

▶ ACCELERATING REGIONAL TRANSFORMATION

Anticipating and understanding new trends, particularly in terms of user needs and expectations, are at the heart of Covivio's strategy. Studies, surveys and polls (available on the site www.covivio.eu) are regularly conducted on a pan-European basis. They enable the teams, customers and stakeholders to fully appreciate the challenges facing the sustainable city and better meet user expectations and include a study into the appeal of large cities, "The sharing economy and work spaces: the viewpoint of European employees" (2015), "What if offices made work appealing again?" (2016), "Expectations and customs of European employees" (2017).

Many of these studies have allowed Covivio to broaden discussions with stakeholders and have enabled it to deliver tangible solutions to issues relating to building design, employee comfort, and office space. Gradually, the quality of life in the office has become an essential factor in attracting and retaining talented people, making it a highly competitive area today for businesses and regions alike.

Symbiosis, at the heart of the city's renewal

The ambition underlying Project Symbiosis developed by Covivio in Milan is to transform a historically industrial district into a new commercial destination that becomes a benchmark for smart working. Symbiosis is a unique proposition for the market in Milan: around ten new generation office buildings, marketed as they are completed and which will form a centre of business excellence. Symbiosis perfectly meets the needs of innovative companies seeking sustainable buildings, and offers flexible spaces for working better together. Located in a rapidly emerging district, opposite the Prada Foundation and close to the Bocconi University, the plan is for Symbiosis to become a shop window for new, high performance office concepts.

A key part of the Symbiosis project is the main "eco-friendly" square in the business district, which was inaugurated by the Mayor of Milan, Giuseppe Sala, in September 2018. This central square, which is destined to become a cultural and social space that allows experiences and competencies to be shared and synergies to be created, is equipped with a Wi-Fi network and two multi-media access points for the general public. It occupies 13,000 m² of the 125,000 m² that the Symbiosis project will cover when completed. Along with the municipality of Milan and ATM (the public transport Company in Milan), Covivio has launched a study with a view to trialling an alternative and innovative public transport system based on autonomous vehicles. The purpose of this smart mobility initiative is to facilitate travel while also reducing air pollution and urban traffic.

The first phase of the Symbiosis project was delivered at the end of 2018. It includes 20,500 m² of offices and services, 100% let, mostly to Fastweb, which has decided to transfer its head office there. Covivio has already launched the second phase, with the construction of a new 9,400 m² office building, already 97% let to Ludum, an international school.



Evaluating regional socio-economic contribution

A first socio-economic impact study covering all activities on a pan-European basis

Faced with environmental, energy and societal transitions, and aware that performance is only valid if it is sustainable, Covivio wanted to measure its contribution to local economic development.

Covivio's various regional initiatives have significant local socio-economic impacts. Covivio has been committed to characterising and quantifying the socio-economic consequences of its France Offices and Italy Offices activities since 2014 and 2016 respectively. In 2018, Covivio extended the scope of its study to all of the Group's activities in Europe by measuring the impacts of its Residential business in Germany and its Covivio Hotels subsidiary. These studies are performed with the company Utopies and use the LOCAL FOOTPRINT® methodology.

The analysis presented below covers all of Covivio's sites under development, undergoing renovation and in operation: France Offices and Italy Offices, Germany Residential and Hotels Europe. At the end of 2018, all of these activities had a total value of €23 billion.

This analysis is based on the data collected for the period from 1 January 2018 to 31 December 2018 for the Residential and Offices activities. Covivio also wished to conduct an exploratory study into the socio-economic impacts of the hotels it owns and operates. To do so, the cash injected by these economic players was modelled using national statistics such as those published by INSEE, the French national office of economic statistics.



MAIN FINDINGS OF THE SOCIO-ECONOMIC IMPACTS OF THE OFFICES, RESIDENTIAL & HOTELS ACTIVITIES

Direct impacts: these are related to Covivio’s presence in France, Germany and Italy and through its **922 employees** (full time equivalent).

Indirect impacts: these translate the economic benefits generated by purchases or investments. Covivio spent €520 million on purchasing goods and service and this generated economic activity for its service providers and suppliers. This activity has repercussions for the full supply chain. As a result, Covivio helps to support **7,100 jobs** in France, Germany and Italy, which break down as follows: 4,000 (56%) for direct (tier) suppliers and 3,100 (44%) for tier 2 suppliers and below. In France, this means 3,100 indirectly supported jobs, 3,000 jobs in Germany and 1,000 in Italy.

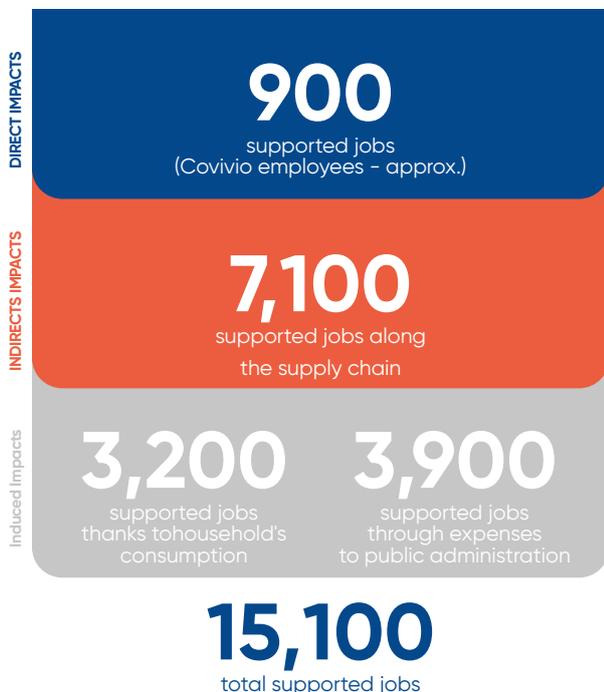
Induced impacts: these correspond to the capacity to encourage other economic players to spend money on consumables. Household consumption, supported by the salaries paid to Covivio employees, as well as those paid by other players in its supply chain, contribute towards maintaining or creating **3,200 jobs** in France, Italy and Germany. Furthermore, payments made to public administrations (generated by the taxes paid by Covivio and those of its supply chain) help to support **3,900 jobs** in the three countries. In France, there is a total of 3,400 induced jobs supported, with 2,500 in Germany and 1,200 in Italy.

Total impacts: these correspond to the sum of direct, indirect and induced impacts. Through its Offices and Residential businesses, Covivio supports **15,100 jobs** on an annual basis across the three countries and generates **€900 million in GDP**. Therefore, for **one job** at Covivio, **15 additional jobs** are supported.

In France, Covivio supports 6,800 jobs (45%), 6,000 in Germany (39%) and 2,300 in Italy (16%).

■ Details of the 15,100 jobs supported by type of impact

■ The five principal business sectors supported



Source: Utopies.

- 1 BUSINESS SERVICES AND FINANCIAL SERVICES**
3,900 supported jobs (26%)
- 2 CONSTRUCTION**
3,000 supported jobs (20%)
- 3 EDUCATION, HEALTH AND OTHER PUBLIC SERVICES**
2,600 supported jobs (16%)
- 4 PUBLIC ADMINISTRATION**
1,500 supported jobs (10%)
- 5 ELECTRICITY, GAS, WATER**
700 supported jobs (5%)

Source: Utopies.



▶ PARIS
B&B Porte des Lilas

SYNERGISTIC IMPACTS OF A PORTFOLIO OF ALMOST 400 HOTELS

With a portfolio worth €6 billion (total under management as of mid-2018), Covivio Hotels, a subsidiary of Covivio, is the main real estate partner to hotel operators in France and Europe, particularly in the most dynamic European cities.

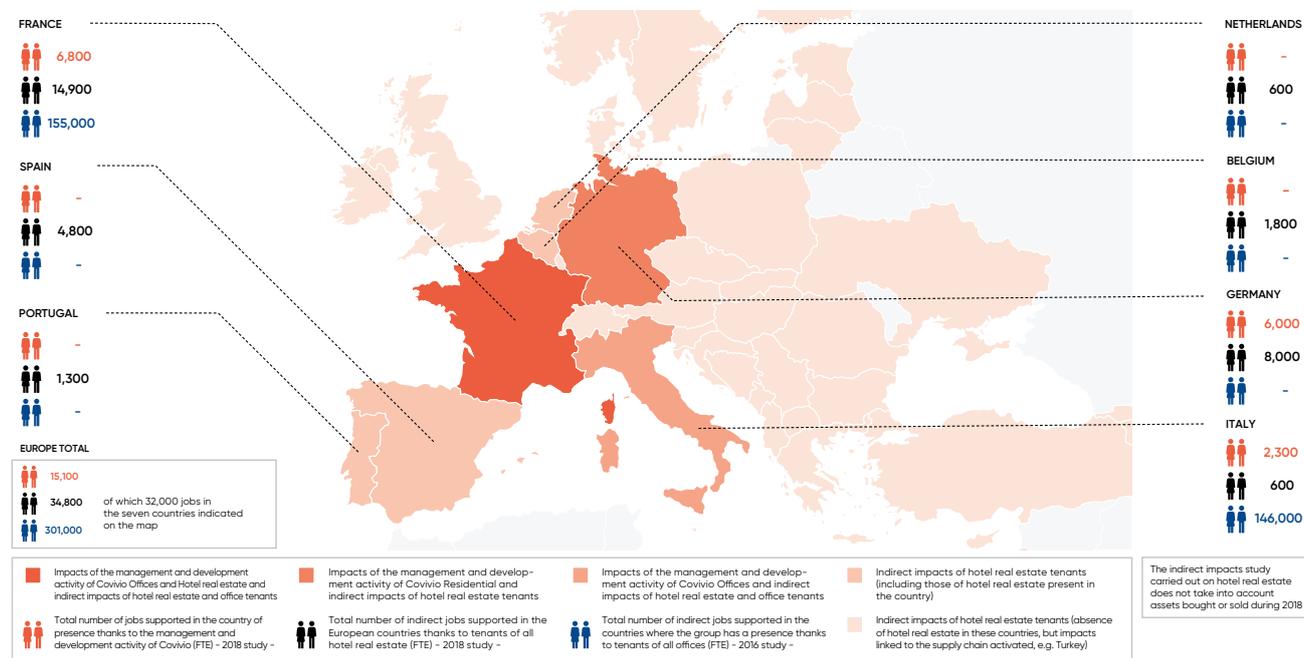
Covivio undertook to evaluate the gross economic value from the operation of the hotels. Accordingly, it has been estimated that the lessees of these hotels contribute about 34,800 jobs (direct, indirect and induced) to the economic life of Europe. However, it should be noted that as this contribution is not directly attributed to Covivio, but to its lessees. It cannot be added to or compared with the economic impacts of Covivio's management and development activities (Offices, Residential and Hotels) described above.

In 2016, Covivio measured the gross economic value of the occupants of its offices, meaning the direct, indirect and induced impacts related to the activities of the hosted companies. It was thus estimated that these companies contributed to supporting almost 301,000 jobs.

SUMMARY OF COVIVIO'S SOCIO-ECONOMIC IMPACTS IN EUROPE

Through its management and development activities, Covivio supports a total of 15,100 jobs across the three countries where it operates – France, Germany and Italy. The companies that lease hotels, offices and private residential properties have economic activities that have consequences on a pan-European basis. 34,800 jobs are thus supported by the hotel portfolio in Europe, and 301,000 jobs are supported by the office portfolio in France and Italy.

Socio-economic impacts mapping of Covivio in Europe



THE LOCAL FOOTPRINT® MODEL

The LOCAL FOOTPRINT® model is based on national trade statistics tables of exchanges between industries, in particular from Input-Output Eurostat tables (sources: Eurostat and Eora) and research on regional economics from the University of Bristol. Based on real or modelled purchasing, payroll and tax data of companies, LOCAL FOOTPRINT® is used to simulate the socio-economic benefits of a business in a given area.

Optimising regional impact

A socio-economic footprint assessment is a tool that helps provide a better understanding of the broad impact of a business, and helps identify potential opportunities to optimise the economic benefits created by Covivio for the regions in which it operates. This optimisation may happen by increasing the quantity of impacts on the one hand (notably the number of local jobs supported), and by improving the quality of the impacts (nature and types of jobs supported, working conditions, etc.) on the other.

Accordingly, Covivio identified two main drivers for maximising its local impact and intends to focus on these increasingly going forward:

- the "Employment" approach: using local organisations who hire disabled people (protected workers sector) or long-term unemployed people (insertion companies)
- the "Procurement" approach: promoting local suppliers and subcontractors in the supply chain.

Disseminating and sharing knowledge

Covivio's corporate sponsorship policy depends on two pillars: firstly, the showcasing of architectural heritage and joint urban development (for example, thanks to the partnership with the Pavillon de l'Arsenal) and, secondly, skills-based sponsorship. Since 2008, Covivio has therefore developed a partnership-based and collaborative policy with the educational institutions revolving around applied research and focused on equal opportunity.



BERTRAND DE FEYDEAU
PRESIDENT – FONDATION PALLADIO



The aim of the Fondation Palladio is to ensure that the real estate businesses take on board developments in the economic, technological, environmental, demographic and anthropological fields that affect urban planning. It provides a forum where political decision-makers, investors, think tanks, sociologists and city planners come together to think about the city of the future. The Foundation supports applied research in this area, notably through Palladio grants. It also leads educational initiatives with future industry decision-makers.



Training future real-estate industry decision-makers

The Fondation Palladio was created in 2008, under the aegis of the Fondation de France, by real estate players including Covivio. Covivio supports the Fondation Palladio through providing financing and the involvement of its senior management.

Since 2012, Covivio has also participated in the Real Estate Industry Forum (FMI) in Paris, in order to make its business and expertise better known, share its company values and also identify potential new employees. The Forum is an opportunity for one-to-one exchanges between future candidates and the employer. Covivio also participates in the forums organised by *École des Hautes Études Commerciales de Paris* (HEC), ESSEC Business School, ESCP Europe, EDHEC and ESTP. Every year, around fifty employees take part in these forums.

Every year, in Italy Covivio shares its practical knowledge and offers advice to students taking courses in real estate. Covivio has elected to pay all trainees, although there is no requirement to pay people on internships that are a mandatory part of the course.

Promoting equal opportunities

Through the **Article 1** association (resulting from the merger between Frateli and Passport Avenir), Covivio has been involved, since 2015, in a financial and skills-based sponsorship initiative, focusing on solidarity and generating equal opportunities.

Article 1 develops and supervises the sponsorship of young high-potential scholars, by industry professionals. The objective is to reveal the talents of students coming from disadvantaged backgrounds by providing them with tools, methods, access to networks and the confidence to pursue their goals. The association also provides scholars, selected through an interview process, with accommodation in university residences. This programme, aimed at creating a community of mutual support and learning, is based on three main pillars: "live together", "do together" and "learn together". A number of Covivio employees are mentors and provide support for students on under- or post-graduate courses for two or three years, before helping them to launch their careers. In 2018, Covivio also took part in the Article 1 Olympiads, a day during which 75 young people benefiting from the programme gathered together for a sporting occasion and a team competition to find the most improbable innovation. In January 2019, Covivio also welcomed an Article 1 training course held at its Paris premises. Covivio has also supported the "Maïson Article 1" project since its inception. Over the past four years it has provided support for 200 young people and enabled the deployment of 40 solidarity projects.

Another skills-based sponsorship is the **Passerelle ("gateway")** programme that Covivio has run since 2008 in partnership in priority education zones (*zones d'éducation prioritaire* or ZEPs) in Bobigny (Department 93) and Forbach (Department 57). It provides opportunities for the high school pupils and technical (BTS) or preparatory class students in the two establishments to meet professionals working in various functions at Covivio (IT, accounts, human resources, general management, real estate, etc.). In a period of their lives when they need to make long-term choices, more than 2,500 pupils and students from the two establishments have benefited from various activities: including job interviews, CV workshops, internships, round table business discussions, and visits to buildings, etc. thanks to more than fifty volunteers from the Group.