Real Estate SIIQ

COIMA RES

COIMA RES
Interim Financial Statements
for the period ending
March 31st, 2019

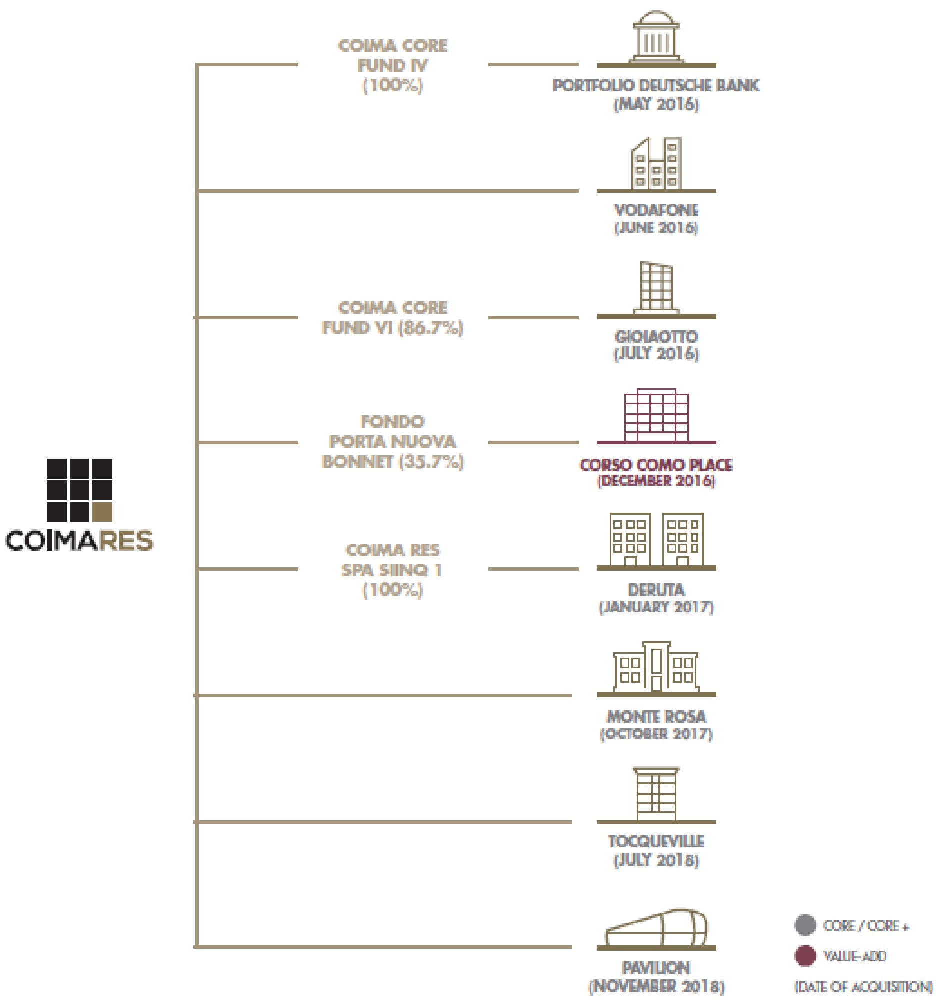
INDEX

CORPORATE 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 SIIQ (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
Ariela Caglio	Independent Director
Antonella Centra	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
Luciano Gabriel	Member
Feras Abdulaziz Al-Naama	Member
Gabriele Bonfiglioli	Member
Matteo Ravà	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.

[1] In charge from April 17th, 2019 until the approval of the financial statements as of December 31st, 2019.
[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 Ernst & Young 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

OVERVIEW OF THE CONSOLIDATED FINANCIAL RESULTS

The table below shows the summary of financial data as at March 31st, 2019.

(in million Euro)	March 31st, 2019	per share	December 31st, 2018	per share	Δ	Δ%
Total property value	624.3		623.5		0.8	0.1%
EPRA NAV	426.3	11.84	421.6	11.71	4.7	1.1%
EPRA NNNAV	418.7	11.63	415.4	11.54	3.4	0.8%
Debt position	290.6		291.3		(0.7)	(0.3%)
Cash position	83.9		82.2		1.7	2.0%
Net Loan to Value	33.1%		33.5%		(0.4 p.p.)	n.m.
EPRA Net Initial Yield	4.9%		5.2%		(0.3 p.p.)	n.m.
EPRA “topped-up” NIY	5.3%		5.3%		n.m.	n.m.
EPRA vacancy rate	3.5%		4.6%		(1.1 p.p.)	n.m.

(in million Euro)	March 31st, 2019	per share	March 31st, 2018	per share	Δ	Δ%
Rents	8.7		8.8		(0.1)	(1.2%)
NOI	7.8		7.9		(0.1)	(1.5%)
EBITDA	5.5		5.2		0.3	5.6%
EBIT	6.5		5.2		1.3	26.0%
Recurring FFO	3.9	0.11	4.3	0.12	(0.4)	(9.2%)
Net profit	4.7	0.13	3.4	0.09	1.3	37.8%
EPRA Earnings	3.5	0.10	4.0	0.11	(0.5)	(11.8%)
EPRA costs (including direct vacancy costs)	37.5%		37.3%		0.2 p.p.	n.m.
EPRA costs (excluding direct vacancy costs)	36.9%		36.0%		0.9 p.p.	n.m.
Like for like rental growth	6.2%		2.7%		3.5 p.p.	n.m.
WALT (years)	6.3		6.9		(0.6)	n.m.

EPRA Net Asset Value as of March 31st, 2019 was Euro 426.3 million, an increase in the first three months of 2019 equal to 1.1 % before the payment of dividends relating to the 2018 financial year. The performance of EPRA NAV is linked to the operating results obtained in the first quarter of 2019.

The key factors affecting the NAV increase in the first 3 months of 2019 are:

- EPRA Earnings for the period of Euro 3.5 million;
- revaluations related to the real estate portfolio of Euro 1.2 million.

The EPRA Cost Ratio shows an increase to 37.5% from 37.3% as of March 31st, 2018.

The Group net result at March 31st, 2019 amounted to Euro 4.7 million, an increase of Euro 1.3 million compared to March 31st, 2018, as shown in the table below.

(in million Euro)	March 31st, 2019	March 31st, 2018	Δ	Δ%
Rents	8.7	8.8	(0.1)	(1.2%)
Net real estate operating expenses	(1.0)	(0.9)	(0.0)	1.4%
NOI	**7.8**	**7.9**	**(0.1)**	**(1.5%)**
Other revenues	0.0	0.0	0.0	0.0%
G&A	(2.1)	(1.9)	(0.2)	10.7%
Other expenses	(0.0)	(0.0)	0.0	0.0%
Non-recurring general expenses	(0.1)	(0.7)	0.6	(85.6%)
EBITDA	**5.5**	**5.2**	**0.3**	**5.6%**
Net depreciation	(0.1)	(0.0)	(0.1)	>100.0%
Net movement in fair value	1.2	0.0	1.2	100.0%
EBIT	**6.5**	**5.2**	**1.3**	**26.0%**
Financial income	0.0	0.0	(0.0)	0.0%
Income from investments	(0.1)	(0.0)	(0.1)	100.0%
Financial expenses	(1.7)	(1.6)	(0.1)	7.3%
Profit before taxation	**4.7**	**3.6**	**1.1**	**31.9%**
Income tax	0.0	0.0	(0.0)	0.0%
Profit	**4.7**	**3.6**	**1.1**	**31.8%**
Minorities	0.0	(0.2)	0.1	(84.0%)
Profit attributable to COIMA RES	**4.7**	**3.4**	**1.3**	**37.8%**
EPRA Adjustments[3]	(1.2)	0.6	(1.7)	>100.0%
EPRA Earnings	**3.5**	**4.0**	**(0.5)**	**(11.8%)**
EPRA Earnings per share	0.10	0.11	(0.01)	(11.8%)
FFO	**3.8**	**3.6**	**0.2**	**4.9%**
FFO Adjustments[4]	0.1	0.7	(0.6)	(85.1%)
Recurring FFO	**3.9**	**4.3**	**(0.4)**	**(9.2%)**
Recurring FFO per share	0.11	0.12	(0.01)	(9.2%)

The NOI margin includes rents generated by the Deutsche Bank portfolio, Vodafone complex, Gioiaotto, Deruta, Monte Rosa, Tocqueville and Pavilion, net of direct property operating costs (such as property taxes, *property management* costs, utilities and maintenance costs).
The NOI margin as of March 31st, 2019 is 89% and the current in-place NOI yield is 4.9%.

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.

Net depreciation, amounting to Euro 0.1 million, mainly includes the effect of the write-off of receivables in place.

[3] Include the adjustment in fair value related to investment properties and the income from disposals.
[4] Include mainly non-recurring costs.

The net movement in fair value amounting to Euro 1.2 million, is related to Deutsche Bank branch located in Milan, that was reclassified in the item *real estate investments* following the stipulation of the rental agreement. The value of the branch, that was evaluated at costs, was aligned to the *fair value* in accordance with the accounting standard IAS 40.

The financial expenses are mainly related to debt in place.

The Group profit per share amounts to Euro 0.13 (Euro 4.7 million) 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, 2018, including the reclassification of the investment in Porta Nuova Bonnet Fund on proportional consolidation basis, in order to obtain the total value of the property investments of the Group at March 31st, 2019.

(in million Euro)	March 31st, 2019	December 31st, 2018	Δ	Δ%	March 31st, 2019 Look-Through adjusted
Investment properties	624.3	623.5	0.8	0.1%	666.6
Other assets	3.3	2.9	0.4	14.5%	3.3
Investments accounted for using the equity method	22.2	21.5	0.7	3.4%	1.5
Total LT assets	**649.8**	**647.9**	**1.9**	**0.3%**	**671.4**
Trade receivables	8.3	8.2	0.1	1.0%	8.5
Other assets	0.0	0.0	0.0	0.0%	0.0
Cash	83.9	82.2	1.7	2.0%	84.8
Total current assets	**92.2**	**90.5**	**1.7**	**1.9%**	**93.3**
Total assets	**742.0**	**738.4**	**3.7**	**0.5%**	**764.7**
			-		
Debt	290.6	291.3	(0.7)	(0.3%)	311.3
Provisions	0.1	0.2	(0.1)	(68.8%)	0.1
Other liabilities	3.7	2.1	1.6	76.4%	3.7
Trade payables	10.7	12.5	(1.9)	(14.8%)	12.7
Total liabilities	**305.0**	**306.1**	**(1.1)**	**(0.4%)**	**327.7**
Minorities	13.5	13.5	0.0	0.2%	13.5
NAV	**423.5**	**418.7**	**4.8**	**1.1%**	**423.5**
NAV per share	11.76	11.63	0.13	1.1%	11.76
Net Loan to Value	*33.1%*	*33.5%*			*34.0%*

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 96.0 million related to Deutsche Bank branches, Euro 209.3 million related to the real estate complex Vodafone, Euro 79.8 million related to Gioiaotto, Euro 49.8 million related to Deruta, Euro 60.5 million related to Monte Rosa, Euro 58.9 million related to Tocqueville and Euro 70.0 million related to the property named “Pavilion”.

Investments in associated companies increased by Euro 0.7 million mainly due to the result of the period and capital calls of the period made by the Bonnet Fund.

The other assets mainly include derivatives, amounting to Euro 0.4 million and financial receivables, amounting to Euro 1.6 million, which relate to loans relating to loans granted by MHREC Sarl and CO - Investment 2 SCS

In application of the IFRS 16 accounting standard in force since January 1st, 2019, the Company has accounted in the intangible assets a right of use amounting to Euro 0.9 million, which represents the right to use the asset based on the existing lease agreement, that asset is the headquarter in Piazza Gae Aulenti 12.

Trade receivable refer the core-business of the Company.

The consolidated net financial debt of the Company as of March 31st, 2019 amounted to Euro 207.6 million, decreased of Euro 1.5 million compared to December 31st, 2018.

The Net Loan to Value is equal to 33.1 % and it is 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 received amounting to Euro 5.9 million (Euro 8.1 million as of December 31st, 2018) and deferred income amounting to Euro 2.7 million (Euro 1.5 million as of December 31st, 2018).

The *other liabilities* include the *fair value* of the financial instruments, amounting to Euro 1.0 million, and there was no change in value compared to December 31st, 2018.

As of March 31st, 2019, the weighted average debt maturity is 4.1 years and the weighted average “all in” cost of debt is about 2% (ca. 75% is hedged by derivatives).

The Shareholders’ equity, amounting to Euro 423.5 million (NAV per share of Euro 11.76), shows an increase of Euro 4.8 million mainly due to the profit of the period, amounting to Euro 4.7 million.

PORTFOLIO AT MARCH 31st, 2019

At March 31st, 2019, the portfolio of COIMA RES amounting to approximately Euro 666.6 million[5] and includes the Deutsche Bank portfolio, the real estate complex known as "Vodafone Village", the Gioiaotto building, the Corso Como Place complex, the Deruta building complex, the Monte Rosa complex, Tocqueville and Pavilion building.

The initial gross rents amount to approximately Euro 34.7 million. The initial overall WALT of the portfolio is approximately 6.3 years and the EPRA net initial yield is 4.9%.

[5] Corso Como Place accounted on pro-rata basis

Main figures of real estate portfolio as at March 31st, 2019.

	Deutsche Bank	Vodafone	Gioiaotto [6]	Corso Como Place [7]	Deruta	Monte Rosa	Tocqueville	Pavilion	Portfolio March 31st, 2019
City	Various	Milan	Milan	Milan	Milan	Milan	Milan	Milan	-
Address	Various	Via Lorenteggio 240	Via Melchiorre Gioia 6-8	Via Bonnet	Via Deruta 19	Via Monte Rosa 93	Via Tocqueville 13	Piazza Gae Aulenti 10	-
Sub-market	Various	Lorenteggio BD	Porta Nuova BD	Porta Nuova BD	Piazza Udine BD	Lotto-Citylife BD	Porta Nuova BD	Porta Nuova BD	-
Asset class	Bank Branches	Office	Office Hotel Retail	Office Retail	Office Retail	Office	Office	Office	-
% of ownership	100.0%	100.0%	86.7%	35.7%	100.0%	100.0%	100.0%	100.0%	-
Fair Value (€/m)	96.0	209.3	79.8	42.3	49.8	60.4	58.9	70.0	**666.6**
WALT (year)	7.7	7.8	5.3	1.9	2.8	4.0	1.5	8.8	**6.3**
EPRA occupancy rate	85%	100%	100%	n.a.	100%	91%	100%	100%	**96.5%**
Gross initial rent (€/m)	5.1	14.0	4.0	0.3	3.6	3.8	2.4	1.3	**34.7**
EPRA net initial yield	4.5%	6.2%	4.5%	n.a.	6.6%	5.2%	3.6%	1.6%	**4.9%**
EPRA topped-up NIY	4.7%	6.2%	4.7%	n.a.	6.6%	5.2%	3.6%	4.8%	**5.3%**
Expected gross stabilised yield	5.3%[8]	6.2%	4.7%	6.2%[9]	6.6%	5.6%[9]	4.9%[9]	4.8%	**5.6%**

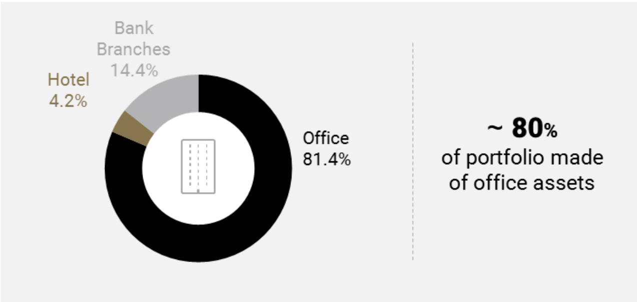
[6] Accounted at 100%
[7] Accounted on pro-rata basis (35.7%)
[8] Excluding the 4 vacant branches
[9] Yield on cost metric, calculated including expected capex (soft & hard costs) and estimated rental value

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

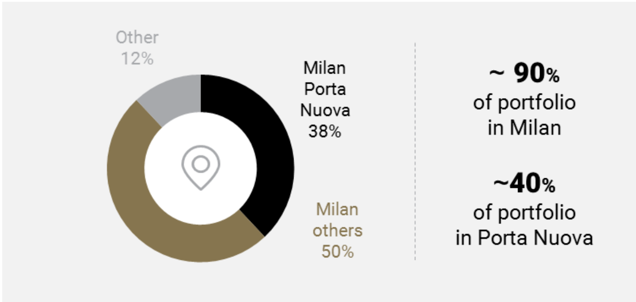
- office use;
- Italy's most attractive markets (Milan 90%);
- primarily income-producing assets;
- Grade A buildings or buildings to be converted to Grade A.

Portfolio breakdown as of March 31st, 2019

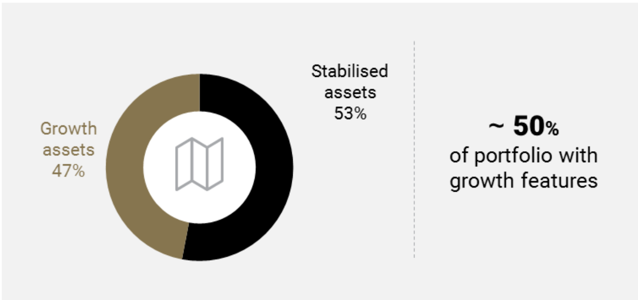
BREAKDOWN BY USE



BREAKDOWN BY GEOGRAPHY

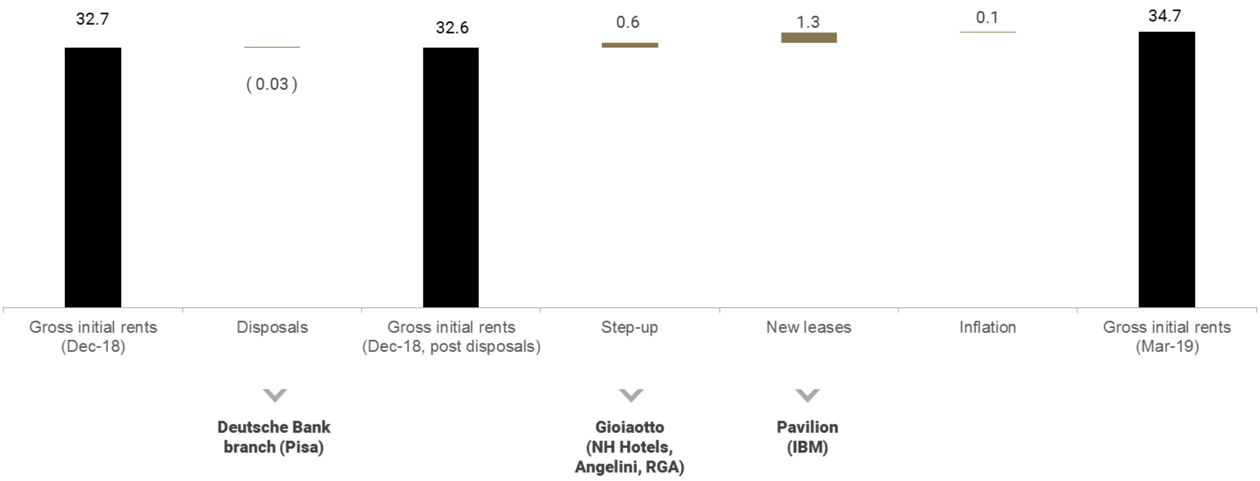


BREAKDOWN BY STRATEGY



Evolution on annual gross initial rents

The graph below summarises the evolution of our annual gross initial rents for the period ending March 31st, 2019 in Euro million.



Like-for-like rents grew by 6.2% in the first quarter of 2019, driven by rental step-ups agreed, indexation and additional asset-management initiatives (IBM). Like-for-like rents grew by 7.5%, excluding the bank branch portfolio.

SIGNIFICANT EVENTS OF THE PERIOD

Active lease activity

Pavilion: The lease agreement with IBM, signed in August 2018, became effective on January 31st, 2019, and features a 9 years + 6 years structure, 100% linked to inflation, with gross initial rent of Euro 1.25 million (for the first 12 months) and a contractual gross stabilised rent of Euro 3.5 million (commencing after the first 12 months). IBM is the sole tenant of the Pavilion, fully occupying the property.

Bank branches: 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 thousand of additional gross rent per annum for COIMA RES on a stabilised basis.

Disposals

Bank branches: in March 2019, COIMA RES sold one Deutsche Bank branch in Pisa (Tuscany, Centre of Italy) for Euro 500,000, at a premium of 4.2% vs the book value as of December 31st, 2018. As a reminder, since IPO, COIMA RES has sold 27 bank branches for Euro 42.0 million (equal to 30% of the initial portfolio), at an aggregate price in line with the initial contribution value.

Refurbishment projects

Bonnet: the 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 2016-2018 for the Bonnet 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 will be spent by COIMA RES in 2019-2020 given its 35.7% stake in the project). Capex spent in the project in the first quarter 2019 amounts to c. Euro 5.5 million (of which Euro 2.0 million representing COIMA RES' share). Formal pre-leasing activity has commenced in September 2018 with the aim of pre-letting a significant portion of the asset in 2019.

Outlook

At this time of uncertainty in both Italy and Europe, COIMA RES is focussing on Milan offices, Italy's largest, most transparent and liquid real estate market. Milan accounted for more than 60% of the overall Italian office market, both by number of transactions and investment volumes over the last four years. Milan is characterised by strong supply and demand fundamentals, in particular due to scarcity of Grade A space, which represent only 10% of total office stock, but accounts for 70% of total take up. This imbalance suggests demand may outstrip supply by a factor of 2-3x over the next few years and underpins strong near-and-medium term rental upside.
As far as the current portfolio is concerned, COIMA RES will consider further asset rotation in order to increase its exposure to Milan and to balance tenant concentration.
COIMA RES continues to carefully and selectively assess investment opportunities, with Milan being a tactical focus given its growth potential and relative through-the-cycle resiliency. Asset selection will emphasize Core and Core + office assets. COIMA RES will also selectively evaluate co-investment opportunities in Value-add projects in JV.

SUBSEQUENT EVENTS

New lease agreements

In April 2019, Alexion Pharma signed a binding term-sheet for the leasing (on a 7-year basis) of 770 sqm currently occupied by axélero in Gioiaotto. The rental level agreed with Alexion Pharma is Euro 500 / sqm representing a premium of 50% vs the current in place rent (on a stabilised basis). The new lease is subject to axélero releasing the space by the end of third quarter of 2019 (which axélero has already agreed to). Overall, more than 2,000 sqm were released at Gioiaotto in the last 12 months and the new leases were agreed at a blended premium of 30% vs previous rents in place.

In April 2019, COIMA CORE FUND IV, 100% owned by COIMA RES, signed a 9-year lease agreement for a bank branch located in Turin which was previously vacant. The new tenant is active in the wellness sector. The branch represents 4,300 sqm and the new leasing agreement will contribute to Euro 420 thousand of additional gross rent per annum for COIMA RES on a stabilised basis. The effective date will start from the granting from the City of Turin of the change of use for the premise (the process for the change of use has already been started by the new tenant).

FY 2018 dividend of Euro 0.30 per share

COIMA RES Shareholders' Meeting held on April 17th, 2019 approved the recommendation of the Board of Directors to distribute to shareholders a dividend for the fiscal year 2018 of Euro 10,802,100 (Euro 0.30 per share). The 2018 dividend of Euro 0.30 per share represents an increase of 11.1% vs the 2017 dividend of Euro 0.27 per share. The 2018 dividend represents a pay-out ratio of 72% based on the consolidated EPRA Earnings for 2018 (vs 64% in 2017). An interim dividend of Euro 3,600,700 (Euro 0.10 per share) was already paid on November 21st, 2018 and the final dividend of Euro 7,201,400 (Euro 0.20 per share) was paid with ex-dividend date on April 23rd, 2019, record date on April 24th, 2019 and payment date on April 25th, 2019.

Appointment of the Board of Directors

On April 17th, 2019, the Annual Shareholders' Meeting in its Ordinary Session has confirmed in 9 the number of the members of the Board of Directors and appointed, for the financial year 2019 and, therefore, until the approval of the Financial Statements as at December 31st, 2019, the new Board of Directors in the person of Feras Abdulaziz Al Naama, Manfredi Catella, Caio Massimo Capuano, Olivier Elamine, Luciano Gabriel, Alessandra Stabilini, Agostino Ardissone, Ariela Caglio and Antonella Centra.
The Annual Shareholders' Meeting in its Ordinary Session confirmed Caio Massimo Capuano as Chairman of the Board of Directors and the Board of Directors held on April 17th, 2019, confirmed Manfredi Catella as Chief Executive Officer.

ITALY: ECONOMIC AND REAL ESTATE MARKET CONDITIONS

The first quarter of 2019 was characterized by a progressive slowdown in the Italian economy, with GDP growth estimates revised downwards repeatedly by the major domestic and international institutions. Currently, the "real" growth of the Italian GDP for 2019 is expected at a level of 0.2% according to the latest Government estimates (down compared to the previous estimate of 1.0% in December 2018).

Despite the slowdown of the Italian economy, the real estate sector in Italy recorded a good level of investment volumes in the first quarter of 2019, equal to Euro 1.7 billion (CBRE data), substantially in line with the volumes recorded during the first quarter of 2018. The office segment in Italy has seen investment volumes more than triple in the first quarter of 2019 compared to the first quarter of 2018, reaching a level of Euro 1.1 billion (CBRE data). In the first quarter of 2019, the Milan market recorded investment volumes of Euro 888 million (CBRE data), an increase of 77% compared to the first quarter of 2018.

The Milan office market saw investment volumes of 757 million euros in the first quarter of 2019 (c. 85% of the total volumes of the city considering also the other asset classes), volumes more than tripled compared to the first quarter of 2018 (CBRE data). Current yields remain stable vs the end of 2018 with a net yield for prime properties of 3.4% and a net yield for good quality properties in secondary locations of 5.0%. The take-up for office space in Milan in the first quarter of 2019 has also increased sharply (+50% compared to the first quarter of 2018) with a total take-up of 121,000 sqm (CBRE data). Consolidating the trend seen in recent years, more than 70% of the take-up relates to Grade A spaces (the vacancy for these spaces remains at historically very low levels of 2.1%). The prime rent for office buildings remain stable at Euro 585 / sqm (JLL data).

CONSOLIDATED INCOME STATEMENT

(in thousands Euro)	Notes	March 31st, 2019	*of which related parties*	March 31st, 2018	*of which related parties*
Income statements					
Rents	1	8,726	-	8.833	-
Net real estate operating expenses	2	(951)	(158)	(968)	(67)
Net rents		**7,775**	**(158)**	**7,865**	**(67)**
Income / (loss) from disposals		10	-	-	-
Costs of sales		-	-	-	-
Net revenues from disposal		**10**	**-**	**-**	**-**
G&A expenses	3	(2,245)	(1,482)	(2,543)	(1,385)
Other operating expenses	4	(37)	-	(110)	(5)
Gross operating income		**5,503**	**(1,640)**	**5,212**	**(1,457)**
Net depreciation		(129)	(20)	(25)	-
Net movement in fair value		1,160	-	-	-
Net operating income		**6,534**	**(1,660)**	**5,187**	**(1,457)**
Net income attributable to non-controlling interests		(137)	-	(38)	-
Financial income		-	-	-	-
Financial expenses	5	(1,709)	(2)	(1,594)	-
Profit before tax		**4,688**	**(1,662)**	**3,555**	**(1,457)**
Income tax		-	-	3	-
Profit		**4,688**	**(1,662)**	**3,558**	**(1,457)**
Minorities		(28)	-	(176)	-
Profit for the Group		**4,660**	**(1,662)**	**3,382**	**(1,457)**

NOTES TO CONSOLIDATED INCOME STATEMENTES

Below are the main items of profit and loss that have most significantly affected Group profit as of March 31st, 2019.

1. Rents

The rents amount to Euro 8,726 thousand and include the rents accrued on the real estate portfolio.

(in thousands Euro)	Properties	March 31st, 2019	March 31st, 2018
COIMA RES SIIQ	Vodafone	3,504	3,485
	Monte Rosa	932	916
	Tocqueville	598	-
	Pavilion	534	-
COIMA CORE FUND IV	Deutsche Bank branches	1,253	1,258
COIMA CORE FUND VI	Gioiaotto	1,001	997
	2331 Eurcenter	-	1,280
COIMA RES SIINQ I	Deruta	904	897
Rents		**8,726**	**8,833**

The decrease of Euro 107 thousand compared to previous year is mainly due to the loss of rents related to the Eurcenter disposal, which took place on December 17th, 2018. This reduction was partially compared by rents relating to Tocqueville and Pavilion properties, acquired on July 27th, 2018 and November 23rd, 2018, respectively.

2. Net real estate operating expenses

Net real estate operating expenses amount to Euro 951 thousand as of March 31st, 2019. The breakdown of the figure is detailed below:

(in thousands Euro)	Vodafone Complex *	Tocqueville Monte Rosa Pavilion	Deutsche Bank branches	Gioiaotto	Deruta	March 31st, 2019	March 31st, 2018
Recovery of costs from tenants	588	446	6	186	4	1.230	944
Property management fee	(66)	(42)	(13)	(1)	(9)	(131)	(219)
Maintenance charges	(285)	(259)	(11)	(94)	(13)	(662)	(320)
Utilities	(284)	(140)	6	(62)	-	(480)	(451)
Insurance	(16)	(14)	(12)	(7)	(6)	(55)	(56)
Property tax (IMU)	(173)	(198)	(172)	(72)	(58)	(673)	(698)
Property tax (TASI)	(12)	(14)	(6)	(5)	(4)	(41)	(44)
Stamp duties	(35)	(19)	(17)	(10)	(9)	(90)	(93)
Other real estate costs	-	(23)	-	(26)	-	(49)	(31)
Net real estate expenses	**(283)**	**(263)**	**(219)**	**(91)**	**(95)**	**(951)**	**(968)**

* Include Lorenteggio Village Consortium

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

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

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

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

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

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

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

3. General and administration expenses

General and administration expenses amount to Euro 2,245 thousand as of March 31st, 2019. The detailed summary table is attached below:

(in thousands Euro)	COIMA RES	COIMA CORE FUND IV	COIMA CORE FUND VI	SIINQ I	Others	March 31st, 2019	March 31st, 2018
Asset management fee	(862)	(17)	(275)	-	-	(1,154)	(1,062)
Personnel costs	(425)	-	-	-	-	(425)	(439)
Consulting costs	(129)	(68)	(60)	(5)	(12)	(274)	(324)
Control functions	(77)	(2)	(4)	(4)	-	(87)	(100)
Audit	(48)	(6)	(14)	(4)	(3)	(75)	(66)
Marketing	(71)	-	-	-	-	(71)	(75)
IT service	(51)	-	-	-	-	(51)	(43)
Independent appraisers	(17)	(8)	(6)	(1)	-	(32)	(19)
Other operating expenses	(74)	-	-	-	(2)	(76)	(415)
G&A expenses	**(1,754)**	**(101)**	**(359)**	**(14)**	**(17)**	**(2,245)**	**(2,543)**

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

Personnel costs include:
- wages, salaries and similar expenses, amounting to Euro 181 thousand, related to wages for the Company's employees;
- social security contributions, amounting to Euro 62 thousand, paid by the Company to social security funds;
- other personnel costs, amounting to Euro 181 thousand, include mainly the Board of Directors' remuneration.

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.

Governance and other *control functions* costs are mainly related to the Board of Statutory Auditors, amounting to Euro 31 thousand, risk management, amounting to Euro 18 thousand, and other control functions, amounting to Euro 38 thousand.

Marketing costs mainly relate to media relations expenses (Euro 49 thousand), maintenance of the digital platform (Euro 20 thousand) and other marketing costs (Euro 2 thousand).

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

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

Other expenses mainly include expenses related to the management of the Company's headquarter and other corporate costs (travel costs, membership fees, Borsa Italiana's services).

4. Other operating expenses

The other operating expenses, amounting to Euro 37 thousand (Euro 110 thousand as of March 31st, 2018), mainly include *corporate* taxes and fees, costs related to non-deductible VAT, non-recurring liabilities and other operating costs.

5. Financial expenses

The item *financial expenses*, amounting to Euro 1,709 thousand (Euro 1,594 thousand as of March 31st, 2018), mainly include interests accrued on existing bank borrowings. The increase of Euro 115 thousand compared to the first quarter of 2018 is mainly due to the new agreements signed to fund the acquisition of Monte Rosa, Tocqueville and Pavilion properties.

CONSOLIDATED BALANCE SHEET

(in thousands Euro)	Notes	March 31st, 2019	*of which related parties*	December 31st, 2018	*of which related parties*
Assets					
Real estate investments	6	615,195	-	611,590	-
Other tangible assets	7	312	-	319	-
Intangible assets	7	1,028	852	73	-
Investments accounted for using the equity method	8	22,193	-	21,473	-
Non-current deferred tax assets		14	-	10	-
Derivatives	9	368	-	893	-
Long term financial assets		1,620	1,620	1,620	1,620
Total non-current assets		**640,730**	**2,472**	**635,978**	**1,620**
Inventories	10	9,090	-	11,930	-
Trade and other current receivables	11	8,312	46	8,233	46
Cash and cash equivalents	12	83,886	-	82,221	-
Total current assets		**101,288**	**46**	**102,384**	**46**
Non-current assets held for sale		-	-	-	-
Total assets		**742,018**	**2,518**	**738,362**	**1,666**
Liabilities					
Capital stock		14,451	-	14,451	-
Share premium reserve		335,549	-	335,549	-
Valuation reserve		(1,627)	-	(957)	-
Interim dividend		(3,601)	-	(3,601)	-
Other reserves		74,083	1,133	27,039	-
Profit / (loss) for the period		4,660	-	46,267	-
Total Group shareholders' equity	**13**	**423,515**	**1,133**	**418,748**	**-**
Minorities	**13**	**13,520**	**-**	**13,492**	**-**
Shareholders' equity	**13**	**437,035**	**1,133**	**432,240**	**-**
Bank borrowing and other non-current lenders	14	290,596	-	291,340	-
Non-current financial liabilities	15	938	834	-	-
Payables for post-employment benefits		54	-	43	-
Previsions for risk and charges		-	-	130	-
Derivatives	16	1,664	-	1,026	-
Trade payable and other non-current liabilities	17	1,703	998	1,705	998
Total non-current liabilities		**294,955**	**1,832**	**294,244**	**998**
Trade payables non-current liabilities	17	9,977	3,797	11,832	4,939
Current tax payables		51	-	46	-
Total current liabilities		**10,028**	**3,797**	**11,878**	**4,939**
Total liabilities		**304,983**	**5,629**	**306,122**	**5,937**
Total liabilities and shareholders' equity		**742,018**	**6,762**	**738,362**	**5,937**

NOTES TO THE CONSOLIDATED BALANCE SHEET

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

6. Real estate investments

Property investments as of March 31st, 2019 are detailed as follows:

(in thousands Euro)	Investments	December 31st, 2018	Acquisitions / (disposal)	Capex	Revaluations	Reclassification	March 31st, 2019
COIMA RES SIIQ	Vodafone	209,300	-	33	-	-	209,333
	Monte Rosa	60,400	-	45	-	-	60,445
	Tocqueville	58,900	-	-	-	-	58,900
	Pavilion	70,000	-	5	-	-	70,005
COIMA CORE FUND IV	DB branches	83,390	(480)	-	1,160	2,840	86,910
COIMA CORE FUND VI	Gioiaotto	79,800	-	2	-	-	79,802
COIMA RES SIINQ I	Deruta	49,800	-	-	-	-	49,800
Real estate investments		**611,590**	**(480)**	**85**	**1,160**	**2,840**	**615,195**

The total amounts reported is consistent with those of the last appraisals produced by independent appraisers as of December 31st, 2018. The appraisals are drawn up in accordance with “RICS Valuation – Professional Standards”, in compliance with applicable law and with recommendations given by ESMA European Security and Market Authority.

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

As for the disposals that took place during the quarter, it should be noted that on March 15th, 2019 COIMA CORE FUND IV sold the bank branch in Pisa for a price of Euro 500 thousand.

The amount reported in the column *reclassification* refers to the value of the Deutsche Bank branch in Milan, reclassified from the item *inventories* to the item *real estate investments* based on the lease agreement signed on February 19th ,2019.

In accordance with the international accounting standard IAS 2, as of December 31st, 2018 the Milan branch was recorded in the item *inventories* and evaluated at cost, because it was vacant. Following the stipulation of the lease agreement and the reclassification in the item *real estate investments*, the value of the branch was aligned to the market value in accordance with the accounting standard IAS 40, recording an increase amounting to Euro 1,160 thousand.

7. Other tangible assets and intangible assets

Other tangible assets, amounting to Euro 312 thousand (Euro 319 thousand as of December 31st, 2018), mainly include the furniture and fixtures relating to the Company's headquarter.

Intangible assets, amounting to Euro 1,028 thousand (Euro 73 thousand at December 31st, 2018), show an increase of Euro 955 thousand compared to the previous year following the application of the new accounting standard IFRS 16, in force since January 1st, 2019.

This accounting standard defines new criteria for measuring and reporting information on leasing agreements, requiring the recognition, in the financial statements of the tenants, of an intangible asset that represents the right of use related the underlying asset for the entire duration of the agreement, and the simultaneous recognition of a liability related to the payment of future rents.

Today, the Group has mainly a lease agreement relating to the headquarter in Piazza Gae Aulenti 12, whose right of use amounts to Euro 832 thousand as of March 31st, 2019.

8. Investments accounted for using the equity method

The item, amounting to Euro 22,193 thousand (Euro 21,473 thousand at December 31st, 2018), include the equity investment in Porta Nuova Bonnet Fund amounting to Euro 20,692 thousand and the equity investment in Co – Investment 2 SCS, owned indirectly through MHREC Sàrl, amounting to Euro 1,501 thousand.

The increase of Euro 720 thousand compared to the previous year is due to the capital calls made by Porta Nuova Bonnet Fund net of the results of this quarter.

9. Derivatives

The derivative instruments amounting to Euro 368 thousand (Euro 893 thousand as of December 31st, 2018), decreased to Euro 525 thousand compared to the previous year due to the change in the *fair value* of CAP derivative contracts related to the Vodafone loan and to the amortization of the premium paid.

The Company has recorded the financial instruments based on international accounting principles, verifying the effectiveness of the hedging relation.

10. Trade and other receivables

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

Trade receivables, amounting to Euro 8,312 thousand (Euro 8,233 thousand as of December 31st, 2018), include:
- other VAT receivables amounting to Euro 3,242 thousand;
- rental receivables amounting to Euro 2,854 thousand;
- payments and accrued income amounting to Euro 1,946 thousand;
- deposits, advance and other receivables amounting to Euro 270 thousand.

11. Inventories

The inventories, amounting to Euro 9,090 thousand (Euro 11,930 thousand as at December 31st, 2018), include the vacant Deutsche Bank branches.
The decrease of Euro 2,840 thousand compared to the previous year is linked to the reclassification of the Milan branch in the item *real estate investments*, thanks to the lease agreement signed in February 2019.

12. Cash and cash equivalents

The Company's cash and cash equivalents, amounting to Euro 83,866 thousand (Euro 82,221 thousand as of December 31st, 2018), include the available cash of the parent company and the subsidiaries.

13. Shareholders' equity

As of March 31st, 2019, the net equity of the Company amounts to Euro 423,515 thousand.
Share capital, amounting to Euro 14,451 thousand, is represented by 36,007,000 shares with no nominal value.
Reserves include:

- share premium reserve of Euro 335,549 thousand;
- legal reserve of Euro 2,890 thousand;
- other reserves of Euro 65,965 thousand, net of the interim dividend paid on November 2018 amounting to Euro 3,601 thousand.

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

14. Bank borrowings and other non-current lenders

Bank borrowings and other non-current lenders, amounting to Euro 290,596 thousand, mainly include the financial loans contracted by the Company and by the controlled entities, whose movement is show below.

(in thousands Euro)	December 31st, 2018	Borrowings	Amortised costs	Reimbursements	March 31st, 2019
COIMA RES SIIQ	246,764	-	217	(1,000)	245,981
COIMA CORE FUND VI	24,785	-	20	-	24,805
COIMA RES SIINQ I	19,791	-	19	-	19,810
Non-current bank borrowings	**291,340**	**-**	**256**	**(1,000)**	**290,596**

On March 5th, 2019, the Company repaid part of the VAT line used to partially finance the acquisition of the Pavilion property, for an amount of Euro 1,000 thousand.

15. Non-current financial liabilities

In accordance with the international accounting standard IFRS 16 in force on January 1st, 2019, the Company has recognized a liability in respect of the payment of lease rents relating to existing lease agreements. This liability, amounting to Euro 938 thousand, is the current value of the expected future cash flows for the duration of the agreements.

16. Derivatives

The derivative financial instruments classified in liabilities, amounting to Euro 1,664 thousand (Euro 1,026 at December 31st, 2018), show an increase of Euro 638 thousand compared to the previous year due exclusively to the change in the *fair value* refer to Interest Rate Swaps, subscribed to hedge the financial flows related to Monte Rosa, Tocqueville and Pavilion loans.

17. Trade payables and other liabilities

Trade payables and other non-current liabilities, amounting to Euro 1,703 thousand (Euro 1,705 thousand as of December 31st, 2018), include:

- Euro 998 thousand related to the fair value of the financial instruments granted to the CEO and key managers, whose value was determined by an independent expert in February 2019;
- Euro 705 thousand related to cash deposits received from tenants.

The trade payables and other current liabilities, amounting to Euro 9,977 thousand (Euro 11,832 thousand at December 31st, 2018) include:

- trade payables to suppliers and invoices to be received of Euro 5,944 thousand;
- accruals and deferred income of Euro 2,721 thousand;
- security previsions, personnel liabilities and other payables of Euro 1,312 thousand.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands Euro)	March 31st, 2019	March 31st, 2018
Profit for the period before tax	4,688	3,554
Adjustments to reconcile the profit to net cash flow:		
Net depreciation	129	25
Severance pay	27	24
Net movement in fair value property	(1,160)	-
Net income attributable to non-controlling interests	137	38
Financial income	-	-
Financial expenses	370	450
Net movement in fair value of financial instrument	-	3
Income taxes	-	3
Changes in working capital:		
(Increase) / decrease in trade and other current receivables	(174)	770
(Increase) / decrease in deferred tax assets	(4)	(6)
(Increase) / decrease in long term financial assets	(722)	(3,299)
(Increase) / decrease in inventories	5	52
Increase / (decrease) in trade payables and other current liabilities	(148)	47
Net cash flows generated (absorbed) from operating activities	**3,148**	**1,661**
Investment activities		
(Acquisition) / disposal of real estate properties	395	38,000
(Acquisition) / disposal of other tangible and intangible assets	(21)	(2)
(Acquisition) / disposal of other non-current receivables	-	-
(Increase) / decrease in financial activities	-	-
Purchase of associated companies	(857)	(482)
Net cash flow generated (absorbed) from investment activities	**(483)**	**37,516**
Financing activities		
Shareholders' contribution / (dividends paid)	-	700
Dividends paid to minorities	-	-
(Acquisition) / closing of derivatives	-	-
Increase / (decrease) in bank borrowings and other non-current lenders	-	(748)
Repayment of borrowings	(1,000)	(23,000)
Net cash flows generated (absorbed) from financing activities	**(1,000)**	**(23,048)**
Net increase / (decrease) in cash and cash equivalents	1,665	16,129
Cash and cash equivalents at the beginning of the period	82,221	27,042
Cash and cash equivalents at the end of the period	**83,886**	**43,171**

RISKS, GUARANTEES AND COMMITMENTS

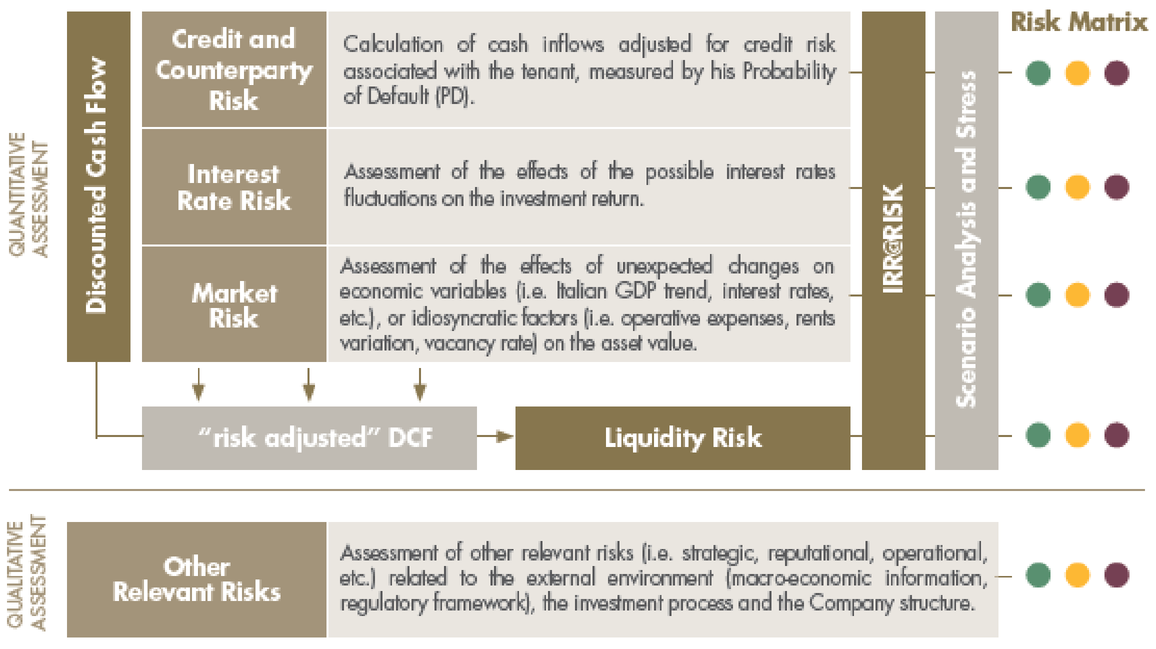
Risks

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's objective is to achieve a stabilized leverage of less than 40% (LTV) in the medium term.
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.



Guarantees and commitments

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, 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. Please note that as of March 31st, 2019 Porta Nuova Bonnet Fund drew Euro 16,910 thousand and therefore has a residual claim of Euro 8,090 thousand on the Company

Criteria for the preparation of the interim consolidated financial statements

The interim consolidated financial statements have been prepared adopting the same principles of consolidation and measurement criteria described in the last annual report as at December 31st, 2018, except for the new international accounting standards coming into application from January 1st, 2019.

The interim consolidated financial statements do not disclose all the information required during preparation of the annual consolidated financial statements nor all the information required by IAS 34.

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

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

Pursuant to art. 154-bis, subsection 2 of the Italian Consolidated Law on Finance, the Manager responsible for preparing the Company's financial reports, Fulvio Di Gilio, hereby declares that the accounting information contained in this Interim Consolidated Financial Statement as of March 31st, 2019 corresponds to corporate records, books and accounts.

Milan, May 2nd, 2019

Manager responsible for preparing the Company's financial reports

Fulvio Di Gilio

GLOSSARY

	Definition
Accounting Period	Accounting period means each successive period of 12 calendar months each of which starts on 1 January and ends at midnight on December 31st in each year.
ALM	Asset Liabilities Management is the practice of managing risks stemming from mismatches between assets and liabilities. The process is a mix between risk management and strategic planning.
Asset Management Agreement	The agreement entered into on October 15th, 2015, by and between COIMA RES and COIMA SGR and modified on November 15th, 2015.
Bonnet or Corso Como Place	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.