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Oggetto	:	COIMA RES - H1 2021 Results

Testo del comunicato

Vedi allegato.

COIMA RES - PRESS RELEASE

BOARD OF DIRECTORS APPROVES RESULTS AS OF JUNE 30th, 2021

COLLECTED 100% OF H1 2021 RENTS

CONFIRMED EPRA EARNINGS GUIDANCE FOR 2021

EPRA NET TANGIBLE ASSET GROWTH OF 0.4%

LTV DECREASING TO 38%, AMPLE LIQUIDITY BUFFER OF APPROX. EURO 50 MILLION

Highlights of H1 2021 financial results

- Collected 100% of H1 2021 rents due (vs 98.1% in H1 2020)
- Gross rents declined by 2.2% to Euro 21.7 million mainly due to PwC release
- Release by PwC will allow value creating repositioning of Monte Rosa property
- Reiterating EPRA Earnings guidance for 2021 at Euro 0.40 per share
- Net profit up over 100% to Euro 9.1 million
- EPRA Net Tangible Assets per share up by 0.4% to Euro 12.47
- Net LTV 0.3 p.p. lower at 38.0% (vs 38.3% at December 2020)
- Net operating profit (EPRA Earnings) equal to Euro 8.3 million
- Ample liquidity with Euro 52.0 million of cash on balance sheet

Resilient real estate portfolio with value creation opportunities

- Portfolio focussed on offices (87%), Milan (92%) and Porta Nuova (54%)
- Limited exposure to hotels and retail amounting to c. 5% of stabilised pro-quota rent roll
- High sustainability profile with 67% of the portfolio currently LEED certified
- Leased 4,400 sqm in H1 2021 with a stabilized rent of approx. Euro 1.8 million
- Corso Como Place project successfully delivered to Accenture and Bending Spoons
- Approx. 24% of current portfolio value added to be repositioned in the medium term
- Potential for meaningful aggregate rent reversion on the back of refurbishments
- Monte Rosa property next repositioning project to be activated

Milan office market in H1 2021

- Market demand with prime buildings with further compression of cap rates with a decrease of prime yield down of 10 bps at 3.00%
- Letting volumes up of 12%, stable rental levels across submarkets
- Overall investment volumes down of 58%

Manfredi Catella, Founder and CEO of COIMA RES, commented: "*The Company's first-half results confirmed the resilience of our portfolio and the solidity of our tenants, showing a 100% collection level and a strong replacement activity of some tenants with an average premium of 40% compared to the previous leases in place. In the coming months we plan to start repositioning the value-add component of our portfolio with the aim of progressively generating incremental value by increasing the quality of the properties and capturing higher rental levels.*"

Milan, July 29th, 2021 – The Board of Directors of COIMA RES approved the consolidated financial statements as at June 30th, 2021, at a meeting held today under the chairmanship of Massimo Capuano.

Financial Highlights, as of June 30th, 2021

Balance Sheet (Euro million)	**Jun-21**	**Dec-20**	**Delta (%)**	**Delta**
Real Estate Properties	757.0	758.1	(0.1)%	(1.1)
EPRA Net Reinstatement Value	472.5	466.9	1.2%	5.6
EPRA Net Tangible Assets	450.2	448.3	0.4%	1.9
EPRA Net Disposal Value	444.7	442.8	0.4%	1.9
Net Asset Value (IAS / IFRS)	447.7	445.5	0.5%	2.2
EPRA Net Reinstatement Value per share (Euro)	13.09	12.93	1.2%	0.16
EPRA Net Tangible Assets per share (Euro)	12.47	12.42	0.4%	0.05
EPRA Net Disposal Value per share (Euro)	12.32	12.26	0.4%	0.06
Net Asset Value (IAS / IFRS) per share (Euro)	12.40	12.34	0.5%	0.06
Net LTV	38.0%	38.3%	n.m.	(0.3) pp

Income Statement (Euro million)	**H1 2021**	**H1 2020**	**Delta (%)**	**Delta**
Gross Rents	21.7	22.2	(2.2)%	(0.5)
Net Operating Income (NOI)	19.6	20.2	(3.2)%	(0.6)
NOI margin	90.1%	91.0%	n.m.	(90) bps
EBITDA	14.6	15.5	(5.9)%	(0.9)
Net profit	9.1	3.6	>100%	5.5
Net operating profit (EPRA Earnings)	8.3	8.8	(5.9)%	(0.5)
Recurring FFO	11.3	12.1	(6.2)%	(0.8)
Net operating profit (EPRA Earnings) per share (Euro)	0.23	0.24	(5.9)%	(0.01)
Recurring FFO per share (Euro)	0.31	0.33	(6.2)%	(0.02)
EPRA Cost Ratio (including direct vacancy costs)	34.8%	30.7%	n.m.	4.1 p.p.
EPRA Cost Ratio (excluding direct vacancy costs)	33.0%	28.7%	n.m.	4.3 p.p.

Other Data	**Jun-21**	**Dec-20**	**Delta (%)**	**Delta**
EPRA Net Initial Yield	4.4%	5.1%	n.m.	(70) bps
EPRA Topped-up Net Initial Yield	5.2%	5.3%	n.m.	(10) bps
EPRA Vacancy Rate	12.8%	2.5%	n.m.	n.m.
WALT (years)	4.5	4.3	n.m.	0.2

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Highlights of H1 2021 financial results

The H1 2021 financial results mainly reflect the scheduled release by PwC of c. 8,000 sqm of the Monte Rosa property. The release by PwC of Monte Rosa was expected, and it is in line COIMA RES' assumptions at the time of the acquisition of the property in 2017. The release will allow a value creating refurbishment of the Monte Rosa property in the 2021-2023 period which will ultimately lead to a substantial increase in the quality of the asset and meaningfully higher rents compared to the previous rent in place.

Gross rents declined by 2.2% in H1 2021 to Euro 21.7 million. The decline is due for 64% to the PwC release of the Monte Rosa property, for 24% related to bank branches disposals performed in the last few months and for 12% related to the evolution of the leases on other properties of the portfolio. On a like for like basis, gross rents increased by 1.6% (excluding Monte Rosa) on which the value generation project is launched. As of July 27th, 2021, COIMA RES collected 100% of the H1 2021 rents due (98.1% at the same date in 2020).

The NOI declined by 3.2% to Euro 19.6 million and the NOI margin decreased by 90 bps to 90.1%, mainly due to the release by PwC of the Monte Rosa property. G&A expenses marginally increased by 6.4% to Euro 4.6 million due to some non-recurring evaluation effects. EBITDA declined by 5.9% to Euro 14.6 million due the combined effect of marginally lower gross rents and marginally higher G&A expenses. Financial expenses decreased by 1.5% to Euro 3.9 million due to lower average debt compared to the same period last year.

Recurring FFO and net operating profit (EPRA Earnings) declined respectively by 6.2% to Euro 11.3 million and by 5.9% to Euro 8.3 million, mainly due to lower EBITDA partially offset by lower financial expenses (and, as far as net operating profit (EPRA Earnings) are concerned, an increase in minorities). Net income increased over 100% to Euro 11.3 million due to the lower negative fair value changes recorded for the portfolio in H1 2021 (Euro 1.9 million on a pro-quota basis) compared to H1 2020.

The value of the portfolio has remained substantially stable in H1 2021 (on a pro-quota basis) at Euro 693.9 million, growing by 0.2% compared to December 31st, 2020, mainly due to c. Euro 4.5 million of capex (on a pro-quota basis) spent and capitalised in H1 2021 and to c. Euro 1.1 million of fair value change (on a pro-quota basis).

EPRA Net Tangible Assets, as of June 30th, 2021, stood at Euro 450.2 million (or Euro 12.47 per share), an increase of 0.4% in H1 2021. The increase is mainly related to net operating profit (EPRA Earnings) of Euro 8.1 million and net revaluations and gains for Euro 1.1 million (on a pro-rata basis), partially offset by the dividend payment of Euro 7.2 million and other items for Euro 0.3 million. As of June 30th, 2021, the net LTV of COIMA RES stood at 38.0% (on a consolidated basis), a level 30 bps lower compared to December 31st, 2020. The consolidated cash position of COIMA RES as of June 30th, 2021, stood at Euro 52.0 million.

On the basis of the current portfolio perimeter, COIMA RES confirms its previously published guidance of net operating profit (EPRA Earnings) of Euro 0.40 per share for 2021. The estimate reflects the release of approximately half of the Monte Rosa property by PwC during Q1 2021 and other prudential considerations in light of the persistence of the COVID-19 emergency. The net operating profit (EPRA Earnings) guidance will be updated during the course of 2021 to reflect the evolution of COIMA RES' activity during the year.

Dividend for 2020 of Euro 0.30 per share

The Annual General Meeting of COIMA RES approved the resolution of the Board of Directors to pay a dividend of Euro 0.30 per share (equivalent to Euro 10,831,967.40) for the fiscal year 2020, in line with the dividend distributed in the last two years. An interim dividend of Euro 0.10 per share has already been paid on November 18th, 2020. The final dividend of Euro 0.20 per share has been distributed with an ex-dividend date on April 26th, 2021, record date on April 27th, 2021, and payment date on April 28th, 2021.

Financing

Microsoft: During the month of February 2021, the extension and amendment of the Euro 22.0 million financing of the Microsoft headquarters (provided by Intesa Sanpaolo) was finalised. The maturity of the financing was extended for a period of 3 years, i.e. from December 21st, 2020, to December 21st, 2023, and the margin was reduced by c. 15 basis points. In addition, the amended agreement provides the possibility of increasing the amount of the financing provided by Intesa Sanpaolo to a maximum of Euro 49.5 million at the same economic conditions.

Real estate portfolio

As of June 30th, 2021, the COIMA RES portfolio consists of nine real estate properties mainly for office use located in Milan and 58 bank branches located in the North and Centre of Italy. The portfolio is valued at Euro 693.9 million (on a pro-quota basis), 92% of which is in Milan, 54% in Milan Porta Nuova and 87% is for office use. COIMA RES' portfolio has a high sustainability profile as approximately 67% of the portfolio is LEED certified. COIMA RES' portfolio of tenants is mostly comprised of mid to large sized multinational corporations: the list of the ten largest tenants (representing 83% of the stabilised rent roll on a pro-quota basis) includes Vodafone, Sisal, Deutsche Bank, BNP Paribas, Microsoft, IBM, Accenture, Techint, NH Hotel and Philips. In line with its business model and strategy, COIMA RES is considering further disposals of mature, non-core and non-strategic assets as well as the refurbishment and repositioning of selected assets within its portfolio in order to align them to the evolution of tenants' demand and to generate rental growth.

Leasing

Microsoft: On April 6th, 2021 a new lease agreement was signed for ground floor retail in the Microsoft property (about 400 sqm), previously occupied by Microsoft. The new agreement has a duration of nine years (with eight months of free rents) with an annual rent, for the first two years, amounting to Euro 200 thousand and, for the following years, amounting to Euro 280 thousand.

Sarca: In June 2021, COIMA RES signed a binding offer with an energy supply company for approximately 700 sqm of office space. The space is currently occupied by Signify, which exercised the break-option with the release of the spaces in October 2021. The binding offer provides for the signing of a contract that has a duration of six years at a fee approximately 23% higher than to the one in place.

Corso Como Place: In April 2021, COIMA RES signed a new lease agreement with Mooney (formerly Sisal Pay) for approximately 3,250 sqm of office space. The new contract has a duration of six years and the rent is higher than the rent foreseen under the previous lease agreement.

Tocqueville: In May 2021, COIMA RES signed an amending agreement to the lease agreement with Sisal to extend the duration of a further three months, postponing the new contractual deadline to March 31st, 2022. The rent to be applied in the extension period provides for an increase equal to 50% compared to the current one.

Disposals

Bank branches: In January 2021, COIMA RES completed the disposal of a bank branch in Milan for a value of Euro 4.3 million. The disposal refers to a broader portfolio of 11 bank branches which was sold by COIMA RES in the period between January 2020 and January 2021 for a total value of Euro 23.5 million. The disposal of the portfolio of 11 bank branches was announced in November 2019. Since its IPO in 2016, COIMA RES has disposed approximately 48% of the initial bank branches portfolio at a valuation broadly in line with the IPO contribution value, raising gross proceeds from the disposals of approx. Euro 66.3 million.

Development projects

Corso Como Place: The project was completed in Q4 2020 and has been delivered to the tenants Accenture and Bending Spoons in January 2021. As a reminder, in 2019 Accenture and Bending Spoons signed preliminary leasing agreements for the entire office portion of the project (buildings A and C) representing 95% of the surfaces developed.

Other projects: The release by PwC of the Monte Rosa property will allow a value creating repositioning of the asset in the medium term leading to a substantial increase in the quality of the asset and meaningfully higher rents compared to the previous rent in place. Further details on the redevelopment plan for the Monte Rosa property will be disclosed in due course. In addition to the Monte Rosa property, other assets are likely to be refurbished and repositioned in the 2022-2024 period. In aggregate the planned refurbishments are likely to lead, in aggregate for those assets, to a significant rental growth once refurbished and relet.

Outlook

The COVID-19 crisis has resulted in social and economic challenges on a global scale and will most likely remain an aspect to consider for the remainder of 2021. The Italian economy has experienced a sharp recession in 2020 and the pace of recovery will depend, amongst other things, on the pace of the vaccination campaign and on the implementation of the PNRR (Piano Nazionale di Ripresa e Resilienza) by the recently formed government headed by Mario Draghi.

COIMA believes that the potential increase in the adoption of the “working from home” practice will influence future tenant demand for office space from both a qualitative and quantitative point of view.

A recent survey carried by COIMA with 38 corporates who lease office space in Italy (and in particular in Milan), confirmed the fact that companies are likely to increase the possibility for employees to work remotely, however, such increase would not structurally undermine the need to have an office footprint. The likely reduction in office space requirements associated to the increased adoption of remote working by corporates appears relatively marginal, albeit not negligible, and therefore is not something that would create a structural impairment of the office sector going forward.

COIMA foresees that offices and their use will change in the medium-term from places of "production" to places of "interaction". Therefore, the features of offices (from the point of view of their location as well as in terms of their technical and architectural characteristics) would need to evolve in order to maximise the engagement and productivity of employees and stimulate their creative potential.

Finally, COIMA believes that the polarisation between qualified neighbourhoods and undifferentiated neighbourhoods will consolidate and accelerate further and that qualified neighbourhoods will continue to attract high-quality office tenant demand and maintain limited level of office vacancy in the medium-term. COIMA defines qualified neighbourhoods as the districts which have a "higher than average" score in terms of accessibility to public transport, availability of services and wellness options, availability of public parks and a high degree of diversification in terms of end uses.

To know more about the outlook for the office product, please review the studies "The Future of Offices (Part I)" and "The Future of Offices (Part II)" published by COIMA between October 2020 and February 2021, which are available at www.coima.com.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands Euro)	June 30th, 2021 (unaudited)	*of which related parties*	June 30th, 2020	*of which related parties*
Income statements				
Rents	21,748	-	22,230	-
Net real estate operating expenses	(2,161)	(549)	(1,996)	(365)
Net rents	**19,587**	**(549)**	**20,234**	**(365)**
Income / (loss) from disposal	-	-	(100)	-
Net revenues from disposal	**-**	**-**	**(100)**	**-**
G&A expenses	(4,577)	(2,769)	(4,303)	(2,711)
Other operating expenses	(386)	(54)	(285)	(66)
Gross operating income	**14,624**	**(3,372)**	**15,546**	**(3,142)**
Net depreciation	(85)	(41)	(286)	(41)
Net movement in fair value	(2,457)	-	(7,612)	-
Net operating income	**12,082**	**(3,413)**	**7,648**	**(3,183)**
Net income attributable to non-controlling interests	3,156	-	1,659	-
Financial income	2	-	241	-
Financial expenses	(3,894)	(4)	(4,271)	(4)
Profit before tax	**11,346**	**(3,417)**	**5,277**	**(3,187)**
Income tax	-	-	-	-
Profit after tax	**11,346**	**(3,417)**	**5,277**	**(3,187)**
Minorities	(2,239)	-	(1,711)	-
Profit for the Group	**9,107**	**(3,417)**	**3,566**	**(3,187)**

EARNINGS PER SHARE

(Euro)	June 30th, 2021 (unaudited)	June 30th, 2020
Earnings per share		
Basic, net income attributable to ordinary shareholders	0.25	0.10
Diluted, net income attributable to ordinary shareholders	0.25	0.10

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands Euro)	June 30th, 2021 (unaudited)	*of which related parties*	December 31st, 2020	*of which related parties*
Assets				
Real estate investments	754,311	-	755,382	-
Other tangible assets	1,280	650	1,381	690
Intangible assets	288	-	257	-
Investments (equity method accounting)	53,000	-	47,131	-
Non-current deferred tax assets	21	-	20	-
Derivatives	66	-	40	-
Total non - current assets	**808,966**	**650**	**804,211**	**690**
Inventories	2,672	-	2,707	-
Current financial receivables	-	-	1,620	1,620
Trade and other current receivables	13,516	178	13,710	279
Cash and cash equivalents	52,039	-	48,653	-
Total current assets	**68,227**	**178**	**66,690**	**1,899**
Non-current assets held for sales	-	-	4,300	-
Total assets	**877,193**	**828**	**875,201**	**2,589**
Liabilities				
Capital stock	14,482	-	14,482	-
Share premium reserve	336,273	-	336,273	-
Valuation reserve	(1,080)	-	(1,428)	-
Interim dividend	-	-	(3,611)	-
Other reserves	88,937	-	84,111	-
Profit / (loss) for the period	9,107	-	15,627	-
Group shareholders' equity	**447,719**	**-**	**445,454**	**-**
Minorities	**71,801**	**-**	**70,968**	**-**
Shareholders' equity	**519,520**	**-**	**516,422**	**-**
Non-current bank borrowings	246,343	-	316,973	-
Non-current financial liabilities	1,058	666	1,140	704
Payables for post-employment benefits	118	-	100	-
Provisions for risks and charges	573	573	391	391
Derivatives	1,258	-	1,663	-
Trade payables and other non-current liabilities	1,778	930	1,707	876
Total non-current liabilities	**251,128**	**2,169**	**321,974**	**1,971**
Current bank borrowings	93,035	-	22,017	-
Trade payables and other current liabilities	13,474	1,578	14,757	2,386
Current tax payables	36	-	31	-
Total current liabilities	**106,545**	**1,578**	**36,805**	**2,386**
Total liabilities	**357,673**	**3,747**	**358,779**	**4,357**
Total liabilities and shareholders' equity	**877,193**	**3,747**	**875,201**	**4,357**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands Euro)	June 30th, 2021 (unaudited)	June 30th, 2020
Profit for the period	11,346	5,277
Adjustments to reconcile the profit to net cash flow:		
Net depreciation	82	201
Severance pay	237	61
Net movement in fair value property	2,457	7,612
Net income attributable to non-controlling interests	(3,156)	(1,659)
Financial expenses	752	1,008
Net movement in financial instruments	71	66
Taxes	-	-
Changes in working capital:		
(Increase) / decrease in trade and other current receivables	501	(4,379)
(Increase) / decrease in deferred tax assets	(1)	-
Increase / (decrease) in trade payables and other current liabilities	(1,535)	1,195
Increase / (decrease) in current tax payables	5	-
Increase / (decrease) in trade payables and other non-current liabilities	-	57
Net cash flows generated (absorbed) from operating activities	**10,759**	**9,439**
Investment activities		
(Acquisition) / disposal of real estate property	2,914	12,049
(Acquisition) / disposal of other tangible and intangible assets	(64)	(54)
(Acquisition) / disposal of other non-current receivables	1,620	612
Purchase of associated companies	(2,696)	(2,786)
Net cash flow generated (absorbed) from investment activities	**1,774**	**9,821**
Financing activities		
Shareholders' contribution / (dividends paid)	(6,973)	(7,196)
Dividends paid to minorities	(1,431)	(1,000)
(Acquisition) / closing of derivatives	(193)	(148)
Increase / (decrease) in bank borrowings and other non-current lenders	(550)	-
Reimbursement	-	(11,100)
Net cash flows generated (absorbed) from financing activities	**(9,147)**	**(19,444)**
Net increase / (decrease) in cash and cash equivalents	3,386	(184)
Cash and cash equivalents at the beginning of the period	48,653	42,693
Cash and cash equivalents at the end of the period	**52,039**	**42,509**

COIMA RES will discuss its results during a public conference call on July 30th, 2021, at 15:00 (CET). The call will be held in English and the presentation will be available on the company website (https://www.coimares.com/en/investors/results-and-publications). To participate in the call, please call on of the following numbers:

Italy: +39 028020902
UK: +44 2030595875
USA: +1 7187058795

This press release may contain forecasts and estimates which reflect the current management expectations on future events and developments and, therefore, by their nature, forecasts and estimates involve risks and uncertainties. Considering such risks and uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements which should not be considered as forecasts of actual results. The ability of COIMA RES to achieve the expected results depends on many factors outside of management's control. Actual results could cause the results to differ materially (and to be more negative) from those expressed or implied in the forward-looking statements. Such forecasts and estimates involve risks and uncertainties that may significantly affect the expected results and are based on certain key assumptions. The forecasts and estimates expressed herein are based on information made available to COIMA RES as of the date hereof. COIMA RES does not assume any obligation to publicly update and review these forward-looking statements to reflect new information, events or other circumstances, subject to compliance with applicable laws.

The Executive responsible for the preparation of the company's accounting documents, Fulvio Di Gilio, declares that, pursuant to the art. 154-bis comma 2 of the Consolidated Financial Act, the accounting information given in this press release corresponds to accounting documents, books and entries.

For further information on the company: www.coimares.com.

COIMA RES is a Real Estate Investment Trust (REIT) founded in 2015 and listed on the Italian Stock Exchange since 2016. COIMA RES' strategy is focussed on the development and active management of a high-quality real estate portfolio with a high sustainability content that is positioned to meet the current and future demand from tenants. At present, COIMA RES owns and manages a real estate portfolio mainly concentrated on the Milan office segment. COIMA RES aims to offer to its shareholders a balanced risk-return profile characterized by a stable and sustainable dividend and by the potential for appreciation of the real estate portfolio over time.

Contacts

COIMA RES
Fulvio Di Gilio (Chief Financial Officer) – fulvio.digilio@coimares.com

COIMA SGR
Kelly Russell (Managing Director, Marketing & Communication) – kelly.russell@coimasgr.com
Lorenzo Barbato (Director, Marketing & Communication) – lorenzo.barbato@coimasgr.com

Italy
SEC Relazioni Pubbliche +39 02 624 999 1
Daniele Pinosa – pinosa@secrp.com – +39 335 723 3872
Fabio Leoni – leoni@secrp.com – +39 348 869 1144

International
Newgate Communications - +44 (0)20 3757 6767
Elisabeth Cowell, Polly Warrack - COIMAFinancial@newgatecomms.com

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