

Quantifying the regional socio-economic contribution

MEASURING THE SOCIO-ECONOMIC IMPACT OF THE ACTIVITIES ON A EUROPEAN LEVEL

Aware of its economic weight and its presence in several major European cities, Covivio wanted to measure its contribution to local economic development. 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 conducted in 2019 and presented below covers all of the sites under development, undergoing renovation and in operation. It is based on the data collected for the period from 1 January 2018 to 31 December 2018 for Offices (France and Italy) and German Residential 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 ON THE SOCIO-ECONOMIC IMPACTS OF THE OFFICES, RESIDENTIAL & HOTELS ACTIVITIES

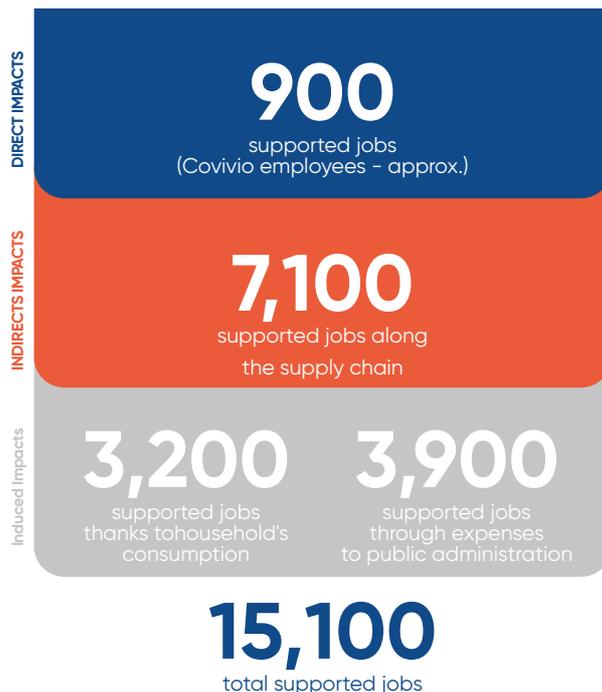
Direct impacts: these are related to Covivio's presence in France, Germany and Italy through its **922 employees** (full time equivalent at the end of 2018).

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 1) 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 3 countries. A total of 7,100 induced jobs are thus supported: 3,400 in France, 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 thus supports **15,100 jobs** in the three countries where it operates (6,800 in France (45%), 6,000 in Germany (39%) and 2,300 in Italy (16%)), generating **€900 million of GDP**. Therefore, for **one job** at Covivio, **15 additional jobs** are supported.

■ Details of the 15,100 jobs supported by type of impact and main business segments supported



Source : Utopies.

Synergistic impacts of a portfolio of nearly 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.

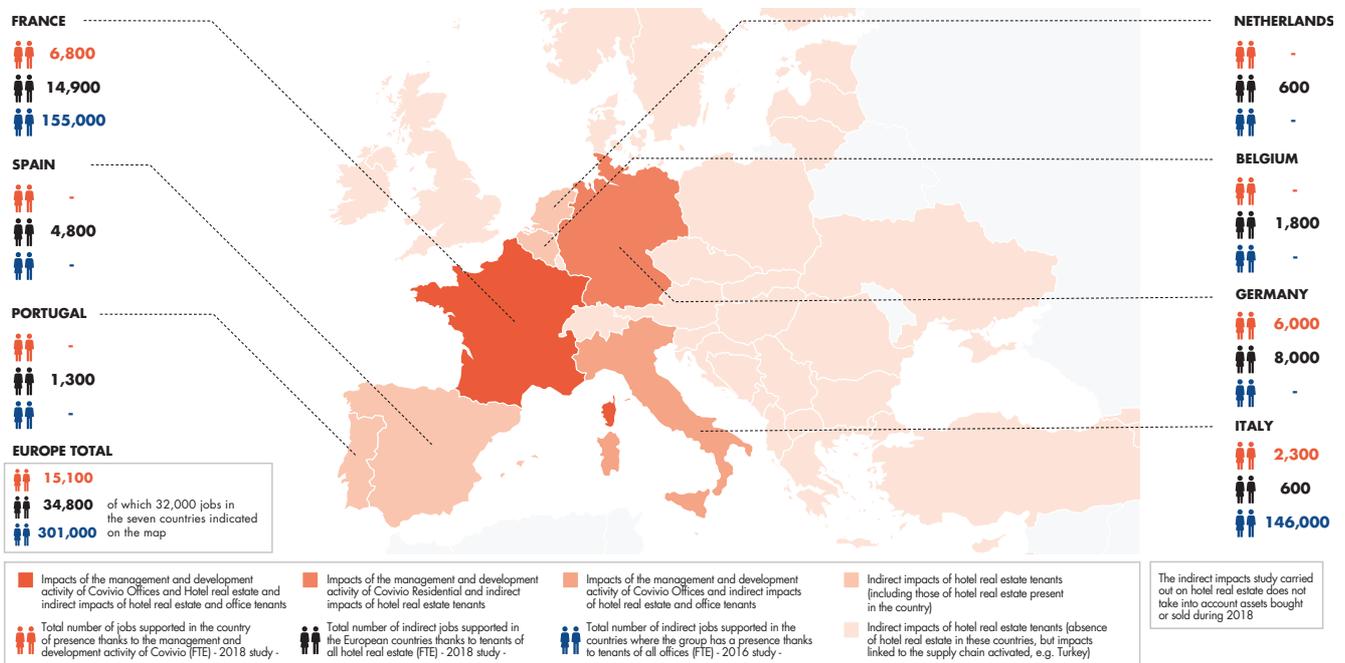
Covivio undertook to evaluate the gross economic value from the operation of its hotels. Accordingly, it has been estimated that the hotel operators holding leases with Covivio contribute to the economic life of Europe by generating some 34,800 jobs (direct, indirect and induced). As this contribution is not directly attributed to Covivio, but to its tenants, it cannot be added to or compared with the economic impacts of Covivio's management and development activities, described above.

In 2016, Covivio had, in a similar way, measured the gross economic value of the occupants of its offices in France, meaning the direct, indirect and induced impacts related to the activities of tenant companies. It was then estimated that they 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 its teams are based – 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. It is thus estimated that 34,800 jobs are supported by the hotel portfolio in Europe, while 301,000 jobs are supported by the office portfolio in France and Italy.

Socio-economic impact 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 Covivio identify potential opportunities to optimise the economic benefits created for the regions in which it operates. This optimisation may happen either by increasing the quantity of impacts (notably the number of local jobs supported), or by improving the quality of the impacts (including the nature and types of jobs supported and working conditions).

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) or long-term unemployed people (insertion companies)
- the "Procurement" approach: promoting local suppliers and subcontractors in the supply chain.

The signing of the *Charte Territoire Entreprise de Plaine Commune* – a charter to promote employment, the local economy and the circular economy – (p.70) supports this approach.