



COIMA RES

LETTER FROM THE CEO

Milan, December 18th, 2019

Dear Shareholders, Dear Investors,

As we approach year end, I want to share an update on the main COIMA RES achievements of the last 12 months and on the outlook for 2020.

Throughout the year we have continued to execute our strategy to improve both the quality and diversification of our portfolio of properties and tenants whilst at the same time further focusing our real estate portfolio in the office segment (today representing 85% of our portfolio) and in Milan (today representing 90% of our portfolio).

Today, we are strategically positioned in the largest, most liquid and most transparent real estate segment in Italy, which is critical in the current macroeconomic context. In addition, following the certification of the Corso Como Place project, 63% of our portfolio will be LEED certified, meeting tenant demand while at the same time contributing to lowering our risk profile and delivering long-term sustainable performance.

The acquisition by a primary Korean investor of a 50% stake in the Vodafone complex was a major step in accelerating our portfolio optimisation and diversification, allowing us to monetise part of our initial investment by realising an 8% Unlevered IRR. In addition, the disposal of an additional portfolio of bank branches, announced in November 2019 and due to complete within the first half of 2020, allows us to free up additional capital to be reinvested in the Milan office segment. On the back of this last disposal, our exposure to bank branches is reduced to below 10% of the overall portfolio.

Since our IPO, we have rotated about 30% of our entire portfolio realising a 5% average gain vs acquisition price on a blended basis and a 7% average Unlevered IRR (12% average Levered IRR), demonstrating to the market the liquidity profile of our properties, the solidity of the valuations performed by the Independent Appraisers and our ability to remunerate our capital.

The proceeds from these disposals have been deployed in the acquisition of the headquarters of Microsoft and Philips, high quality properties purchased “off-market” at attractive valuations that are both LEED certified and recently built or refurbished, and located in two high growth districts. The purchase of the Microsoft headquarters increases COIMA RES’ exposure to the Porta Nuova district, which currently represents 50% of our total portfolio. We deem our exposure to Porta Nuova as strategic given the expected growth profile of this district.



The year also saw important progress on the Corso Como Place refurbishment project which has been validated, also in its innovation and sustainability features, by the signing of two preliminary lease agreements with Accenture and Bending Spoons 12 months in advance of delivery. Considering such agreements, the estimated Gross Yield on Cost for the overall project improves by almost 100 bps from an initial estimate of 5.8% at the time of purchase to an updated estimate equal to 6.7% mainly thanks to the additional surface area extracted during the execution of the project.

During 2019, we continued our focus on market transparency and engagement, demonstrated by our third consecutive EPRA Gold Award for financial and sustainability reporting. In addition, in 2019 we have improved our position in the Webranking by Comprend ranking, which evaluates listed company digital channel transparency, for the second consecutive year. Today, COIMA RES is ranked 25 among the 112 Italian participating companies, an improvement of 66 positions in just two years.

Our work on the forefront of innovation and sustainability continued in 2019 through the active participation in the European Think Tank with six other leading real estate companies in the office segment in Europe. In March, we published the first European focus groups survey dedicated to office space end users. The survey confirmed current sector trends, aimed at creating workspaces that combine sustainability, intelligence and technology, flexibility, services and hospitality.

The alignment process between COIMA RES and its management team continued in 2019. The number of COIMA RES' shares held by the management team and by companies related to the management team has doubled since the IPO to date. In particular, the promote fee pertaining to the year 2018, was fully paid in shares as regards to the portion paid to key managers, and entirely reinvested in shares purchased on the market as regards to the portion paid to COIMA SGR.

I believe that the results achieved in 2019 further strengthen and validate the disciplined approach adopted by the management and Board of Directors of the Company and demonstrate our ability to create shareholder value. 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, further optimising our portfolio and our corporate structure. We will reduce risk where appropriate and actively manage our properties with the main objective of creating value for our shareholders on a long-term strategic basis, while maintaining a defensive profile and regular distributions, aspects that we deem rewarding in the current market environment.

Best regards,

Manfredi Catella
Founder and Chief Executive Officer, COIMA RES

A handwritten signature in black ink, appearing to read "M. Catella", written over a horizontal line.



COIMA RES is a real estate company listed on Borsa Italiana. COIMA RES manages real estate assets in Italy, primarily focusing on commercial properties. The company operates with the beneficial tax status granted to SIQs (Società di Investimento Immobiliare Quotate), which is equivalent to the Real Estate Investment Trust (REIT) regime in other jurisdictions. The investment strategy of COIMA RES is focused on creating a high-quality portfolio of real estate assets with the objective of offering stable and sustainable returns to investors.

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