



(a *société en commandite par actions* incorporated in France)
€350,000,000 1.875 per cent. Notes due 24 September 2025
Issue Price: 99.572 per cent.

This prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the **Prospectus Directive**). Application has been made to the *Autorité des marchés financiers* (**AMF**) for approval of this Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

The €350,000,000 1.875 per cent. Notes due 24 September 2025 (the **Notes**) of Covivio Hotels SCA¹ (the **Issuer** or **Covivio Hotels***) will be issued on 24 September 2018 (the **Issue Date**) and will mature on 24 September 2025 (the **Maturity Date**).

Interest on the Notes will accrue at the rate of 1.875 per cent. *per annum* from (and including) the Issue Date to (but excluding) the Maturity Date and will be payable in Euro annually in arrear on 24 September in each year, commencing on 24 September 2019. Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of France (See "Terms and Conditions of the Notes – Taxation").

Unless previously redeemed, purchased and cancelled in accordance with the terms and conditions of the Notes, the Notes will be redeemed at their principal amount on the Maturity Date. The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons") or if an Event of Default occurs (See "Terms and Conditions of the Notes – Events of Default").

If a Change of Control occurs, each Noteholder will have the option to require the Issuer to redeem or repurchase all or part of the Notes held by such Noteholder on the Optional Redemption Date at their principal amount together with interest accrued up to but excluding such date of redemption or repurchase all as defined and more fully described in "Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control".

The Issuer may, at its option (i) redeem the Notes, in whole or in part, at any time prior to their Maturity Date, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Make Whole Redemption by the Issuer", (ii) from and including 24 June 2025 to but excluding the Maturity Date, redeem the Notes, in whole or in part, at par plus accrued interest, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Residual Maturity Call Option by the Issuer" and (iii) redeem all, but not some only, of the outstanding Notes, in the event that twenty (20) per cent. or less of the initial aggregate principal amount of the Notes remains outstanding, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Squeeze Out Redemption".

Application has been made to Euronext Paris S.A. for the Notes to be admitted to trading on Euronext Paris as from the Issue Date. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/UE, as amended, appearing on the list of regulated markets issued by the European Securities and Markets Authority (**ESMA**) (a **Regulated Market**).

The Notes will, as from their Issue Date, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, Denomination and Title") including Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream S.A. (**Clearstream**).

The Notes will be in dematerialised bearer form in the denomination of €100,000. The Notes will at all times be represented in book-entry form (*dématérialisé*) in the books of the Account Holders in compliance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes are rated BBB by Standard & Poor's Ratings Services (**S&P**). The long-term debt of the Issuer is rated BBB by S&P with a positive outlook. S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended (the **CRA Regulation**). As such, S&P is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Copies of this Prospectus and the documents incorporated by reference will be available for inspection free of charge, upon request, at the office of the Fiscal Agent during normal business hours and will be available on the websites of the Issuer (www.covivio-hotels.fr), the AMF (www.amf-france.org) (save for the 2018 semi-annual financial report) and (www.info-financiere.fr).

Prospective investors should have regard to the factors described in the section headed "Risk Factors" in this Prospectus.

Joint Lead Managers

**CM-CIC MARKET SOLUTIONS
HSBC
NATIXIS
SOCIETE GENERALE**

¹ As at the date of this Prospectus, the formalities relating to the publication of amendments to the *statuts* of the Issuer (formerly named Foncière des Murs) are being processed by the clerk of the Paris Commercial Court.

*This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, the Issuer and its fully consolidated subsidiaries taken as a whole (the **Covivio Hotels Group**) and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer and the Covivio Hotels Group.*

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference.

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in “Subscription and Sale” below) to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or of the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.*

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Covivio Hotels Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Covivio Hotels Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained or incorporated by reference in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

IMPORTANT - EEA RETAIL INVESTORS – *The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**) ; or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – *Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority (**ESMA**) on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer’s type of clients assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s type of clients assessment) and determining appropriate distribution channels.*

To the extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the content of this Prospectus or for any other statement in connection with the Issuer or the Covivio Hotels Group.

The Joint Lead Managers have not separately verified the information contained or incorporated by reference in this Prospectus in connection with the Issuer or the Covivio Hotels Group. The Joint Lead Managers make no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus in connection with the Issuer or the Covivio Hotels Group. Neither this Prospectus nor any other financial statements are intended to provide the basis

of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation and assessment as it deems necessary. Each potential purchaser of Notes should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer or the Covivio Hotels Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to their attention.

See "Risk Factors" below for certain information relevant to an investment in the Notes.

In this Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "EUR" or "euro" or "€" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

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RISK FACTORS

The following are certain risk factors of the offering of the Notes of which prospective investors should be aware. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Each of the risks highlighted in the section "Risks related to the Issuer and its business" below could have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer or the Covivio Hotels Group, which in turn could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

The order of presentation of the risk factors below is not an indication of their importance or of their probability of occurrence.

The terms defined in "Terms and Conditions of the Notes" shall have the same meaning where used below.

Risks related to the Issuer and its business

For complete information, the risks factors relating to the Issuer, the Covivio Hotels Group and the business of the Issuer and the Covivio Hotels Group are set out on pages 33 to 37, 61 to 62 and 103 to 105 of the 2017 Reference Document and pages 16 to 19 of the 2018 Semi-Annual Financial Report (as defined in the section "Documents Incorporated by Reference") incorporated by reference in this Prospectus.

Investors should carefully read the risk factors section contained in the 2017 Reference Document and the 2018 Semi-Annual Financial Report before investing in the Notes.

Risks related to the Notes

The Notes may not be a suitable investment for all investors

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets;

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) consult their advisers in relation to possible legal, regulatory, financial and fiscal risks that may be associated with any investment in the Notes.

Legal Investment Considerations

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult their legal counsel in order to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal counsel or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Independent Review and Advice

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality and suitability of its acquisition of the Notes or as to the other matters referred to above.

Legality of Purchase

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by several costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

No active secondary market for the Notes

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. An investment in the Notes should be considered primarily with a view to holding them until Maturity Date (i.e 24 September 2025).

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for debt securities issued by the Issuer is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risks related to the particular structure of the Notes

Interest rate risks

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit risk

The value of the Notes will also depend on the creditworthiness of the Issuer. If the creditworthiness of the Issuer deteriorates, the value of the Notes may decrease and investors may lose all or part of their investment.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 5.2, the Issuer may redeem all outstanding Notes in accordance with such Terms and Conditions.

In addition, the Issuer may, at its option (i) redeem, in whole or in part, the then outstanding Notes at any time prior to the Maturity Date, at the relevant make whole redemption amount, as provided in Condition 5.4 of the Terms and Conditions of the Notes, (ii) from and including 24 June 2025 to but excluding the Maturity Date, redeem, in whole or in part, the Notes outstanding, at par plus accrued interest, as provided in Condition 5.5 of the Terms and Conditions of the Notes and (iii) redeem all, but not some only, of the outstanding Notes, in the event that twenty (20) per cent. or less of the initial aggregate principal amount of the Notes remains outstanding, as provided in Condition 5.6 of the Terms and Conditions of the Notes, provided that if the Issuer has exercised the Make Whole Redemption option as specified in Condition 5.4 of the Terms and Conditions of the Notes, the Squeeze Out Redemption shall not apply for a period of twelve (12) months as from the Optional Make Whole Redemption Date.

In particular, with respect to the Squeeze Out Redemption at the option of the Issuer provided in Condition 5.6 of the Terms and Conditions of the Notes, there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when the threshold of twenty (20) per cent. of the initial aggregate principal amount of the Notes has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Squeeze Out Redemption, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

The early redemption at the option of the Issuer may affect the market value of the Notes. During any period when the Issuer may (or may be expected to) elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

The Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes and may only be able to reinvest at a significantly lower rate. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. Potential investors should consider reinvestment risk in light of other investments available at that time.

Both the Make Whole Redemption by the Issuer and the Residual Maturity Call Option by the Issuer are exercisable in whole or in part and exercise of the Make Whole Redemption by the Issuer and the Residual Maturity Call Option by the Issuer in respect of certain Notes may affect the liquidity of the Notes in respect of which such option is not exercised

Both the Make Whole Redemption by the Issuer provided in Condition 5.4 of the Terms and Conditions of the Notes and the Residual Maturity Call Option by the Issuer provided in Condition 5.5 of the Terms and Conditions of the Notes are exercisable in whole or in part.

If the Issuer decides to redeem the Notes in part, such partial redemption shall be effected by reducing the nominal amount of all Notes in proportion to the aggregate principal amount redeemed.

Depending on the number of Notes in respect of which such option is exercised, any trading market in respect of the remaining Notes for which such option is not exercised may become illiquid.

Purchases by the Issuer in the open market or otherwise (including by tender offer) in respect of certain Notes may affect the liquidity of the Notes which have not been so purchased

Depending on the number of Notes purchased by the Issuer as provided in Condition 5.7, any trading market in respect of those Notes that have not been so purchased may become illiquid.

Exercise of put option or notice of event of default in respect of certain Notes may affect the liquidity of the Notes in respect of which such put option is not exercised or a notice of event of default is not given

Depending on the number of Notes in respect of which the put option pursuant to a Change of Control (as more fully described in Condition 5.3) is exercised or in respect of which notice of an event of default is given (as provided in Condition 8), any trading market in respect of the remaining Notes for which such put option is not exercised or for which notice of an event of default is not given may become illiquid.

Market value of the Notes

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Credit Rating may not reflect all risks

The Notes are rated BBB by S&P. The rating assigned by S&P to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by S&P at any time.

Change of law

The Terms and Conditions of the Notes are based on the laws of France in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of France or administrative practice or the official application or interpretation of French law after the date of this Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in France and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

Modification and waiver

The Terms and Conditions of the Notes contain provisions for Noteholders to consider matters affecting their interests generally to be adopted either through a general meeting or following a written consultation. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant general meeting, or did not consent to the written consultation or Noteholders who voted in a manner contrary to the majority. General meetings or written consultations may deliberate on any proposal relating to the modification of the conditions of the Notes subject to the limitations provided by French law.

French insolvency law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation (*procédure de sauvegarde, procédure de sauvegarde accélérée* or *procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes) regardless of their governing law. The Assembly deliberates on the proposed safeguard (*projet de plan de sauvegarde, projet de plan de sauvegarde accélérée* or *projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required to convoke the Assembly.

The procedures, as described above or as they will or may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to become insolvent.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Prospectus in Condition 9 will not be applicable in these circumstances.

Taxation

Potential purchasers and sellers of the Notes (in particular if they are shareholders of the Issuer) should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Notes. Further, a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

Financial Transaction Tax (FTT)

On 14 February 2013, the European Commission published a proposal for a Council Directive (the **Draft Directive**) for a common (**FTT**) in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia (the **Participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the Commission's Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or Participating Member States may decide to withdraw.

If the Commission's Proposal or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Potential conflict of interest

In the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Joint Lead Managers or certain of their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The issuance proceeds of this issuance will, at the time of the issuance or may be used in the near future, to repay part of the exposures held by certain of the Joint Lead Managers or their affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the following documents which have been filed with the AMF and which are incorporated in, and shall be deemed to form part of, this Prospectus:

- (a) the sections referred to in the table below included in the 2018 semi-annual financial report of the Issuer in French language (*rapport financier semestriel 2018*) which was published on 31 July 2018 (the **2018 Semi-Annual Financial Report**);
- (b) the sections referred to in the table below included in the 2017 reference document of the Issuer in the French language (*document de référence 2017*) which was filed with the AMF on 7 March 2018 under no. D.18-0106 (the **2017 Reference Document**); and
- (c) the sections referred to in the table below included in the 2016 reference document of the Issuer in the French language (*document de référence 2016*) which was filed with the AMF on 21 February 2017 under no. D.17-0101 (the **2016 Reference Document**).

Any document incorporated by reference in this Prospectus may be obtained, without charge and upon request at the principal office of the Issuer or of the Fiscal Agent during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below. Such document will be published on the websites of (a) the AMF (www.amf-france.org) (save for the 2018 Semi-Annual Financial Report), (b) the Issuer (www.covivio-hotels.fr) and (c) www.info-financiere.fr.

Free English translations of (i) the consolidated financial statements set out in the 2017 Reference Document and (ii) the 2018 Semi-Annual Financial Report are available on the website of the Issuer (www.covivio-hotels.fr).

These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Any statement contained in the documents incorporated by reference shall be deemed to be modified or superseded for the purpose of this Prospectus, to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list below. Any information contained in the documents incorporated by reference that is not cross-referenced in the following table is for information purposes only.

Rule	Prospectus Regulation – Annex IX	2016 Reference Document (page number)	2017 Reference Document (page number)	2018 Semi-Annual Financial Report (page number)
1.	PERSONS RESPONSIBLE			
1.1.	All persons responsible for the information given in the registration document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.		238	96
1.2.	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance		238	

Rule	Prospectus Regulation – Annex IX	2016 Reference Document (page number)	2017 Reference Document (page number)	2018 Semi-Annual Financial Report (page number)
	with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.			
2.	STATUTORY AUDITORS			
2.1.	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).		237	
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.		Not Applicable	
3.	RISK FACTORS			
	Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".		33 to 37, 61 - 62 and 103 to 105	16 to 19
4.	INFORMATION ABOUT THE ISSUER			
4.1.	<u>History and development of the Issuer</u>		232	
4.1.1	the legal and commercial name of the issuer		226	
4.1.2	the place of registration of the issuer and its registration number		226	
4.1.3	the date of incorporation and the length of life of the issuer, except where indefinite		226	
4.1.4	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)		-226 - 227	
4.1.5	any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency		Not Applicable	4 and 5
5.	BUSINESS OVERVIEW			
5.1.	<u>Principal activities</u>		5 to 19	
5.1.1	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed		5 to 19	
5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position.		51	
6.	ORGANISATIONAL STRUCTURE			

Rule	Prospectus Regulation – Annex IX	2016 Reference Document (page number)	2017 Reference Document (page number)	2018 Semi-Annual Financial Report (page number)
6.1.	If the issuer is part of a group, a brief description of the group and of the issuer's position within it		50 – 51, 232 and 233	
6.2.	If the Issuer is dependant upon other entities within the group, this must be clearly stated together with an explanation of this dependence.		Not Applicable	
7.	TREND INFORMATION			
7.1.	Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements. In the event that the issuer is unable to make such a statement, provide details of this material adverse change.		Not Applicable	
8.	PROFIT FORECASTS OR ESTIMATES If an issuer chooses to include a profit forecast or a profit estimate, the registration document must contain the information items 8.1 and 8.2 the following:			
8.1.	A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.		Not Applicable	
8.2.	Any profit forecast set out in the registration document must be accompanied by a statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer.		Not Applicable	
8.3.	The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.		Not Applicable	
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES			
9.1.	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.		204 to 221	
9.2.	<u>Administrative, Management, and Supervisory bodies</u> <u>conflicts of interests</u>		36 and 192 to 194	

Rule	Prospectus Regulation – Annex IX	2016 Reference Document (page number)	2017 Reference Document (page number)	2018 Semi-Annual Financial Report (page number)
	<p>Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated</p> <p>In the event that there are no such conflicts, a statement to that effect</p>			
10.	MAJOR SHAREHOLDERS			
10.1.	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused		44	
10.2.	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer		Not Applicable	
11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
11.1.	<p><u>Historical Financial Information</u></p> <p>Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year</p> <p>If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:</p> <p>(a) the balance sheet</p> <p>(b) the income statement</p> <p>(c) the accounting policies and explanatory notes</p>	121 to 158	92 to 130	26 to 52
11.2.	<p><u>Financial statements</u></p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	121 to 158	92 to 130	
11.3.	<u>Auditing of historical annual financial information</u>			
11.3.1	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers, must be reproduced in full and the reasons given.	159 and 184	131 to 133 and 157 to 160	94
11.3.2	An indication of other information in the registration document which has been audited by the auditors.	185 and 224	169 to 171 and 182 to 185	
11.3.3	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state	Not Applicable	Not Applicable	

Rule	Prospectus Regulation – Annex IX	2016 Reference Document (page number)	2017 Reference Document (page number)	2018 Semi-Annual Financial Report (page number)
	the source of the data and state that the data is unaudited.			
11.4.	<u>Age of latest financial information</u>			
11.4.1	The last year of audited financial information may not be older than 18 months from the date of the registration document.		92 to 95	
11.5.	<u>Legal and arbitration proceedings</u> Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement		237	
11.6.	<u>Significant change in the issuer's financial or trading position</u> A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.		Not Applicable	
12.	MATERIAL CONTRACTS			
12.1.	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued		12 to 16 and 229 to 231	
13.	THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST			
13.1.	Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the registration document.		241 to 243	
13.2.	<u>Third party information</u> Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.		Not Applicable	

Rule	Prospectus Regulation – Annex IX	2016 Reference Document (page number)	2017 Reference Document (page number)	2018 Semi-Annual Financial Report (page number)
14.	DOCUMENTS ON DISPLAY			
	<p>A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:</p> <p>(a) the memorandum and articles of association of the issuer;</p> <p>(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer’s request any part of which is included or referred to in the registration document;</p> <p>(c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.</p> <p>An indication of where the documents on display may be inspected, by physical or electronic means.</p>		Not Applicable	

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue of €350,000,000 1.875 per cent. Notes due 24 September 2025 (the **Notes**) of Covivio Hotels SCA² (the **Issuer**) has been authorised by a resolution of the Supervisory Board (*Conseil de Surveillance*) of the Issuer dated 14 September 2018 and a decision of Covivio Hotels Gestion, Manager (*Gérant*), of the Issuer dated 18 September 2018. The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 20 September 2018 with CACEIS Corporate Trust as fiscal agent, put agent, calculation agent and principal paying agent. The fiscal agent, put agent, calculation agent, principal paying agent and paying agents for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Put Agent**, the **Calculation Agent**, the **Principal Paying Agent** and the **Paying Agents** (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

In these Conditions, references to "day" or "days" are to calendar days unless the context otherwise specifies.

1. FORM, DENOMINATION AND TITLE

The Notes are issued on 24 September 2018 (the **Issue Date**) in dematerialised bearer form in the denomination of €100,000 per Note. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of Account Holders. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream S.A. (**Clearstream**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2. STATUS OF THE NOTES AND NEGATIVE PLEDGE

2.1 Status of the Notes

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer (*engagements chirographaires*), and rank *pari passu* without any preference amongst themselves and with all other unsecured and unsubordinated indebtedness and guarantees (subject to exceptions imposed by French law), present or future, of the Issuer.

2.2 Negative Pledge

The Issuer agrees that so long as any of the Notes remains outstanding (as defined below), it will not create or permit to subsist any Security Interest (as defined below), to secure (i) any Bond Indebtedness (as defined below) other than (a) Securitised Bond Indebtedness (as defined below) (b) Mortgage Bond Indebtedness (as defined below) or (ii) any guarantee of or indemnity in respect of any Bond Indebtedness (other than Securitised Bond Indebtedness) (whether any such Security Interest existed before or after the issuance of the Notes) unless the obligations of the Issuer under the Notes are equally and rateably secured therewith so as to rank *pari passu* with such Bond Indebtedness or the guarantee or indemnity thereof.

² As at the date of this Prospectus, the formalities relating to the publication of amendments to the *statuts* of the Issuer (formerly named Foncière des Murs) are being processed by the clerk of the Paris Commercial Court.

This undertaking relates exclusively to the issuance of Bond Indebtedness and in no way affects the Issuer's ability to dispose of its assets or to otherwise grant any security interest over or in respect of such assets in any other circumstances, without prejudice to Condition 3.

For this purpose of the Condition:

- (i) **outstanding** means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 5 and (d) those in respect of which claims have become prescribed under Condition 11.
- (ii) **Bond Indebtedness** means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) or other securities (including *titres de créances négociables*) which are, or are capable of being, quoted, admitted to trading or ordinarily dealt in any stock exchange, over-the counter or other securities market.
- (iii) **Mortgage Bond Indebtedness** means the existing mortgage bonds (*emprunt obligataire hypothécaire*) issued by the Issuer on 12 November 2012 (ISIN Code FR0011352806) (the **Existing Mortgage Bonds**) as amended or modified from time to time (including a maturity extension) or any further issues of mortgage bonds (*emprunt obligataire hypothécaire*) replacing or refinancing the Existing Mortgage Bonds (to the extent that the aggregate outstanding amount of such substitute mortgage bonds do not exceed at any time Euro 260,000,000 in principal amount).
- (iv) **Securitised Bond Indebtedness** means any Bond Indebtedness of the Issuer incurred in respect of or in connection with any securitisation or similar financing arrangement relating to assets owned by the Issuer and where the recourse of the holders of such Bond Indebtedness against the Issuer is limited solely to such assets or any income generated therefrom.
- (v) **Security Interest** means any mortgage, charge, pledge, lien or other form of encumbrance or security interest which would constitute a *sûreté réelle* or its equivalent under any applicable legislation upon all or part of its business (*fonds de commerce*), assets or revenues, present or future.

3. RESTRICTION ON SECURED BORROWINGS

The Issuer agrees that, so long as any of the Notes remains outstanding and except with the prior approval of the General Meeting (as defined under Condition 9) of the Noteholders, the Unsecured Revalued Assets Value (as defined below) shall not be less than the Relevant Debt (as defined below) at any time.

Appraisal Value means, with respect to any Person, the value of the total Real Estate Assets owned or held directly or indirectly by such Person (including through financial leases and including the Real Estate Assets used as operating properties) as it is shown in, or derived from, the latest consolidated financial statements of the Issuer.

Assets means for any Person all or any part of its property, assets, revenues (including any right to receive revenues) and uncalled capital;

Consolidated Subsidiaries means any Subsidiary of the Issuer fully consolidated (*consolidation par intégration globale*) in the financial statements of the Issuer.

Covivio Hotels Group means the Issuer and its Consolidated Subsidiaries taken as a whole;

Financial Indebtedness means at any time any obligation for the payment or repayment of money, whether present or future, in respect of:

- (i) any outstanding principal amount (together with any fixed or minimum premium payable on final repayment) of all moneys borrowed (with or without security);
- (ii) any amounts raised by acceptance or under any acceptance credit opened by a bank or other financial institution;
- (iii) any lease, sale-and-lease-back, sale-and-repurchase or hire purchase contracts or arrangements which is, in accordance with the relevant accounting principles at the time such contracts or arrangements were entered into, treated as financial debt (*emprunts et dettes financières*);
- (iv) any amount raised pursuant to any issuance of shares or equivalent which are mandatorily redeemable (whether at final maturity or upon the exercise by the holder of such shares or equivalent of any option) prior to the Maturity Date;
- (v) any outstanding amount of the deferred purchase price of Real Estate Assets (as defined below) where payment (or, if payable in instalments, the final instalment) is due more than one (1) year after the date of purchase of such Real Estate Asset; or
- (vi) any amount raised under any other transaction which is treated in accordance with the relevant accounting principles in the latest non-consolidated or consolidated balance sheet as financial debt (*emprunts et dettes financières*) (or, in the case of such amounts raised after the date of the Terms and Conditions, would have been so treated had they been raised on or prior to such date);

provided that:

- (a) for purposes of computing the outstanding principal amount of any Financial Indebtedness in paragraphs (i) to (vi) above, any interest, dividends, commission, fees or the like shall be excluded save to the extent that they have been capitalised; and
- (b) no amount shall be included or excluded more than once in calculating the amount of principal outstanding in respect of any Financial Indebtedness.

Person includes any individual, company, corporation, firm, partnership, joint-venture, association, organisation, trust, state or agency of a state (in each case whether or not having separate legal personality);

Real Estate Assets means those Assets of any Person being real estate properties (being land and buildings (either completed or under construction)) and equity or equivalent investments (*participations*) directly or indirectly in any other Person which is a *société à prépondérance immobilière* (or its equivalent in any other jurisdiction) or in any other Person (whether listed or not listed) whose more than fifty per cent. (50%) of the Assets comprise real estate assets;

Relevant Debt means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, excluding any Secured Debt;

Revalued Assets Value means at any time, with respect to the Issuer, (i) the Appraisal Value excluding transfer rights (*droits de transferts*) on the relevant Real Estate Assets and, if any, relevant latent taxes (*fiscalité latente*) and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Issuer in any Person as shown in the latest consolidated financial statements;

Secured Debt means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, that is secured by or benefits from a Security Interest over any of the Covivio Hotels Group's Assets;

Subsidiary means in relation to any person or entity at any time, any other person or entity (whether or not now existing) controlled directly or indirectly by such person or entity within the meaning of Article L.233-3 of the French *Code de commerce*.

Unsecured Revalued Assets Value means at any time an amount equal to the Revalued Assets Value less the Secured Debt.

4. **INTEREST**

The Notes bear interest at the rate of 1.875 per cent. *per annum*, from and including 24 September 2018 (the **Interest Commencement Date**) to but excluding 24 September 2025 (the **Maturity Date**), payable annually in arrear on 24 September in each year (each an **Interest Payment Date**) and for the first time on 24 September 2019.

The period commencing on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **Interest Period**.

Notes will cease to bear interest from the date provided for their redemption, unless the Issuer defaults in making due provision for their redemption on said date. In such event, the Notes will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the holders of the Notes (the **Noteholders**) in accordance with Condition 10 of receipt of all sums due in respect of all the Notes up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one (1) year, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in such period in which the relevant period falls (including the first but excluding the last day of such period).

5. **REDEMPTION AND PURCHASE**

The Notes may not be redeemed or purchased otherwise than in accordance with this Condition 5 and Condition 8 (*Events of Default*).

5.1 **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on the Maturity Date.

5.2 **Redemption for Taxation Reasons**

- (i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified in Condition 7 below, and provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may on any Interest Payment Date, subject to having given not more than 60 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount plus any interest accrued to the date fixed for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.
- (ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law or regulation from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts contained in Condition 7 below, and provided that this cannot be avoided by the Issuer taking reasonable measures

available to it, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than 7 days' prior notice to the Noteholders in accordance with Condition 10 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding or deduction for French taxes, or, if such date is past, as soon as practicable thereafter.

5.3 Redemption at the option of Noteholders following a Change of Control

If at any time while any of the Notes remains outstanding (A) a Change of Control occurs and (B) in respect of the first Change of Control only, to the extent that the Issuer or the Notes are rated, a Rating Downgrade in respect of that first Change of Control occurs (a **Put Event**), each Noteholder will have the option (the **Put Option**) (unless, prior to the giving of the Put Event Notice referred to below, the Issuer has given notice of any early redemption in respect of the Notes) to require the Issuer to redeem or, at the Issuer's option, procure the purchase of that Note on the Optional Redemption Date (as defined below).

Each Note shall be redeemed or purchased at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 10, with a copy to the Put Agent, specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, a Noteholder must give notice to the relevant Account Holder, with a copy to the Put Agent in or substantially in the form set out in the Agency Agreement, duly completed and signed on its behalf (the **Put Notice**), on any Business Day falling within the period of forty-five (45) days after a Put Event Notice is given (the **Put Period**). The Put Notice shall include instructions for the transfer of such Noteholders' Notes to the specified account of the Put Agent for the redemption or purchase of such Notes.

The form of the Put Notice shall be available from the Put Agent.

Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Notice. A Put Notice once given shall be irrevocable. The Issuer shall redeem or, at its option, procure the purchase of the relevant Notes on the Optional Redemption Date unless previously redeemed or purchased.

For the avoidance of doubt, the Issuer shall have no responsibility for any breakage costs which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise). The Issuer shall be responsible for any administrative costs e.g. notices etc arising as a result of in connection with any Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option.

Affiliates means, in relation to a company, (i) any entity owned or controlled, directly or indirectly, by such company (including, if any, any subsidiary), (ii) all the entities owning or controlling, directly or indirectly, acting alone or in concert, such company, and (iii) any entities owned or controlled, directly or indirectly, by any of the entities mentioned in sub-paragraph (ii), all as defined by article L.233-3 of the French *Code du commerce*.

Change of Control means the following:

- (a) as long as the Issuer is a *société en commandite par actions*:
 - (i) Covivio Hotels Gestion ceases to be the sole *associé commandité* of the Issuer; and/or
 - (ii) Covivio ceases to own directly or indirectly at least 50.1 per cent. of the shares or voting rights of the sole *associé commandité* of the Issuer;

- (b) if the Issuer changes its form and is therefore no longer a *société en commandite par actions*, a third party (other than Covivio or one of its Affiliates acting alone or in concert with one or several Affiliates of Covivio), acting alone or in concert (within the meaning of articles L.233-10 and L.233-10-1 of the French *Code du commerce*), acquires, directly or indirectly, the control of the Issuer (within the meaning of article L.233-3 of the French *Code du commerce*).

Covivio³ means the company “Covivio”, société anonyme, whose registered office is at 18, avenue François Mitterrand, 57000 Metz, France, registered at the répertoire SIREN under number 364 800 060 and with the Registre du commerce et des sociétés of Metz.**

Covivio Hotels Gestion means the company “Covivio Gestion SAS”, société par actions simplifiée, whose registered office is at 30, avenue Kléber, 75116 Paris, France, registered at the répertoire SIREN under number 450 140 298 and with the Registre du commerce et des sociétés of Paris.

Optional Redemption Date means the fifth (5th) Business Day after the expiry of the Put Period.

Rating Agency means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors (**S&P**) or any other rating agency of equivalent standing notified by the Issuer to the Noteholders in accordance with Condition 10.

Rating Downgrade shall be deemed to have occurred in respect of a Change of Control if, within the Restructuring Period, the rating previously assigned to the Notes or to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) is at least one full notch lower than the rating of Covivio prevailing on the first day of the Restructuring Period, provided that the Rating Agency making the reduction in rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer and the Put Agent in writing that the lowering was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control. If the Notes or the Issuer are rated by more than one Rating Agency, a Rating Downgrade shall be deemed to have occurred in respect of a particular Change of Control only if all the Rating Agencies have withdrawn or lowered its rating.

Restructuring Period means the period beginning one hundred and twenty (120) days prior to, and ending one hundred and twenty (120) days after, the date of the public announcement of the result (*avis de résultat*) by the AMF of the Change of Control.

5.4 Make Whole Redemption by the Issuer

The Issuer will, subject to compliance by the Issuer with all relevant laws, regulations and directives and having given not less than thirty (30) nor more than forty-five (45) calendar days’ notice in accordance with Condition 10 to the Noteholders and to the Fiscal Agent (which notice shall be irrevocable and shall specify the date fixed for redemption), have the option to redeem the Notes, in whole or in part, at any time prior to their Maturity Date (the **Optional Make Whole Redemption Date**) at their Optional Make Whole Redemption Amount (as defined below) together with any accrued and unpaid interest up to, but excluding, the Optional Make Whole Redemption Date and any Additional Amounts.

The **Optional Make Whole Redemption Amount** will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) 100 per cent. of the Principal Amount (as defined below) of the Notes so redeemed and, (y) the sum of the then present values on the Optional Make Whole Redemption Date of (i) the Principal Amount (as defined below) of the Notes and (ii) of the remaining scheduled payments of interest of the Notes for the remaining term of the Notes (determined on the basis of the interest rate applicable to such Note from but excluding the Optional Make Whole Redemption Date), discounted to the Optional Make Whole Redemption Date on an annual basis (Actual/Actual (ICMA)) at the Early Redemption Rate plus an Early Redemption Margin.

³ As at the date of this Prospectus, the formalities relating to the publication of amendments to the *statuts* of Covivio (formerly named Foncière des Régions) are being processed by the clerk of the Paris Commercial Court..

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Early Redemption Margin means 0.30 per cent. *per annum*.

Early Redemption Rate means the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

Principal Amount means €100,000.

Reference Benchmark Security means the German government bond bearing interest at a rate of 1 per cent. *per annum* and maturing on 15 August 2025 with ISIN DE0001102382.

Reference Dealers means each of the four banks (that may include the Joint Lead Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

Similar Security means a reference bond or reference bonds issued by the German Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

5.5 Residual Maturity Call Option by the Issuer

The Issuer may, at its option, from and including 3 months prior to the Maturity Date to but excluding the Maturity Date, subject to having given not more than sixty (60) nor less than thirty (30) calendar days prior notice to the Noteholders and the Fiscal Agent in accordance with Condition 10 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the outstanding Notes, in whole or in part, at their Principal Amount plus accrued interest up to but excluding the date fixed for redemption.

5.6 Squeeze Out Redemption

In the event that twenty (20) per cent. or less of the initial aggregate principal amount of the Notes (including any assimilated Notes issued pursuant to Condition 12) remains outstanding, the Issuer may, at its option but subject to having given not more than sixty (60) nor less than thirty (30) calendar days prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their Principal Amount plus accrued interest up to but excluding the date fixed for redemption, provided that if the Issuer has exercised the Make Whole Redemption option as specified in Condition 5.4, the Squeeze Out Redemption shall not apply for a period of twelve (12) months as from the Optional Make Whole Redemption Date.

5.7 Purchases

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price. Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations.

5.8 Cancellation

All Notes which are redeemed pursuant to Conditions 5.1, 5.2(i), 5.2(ii), 5.3, 5.4, 5.5, 5.6 or purchased for cancellation pursuant to Condition 5.7 will forthwith be cancelled and accordingly may not be reissued or sold.

5.9 Partial Redemption

In the case of a partial redemption in accordance with Condition 5.4 or 5.5, the redemption will be effected by reducing the nominal amount of the Notes in proportion to the aggregate principal amount redeemed, subject to compliance with any other applicable laws and regulated market requirements.

6. PAYMENTS

6.1 Method of Payment

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. **TARGET System** means the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the Notes will, in all cases, be subject to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

6.2 Payments on Business Days

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day (as defined below) and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition **Business Day** means any day, not being a Saturday or a Sunday, on which the TARGET System is operating and on which Euroclear France is open for general business.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

6.3 Fiscal Agent, Put Agent, Calculation Agent and Paying Agents

The names of the initial Agents and their specified offices are set out below:

CACEIS Corporate Trust
14, rue Rouget de Lisle
92130 Issy-Les-Moulineaux
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Agents and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent, a Put Agent, a Calculation Agent, and a Principal Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 10.

7. TAXATION

7.1 Withholding Tax

All payments of principal or interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof having power to tax, unless such withholding or deduction is required by law or regulations.

7.2 Additional Amounts

If, pursuant to French laws or regulations, payments of principal or interest in respect of any Note become subject to withholding or deduction in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts (the **Additional Amounts**) as may be necessary in order that the holder of each Note, after such withholding or deduction, will receive the full amount then due and payable thereon in the absence of such withholding or deduction; provided, however, that the Issuer shall not be liable to pay any such Additional Amounts in respect of any Note:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note; or
- (ii) presented more than thirty (30) days after the Relevant Date (as defined below), except to the extent that the Noteholder thereof would have been entitled to such Additional Amounts on the last day of such period of thirty (30) days.

As used in these Conditions, the **Relevant Date** in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made, and (B) if the full amount of the monies payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given to Noteholders that such monies have been so received, notice to that effect shall have been duly published in accordance with Condition 10.

Any references in these Conditions to principal, interest and other revenues shall be deemed also to refer to any Additional Amounts which may be payable under the provisions of this Condition 7.

8. EVENTS OF DEFAULT

Any Noteholder may, upon written notice to the Issuer, with a copy to the Fiscal Agent, cause all the Notes (but not some only) held by such Noteholder to become immediately due and payable at their principal amount, together with interest accrued since the last Interest Payment Date (or, if applicable, since the Issue Date) preceding the early redemption date and until the date of effective redemption, if any of the following events occurs (an **Event of Default**):

- (a) if any amount of principal or interest on any Note shall not be paid by the Issuer on the due date thereof and such default shall not be remedied by the Issuer within a period of fifteen (15) days from such due date; or
- (b) if the Issuer defaults in the due performance of any obligation in respect of the Notes, and such default continues for a period of forty (40) days (unless such default is not curable in which case such period shall not apply) following receipt by the Issuer of a written notice of such default; or
- (c) if (i) any other present or future Financial Indebtedness (as defined in Condition 3) of the Issuer or any of its Material Subsidiaries (as defined below) becomes due and payable prior to its stated

maturity by reason of any default, event of default or the like (howsoever described) in respect of such Financial Indebtedness and including, where applicable, after the delivery of any notice and/or the expiration of any applicable grace period required in order for such Financial Indebtedness to become so due and payable, or (ii) any such present or future Financial Indebtedness is not paid by the Issuer or any of its Material Subsidiaries when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future Financial Indebtedness; where the aggregate amount of the relevant Financial Indebtedness and/or guarantees or indemnities, individually or in the aggregate, is equal to or in excess of Euro 20.000.000 (or its equivalent in any other currency); or

- (d) if the Issuer is wound up or dissolved or ceases to carry on all or substantially all of its business except (i) in connection with a merger or spin-off (including *fusion-scission*), consolidation, amalgamation or other form of reorganisation (including a management buy-out or leveraged buy-out) pursuant to which the surviving entity shall be the transferee of, or successor to, all or substantially all of the business of the Issuer and assumes all of the obligations of the Issuer with respect to the Notes or (ii) on such other terms approved by a resolution of the general meeting of Noteholders; or
- (e) if the Issuer or any of its Material Subsidiaries makes any proposal for a general moratorium in relation to its debts or any judgment is issued for its judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of its business (*cession totale de l'entreprise*) in the context of a procedure of judicial liquidation (*liquidation judiciaire*) or it is subject to any similar proceedings whatsoever.

Material Subsidiaries means any Subsidiary with a total balance sheet in excess of Euro 20,000,000 (or its equivalent in any other currency).

9. REPRESENTATION OF THE NOTEHOLDERS

Noteholders will be grouped automatically for the defence of their common interests in a masse (the "**Masse**"). The Masse will be governed by the provisions of the French *Code de commerce*, and with the exception of Articles L.228-71 and R.228-69 of the French *Code de commerce* subject to the following provisions.

9.1 Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through collective decisions of the Noteholders (the **Collective Decisions**).

9.2 Representative of the Masse

The following person is designated as Representative of the Masse is:

F&S Financial Services
13 rue Oudinot
75007 Paris
Paris registrar # 809 880 305

The following person is designated as alternate Representative of the Masse (the "**Alternate Representative**") is:

Mr. Vincent Fabié
13 rue Oudinot
75007 Paris

In the event of liquidation, dissolution, death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of liquidation, dissolution, death, retirement or revocation of appointment of the alternate Representative,

another Representative will be elected by a decision of the General Meeting. The Representative shall be paid, in relation to the Notes, a fee of four hundred fifty euro euros (450 €) (excluding taxes) *per annum*, payable for the first time on 24 September 2018 then on each Interest Payment Date up to 24 September 2024 (inclusive).

9.3 Power of the Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

9.4 Collective Decisions

Collective Decisions are adopted either (i) in a general meeting (the **General Meeting**), or (ii) by the consent of one or more Noteholders holding together at least seventy per cent. of the principal amount of the Notes outstanding, following a written consultation (the **Written Decision**).

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 9.8.

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Notes.

1. General Meetings

A General Meeting may be called at any time, either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of Notes outstanding, may address to the Issuer and the Representative a demand for a General Meeting to be called. If such General Meeting has not been called within two (2) months after such demand, the Noteholders may commission one of them to petition the competent court to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Noteholders attending such General Meeting or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 9.8 not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy or by correspondence.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

The General Meeting is chaired by the Representative. In the event of the absence of a representative at the start of a General Meeting and if no Noteholder is present or represented at the General Meeting, the Issuer may, notwithstanding the provisions of Article L.228-64 of the French *Code de commerce*, designate a provisional chairman until a new Representative has been appointed.

2. Written Decision

Notices seeking the approval of a Written Decision will be published as provided under Condition 9.8 no less than 15 calendar days prior to the date fixed for the passing of such Written Decision (the **Written Decision Date**). Notices seeking the approval of a Written Decision will contain the conditions of form and time limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Decision. Noteholders expressing their approval or rejection before the Written Decision Date will undertake not to dispose of their Notes until after the Written Decision Date.

Written Decisions shall be signed by one or more Noteholders holding together at least seventy per cent. of the principal amount of the Notes outstanding. Approval of a Written Decision may also be given by way of electronic communication allowing the identification of the Noteholders in accordance with the Article L.228-46-1 of the French *Code de commerce* (**Electronic Consent**). Any Written Decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of the Noteholders. Such Written Decisions may be contained in one document, or in several documents in like form each signed by or on one behalf of one or more of the Noteholders, and shall be published in accordance with Condition 9.8.

3. Exclusion of certain provisions of the French *Code de commerce*

The provisions of Article L.228-65 I. 1° and 4° of the French *Code de commerce* (respectively providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer or of an issue of bonds benefiting from a security (*sûreté réelle*)) and the related provisions of the French *Code de commerce* shall not apply to the Notes.

The provisions of Article L.228-65 I. 3° of the French *Code de commerce* (providing for a prior approval of the Noteholders in relation to any proposal to merge or demerge the Issuer in the cases referred to in Articles L. 236-13 and L. 236-18 of the French *Code de commerce*) shall not apply to the Notes only to the extent that such proposal relates to a merger or demerger with another entity of the Covivio Group.

Covivio Group means Covivio and its consolidated subsidiaries (including the Issuer and its Consolidated Subsidiaries) taken as a whole.

9.5 Expenses

The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

9.6 Single Masse

The holders of Notes, and the holders of Notes which have been assimilated in accordance with Condition 12, shall, for the defence of their respective common interests, be grouped in a single Masse.

9.7 Sole Noteholder

If and for so long as the Notes are held by a sole Noteholder and unless a Representative has been appointed, such Noteholder shall exercise all powers, rights and obligations entrusted to the Masse by the provisions of the French *Code de commerce*. The Issuer shall hold a register of the decisions taken by the sole Noteholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Notes.

9.8 Notices to Noteholders

Any notice to be given to Noteholders in accordance with this Condition 9 shall be given in accordance with Condition 10 (*Notices*).

10. NOTICES

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (www.covivio-hotels.fr), and so long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris (www.euronext.fr). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

11. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

12. FURTHER ISSUES

The Issuer may, from time to time without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

13. NO HARDSHIP

The provisions of Article 1195 of the French *Code civil* shall not apply with respect to any obligation under the Notes and no claim may be brought by either the Issuer or any Noteholder under Article 1195 of the French *Code Civil*.

14. GOVERNING LAW AND JURISDICTION

The Notes are governed by the laws of France.

The competent courts within the jurisdiction of the Court of Appeal of Paris have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used by the Issuer for refinancing of existing secured borrowings, including existing secured borrowings obtained from one or several of the Joint Lead Managers.

DESCRIPTION OF THE ISSUER

The description of the Issuer and the Covivio Hotels Group is contained in the 2018 Semi-Annual Financial Report and the 2017 Reference Document which are incorporated by reference in the Prospectus and available on the website of the Issuer (www.covivio-hotels.fr) and (save for the 2018 Semi-Annual Financial Report) on the website of the AMF (www.amf-france.org) (see section "Documents Incorporated by Reference").

RECENT DEVELOPMENTS

The following recent developments are disclosed by the Issuer:

- *Press release dated 16 July 2018*

Paris, le 16 juillet 2018

Résultats semestriels 2018 :

Covivio Hotels, nouveau nom de Foncière des Murs*, franchit une étape majeure de son développement dans l'hôtellerie en Europe

PRINCIPAUX FAITS MARQUANTS DU SEMESTRE

Covivio Hotels, filiale de Covivio (nouveau nom de Foncière des Régions), confirme son statut de leader de l'investissement hôtelier en Europe en dupliquant au Royaume-Uni, sa stratégie de développement déjà déployée en France, en Allemagne et en Espagne, et s'impose en partenaire de référence du secteur.

- Signature d'un accord pour l'acquisition d'un portefeuille prime de quatorze hôtels 4 et 5*, situés dans les principales villes du Royaume-Uni, d'une valeur de 976 M€. Parallèlement, Covivio Hotels signera sur treize établissements des baux triple nets long terme avec InterContinental Hotels Group (IHG) qui, au terme de la transaction, repositionnera ces hôtels et les exploitera sous plusieurs de ses marques luxe et haut de gamme, avec loyer variable assorti d'un minimum garanti.

Covivio Hotels s'implante ainsi au Royaume-Uni, premier marché en termes d'investissement et quatrième destination touristique en Europe. Ce portefeuille, d'une excellente qualité immobilière totalise 2 638 chambres et bénéficie de localisations prime au cœur des plus grandes métropoles britanniques. Les actifs ont déjà bénéficié de programmes de travaux récents (205 M€ investis entre 2014 et 2018), offrent un potentiel de croissance significatif et génèrent une bonne rentabilité (marge Ebitdar supérieure à 30%). Covivio Hotels et son partenaire accompagneront conjointement la montée en gamme du patrimoine, avec un objectif de rendement de 6% en vitesse de croisière.

Pour financer cette opération, qui sera réalisée fin juillet, une augmentation de capital de 300 M€ a été réalisée au mois de juin 2018 et souscrite à 100%.

- Réalisation de la fusion entre Foncière des Murs, devenue Covivio Hotels, et FDM Management : opération validée par l'Assemblée Générale du 24 janvier 2018. L'absorption de sa filiale, créée en 2014 pour acquérir et gérer des hôtels en murs et fonds, permet à Covivio Hotels d'accroître son exposition en Allemagne, à Berlin en particulier, et de diversifier ses partenariats avec les opérateurs hôteliers. La consolidation de l'activité Murs et Fonds a permis l'augmentation du patrimoine de 745 M€.

Les procédures d'examen limité sur les comptes semestriels ont été effectuées. Le rapport des commissaires aux comptes sur l'information financière semestrielle est en cours d'émission.

Les données d'investissement sont présentées droits inclus

** Décision soumise à l'Assemblée Générale du 14 septembre 2018*

Ces opérations constituent des étapes majeures dans la stratégie de développement de Covivio Hotels, lui permettant d'accélérer la montée en gamme et la diversification géographique de son patrimoine : 73% des hôtels du patrimoine sont ainsi classés en haut et milieu de gamme, contre 54% en 2017, et 80% sont situés dans les principales villes européennes, contre 73% en 2017.

Ces opérations permettent également à Covivio Hotels de s'imposer comme le partenaire de choix des opérateurs leaders sur leur marché : à ce jour, Covivio Hotels accompagne 18 opérateurs via des partenariats long terme, pour leur développement en France et en Europe.

Au 1^{er} semestre 2018, Covivio Hotels a consolidé ces partenariats notamment grâce aux réalisations suivantes :

- livraison de l'hôtel Motel One Paris Porte Dorée, première implantation de l'opérateur européen Motel One en France, totalisant 255 chambres,
- livraison de deux hôtels B&B, l'un situé à Berlin (140 chambres) et l'autre à Châtenay-Malabry (Hauts de Seine) de 127 chambres.
- signature d'un protocole avec Pierre et Vacances sur le portefeuille d'actifs Sunparks situé en Belgique, prolongeant les baux sur une longue durée (15 ans de durée résiduelle) et octroyant à Pierre et Vacances des options d'achat des parcs.

A la suite de ces opérations et de l'acquisition du portefeuille d'hôtels au Royaume-Uni, la durée résiduelle ferme des baux atteint un niveau record de 13,7 années, et le taux d'occupation demeure à 100% sur le portefeuille.

ACCELERATION DES CESSIONS DE COMMERCES

Covivio Hotels poursuit ses objectifs d'amélioration de la qualité de son patrimoine et de concentration sur le secteur hôtelier en intensifiant la cession de ses actifs non stratégiques. Sur le semestre, 187 M€ de cessions d'actifs commerces ont été réalisées dont :

- la cession de l'ensemble du portefeuille de restaurants Quick en mai 2018 pour 163 M€
- la cession de 5 magasins sous enseigne Jardiland situés en régions pour 22 M€.

Par ailleurs, de nouvelles cessions d'actifs non stratégiques ont été sécurisées sur le semestre avec la signature d'une promesse de vente portant sur 17 actifs Jardiland pour 79 M€.

CROISSANCE DES VALEURS DE 1,7% A PERIMETRE CONSTANT

A fin juin 2018, la valeur du patrimoine immobilier, en part du groupe, atteint 4 674 M€, contre 4 013 M€ au 31 décembre 2017. A périmètre constant, elle progresse de +1,7% sur 6 mois, dont +1,8% pour le patrimoine hôtelier, et présente un rendement moyen hors droits de 5,6%.

L'ANR EPRA s'élève à 3 205 M€ (soit 27,1 €/action), en hausse de 32% sous l'effet de l'augmentation de capital réalisée sur le semestre et de la fusion entre Covivio Hotels et FDM Management. L'ANR Triple Net EPRA s'établit à 2 954 M€ (soit 25,0 €/action en hausse de 4,0% sur 12 mois).

DES RESULTATS OPERATIONNELS EN HAUSSE

M€	Loyers	Loyers	Loyers	Loyers	Var.	Var.
	S1 2017	S1 2017	S1 2018	S1 2018	PdG	PdG
	100%	PdG	100%	PdG	(%)	(%) à PC (1)
Hôtels en bail	85 M€	73 M€	95 M€	82 M€	12,0%	3,3%
Hôtels en murs & fonds (EBITDA)	32 M€	13 M€	34 M€	32 M€	159,2%	4,2%
Total revenus Hôtels	116 M€	86 M€	128 M€	114 M€	33,5%	
Non stratégiques (commerces)	18 M€	18 M€	13 M€	13 M€	-28,3%	1,2%

(1) à périmètre constant

Le semestre marque également la poursuite de la croissance des résultats opérationnels en Europe, avec une hausse des loyers à périmètre constant de 3,3% sur l'hôtellerie et une hausse des EBITDA des hôtels en murs et fonds de 4,2%.

La durée résiduelle ferme des baux s'élève de 10,8 ans à fin juin 2018 et atteindra une durée particulièrement élevée de 13,7 ans après l'acquisition du portefeuille au Royaume-Uni.

DES INDICATEURS DE DETTE EN FORTE AMELIORATION

Au 30 juin 2018, la maturité moyenne de la dette s'élève à 5,4 ans, en baisse de 0,4 an. Le ratio de LTV (Loan To Value) droits inclus de 28,9% à fin juin 2018, s'établit à 40,9% en incluant l'acquisition du portefeuille au Royaume-Uni prévue en juillet.

La dette nette de Covivio Hotels s'élève à 1 552 M€ suite à l'intégration dans les comptes consolidés de l'activité murs et fonds et le taux moyen de la dette continue de s'améliorer (2,07% contre 2,52% à fin 2017). Par ailleurs, le ratio d'ICR (Interest Cover Ratio) s'améliore également à 6,02 (contre 5,46 en 2017).

UN EPRA EARNINGS DE 94 M€

L'EPRA Earnings de 94,0 M€ (contre 76,9 M€ au 30 juin 2017) affiche une hausse de 22%, sous l'effet de l'intégration de l'activité Murs et Fonds, de la hausse des loyers AccorHotels, et de l'amélioration du taux de la dette.

Par action, l'EPRA Earnings atteint 0,90 € au 30 juin 2018, contre 0,96 € à la même date en 2017, soit une baisse de -6,2%. Cette variation par action s'explique par les impacts du dividende exceptionnel versé en actions en 2017.

PERSPECTIVES 2018

Covivio Hotels poursuivra son développement dans les principaux marchés européens et s'appuiera sur les partenariats déjà en place avec les opérateurs hôteliers pour poursuivre la dynamique de croissance sur son patrimoine.

ANNEXES :

- Tableau de passage du patrimoine :

Patrimoine au 30/06/2018	4 674 M€
Immobilisations corporelles	+ 21 M€
Survaleur non comptabilisée des actifs en Murs et Fonds	- 31 M€
Actifs immobiliers Part du Groupe	4 664 M€
Quote-part des minoritaires des sociétés en intégration globale	+ 514 M€
Actifs immobiliers 100% - comptes IFRS	5 178 M€

- Tableau de passage de l'ANR :

Capitaux propres Groupe - Comptes IFRS	2 939 M€
Juste Valeur des actifs en murs et fonds nette d'impôts différés	+ 25 M€
Dettes à taux fixes	- 10 M€
ANR Triple Net EPRA	2 954 M€
Instruments financiers et dettes à taux fixes	+ 38 M€
Impôts différés	+ 213 M€
ANREPRA	3 205 M€

- Tableau de passage des loyers :

M€	Loyers S1 2018 Comptes IFRS	Quote-part des minoritaires	Loyers S1 2018 PdG FDM
Hôtellerie	95 M€	- 13 M€	82 M€
Commerces d'exploitation	13 M€	-	13 M€
Total Loyers	108 M€	-13 M€	95 M€
Ebitda des hôtels en gestion	34 M€	-2 M€	32 M€

- **Détail du calcul de Loan-to-Value (LTV) :**

(M€, Part du Groupe)	2017 *	S1 2018
Dette nette comptable	1 930	1 552
Créances rattachées aux part. intégrées	-24	-32
Promesses	-207	-213
Créances sur cessions	-59	0
Dettes sur acquisitions	107	81
Dette nette part du groupe	1 747	1 388
Valeur d'expertise des actifs immobiliers (Droits)	4 931	4 882
Promesses	-207	-213
Actifs financiers	21	51
Créances rattachées aux participations MEE	7	7
Part des entreprises associées	79	79
Valeur des actifs	4 831	4 806
LTV Hors Droits	37,7%	30,1%
LTV Droits Inclus	36,2%	28,9%

* LTV proforma post fusion FDM Management

LTV Droits Inclus publiée Décembre 2017 =

- **Réconciliation avec les comptes consolidés :**

Dette nette

(M€)	Comptes consolidés	Part revenant aux minoritaires	Part du Groupe
Dette Bancaire	2 313	-242	2 071
Trésorerie et équivalents	532	-13	519

Patrimoine

(M€)	Comptes consolidés	Patrimoine des sociétés MEE	Patrimoine exploitation en JV	Part revenant aux minoritaires	Part du Groupe
Immeubles de placement & développement	3 683	0	1 293	-515	4 461
Actifs destinés à la vente	213			0	213
Total patrimoine	3 896	0	1 293	-515	4 674
				Droits de mutations	189
				Patrimoine Part du Groupe Droits Inclus	4 863
				(+) Avances et acomptes sur immobilisations	19
				Patrimoine pour le calcul LTV	4 882

Interest Coverage Ratio (ICR)

en M€	S1 2017	S1 2018
EBE (Loyers nets (-) coûts de fonctionnements (+) Résultat autres activités)	87	123
Coûts de l'endettement	-15	-20
ICR	5,69	6,02

- Tableau de passage de l'EPRA Earnings :

M€	Résultat Net 100% Comptes IFRS	Quote- part des minoritari res	Résultat Net Part du Groupe Earnings	Retraitements	EPRA
Loyers Nets	104,8	-12,6	92,2	0,8	93,0
Résultat des hôtels en gestion	33,7	-1,3	32,4	1,6	34,0
Coûts de fonctionnement	-8,6	1,1	-7,5	0,0	-7,5
Amortissements des biens d'exploitation	-20,6	0,8	-19,8	16,2	-3,6
Variation nette des provisions et autres	1,7	-0,1	1,6	0,0	1,6
RESULTAT D'EXPLOITATION	111,0	-12,1	98,9	18,6	117,5
Résultat des cessions d'actifs	-0,5	0,0	-0,5	0,5	0,0
Résultat des ajustements de valeurs	70,3	-11,6	58,7	-58,7	0,0
Résultat des cessions de titres	103,0	0,0	103,0	-103,0	0,0
Résultat des variations de périmètre	-131,3	0,0	-131,3	131,3	0,0
RESULTAT OPERATIONNEL	152,5	-23,7	128,8	-11,2	117,5
Coût de l'endettement financier net	-23,0	2,6	-20,3	0,3	-20,1
Ajustement de valeur des instruments dérivés	-9,0	0,5	-8,5	8,5	0,0
Actualisation des dettes et créances	-0,3	0,0	-0,3	0,0	-0,3
Variation nette des provisions financières et	-3,1	0,2	-2,9	0,8	-2,1
Quote-part de résultat des entreprises associées	3,5	0,0	3,5	-0,2	3,3
RESULTAT NET AVANT IMPOTS	120,7	-20,5	100,2	-1,9	98,3
Impôts différés	-5,3	0,0	-5,3	5,3	0,0
Impôts sur les sociétés	-4,7	0,1	-4,6	0,2	-4,4
RESULTAT NET DE LA PERIODE	110,6	-20,4	90,2	3,6	94,0

- Glossaire :

1) Définition des acronymes et abréviations utilisés :

S1 : Premier semestre

PdG : Part du groupe Var. : Variation

P.C. : Périmètre constant

2) Durée résiduelle ferme des baux

Durée de bail restante moyenne calculée en prenant en compte la date de 1ère option de sortie du locataire.

3) Bail triple net

Contrat de location conclu entre un propriétaire bailleur et un locataire. Le "triple net" qualifie un bail dans lequel toutes les charges et dépenses (travaux, entretien) liées au bon fonctionnement de l'immeuble sont à la charge du locataire.

4) LTV (Loan To Value)

Le calcul de la LTV est détaillé en Annexe.

5) Loyers

Les loyers comptabilisés correspondent au montant brut des loyers comptables sur la période prenant en compte, conformément aux normes IFRS, l'étalement des éventuelles franchises accordées aux locataires.

Les loyers comptabilisés à périmètre constant permettent de comparer les loyers comptabilisés d'un exercice sur l'autre avant prise en compte des évolutions de patrimoine (acquisitions, cessions, travaux, livraison de développements...). Cet indicateur est calculé sur les actifs en exploitation ie, actifs loués ou actifs disponibles à la location et faisant l'objet d'une démarche de commercialisation active.

6) EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization):

Il s'agit du résultat brut d'exploitation après loyer. Le calcul se détaille de la manière suivante : (+) Chiffre d'affaires total (revenus)

(-) Achats et Charges externes (-) Charges de personnel

= EBITDAR

(-) Loyer

= EBITDA

7) Marge EBITDAR :

L'EBITDAR correspond au résultat brut d'exploitation avant loyer. Il est utilisé pour comparer des entreprises aux politiques de détention différentes.

La marge d'EBITDAR correspond au calcul suivant : $EBITDAR / CA \text{ total}$

Les niveaux de marge opérationnelle des hôtels varient suivant la catégorie d'hôtels.

8) Patrimoine

Le patrimoine présenté inclut, à leur juste valeur, les immeubles de placement, les immeubles en développement, ainsi que les immeubles d'exploitation et les immeubles en stock.

9) Rendement

Les rendements du patrimoine sont calculés selon la formule suivante :

$$\frac{\text{Loyers annualisés bruts}}{\text{Valeur hors droits sur le périmètre concerné}}$$

10) Taux moyen de la dette

$$\frac{\begin{aligned} &\text{Charges Financières de la Dette financière de la période} \\ &+ \text{Charges Financières de la Couverture de la période} \end{aligned}}{\text{Encours Moyen de la Dette financière de la période}}$$

11) Taux d'occupation

Le taux d'occupation correspond au taux d'occupation financier spot fin de période et se calcul selon la formule suivante :

$$1 - \frac{\text{Perte de loyer liée à la vacance (calculée à la VLM)}}{\text{actifs occupés + perte de loyer}} \text{ Loyers}$$

Cet indicateur se calcule uniquement sur les actifs pour lesquels un travail d'*asset management* est réalisé et n'inclut donc pas les actifs libres sous promesse. Les taux d'occupation sont calculés à partir de données annualisées sur la base des activités stratégiques uniquement.

12) Variation des loyers à périmètre constant

Cet indicateur compare les loyers comptabilisés d'un exercice à l'autre sans prise en compte des variations de périmètres : acquisitions, cessions, développements dont libérations d'actifs et livraisons d'actifs. La variation se calcule sur la base des loyers quittancés IFRS pour les activités stratégiques.

Sur les hôtels en murs et fonds, la variation à périmètre constant est calculée sur la base de l'EBITDA.

Retraitements effectués :

- Sortie du périmètre des acquisitions et cessions réalisées sur les périodes N et N-1
- Retraitement des actifs en travaux ie :
 - Retraitement des libérations d'actifs pour réalisation de travaux (réalisées en année N et N-1)
 - Retraitement des livraisons d'actifs en travaux (réalisées en année N et N-1)

13) Variation des valeurs à périmètre constant

Cet indicateur permet de comparer les valeurs d'actifs d'un exercice sur l'autre sans prise en compte des variations de périmètres : acquisitions, cessions, travaux, développements dont libérations d'actifs et livraisons d'actifs.

Retraitements :

- Sortie du périmètre des acquisitions et des cessions réalisées sur la période
- Retraitement des travaux faits sur la période N sur les actifs (y compris actif en développement).

- *Press release dated 26 July 2018*

Paris, le 26 juillet 2018

COVIVIO HOTELS FINALISE L'ACQUISITION DE PRES DE 80% DU PORTEFEUILLE HOTELIER AU ROYAUME-UNI

En mai 2018, Covivio Hotels, filiale de Covivio, a signé un accord avec Starwood Capital pour l'acquisition d'un portefeuille emblématique de quatorze hôtels 4 et 5*, situés dans les principales villes du Royaume-Uni, pour un montant de 858 M£ (soit 976 M€⁴).

Le 25 juillet 2018, l'acquisition de neuf de ces hôtels, représentant 1 698 chambres et 671 M£ (soit 763 M€¹ et 78% du portefeuille) a été finalisée. Les dernières acquisitions seront réalisées dans les prochaines semaines à la suite de la levée des conditions suspensives.

Dans le même temps, Covivio Hotels a signé, sur ces 9 établissements, des baux triple nets long terme avec InterContinental Hotels Group (IHG) qui repositionnera ces hôtels et les exploitera sous plusieurs de ses marques de luxe et haut de gamme. L'objectif de rendement, sur la base de loyers variables et assortis de minimums garantis, atteint 6% en vitesse de croisière.

Le portefeuille est entièrement constitué d'hôtels haut de gamme (4 et 5 étoiles), totalisant 2 638 chambres et bénéficiant de localisations *prime* au cœur des métropoles britanniques dont Londres, Manchester, Édimbourg et Cardiff.

Ces actifs présentent une excellente qualité immobilière. Ayant bénéficié de programmes de travaux récents (182M£ investis entre 2014 et 2018), ils offrent un potentiel de croissance significatif et génèrent une bonne rentabilité (marge d'Ebitdar au-dessus de 30%).

L'investissement de 976 M€ est financé par une augmentation de capital de 300 M€ (réalisée en juin 2018), 454 M€ de dette bancaire et 223 M€ de trésorerie. En intégrant l'acquisition, le patrimoine de Covivio Hotels s'élève à 5,6 Md€ PdG (6,2 Md€ à 100%) pour une LTV de 40,9%.

Cette opération marque une étape majeure dans la stratégie de développement de l'activité hôtellerie de Covivio, lui permettant de conforter la montée en gamme et la diversification géographique de son patrimoine sur ce secteur.

- *Press release dated 3 September 2018*

Paris, le 3 septembre 2018

COVIVIO HOTELS OBTIENT LA NOTATION BBB, PERSPECTIVE POSITIVE, AUPRES DE S&P

L'agence S&P a attribué la notation BBB, perspective positive à Covivio Hotels, filiale à 42% de Covivio.

Première foncière hôtelière d'Europe, Covivio Hotels bénéficie de la qualité de son patrimoine, de 6 Md€5, principalement constitué d'hôtels 4* et 5* et situé sur les grandes métropoles européennes, en particulier en France, Allemagne, Espagne et Royaume-Uni. Covivio Hotels peut s'appuyer sur une large base locative

⁴ Sur la base du taux de change de 1,14 au 2 mai 2018

⁵ Patrimoine à fin juin intégrant l'acquisition du portefeuille au Royaume-Uni

autour de 18 opérateurs, dont les principaux leaders sur leurs segments tels qu'AccorHotels, IHG, Radisson Hotel Group, Marriott, NH Hotels ou B&B.

Les fondamentaux solides et les perspectives de croissance de l'industrie hôtelière en Europe constituent également des atouts pour Covivio Hotels, qui bénéficie dans le même temps de flux sécurisés sur la durée à travers un taux d'occupation de 100% depuis sa création et une maturité moyenne actuelle de ses baux de 14 ans fermes⁶.

Covivio Hotels affiche par ailleurs une politique financière conservatrice avec une cible de LTV de 40% et un ratio de couverture des frais financiers (ICR) supérieur à 4x. Avec cette notation, Covivio Hotels se donne les moyens d'accroître la flexibilité de ses sources de financement et d'optimiser son passif.

- ***Debt drawings***

As at 31 August 2018, financial indebtedness amounts to €2,670.2 million, up €381.8 million compared to 30 June 2018, taking into account the financing of the recent acquisitions in the United Kingdom. The loan relating to these acquisitions, for a maximum amount of €454 million, as indicated in the above press release dated 26 July 2018, was drawn for €386.8 million (£343.7 million) in accordance with the acquisition schedule.

⁶ A fin juin intégrant l'acquisition du portefeuille au Royaume-Uni

TAXATION

The following is a general description of certain withholding tax considerations relating to the Notes in France. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in force in France on the date of this Prospectus and is subject to any change in law and/or interpretation thereof that may take effect after such date.

The following may be relevant to Noteholders who do not concurrently hold shares of the Issuer.

Payments of interest and other assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made outside France in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable by virtue of Article 125 A III of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty). A draft law published by the French government on 28 March 2018 would, if adopted in its current form, (i) expand the list of Non-Cooperative States as defined under Article 238-0 A of the French *Code général des impôts* to include the jurisdictions on the list set out in Annex I to the conclusions adopted by the Council of the European Union on 5 December 2017, as updated, (the **EU List**) and, as a consequence, (ii) expand this withholding tax regime to certain jurisdictions included in the EU List.

The 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other assimilated revenues on such Notes will not (where otherwise deductible) be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on an account held in a financial institution established such a Non-Cooperative State (the "**Deductibility Exclusion**"). The draft law published by the French government on 28 March 2018 abovementioned would, if adopted in its current form, expand this regime to the jurisdictions included in the EU List. Under certain conditions, any such non-deductible interest and other assimilated revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq* of the French *Code général des impôts*, in which case such non-deductible interest and other assimilated revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of (i) 12.8 per cent. for payments benefiting individuals who are not French tax residents (ii) 30 per cent. (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents or 75 per cent. for payments made outside France in a Non-Cooperative State (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion (and the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such Deductibility Exclusion) will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes are not that of allowing the payments of interest and other assimilated revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 (n°550 and 990), BOI-RPPM-RCM-30-10-20-

40-20140211 (n°70 and 80) and BOI-IR-DOMIC-10-20-20-60-20150320 (n°10), the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State or territory other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payment systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Consequently, to the extent that the Notes are admitted, at the time of their issue, to the operations of Euroclear France, payments of interest and other assimilated revenues made by the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* and the Deductibility Exclusion does not apply to such payments.

Pursuant to Article 125 A I of the French *Code général des impôts*, subject to certain limited exceptions, where the paying agent (*établissement payeur*) is established in France, interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 17.2 per cent. on such interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

SUBSCRIPTION AND SALE

Subscription Agreement

Crédit Industriel et Commercial S.A., HSBC Bank plc, Natixis and Société Générale (the **Joint Lead Managers**) have, pursuant to a subscription agreement dated 20 September 2018 (the **Subscription Agreement**), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay or, failing which, to procure subscription and payment for the Notes at the Issue Price, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Notes.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

General Selling Restrictions

The Joint Lead Managers have agreed to observe all applicable laws and regulations in each jurisdiction in or from which they may acquire, offer, sell or deliver Notes or have in their possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would, to the best of the Joint Lead Managers' knowledge, permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by them will be made on the same terms.

Prohibition of Sales to European Economic Area Retail Investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA.

For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

France

The Joint Lead Managers have represented and agreed that they have not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and they have not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United Kingdom

The Joint Lead Managers have represented and agreed that:

- (i) they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by them in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (ii) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

In addition, until forty (40) calendar days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

The Joint Lead Managers have represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax, and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the **Banking Act**) (in each case as amended from time to time);
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the

Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

GENERAL INFORMATION

1. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear France, Clearstream, and Euroclear. The International Securities Identification Number (ISIN) for the Notes is FR0013367422. The Common Code number for the Notes is 188326293.

The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream is 42, avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

2. Admission to trading

Application has been made to the AMF, in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive, for the approval of this Prospectus.

Application has been made to admit the Notes to trading on Euronext Paris on or about 24 September 2018. Euronext Paris is a regulated market for the purposes of Directive 2014/65/UE on markets in financial instruments, as amended.

3. Corporate authorisations

The issue by the Issuer of the Notes was approved by a decision of the Supervisory Board of the Issuer dated 14 September 2018 and decided by the Covivio Hotels Gestion, in its capacity as manager (*gérant*) of the Issuer, on 18 September 2018.

The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of the Notes.

4. Documents available

Copies of:

- (i) the *statuts* of the Issuer;
- (ii) the Fiscal Agency Agreement;
- (iii) this Prospectus; and
- (iv) the documents incorporated by reference in this Prospectus,

will be available for inspection during the usual business hours on any week day (except Saturdays, Sundays and public holidays) at the registered office of the Issuer.

This Prospectus and the documents incorporated by reference in this Prospectus will be published on the websites of (a) the Issuer (www.covivio-hotels.fr), (b) the AMF (www.amf-france.org) (save for the 2018 Semi-Annual Financial Report) and (c) (www.info-financiere.fr).

5. No significant change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer and/or the Issuer and its subsidiaries, taken as a whole, since 30 June 2018.

6. No material adverse change

Save as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2017.

7. No material contracts

Save as disclosed in this Prospectus, there are, at the date of this Prospectus, no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any member of the Covivio Hotels Group, being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

8. Litigation

Save as disclosed in this Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the twelve (12) months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Issuer and its subsidiaries, taken as a whole.

9. Auditors

Mazars and Ernst & Young et Autres are the statutory auditors of the Issuer and have audited, and rendered unqualified reports on the consolidated financial statements of the Issuer as at, and for the years ended, 31 December 2016 and 31 December 2017.

Mazars and Ernst & Young et Autres are registered as *Commissaires aux Comptes* (members of the *Compagnie Nationale des Commissaires aux Comptes* and the *Compagnie Régionale de Versailles*) and are regulated by the *Haut Conseil du Commissariat aux Comptes*.

10. Listing fees

The estimated costs for the admission to trading (including the AMF fees) are € 11,900.

11. Yield

The yield in respect of the Notes is 1.941 per cent. *per annum* and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

12. Interest material to the issue

Save as disclosed in the section "Risk Factors" of this Prospectus and for any fees payable to the Joint Lead Managers, as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

13. Conflicts of interest

As of the date hereof, and to the Issuer's knowledge, there are no potential conflicts of interest between the private interests and/or other duties of the members of the Supervisory Board of the Issuer and the duties they owe to the Issuer.

14. Stabilisation

In connection with the issue of the Notes, Société Générale (the **Stabilising Manager**) (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the Issue Date of the Notes and sixty (60) calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

15. Forward-Looking Statements

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's and the Covivio Hotels Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

16. LEI Code

The Legal Entity Identifier (LEI) Code of the Issuer is 969500N2QX5LGFFZ0I67.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

To the best knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained or incorporated by reference in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. The Issuer accepts responsibility accordingly.

Paris, 20 September 2018

Covivio Hotels
30, avenue Kléber
75208 Paris Cedex 16
France

Duly represented by:

M. Patrick BOUR
Secrétaire Général of the Issuer



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (AMF), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa no. 18-440 on 20 September 2018. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

REGISTERED OFFICE OF THE ISSUER

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France

Société Générale

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France

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FISCAL AGENT, PUT AGENT, CALCULATION AGENT AND PRINCIPAL PAYING AGENT

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