Fee were 60%. This is in line with what is provided for in the instrument regulations;
- the average-weighted cash flows of the holders of the instrument have been discounted, at December 31st, 2018, at a discount rate expressing the average return expected on investments having a risk profile comparable to that of the investment in the instrument. This discount rate, equal to 4.85%, was quantified by the consultant according to the CAPM ("*Capital Asset Pricing Model*") approach and is equal to the cost of the Company's own capital, expressing the systematic (non-diversifiable) risk associated with the business activities from which cash flows depend, in the last instance, those of the instrument.

The discount rate was estimated by the consultant assuming the following parameters:

- *risk-free* rate of 2%. This figure is equal to the historical average of the returns (without considering taxes) as of December 31st, 2018, of the Italian public debt securities with a residual maturity of 5 years;
- Beta coefficient of 0.54. In details, the Beta coefficient was determined: (i) assuming the average unlevered Beta (0.42) of a panel company carrying out activities comparable to those of COIMA RES; (ii) re-levering such Beta (using i.e. “Hamada” formula) in order to consider the target financial structure of COIMA RES (i.e. ratio net funding position / equity amounted to 40%);
- ERP of 5.27%. This figure corresponds to most recent measure of forward looking ERP compared to the estimate date, deducted from empirical observations of the market.

The item *guarantee deposits and advance payments* refers to deposits and down payment by tenants.

30. Trade and other current payables

The breakdown of trade payables and other current payables is given in the table below.

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Account payables	5,217	3,080
Deposits paid by buyers	-	4,363
Invoices to be received	2,896	1,200
Trade payables	**8,113**	**8,643**
Personnel payables	219	207
Security provider payables	203	92
Board of Directors payables	66	54
Other payables	1,776	75
Accruals and deferred income	1,455	1,582
Other liabilities	**3,719**	**2,010**
Trade payables and other current liabilities	**11,832**	**10,653**

Payables to suppliers are mainly made up of:

- payables to COIMA SGR of Euro 1,868 thousand relating to asset management services provided to the Company;
- payables to NH Hotel of Euro 1,537 thousand for the contribution to Gioiaotto.

Invoices to be received are mainly related to the *promote fee* assigned to COIMA SGR for Euro 1,021 thousand (for more details refer to notes 6), to pro-forma received from consultants for legal, tax and administrative services, marketing and communication services, fees due to the auditors.

Other payables mainly include the remuneration of the short term financial instrument to be paid to the CEO and key managers for an amount equal to Euro 1,531 thousand.

The deferred income mainly relates to the deferral of the rents of the Vodafone property complex for Euro 1,177 thousand.

The remainder of the balance sheet item is mainly represented by payables for personnel for bonus, tax payables and credit notes to be issued.

31. Current tax liabilities

This item, equal to Euro 46 thousand (Euro 61 thousand as of December 31st, 2017), mainly refers to payables for taxes held by MHREC Sàrl.

32. Information on transfers of financial asset portfolios

The Company has not made any transfers between financial asset portfolios in the year.

33. Information on fair value

IFRS 13 provides that:

- non-financial assets must be measured using the Highest and best use method i.e. taking into account the best use of the assets from the perspective of market participants;
- liabilities (financial and non-financial) and equity instruments (i.e. shares issued as consideration in a business combination) must be transferred to a market participant as at the measurement date. In the process of measuring the fair value of a liability it is necessary to identify the risk of default of the counterparty, which also includes credit risk.

The general rules for preparing fair value measurement techniques should be adjusted based on the circumstances, configured in order to maximize observable inputs and established pursuant to the measurement method used (multiples method, income method and cost method):

1) Adjusted based on the circumstances: measurement techniques must be applied consistently over time unless there are more representative alternative techniques for the measurement of fair value,
2) Maximise the observable inputs: inputs are divided into observable and unobservable, providing various examples of markets from which fair values can be calculated,
3) Measurement techniques of fair value are classified in three hierarchical levels according to the type of input used:
    - level 1: inputs are quoted prices in active markets for identical assets or liabilities. In this case the prices are used without any adjustments.

- level 2: inputs are quoted prices or other information (interest rates, observable yield curves, credit spreads) for similar assets and liabilities in active and inactive markets. For this case price adjustments can be made based on specific factors of the assets and liabilities.
- level 3: in this case inputs are not observable. The standard provides that it is possible to use the latter technique only in this case. Inputs for this level include, for example, long-term currency swaps, interest rate swaps, decommissioning liabilities undertaken in a business combination, etc.

The arrangement of these levels follows a priority hierarchy: attributing the maximum importance to level 1 and minimum for level 3.

IFRS 13 provides that three different measurement methods can be used for the measurement of fair value:

- the market approach method is based on prices and other important information for market transactions involving identical or comparable assets and liabilities. The models used are the multiples method and the matrix price method;
- the income approach is achieved from the discounted sum of future amounts that will be generated by the asset. This method allows to obtain a fair value that reflects the current market expectation of such future amounts;
- the cost method reflects the amount that would be required as at the measurement date to substitute the capability of the service of the asset subject to measurement, Fair value will be equal to the cost that a market participant would incur to acquire or build an asset of rectified comparable use (taking into consideration the level of obsolescence of the asset in question), This method can be used only when the other methods cannot be used.

Measurement techniques are applied consistently over time unless there are alternative techniques that allow a more representative measurement of fair value, In the selection of measurement techniques, the assumptions used for the determination of the assets or liabilities are particularly important.

The comparison between the book value and the fair value of the Company's assets and liabilities as at December 31st, 2018 is given below.

(in thousands Euro)	December 31st, 2018		December 31st, 2017	
	Net book value	Net book value	Valore contabile	Fair Value
Real estate investments	611,590	611,590	563,410	563,410
Other tangible assets	319	319	351	351
Intangible assets	73	73	24	24
Investments accounted for using the equity method	21,473	21,473	16,879	16,879
Financial asstes at fair value	-	-	1,492	1,492
Non-current deferred tax assets	10	10	9	9
Derivatives	893	893	723	723
Long term financial assets	1,620	1,620	1,620	1,620
Inventories	11,930	13,090	12,140	12,140
Trade and other current receivables	8,233	8,233	8,194	8,194
Cash and cash equivalents	82,221	82,221	27,042	27,042
Non-current assets held for sale	-	-	38,000	38,000
Assets	**738,362**	**739,522**	**669,884**	**669,884**
Bank borrowings and other non-current lenders	291,340	292,520	240,420	243,842
Other liabilities	11,227	11,227	11,175	11,175
Derivatives	1,026	1,026	-	-
Financial instruments	2,529	2,529	243	243
Bank borrowings and other current lenders	-	-	22,720	22,916
Liabilities	**306,122**	**307,302**	**274,558**	**278,176**

The Company does not own capital instruments valued at cost.

The summary table below shows the hierarchy in the measurement of the fair value as at December 31st, 2018 and December 31st, 2017.

(in thousands Euro)	December 31st, 2018			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	611,590	-	-	611,590
Other tangible assets	319	-	-	319
Intangible assets	73	-	-	73
Investments accounted for using the equity method	21,473	-	-	21,473
Non-current deferred tax assets	10	-	-	10
Derivatives	893	-	893	-
Long term financial assets	1,620	-	-	1,620
Inventories	11,930	-	-	11,930
Trade and other current receivables	8,233	-	-	8,233
Cash and cash equivalents	82,221	-	-	82,221
Asset	**739,522**	**-**	**893**	**738,629**
Bank borrowings and other non-current lenders	292,520	-	292,520	-
Other liabilities	11,227	-	-	11,227
Derivatives	1,026	-	1,026	-
Financial instruments	2,529	-	-	2,529
Liabilities	**307,302**	**-**	**293,546**	**13,756**

(in thousands Euro)	December 31st, 2017			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	563,410	-	-	563,410
Other tangible assets	351	-	-	351
Intangible assets	24	-	-	24
Investments accounted for using the equity method	16,879	-	-	16,879
Financial assets at fair value	1,492	1,492	-	-
Non-current deferred tax assets	9	-	-	9
Derivatives	723	-	723	-
Long term financial assets	1,620	-	-	1,620
Inventories	12,140	-	-	12,140
Trade and other current receivables	8,194	-	-	8,194
Cash and cash equivalents	27,042	-	-	27,042
Non-current assets held for sale	38,000	38,000	-	-
Assets	**669,884**	**39,492**	**723**	**629,669**
Bank borrowings and other non-current lenders	243,842	-	243,842	-
Other liabilities	11,175	-	-	11,175
Financial instruments	243	-	243	-
Bank borrowings and other current lenders	22,916	-	22,916	-
Liabilities	**278,176**	**-**	**267,001**	**11,175**

34. Risks, guarantees and commitments

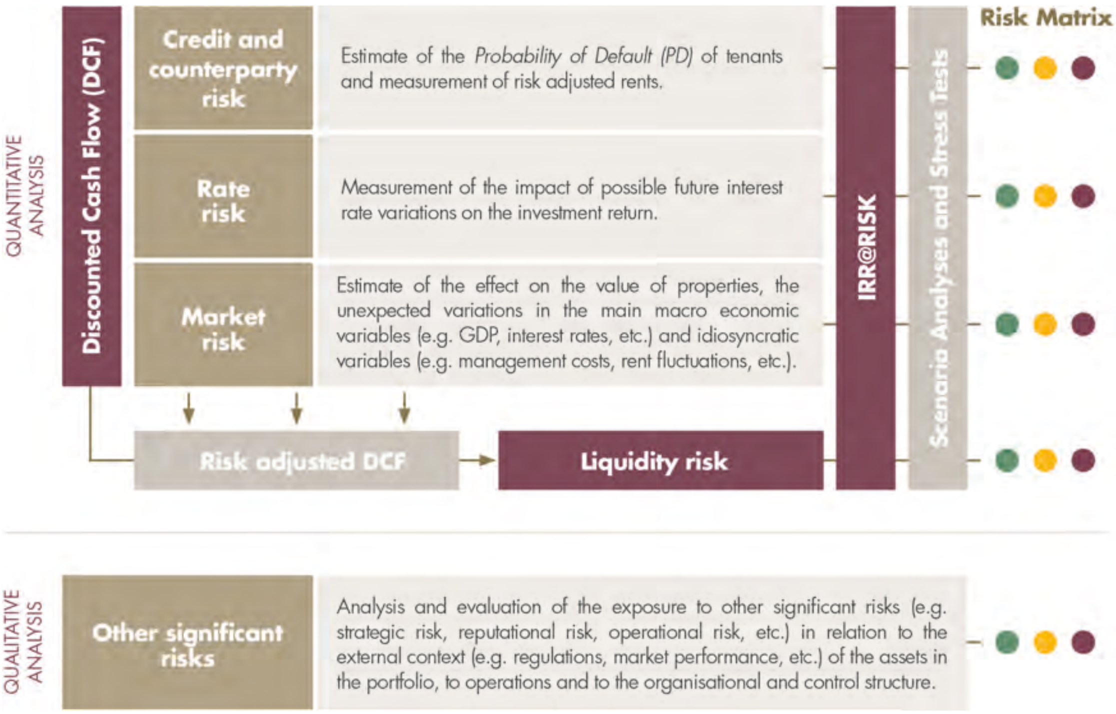
Risks

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

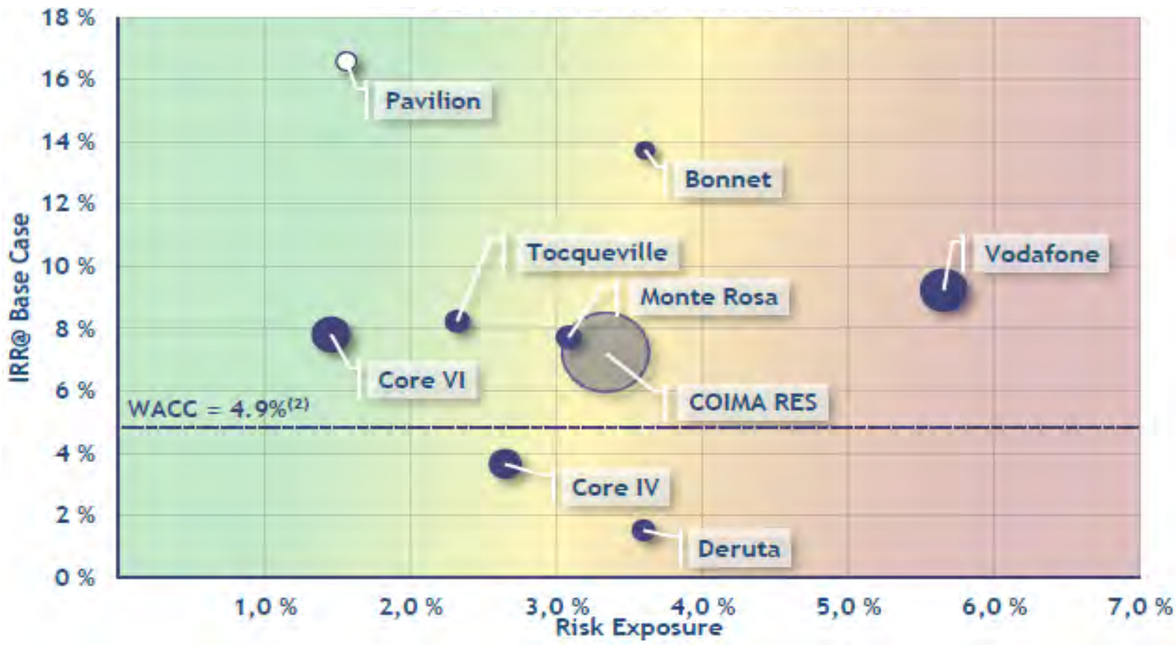
	Risks	COIMA RES mitigation
1	**Market risk** - the risk of losses related to the fluctuation in the prices of properties in the portfolio resulting from adverse changes of macroeconomic variables, the property market and/or the specific characteristics of the properties owned by the Company. This risk 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:



<u>*Guarantees and commitments*</u>

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

As for the loan related to Vodafone and Deutsche Bank portfolio:

- first mortgage of Euro 298,550 thousand;
- pledge on the CCFIV units;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid;
- 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.

As for the loan related to Monte Rosa and Tocqueville:

- first mortgage of Euro 140,000 thousand;
- pledge on the CCFIV units;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid;
- disposal of receivables related to rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on the property.

As for the loan related to Pavilion:

- first mortgage of Euro 63,000 thousand;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid;
- disposal of receivables related to rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on the property.

Regarding the loan of our 100% owned subsidiary COIMA RES SIINQ I, the Company has agreed with the lending banks on the following *security package*:

- first mortgage of Euro 40,000 thousand;
- pledge on the subsidiary shares;
- pledge on operating bank accounts linked to the loan agreement, with the exception of the ordinary account;
- disposal of receivables related to Deruta rents, insurance claims and any other receivables arising from disputes against consultants engaged for the *due diligence* on the property.

Coima Core Fund VI (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	156,000,000	I	UBI Bank

Furthermore, the Fund will contribute Euro 1,400 thousand for the modernisation and redevelopment works on Gioiaotto carried out by NH Hotel, of which Euro 1,260 thousand already paid.

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. For more details refer to the note 16 – Investment accounting for using the equity method

35. Related party transactions

Related party transactions are listed below:

(in thousands Euro)	Receivables	Liabilities	Income	Costs
Coima SGR S.p.A.	-	2,891	-	5,484
Coima S.r.l.	-	180	-	523
Coima Image S.r.l.	-	2	-	-
Porta Nuova Garibaldi Fund	-	103	-	115
Co - Investment 2 SCS	1,620	-	-	-
Managers	-	104	-	240
Directors	46	2,533	-	2,885
Board of Statutory Auditors	-	124	-	124
Others	-	-	-	100

Also note that the Company has signed the following service agreements with related parties in line with market standards:

- Asset Management Agreement with COIMA SGR S.p.A.;
- Agreement with COIMA S.r.l. for the supply, by the latter, of development and project management services, as well as property and facility management services;
- Lease agreement related to the new headquarter of the Company signed on July 21st, 2017, with Porta Nuova Garibaldi Fund, managed by COIMA SGR S.p.A..

In October 2018 the Company, in accordance with the framework agreement with COIMA S.r.l., completed the annual review of the economic conditions of the property and development management agreements.

Property management agreements

As or the property management agreement, the most significant changes are summarized below:

- the duration of the contract has been changed for 5 years (automatically renewable, except for cancellation, for another 5 years) to 3 years (automatically renewable, except for cancellation, for another two years). The period for exercising the notice was reduced from 12 months to 6 months. Under the new standard, in the event of termination, the PM is entitled, subject to approval by the client and following the favorable opinion of the Related Parties Committee upon presentation of adequate justifications, to an indemnity up to a maximum of 6 months of the annual fee;
- a detail performance protocol ("SLA") has been inserted which entails penalties and / or termination of the contract in case of non-compliance;
- the fee has been modified to take account of the administrative complexity of the property. The old standard provided for a payment equal to 1.5% of the gross royalties while the new standard provides for the following scaling:
  - 1.5% of gross royalties in the case of properties with a number of tenants equal to or greater than 5;
  - 1.3% of gross royalties in the case of properties with a number of tenants from 2 to 4;
  - 1.0% of gross royalties in the case of mono-tenant properties;
- a client protection mechanism has been added regarding the calculation of compensation for vacant or partially vacant properties;
- a mechanism of prior approval by the client and the opinion of the Related Party Committee has been included for any additional fees that may have required the PM for greater effort;
- requests for reimbursement of expenses have been rationalized and limited;
- the possibility of interruption of service in the event of non-payment has been considerably reduced;
- the insurance coverage ceiling in favour of the Company was raised to Euro 10 million;
- the liability limitation clause has not been simplified and made more secure for the Company, as it is not already covered by the Insurance;
- the notice for withdrawal from 12 months to 6 months has been reduced and the compensation for 12 months of the annual fee has been eliminated. Fruthermore, the new standard provides for the possibility to withdraw immediately with the payment of the notice (maximum 6 months of the annual fee);
- the following event was included as a cause of termination: "the competent judicial or administrative authority shall appoint, without the consent of the Property Manager, a custodian, a curator or another official with the same functions with reference to the Property Manager";
- the privacy clause has been amended to make it more compliant with the information obligations of the Company;
- the indication of the fees, which will be negotiated from time to time in good faith between the parties, for ancillary services has been eliminated.

Development management agreements

The standard development management agreement has been subject to several amendments and the following are summarized below:

- minimum levels of service have been included;
- have you put several clauses relating to the management of DM relationship with contractors and others involved in each project in terms of material use, violation of agreements, provision of services in the field of law, respect code of ethics, health and safety in the workplace;
- the Compensation has been reduced from 5% to 4.5% of project costs with the provision of an incentive fee equal to 0.5% of project costs if the budget and timeframe for the conclusion of works are respected;
- requests for reimbursement of expenses have been rationalized and limited;
- the possibility of interruption of service in the event of non-payment has been considerably reduced;
- the insurance coverage ceiling in favour of the Company was raised to Euro 10 million;
- the liability limitation clause has not been simplified and made more secure for the Company, as it is not

already covered by the Insurance;

- the timing has been reduced to cancel the contract (from 12 months to six months) and was eliminated on the allowance of 12 months in case of withdrawal. In the case in which the company wishes to withdraw without notice, due allowance will be equal to 3 months plus 10% of the compensation residue;
- new grounds for resolution expressed by the contract have been inserted;
- the privacy clause has been amended to make it more compliant with the information obligations of the Company;
- the scope of services provided has been extended and included in the fee.

Publication of the audit fees pursuant to art. 149-duodecies of Consob Regulation on May 14th, 1999, n.11971

This table contains details of the fees paid to the independent auditors appointed to conduct the audit pursuant to Legislative Decree no. 39 of January 27th, 2010, and to other entities in the network to which the independent auditor belongs:

(in thousands Euro)	Company	Audit firm	Fee
Auditing (*)	Parent company	EY S.p.A.	200
Auditing (**)	Subsidiaries	EY S.p.A.	14
Total			**214**

(*) The fees refer to the Legal Audit of consolidated, interim condensed consolidated and separate financial statements of COIMA RES SIIQ and to the limited review on the interim financial statements as of September 30th, 2018, due for the purpose of obtaining the audit report for the interim dividend of COIMA RES SIIQ pursuant to article 2433 bis of Italian Civil Code. Please note that such amount includes the fees, amounting to Euro 180 thousand, the expenses and the CONSOB contribution, amounting to Euro 20 thousand.
(**) The fees refer to the Legal Audit of COIMA RES SIINQ I financial statements. Please note that such amount includes the fees, amounting to Euro 12 thousand and the expenses, amounting to Euro 2 thousand.

CONSOB RECOMMENDATIONS N. DEM/9017965. FEB. 26TH. 2009

Representation of the property portfolio

Category	Net book value as of December 31st, 2018	Accounting criteria	Fair value as of December 31st, 2018	Last evaluation report date
Real estate investments				
- Vodafone	209,300	IAS 40 Fair Value	209,300	December 31st, 2018
- Monte Rosa	60,400	IAS 40 Fair Value	60,400	December 31st, 2018
- Tocqueville	58,900	IAS 40 Fair Value	58,900	December 31st, 2018
- Pavilion	70,000	IAS 40 Fair Value	70,000	December 31st, 2018
- Deutsche Bank branches	83,390	IAS 40 Fair Value	83,390	December 31st, 2018
- Gioiaotto	79,800	IAS 40 Fair Value	79,800	December 31st, 2018
- Deruta	49,800	IAS 40 Fair Value	49,800	December 31st, 2018
Total amount	**611,590**		**611,590**	
Inventories				
- Deutsche Bank branches	11,930	IAS 2	13,090	December 31st, 2018
Total amount	**11,930**		**13,090**	

Overall debt financial situation of the Group

Real estate investment properties	Net book value	Loan	Type of loan	Maturity date	Significant agreemnts terms
Vodafone	209,300	101,527	Bullet	July 16th, 2023	Financial covenants – Note 25
Deutsche Bank branches	95,320	45,613	Bullet	July 16th, 2023	Financial covenants – Note 25
Monte Rosa	60,400	35,243	Bullet	July 16th, 2023	Financial covenants – Note 25
Tocqueville	58,900	33,843	Bullet	July 16th, 2023	Financial covenants – Note 25
Pavilion	70,000	30.538	Bullet	Oct. 31st, 2023 Oct. 31st, 2021	Financial covenants – Note 25
Gioiaotto	79,800	24,785	Bullet	Mar. 31st, 2022	Financial covenants – Note 25
Deruta	49,800	19,791	Bullet	Jan. 21st, 2022	Financial covenants – Note 25

CERTIFICATION BY THE CEO AND BY THE MANAGING DIRECTOR RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31ST, 2018

pursuant to article 154-bis. para. 5. of Legislative decree no. 58 of February 24th, 1998 and article 81-ter of Consob regulation no. 11971 of May 14th, 1999

1. We, the undersigned. Manfredi Catella, as Chief Executive Officer, and Fulvio Di Gilio, as Manager responsible for preparing the financial reports of COIMA RES S.p.A. SIIQ, having also taken into account the provisions of art. 154-*bis*. paragraphs 3 and 4, of the Legislative Decree No. 58 of February 24th, 1998, hereby certify:
   - the adequacy, with regard to the nature of the Company; and
   - the effective application of the administrative and accounting procedures adopted in preparing the consolidated financial statements.
2. In this regard, we also note that:
   - the adequacy of the administrative and accounting procedures adopted in preparing the consolidated financial statements has been verified by means of the evaluation of the internal control system on the financial information.
   - no material aspects have been detected from the evaluation of the internal control system on the financial information.
3. We also certify that:

   The consolidated financial statements:
   - have been prepared in accordance with the international financial reporting standards recognized in the European Union under the EC Regulation 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
   - are consistent with the entries in the accounting books and records;
   - are capable of providing a true and fair representation of the assets and liabilities. profits and losses and financial position of the issuer and the group of companies included in the consolidation.

   The report on operations provides a reliable analysis of performance and results of operations. and the company's situation, as well as a description of the main risks and uncertainties which the company is exposed.

The report on operations also includes a reliable analysis on the information regarding the relevant transactions with related parties.

Milan, February 21st, 2019

Chief Executive Officer	Manager responsible for preparing the Company's financial reports
Manfredi Catella	Fulvio Di Gilio

This certification has been translated from the original which was issued in accordance with Italian legislation

INDEPENDENT AUDITORS' REPORT

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
COIMA RES S.p.A. SIIQ

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of COIMA RES Group (the Group), which comprise the consolidated statement of financial position as at 31st December 2018, and the consolidated statement of profit/(loss) for the year, the consolidated statement of other items in the comprehensive income statement, consolidated statement of changes in shareholders' equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of COIMA RES S.p.A. SIIQ in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of real estate portfolio	
Investment properties are stated at fair value in accordance with International Financial Reporting Standards IAS 40 Investment properties, recognizing the effects of changes of fair values in the income statement. Management has estimated fair value based on the reports prepared by independent experts. The fair value estimate involves the use of fair value models which require forecasting future costs and revenues of each property and the use of assumptions about the occupancy rate of properties, the markets trends of real estate and financial markets as well as the general economic conditions that affect the rent and the reliability of the tenants. We considered that this item represents a key audit matter, due to the relevance of the investment properties stated at fair value and changes in fair value over the accounting periods, the judgment required by Management in assessing the above mentioned assumptions used in the fair value models, as well as the effects on the Company's and Group's key performance indicators, especially the Net Asset Value. The paragraph 1.3 "Main balance sheet items" of the notes to the financial statements, describes the process adopted to select the independent experts and the fair value models.	Our audit procedures in response to this key audit matter relate to, amongst others, the analysis of the company's procedure related to the selection of the independent expert appointed in order to prepare a fair value estimate, the tracing of these amounts with the balance sheet figures, the critical review and discussion with Group Management and independent experts of the main market assumptions and, also with the support of our real estate experts, detail testing of the reports prepared by the independent experts. Finally, we have examined the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

2

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of COIMA RES S.p.A. SIIQ, in the general meeting held on February 1st 2016, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of COIMA RES S.p.A. SIIQ are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group COIMA RES as at 31st December 2018, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of COIMA RES Group as at 31st December 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of COIMA RES Group as at December 31st 2018 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, March 20, 2019

EY S.p.A.
Signed by: Aldo Alberto Amorese, Partner

This report has been translated into the English language solely for the convenience of international readers.

SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2018

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE YEAR

During 2018, the Company focused its attention on completing the real estate portfolio, selling properties not considered strategic and in asset management activities aimed at extracting value from all the properties, directly and indirectly owned, in the portfolio.

The following is a summary of the most significant events that took place during the 2018 financial year.

In particular, in January 2018, COIMA CORE FUND IV, of which COIMA RES owns all the shares, completed the sale of 21 bank branches for a total amount of Euro 38 million resulting in a partial repayment of the related loan for an amount of Euro 23 million.

On April 12th, 2018, the Shareholders' Meeting appointed (i) the new Board of Directors which will remain in office until the approval of the financial statements as at December 31st, 2018 and (ii) the new board of statutory auditors that will remain in charge until the approval of the financial statements as at December 31st, 2020.

On July 27th, 2018, COIMA RES completed the acquisition of a property located in Milan, via de Tocqueville 13. The real estate complex consists of a building with a commercial area of over 9,000 sqm excluding parking areas. The property is entirely leased to the following landlords: Sisal S.p.A., which accounts for about 89% of the total area, and SGB S.r.l., which occupies the residual commercial areas. Furthermore, two leases are in place with Inwit S.p.A. and Galata S.p.A. for telephone antennas placed on the roof of the building.
On July 27th, 2018, the Company contracted a new pool loan for a total of Euro 70 million to finance the acquisition of the aforementioned property and refinance the acquisition of the property located in Via Monte Rosa 93 in Milan during October 2017 with the use of the Company's available cash. Furthermore, on the same date, the Company extended the duration of the loan, contract for the acquisition of the Vodafone property and for the refinancing of the acquisition of the Deutsche Bank portfolio, of Euro 149 million of additional 2 years, expiring in July 2023.

On August 1st, 2018, the Company signed a lease agreement with IBM for 9 years, renewable for a further 6 years, starting from 2019 and conditional on the acquisition of the property called Pavilion.
On October 31st, 2018, the Company entered into a new loan for a total of Euro 31 million for the acquisition of the property called Pavilion. The acquisition took place on November 23rd, 2018. The Pavilion is a property with a total area of about 3,000 square meters located at Milan in Piazza Gae Aulenti.

On December 17th, 2018, Coima Core Fund VI (ex "MHREC"), of which COIMA RES owns 86.7% of shares, sold the property located in Piazza Don Sturzo in Rome for a total amount of Euro 90.3 million generating a profit from the gross sale of approximately Euro 7 million.

In terms of transparency, COIMA RES received two Gold Awards from the European Public Real Estate Association ("EPRA") for the 2017 Annual Report and the 2017 Sustainability Report which confirm the awards awarded last year. The EPRA is the most important association of the listed real estate sector in Europe, whose goal is to define best practices in terms of accounting, reporting and corporate governance in order to provide high quality information to investors and create a framework of reference, both debate and decision-making, on the fundamental issues for the future of the sector.

OVERVIEW OF THE FINANCIAL RESULTS

The table below summarizes the Income Statement for the financial year 2018 which shows a net result of Euro 36.9 million, up by Euro 20.6 million compared to December 31st, 2017.

(in million Euro)	December 31st, 2018	December 31st, 2017
Rents	18.8	14.6
Net real estate operating expenses	(1.9)	(1.1)
Net rents	**16.9**	**13.5**
Other revenues	0.0	0.0
G&A expenses	(6.9)	(5.9)
Other expenses	(2.3)	0.1
Non-recurring general expenses	(1.2)	(0.7)
EBITDA	**6.5**	**7.0**
Net depreciation	(39.0)	(1.2)
Net movement in fair value	25.9	3.3
EBIT	**(6.6)**	**9.1**
Financial income	0.0	0.5
Income from investments	47.1	11.4
Financial expenses	(3.6)	(4.7)
Profit before taxation	**36.9**	**16.3**
Income tax	(0.0)	(0.0)
Profit	**36.9**	**16.3**

Net Operating Income (also "**NOI**") amounts to Euro 16.9 (Euro 13.5 million as of December 31st, 2017) and represents 89.9 % of the total lease rents.

NOI includes rents related to Vodafone and Monte Rosa 93 for all the year, and Tocqueville that was acquired in July 2018. Pavilion, acquired in November 23rd, 2018, did not contribute to the NOI of the year because the lease agreement starts from February 2019.

Net real estate operating costs, amounting to Euro 1.9 million, are mainly related to property taxes, property management fee and the net maintenance and operating costs of the properties. Such expenses increased by Euro 0.8 million compared to December 31st, 2017 in line with the increase of the real estate portfolio and the related rents.

G&A expenses, amounting to Euro 6.9 million, include the management fees, employee expenses, corporate governance and control function expenses and advisory, audit, IT, marketing, communication and costs related to the management of the Company. The increase of Euro 1.0 million compared to December 31st, 2017 is mainly due to the increase of management fee, expenses related to the headquarter of the Company and personnel costs related to the average number of employees.

The other expenses, amounting to Euro 2.3 million (Euro 0.1 million as December 31st, 2017) mainly include the change in fair value of financial instruments granted to the CEO and key mangers of the Company.

Net depreciation, amounting to Euro 39.0 million (Euro 1.2 million at December 31st, 2017), are almost entirely made up of the impairment test carried out on COIMA CORE FUND IV for the distribution of income during the year 2018.

Net movement in fair value of the real estate portfolio, amounting to Euro 25.9 million, increased by Euro 22.6 million compared to December 31st, 2017 and mainly refers to the revaluation of Pavilion. The revaluations of Vodafone and Tocqueville contribute to the overall changes in fair value.

Financial income decrease by Euro 0.5 million, due to the receipt of VAT refunds in October 2017. VAT receivables generated interest income of 2% on annual basis.

Income from investments, amounting to Euro 47.1 million, increased by Euro 35.7 million and include dividend distributed during 2018 by COIMA RES S.p.A. SIINQ I, Coima Core Fund IV and Coima Core Fund VI. The increase is mainly due to the disposal of the Deutsche Bank branches of Coima Core Fund IV.

Financial expenses amounting to Euro 3.6 million (Euro 4.7 million as of December 31st, 2017), refer to the existing loans at the date of these financial statements, remunerated at an all-in cost of 200 bps, including hedging costs. The decrease refers to the repayments made during the year and the positive effect of the renegotiation of the loan stipulated for the acquisition of Vodafone and the refinancing of the acquisition of the Deutsche Bank portfolio net of the new loans contracted for the acquisition of the Tocqueville and Pavilion.

Based on the results indicated above, the Company's Board of Directors has decided to propose to the Shareholders' Meeting the distribution of a dividend of Euro 0.30 per share. It should be noted that in November 2018 an interim dividend of Euro 0.10 per share was paid.

The table below shows the Balance Sheet at December 31st, 2018:

(in million Euro)	December 31st, 2018	December 31st, 2017
Assets		
Real estate investments	398.6	268.9
Investments in subsidiaries	213.6	250.3
Other non-current assets	1,3	2.2
Total non-current assets	**613.5**	**521.5**
Receivables	8.1	3.9
Cash and cash equivalents	28.6	18.5
Total current assets	**36.7**	**22.4**
Total assets	**650.2**	**543.9**
Liabilities		
Shareholders' equity	**392.7**	**367.5**
Bank borrowings	246.8	148.1
Other non-current liabilities	2.3	0.4
Total non-current liabilities	**249.1**	**148,5**
Current bank borrowings	-	22,7
Trade payables and other current liabilities	8.4	5,3
Total current liabilities	**8.4**	**28,0**
Total liabilities	**257.7**	**176,4**
Total liabilities and shareholders' equity	**650.2**	**543,9**

Real estate investments amounting to Euro 398.6 million as at December 31st, 2018, increased by Euro 129.7 million for the acquisition of the property located in Milan, Via Tocqueville 13, at a price of Euro 57.7 million (including the acquisition costs), and the acquisition of Pavilion, at a price of Euro 46.1 million (including the acquisition costs) and net revaluation of Euro 25.9 million.

Investments in subsidiaries and associated companies, amounting to Euro 213.6 million, decreased by Euro 36.7 million due to value adjustment of the investment in COIMA CORE FUND IV for an amount of Euro 38.9 million because of dividend distributions of the year net of the recalls effected by Bonnet Fund, for Euro 2.2 million.

Other non-current assets, amounting to Euro 1.3 million, decreased by Euro 0.9 million mainly due to the closure of the management mandate granted to Pictet in 2017.

Trade receivables and other current receivables, amounting to Euro 8.1 million, increased by Euro 4.2 million, mainly due to dividends approved but not distributed by Coima Core Fund IV and Coima Core Fund VI and for the increase in VAT receivables deriving from the acquisition of Pavilion.

The Company's net financial debt amounts to Euro 218.1 million as of December 31st, 2018 and increases by Euro 65.9 million due to the combined effect of the new loans related to the acquisition of Tocqueville and Pavilion, net of the reimbursement made on the loan of Vodafone and Deutsche Bank portfolio, and the increase in cash and cash equivalents.

The Company has the following outstanding loans:

(in thousands Euro)	December 31st 2018	Maturity	Rate	% hedge
Vodafone, Deutsche Bank branches	147,140	July 16th 2023	Eur 3M + 180 bps	70%
Monte Rosa, Tocqueville	69,086	July 16th 2023	Eur 3M + 160 bps	72%
Pavilion	30,538	October 31st 2023 October 31st 2021	Eur 6M + 150 bps Eur 6M + 130 bps	80%

Non-current payables, amounting to Euro 2.3 million, (Euro 0.4 million as at December 31st, 2017) refer to the long-term financial instruments issued by the Company and granted to management, whose *fair value* amounts to Euro 1.0 million.

Trade and other current payables, amounting to Euro 8.4 million, increase by Euro 3.1 million compared to December 31st, 2017 and mainly include payables to suppliers and invoices to be received for an amount of Euro 5.0 million (Euro 3.5 million at December 31st, 2017) and deferred income for an amount equal to Euro 1.4 million (Euro 1.4 million at December 31st, 2017). The item also include the coupon for 2017 of the financial instruments granted to the CEO and key managers amounting to Euro 1.5 million and, in the trade payables, the promote fee of COIMA SGR, amounting to Euro 1.0 million, is included.

The Company's shareholders' equity amounts to Euro 392.7 million and increased by Euro 25.2 million because of the profit for the year of Euro 36.9 million, net of dividends paid of Euro 6.5 million, and of the interim dividends paid in November 2018 of Euro 3.6 million.

The table below shows the Company's net financial debt at December 31st, 2018, in accordance with the ESMA/2013/319 recommendation.

(in thousand Euro)	December 31st, 2018	December 31st, 2017
(A) Cash	28,633	18,506
(B) Cash equivalents	-	-
(C) Trading securities	-	-
(D) Liquidity (A)+(B)+ (C)	**28,633**	**18,506**
(E) Current financial receivables		
(F) Current bank borrowings	-	-
(G) Current portion of non-current bank borrowings	-	(22,720)
(H) Other current financial debt	-	-
(I) Current financial debt (F)+(G)+(H)	**-**	**(22,720)**
(J) Net current liquidity (I)+(E)+(D)	**28,633**	**(4,214)**
(K) Non-current bank borrowings	(246,764)	(148,034)
(L) Bonds issued	-	-
(M) Other non-current financial debt	-	-
(N) Non-current financial indebtedness (K)+(L)+(M)	**(246,764)**	**(148,034)**
O) Net liquidity (J)+(N)	**(218,131)**	**(152,248)**

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

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

REMUNERATION REPORT

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

ORGANISATIONAL MODEL AND CODE OF ETHICS

On July 27th, 2016, the Board of Directors approved the code of ethics and the organisational model as provided for by Legislative Decree no. 231/2001, and on April 12th, 2018, established the supervisory body and appointed as members Marco Lori, as Chairman, Michele Luigi Giordano and Mario Ippolito, from the Carnelutti law firm.

RESEARCH AND DEVELOPMENT

COIMA RES S.p.A. SIIQ did not conduct any research and development activities during 2018.

TREASURY SHARES AND SHARES OR UNITS OF PARENT COMPANIES

At December 31st, 2018, the Company did not hold any treasury shares or shares in parent companies.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

With reference to the nature of the relationships between Group companies and related parties please refer to the description in the Notes, paragraph 64.

SUBSEQUENT EVENTS

In February 2019, COIMA CORE FUND IV, 100% owned by COIMA RES, signed a 9-year lease agreement for a bank branch located in Milan which was previously vacant. The new tenant is active in the healthcare services sector. The branch represents 1,700 sqm, i.e. 18% of the total vacant surface within the Deutsche Bank branches portfolio. The new leasing agreement will contribute to Euro 240,000 of additional gross rent per annum for COIMA RES on a stabilised basis. Up to Euro 50,000 of capex will be spent by COIMA RES to readapt the premises.

BUSINESS OUTLOOK

The year ended December 31st, 2018 represents the second full year of operations of the Company. In 2018 new investments were made, amounting to around Euro 104 million, which will become fully operational over the next few years and the portfolio turnover activity has increased, with disposals of over Euro 130 million on consolidated basis.

The result for the financial statements for the year ended December 31st, 2018 is Euro 36.9 million, an increase of Euro 20.6 million (+ 126%) compared to the previous year's profit. In consideration of the positive performance of operations, the Company's Board of Directors had the opportunity to propose to the Shareholders' Meeting a dividend of Euro 10.8 million (Euro 0.30 per share), of which Euro 3.6 million (Euro 0.10 per share) paid as interim dividend in November 2018.

The Company expects that the portfolio composed and described in the previous pages, including the investments made in 2018, may generate revenues that will have a positive result for the year 2019 and the possibility of distributing further dividends to shareholders. Furthermore, as a result of the sale of the property located in Rome, the Company has approximately Euro 44 million of indirect financial resources to invest in additional properties that may possibly contribute to improving the profile of the Company's portfolio also in terms of additional income.

Based on the foregoing, the Directors have prepared these financial statements with a view to the continuation of the activity since they believe that all the elements that confirm the Company's ability to continue operating as an operating entity continue to exist.

SIIQ REGIME

Application of SIIQ regime is subordinated to the condition which companies engage primarily the property leasing activities.

The prevalence shall be tested according to two parameters:

a) Financial: land and buildings held as property or other real right for rental activities represent at least 80% of the assets - "*asset test*".
b) Economic: in each financial year. revenues from rental activities representing at least 80% of the positive components of the income statement - "*profit test*" (ratio of exempt income and total proceeds).

At the date of these financial statements, the Company respects both the two indices as the investments made are entirely of a real estate nature and the revenues are entirely generated by these investments.

OTHER INFORMATIONS

Option to derogate (OPT OUT) the obligation to publish a document in the event of significant transactions

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

Definition of SMEs

With reference to the definition of SMEs, set out in Article 1, paragraph 1, letter w-quarter.1) of the Consolidated Finance Act, we report that, at the date of these financial statements, the Company falls that definition because it has a lower turnover of Euro 300 million and a market capitalization less than Euro 500 million as shown in the table below.

Average cap. 2018	Average cap. 2017	Average cap. 2016	Revenues 2018	Revenues 2017	Revenues 2016	Revenues details 2017/2018	Revenues details 2016
289,368,398	279,022,354	265,658,109	36,260,844	34,241,625	15,533,190	Rents	Rents

PROPOSAL OF APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR AS AT DECEMBER 31st, 2018 AND DISTRIBUTION OF DIVIDEND

The Financial Statements as at December 31st, 2018, closed with a net profit of Euro 36,889,839.
It proposes:

- to allocate Euro 25,869,732 to Valuation Reserve
- to allocate Euro 218,007 to Retained Earnings
- to distribute to Shareholders a dividend of Euro 10,802,100 (Euro 0.30 per share), of which Euro 3,600,700 (Euro 0.10 per share) paid in advance on November 21st, 2018, for every ordinary share outstanding at the time of dividend payment date. The total amount of dividend is Euro 10,802,100 based on outstanding shares.

Milan, February 21st, 2019

FINANCIAL STATEMENTS

STATEMENT OF PROFIT/(LOSS) FOR THE YEAR

(in Euro)	Notes	December 31st, 2018	*of which related parties*	December 31st, 2017	*of which related parties*
Income statements					
Rents	37	18,771,609	-	14,554,064	-
Net real estate operating expenses	38	(1,901,522)	(1,143,386)	(1,090,675)	(9,726)
Net rents		**16,870,087**	**(1,143,386)**	**13,463,389**	**(9,726)**
G&A expenses	39	(8,025,920)	(5,158,772)	(6,609,618)	(3,832,958)
Other operating expenses	40	(2,313,464)	(2,286,030)	73,824	148,000
Gross operating income		**6,530,703**	**(8,588,188)**	**6,927,595**	**(3,694,684)**
Net depreciation	41	(38,963,650)	-	(1,204,879)	-
Net movement in fair value	42	25,869,732	-	3,344,345	-
Net operating income		**(6,563,215)**	**(8,588,188)**	**9,067,061**	**(3,694,684)**
Income from investments	43	47,039,755	47,039,755	11,373,571	11,373,571
Financial income	44	12,634	-	536,631	-
Financial expenses	44	(3,599,335)	-	(4,704,528)	-
Profit before tax		**36,889,839**	**38,451,567**	**16,272,735**	**7,678,887**
Income tax	45	-	-	(10,919)	-
Profit		**36,889,839**	**38,451,567**	**16,261,816**	**7,678,887**

OTHER COMPREHENSIVE INCOME STATEMENT

(in Euro)	Notes	December 31st, 2018	December 31st, 2017
Profit for the year		**36,889,839**	**16,261,816**
Other comprehensive income to be reclassified to profit of the period in subsequent periods	54	(1,574,953)	(56,342)
Other comprehensive income not to be reclassified to profit of the period in subsequent periods		-	-
Other comprehensive income		**35,314,886**	**16,205,474**

STATEMENT OF FINANCIAL POSITION

(in Euro)	Notes	December 31st, 2018	*of which related parties*	December 31st, 2017	*of which related parties*
Assets					
Real estate investments	46	398,600,000	-	268,900,000	-
Other tangible assets	47	318,352	-	350,718	-
Other intangible assets	47	68,751	-	24,229	-
Investments in subsidiares	48	197,581,939	-	236,448,645	-
Investments in associated companies	49	16,054,159	-	13,857,143	-
Financial assets at fair value	50	-	-	1,491,992	-
Non-current deferred tax assets		-	-	2,621	-
Derivatives	51	841,914	-	377,145	-
Total non-current assets		**613,465,115**	**-**	**521,452,493**	**-**
Trade and other current receivables	52	8,068,885	2,520,670	3,926,914	46,495
Cash and cash equivalents	53	28,633,146	-	18,506,200	
Total current assets		**36,702,031**	**2,520,670**	**22,433,114**	**46,495**
Total assets		**650,167,146**	**2,520,670**	**543,885,607**	**46,495**
Liabilities					
Capital stock		14,450,800	-	14,450,800	-
Share premium reserve		335,549,475	-	335,549,475	-
Valuation reserve		(956,533)	-	16,784	-
Interim dividend		(3,600,700)	-	(3,240,193)	-
Other reserve		8,293,679	-	4,447,171	-
Profit/ (loss) carried forward		2,091,782	-	-	-
Profit/ (loss) for the period		36,889,839	-	16,261,816	-
Shareholders' equity	**54**	**392,718,342**	**-**	**367,485,853**	**-**
Bank borrowing and other non-current lenders	55	246,764,222	-	148,033,817	-
Deferred tax liabilities		-	-	6,711	-
Payables for post-employment benefits	56	42,608	-	19,781	-
Provision for risk and charges	57	130,000	-	122.526	-
Derivatives	58	1,025,788	-	-	-
Trade payables and other non-current liabilities	59	1,124,740	998,000	243,000	243,000
Total non-current liabilities		**249,087,358**	**998,000**	**148,425,835**	**243,000**
Bank borrowing and other current lenders	55	-	-	22,719,802	-
Trade payables and other current liabilities	60	8,350,527	4,882,639	5,243,198	2,014,571
Current tax payables		10,919	-	10,919	-
Total current liabilities		**8,361,446**	**4,882,639**	**27,973,919**	**2,014,571**
Total liabilities		**257,448,804**	**5,880,639**	**176,399,754**	**2,257,571**
Totale liabilities and shareholders' equity		**650,167,146**	**5,880,639**	**543,885,607**	**2,257,571**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euro)	Capital stock	Share premium reserve	Valuation reserve	Other reserves/ (Interm dividend)	Profit / (loss) carried forward	Profit / (loss) for the year	Total Shareholders' equity
Balance as of January 1st, 2017	**14,450,800**	**335,549,475**	**73,126**	**-**	**(320,439)**	**8,835,962**	**358,588,924**
Profit carried forward	-	-	-	4,447,171	320,439	(4,767,610)	-
Dividend distribution on 2016 results	-	-	-	-	-	(4,068,352)	(4,068,352)
Interim dividend on 2017 results	-	-	-	(3,240,193)	-	-	(3,240,193)
Cash flow hedge reserve	-	-	(69,295)	-	-	-	(69,295)
Available for sale reserve	-	-	12,953	-	-	-	12,953
Profit /(loss) for the period	-	-	-	-	-	16,261,816	16,261,816
Balance as of December 31st, 2017	**14,450,800**	**335,549,475**	**16,784**	**1,206,978**	**-**	**16,261,816**	**367,485,853**
Adjustments [9]	-	-	(12,953)	(44,377)	(57,330)	-	-
Allocation of the profit 2017	-	-	-	4,505,474	2,034,452	(6,539,926)	-
Dividend distribution on 2017 results [10]	-	-	-	3,240,193		(9,721,890)	(6,481,697)
Interim dividend on 2018 results	-	-	-	(3,600,700)	-	-	(3,600,700)
Evaluation of derivatives	-	-	(960,364)	(614,589)	-	-	(1,574,953)
Profit /(loss) for the period	-	-	-	-	-	36,889,839	36,889,839
Balance as of December 31st, 2018	**14,450,800**	**335,549,475**	**(956,533)**	**4,692,979**	**2,091,782**	**36,889,839**	**392,718,342**

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

CASH FLOW STATEMENT

(in Euro)	Notes	2018	2017
Profit for the period before tax		36,889,839	16,272,735
Adjustments to reconcile the profit to net cash flow:			
Net depreciation	41	38,963,650	1,204,879
Severance pay	56	62,477	45,448
Net movement in fair value property	42	(25,869,732)	(3,344,345)
Financial income	44	(11,492)	(17,763)
Financial expenses	44	167,598	1,017,716
Net movement in fair value of financial instruments	58	755,000	(148,000)
Changes in working capital:			
(Increase) / decrease in trade and other current receivables	52	(4,141,971)	6,780,266
(Increase) / decrease in trade payables and other current liabilities	60	3,107,330	(310,098)
(Increase) / decrease in trade payables and other non-current liabilities	59	94,564	-
Net cash flows generated (absorbed) from operating activities		**50,017,263**	**21,500,838**
Investment activities			
(Acquisition) / disposal of real estate property	46	(103,830,268)	(58,555,655)
(Acquisition) / disposal of othe tangible and intagible assets	47	(48,876)	(382,835)
(Acquisition) / disposal of other non-current receivables		-	38,000,000
(Increase) / decrease in financial activities	50	1,447,184	(1,485,325)
Purchase of subsidiaries		-	(27,500,000)
Purchase of associated companies	49	(2,203,937)	(642,857)
Net cash flow generated (absorbed) from investment activities		**(104,635,897)**	**(50,566,672)**
Financing activities			
Shareholders' equity contribution / (dividends paid)	54	(10,082,397)	(7,308,545)
(Acquisition) / closing of derivatives	51	(1,224,000)	-
Increase / (decrease) in bank borrowing and other non-current lenders	55	99,451,977	-
Repayment borrowing	55	(23,400,000)	(42,062,613)
Net cash flows genereted (absorbed) from financing activities		**64,745,580**	**(49,371,158)**
Net increase / (increase) in cash and cash equivalents		10,126,946	(78,436,992)
Cash and cash equivalents at the beginning of the period		18,506,200	96,943,192
Cash and cash equivalents at the end of the period		**28,633,146**	**18,506,200**

NOTES TO THE FINANCIAL STATEMENTS

Principles of preparation and changes in accounting standards

Principles of preparation

The financial statements at December 31st, 2018, have been prepared in accordance with the IAS/IFRS accounting standards set forth by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission as established by Community Regulation no. 1606 of July 19th, 2002.

The financial statements have been prepared under the historical cost principle, except for investment properties, financial, derivative financial instruments, contingent consideration and liabilities for non-cash distributions that are recognised at fair value. The carrying value of assets and liabilities that are subject to hedging transactions at fair value and would otherwise be carried at amortised cost, has been adjusted to take account of changes in fair value attributable to the hedged risks.

The financial statements include the statement of financial position, the statement of profit for the year, the statement of other comprehensive income, the Statement of Changes in Equity, the Cash Flow Statement and the Notes to the financial statements.

In accordance with art.5, paragraph 2 of Legislative Decree no.38 of February 28th, 2005 the financial statements were prepared in Euro. Unless otherwise specified, all amounts of the separate financial statements are in Euro. Rounding of the data in the notes to the financial statements is intended to ensure consistency with the figure reported in the balance sheet and income statements.

The financial statements give information about the amounts reported last year and they have been prepared on a going concern basis, in accordance with the principle of accrual, principle of relevance and significance of information and the prevalence of substance over form.

Assets and liabilities and revenues and expenses are offset only if required or permitted by an accounting standard or its interpretation.

The accounts adopted are consistent with those established by IAS 1 - "Presentation of Financial Statements". In particular:

- the statement of assets has been prepared by classifying assets and liabilities according to the "current / non-current" criterion;
- the income statement and comprehensive income statement have been prepared by classifying operating expenses by nature;
- the financial statements have been prepared using the "indirect method";
- statement of changes of changes in shareholders’ equity.

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

Main balance sheet items

Real estate investments

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

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

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

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

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

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

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

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

According to IFRS 13, an entity must employ valuation techniques appropriate to the circumstances and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value is measured based on observable transactions in an active market, adjusted if necessary, depending on the specific characteristics of each investment property. If such information is not available, so as to determine the fair value for measurement of the investment property, the company uses the discounted cash flow method (for a period that varies according to the duration of existing contracts) related to future net income from leasing of property, and it is assumed that the property is sold at the end of this period.

Investment property is valued with the support of an external independent valuation company, duly recognized in terms of professional qualification and recent experience in the leasing and characteristics of the property evaluated.

The Board of Directors of the Company, decided to appoint as independent expert CBRE Valuation S.p.A. The independent expert has the task of defining, every six months, the market value of Vodafone, Monte Rosa, Tocqueville and Pavilion and any further real estate properties that the Company should acquire. Valuations are

prepared in compliance with the standard "*RICS Valuation - Professional Standards*" and in compliance with applicable regulations and the recommendations provided by ESMA European Securities and Markets Authority.
The Company has adopted an internal procedure for the selection and appointment of independent experts as well as for the valuation of investment properties. On the selection and appointment of the independent experts, the procedure requires specific operational binding instructions to verify, through appropriate written statements or acquiring specific certifications, the duration of the appointment (four-year and not renewable), the independence and incompatibility requirements of experts.
The procedure gives also guidelines for the determination of the remuneration to the independent expert so as not to undermine the independence of the same. The remuneration provided for assessments at December 31st, 2018 has been preliminarily defined as a fixed amount based on the size of the individual investment property.
The process by which the Company determines the fair value of its real estate investments, however, falls within the estimation processes, which implies the forecast of costs and revenues related to each investment and the formulation of assumptions on variables of calculation models that depend on expectations the performance of real estate and financial markets as well as the general economic conditions that affect rent levels and the reliability of tenants, and that, in consideration of the uncertainty connected to the realization of any future event, are able to determine variations, even significant and in the short term, the conclusions of the experts and therefore of the results of the financial statements, albeit in constant evaluation models.
The evaluations are also analyzed by the Company in order to verify the correctness and consistency of the assumptions used by the independent expert. As for the use of estimates regarding real estate investments, refer to paragraph 46 – Real estate investments.

Property, plant and equipment

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

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

Machinery and equipment	5 years
Plant and office properties	12 years

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

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

Intangible assets

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

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

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

Investments in associated and joint venture

In accordance with IFRS 10 will have control over a subsidiary if and only if, simultaneously:

- it has the power over the subsidiary, qualified in possession of valid rights on its relevant activities, that is, those activities that have a significant impact on its profitability;
- it has the actual ability to exercise such power over the subsidiary so as to affect the profitability of the same;
- the profitability (positive or negative) of its investment changes in relation to the entity's subsidiary profitability.

In accordance with IFRS 11, a joint venture is a company over which the Company exercises control in a shared with third parties. Joint control of a company is qualified as sharing, contractually agreed, the control thereof, and may exist when the relevant decisions are made with the unanimous control of joint ventures.
In accordance with IAS 28, a related entity is a company in which the Company has significant influence, described as the power to participate in financial and operating strategic decisions despite of not having control.

Investments in subsidiaries, joint ventures and associates are initially recognized at the cost incurred for the acquisition or establishment, represented by the fair value at the exchange date and all other charges.

Investments in subsidiaries to joint ventures and associates are reviewed annually, or more frequently if necessary, to check for any impairment. Where there is evidence that these investments have suffered a loss in value, the impairment is recognized in the income statement as depreciation. If the company's share of the losses of the subsidiary exceeds the carrying value of the investment, and the company is obliged to or wishes to respond, we are reduced to zero the value of the investment and the share of further losses is recognized as a provision. If, subsequently, the impairment is reversed or reduced, it is recognized in the income statement as a value restoration of the cost limits.

Dividends paid by subsidiaries, joint ventures and associates are recognized in the income statement, while respecting the principle of competence, at the time when the right to credit (generally coincides with the distribution resolution adopted by the Shareholders' Meeting of the subsidiaries).

Cash and cash equivalents

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

Net Equity

Capital stock

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

Valuation reserve

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

Cash dividend and Interim dividend

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

Severance pay

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

Provision for risks and charges

The provisions for risks and charges are recognized when the Company has a present obligation (legal or constructive) as a result of a past event. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate. the risks specific to the liability. When discounting is used. the increase in the provision due to the passage of time is recognized as a finance cost.

Financial liabilities - Initial recognition and measurement

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

Loans and borrowings

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

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

Valuation of the financial instruments

The financial instruments are incentives granted to management in relation to their significant contribution at start-up and development of the Company. They will be entitled to payment of a yield related to changes in Net Asset Value (NAV) to be performed including remuneration in shares of the Company. The financial instruments are recognized initially at fair value recording the related cost in the income statement, and by subsequently evaluating at each balance sheet date the effects of the change in the fair value recognized in the income statement during the period in which such occur. The fair value at the closing date of the period is determined by estimates made by management. including through the support of independent experts. The estimates are subject to hypotheses and assumptions that could be different from initial estimate.

Derivatives financial instruments and hedge accounting

The Company uses derivative financial instruments, such as interest rate caps and interest rate swaps to hedge the risk of cash flow of financial debts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.
Before January 1st, 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in

the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.
Beginning January 1st, 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

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

Recording of revenues, income and expenses in the income statement

Revenues

Revenue is recognized to the extent in which it is likely that economic benefits will be obtained by the company and the revenue can be measured reliably. Revenue is measured at fair value of the amount received, excluding discounts, rebates and other sales taxes.
The following specific recognition criteria of revenues must always be considered before recognition in the income statement:

- *rental income*: rental income from the investment property owned by the Company is recognised on an accrual basis, in accordance with the international accounting standard IAS 17 (paragraph 50), conforming the maturity lease agreements;
- *income from real estate disposals*: income from the real estate disposals are recognized in the income statement when the contractual obligation performance is effectively executed and then transferred to the buyer of all the significant risks and rewards associated with ownership, which is normally transferred on the date of signing the deed notarial, when the transaction price is generally also settled.

Costs

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

Financial income and charges

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

Taxes

Current taxes

As for the non-exempt income, current income taxes are calculated based on estimated taxable income. Liabilities for current taxes are recognised in the balance sheet net of any advance taxation.

Tax payables and receivables for current taxes are measured at the amount expected to be paid /received to/from the tax authorities on the basis of the nominal tax rates in effect at the balance sheet date. except for those directly recorded in shareholders' equity. in that such relate to adjustment of assets and liabilities recognised directly to equity. Other non-income taxes. such as taxes on property and capital. are included in the operating costs.

The Company is under the SIIQ tax regime. SIIQs are subject to neither corporate income tax (“**IRES**”) nor regional tax on productive activities (“**IRAP**”) on the business income deriving from letting real property and on other real estate related items of income. On the other hand, the earnings and profits corresponding to the exempt income are subject to taxation in the hands of the shareholders upon distribution.
Taxes are therefore calculated on the income produced by the non-exempt income.

Deferred tax

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

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

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

Earnings Per Share

Earnings Per Share - basic

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

Earnings Per Share - diluted

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

Use of estimates

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

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

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

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

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

- *investment property*: is initially recognised at cost including incidental expenses and acquisition, consistent with IAS 40, and subsequently measured at fair value, recognising in the income statement the effects of changes in fair value of investment property in the year such occur. The fair value at the closing date of the period is determined by valuation of the real estate assets performed by independent experts; this valuation is subject to hypotheses, assumptions and estimates. Therefore, a valuation by different experts might not result in an identical opinion;
- *financial assets at fair value*: after initial recognition, these assets are measured at fair value and their unrealized profits and losses are recorded in the income statement. The fair value is determined by management based on the market quotations of the securities funds at the reference date;
- *financial instrument*: financial instruments are initially valued at *fair value*, recording the effects deriving from the change in fair value in the period in which they occur in the income statement. *Fair value* is determined through estimates made by management, also through the support of independent experts; this valuation is subject to estimation processes, which implies the forecast of cash flows based on variables that depend on expectations of the performance of the real estate and financial markets as well as the general market conditions;
- *derivative financial instruments*: derivative financial instruments are measured at fair value, recognizing the effects deriving from the change in fair value in the period in which they occur. The fair value is determined through estimates made by management based on market prices at the reference date;
- *taxes*: income taxes, related to the non-exempt income, are estimated based on the prediction of the actual amount that will be paid to the Inland Revenue Office based on the income tax declaration; recognition of deferred tax assets is based on expectations of taxable income in future years, and pre-paid and deferred taxes are determined at the tax rates expected to be applied during the years in which temporary differences will be reversed.

New accounting standards, interpretations and amendments adopted by the Company

The accounting standards adopted in the preparation of the financial statements are consistent with those in effect at the balance sheet date inclusive of new standards, amendments and interpretations effective from December 31st, 2017, except for the adoption of new standards effective as of January 1st, 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.
The Company applies, for the first time, IFRS 9 - Financial Instruments and IFRS 15 - Revenues from contracts with customers.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company.

Adoption of new accounting standard IFRS 15 e IFRS 9

Starting from January 1st, 2018, the new accounting standards IFRS 15 on the recognition of revenues and the accounting standard IFRS 9 on financial instruments must be applied, while from January 1st, 2019 the new accounting standard IFRS 16 on leases will come into force.

IFRS 15 Revenue from contracts with customers

IFRS 15 replaces IAS 11 - Customs work, IAS 18 - Revenues and related interpretations and applies to all revenues from contracts with customers, unless these contracts fall within the scope of other principles such as for example leases, for which the reference principle is IAS 17. The new standard introduces a new five-phase model that will apply to revenues from contracts with customers. IFRS 15 provides for the recognition of revenues for an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer.
The principle involves the exercise of a judgment by the Company, which takes into consideration all the relevant facts and circumstances in the application of each phase of the model to the contracts with its customers. The standard also specifies the accounting of incremental costs associated with obtaining a contract and costs directly linked to the completion of a contract.
The Company has applied the new standard using the full retrospective application method. However, since the revenues of the group are mainly leased, adoption did not have any impact on the financial statements.

Leasing

The Company is characterized by investments in high quality real estate portfolios, concentrated mainly in primary Italian cities, with high-profile tenants and long-term leases, including adequate safeguard clauses and clauses that provide for the tenant to pay the costs and ordinary and extraordinary maintenance works. Currently, the rental revenues deriving from property investments are recorded based on the international accounting standard IAS 17 (paragraph 50), the criterion representative of the temporal competence, based on the existing lease agreements.
Considering the current contractual structure and the sector practices adopted by the main competitors, it can be concluded that with the adoption of IFRS 15 it did not have any impact on the Group's results with regard to property leases.

Presentation and information required

The provisions of IFRS 15 regarding the presentation and disclosure required represent a significant change from the practice and significantly increase the volume of disclosure required in the financial statements. However, in consideration of the fact that at December 31st, 2018 the Company's revenues refer exclusively to rents and profits from sale and regarding the financial year 2017, these revenues referred almost exclusively to rents the impacts deriving from the application of the new principle are not relevant.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1st, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

As required by the standard, the Company adopts IFRS 9 from the date of entry into force without restating the comparative information for the previous year (prospective adoption).

With the introduction of the new standard, the Company had no significant impact on its consolidated financial statements except for the effects deriving from the valuation of financial assets and financial liabilities.

The impacts deriving from the application of the new standard, including the adjustment to the opening balance of retained earnings at January 1st, 2018, have been recorded in the statement of changes in equity for the year ended December 31st, 2018, highlighted in the related explanatory notes and described below.

Classification and measurement

The Company did not have a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9 infact, it continues measuring at fair value all financial assets currently held at fair value. However, with reference to the financial assets classified as available-for-sale (AFS) as at December 31st, 2017, with gains and losses recognized in the statement of other comprehensive income, as at January 1st, 2018 they have been classified as financial assets at fair value with an impact in the income statement. It is specified that during the year these securities were sold.

The AFS reserve relating to these assets, amounting of Euro 12 thousand, which is presented as accumulated OCI, following application of the new standard, was reclassified to retained earnings.

As for equity investments, it should be noted that the Company does not currently hold investments in other companies, in fact, the investments currently held in portfolio refer to non-listed subsidiaries and associated companies, subject to verification of any impairment at each reporting date and not subject to the standard in question.
Loans, as well as trade receivables, are held until they are collected based on contractual deadlines. The Company analyzed the characteristics of the contractual cash flows of these instruments and concluded that they comply with the criteria for amortized cost valuation in accordance with IFRS 9. Therefore, it was not necessary to proceed to a reclassification of these financial instruments.

With regard to the application of the classification and assessment requirements envisaged by IFRS 9, it was decided to continue to measure at fair value all the financial assets previously measured using this method.

Impairment

IFRS 9 requires the Company to record expected credit losses on all items such as loans and trade receivables, regarding either a 12-month period or the entire duration of the instrument (e.g. lifetime expected loss). The Company will apply the simplified approach and therefore record the expected losses on all trade receivables based on their residual contractual duration. The Company, in assessing the impacts deriving from its own receivables in the portfolio, both commercial and financial, considering the characteristics of the same and the counterparties, and the collection times, believes that even if not all loans present a guarantee, the impact deriving from the possible allocation is not significant, considering the risk profile of the tenants.

Hedge accounting

The Company resorts to the application of hedge accounting regarding the subscribed interest cap rate instruments. Considering the foregoing, the Company has established that all existing hedging relationships that are currently designated as effective hedges continue to qualify for hedge accounting in accordance with IFRS 9. However, the new standard provides concerning these instruments, the recognition of the effects deriving from the valuation, also for the portion of the extrinsic value, in the item "other reserves" of the shareholders' equity. Therefore, taking into account that in previous years the effects deriving from the valuation of the extrinsic value were charged to the income statement, with the application of the new principle prospectively, a reclassification was made to the re-opening balances at January 1st, 2018 from item "*retained earnings*" under "*other reserves*".

Other adjustments

IFRS 9 requires that if the cash flow forecasts generated by a financial liability are subject to revision / amendment, it is necessary to reflect the change by recalculating the amortized cost of the same and recognizing any differences in the Income Statement.
During the first half of 2017 the IFRIC and the IASB confirmed that this provision is applicable also in cases where the review of the expected cash flows from a liability is generated by a renegotiation of the contractual terms of the same that (prior exceeding the so-called "10% test") does not entail the accounting derecognition.

From methodological point of view, the calculation of the effects to be recognized in the income statement in the event of a review of the future cash flows of the liability is determined as the difference between:

- the amortized cost of the original liability on the renegotiation date (pre-renegotiation contractual features);
- the Net Present Value (NPV) of the new expected contractual flows (post-renegotiation), excluding any new costs incurred in the renegotiation phase, discounted based on the original internal rate of return (IRR) (i.e. prior to renegotiation).

The carrying amount of the new liability is subsequently adjusted for any fees or costs incurred during the renegotiation (with consequent modification of the IRR).
If this accounting approach has not already been applied in accordance with IAS 39 (which effectively allowed the possibility of modifying the IRR because of the changes made to the contractual flows without immediate impacts on the Income Statement at the renegotiation date) IFRS 9 requires the retrospective application of the new provisions (with consequent adjustment of the book value of the renegotiated liabilities existing at the date of first application).

Therefore, regarding the adoption of IFRS 9, the financial statements shows the impact deriving from the application of the new standard in the opening balances and in details:

- as for the financial assets at fair value, a reclassification of Euro 13 thousand from the item "*valuation reserve*" to the item "*retained earnings*";

- as for derivatives a reclassification of Euro 44 thousand from the item "*retained earnings*" to the item "*other reserves*".

These effects deriving from the prospective adoption of IFRS 9, shown in the opening balance at January 1st, 2018 are reported in the statement of changes in equity and better described in the paragraph 54.

Furthermore, with reference to the effects deriving from the application of IFRS 9, the financial statements include the effects of the renegotiation of the loan relating to the Vodafone property on July 16th, 2018, which led to a decrease in the item "*financial expenses*" for Euro 718 thousand and a reduction in the item "*bank borrowings and other non-current lenders*" (test 10%).

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Company's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Company has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments do not affect the Company as it is not applicable with reference to the issue of insurance contracts.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the financial statements.

New accounting principles

IFRS 16 Leases

From January 1st, 2019 will come into application IFRS 16 setting out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
It should be note that the Company has leasing contracts for IT equipment, which do not fall within the scope of the principle, and a lease contract relative to the registered office. In fact, on July 21st, 2017 COIMA RES signed a lease contract for the new registered office in Piazza Gae Aulenti n.12. The agreement provides for a six-year term renewable twice with an annual rent of approximately Euro 94 thousand. In consideration of the fact that COIMA RES has invested a significant amount for the fitting out of the new premises, it is appropriate to consider the duration of the lease contract over twelve years.

When applied for the first time, the accounting standard IFRS 16 provides for the possibility of recording the asset for right of use and the financial liability at the same amount, without adopting the retrospective approach. As of

January 1st, 2019, the Company, considering the possibility granted by the principle of not showing the restatement of the previous years, will record an asset of Euro 688 thousand and a financial liability of the same amount.

36. Operating segment

The breakdown by operating segment and geographical area is not shown because at December 31st, 2018, the Company owns investment properties located in Milan and lease for office use.

37. Rents

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Vodafone	13,964	13,877
Monte Rosa	3,762	677
Tocqueville	1,046	-
Rents	**18,772**	**14,554**

The item *rents* increased by Euro 4,218 thousand compared to the previous year. This increase is mainly attributable to the rents on annual basis of Monte Rosa 93, acquired on October 24th, 2017, and to the rents of Tocqueville, acquired on July 27th, 2018.

38. Net real estate operating expenses

The net real estate operating expenses amount to Euro 1,901 thousand and are detailed as follows:

(in thousands Euro)	Vodafone	Monte Rosa	Tocqueville	Pavilion	December 31st, 2018	December 31st, 2017
Recovery of costs from tenants	2,077	1,061	108	-	3,246	1,434
Property management fee	(145)	(60)	(9)	(1)	(215)	(218)
Maintenance and service charges	(985)	(478)	(114)	(2)	(1,579)	(263)
Utilities	(1,111)	(471)	(49)	-	(1,631)	(1,012)
Insurance	(69)	(23)	(16)	(2)	(110)	(63)
Property tax (IMU)	(694)	(449)	(104)	(8)	(1,255)	(769)
Property tax (TASI)	(47)	(31)	(7)	(1)	(86)	(53)
Stamp duties	(140)	(33)	(5)	-	(178)	(144)
Other real estate costs	-	(93)	-	-	(93)	(3)
Net real estate expenses	**(1,113)**	**(577)**	**(196)**	**(14)**	**(1,901)**	**(1,091)**

These costs, net of the recovery of expenses from tenants, show an increase of Euro 810 thousand compared to the previous year, mainly because of the taxes, maintenance and operating costs of Monte Rosa on annual basis and other expenses related to Tocqueville for about five months.
The costs related to Pavilion property contributed to a minimal amount because the property was acquired by the Company on November 23rd, 2018.

39. General and administration expenses

The table below shows the general and administration expenses as at December 31st, 2018.

(in thousand Euro)	December 31st, 2018	December 31st, 2017
Asset management fee	(2,964)	(2,775)
Consulting costs	(1,654)	(1,478)
Personnel costs	(794)	(1,068)
Governance and other control functions	(200)	(190)
Audit	(310)	(298)
Communication, marketing and PR	(46)	(28)
Independent property valuation	(177)	(141)
IT service	(383)	(301)
Promote fee	(1,021)	-
Other operating expenses	(477)	(331)
G&A expenses	**(8,026)**	**(6,610)**

This item includes costs relating to the normal operations of the Company, including personnel costs, expenses relating to governance, fees of the independent auditors and external consultants, marketing expenses and IT assistance.
The increase of Euro 1,416 thousand compared to the previous year is mainly due to *promote fee* accrued by COIMA SGR based on the agreements in place within the Asset Management Agreement.

In details, COIMA SGR is entitled to receive an amount equal to 40% of the minimum between:

- the sum of 10% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 8% (i.e. 10% of the amount, in euros, for which the Shareholder Return is higher than a level that would have produced a Shareholder Return of 8%) and 20% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 10% (i.e. 20% of the amount, in euros, for which the Shareholder Return is above a level that would have produced a 10% Shareholder Return), paid on an annual basis;
- 20% of the excess of the NAV per Share at the end of the Accounting Period (adjusted to include the dividends and any other payment per Share declared in each Accounting Period following the Reference Period and adjusted to exclude the effects of issues of Shares in the period) compared to a minimum level defined as High Watermark.

It should be noted that in the year 2018 the shareholder return was 12.3%, excluding the promote.

40. Other operating expenses

Other operating expenses, amounting to Euro 2,313 thousand (Euro 74 thousand at December 31st, 2017), mainly include the changes in far value of financial instrument, amounting to Euro 2,286 thousand, granted to CEO and key managers. The item also includes other corporate taxes and fees, non-deductible VAT costs, contingent liabilities and other management charges.

It should be noted that the fair value of the financial instrument includes the amount accrued in 2018, equal to Euro 1,531 thousand, and the estimated amount for the future until the maturity of the financial instrument.
The coupon of the financial instrument is calculated as 60% of the minimum between:

- the sum of 10% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 8% (i.e. 10% of the amount, in euros, for which the Shareholder Return is higher than a level that would have produced a Shareholder Return of 8%) and 20% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 10% (i.e. 20% of the amount, in euros, for which the Shareholder Return is above a level that would have produced a 10% Shareholder Return), paid on an annual basis,

- 20% of the excess of the NAV per Share at the end of the Accounting Period (adjusted to include the dividends and any other payment per Share declared in each Accounting Period following the Reference Period and adjusted to exclude the effects of issues of Shares in the period) compared to a minimum level defined as High Watermark.

It should be noted that in the year 2018 the shareholder return was 12.3%, excluding the promote.

41. Net depreciations

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Amortisations and write-downs of other fixed assets	(37)	(11)
Value adjustments to financial assets at fair value	(53)	-
Depreciations of COIMA CORE FUND IV	(38,874)	(1,194)
Net depreciations	**(38,964)**	**(1,205)**

The amount of Euro 38,964 thousand mainly refers to the value adjustment of the subsidiary Coima Core Fund IV. This change was made on the *impairment* test carried out on December 31st, 2018, taking into consideration future cash flows and earnings recorded in previous financial years.

In details, the net assets of the Fund were compared at December 31st, 2018, calculated in accordance with international accounting standards (including unrealized capital gains), with the book value of the investment. The principal assets of the Fund are the Deutsche Bank branches, which were valued at fair value on the evaluation report issued by the independent expert Duff & Phelps REAG, and by cash. The Fund's liabilities consist of short-term trade payables and therefore no considerations have been made because they are not significant. The fair value of the Fund's net assets as of December 31st, 2018, calculated in accordance with international accounting standards, was therefore equal to Euro 99,957 thousand (including unrealized capital gains), while the book value of the investment was Euro 138,831 thousand. The comparison of these two values caused an adjustment of Euro 38,874 thousand. It should be noted that this reduction is essentially due to the reimbursement of the shares by Coima Core Fund IV for Euro 35,855 thousand, following the sale of the 21 Deutsche Bank branches in January 2018, the adjustment of the fair value of the properties and the distribution of profits made by the Fund during 2018.

42. Net movement in fair value

The amount of Euro 25,870 thousand (Euro 3,344 thousand as at December 31st, 2017), includes the revaluation amounting to Euro 800 thousand on Vodafone, Euro 1,247 thousand on Tocqueville and Euro 23,861 thousand on Pavilion and the write-down amounting to Euro 38 thousand on Monte Rosa.

The value of such properties is based on the evaluation reports prepared by the independent expert CBRE. For more details on the parameters used by the independent expert to make their evaluations, please refer to note 46 - Real estate investments.

43. Income from investments

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Income from Coima Core Fund IV	4,934	4,881
Income from Coima Core Fund VI (ex "MHREC")	3,841	3,459
Dividends from COIMA RES SIINQ I	2,410	-
Redemption of Coima Core Fund IV's units	35,855	3,033
Income from investments	**47,040**	**11,373**

Income from subsidiaries amounts to Euro 47,040 thousand and relates to the dividends distributed by the Funds during 2018, as listed below:

- COIMA RES SIINQ I distributed a dividend of Euro 2,410 thousand in April 2018 on the result for the 2017 financial year;
- Coima Core Fund IV distributed dividends amounting to Euro 3,843 thousand in August 2018 and Euro 1,091 thousand in December 2018, both on the results achieved in 2018 and in previous years;
- Coima Core Fund VI ("ex MHREC") distributed dividends amounting to Euro 2,458 thousand in August 2018 and Euro 1,383 thousand in December 2018, both on the results achieved in 2018 and in previous years.

It should also be noted that on March 1st, 2018, Coima Core Fund IV repaid a part of the capital for a total amount of Euro 35,855 thousand following the sale of part of the Deutsche Bank portfolio in January 2018.

44. Financial income and expenses

Financial income, amounting to Euro 13 thousand (Euro 537 thousand as of December 31st, 2017) mainly refer to exchange rate gains accrued following the disinvestment in funds previously classified under *financial assets at fair value*.

Financial charges, amounting to Euro 3,599 thousand (Euro 4,705 thousand as at December 31st, 2017), mainly include interest expense accrued on current loans, amounting to Euro 3,193 thousand and the effect deriving from the fair value adjustment of derivative financial instruments, amounting to Euro 391 thousand.

45. Income tax

In accordance with the provisions of the SIIQ regulations, the Company calculates income taxes deriving from activities other than exempt operations, using the 24% tax rate.
At December 31st, 2018, the Company has no income from non-exempt operations.

46. Real estate investments

The changes in property investments as at December 31st, 2018, are listed below

(in thousands Euro)	December 31st, 2017	Acquisitions	Other charges	Revaluations	December 31st, 2018
Vodafone	208,500	-	-	800	209,300
Monte Rosa	60,400	-	38	(38)	60,400
Tocqueville	-	56,000	1,653	1,247	58,900
Pavilion	-	45,000	1,139	23,861	70,000
Real estate investments	**268,900**	**101,000**	**2,830**	**25,870**	**398,600**

During the year the Company acquired two properties located in Milan, specifically:

- on July 27th, 2018, the property located in Milan, in via Tocqueville 13 at a price of Euro 56,000 thousand, plus other sales charges;
- on November 23rd, 2018 the Pavilion property located in Milan, Piazza Gae Aulenti 10 at a price of Euro 45,000 thousand, plus other sales charges.

The column *fair value* refers to the evaluation reports made in accordance with to "RICS Valuation – Professional Standards", in with applicable law and with recommendations given by ESMA European Securities and Markets Authority.

The main parameters used for the evaluation of the investment are shown below:

Independent experts	Investment properties	Discounted rate	Discounted rate retraining	Gross cap out rate	Inflation rate forecast	Year plan
CBRE Valuation	Vodafone	5.55%	6.55%	5.70%	1.50%	11
	Monte Rosa	5.40%	7.00%	5.60%	1.50%	9.8
	Tocqueville	5.50%	6.50%	3.80%	1.50%	8.8
	Pavilion	4.50%	7.50%	3.50%	1.50%	17.1

The valuation of the Vodafone real estate complex, shows an increase compared to the previous year's assessment for Euro 800 thousand. This change is mainly due to the increase in the area's market rents based on the research carried out by the independent expert.

The revaluation of the property located in Via Tocqueville, equal to Euro 1,247 thousand, was determined by the development, by the independent expert, of the valuation considerations regarding the period of income guaranteed by the lease agreements in force at the valuation date, as well as from the time of remittance to income of the property.

The revaluation of the Pavilion property of Euro 23,861 thousand is mainly due to the immediate income of the property and the need for conversion of use of the property. In fact, the original underwriting plan provided for the possibility of changing the intended use of the property to convert it to mixed use of offices and high street retail with the expectation of a restructuring period of up to two years followed by a leasing phase. The property was leased to IBM in August 2018 at an EPRA Topped-up Net Yield of 7.2%.

Monte Rosa 93 unchanged its fair value.

47. Other tangible and intangible assets

Other tangible assets, amounting to Euro 318 thousand, mainly include the plants, furniture and fixtures acquired by the Company during the year for the new headquarter.

The movements in other tangible assets at December 31st, 2018, are shown below:

(in thousands Euro)	December 31st, 2017	Increase/(decrease)	December 31st, 2018
Furniture and fixtures	73	(3)	70
Installations	284	-	284
Other tangible assets	5	-	5
Original costs	**362**	**(3)**	**359**
Furniture and fixtures	(2)	(6)	(8)
Installations	(7)	(23)	(30)
Other tangible assets	(2)	(1)	(3)
Depreciation fund	**(11)**	**(30)**	**(41)**
Net book value	**351**	**(33)**	**318**

Other intangible assets, amounting to Euro 69 thousand (Euro 24 thousand at December 31st, 2017) refer to business (administrative and accounting) software in implementation.

48. Investments in subsidiaries

The table below shows the movements in subsidiaries as December 31st, 2018.

(in thousands Euro)	December 31st, 2017	Increase	Revaluations / (Depreciations)	December 31st, 2018
Coima Core Fund IV	138,831	-	(38,874)	99,957
Coima Core Fund VI	69,868	-	-	69,868
COIMA RES SIINQ I	27,750	-	-	27,750
Lorenteggio Consortium	-	7	-	7
Investments in subsidiaries	**236,449**	**7**	**(38,874)**	**197,582**

Investments in subsidiaries amount to Euro 197,582 thousand, in details:

- Coima Core Fund IV contributed by Qatar Holding before the IPO;
- Coima Core Fund VI acquired on July 27th, 2016, for a holding of 86.67%;
- COIMA RES SIINQ I, vehicle established on September 29th, 2016;
- Consortium Lorenteggio constituted on January 25th, 2018 for the management of the common areas of the Lorenteggio Village.

The value adjustment of COIMA CORE FUND IV amounting to Euro 38,874 thousand is due to the *impairment test* carried out on the investment, already described in the previous paragraph 41 - Net depreciations.

The following are the main data relating to subsidiaries, calculated in accordance with the IAS / IFRS international accounting standards:

(in thousands Euro)	% owned	Capital stock as at December 31st, 2018	Total asset as at December 31st, 2018	Shareholders' equity as at December 31st, 2018 (*)
Coima Core Fund IV	100,0%	98,145	100,083	99,957
Coima Core Fund VI	86,7%	66,457	131,208	101,793
COIMA RES SIINQ I	100,0%	250	53,068	32,222
Lorenteggio Consortium	69,2%	10	601	10

(*) *The amounts include 2018 results and unrelised capital gains.*

49. Investments in associated companies

The item investments in associated companies includes the investment in the Porta Nuova Bonnet Fund, described below, and the investments in Infrastrutture Garibaldi Repubblica and Porta Nuova Garibaldi Consortium.

(in thousands Euro)	December 31st, 2017	Increase	December 31st, 2018
Fondo Porta Nuova Bonnet	13,857	2,196	16,053
Other associated companies	-	1	1
Investments in associated companies	**13,857**	**2,197**	**16,054**

The item *increase* mainly refers to the amounts paid by the Company during the year in view of the capex to be incurred for the development of the Bonnet project.

50. Financial asset at fair value

On December 21st, 2018, the Company closed the management mandate given to the company Pictet, relating to the investment of liquidity not used in the Company's core business.

51. Derivatives

The balance of the item, equal to Euro 842 thousand (Euro 377 thousand as at December 31st, 2017), relates to the four derivative contracts underwritten to hedge the cash flows linked to the mortgage loan. The coverage covers 70% of the Senior line.

On October 18th, 2018 COIMA RES SIIQ signed an amendment related to four hedging agreements on the three-month Euribor rate, with a strike of 50 bps, of the loan for the Vodafone property and the portfolio of Deutsche Bank branches, postponing the maturity of June 30th, 2021 to July 16th, 2023.

In compliance with IFRS 9 Financial Instruments: Recognition and Measurement, the fair value of derivatives has been separated into two components: the intrinsic value (*intrinsic value*), as well the effective value of the derivative in the case of immediate exercise, and the time value (*time value*) or how much a buyer would be willing to pay beyond the intrinsic value. The Company has recorded in the income statement the change in fair value related to the temporal effect of derivatives, amounting to Euro 618 thousand (net of deferment with effect on the income statement, amounting to Euro 210 thousand) and to their cash flow hedge reserve their intrinsic component, amounting to Euro 69 thousand, for a total amount of Euro 759 thousand.

The hedging strategy adopted by the Company is to set a maximum limit to the cost of the loan, for the part covered.
The Company has recorded hedging transactions on the basis of hedging accounting, verifying their effectiveness. In order to test the effectiveness of existing derivatives, the hedged item was identified, on the hedging start date, with a hypothetical derivative ("hypothetical derivative"). This derivative must perfectly cover the risks caused by the exposure both in terms of the underlying and in contractual terms (notional, indexing, etc.). Finally, the hypothetical stipulation must take place at market conditions present on the date of establishment of the hedging relationship. For the purposes of evaluating the efficacy of the derivative, the retrospective test and the prospective test were performed which were 100% effective.
The fair value measurements of derivatives also took account of any adjustments to be made as a result of the deterioration of one of the bank counterparties or of the Company itself, also taking into consideration any guarantees given by the Company to the Banks.

52. Trade and other current receivables

The breakdown of trade and other current receivables as of December 31st, 2018 is given below:

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Receivables from tenants	912	158
Receivables from subsidiaries	2,474	-
Trade receivables	**3,386**	**158**
Tax receivables	4,094	2,948
Prepayments and accrued income	451	584
Other current activities	138	237
Other current receivables	**4,683**	**3,769**
Trade and other current receivables	**8,069**	**3,927**

This item mainly includes VAT receivables, equal to Euro 4,074 thousand, receivables for proceeds approved from Coima Core Fund IV and Coima Core Fund VI, respectively Euro 1,091 thousand and Euro 1,383 thousand, and deferred income insurance related assets, equal to Euro 288 thousand.

The increase of Euro 4,142 thousand compared to the previous year is mainly due to the VAT receivables accrued at the time of the acquisition of the Pavilion property, net of the amount that has already been used by the Company, dividends from subsidiaries of Euro 2,474 thousand and higher receivables from tenants.

53. Cash and cash equivalents

Cash and cash equivalents, amounting to Euro 28,633 thousand, are held at the following institutions:

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Banca Popolare di Milano	16,095	-
Unicredit	6,443	-
Intesa San Paolo	5,535	4,949
Banca Passadore	559	12,543
Cash	1	-
Pictet	-	1,014
Cash and cash equivalents	**28,633**	**18,506**

At *Banca Popolare di Milano* and *Banca Passadore* the Company holds its liquidity available for ordinary management.

The amounts deposited with *Unicredit* and *Intesa Sanpaolo* include six current accounts and two unpaid accounts called *distribution accounts*, opened as a result of the stipulation of the loan agreements which will be discussed below. The unpaid accounts include the amounts that are available to the Company following the quarterly review of the financial *covenants*.

In November, the Company closed the current account held with *Pictet* following the disinvestment of liquidity in the securities funds.

54. Shareholders' equity

Shareholders' equity at December 31st, 2018, amounts to Euro 392,718 thousand (Euro 367,486 thousand as at December 31st, 2017) and its breakdown is shown in statement of changes in shareholders' equity.
The capital stock comprises 36,007,000 ordinary shares with no nominal value.
The legal reserve includes the part of profits that, according to the provisions of art. 2430 of the Italian Civil Code, cannot be distributed as dividends. The reserve has not yet reached the amount required by law.
The cash flow hedge reserve, amounting to Euro 957 thousand, relates to the change in the fair value of the derivative contracts signed to hedge the cash flows of the current loan.
The interim dividend of Euro 3,601 thousand refers to the 2018 interim dividend payment of Euro 0.10 for each outstanding share on the ex-dividend date, resolved on November 8th, 2017, by the Board of Directors pursuant to art. 2433-bis, paragraph 5, of the Italian Civil Code and paid on November 21st, 2018, with an ex-coupon date set for November 19th, 2018.

The table below shows the availability and distribution of the equity reserves at December 31st, 2018:

(in thousands Euro)	Amount	Possibility to use	Available amount	Dividends	Amount used in the three previous years	
					To cover losses	For other reason
Capital stock	14,451					
Share premium reserve	335,549	A, B, C	335,549			
Legal reserve	2,890	B	2,890			
Interim dividend	(3,601)			(3,601)		
Cash flow hedge reserve	(957)					
Other reserves	5,404			(6,481)	(320)	
Profit / (loss) carried forward	2,092	A, B, C	2,092			
Profit / (loss) for the period	36,890					
Total shareholders' equity	**392,718**		**340,531**	**(10,082)**	**(320)**	**-**
Amount unavailable for distribution			(2,890)			
Amount available for distribution			337,641			

(*) *A: for capital increase; B: to cover losses; C: for distribution*

55. Bank borrowings and other lenders

The tabel below show the detail of bank borrowings at December 31st, 2018.

(in thousands Euro)	December 31st, 2017	Admortised costs	Reimbursements	Reclassifications	December 31st, 2018
Loans	148,034	101,367	(1,957)	(680)	246,764
Non-current bank borrowings	**148,034**	**101,367**	**(1,957)**	**(680)**	**246,764**
Loans	22,720	-	-	(22,720)	-
Current bank borrowings	**22,720**	**-**	**-**	**(22,720)**	**-**

On March 9th, 2018, the Company repaid a portion of the senior line for a total amount of Euro 23,000 thousand, using part of the liquidity deriving from the sale of 21 Deutsche Bank branches.

On July 16th, 2018, the Company signed a new loan agreement with Banca IMI (Agent), BNP Paribas, ING Bank and UniCredit for a maximum amount of Euro 70,000 thousand, to finance the acquisition of the Tocqueville property and refinance the acquisition of the Monte Rosa property, which was completed in October 2017 using the Company's own cash.
In details, the amounts of the loan were used for Euro 50,000 thousand for the purchase of the property located in Milan, via A. Tocqueville, and for Euro 20,000 thousand to partially finance the acquisition of the Pavilion property.

The acquisition of Pavilion was finalized through the signing of another loan agreement with UniCredit on October 31st, 2018, for a total amount of Euro 31,367 thousand (of which Euro 4,367 thousand relating to the VAT line).

Also on July 16th, 2018 the Company has agreed on the extension of the loan for the Vodafone property and the portfolio of Deutsche Bank branches amounting to Euro 149,275 thousand, postponing the deadline from June

30th, 2021 to July 16th, 2023.

The LTV as at December 31st, 2018, is 43.8% of value of the real estate portfolio.

Note that the verification date of the financial covenants is on a quarterly basis, as contractually agreed. As at December 31st, 2018 the indicators at that date are listed below:

	Covenant	Limits	Test results as at December 31st, 2018
Vodafone	LTV Portfolio	<60%	51.0%
Deutsche Bank branches	LTV Consolidated	<60%	46.3%
Monte Rosa	ICR Portfolio	>1.8x	4.3x
Tocqueville	ICR/DSCR Consolidated	>1.4x	3.5x
Pavilion	LTV Portfolio	<65%	38.0%

The above indicator respect the covenant agreement.

56. Payables for post-employment benefits

Payables for post-employment benefits, equal to Euro 43 thousand (Euro 20 thousand as at December 31st, 2017) concerns three employees of the Company.

57. Provisions for risks and charges

The provision for risks and charges of Euro 130 thousand (Euro 123 thousand at December 31st, 2017) includes the discounted value of the *Long-Term Incentive* granted to one employee and paid in January 2019.

58. Derivatives

The derivative financial instruments classified in liabilities, equal to Euro 1,026 thousand (zero balance at December 31st, 2017), refer to Interest Rate Swaps subscribed to cover the financial flows relating to the Monte Rosa, Tocqueville and Pavilion.

The Interest Rate Swap agreement is stipulated in order to cover the Euribor and its changes by paying a fixed amount that represents the total cost of the collection for the entire duration of the swap agreements.

The hedging strategy adopted by the Company is to be an upper limit on the cost of financing for the part covered. The Company recorded hedging transactions based on *hedging accounting* verifying the effectiveness of the same. In order to test the effectiveness of derivatives, the *hedged item* is identified at the time of hedging, with a *hypothetical derivative*. This derivative must perfectly cover the risks caused by exposure in contractual and underlying terms (notional. indexing. etc.). Finally, the hypothetical signing must take place under market conditions at the start of the hedging relationship. In order to verify the efficacy of the derivative, it was performed the prospective and retrospective test, which are effective to 100%.
The valuation of derivatives at fair value considered some potential adjustments to be made as a result of the deterioration of the bank counterparties or of the Company itself, also taking into consideration any guarantees given by the Company to the Banks.

59. Trade and other non-current payables

Trade and other non-current payables mainly include the fair value of the financial instrument classified in the non-current liabilities, granted to the CEO and key managers. The instrument was issued by the Company and acquired by management for a nominal value of Euro 1 thousand. As at December 31st, 2018 the instrument was revalued at Euro 998 thousand (Euro 243 thousand as at December 31st, 2017) based on the evaluation report specifically prepared by an external consultant.

The expert expressed its opinion regarding the *fair market value* of the financial instrument issued by the Company for certain managers and directors based on the instrument regulations, of the fact that the Company is listed and of the cash flows forecast in three different scenarios (*base, downside and upside*).
The valuation was made applying the financial criterion. This estimates the value of an asset as the sum of expected financial flows, discounted at a rate expressing the systematic investment risk. The valuation model was set as follows:

- the reference date was December 31st, 2018;
- the estimate was made by assuming the expected annual cash flows from the Promote Fee over the period 2019-2030. Average-weighted cash flows were considered in three separate scenarios (*base, downside and upside*). For estimating the expected cash flows, the flows of the three scenarios were weighted respectively by 33.33%;
- for estimating the annual cash flows of the holders of the instrument, the average-weighted annual flows deriving from the Promote Fee were 60%. This is in line with what is provided for in the instrument regulations;
- the average-weighted cash flows of the holders of the instrument have been discounted, at December 31st, 2018, at a discount rate expressing the average return expected on investments having a risk profile comparable to that of the investment in the instrument. This discount rate, equal to 4.85%, was quantified by the consultant according to the CAPM ("*Capital Asset Pricing Model*") approach and is equal to the cost of the Company's own capital, expressing the systematic (non-diversifiable) risk associated with the business activities from which cash flows depend, in the last instance, those of the instrument.

The discount rate was estimated by the consultant assuming the following parameters:

- *risk-free* rate of 2%. This figure is equal to the historical average of the returns (without considering taxes) as of December 31st, 2018, of the Italian public debt securities with a residual maturity of 5 years;
- Beta coefficient of 0.54. In details, the Beta coefficient was determined: (i) assuming the average unlevered Beta (0.42) of a panel company carrying out activities comparable to those of COIMA RES; (ii) re-levering such Beta (using i.e. “Hamada” formula) in order to consider the target financial structure of COIMA RES, (i.e. ratio net funding position / equity amounted to 40%);
- ERP of 5.27%. This figure corresponds to most recent measure of forward looking ERP compared to the estimate date, deducted from empirical observations of the market.

60. Trade and other current payables

The breakdown of trade payables and other current payables is given in the table below.

(in thousands Euro)	December 31st, 2018	December 31st, 2017
Account payables	3,070	2,702
Invoices to be received	1,975	799
Trade payables	**5,045**	**3,501**
Personnel payables	219	207
Security provider payables	66	54
Tax payables	71	54
Other payables	1,593	2
Accruals and deferred income	1,356	1,425
Other liabilities	**3,305**	**1,742**
Trade and other current liabilities	**8,350**	**5,243**

Account payables mainly include payables to COIMA SGR for asset management services provided during the year, equal to Euro 1,868 thousand, and payables for the management and maintenance of properties for Euro 667 thousand.

The *invoices to be received* mainly include the promote fee that will be paid to COIMA SGR amounting to Euro 1,021 thousand, the pro-forma received by the legal, tax and administrative consultants and marketing and communication.

Deferred income relates mainly to the deferred rental for the Vodafone complex of Euro 1,177 thousand.

Other payables mainly include the change in fair value of the financial instrument classified in the current liabilities that will be paid to the CEO and key managers for an amount equal to Euro 1,531 thousand.

61. Information on transfers of financial asset portfolios

The Company has not made any transfers between financial asset portfolios in 2018.

62. Information on fair value

IFRS 13 provides that:

- non-financial assets must be measured using the *"highest and best use"* method i.e. considering the best use of the assets from the perspective of market participants;
- liabilities (financial and non-financial) and equity instruments (i.e. shares issued as consideration in a business combination) must be transferred to a market participant as at the measurement date. In the process of measuring the fair value of a liability it is necessary to identify the risk of default of the counterparty, which also includes credit risk.

The general rules for preparing fair value measurement techniques should be adjusted based on the circumstances, configured to maximize observable inputs and established pursuant to the measurement method used (multiples method, income method and cost method):

1) Adjusted based on the circumstances: measurement techniques must be applied consistently over time unless there are more representative alternative techniques for the measurement of fair value
2) Maximise the observable inputs: inputs are divided into observable and unobservable, providing various examples of markets from which fair values can be calculated
3) Measurement techniques of fair value are classified in three hierarchical levels according to the type of input used:
   - Level 1: inputs are quoted prices in active markets for identical assets or liabilities. In this case the prices are used without any adjustments.
   - Level 2: inputs are quoted prices or other information (interest rates, observable yield curves, credit spreads) for similar assets and liabilities in active and inactive markets. For this case price adjustments can be made based on specific factors of the assets and liabilities.
   - Level 3: in this case inputs are not observable. The standard provides that it is possible to use the latter technique only in this case. Inputs for this level include, for example, long-term currency swaps, interest rate swaps, decommissioning liabilities undertaken in a business combination, etc.

The arrangement of these levels follows a priority hierarchy: attributing the maximum importance to level 1 and minimum for level 3.

IFRS 13 provides that three different measurement methods can be used for the measurement of fair value:

- the market approach method is based on prices and other important information for market transactions involving identical or comparable assets and liabilities. The models used are the multiples method and the matrix price method;
- the income approach is achieved from the discounted sum of future amounts that will be generated by the asset. This method allows to obtain a fair value that reflects the current market expectation of such future amounts;
- the cost method reflects the amount that would be required as at the measurement date to substitute the capability of the service of the asset subject to measurement. Fair value will be equal to the cost that a market participant would incur to acquire or build an asset of rectified comparable use (taking into consideration the level of obsolescence of the asset in question). This method can be used only when the other methods cannot be used.

Measurement techniques are applied consistently over time unless there are alternative techniques that allow a more representative measurement of fair value. In the selection of measurement techniques, the assumptions used for the determination of the assets or liabilities are particularly important.

The comparison between the book value and the fair value of the Company's assets and liabilities as at December 31st, 2018 is given below.

(in thousands Euro)	December 31st, 2018		December 31st, 2017	
	Net book value	Fair Value	Net book value	Fair Value
Real estate investments	398,600	398,600	268,900	268,900
Other tangible assets	318	318	351	351
Other intangible assets	69	69	24	24
Investments in subsidiaries	197,582	197,582	236,449	236,449
Investments in associated companies	16,054	16,054	13,857	13,857
Financial assets at fair value	-	-	1,492	1,492
Non-current deferred tax assets	-	-	3	3
Derivatives	842	842	377	377
Trade and other current receivables	8,069	8,069	3,927	3,927
Cash and cash equivalents	28,633	28,633	18,506	18,506
Assets	**650,167**	**650,167**	**543,886**	**543,886**
Financial debts	246,764	251,026	170,754	173,736
Derivatives	1,026	1,026	-	-
Other liabilities	7,130	7,130	5,403	5,403
Financial instruments	2,529	2,529	243	243
Liabilities	**257,449**	**261,711**	**176,400**	**179,382**

The Company does not own capital instruments valued at cost.

The summary table below shows the hierarchy in the measurement of the fair value as at December 31st, 2017 and 2018.

(in thousands Euro)	December 31st, 2018			
	Total	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	398,600	-	-	398,600
Other tangible assets	318	-	-	318
Other intangible assets	69	-	-	69
Investments in subsidiaries	197,582	-	-	197,582
Investments in associated companies	16,054	-	-	16,054
Derivatives	842	-	842	-
Trade and other current receivables	8,069	-	-	8,069
Cash and cash equivalents	28,633	-	-	28,633
Assets	**650,167**	**-**	**842**	**649,325**
Financial debts	251,026	-	251,026	-
Derivatives	1,026	-	1,026	-
Other liabilities	7,130	-	-	7,130
Financial instruments	2,529	-	-	2,529
Liabilities	**261,711**	**-**	**252,052**	**9,659**

(in thousands Euro)	December 31st, 2017			
	Total	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	268,900	-	-	268,900
Other tangible assets	351	-	-	351
Other intangible assets	24	-	-	24
Investments in subsidiaries	236,449	-	-	236,449
Investments in associated companies	13,857	-	-	13,857
Financial assets at fair value	1,492	1,492	-	-
Non-current deferred tax assets	3	-	-	3
Derivatives	377	-	377	-
Trade and other current receivables	3,927	-	-	3,927
Cash and cash equivalents	18,506	-	-	18,506
Assets	**543,886**	**1,492**	**377**	**542,016**
Financial debts	173,736	-	173,736	-
Other liabilities	5,403	-	-	5,403
Financial instruments	243	-	243	-
Liabilities	**179,382**	**-**	**173,979**	**5,403**

63. Risks, guarantees and commitments

The risks which the company is subject and the relative mitigation are reported in the chapter 4 “Governance” - *How we manage the risks.*

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

As for the loan related to Vodafone and Deutsche Bank portfolio:

- first mortgage of Euro 298,550 thousand;
- pledge on the CCFIV units;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid;
- 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.

As for the loan related to Monte Rosa and Tocqueville:

- first mortgage of Euro 140,000 thousand;
- pledge on the CCFIV units;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid;
- disposal of receivables related to rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on the property.

As for the loan related to Pavilion:

- first mortgage of Euro 63,000 thousand;
- pledge on operating bank accounts linked to the loan agreement, excluding the account to which any amounts distributed as dividends will be paid;
- disposal of receivables related to rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on the property.

As for the lease agreement signed on July 21st, 2017, with COIMA RES and Porta Nuova Garibaldi, managed by COIMA SGR S.p.A., the Company has granted a guarantee to the landlord amounting to ca. Euro 25 thousand.

Regarding the VAT reimbursement, COIMA RES has granted a guarantee to the Italian Inland Revenue Agency amounting to Euro 41,187 thousand.

The Company has a commitment of Euro 25,000 thousand to the Porta Nuova Bonnet Fund. Note that as of December 31st, 2018, the Porta Nuova Bonnet Fund drew Euro 16,053 thousand and therefore has a residual claim of Euro 8,947 thousand on the Company.

64. Related party transactions

Related party transactions are listed below:

(in thousands Euro)	Receivables	Liabilities	Income	Costs
COIMA SGR S.p.A.	-	2,888	-	3,994
COIMA S.r.l.	-	106	-	209
COIMA Image S.r.l.	-	2	-	-
COIMA CORE FUND IV	1,091	-	40,789	-
COIMA CORE FUND VI	1,383	-	3,842	-
COIMA RES S.p.A. SIINQ I	-	-	2,409	-
Lorenteggio Consortium	-	34	-	936
Porta Nuova Garibaldi Fund	-	103	-	115
Managers	-	104	-	240
Directors	46	2,533	-	2,885
Board of Statutory Auditors	-	109	-	109
Others	-	-	-	100

Also note that the Company has signed the following service agreements with related parties in line with market standards:

- Asset Management Agreement with COIMA SGR S.p.A.;
- Agreement with COIMA S.r.l. for the supply, by the latter, of development and project management services, as well as property and facility management services;
- Lease agreement related to the new headquarter of the Company signed on July 21st, 2017, with Porta Nuova Garibaldi Fund, managed by COIMA SGR S.p.A..

In October 2018 the Company, in accordance with the framework agreement with COIMA S.r.l., completed the annual review of the economic conditions of the property and development management agreements.

Property management agreements

As or the property management agreement, the most significant changes are summarized below:

- the duration of the contract has been changed for 5 years (automatically renewable, except for cancellation, for another 5 years) to 3 years (automatically renewable, except for cancellation, for another two years). The period for exercising the notice was reduced from 12 months to 6 months. Under the new standard, in the event of termination, the PM is entitled, subject to approval by the client and following the favorable opinion of the Related Parties Committee upon presentation of adequate justifications, to an indemnity up to a

maximum of 6 months of the annual fee;
- a detail performance protocol ("SLA") has been inserted which entails penalties and / or termination of the contract in case of non-compliance;
- the fee has been modified to take account of the administrative complexity of the property. The old standard provided for a payment equal to 1.5% of the gross royalties while the new standard provides for the following scaling:
  - 1.5% of gross royalties in the case of properties with a number of tenants equal to or greater than 5;
  - 1.3% of gross royalties in the case of properties with a number of tenants from 2 to 4;
  - 1.0% of gross royalties in the case of mono-tenant properties;
- a client protection mechanism has been added regarding the calculation of compensation for vacant or partially vacant properties;
- a mechanism of prior approval by the client and the opinion of the Related Party Committee has been included for any additional fees that may have required the PM for greater effort;
- requests for reimbursement of expenses have been rationalized and limited;
- the possibility of interruption of service in the event of non-payment has been considerably reduced;
- the insurance coverage ceiling in favour of the Company was raised to Euro 10 million;
- the liability limitation clause has not been simplified and made more secure for the Company, as it is not already covered by the Insurance;
- the notice for withdrawal from 12 months to 6 months has been reduced and the compensation for 12 months of the annual fee has been eliminated. Fruthermore, the new standard provides for the possibility to withdraw immediately with the payment of the notice (maximum 6 months of the annual fee);
- the following event was included as a cause of termination: "the competent judicial or administrative authority shall appoint, without the consent of the Property Manager, a custodian, a curator or another official with the same functions with reference to the Property Manager";
- the privacy clause has been amended to make it more compliant with the information obligations of the Company;
- the indication of the fees, which will be negotiated from time to time in good faith between the parties, for ancillary services has been eliminated.

Development management agreements

The standard development management agreement has been subject to several amendments and the following are summarized below:
- minimum levels of service have been included;
- have you put several clauses relating to the management of DM relationship with contractors and others involved in each project in terms of material use, violation of agreements, provision of services in the field of law, respect code of ethics, health and safety in the workplace;
- the Compensation has been reduced from 5% to 4.5% of project costs with the provision of an incentive fee equal to 0.5% of project costs if the budget and timeframe for the conclusion of works are respected;
- requests for reimbursement of expenses have been rationalized and limited;
- the possibility of interruption of service in the event of non-payment has been considerably reduced;
- the insurance coverage ceiling in favour of the Company was raised to Euro 10 million;
- the liability limitation clause has not been simplified and made more secure for the Company, as it is not already covered by the Insurance;
- the timing has been reduced to cancel the contract (from 12 months to six months) and was eliminated on the allowance of 12 months in case of withdrawal. In the case in which the company wishes to withdraw without notice, due allowance will be equal to 3 months plus 10% of the compensation residue;
- new grounds for resolution expressed by the contract have been inserted;
- the privacy clause has been amended to make it more compliant with the information obligations of the Company;
- the scope of services provided has been extended and included in the fee.

Publication of the audit fees pursuant to art. 149-duodecies of Consob Regulation on May 14th, 1999, n.11971

This table contains details of the fees paid to the independent auditors appointed to conduct the audit pursuant to Legislative Decree no. 39 of January 27th, 2010, and to other entities in the network to which the independent auditor belongs:

(in thousands Euro)	Audit firm	Fee
Auditing (*)	EY S.p.A.	200
Total		**200**

(*) The fees refer to the Legal Audit of consolidated, interim condensed consolidated and separate financial statements of COIMA RES SIIQ and to the limited review on the interim financial statements as of September 30th, 2018, due for the purpose of obtaining the audit report for the interim dividend of COIMA RES SIIQ pursuant to article 2433 bis of Italian Civil Code. Please note that such amount includes the fees, amounting to Euro 180 thousand, the expenses and the CONSOB contribution, amounting to Euro 20 thousand.

CERTIFICATION BY THE CEO AND BY THE MANAGING DIRECTOR RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE FINANCIAL STATEMENTS AT DECEMBER 31ST, 2018

pursuant to Article 154-bis, para. 5, of Legislative Decree no. 58 of February 24th, 1998 and Article 81-ter of Consob Regulation no. 11971 of May 14th, 1999

1) We, the undersigned, Manfredi Catella, as Chief Executive Officer, and Fulvio Di Gilio, as Manager responsible for preparing the financial reports of COIMA RES S.p.A. SIIQ, having also considered the provisions of art, 154-*bis*, paragraphs 3 and 4, of the Legislative Decree No. 58 of February 24th, 1998, hereby certify:
   - the adequacy, with regard to the nature of the Company; and
   - the effective application of the administrative and accounting procedures adopted in preparing the financial statements,
2) In this regard, we also note that:
   - the adequacy of the administrative and accounting procedures adopted in preparing the financial statements has been verified by means of the evaluation of the internal control system on the financial information,
   - no material aspects have been detected from the evaluation of the internal control system on the financial information,
3) We also certify that:

   The financial statements:
   - have been prepared in accordance with the international financial reporting standards recognized in the European Union under the EC Regulation 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
   - are consistent with the entries in the accounting books and records;
   - are capable of providing a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer,

   The report on operations provides a reliable analysis of performance and results of operations, and the company's situation, as well as a description of the main risks and uncertainties which the company is exposed,

The report on operations also includes a reliable analysis on the information regarding the relevant transactions with related parties,

Milan, February 21st, 2019

Chief Executive Officer	Manager responsible for preparing the Company's financial reports
Manfredi Catella	Fulvio Di Gilio

This certification has been translated from the original which was issued in accordance with Italian legislation

INDEPENDENT AUDITORS' REPORT

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
COIMA RES S.p.A SIIQ

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of COIMA RES S.p.A. SIIQ (the Company), which comprise the statement of financial position as at 31st December 2018, the statement of profit/(loss) for the year, the statement of other items in the comprehensive income statement, statement of changes in shareholders' equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of real estate portfolio	
Investment properties are stated at fair value in accordance with International Financial Reporting Standards IAS 40 Investment properties, recognizing the effects of changes of fair values in the income statement. Management has estimated fair value based on the reports prepared by independent experts. The fair value estimate involves the use of fair value models which require forecasting future costs and revenues of each property and the use of assumptions about the occupancy rate of properties, the markets trends of real estate and financial markets as well as the general economic conditions that affect the rent and the reliability of the tenants. We considered that this item represents a key audit matter, due to the relevance of the investment properties stated at fair value and changes in fair value over the accounting periods, the management judgment in assessing the above mentioned assumptions used in the fair value models, as well as the effects on the Company's and Group's key performance indicators, especially the Net Asset Value. The paragraph 1.3 "Main balance sheet items" of the notes to the financial statements, describes the process adopted to select the independent experts and the fair value models.	Our audit procedures in response to this key audit matter relate to, amongst others, the analysis of the company's procedure related to the selection of the independent expert appointed in order to prepare a fair value estimate, the tracing of these amounts with the balance sheet figures, the critical review and discussion with Group Management and independent experts of the main market assumptions and, also with the support of our real estate experts, detail testing of the reports prepared by the independent experts. Finally, we have examined the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of COIMA RES S.p.A. SIIQ, in the general meeting held on February 1st 2016, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of COIMA RES S.p.A. SIIQ are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of COIMA RES S.p.A. SIIQ as at 31st December 2018, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of COIMA RES S.p.A. SIIQ as at 31st December 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of COIMA RES S.p.A. SIIQ as at December 31st 2018 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, March 20, 2019

EY S.p.A.
Signed by: Aldo Alberto Amorese, Partner

This report has been translated into the English language solely for the convenience of international readers.

BOARD OF STATUTORY AUDITORS' REPORT

COIMA RES S.p.A. SIIQ

STATUTORY AUDITORS' REPORT
TO SHAREHOLDERS' MEETING OF COIMA RES S.P.A. SIIQ
pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429 of Italian Civil Code

Dear Shareholders,
the Board of Statutory Auditors of COIMA RES S.p.A. SIIQ ("**COIMA RES**" or "the **Company**") is required to report to the Shareholders Meeting, called to approve the financial statements for the year ended December 31st, 2018, regarding the audit conducted during the year pursuant to art. 153 of Legislative Decree 58/98 and art. 2429 et seq. of Italian Civil Code, in relation to the admission, on May 13rd, 2016, to the trading of the Company's shares on the MTA.
We noted that, in compliance with Legislative Decree n.58 of 1998, the supervisory activities on the regular bookkeeping and of consolidated and separate financial statements have been tasked by the auditing firm EY S.p.A., appointed by Shareholders' Meeting of February 1st, 2016, whose reports - which contain no qualifications or emphasis of matter - we refer you.
During the year ended December 31st, 2018 the Board of Statutory Auditors of COIMA RES S.p.A. SIIQ carried out the supervisory activities required by existing law, in accordance with Supervisory Authorities recommendations and in particular according to the key required to CONSOB with Communications n. 1025564 of April 6th, 2001 and subsequent supplements of 2003 and 2006, and also in accordance with the code of good practice for listed entities for the Board of Statutory Auditors suggested by the Italian National Association of Professional Accountants.
Pursuant to Legislative Decree n.39 of January 27th, 2010 for the public interest entities, which is your Company, the Internal Control and Auditing Committee [also "CCIRC"] identifies with the Board of Statutory Auditors and therefore, during the period, were carried out the supervisory activities mandated to the same, pursuant to art. 19 of the aforementioned Decree.
We remind you that the regulatory provisions referred to in Decree n. 135/2016 as well as with EU Regulation 537/2014, with a view to strengthening the

interaction between the auditors and the Board of Statutory Auditors, as CCIRC, provide *inter alia,* for the prior approval of assignments to the statutory auditor, not specifically relating to the audit activity, as well as transmission to the Committee for control and audit of the additional report issued pursuant to Article 11 of EU Regulation 537/2014.

The Board of Statutory Auditors, appointed by resolution of the Shareholders' Meeting of April 12th, 2018, verified the possession of the independence requirements of its members and of the independent auditors, as well as the correct application of the criteria and procedures for ascertaining the independence requirements of the members of the Board of Directors with this qualification.

We report the following:

- We attended, at all meetings of the Board of Directors held during the year and obtained periodically from the Directors, information on the activity carried out and on the most important operations performed by the Company. We also participated in the periodic meetings of the internal Board Committees, established pursuant to the Corporate Governance Code, and the Control and Risk Committee, also in its capacity as Committee for transactions with related parties, and the Remuneration Committee.
- We supervised the activities of the Company entrusted to us by Art. 149 of Single Act of Finance, through specific audits, regular meetings with business leaders, with the Internal Control Committee, with the Supervisory Board, with the heads of corporate functions, including control, as well as through the information sharing with representatives of the auditing firm.
- We assessed and supervised, as for our competence, the adequacy of the internal control and the account administration system, as well as the performance of detection and control system.
- We verified, through information collected by the auditing firm and the executive responsible for the preparation of the accounting documents, the compliance with legal regulation related to the preparation and setting of consolidated and separate financial statements, as well as the Management Report, exercising the functions entrusted to us pursuant to art. 19 of the Legislative Decree 39/10.

Our participation in Board of Directors' meetings, the meetings with Control Functions and with the manager of various business Functions, as well as the examination of information flows provided by the same Functions, have enable to us to obtain, in different segments, necessary and useful information on the general business performance and on the outlook for operations, organization and internal control system, risk management, and accounting system in order to evaluate its suitability compared to business needs and operational reliability.
Thanks to the meeting with the internal control functions, we have received adequate information on the internal control system and risk management.
The contacts with the Manager responsible for preparing Company's financial reports allowed a feedback on the activities carried out to verify the adequacy and effectiveness of the control procedures relating to the administrative and accounting system, on which it is confirmed that no such critical issues have emerged to be brought to the attention of the Board of Directors.

As for the ways in which institutional tasks assigned were carried out to the Board of Auditors, we inform you and give you act:

- to have acquired necessary knowledge to carry out audit activities for aspects of its competence, on the adequacy of the Company's organizational structure, including links with subsidiaries, through direct surveys, information gathering by managers of the Functions concerned, exchanges of data and information with auditing firm;
- to have supervised the operation of internal control and accounts administration system, to evaluate the adequacy to business needs, as well as its reliability in providing an accurate picture of Company operations, through direct surveys on business records, obtaining information by managers of the Functions concerned, analysis of the results of the work carried out by the auditing firm.

In compliance with the recommendations provided by CONSOB as for the content of Board of Auditors' Report, we report the following:

1. Considerations on the events and transactions carried out by the Company that had significant impact on assets, financing and operating result, and their compliance with By-laws and regulations

The Separate Financial Statement of COIMA RES S.p.A. SIIQ for the year 2018 recorded a profit of Euro 36,890 thousand, whose formation is described in detail by the Board of Directors in its report, to which we refer you.
During the year 2018, the Company further focused its investment strategy and strengthening the corporate governance. In particular, as for the significant events of the year and as for their relevance, as fully described in the directors' report, the Board reports the following.

- *Investments*
  (i) On July 27th, 2018, COIMA RES concluded the agreement for the purchase of the property in Milan, Via Tocqueville 13 for an amount of Euro 56.0 million, including transaction costs of Euro 1.7 million. The gross rent is approximately Euro 2.4 million on an annual basis.
  (ii) On November 23rd, 2018, the Company purchased the property called Pavilion, Piazza Gae Aulenti 10 for an amount of Euro 45.0 million, including transaction cost for Euro 1.1 million. The company signed a lease agreement with IBM, effective from January 31st, 2019 for the gross rent is approximately Euro 3.5 million on an annual basis.

- *Disposals*
  - On December 17th, 2018, the Eurcenter property located in Rome, at the price of Euro 90,300 thousand, was sold through the COIMA CORE FUND VI (in which 86.7% owned) to UBS Asset Management (Italy) SGR. The sale transaction generated a gross capital gain of around Euro 6.5 million.

  - On September 24th and 25th, 2018, Coima Res sold two bank branches located in Varenna (LC) and Desio (MB) through COIMA CORE FUND IV, for a total price of Euro 1,450 thousand, substantially in line with the accounting value.

- *Financing contracts*
  - On July 16th, 2018 the Company signed a loan agreement with Banca IMI (Agent Bank), BNP Paribas, ING Bank and UniCredit for an amount of Euro 70,000 thousand, to finance the purchase of the property in Milan, via A. Tocqueville and partially refinance the acquisition transaction carried out in October 2017, without borrowing, of the property located in Milan, Via Monte Rosa.
  - On the same date, the Company agreed with the same pool of banks the two-year extension of the loan relating to the "Vodafone" property and to the portfolio of Deutsche Bank branches of Euro 149,275 thousand, postponing the deadline from June 30th, 2021 to July 16th, 2023.
  - On October 31st, 2018 Coima Res signed a loan agreement with Unicredit for the purchase of the "Pavilion" property for a total amount of Euro 31,367 thousand.
  - On March 9th, 2018 the Company made a partial repayment of the "senior line" loan for an amount of Euro 23,000 thousand, partly using the liquidity deriving from the sale of 21 Deutsche Bank branches at the end of last year.

- *Governance*

Regarding to Governance, the shareholders' meeting held on April 12nd, 2018 stated that it had approved the appointment of the corporate bodies whose mandate had expired.

The following have been appointed for the Board of Directors until the approval of the financial statements for the year ended December 31st, 2018: Feras Abdulaziz Al Naama, Manfredi Catella, Massimo Capuano, Olivier Elamine, Luciano Gabriel, Alessandra Stabilini, Agostino Ardissone, Ariela Caglio and Michel Vauclair, in compliance with the current legislation on gender balance.

For the Board of Statutory Auditors, the standing Statutory Auditors were confirmed until the approval of the financial statements for the year ended December 31st, 2020: Massimo Laconca (Chairman) Milena Livio and Marco Lori. Emilio Aguzzi De Villeneuve, Maria Stella Brena and Maria Catalano were appointed alternate auditors.

The Board of Directors is composed, at the date of preparation of this report, of seven independent directors, in addition to the Chairman Massimo Caio Capuano, and a single executive director, in the person of the CEO Manfredi Catella.

At the meeting of April 12nd, 2018, the Board of Directors established the Remuneration Committee, the Control and Risks Committee, which also functions as a Related Parties Committee and the Investment Committee and appointed:

- as members of the Remuneration Committee: Alessandra Stabilini, Independent Director, as Chairman, Olivier Elamine, Independent Director, and Caio Massimo Capuano, Non-Executive Director;
- as members of the Control and Risk Committee, with functions also as committee for transactions with related parties, Agostino Ardissone, Independent Director, as Chairman, and the Independent Directors Alessandra Stabilini and Luciano Gabriel;
- as members of the Manfredi Catella Investment Committee, as Chairman, Feras Abdulaziz Al-Naama and Michel Vauclair, Independent Directors, as well as Gabriele Bonfiglioli and Matteo Ravà, *Key Manager* of the Company;

• *SIIQ Regime*

The company takes advantage of the benefit for the application of the SIIQ tax regime, subject to the condition that the company carried out via prevalent real estate lease activity, starting from the year ended December 31st, 2016. The special taxation regime provides that the income derived from the business of real estate lease is exempt from corporate income tax (IRES) and the regional tax on productive activities (IRAP) and the part of statutory profit corresponding to it is subject to taxation for shareholders in the distribution in the form of dividends, which may not be less than 70% of net profit.

***

The Board of Statutory Auditors, on the based on the information acquired and in the light of verifications carried out, has no comments or comments to report on the specific point, in relation to compliance with the Law and Article of Association of the operations carried out by the Company.

2. Atypical and unusual intercompany, third and related party transactions

During our supervisory activities, we do not encounter atypical or unusual transactions carried out between your Company and third parties.

2.1 Atypical and unusual related party transactions

During our supervisory activities we did not notice atypical or unusual transactions carried out with related parties.

2.2 Atypical and unusual third and related party transactions

During our supervisory activities we did not notice atypical or unusual transactions carried out with third and related parties.

2.3 Ordinary intercompany and related party transactions

The Company, in compliance with the Related Parties Regulation No. 17221 approved by Consob with a resolution dated March 12nd, 2010, as amended, as well as taking the indications and guidelines set forth in Consob Communication no. DEM / 10078683 of September 24th, 2010, adopted on May 13rd, 2016 the "Related parties procedure" for the management, examination, approval and disclosure to the market of transactions with related parties.

The Directors have provided information, in the notes to the financial statements, about the ordinary transactions entered with related parties, to which reference is made.

We report that these transactions are related to ordinary business operations relating to the purchase of services included in the asset management agreement with COIMA SGR S.p.A. and in the agreement with COIMA S.r.l. for the supply by the latter of development & project management services, as well as property and facility management.

We also report that have been entered into transactions with related parties that have generated interest income relating to dividends paid by funds invested by the Company during the year 2018.

The Board of Statutory Auditors considers the procedures in compliance with the principles set out in the Consob Regulation and has attended, during the year 2018, all control and risk Committees' meeting in which the operations were reviewed, ensuring compliance with the procedure adopted by the Company.

3. Comments about any emphasis of matter of Independent Auditors

On March 20th, 2019, the auditing firm EY S.p.A. has issued its Reports unqualified and without emphasis of matter, pursuant to Art. 14 and 16 of Legislative Decree n.39/2010 concerning the Separate Financial Statements and Consolidated Financial Statements.

4. Complaints ex art. 2408 of the Civil Code

During the year 2018, and up to the date of the Report, no complaints according to art. 2408 of the Civil Code are occurred.

5. Presentation of claims

During the year 2018, and up to the date of the Report, no exposed to be reported to Shareholders' meeting are occurred.

6. Supervisory and control activities performed by the Board of Statutory Auditors in relation to the tasks assigned to it as "Internal Control and Auditing Committee"

As a result of the Reform of the statutory audit of the companies' annual and consolidated financial statements, implemented (with Legislative Decree No. 135/2016) of EU Regulation no. 537/2014 and Directive n. 2014/56, the Board of Statutory Auditors, in its role as "Internal Control and Audit Committee" [also "CCIRC"] conducted independent assessments on organizational measures aimed at fully implementing the regulatory provisions aimed, in particular, at to strengthen the quality of the audit and the independence of statutory auditors and auditing companies, in order to improve market and investor confidence in financial information.

During the year, the CCIRC maintained a continuous interaction with the auditors, giving particular emphasis to maintaining the independence requirement, also through constant monitoring of the activities carried out by the auditor, with reference to both audit services (Audit Service) that other services (Non Audit Service), previously subjected to the assessments and the expression of an opinion by the CCIRC, in order to exclude, among these, the presence of the services considered prohibited by art. 5 of the aforementioned Regulation.

During the 2018 financial year, in relation to the adequacy of the provision of services other than auditing to the audited entity, in accordance with Article 5 of the EU Regulation, the Board of Statutory Auditors has constantly verified and monitored independence of the Auditor, reserving the right to issue specific and specific opinions for any task entrusted and falling under the Non-Audit Service.

In this regard, it should be noted that, during 2018, the Auditor was conferred the assignment concerning the preparation of a limited review on the accounting statements and on the Directors' report for the periods from September 30th, 2018 to September 30th, 2024, according to the methods provided by Consob with resolution no. 10867 of July 31st, 1997 for the half-year report, to be able to submit the distribution of an interim dividend to the Board of Directors for approval. These services are not among those services

other than auditing expressly prohibited by art. 5, paragraph 1, of EU Regulation 537/2014.
However, as for the audit activity, the Board of Statutory Auditors, during the many meetings held with the independent auditor EY:

a) has acquired information on the audits carried out by the auditing firm, on the regular keeping of the company accounts and on the correct reporting of operating events in the accounting records;
b) received from the Independent Auditor, pursuant to art. 11 of EU Regulation no. 537/2014, the additional report for the Internal Control and Auditing Committee, from which: i) there are no significant deficiencies in the internal control system in relation to the financial reporting process and / or accounting system, such as to be considered sufficiently relevant to deserve to be brought to the attention of the CCIRC; ii) no significant issues have been identified regarding situations of actual or presumed non-compliance with laws and regulations or with statutory provisions; iii) there has been no limitation to the process of obtaining audit evidence; iv) no significant aspects related to transactions with the related parties of the company have emerged, such as to be communicated to the heads of governance activities.
c) received from the same company, pursuant to art. 6, paragraph 2, letter a) of EU Regulation 537/2014 and pursuant to paragraph 17 of ISA Italia 260, its independence confirmation, reporting the total number of fees charged to the Company and its subsidiary.

Furthermore, the Board of Statutory Auditors examined the reports prepared by the Independent auditor EY S.p.A. and issued on March 20th, 2019, whose activity integrates the general framework of the control functions established by the law regarding the financial reporting process.

As for the opinions and attestations, the Independent Auditors, in the Report on the financial statements, have:

- issued an opinion stating that the financial statements of COIMA RES give a true and fair view of the financial position of the Company as at December 31st, 2018, of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union, as well as with the provisions issued pursuant to art. 9 of Legislative Decree no. 38/05 and of the art. 43 of Legislative Decree 136/15;
- issued an opinion on the consistency, which shows that the Business Reports attached to the financial statements for the year ended December 31st, 2018 and some specific information given in the "Corporate Governance and the Company's Ownership Structures Report" provided for by art. 123-bis, paragraph 4 of the TUF, which is the responsibility of the directors of the Company, are prepared in compliance with the law;
- declared, as for any significant mistakes in the Business Reports, based on the knowledge and understanding of the company and the relative context acquired during the audit, to have nothing to report.

The Board of Statutory Auditors has stated that the Independent Auditor, in accordance with art. 10 paragraph 2 letter c) of EU Regulation 537/2014, described the paragraph "Significant matters emerging from the audit" of its Additional Report, the most significant assessed risks of relevant errors, including the assessed risks of relevant errors due to fraud. As for the identification of the Key Matters, it is noted that the same only concern the valuation at *fair value* of the real estate portfolio. In this regard, the Board of Statutory Auditors has been able to examine the audit procedures in response to the Key Matters, agreeing with the audit aimed at mitigating any risks deriving from the aspects considered significant.

7. Supervisory activities on the independence of external auditors

As said before, the Board of Statutory Auditors examined the report on the independence of the external auditor, issued on March 20th, 2019, pursuant to art. 6, paragraph 2, letter a) of the EU Regulation 537/2014, and pursuant to paragraph 17 of ISA Italia 260, that does not highlight situations which might have compromised the independence or causes of incompatibility, pursuant to art. 10 and 17 of Legislative Decree no. 39/2010 and art. 4 and 5 of EU Regulation 537/2014.

The table below, drawn up pursuant to art. 149-duodecies of the CONSOB Issuers Regulation (resolution No. 11971 of May 14th, 1999 and subsequent amendments and additions), shows the fees relating to 2018 for auditing and other services provided by the auditing firm and by companies belonging to its network.

Service provided	Firm	Fee
Auditing of Parent Company	EY S.p.A.	200
Auditing of subsidiary	EY S.p.A.	14
Total amount		**214**

The fees for the Parent Company's statutory audit relate to the limited review of the Consolidated Half-Year Financial Statements as of June 30th, 2018, the statutory audit of the Separate and Consolidated Annual Financial Statements as of December 31st, 2018 and the limited review of the Financial Statements as of September 30th, 2018 to issue the opinion on the distribution of interim dividends pursuant to art. 2433 bis paragraph 5 of the Civil Code.

As for the amounts paid to the auditing firm, the Board of Statutory Auditors notes that they are only related to auditing services, therefore it is not necessary to carry out further assessments on the potential risks of independence of the external auditor and of the safeguards applied pursuant to art. 22b of Directive 2006/43 / EC.

In view of the foregoing, as for the appointments assigned to EY and its network by COIMA RES and the companies of the Group, the Board of Statutory Auditors does not consider any critical issues regarding the independence of the Auditor.

8. Supervisory activities on the administrative accounting and financial reporting process

The art. 19 of Legislative Decree No. 39/2010, in its new formulation, establishes that the CCIRC is responsible for monitoring the financial reporting process and presenting recommendations or proposals aimed to guarantee its integrity.

Therefore, during the year the Board of Statutory Auditors monitored the activities carried out by the Function of the Manager responsible for preparing the Company's financial reports, with which he held periodic meetings, examining the reference model that the Board deems to be able to provide reasonable assurance on the reliability of financial reporting, on the effectiveness and efficiency of operating activities, on compliance with internal laws and regulations.

Then, the Board examined the structure and content of the periodic reports, prepared by the Manager Responsible for the Half-Year Report and the Financial Statements, noting that the activities conducted to assess the adequacy and effective application of the processes and functional procedures to the financial information of COIMA RES, have enabled to support adequately the certification required to the Chief Executive Officer and the Company's Manager Responsible pursuant to art. 154 bis of Legislative Decree 58/98 (Consolidated Law on Finance, hereinafter "TUF").

In this regard, the Board of Statutory Auditors did not find evidence of criticality or weaknesses that could undermine the adequacy and effective application of the administrative accounting procedures, and, for their part, the heads of the Independent Auditors, in the periodic meetings with the Board of Statutory Auditors, they did not report elements that could undermine the internal control system related to the same procedures.

9. Opinion issued pursuant to Law

The Board of Statutory Auditors, during the 2018 financial year, did not issue opinions.

10. Frequency of Board of Directors' and Board of Statutory Auditors' meeting

During the year 2018, the Board of Statutory Auditors held no° 12 meetings of which no° 5 with the independent auditor and/or with the control functions; it also attended no° 12 Board of Directors' meeting, n° 8 Control and Risk Committee's meeting, no° 3 Compensation Committee's meetings and the only Shareholders' meeting held during the year.
During the year 2019, the Board also met the Independent Auditor in two preparatory meetings to finalize the reports attached to the financial statements.

11. Comments on compliance with principles of proper administration

The Board of Statutory Auditors monitored, for all aspects falling within its competence, compliance with the principles of proper administration. The activity of the Board of Statutory Auditors has been addressed to review the legitimacy of Directors' decisions and their compliance, in the process of their formation, with criteria of equity and financial economic rationality, according to the technique and practice suggested by the best doctrine and best company practices.
The Company is, in the opinion of the Board of Statutory Auditors, managed in compliance with the Law and the Articles of Association rules.
The structure of powers and delegated powers - as designated - appear adequate for the size and operation of the Company.

Also about the Board of Directors resolution process, the Board of Statutory Auditors assessed, even attending at the meetings, the compliance with the Law and the Articles of Association of decisions taken by Directors and verified that the resolutions were assisted by specific analyzes and opinions prepared - if necessary - also by consultants, regarding economic and financial fairness of transactions and their compliance with corporate interests.
This activity of the Board of Statutory Auditors took place without merit control on the opportunity and convenience of management decisions.
There were no comments on compliance with the principles of proper administration.

12. Comments on the adequacy of the organizational structure

The Board of Statutory Auditors supervised, to the extent of its competence, the adequacy of the Company's organizational structure, through direct observations, hearings, gathering information from the competent corporate functions and meetings with the heads of control functions.
Considering the specific model adopted, which provides Coima SGR as outsourcer of the Company, the Board of Statutory Auditors has monitored the suitability of the information flow structure to ensure adequate representation of business matters.
As a whole, our reliability evaluation of the organizational structure is that this is substantially adequate, needing a constant monitoring of the effectiveness of the interaction between the two companies during the year.

13. Comments on the adequacy of the internal control system

Coima Res has set up its own internal control system to maintain, in line with the current legal and regulatory provisions: i) strategic control over the different areas of business in which the Company operates and the different risks related to activities; ii) a management control to ensure the balance between economic, financial and capital conditions; iii) technical-operational control aimed at evaluating the various risks.

The Board of Statutory Auditors examined the adequacy of the internal control system directly through meetings with the heads of the various business areas, through an ongoing dialogue with the Control Functions and attending the meetings of Control and Risk Committee, regular meetings with the Director responsible for the internal control system and management of risks, the Manager responsible for preparing the Company's financial reports and the Independent Auditors, verifying that the system did not highlight significant problems or facts or elements that should be reported here.

The Board of Statutory Auditors, as part of the tasks assigned, followed, also, the various activities performed and was informed on the implementation of business plans and results achieved, including coordination effectiveness of the activities and information flows between the various parties involved.

With regard to the safeguards put in place by the Company to face the risks to which it is exposed, the Board of Statutory Auditors has acknowledged as Coima Res, also through the establishment of specific control functions, such as: the Risk Management Function, the Function Compliance and the Internal Audit Function - the latter merged with each other - have adopted adequate risk management and control mechanisms aimed at ensuring management based on the efficiency and effectiveness of company processes, and guaranteeing reliability, accuracy, reliability and timeliness of financial information as well as the safeguarding of corporate assets, compliance with laws and regulations, the articles of association and internal procedures.

In this regard, the company has adopted a regulation on internal control and risk management, based on a traditional model with three levels of control:

- "line" controls (or "first level"), carried out by the operational units, aimed at ensuring the proper performance of operations;
- "second level" controls, carried out by Risk Management Function and the legal department, as well as the *Compliance* function, with the objective of ensuring, inter alia: i) the proper implementation of the risk management process; ii) compliance with the operational limits in place for the various functions; iii) compliance with rules, including self-regulation, of company's operations;
- "third level" controls, responsibility of Internal Audit function, to identify violations of procedures and regulations as well as to periodically assess completeness, adequacy, functionality (in terms of efficiency and

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effectiveness) and reliability of the internal control system and information system (ICT audit).

As for the organizational controls, the Board of Statutory Auditors also took note of how the Company intends to regulate in a rigorous way the procedures for carrying out its activities, by establishing, within the definition of the strategic, industrial and financial plans, a specific statutory provision in terms of risk-taking. In details:

a) investment in a single property with urban and functional characteristics should be limited to a maximum amount equal to 40% of the total value of the Company's most recently approved budget;
b) rents from a single tenant - or tenants belonging to the same group - may not exceed 40% of the total amount of the Company's rents;
c) debt, net of cash and cash equivalents and financial receivables from the parent company may not exceed 70% of the total assets in the last approved financial statements.

The Board of Statutory Auditors has finally taken note of the activities carried out by the Supervisory Body, appointed to guarantee the adequacy, compliance with and updating of the organization and management model pursuant to Legislative Decree no. 231/01.
Based on the analyses and tests carried out in relation to the areas and functions involved in internal audit activities, the Board of Statutory Auditors assesses as substantially adequate the internal control system adopted.

14. Comments on the adequacy of the accounting system

The Board of Statutory Auditors has regularly monitored the functioning of the system also through meetings with the Manager responsible for preparing the Company’s financial reports, gathering information from the heads of the relevant corporate departments, examining company documentation and regular analysis of the outcome of the work performed by the Independent Auditors, including the Half-Year Report of the Company.

With regard to the accounting information contained in the Financial Statements and in the Consolidated Financial Statements as of December 31st, 2018, it is reported that the Chief Executive Officer and the Manager responsible for preparing the Company's financial reports have certificated, without qualification for the preparation of corporate financial statements, as well as in relation to the Directors’ report on the reliability of performance and management results, as well a description of the risks and uncertainties faced by the Company and have also issued the prescribed certification under art. 81-ter of CONSOB Regulation no. 11971/1999 and ss.mm.

From the evaluation of the accounting and administrative system there are no facts and circumstances likely to be mentioned in this report and it is believed that the administrative and accounting function is sufficiently structured and appropriate to address the business needs shown during the year, both in terms of resources used and in terms of professionalism and so it is able, therefore, to properly reflect the Company's events.

15. Comments on the adequacy of the instructions given to subsidiaries

The Board of Statutory Auditors acknowledges that it has examined the instructions given by the Company to its subsidiary, and that it considers them adequate with respect to the financial disclosure requirements of the parent company.

16. Adherence to the Corporate Governance Code

The Company has joined the standards included in the Corporate Governance Code promoted by the Italian Stock Exchange and, on February 21st, 2019, the Board of Directors approved the Corporate Governance's annual report.
We note that:

(i) within the Board of Directors, with an advisory and prepositive role, operates the Control and Risk Committee; about the role, tasks and operation, see the specific chapter dedicated in the Corporate Governance Report;

(ii) the Board of Directors appointed Manfredi Catella, as Director in charge of supervising the internal control and risk management system;

(iii) the Company set up the Remuneration Committee; the Company decided not to set up a Nomination Committee;

(iv) The Company also set up, in consideration of the business performed, an Investment Committee.

The Board of Statutory Auditors verified the correct application of the criteria adopted by the Board of Directors to evaluate the independence of its non-executive members as well as the correct application of the relevant verification procedures.
At the end of this process the Board of Statutory Auditors did not have comments to be reported.
The Board of Statutory Auditors has also assessed positively the independence of its members.
The Board of Statutory Auditors, as envisaged by the "Rules of conduct of the board of statutory auditors of listed companies" issued by the National Council of Accountants and Accounting Experts, carried out the self-assessment on to verify its adequacy in terms of powers, functioning and composition, considering the size, complexity and activities carried out by the Company.
The self-assessment provided a positive picture on the composition and functioning of the Board of Statutory Auditors. Regarding to its size and composition, the Board of Statutory Auditors believes that these are adequate in relation to the role covered.

17. Closing comments regarding supervisory activity

We finally certify that there are no omissions, reprehensible facts or irregularities to be reported to Shareholders and to Supervisory Authorities emerged from our supervisory activities.

18. Proposals to Shareholders' meeting

The Board of Statutory Auditors acknowledge that it has monitored the compliance with procedural rules and law regarding the preparation of the 2018 separate and consolidated financial statements, as well as the respect of Directors' duties in this matter.

The Separate and Consolidated Financial Statements of the Company concluded by the certification issued by the Chief Executive Officer and the Manager responsible for preparing Company's financial reports pursuant to art. 154 bis of the Consolidated Law of Finance and art. 81-ter of Consob Regulation n. 11971 of May 14th, 1999 as amended.

The Separate and Consolidated Financial Statements of COIMA RES S.p.A. SIIQ have been prepared in accordance with International Financial Reporting Standards. Since the Board of Statutory Auditors is not responsible to analyze the content of the financial statements, the activities were limited to supervise the general definition of the financial statements, their general compliance with the law in relation to their preparation and structure and compliance with the mandatory template.

Based on the foregoing, no recognizing objections, we agree, for all aspects falling within its competence, with the approval of the Separate Financial Statements for the year 2018, together with the Directors' Report as presented by the Board of Directors.

Furthermore, we do not have objections on the proposal of the Board of Directors regarding the allocation of the net profit of Euro 36,889,839.

Milan, March 20th, 2019

The Board of Statutory Auditors

Signed by:

The Chairman

Massimo Laconca

Members

Milena Livio

Marco Lori

This report has been translated into English language only for the convenience of international readers.

EPRA PERFORMANCE MEASURES – EPM

The summary table below shows the principal EPRA Performance Measures with reference to FY 2018.

EPRA Performance Measures - EPM	Reference	December 31st, 2018 (in €/000)	December 31st, 2018 (in €/share)	December 31st, 2018 (in %)
Income Statement IAS/IFRS	Chapter 1 The Company Consolidated statements of profit / (loss)	46,267	1.28	
EPRA Earnings	Chapter 5 Financial review Chapter 5 Financial review (EPM)	15,060	0.42	
EPRA NAV	Chapter 5 Financial review Chapter 5 Financial review (EPM)	241,621	11.71	
EPRA NNNAV	Chapter 5 Financial review Chapter 5 Financial review (EPM)	415,363	11.54	
EPRA Net Initial Yield [11]	Chapter 5 Financial review Chapter 5 Financial review (EPM)			5.2%
EPRA "topped-up" NIY [11]	Chapter 5 Financial review Chapter 5 Financial review (EPM)			5.3%
EPRA vacancy rate [11]	Chapter 5 Financial review Chapter 5 Financial review (EPM)			4.6%
EPRA costs (including direct vacancy costs)	Chapter 5 Financial review Chapter 5 Financial review (EPM)			46.7%
EPRA costs (excluding direct vacancy costs)	Chapter 5 Financial review Chapter 5 Financial review (EPM)			45.6%
Like for like rents [11]	Chapter 5 Financial review (EPM)			2.5%
Top 10 investment properties	Chapter 5 Financial review (EPM)			
Top 10 tenants [11]	Chapter 5 Financial review (EPM)			
Term lease contract [11]	Chapter 5 Financial review (EPM)			
Real estate portfolio information	Chapter 1 The Company			
Other information	Chapter 5 Financial review (EPM)			

The EPRA Performance Measures related to FY 2017 are shown in the section "Overview of the Consolidated Financial Results".

[11] Not including Pavilion given the specific situation of the asset as of December 31st, 2018 (lease agreement with IBM already in place but not yet effective)

EPRA Earnings & Earnings per Share (EPS)

EPRA Earnings & EPRA Earnings per Share (EPS)	**(in thousands Euro)**
Earnings per IFRS income statement	46,267
Adjustments to calculate EPRA Earnings, exclude:	
(i) Changes in value of investment properties, development properties held for investment and other interests	(28,129)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	(5,379)
(iii) Profit or losses on sales of trading properties including impairment charges in respect of trading properties	-
(iv) Tax on profits or losses on disposals	-
(v) Negative goodwill/goodwill impairment	-
(vi) Changes in fair value of financial instruments and associated close-out costs	3,735
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-
(viii) Deferred tax in respect of EPRA adjustments	-
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(2,924)
(x) Non-controlling interests in respect of the above	1,491
EPRA Earnings	**15,060**
Basic number of shares	36,007
EPRA Earnings per Share (EPS) - (in Euro)	**0.42**

Details:

- (i) Net movement in fair value of real estate investment property;
- (ii) Income from disposal of Eurcenter and Deutsche Bank branches (Desio and Varenna);
- (vi) Changes in the fair value of derivatives and financial instrument issued by the Company to the CEO and key managers; anticipated closing costs of derivatives and financial debts;
- (ix) Value adjustment of the investments accounted using the equity method;
- (x) Value adjustment of third parties.

EPRA NAV (Net Asset Value)

EPRA NAV (Net Asset Value)	(in thousands Euro)
NAV per the financial statements	418,748
Effect of exercise of options, convertibles and other equity interests (diluted basis)	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	418,748
Include:	
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	-
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	-
(i.c) Revaluation of other non-current investments	-
(ii) Revaluation of tenant leases held as finance leases	-
(iii) Revaluation of trading properties	-
Exclude:	
(iv) Fair value of financial instruments	2,798
(v.a) Deferred tax	-
(v.b) Goodwill as a result of deferred tax	-
Include/exclude:	
Adjustments (i) to (v) above in respect of joint ventures	94
EPRA NAV	**421,640**
Basic number of shares	36,007
EPRA NAV per share (in Euro)	**11.71**

Details:

(iv) Changes in the fair value of derivatives and financial instrument issued by the Company to the CEO and key managers;

Adj: Adjustments related to the investments accounted using the equity method.

EPRA NNNAV (triple Net Asset Value)

EPRA NNNAV (Triple Net Asset Value)	(in thousands Euro)
EPRA NAV	421,641
Include:	
(i) Fair value of financial instruments	(1,894)
(ii) Fair value of debts	(4,384)
(iii) Deferred tax	-
EPRA NNNAV	**415,363**
Basic number of shares	36,007
EPRA NNNAV per share (in Euro)	**11.54**

Details:

(i) Changes in fair value of derivatives;
(ii) Changes in fair value of financial liabilities carried at amortized cost.

EPRA NIY and EPRA topped-up NIY [12]

EPRA Net Initial Yield (NYI) and "Topped-up"	(in thousands Euro)
Investment property – wholly owned	448,400
Investment property (share of JVs/Funds)	206,066
Trading property (including share of JVs)	-
Pavilion	(70,000)
Developments	(40,400)
Total market value of the properties in portfolio	**544,066**
Allowance for estimated purchasers' costs	-
Gross up completed property portfolio valuation (B)	**544,066**
Annualised cash passing rental income	31,772
Property outgoings	(3,563)
Annualised net rents (A)	**28,209**
Notional rent expiration of rent free periods or other lease incentives	687
Topped-up net annualized rent (C)	**28,896**
EPRA Net Initial Yield (NYI) (A/B)	**5.2%**
EPRA "Topped-up" Net Initial Yield (NYI) (C/B)	**5.3%**

The investment property and the gross and net annualized rents are calculated on the percentage of ownership of each property.

[12] Not including Pavilion given the specific situation of the asset as of December 31st, 2018 (lease agreement with IBM already in place but not yet effective)

EPRA vacancy rate [13]

EPRA Vacancy rate	(in thousands Euro)
Estimated Rental Value of vacant space **(A)**	1,502
Estimated rental value of the whole portfolio **(B)**	32,678
EPRA Vacancy Rate (A/B)	**4.6%**

EPRA Vacancy Rate is mainly related to the vacant portion of Deutsche Bank portfolio (5 branches) and Monte Rosa.

Like-for-like rents [13]

Total Portfolio

Rents 2017	Renegotiations	Inflation	Others	Rents 2018	Like For Like (%)
29,401	896	107	(280)	30,124	2.5%

Office

Rents 2017	Renegotiations	Inflation	Others	Rents 2018	Like For Like (%)
23,416	596	22	(280)	23,755	1.4%

Milan

Rents 2017	Renegotiations	Inflation	Others	Rents 2018	Like For Like (%)
24,761	896	30	(280)	25,407	2.6%

The table shows the value of the 2017 rents and the subsequent change as of December 31st, 2018, on a like-for-like basis, due to the step up of Gioiaotto and new lease agreement of Gioiaotto and Monte Rosa.

[13] Not including Pavilion given the specific situation of the asset as of December 31st, 2018 (lease agreement with IBM already in place but not yet effective)

EPRA Cost ratios

EPRA Cost ratios	**(in thousands Euro)**
Include:	
(i) Administrative/operating expense line per IFRS income statement	
General and administration expenses	13,627
Personnel costs	1,654
Other costs	6,005
(ii) Net service charge costs/fees	-
(iii) Management fees less actual/estimated profit element	-
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	(4,478)
(v) Share of Joint Ventures expenses	270
Exclude:	
(vi) Investment property depreciation	-
(vii) Ground rent costs	-
(viii) Service charge costs recovered through rents but not separately invoiced	-
EPRA Costs (including direct vacancy costs) (A)	**17,078**
(ix) Direct vacancy costs	(378)
EPRA Costs (excluding direct vacancy costs) (B)	**16,700**
(x) Gross rental income less ground rent costs	36,261
(xi) Service fee and service charge costs components of gross rental income (if relevant)	-
(xii) Share of Joint Ventures (Gross Rental Income less ground rent costs)	332
Gross Rental Income (C)	**36,593**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**46.7%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**45.6%**

Details:

- (i) Administrative and operating expenses;
- (iv) Re-charges revenues;
- (v) Portion of rental expenses of Porta Nuova Bonnet fund, recorded in “Investments in associated companies”;
- (ix) Direct costs related to vacant Deutsche Bank portfolio;
- (x) Rental income net re-charges to tenants;
- (xii) Portion of rental income of Porta Nuova Bonnet fund, recorded in “Investments in associated companies”.

The costs incurred are capitalized on the carrying value of the investment property when it is probable that they will generate future economic benefits and their cost can be measured reliably. Other maintenance and repair costs are expensed as incurred. At December 31st, 2018, there are no capitalized operating expenses and overheads on the value of property.

Top 10 real estate investments

#	City	Address	Type of asset	Legal title to availability	NRA	Portfolio	% owned	Acquisition date	Year of redevelop. / refurbish. completion activities	EPRA Vacancy rate
1	Milan	Via Lorenteggio 240	Office	Fully owned	46,323	Vodafone	100%	Jun-16	n.a.	0%
2	Milan	Via Melchiorre Gioia 6-8	Office	Fully owned	14,545	Gioiaotto	87%	Jul-16	n.a.	0%
3	Milan	Piazza Gae Aulenti 10	Office	Fully owned	3,576	Pavilion	100%	Nov-18	n.a.	n.a.
4	Milan	Via Monte Rosa 93	Office	Fully owned	19,539	Monte Rosa 93	100%	Oct-17	n.a.	4%
5	Milan	Via Tocqueville 13	Office	Fully owned	10,922	Tocqueville	100%	Jul -18	n.a.	0%
6	Milan	Via Deruta 19	Office	Fully owned	27,571	Deruta 19	100%	Jan-17	n.a.	0%
7	Milan	Via Bonnet 6A-8A-10A	Office/ Retail	Fully owned	22,420	Bonnet	36%	Dec-16	In redevel.	n.a.
8	Como	Viale Cavallotti 3	Bank branch	Fully owned	2,713	DB Portfolio	100%	May-16	n.a.	0%
9	Rome	Piazza Ss. Apostoli 70	Bank branch	Fully owned	826	DB Portfolio	100%	May-16	n.a.	0%
10	Turin	Via Arcivescovado 7	Bank branch	Fully owned	4,074	DB Portfolio	100%	May-16	n.a.	100%

Top 10 tenants [14]

#	Rank top 10 tenant	%
1	Vodafone	42%
2	Deutsche Bank	15%
3	BNL	11%
4	Sisal	7%
5	PwC	5%
6	Techint	5%
7	NH	4%
8	Bernoni Grand Thornton	2%
9	QBE Insurance	1%
10	RGA	1%

[14] Not including Pavilion given the specific situation of the asset as of December 31st, 2018 (lease agreement with IBM already in place but not yet effective)

Real estate portfolio: term lease contracts

Properties	WALT	Maturity bands in the first contractual deadline (% on the amount of annualized rent stabilized)				Total %	Total €/000
		1 year	1-2 years	3-5 years	> 5 years		
Deutsche Bank portfolio	7.8	0%	0%	0%	100%	100%	5,169
Vodafone	8.1	0%	0%	0%	100%	100%	13,972
Gioia 6-8	5.6	0%	9%	14%	77%	100%	4,034
Bonnet (*)	1.8	47%	30%	17%	6%	100%	372
Deruta 19	3.0	0%	0%	100%	0%	100%	3,589
Monte Rosa 93	4.1	46%	7%	0%	46%	100%	3,817
Tocqueville	1.5	1%	99%	0%	0%	100%	2,429
Pavilion	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total (**)	**6.2**	**6%**	**10%**	**13%**	**72%**	**100%**	**33,382**

(*) Considering rents pro-quota (35.7%)
(**)Not including Pavilion given the specific situation of the asset as of December 31st, 2018 (lease agreement with IBM already in place but not yet effective)

Real estate portfolio: other information

Properties	Acquisition date	NRA	Market Value (€/000)	Initial gross rent (€/000)	Initial gross rent (€/mq)	Gross stabilized rent (€/000)	ERV	Reversion (%)
DB Portfolio	May-16	43,857	96,480	5,169	118	5,169	5,824	13%
Vodafone	Jun-16	46,323	209,300	13,972	302	13,972	11,646	-17%
Gioia 6-8	Jul-16	14,545	79,800	3,339	230	4,034	4,393	9%
Bonnet (*)	Dec-16	22,420	40,357	337	42	372	3,508	n.s.
Deruta 19	Jan-17	27,571	49,800	3,589	130	3,589	3,352	-7%
Monte Rosa 93	Oct-17	19,539	60,400	3,817	195	3,817	4,237	11%
Tocqueville	Jul-18	10,922	58,900	2,429	222	2,429	3,225	33%
Pavilion	Nov-18	3,576	70,000	n.a.	n.a.	n.a.	3,584	n.s.
Total		**188,753**	**665,037**	**32,652**	**180(**)**	**33,382**	**39,769**	**8%(**)**

(*) Considering rents, market value and ERV pro-quota (35.7%)
(**) Average of the investments amount excluding Pavilion in the reversion calculation

Development portfolio

Development / refurbishment assets	City	NRA	% owned	Cost to date	Estimated capex	Estimated rental value at completion of the development	Breakdown of lettable area accordingly to regions	Breakdown of lettable area accordingly to usage	Expected date of completion	Status
Bonnet	Milan	22,420	35.7%	33,036	~58,000	~9,800	100% Milan	Office: ca. 95%	Q2 2020	Execution capex plan

On the date of this report, the property located in Milan, in Porta Nuova district ("Bonnet") is in the planning stage and the expected date of completion is in the second quarter of 2020. For these reason, the proportion of the development which has been let as at the balance sheet date is 28%.

The table below shows the data related to Bonnet asset (35.7%) from Porta Nuova Bonnet Fund's Annual Report as at December 31st, 2018.

Development / refurbishment assets	Net book value at December 31st, 2018	Methods of accounting	Fair value at December 31, 2018	Last evaluation report ' date
Bonnet	40,357	Fair value	40,357	December 31st, 2018

Please note that the associated in Porta Nuova Bonnet Fund (35.7%), for Euro 19,958 thousand, is recognized in the Company's financial statements using the equity method.

Capital expenditure

Property-related CAPEX	(in thousands Euro)
Acquisitions	101,000
Development (ground-up/green field/brown field)	-
Like-for-like portfolio	1,320
Other	2,792
Capital Expenditure	**105,112**

The first amount reported in the table above includes the overall value of acquisitions occurred during the year, in particular:

- Tocqueville, for Euro 56,000 thousand;
- Pavilion, for Euro 45,000 thousand.

Like for like portfolio includes mainly the capex related to Gioiaotto for Euro 1,288 thousand;

The item *other* includes capitalized costs related to acquisition of assets, including:

- Tocqueville, for Euro 1,653 thousand;
- Pavilion, for Euro 1,139 thousand.

Capex investments relating to the Bonnet property in 2018 amount to Euro 8.9 million.

ANNEXES

FFO RECONCILIATION

(In thousands Euro)		December 31st, 2018	December 31st, 2017
+	Rent income	36,261	34,242
-	Property expenses not recharged to tenants	(4,015)	(3,721)
	Net rents before incentives	**32,246**	**30,521**
-	Incentives, straigh-lines and collection loss	-	-
	Net rents after incentives	**32,246**	**30,521**
+	Other income	5,587	30
-	Other costs for raw materials and services (G&A)	(8,792)	(7,407)
-	Personnel costs	(1,654)	(1,478)
-	Other operating expenses	(2,373)	(76)
+/-	Adjustments	3,308	-
	EBITDA	**28,322**	**21,591**
+	Interest income	13	537
-	Interest expenses	(6,295)	(6,786)
	FFO	**22,040**	**15,341**
+	Non recurring general expenses	(4,367)	1,463
-	Non recurring income	-	-
	Recurring FFO	**17,673**	**16,804**

The caption “Adjustment” is related to noncash items for promote fee and changes in fair value of financial instruments.
The non-recurring general expenses are related to the income from disposal.

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 property located in Milan, in via Bonnet, held through the Porta Nuova Bonnet investment (35.7%).
Break Option	The right of the tenant to withdraw from the lease agreement.
CBD	Central Business District, which is the area where the prime office market is mainly located.
CBRE	CBRE Valuation S.p.A., with registered office in Milan, Via del Lauro, 5/6.
CO - Investment 2SCS	A subsidiary owned indirectly via MHREC Real Estate S.à.r.l., which owns 33.33% of the units.
COIMA CORE FUND IV	Fund in which the Company owns 100% of the shares.
COIMA CORE FUND VI (ex “MHREC”)	Fund of which the Company 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.
Consortium Porta Nuova Garibaldi	Consortium Porta Nuova Garibaldi, of which COIMA RES owns about 4%.
Core	The *core* assets are characterized mainly by high liquidity and low risk. This type of property is located in strategic areas and is intended to be held in the portfolio on a long-term basis so as to fortify the company’s risk-return profile.
Core plus	The *core plus* assets are similar to the *core* category, except that some investments may exhibit enhancement potential (such as partially vacant areas or tenancies with short term expiries). For this type of risk, the profile is considered medium-low.
Coupon	The value accrued on the Financial Instrument.
Deruta 19 or Deruta	Deruta is the property complex located in Milan, Via Deruta 19, acquired on January 16th, 2017, by COIMA RES SIINQ I.
Deutsche Bank Portfolio	The bank branches of COIMA CORE FUND IV, leased to Deutsche Bank
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortisation, is the most widely used measure of a company's operating performance as it isolates operating earnings, excluding the effects of capital structure, taxes or depreciation regime. EBITDA is a proxy for the operating cash flow that the company is able to generate.
EPRA Cost Ratio	Calculated as administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
EPRA Earnings	Recurring earnings from core operational activities. EPRA Earnings is a key measure of a company’s operational performance and represents the net income generated from the operational activities.
EPRA NAV	EPRA Net Asset Value is calculated based on the consolidated shareholders' equity adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long-term investment property business model, as per EPRA's recommendations.
EPRA Net Initial Yield	Calculated as Net Initial Rent divided by the gross market value of the property.

EPRA NNNAV	Triple Net Asset Value is the EPRA NAV adjusted to include the fair value of financial instruments, debt and deferred taxes.
EPRA topped up Net Initial Yield	Calculated as Net Stabilised Rent divided by the gross market value of the property.
EPS	Earnings Per Share calculated as net income divided by the basic number of shares outstanding.
Expected Gross Stabilised Rent	Gross Stabilised Rent adjusted for selected active asset management initiatives.
FFO	Funds From Operations calculated as Core Business EBITDA less net interest expense.
Gioiaotto	Gioiaotto is the property located in Milan, in Melchiorre Gioia 6-8, held through the MHREC Fund.
Good Secondary	High quality properties located in central or peripheral areas of primary cities.
Gross Expected Stabilised Yield	Calculated as Expected Gross Stabilised Rent divided by the gross market value of the property.
Gross Initial Rent	Annualised rents being received as at a certain date considering lease incentives such as rent-free periods, discounted rent periods and step rents.
Gross Initial Yield	Calculated as Gross Initial Rent divided by the gross market value of the property.
Gross Stabilised Rent	Annualised rents being received as at a certain date adjusted for unexpired lease incentives. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive.
Gross Stabilised Yield	Calculated as Gross Stabilised Rent divided by the gross market value of the property.
Infrastrutture Garibaldi - Repubblica	Infrastrutture Garibaldi – Repubblica, of which the Company owns about 2%.
Initial Portfolio	The Deutsche Bank branches and the Vodafone properties.
Interest Coverage Ratios	Ratio between the EBITDA and interest expense.
Key managers	Matteo Ravà and Gabriele Bonfiglioli
LEED Certification	Certification of building efficiency issued by the U.S. Green Building Council.
MHREC S.à.r.l.	MHREC Real Estate S.à.r.l., subsidiary of COIMA CORE FUND VI (ex “MHREC”).
Monte Rosa	Monte Rosa is the property complex located in Milan, Via Monte Rosa 93, acquired on October 24th, 2017 by COIMA RES.
Net Expected Stabilised Rent	Corresponds to Expected Gross Stabilised Rent for the period less, service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
Net Expected Stabilised Yield	Calculated as Expected Net Stabilised Rent divided by the gross market value of the property.
Net Initial Rent	Corresponds to gross initial rent for the period less service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
Net Liquidity	Net Liquidity or Net Financial Position is the effective Net Debt of the Company.
Net Stabilised Rent	Corresponds to Gross Stabilised Rent for the period less service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
Palazzo Sturzo or "Eurcenter"	The property located in Roma, in Piazza Don Luigi Sturzo, held through COIMA CORE FUND VI (“ex MHREC”) and sold on December 17th, 2018.
Pavilion	Pavilion is the property complex located in Milan, Piazza Gae Aulenti 10, acquired on November 23rd, 2018 by COIMA RES.
Porta Nuova Bonnet	Fund established on October 20th, 2016, of which COIMA RES owns 35.7%.
Promote Fee	Performance fee payable by COIMA RES to SGR, related to the Asset Management Agreement.
Qatar Holding	Qatar Holding LLC, a company with principal offices in Doha, Qatar, Q-Tel Tower, PO Box 23224, wholly-owned by Qatar Investment Authority, sovereign fund of the State of Qatar.
Recurring FFO	Calculated as FFO adjusted to exclude non-recurring income and expenses.

Shareholder Return	Shareholder Return means, in respect of each Accounting Period, the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of ordinary shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year.
Shareholder Return Outperformance	Shareholder Return Outperformance means, in respect of each Accounting Period, the amount in Euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a determined Shareholder Return.
SIINQ	Unlisted real estate investment company regulated by article 1, paragraph 125 of the Finance Act 2007.
SIIQ	Listed real estate investment company regulated by article 1, paragraphs 119-141-bis of the Finance Act 2007.
Tocqueville	Tocqueville is the property located in Milan, Via A. Tocqueville, acquired on July 27th, 2018, by COIMA RES.
Weighted Average Debt Maturity	It is the length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortisation or sinking fund payments.
Value-added	This type of assets includes properties undergoing redevelopment and refurbishment, usually vacant or with high rate of vacancy. Compared to the core category, value added real estate has a medium-high risk profile and is expected to generate returns through real estate value appreciation over time.

INDEPENDENT APPRAISERS' REPORTS

CERTIFICATE FOR FINANCIAL STATEMENT

In respect of:
Market Value as at 31 December 2018 of the buildings belonging to the office Portfolio owned by COIMA RES SPA. SIIQ
(This copy of this Certificate has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail)

On behalf of:
COIMA RES S.p.A. SIIQ
Piazza Gae Aulenti, 12
20124 - Milano

Date of Valuation: 31 December 2018

CBRE

Legal Notice and Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for COIMA RES SPA SIIQ (the "Client") in accordance with the terms of engagement entered into between CBRE and the client dated 14 June 2016 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

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(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or

(ii) €10 million (10,000,000.00 Euro).

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CBRE

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CERTIFICATE FOR FINANCIAL STATEMENT

Report Date	29 January 2019
Addressee (or Client)	**COIMA RES S.p.A. SIIQ** Piazza Gae Aulenti, 12 20124 Milano (MI) – Italy For the attention of: **Mr Emiliano Mancuso**
The Properties	No. 4 real estate properties owned by COIMA RES S.p.A. SIIQ, as reported in the attached schedule.
Property Description	No. 4 real estate properties mainly for office and auditorium use located in Milan, as reported in the attached schedule.
Ownership Purpose	Investment
Instruction	To value the unencumbered Freehold interest in the Properties on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressee dated 14 June 2016 (ref. Of. n.147/16).
Valuation Date	31 December 2018
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	Biannual update of the office portfolio.
Market Value	Market Value as at 31 December 2018: **€ 398,600,000.00 (Euro Three Hundred Ninety-Eight Million Six Hundred Thousand/00) exclusive of V.A.T.**
Service Agreement	Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached.
Special Assumptions	None

Compliance with Valuation Standards

The Valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Valuation Standards ["the Red Book"].

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the Valuation date.

Assumptions

The Property details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. [or other companies forming part of the same group of companies within the Italy] from the Addressee [or other companies forming part of the same group of companies] is less than 5.0% of the total Italy revenues.

Conflicts of Interest

We confirm that we have had no previous material involvement with any of the Properties, and that copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval.

Yours faithfully

Davide Cattarin
Managing Director

For and on behalf of
CBRE Valuation S.p.A.

+39 02 9974 6933
davide.cattarin@cbre.com

Yours faithfully

Laura Mauri MRICS
Executive Director
RICS Registered Valuer

For and on behalf of
CBRE Valuation S.p.A.
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CBRE Valuation S.p.A.
Valuation Advisory Services
Piazza degli Affari 2
20123 Milan
Project reference: 18-64VAL-0364

COIMA RES S.P.A. SIIQ - CBRE PROJECT REFERENCE 18-64VAL-0364
PIAZZA GAE AULENTI, 12 – 20124 MILANO (ITA)
DATA DI VALUTAZIONE: 31 DECEMBER 2018

SCHEDULE OF VALUES

TOWN	ADRESS	USE	MARKET VALUE AT 31 DECEMBER 2018
Milano	Via Monte Rosa, 93	Office	60,400,000.00 €
Milano	Via Tocqueville, 13	Office	58,900,000.00 €
Milano	Piazza Gae Aulenti, 10	Auditorium	70,000,000.00 €
Milano	Via Lorenteggio, 240	Office	209,300,000.00 €
TOTAL			398,600,000.00 €

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information

We have carried out our work based upon information supplied to us by the Client as set out within this report, which we have assumed to be correct and comprehensive.

- Rent roll
- Acquisition property (for Pavilion asset)
- Costs to be paid by the Owner

The Property

Our report contains a brief summary of the Property details on which our Valuation has been based.

Inspection

As instructed, we have inspected the Properties subject to first Valuation; for the remaining Properties we have carried out our work based on desk top Valuation. For the properties not re-inspected, the Client has confirmed that he is not aware of any material changes to the physical attributes of the properties, or the nature of their use, since last inspections. We have assumed this advice to be correct.

Areas

We have not measured the property, but as instructed, we have relied upon floor areas provided to us by the Client, which we assume to be correct and comprehensive and which we understand have been calculated in accordance to best Italian market practices.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the Properties. None of the services have been tested by us.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning

We have made Planning enquiries only consulting the institutional websites. We cannot, therefore, accept responsibility for incorrect information or for material omissions in the information supplied to us.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title [including relevant deeds, leases and planning consents] is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"*The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*"

The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"*The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*".

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;

[c] the Properties possess current the energy performance certificates [APE - Attestato di Prestazione Energetica or equivalent] as required under government directives;

[d] the Properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

[e] the Properties are not subject to any seismic risk or if it is, possesses building characteristics in line with the relevant legislation. In addition, an appropriate insurance policy could be obtained without such affecting the Value Assumptions considered within this report.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;

[b] the Properties are free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the Property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the Properties possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

[c] the Properties are not adversely affected by town planning or road proposals;

[d] the buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the relevant disability discrimination legislation;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

[k] in Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies [so-called share deal as opposed to asset deal]: the taxation level applied cannot be standardized, but must be evaluated on a case-by-case basis. In order to define the Total Purchase Price, the purchaser's costs or acquisition fees [i.e. technical and legal fees, stamp duty, agent fees, etc.], as at the Valuation Date should be added. All rents and capital values, costs and other figures stated in this report are exclusive of V.A.T.

VALUATION REPORT

In respect of:
Market Value of the Office building located in Milan, Via Privata Deruta, 19, including two units called "Building A" and "Building B"

Piazza Gae Aulenti 12, 20123 Milano

On behalf of:
COIMA RES S.p.A. SIINQ I | CBRE Project Reference 18-64VAL-0369

Date of Valuation: 31 December 2018

Legal Notice and Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for COIMA RES S.p.A. SIINQ I (the "Client") in accordance with the terms of engagement entered into between CBRE and the client dated 21 June 2017 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

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(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or

(ii) €10 million (10,000,000.00 Euro).

Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

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None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.

If you do not understand this legal notice then it is recommended that you seek independent legal advice.

CBRE

CONTENTS

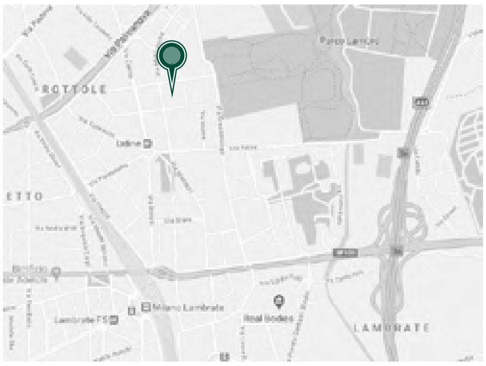
CBRE

PART I

EXECUTIVE SUMMARY

COIMA RES S.P.A. SIINQ I | CBRE PROJECT REFERENCE 18-64VAL-0369
PIAZZA GAE AULENTI 12, 20123 MILANO
DATE OF VALUATION: 31 DECEMBER 2018

EXECUTIVE SUMMARY



THE PROPERTY(IES)

Address: Via Privata Deruta, 19 – 20132 Milano (MI) - Italy

Main use: Office

Property including two separate buildings called "Building A" and "Building B". Building A is arranged over 7 floors above ground and 2 basement levels. Building B is arranged over 8 floors above ground and 2 basement levels. The basement levels house 200 parking spaces, the external area at ground floor counts some 90 uncovered parking spaces.

TENURE

CBRE VALUATION S.p.A. has not generally examined nor had access to all the deeds, leases or other documents relating thereto. As communicated by the Client, we understand that the Property is held on freehold basis by "COIMA RES S.p.A. SIINQ I".

TENANCIES

Buildings A and B are fully let to Banca Nazionale del Lavoro S.p.A.. The two lease contracts in place have a fixed duration of 6 years starting from 01/01/2016 and can be renewed for further 6 years upon first lease expiry date. The tenant has the right to recede from the contracts from 01/01/2022 with advance notice at least 12 months before.

MARKET VALUE

€49,800,000.00 (FORTYNINE MILLION EIGHT HUNDRED THOUSAND/00 EUROS) exclusive of VAT.

Split ups as follows:

Building A: € 22,800,000.00 (TWENTY TWO MILLION EIGHT HUNDRED THOUSAND EUROS) exclusive of VAT

Building B: € € 27,000,000.00 (TWENTY SEVEN MILLION EUROS) exclusive of VAT.

We have valued each property individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole. The Aggregate Market Value above is provided for information purposes only and you should refer to the main report for the individual property valuations.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms, where available.

Yield Profile

Discounted rate 1 (Building A and B) (in the period of the in force lease contracts)	5.50%
Discounted rate 2 (Building A and B) (in the period of the in force lease contracts)	7.70%
Net Cap rate (Building A and B)	5.60%
Gross Initial Yield (Building A)	7.46%
Net Initial Yield (Building A)	6.55%
Gross Exit Yield (Building A)	6.36%
Gross Initial Yield (Building B)	7.20%
Net Initial Yield (Building B)	6.30%
Gross Exit yield (Building B)	6.34%

Key Issues

We would comment as follows on the key strengths and weaknesses of the Property as follows.

Strengths

- Grade A office building with flexible layout, open spaces, suspended flooring, suspended ceilings, lifts and good heating comfort;
- Recently built (2007);
- Availability of numerous covered and uncovered parking spaces;
- Excellent accessibility by private and public transport;
- Good visibility;
- Good state of maintenance and repair;
- Office spaces with high level of natural lighting;
- Regular and flexible floor layout also for more than one tenant;
- Surrounding area recently developed with the construction of numerous offices, see Metrocomplex;
- Office building easy to split up for more than one tenant;
- A new metro station (M4) will open some 400 m distance from the subject property.

Weakness and Mitigating Factors

- The micro location is a secondary business district;
- Wide size for the local market request;
- Should BNL release the spaces before the first expiry date, it would be necessary to consider a fractionised lease of the spaces.

This executive summary should be read in conjunction with the valuation report and should not be relied upon in isolation. It is provided subject to the assumptions, disclaimers and limitations detailed both throughout this report. This valuation is for the use only of the party to whom it is addressed (the Client or Addressee) and for no other purpose than that stated herein. Reliance on this report is conditional upon the reader's acknowledgement and understanding of these statements. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

PART II

VALUATION REPORT

CBRE VALUATION S.p.A.
Piazza degli Affari, 2
20123 Milan
Switchboard +39 02 9974 6000
Fax +39 02 9974 6950

VALUATION REPORT

Report Date	29 January 2019
Addressee (or Client)	COIMA RES S.p.A. SIINQ I | CBRE Project Reference 18-64VAL-0369 Piazza Gae Aulenti, 12 20154 Milano (MI) – Italy For the attention of: Mr Emiliano Moncuso
The Property	Office property including two buildings, A and B.
Property Description	Property including two separate buildings called "Building A" and "Building B" recently constructed (2007), located in the north/eastern area of Milan, near Piazza Udine. Building A is arranged over 7 floors above ground and 2 basement levels. Building B is arranged over 8 floors above ground and 2 basement levels. The basement levels house 200 parking spaces, the external area at ground floor counts some 90 uncovered parking spaces.
Ownership Purpose	Investment
Instruction	To value the unencumbered Freehold interest in the Property on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressee dated 21 June 2017.
Valuation Date	Errore. L'origine riferimento non è stata trovata.
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	Half-yearly update
Market Value	Market Value as at 31 December 2018: €49,800,000.00 (FORTYNINE MILLION EIGHT HUNDRED THOUSAND/00 EUROS) exclusive of VAT. Split ups as follows: Building A: € 22,800,000.00 (TWENTY TWO MILLION EIGHT HUNDRED THOUSAND EUROS) exclusive of VAT Building B: € 27,000,000.00 (TWENTY SEVEN MILLION EUROS) exclusive of VAT.
Service Agreement	Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached.

Special Assumptions	None
Compliance with Valuation Standards	The Valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Valuation Standards ["the Red Book"]. We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently. Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book. This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the Valuation date.
Assumptions	The Property details on which the Valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below. If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figure may also be incorrect and should be reconsidered.
Variation from Standard Assumptions	None
Valuer	The Properties have been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book.
Independence	The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. from the Addressee is less than 5.0% of the total Italy revenues.
Conflicts of Interest	We confirm that we have had no previous material involvement with any of the Properties, and that copies of our conflict of interest checks have been retained within the working papers.
Disclosure	The principal signatory of this report has not continuously been the signatory of Valuations for the same addressee and Valuation purpose as this report since 30/06/2017. CBRE Valuation S.p.A. has continuously been carrying out valuation instructions for the addressee of this report since 30/06/2017. CBRE Valuation S.p.A. has carried out Valuation services only on behalf of the addressee for under 5 years.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Davide Cattarin
Managing Director

For and on behalf of
CBRE Valuation S.p.A.

+39 02 9974 6933
davide.cattarin@cbre.com

Yours faithfully

Laura Mauri MRICS
Executive Director
RICS Registered Valuer

For and on behalf of
CBRE Valuation S.p.A.
+39 02 9974 6928
laura.mauri@cbre.com

CBRE Valuation S.p.A.
Valuation & Advisory Services
Piazza degli Affari 2
20123 Milan
Project reference: 18-64VAL-0369

SCHEDULE OF VALUES

Properties held as an investment

Address	Total Market Value
Building A, Milano, Via Privata Deruta, 19	22,800,000.00
Building A, Milano, Via Privata Deruta, 19	27,000,000.00
Total	**49,800,000.00**

COIMA RES S.P.A. SIINQ I | CBRE PROJECT REFERENCE 18-64VAL-0369
PIAZZA GAE AULENTI 12, 20123 MILANO
DATE OF VALUATION: 31 DECEMBER 2018

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information

We have carried out our work based upon information supplied to us by the Client as set out within this report, which we have assumed to be correct and comprehensive.

- DWG floor plans;
- Floor area split up by floor and use;
- Rent roll;
- Costs to be paid by the Property.

The Property

Our report contains a brief summary of the Property details on which our Valuation has been based.

Inspection

The Property was internally inspected by Laura Lenzi on 12 December 2018.

Areas

We have not measured the Property but have relied upon the floor areas provided to us by the Client, which we have assumed to be correct and comprehensive, and which you have advised us have been calculated using the most common Italian market praxis.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the Properties. None of the services have been tested by us.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning

We have made verbal Planning enquiries only of the Milan Council Planning Department and consulted the website.

We therefore cannot take responsibility for eventual consequences deriving from incorrect and/or missing information.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title [including relevant deeds, leases and planning consents] is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"*The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*"

The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"*The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*".

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;

[c] the Properties possess current the energy performance certificates [APE - Attestato di Prestazione Energetica or equivalent] as required under government directives;

[d] the Properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

[e] the Properties are not subject to any seismic risk or if it is, possesses building characteristics in line with the relevant legislation. In addition, an appropriate insurance policy could be obtained without such affecting the Value Assumptions considered within this report.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;

[b] the Properties are free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the Property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the Properties possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

[c] the Properties are not adversely affected by town planning or road proposals;

[d] the buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the relevant disability discrimination legislation;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

[k] in Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies [so-called share deal as opposed to asset deal]: the taxation level applied cannot be standardized, but must be evaluated on a case-by-case basis. In order to define the Total Purchase Price, the purchaser's costs or acquisition fees [i.e. technical and legal fees, stamp duty, agent fees, etc.], as at the Valuation Date should be added. All rents and capital values, costs and other figures stated in this report are exclusive of V.A.T.

DUFF & PHELPS
Real Estate Advisory Group

COIMA S.G.R. S.p.A

Institutional Closed-end Alternative Investment Fund

"COIMA CORE FUND VI"

EXECUTIVE SUMMARY

Market Value

DECEMBER 31st, 2018

AZIENDA CON SISTEMA
DI GESTIONE QUALITÀ
CERTIFICATO DA DNV GL
= ISO 9001 =

DUFF & PHELPS
Real Estate Advisory Group

Agrate B.za, December 31st,2018
Rif. n. 21926.01

Messrs
COIMA SGR S.p.A.
Piazza Gae Aulenti, 12
20154 MILANO

To the kind attention of Mrs Giuditta Losa

Object: **Determination of the Fair Market Value of Real Estate Properties included in Institutional Closed-end Alternative Investment Fund, called "COIMA CORE FUND VI", as of December 31st, 2018 – EXECUTIVE SUMMARY**

Dear Sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (hereinafter REAG) carried out the valuation of the real estate assets in which the patrimony of the Institutional Closed-end Alternative Investment Fund called "COIMA CORE FUND VI" is invested, in order to determine the Market Value as of December 31st, 2018.

The valuation will be used for a patrimonial verification, in compliance with the Italian law governing the Asset Management companies (Decree of Ministry of Economic Affairs and Finance no. 30 dated 5 March 2015 and the Provision of Banca d'Italia dated 19 January 2015 "Regolamento sulla gestione collettiva del Risparmio", Item V, Article IV, Section II, as well as the Assogestioni guidelines of May 2010 and joint communication of Consob and Banca d'Italia dated 29 July 2010 and subseq. amend. and suppl.

Duff & Phelps REAG SpA a socio unico
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REAGinfo@duffandphelps.com

DUFF & PHELPS
Real Estate Advisory Group

ASSET UNDER ANALYSIS

The real estate portfolio belonging to the "COIMA CORE FUND VI" consists of:

- ✓A single building, located in the CBD of Milano, intended for office use (Gioia 8) and hotel use (Gioia 6).

Please refer to the individual evaluation reports attached for the characteristics of each asset.

In the second half of 2018 the Fund proceeded with the disposal of the building located in Rome, Piazzale Sturzo. This property is therefore no longer included in this half-yearly update

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Real Estate Advisory Group

Definitions

In this Executive Summary, the corresponding definition is to be applied to the terms listed below, unless otherwise indicated in the ES itself.

"Real Estate Property": represents the following assets subject to being appraised: land, buildings, building systems and land improvements. Personal property and intangible assets shall be excluded from the appraisal.

"Valuation" is defined by the Royal Institution of Chartered Surveyors ("RICS") as: an opinion of the value of an asset or liability on a stated basis, at a specified date. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.

"Market Value" The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017)

"Market Rent" The estimated amount for which an interest in *real property* should be leased on the *valuation date* between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017).

"Gross area" measured along the external edge of the perimeter walls of the building, to the centre line of the confining walls towards Third Parties, it is expressed in square meters.

"Commercial area" the gross area with the exclusion of technical rooms, facilities, cellars, stairwells and/or lift shafts.

Valuation criteria

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

Market/Sales Comparison Approach: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

Income Capitalization Approach: takes two different methodological approaches into consideration:

- ✓ Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;
- ✓ Discounted Cash Flow Method (DCF) based:
  a) on the calculation of future net incomes derived from Property renting for a period of "n." years;
  b) on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;
  c) on the discounted back net incomes (cash flow) as of the evaluation date.

REAG determined Market Value in order to its highest and best use. The highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

In determining the Value of the Property, the criteria and methods of evaluation conformed to the general directives issued by the Banca d'Italia.

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In addition, REAG:

- according with the Client, did't carry out any external and internal site inspections (full) of the Properties; last site inspections were carried out in May/June 2018;
- conducted the valuations basing on the data provided by the Client;
- analysed the conditions of the local real estate market, taking the economic data related thereto into consideration and adapting it to the specific features of the properties by means of appropriate statistical work-ups;
- considered the building areas relating to the properties (gross area divided by intended use) provided by the Client and not verified by REAG;
- verified the city-planning situation of the properties, based on the documentation supplied by the Client and by conducting specific checks on the Milano and Rome Municipality websites (city-planning section);
- did not investigate the title to or any liabilities against the real estate property but shall rely on the infor-mation provided by the Client. REAG neither investigated nor assumed any responsibility with regards to any right or encumbrance of the property under appraisal.
- did not verify permits, building licenses or assessments, but considered the property as conforming to existing regulations;
- did not be consider Environmental liabilities are the costs which may be incurred to avoid environmental damages or to modify situations which do not comply with ongoing regulations.

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Contents of the Report

The report includes:
"Volume 0" including the final report on the conclusions reached by REAG, comprises the conclusion reached, Valuation considerations and criteria, assumptions and limiting conditions and General Service conditions.

The **"Volume 1"**, related to the analysis and the valuation of each real estate property and consists of the following paragraphs:

- ID data; surrounding area; property description; town planning situation; real estate market; area chart;
- Attachments: Valuation chart.

Conclusions

The value conclusions concerning the valuation Report were treated by REAG on the basis of the results obtained upon completion of all of the following operations:

- collection, selection, analysis and valuation of the data and documents pertaining to the Property;
- carrying out appropriate market surveys;
- technical-financial work-ups;
- collection, selection, analysis of the "Market / Rent Comparables"

as well as on the basis of the evaluative methods and principles indicated previously.

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<u>*Based on the investigation and the premises outlined*</u>

Based on the investigation, and the premises outlined, it is our opinion that as of December 31st, 2018, the Market Value of the Real Estate Property constituting the Institutional Closed-end Alternative Investment Fund called "COIMA CORE FUND VI" can be reasonably expressed as follows:

Counter	ASSET	MV (Euro) 31/12/2018
1	MILANO VIA M. GIOIA 6/8 OFFICE	**51.700.000,00**
2	MILANO VIA M. GIOIA 6/8 NH HOTEL VERDI	**28.100.000,00**
	TOTAL	**79.800.000,00**

Duff & Phelps REAG S.p.A.

Performed by:
Christian Cavenaghi
Associate Director, Valuation & Investment

Supervision and control:
Francesco Varisco
Director, Valuation & Investment

Simone Spreafico
Managing Director, Advisory & Valuation Dept.

Paola Ricciardi
Managing Director

Leopoldo Civelli
Chief Executive Officer

The results of our findings can be understood only by reading the whole report, consisting of:

- *Statement of Value including valuation criteria, assumptions and limiting conditions, general service conditions;*
- *Description reports and attachments, including in Volume 1.*

DUFF & PHELPS
Real Estate Advisory Group

Work Team:

The performance of the valuation and drafting of the Report was managed by:

Simone Spreafico – *Managing Director, Advisory & Valuation Dept.*

with the supervision of and control by:

Francesco Varisco – *Director, Valuation & Investment*

Federica Minnella – *Director, Hotel&Leisure Division*

and collaboration of:

Christian Cavenaghi – *Associate Director, Valuation & Investment*

Davide Vergani – *Associate Director, Hotel&Leisure Division*

R&D Office – *Market Analysis*

Micaela Beretta – *Editing*

DUFF & PHELPS
Real Estate Advisory Group

ASSUMPTIONS AND LIMITING CONDITIONS

REAG has expressly indicated the date to which the opinions and conclusions of value refer. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of the valuation.

REAG didn't carry out verifications of the area or boundaries of the property subject to analysis. All indications regarding the area and boundaries of the property are supplied by REAG only with the purpose of identifying the property subject to analysis. These identifications cannot be included in property transfer deeds or any other legal document, without the accurate verification on the part of a notary or legal advisor. Any plans, should they be present, are intended to be used solely as aids to represent the property and the area in which it is located. Although these materials were prepared using the most accurate data available, they should not be considered as a survey or as a plan to scale.

No environmental impact study has been ordered or made.
Full compliance with all applicable laws and governmental regulations was assumed unless otherwise stated in this report. We have also assumed responsible ownership and that all required licenses, permits, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis (except for what was expressly analysed during the Due Diligence activity).

The value estimate contained within the final report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in this report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural or environmental defects, the existence of which could have a

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material impact on value (except for what was expressly analysed during the Due Diligence activity).

REAG did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places, unless stated to the contrary in this report.

No soil analysis or geological studies were provided by REAG, nor were any water, oil, gas, or other subsurface minerals nor were the rights of use and conditions were investigated.

REAG assumed that all applicable zoning and use regulations and restrictions have been complied with unless stated to the contrary in this report. Furthermore, REAG assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespassing exists (except for what was expressly analysed during the Due Diligence activity).

We did not consider costs (fiscal costs included) potentially emerging from sale or purchase of the property.

VAT (Value Added Tax) is not included in the values expressed.

The site inspection on the property has been carried out by staff who are experts in the real estate division.

Nevertheless REAG, unless otherwise provided for by this report, did not express any opinion and will not be responsible for the structural integrity of the property, including its conformity to specific governmental code requirements such as fire prevention, earthquake resistance, workers' safety or for physical defects not evident to the appraiser.

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GENERAL SERVICE CONDITIONS

Agreement

The Contract governing this engagement, including these General Service Conditions, represents the entire agreement between REAG and the Client. It supersedes any prior oral or written agreement and may not be altered except by the mutual agreements of all parties thereto.

Assignment

Neither party may assign, transfer, or delegate any of the rights or obligations hereunder without the prior written consent of the other party; unless such assignment is based upon the lawful transfer to a successor in interest of all or substantially all of the party's assets or business interests.

The Client acknowledges to have been informed by Reag about the possibility of the Assignment of Credit (hereinafter the "Assignment") to any legal person appointed by Reag (hereinafter the "Cessionary"). The Client agrees from now on and without reserve to such Assignment and commits himself to signing any document which may be necessary for legal and administrative regularization on Reag request. The Client may possibly be notified of the Assignment by means of either registered letter with acknowledgement of delivery or extrajudicial act. With effect from the invoice factoring, the Client shall be bound to pay any amount due according to this agreement and to keep to any contractual obligation

Client of Record

Only the signed Client(s) of Record may rely on the results of REAG's work. No Third Party shall have reliance or contractual rights of REAG's Client(s) of Record without REAG's prior written consent. No Party should rely on the results of REAG's work as a substitute for its own due diligence.

Communication

Electronic media including e-mail and faxes are acceptable vehicles to communicate all materials unless such communication forms are expressly prohibited in the Contract. The Client is expected to communicate and to give information to the Client Service Team assigned by REAG to this engagement. The Client shall not assume nor enlist the Client Service Team assigned by REAG to

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any work contemplated by the Contract to have knowledge of information provided to others not part of the team.

Contingent Fees

REAG's compensation is not contingent in any way upon its opinion or conclusions or upon any subsequent event directly related to those opinions or conclusions. The Client shall pay REAG's invoices in accordance with their stated terms.

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REAG maintained strictly confidential all information and data relating to the object of the engagement and its performance, and undertook not to disclose them or make them known to third parties, except in compliance with the provisions and provisions of the Authority.

REAG has the right to show the files and work notes in the context of any quality or compliance audits carried out by certification organizations to which REAG or its employees are associated. Any such access continues to be subject to the same confidence and protection by both REAG and the certification organizations. The information has not been handled and will not be handled as confidential if:

i) it is at the moment of the disclosure or later released to the public;

ii) at the time of disclosure to REAG, the information was already in its possession;

iii) the information was obtained from a third party not subject to confidentiality obligations towards the Customer.

Unless mandated by applicable laws or governmental regulations, Client shall not disclose any part REAG's work product, its confidential materials, or its role in the engagement to anyone not stipulated in the Contract, without the prior written consent of REAG.

Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations,

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news, or any other means of communication without the written consent and approval of REAG.

REAG has the right to include the name of the Customer in his list of references.

Data Protection

The Parties recognised that they each processed or shall each be processing personal data in connection with the performance of their obligations and/or exercise of their rights under this Agreement and/or as otherwise required by law or regulation and that the factual arrangement between them dictated the role of each Party (as to data controller or data processor) in respect of the Data Protection Laws. Notwithstanding the foregoing, the Parties agreed and acknowledged that where either Party processed personal data pursuant to or in relation to this Agreement, that Party carried out the processing for its own purposes, and as such is a data controller under the Data Protection Laws.

Each Party at all times complies with its respective obligations under all applicable Data Protection Laws to the extent such Data Protection Laws applies to it in connection with the performance of its obligations or exercise of its rights under this Agreement

Force Majeure

Neither the Client nor REAG shall be liable for delays or for failures to perform according to the terms of the Contract due to circumstances that are beyond their individual control.

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This Contract shall be governed exclusively by the Italian Law. Any disputes regarding these agreements will be handled exclusively by the Italian Judge and will fall within the territorial jurisdiction of the Court of Milan.

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Client shall indemnify and hold REAG harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorney fees, to which REAG may become subjected in connection with this engagement, except to the extent finally judicially determined to have resulted from the negligence or intentional misconduct of REAG. The Client's obligation for indemnification and reimbursement shall extend to any authoritative person of

REAG including any director, officer, employee, subcontractor, affiliate or agent. REAG's liability to the Client shall in no event exceed the fees it receives as a result of the engagement, except to the extent determined to have resulted from the negligence or intentional misconduct of REAG.
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No responsibility is assumed for matters legal in nature. No investigation has been made regarding the title of or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes.

Reliance on Information Provided by the Client
REAG is entitled to rely without independent verification on the accuracy and completeness of all of the information provided by the Client or its advisors. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others, unless stated to the contrary.

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Retention

Unless stipulated to the contrary in this report or in a related written agreement, REAG retains as its property all files, documents, work papers, and other results, developed during the course of the engagement. Such materials will be retained for a period of at least 5 years. During this retention period, the Client shall have access to these documents to assist it in completing the specific use or uses stated in the Contract, subject only to reasonable notification.

Standards of Performance

REAG shall perform the engagement in accordance with applicable professional standards. However, professional services usually involve judgements made in uncertain environments and based on an analysis of data that may be unverified or subject to change over time. The Client and other parties to whom the Client provides access to the results of REAG's work, shall evaluate the performance of REAG based on the specifications of the Contract as well as on the applicable professional standards.

Testimony

REAG's services do not include giving testimony or participating in or attending court or any other legal or regulatory hearings or inquiries unless provided for in the Contract or in a subsequent written agreement.

Ethical code – Model 231

The Client takes note that REAG has adopted its own ethical code (hereinafter "Ethical code") and its organization, management and control model according to principles and guidelines of Decreto Legislativo n. 231/2001 (hereinafter "**Model 231**"). The adoption of Model 231 is intended to prevent any crimes which Decreto Legislativo n. 231/2001 refers to and to avoid any related sanction. Copy of the Ethical code in force is available upon specific request.

The Client declares that they and any of their direct and/or indirect parent companies and subsidiaries: - do not deal (do not have offices, business, investments, transactions) with sensitive countries and/or countries subject to sanctions and embargos imposed by the UN, USA, EU and local governments; - do not do business with individuals or entities based/operating in said countries; - are not subject to said sanctions.

Clash of interests

Six –months after delivery of the final report REAG shall be able to submit to Third Parties proposals concerning the real estate assets which are the subject of this appraisal.

Complaint

The Client can demonstrate, within 20 days of the end of the activity, his dissatisfaction to REAG sending a complaint via e-mail to the appropriate e-mail account customercare@reag-dp.com.

In order to accept and respect the requests of the Client, REAG shall carefully review any claim, verifying and analyzing the work.

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Duff & Phelps REAG S.p.A.
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Palazzo Cassiopea 3- Via Paracelso, 26
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www.duffandphelps.com

Duff & Phelps is a premier independent advisor with expertise in the areas of valuation, corporate finance, disputes and investigations, compliance and regulatory matters and other governance-related issues. From offices around the world, the firm's nearly 2,500 employees help clients address their most pressing business challenges.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising services in Canada are provided by Duff & Phelps Securities Canada Ltd., a registered Exempt Market Dealer. M&A advisory and capital raising services in the United Kingdom and across Europe are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. In Germany M&A advisory and capital raising services are also provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

RICS

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COIMA SGR S.p.A.

31st December 2018

Institutional Closed-end
Investment Fund

COIMA CORE FUND IV

MARKET VALUE
(mid-semester update)

EXECUTIVE SUMMARY

AZIENDA CON SISTEMA
DI GESTIONE QUALITÀ
CERTIFICATO DA DNV GL
= ISO 9001 =

DUFF & PHELPS
Real Estate Advisory Group

Agrate Brianza, 31st December 2018
Ref. n° 21507.03

Spettabile
COIMA SGR S.p.A.
Piazza Gae Aulenti, 12
20154 MILANO

To the kind attention of Mrs Giuditta Losa

Object: **Determination of the Fair Market Value of Real Estate Properties included in Institutional Closed-end Investment Fund, called "Coima Core Fund IV", as of December 31st, 2018 – EXECUTIVE SUMMARY**

Dear Sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (here inafter REAg S.p.A.) carried out the valuation of the real estate assets in which the patrimony of the Institutional Closed-end Investment Fund called "COIMA CORE FUND IV" is invested, in order to determine the Market Value as of December 31st, 2018.

The valuation will be used for a patrimonial verification, in compliance with the Italian law governing the Asset Management companies (Decree of Ministry of Economic Affairs and Finance no. 30 dated 5 March 2015 and the Provision of Banca d'Italia dated 19 January 2015 "Regolamento sulla gestione collettiva del Risparmio", Item V, Article IV, Section II, as well as the Assogestioni guidelines of May 2010 and joint communication of Consob and Banca d'Italia dated 29 July 2010 and subseq. amend. and suppl.

Duff & Phelps REAG SpA a socio unico
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Sede Legale
Via Monte Rosa, 91 20149 Milano - Italy
Capitale Sociale € 1.000.000,00 i.v.
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P. IVA 05881660152
REAGinfo@duffandphelps.com

Definitions

In this Executive Summary, the corresponding definition is to be applied to the terms listed below, unless otherwise indicated in the ES itself:

- **"Real Estate Portfolio"** (hereinafter **"Portfolio"**) represents the ensemble of assets subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.
- **"Real Estate Property":** represents the following assets subject to being appraised: land, buildings, building systems and land improvements. Personal property and intangible assets shall be excluded from the appraisal.
- **"Valuation"** is defined by the Royal Institution of Chartered Surveyors ("RICS") as: an opinion of the value of an asset or liability on a stated basis, at a specified date. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.
- "**Market Value" (MV)** is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017)
- **"Market Rent (MR)"** is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (RICS Red Book, July 2017).

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- **"Gross area"** measured along the external edge of the perimeter walls of the building, to the centre line of the confining walls towards Third Parties, it is expressed in square meters.

- **"Commercial area"** the gross area with the exclusion of technical rooms, facilities, cellars, stairwells and/or lift shafts.

Valuation criteria

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

Market/Sales Comparison Approach: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

Income Capitalization Approach: takes two different methodological approaches into consideration:

✓ Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;

✓ Discounted Cash Flow Method (DCF) based:

a) on the calculation of future net incomes derived from Property renting for a period of "n." years;

b) on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;

c) on the discounted back net incomes (cash flow) as of the evaluation date.

Above mentioned valuation criteria are used singularly and/or integrated one with another, on the discretion of REAG, considering that these criteria are not ever applicable because of difficulties in collecting market data.

REAG determined the value of the Property on the assumption of their higher and best use considering among all legally permitted and financially feasible possible technical uses, only the uses that can potentially confer the maximum value to each Property.

Criteria and methods of evaluation are conformed to the general directives issued by Banca d'Italia.

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In addition, REAG:

- according with the Client, carried out an external and internal site inspection (full) of n. 35 properties in the first part of January 2019; REAG proceeded with a "desktop" update (without site inspections) for the other properties;
- considered the assets in the current rental status, as provided by the Client, in the excel file called *"Rilev 30.11.18 CORE IV"*;
- Considered IMU&TASI and Insurance amount (2018) provided by the Client;
- Considered gross surfaces provided by the Client; REAG did not verify gross surfaces;
- analysed the conditions of the local real estate market, taking the economic data related thereto into consideration and adapting it to the specific features of the properties by means of appropriate statistical work-ups;
- analysed the market data supplied by the main market observer and by our own data-base, managed by REAG research & development office, the data-base consists of "rent comparables" and "sale comparables" deriving from the most recent transactions carried out on the Italian market and collected during the daily work by our appraiser technicians
- did not investigate the title to or any liabilities against the real estate properties, but relied on the information provided by the Client. REAG shall neither investigate nor assume any responsibility with regards to any right or encumbrance of the property under appraisal. REAG didn't verify permits, building licenses or assessments, but considered the properties as conforming to existing regulations;
- did not consider possible environmental liabilities of the subject properties. Environmental liabilities are the costs which may be incurred to avoid environmental damages or to modify situations which do not comply with ongoing regulations.
- did not make a specific compliance survey and analysis of the properties to determine whether or not it is in conformity with the various detailed requirements of the law, concerning the possibility for disabled people to enter working places; no soil

analysis or geological studies were provided by REAG, nor any water, oil, gas, or other subsurface mineral and use rights or conditions were investigated;

- did not make any environmental impact studies. Full compliance with all applicable laws and governmental regulations were assumed. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.

Contents of the Report

The Volume 0 contains the conclusions reached by REAG and includes:

- a general letter of introduction to the report, which identifies the Property, describes the type of examination carried out and presents and certifies the value conclusions;
- a descriptive report on the Property;
- photographic documentation of the Property;
- assumptions and limitations of the Valuation;
- general service conditions.

The 70 "Evaluation Report", related to the analysis and evaluation of each property.

Conclusions

The conclusions on the value pertinent to the Valuation were treated by REAG based on the results obtained upon completion of the following operations:

- collection, selection, analysis and valuation of the data and documents related to the Property;
- carrying out of timely market surveys;
- technical-financial work-ups;

as well as based on the valuation methods and principles indicated above.

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Based on the investigation and the premises outlined

it is our opinion that as of December 31st, 2018, the Market Value of the Real Estate Properties (asset by asset) can be reasonably expressed as follows:

Market Value in the current rental situation

Euro 96.480.000,00

(Euro Ninety-Six Million Four Hundred Eighty thousand/00)

The overall value is the sum of the values of each single asset, as indicated in the follow Attachment A

Duff & Phelps REAG S.p.A.

Performed by:
Simone Macchi
Senior Associate Valuation & Investment

Supervision and control:
Francesco Varisco
Director, Valuation & Investment

Simone Spreafico
Managing Director, Advisory & Valuation Dept.

Paola Ricciardi
Managing Director

Leopoldo Civell
Chief Executive Officer

N.B.

The results of our findings can be understood only by reading the whole report, consisting of:

- *Statement of Value including valuation criteria, assumptions and limiting conditions, general service conditions;*
- *N. 70 valuation reports and attachments.*

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ATTACHMENT:

- Attachment "A" - Summary of values.

WORK TEAM:

The performance of the valuation and drafting of the Report was managed by:

Simone Spreafico – Managing Director, Advisory & Valuation Dept.

Francesco Varisco - Director, Advisory & Valuation Dept.

and collaboration of:

Simone Macchi – Senior Associate, Valuation & Investment

Centro Studi Reag – Analisi di Mercato

Micaela Beretta – Editing.

Site inspections were carried out by:

Federica Riva, Raffaella Ferrara, Francesca Crippa.

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ASSUMPTIONS AND LIMITING CONDITIONS

REAG has expressly indicated the date to which the opinions and conclusions of value refer. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of the valuation.

REAG didn't carry out verifications of the area or boundaries of the property subject to analysis. All indications regarding the area and boundaries of the property are supplied by REAG only with the purpose of identifying the property subject to analysis. These identifications cannot be included in property transfer deeds or any other legal document, without the accurate verification on the part of a notary or legal advisor. Any plans, should they be present, are intended to be used solely as aids to represent the property and the area in which it is located. Although these materials were prepared using the most accurate data available, they should not be considered as a survey or as a plan to scale.

No environmental impact study has been ordered or made.
Full compliance with all applicable laws and governmental regulations was assumed unless otherwise stated in this report. We have also assumed responsible ownership and that all required licenses, permits, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis (except for what was expressly analysed during the Due Diligence activity).

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REAG assumed that all applicable zoning and use regulations and restrictions have been complied with unless stated to the contrary in this report. Furthermore, REAG assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespassing exists (except for what was expressly analysed during the Due Diligence activity).

We did not consider costs (fiscal costs included) potentially emerging from sale or purchase of the property.

VAT (Value Added Tax) is not included in the values expressed.

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REAG has the right to include the name of the Customer in his list of references.

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documents to assist it in completing the specific use or uses stated in the Contract, subject only to reasonable notification.

Standards of Performance

REAG shall perform the engagement in accordance with applicable professional standards. However, professional services usually involve judgements made in uncertain environments and based on an analysis of data that may be unverified or subject to change over time. The Client and other parties to whom the Client provides access to the results of REAG's work, shall evaluate the performance of REAG based on the specifications of the Contract as well as on the applicable professional standards.

Testimony

REAG's services do not include giving testimony or participating in or attending court or any other legal or regulatory hearings or inquiries unless provided for in the Contract or in a subsequent written agreement.

Ethical code – Model 231

The Client takes note that REAG has adopted its own ethical code (hereinafter "Ethical code") and its organization, management and control model according to principles and guidelines of Decreto Legislativo n. 231/2001 (hereinafter "**Model 231**"). The adoption of Model 231 is intended to prevent any crimes which Decreto Legislativo n. 231/2001 refers to and to avoid any related sanction. Copy of the Ethical code in force is available upon specific request.

The Client declares that they and any of their direct and/or indirect parent companies and subsidiaries: - do not deal (do not have offices, business, investments, transactions) with sensitive countries and/or countries subject to sanctions and embargos imposed by the UN, USA, EU and local governments; - do not do business with individuals or entities based/operating in said countries; - are not subject to said sanctions.

Clash of interests

Six –months after delivery of the final report REAG shall be able to submit to Third Parties proposals concerning the real estate assets which are the subject of this appraisal.

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Complaint

The Client can demonstrate, within 20 days of the end of the activity, his dissatisfaction to REAG sending a complaint via e-mail to the appropriate e-mail account customercare@reag-dp.com.

In order to accept and respect the requests of the Client, REAG shall carefully review any claim, verifying and analyzing the work.

DUFF & PHELPS
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