

# COVIVIO

Build sustainable relationships and well-being



*The Westin Grand - Berlin*



*Uhland - Berlin*

## CAPITAL MARKETS DAY



*Goujon - Paris*



*Corte Italia - Milan*

DECEMBER 6<sup>TH</sup> 2022





# WELCOME TO BERLIN, #1 CITY IN COVIVIO'S PORTFOLIO



**84%**  
RESIDENTIAL

18,000 units, mostly Altbau buildings in the city center

**€3.7BN**

Group Share portfolio in **Berlin**,  
Germany's most dynamic  
& attractive city

**€5.8BN**  
at 100%

**8%**

OFFICES 

53,000 m<sup>2</sup> existing assets  
+74 000 m<sup>2</sup> pipeline  
Mostly in the CBD

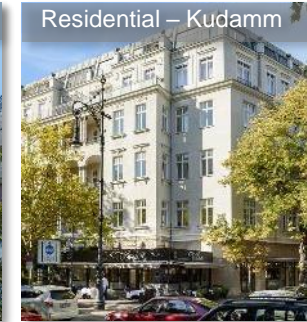


**8%**  
HOTELS  
2,100 rooms

Trophy hotels in top touristic areas



Residential – Umland



Residential – Kudamm



Hotels – Park Inn Alexanderplatz



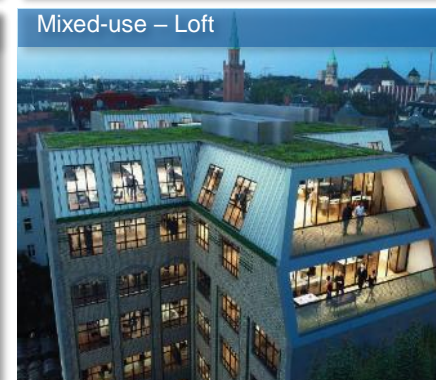
Residential – Königstraße 60



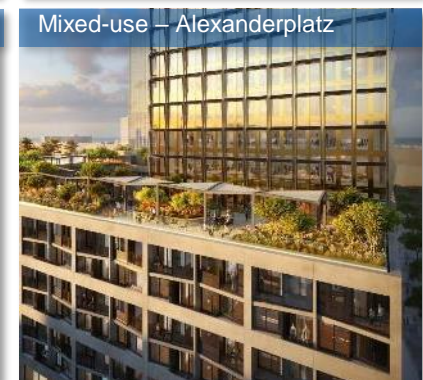
Residential – Nollendorfstrasse



Hotels – Westin Grand Berlin



Mixed-use – Loft



Mixed-use – Alexanderplatz

# AGENDA

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## I. WELL PREPARED FOR A CHALLENGING ENVIRONMENT





## **I. WELL PREPARED FOR A CHALLENGING ENVIRONMENT**

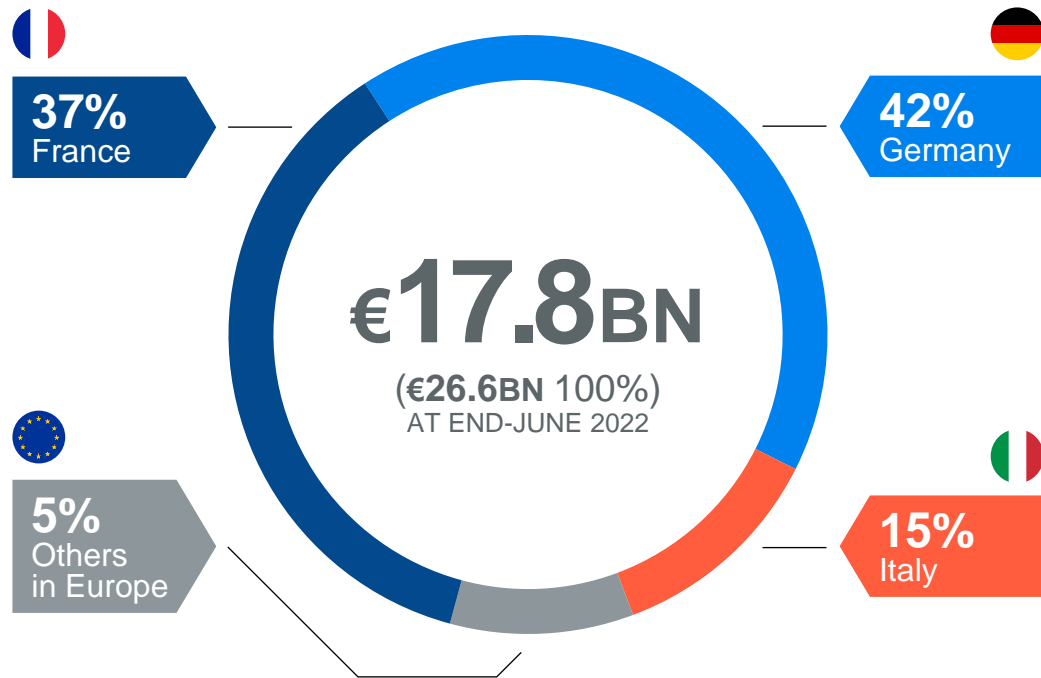
**I.1. A HIGH-QUALITY DIVERSIFIED PORTFOLIO**

**I.2. STRATEGY ADJUSTMENTS TO THE NEW ENVIRONMENT**

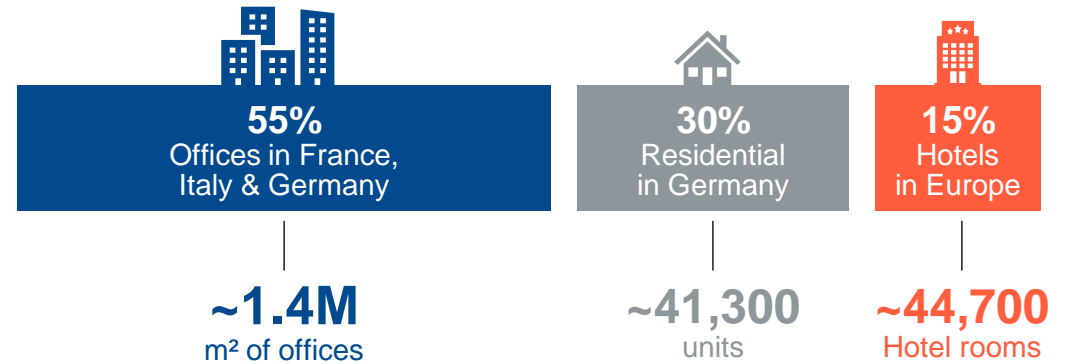
**I.3. DISCIPLINE DEBT MANAGEMENT TO MAINTAIN A HEALTHY BALANCE SHEET**

# A DIVERSIFIED SPECIALIST

## A EUROPEAN PORTFOLIO



## A DIVERSIFIED REIT



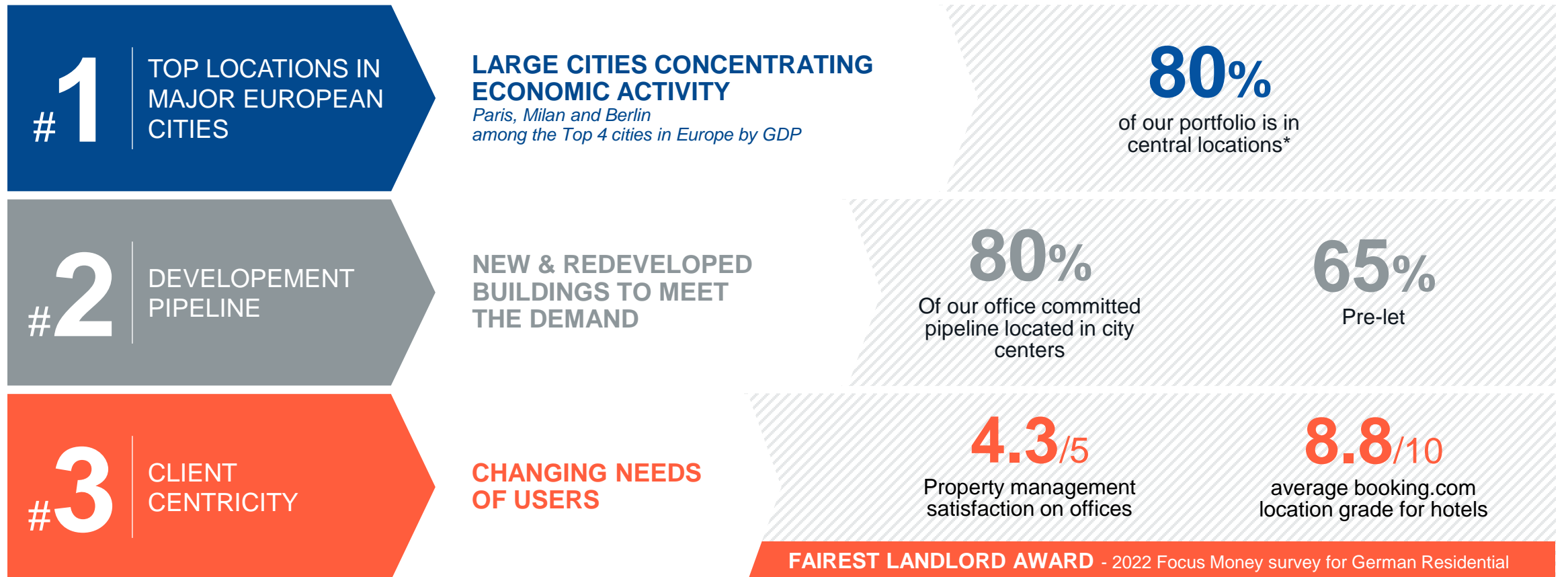
Well recognized platforms in each of our markets managed by

**1,000**  
local specialists

PROVIDING RESILIENCE AND LONG-TERM VALUE CREATION



# OUR 3 STRATEGIC PILLARS ARE MORE THAN EVER RELEVANT



\* Offices: city centers of European Cities; Hotels: top touristic destinations; Residential: Berlin, Dresden, Leipzig, Hamburg and large cities of NRW

# QUALITATIVE STRENGTHENING SINCE 2015

END OF 2015

TODAY

BETTER ASSETS LOCATIONS

55%

Of the portfolio in central locations\*

80%

Of the portfolio in central locations\*

MORE SUSTAINABLE PORTFOLIO

35%

Of green assets

91%

Of green assets

EXIT OF NON-STRATEGIC ACTIVITIES

5%

Of non-strategic assets

<1%

Of non-strategic assets



Offices  
reinforced in **city-centers** in **Paris,**  
**Milan** and **Berlin**



German Residential  
**Exit of non-Core**  
(20% in 2015 vs. <2% today)



Hotels  
focused on **major European destinations**





## **I. WELL PREPARED FOR A CHALLENGING ENVIRONMENT**

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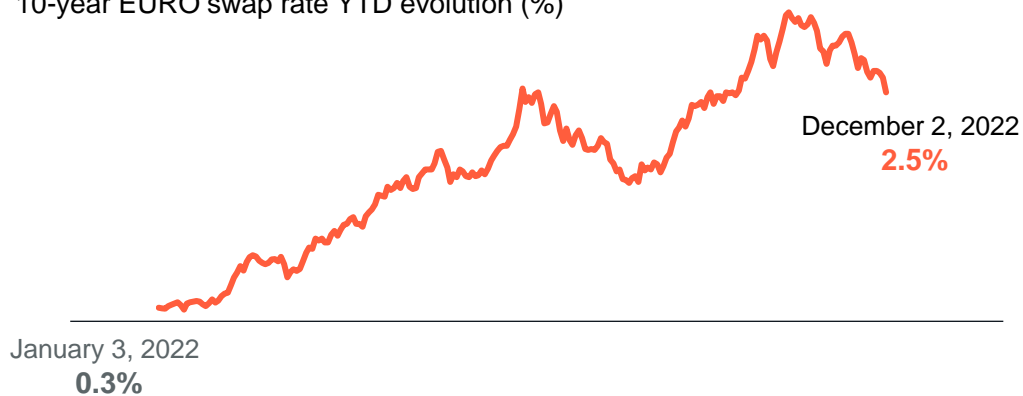
# A CHALLENGING AND VOLATILE ENVIRONMENT

## WAR IN UKRAINE & ENERGY CRISIS SINCE FEBRUARY



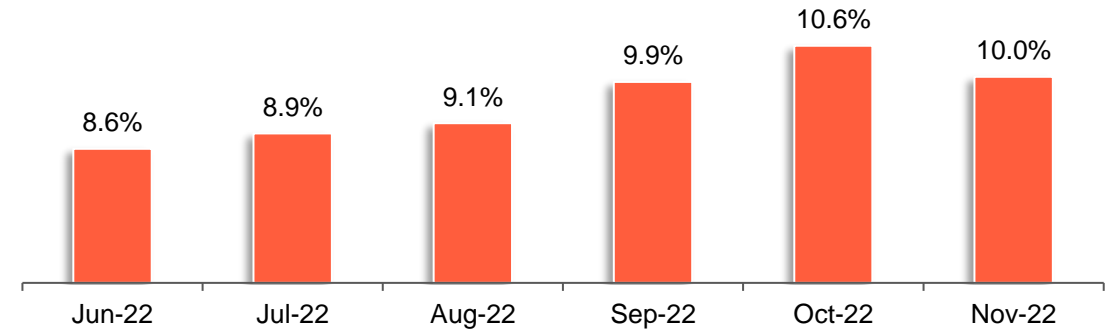
## FAST RISING INTEREST RATES SINCE THE BEGINNING OF THE YEAR

10-year EURO swap rate YTD evolution (%)



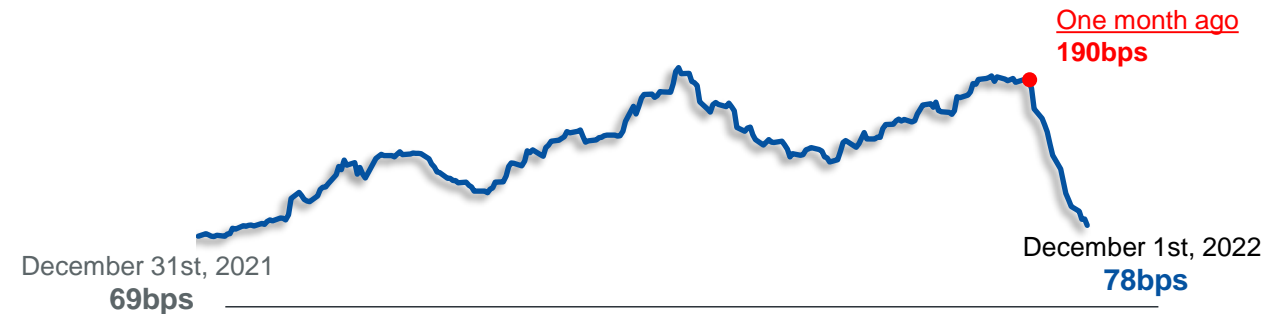
## RISING INFLATION IN THE EUROZONE, SIGNS OF STABILIZATION IN NOVEMBER

Year-on-year Eurozone inflation (%)



## RECENT TIGHTENING OF COVIVIO'S BOND SPREAD

Covivio 2031 spread vs mid-swap (evolution in bps)





# COVIVIO IS ADJUSTING ITS STRATEGY

1

ACTIVE DISPOSAL STRATEGY IN 2023-2024

2

REFOCUSED PIPELINE FOR LOWER CAPEX

3

CAPITALIZE ON RENTAL GROWTH ACCELERATION



Corte Italia  
Milan

1

# ACTIVE DISPOSAL STRATEGY BY END-2024

**€1.5BN**  
GROUP SHARE

PORTFOLIO OF ASSETS IDENTIFIED TO BE SOLD BY END-2024

**€154M**  
GROUP SHARE

DISPOSAL AGREEMENTS IN THE LAST MONTH IN LINE WITH 2021 APPRAISAL VALUES  
**€441M OF DISPOSALS YTD**

**€300M**  
GROUP SHARE

UNDER DISCUSSIONS

FINANCE CAPEX

DECREASE NET DEBT & LEVERAGE

INCREASE PORTFOLIO QUALITY

LAST MONTH DISPOSAL AGREEMENTS

Le Ponant Paris



Le Divo – Metz



Bordeaux Quai 8.2.



Toulouse Riverside





1

# DISPOSAL STRATEGY

SALE OF

Remaining non-core assets  
Selective core mature assets  
German Residential : acceleration on privatizations & small bloc sales

RELYING ON OUR DIVERSIFICATION...

Pan-European portfolio & 3 assets classes  
Allowing us to address a larger investment market

... AND A GRANULAR PORTFOLIO

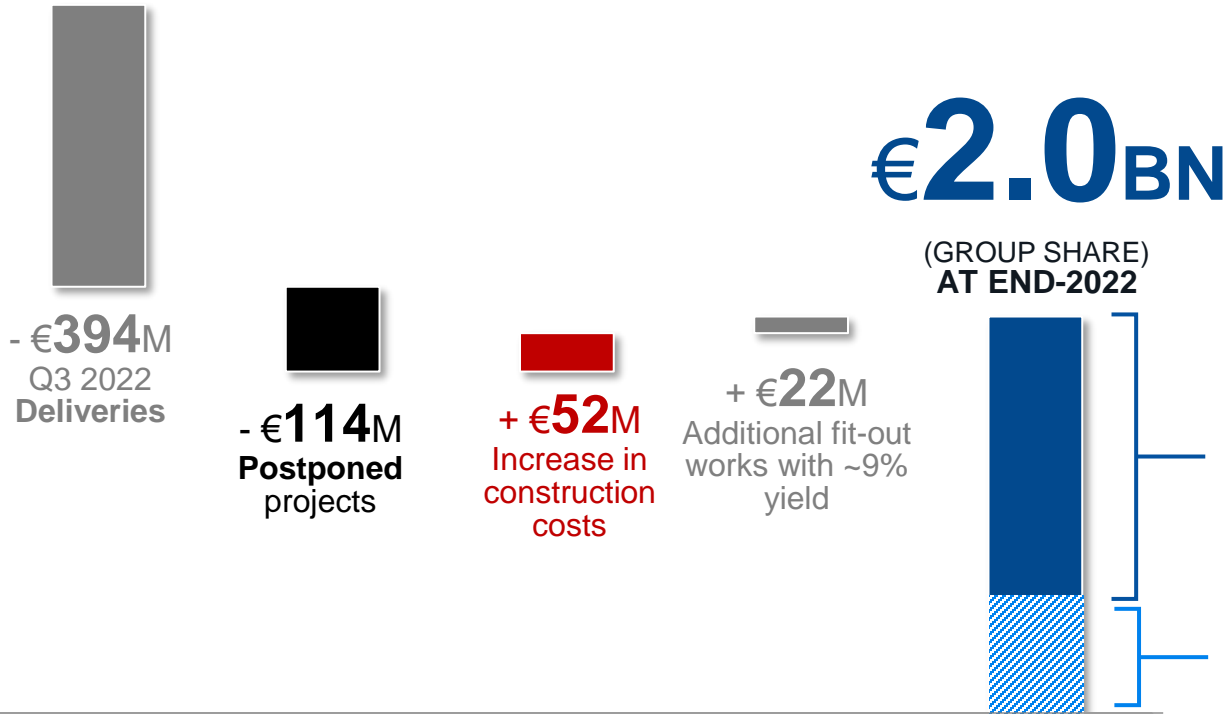
<b>€15M</b> Avg. value/asset	<b>€50M</b> Avg. value per offices	<b>€21M</b> Avg. value per hotel	<b>€7M</b> Avg. value per residential buildings
---------------------------------	--	--	--

2

# REFOCUSSED OFFICES COMMITTED PIPELINE

€2.5BN

(GROUP SHARE)  
AT END-JUNE 2022



80%  
IN CITY-CENTERS

20%  
IN TOP  
BUSINESS DISTRICTS

~€200M  
CAPEX/YEAR  
UNTIL 2026

5.2%  
YIELD ON COST

65%  
PRE-LET



# MOVING FORWARD

1

## OFFICE MANAGED PIPELINE

- ✓ In 2023, launch of **2 projects** in **Paris CBD** with **high reversionary potential (>50%)** & **low capex** (35% of total cost)
- ✓ **Postpone other** managed projects

2

## TRANSFORM OFFICES INTO RESIDENTIAL

- ✓ **Build-to-sell** strategy
- ✓ For assets **outside city-centers** in oversupplied office markets

3

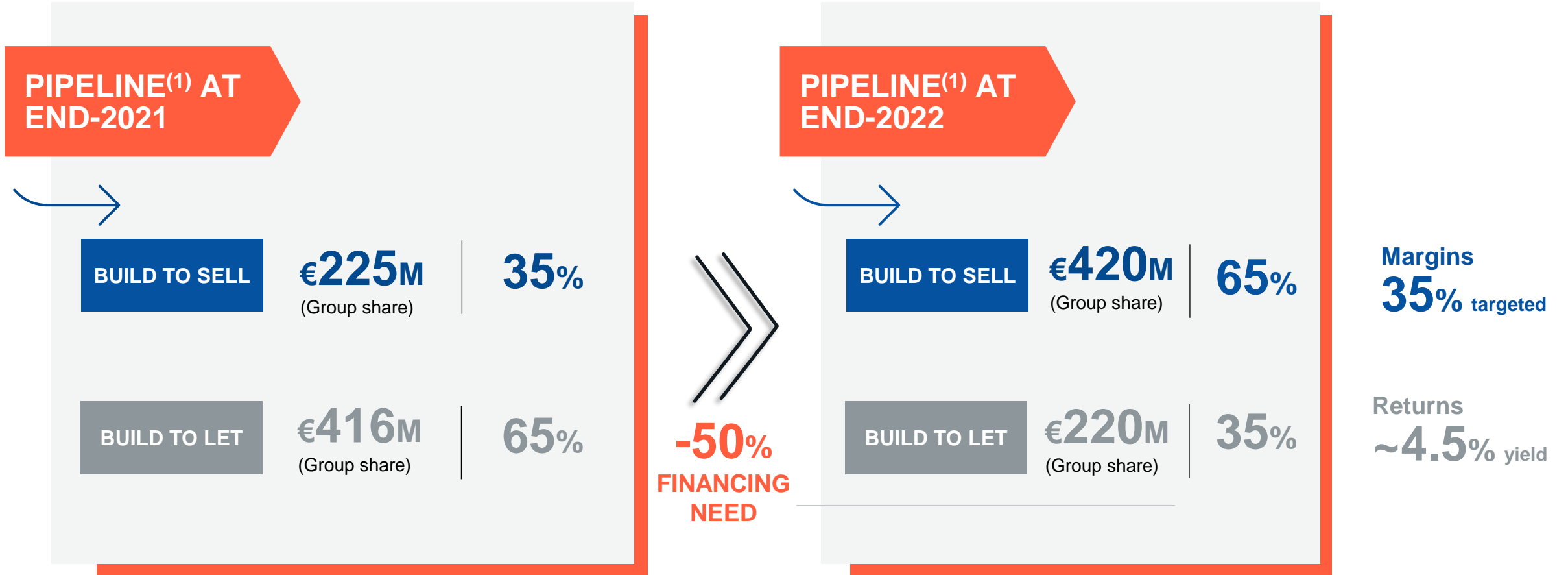
## CHANGE STRATEGY FROM BUILD-TO-RENT TO BUILD-TO-SELL IN GERMAN RESIDENTIAL

- ✓ See example on next page

2

# SHIFT IN STRATEGY: THE EXAMPLE OF THE GERMAN RESIDENTIAL PIPELINE

## INCREASING BUILD-TO-SELL IN GERMANY





# CAPITALIZE ON RENTAL GROWTH ACCELERATION

## TRENDS

## PERFORMANCE AT END-SEPTEMBER



**Total : +14.0%**  
Like-for-like rental growth

3

# CRYSTALIZE HIGH REVERSIONARY POTENTIAL



**OFFICES**

## PARISIAN PORTFOLIO

**+20%**

reversionary potential excl. assets to be redeveloped

**>40%**

on assets to be redeveloped




**GERMAN RESIDENTIAL**

**+15-20%**

reversionary potential vs. regulated rent

**>30%**

reversionary potential vs. market rent




**HOTELS**

**2 ASSET MANAGEMENT OPERATIONS IN THE LAST 12 MONTHS**




**+30%**

increase in rent



# PRELIMINARY APPRAISALS IN H2 2022 SHOW THE RESILIENCE OF OUR PORTFOLIO

BASED ON PRELIMINARY FEEDBACKS FROM APPRAISERS. SUBJECT TO FINAL VALIDATION.

	APPRAISALS IN H1	PRELIMINARY APPRAISALS IN H2	FULL YEAR 2022 EXPECTATIONS	DRIVERS OF PORTFOLIO'S RESILIENCE
 <b>OFFICES</b>	+1%	[-4% to -3%]	[-3% to -2%]	<ul style="list-style-type: none"> <li><input type="checkbox"/> Strong <b>indexation</b></li> <li><input type="checkbox"/> <b>Central locations</b> with rental growth</li> <li><input type="checkbox"/> <b>Development pipeline</b> value creation</li> </ul>
 <b>GERMAN RESIDENTIAL</b>	+6%	[-3% to -2%]	[+3% to +4%]	<ul style="list-style-type: none"> <li><input type="checkbox"/> High <b>reversionary potential</b></li> <li><input type="checkbox"/> <b>Privatization margin</b> potential</li> <li><input type="checkbox"/> Large exposure to <b>Berlin</b></li> </ul>
 <b>HOTELS</b>	+3%	[-1% to 0%]	[+2% to +3%]	<ul style="list-style-type: none"> <li><input type="checkbox"/> Strong <b>indexation</b> for fixed leases</li> <li><input type="checkbox"/> Variable revenues now <b>above 2019</b></li> <li><input type="checkbox"/> <b>Asset management</b> opportunities</li> </ul>
<b>Total</b>	<b>+2.6%</b>	<b>[-3% to -2%]</b>	<b>[-1% to 0%]</b>	





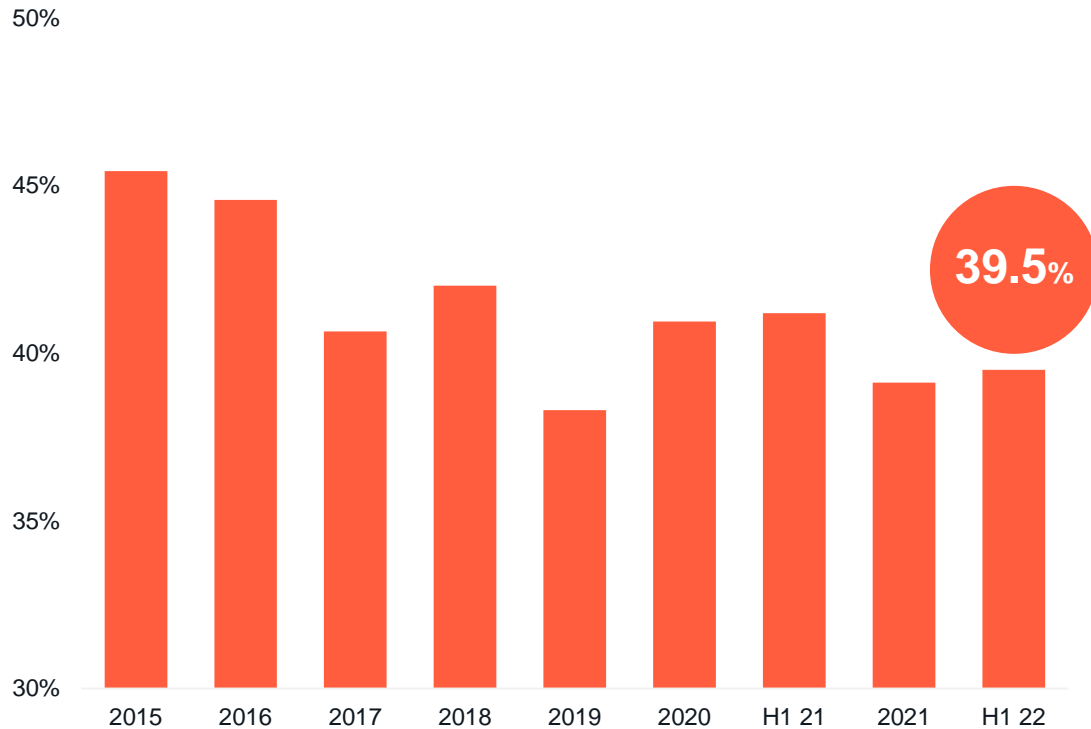
## **I. WELL PREPARED FOR A CHALLENGING ENVIRONMENT**

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# HEALTHY BALANCE SHEET

## LONGSTANDING LTV REDUCTION

LTV POLICY <40%



## LARGE HEADROOM VS. BANK COVENANTS

LTV<sup>(1)</sup>  
(for banks)

**42.2%** ≤ **60%**  
(Bank covenant)

HIGH ICR

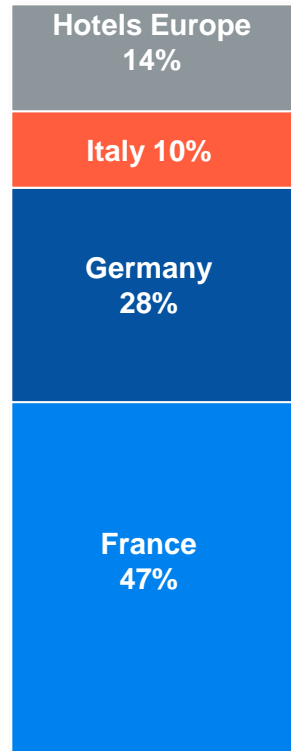
**7.3x** ≥ **2.0x**  
(Bank covenant)

RATING BBB+, STABLE OUTLOOK

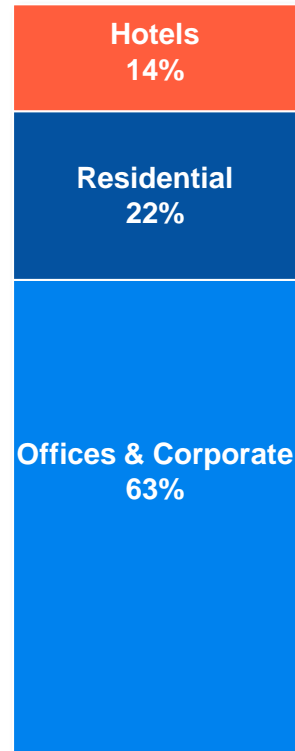
# HIGHLY DIVERSIFIED DEBT PROFILE

**€8.6BN Gross Debt**  
(€7.8BN Net debt)

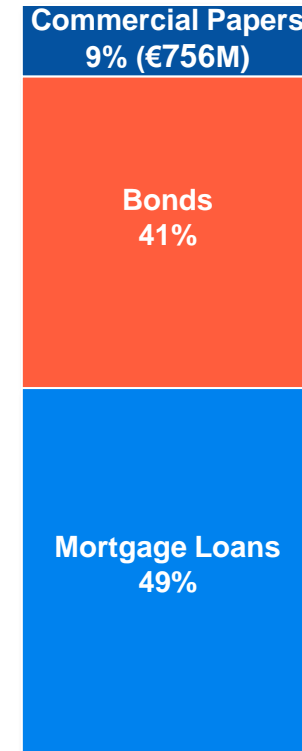
**DIVERSIFIED  
BY GEOGRAPHY**



**DIVERSIFIED  
BY ASSETS**



**DIVERSIFIED  
BY SOURCE**



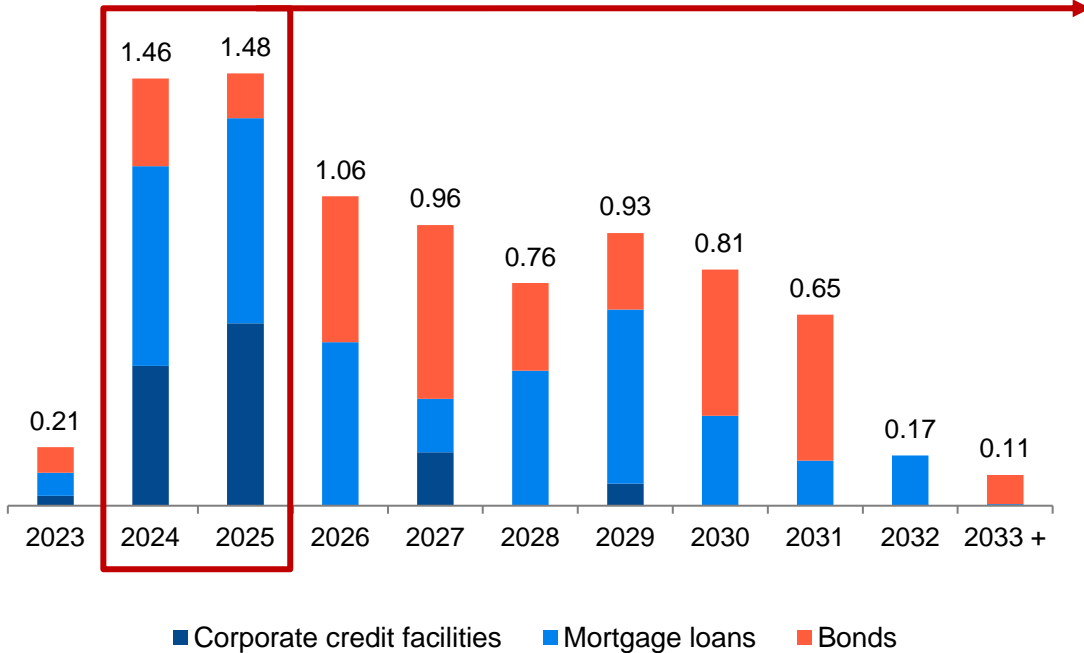
Backed by €1.4BN  
Corporate credit lines



# WELL SPREAD DEBT MATURITIES

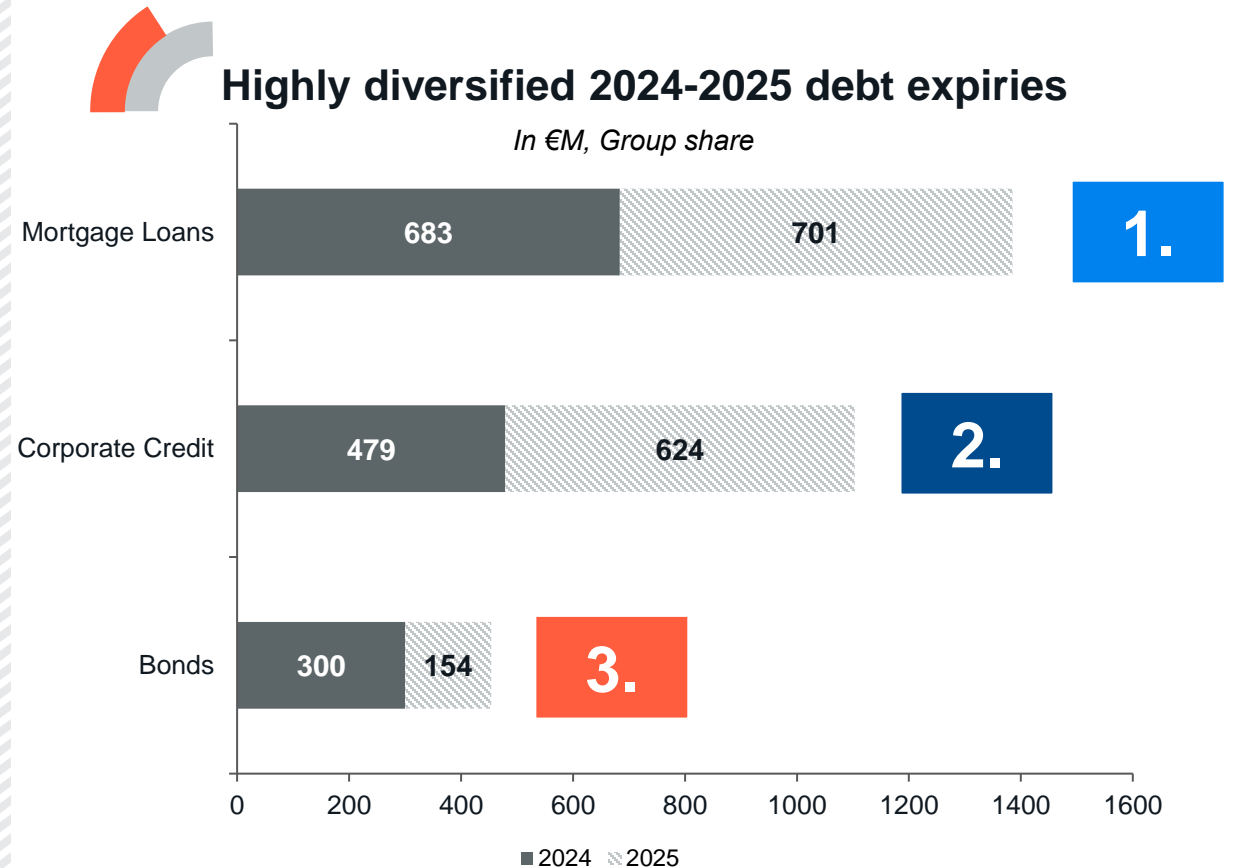
## 5 YEAR AVERAGE DEBT MATURITY

In €bn, Group share



## Highly diversified 2024-2025 debt expiries

In €M, Group share



# FOCUS ON 2024-2025 EXPIRIES

## 1. MORTGAGE LOANS

€1.4BN

~€350M  
per semester

- **Highly diversified** by assets & geographies<sup>(1)</sup>
  - Long term partnerships with major European banks
- **50 tranches** and all below €350M

€325M financings signed in Q3 2022  
at **2.6%**<sup>(2)</sup> average interest rate:

FRENCH OFFICES  
€115M  
8 YEARS / GREEN

GERMAN RESI  
€210M  
10 YEARS

## 2. CORPORATE CREDIT LINES

€1.1BN  
Undrawn

- **20 tranches** and all below €200M
  - Long term partnerships with major European banks

2 Green lines refinanced  
in Q3 2022:

TOTALLING  
€225M

MATURITIES  
EXTENDED TO  
2027 & 2029

+€300M refinancing under discussion

## 3. BONDS

€0.5BN

Q4 2024 | Q3 2025  
€300M | €150M<sup>(3)</sup>

Maturity fully covered  
by the liquidity

€0.8BN  
net available liquidity

(1) 32% on German Resi, 29% on German Offices, 15% on Italy Offices, 14% on France Offices and 11% on Hotels

(2) On the hedged part of the debt i.e. 86% of the amounts of the borrowings

(3) GS; €350M at 100%

# MANAGED COST OF DEBT THANKS TO HIGH HEDGING RATIO

**86%**

HEDGING RATIO

**6.5**  
YEARS

AVERAGE HEDGING  
INSTRUMENTS  
MATURITY

**~2.5%**

EXPECTED AVERAGE  
COST OF DEBT IN 2026

*Simulation based on the current  
debt level and profile,  
assuming that debt will be  
refinanced at expiry, at current  
swap rates*





## II. ESG: ON TRACK WITH OUR OBJECTIVES



# OUR PURPOSE, THE BACKBONE OF OUR ESG STRATEGY

## BUILD SUSTAINABLE RELATIONSHIPS & WELL-BEING



*Highest LEED score in Europe received in 2021*







## II. ESG: ON TRACK WITH OUR OBJECTIVES

II.1. SUSTAINABLE BUILDINGS

II.2. HIGH GOVERNANCE STANDARDS

II.3. OUTSTANDING RATINGS



# AN AMBITIOUS CARBON REDUCTION TARGET

**NET ZERO BY 2030**  
SCOPES 1 & 2

**Decrease by 63%** our emissions vs. 2010

**Compensate** the remaining part of our emissions

**TARGET ON SCOPE 3 REDUCTION**  
ALIGNED WITH WELL BELOW 2°C TRAJECTORY

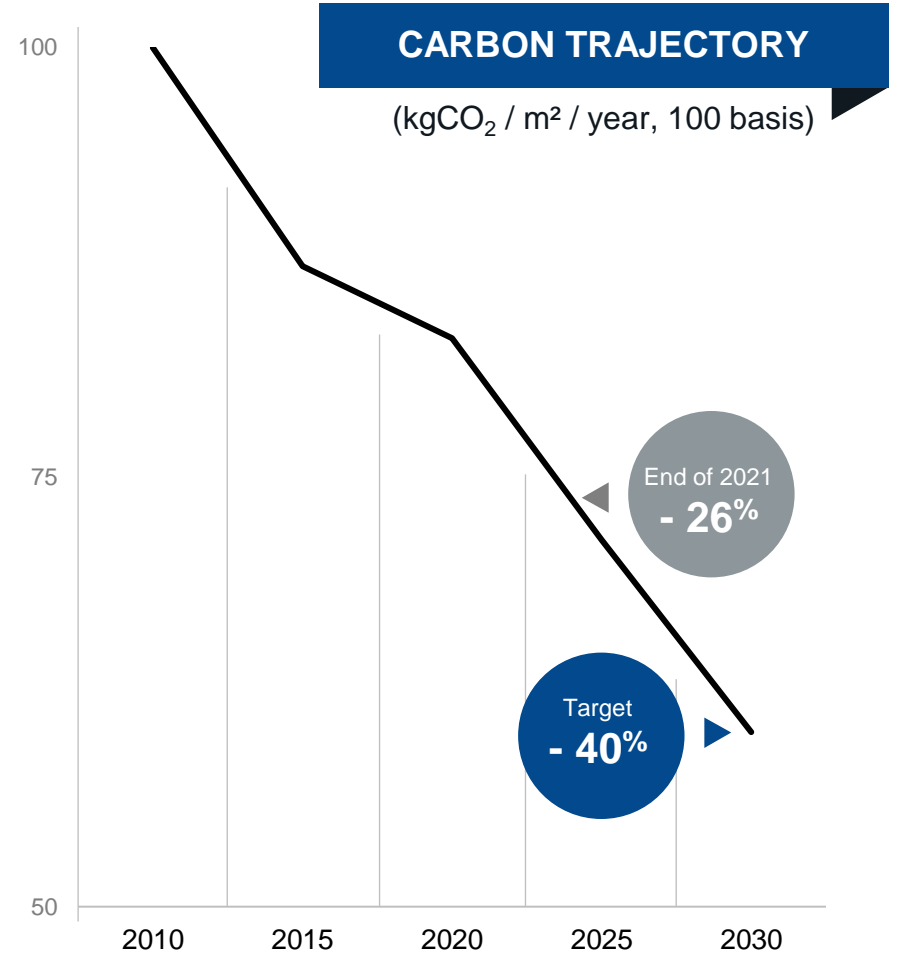
**Build** in a more sustainable way

**Help** tenants to reduce their emissions

**TARGET ACROSS ALL SCOPES** **-40%**

All scopes  
All products  
Construction + operation

Validated by SBTi

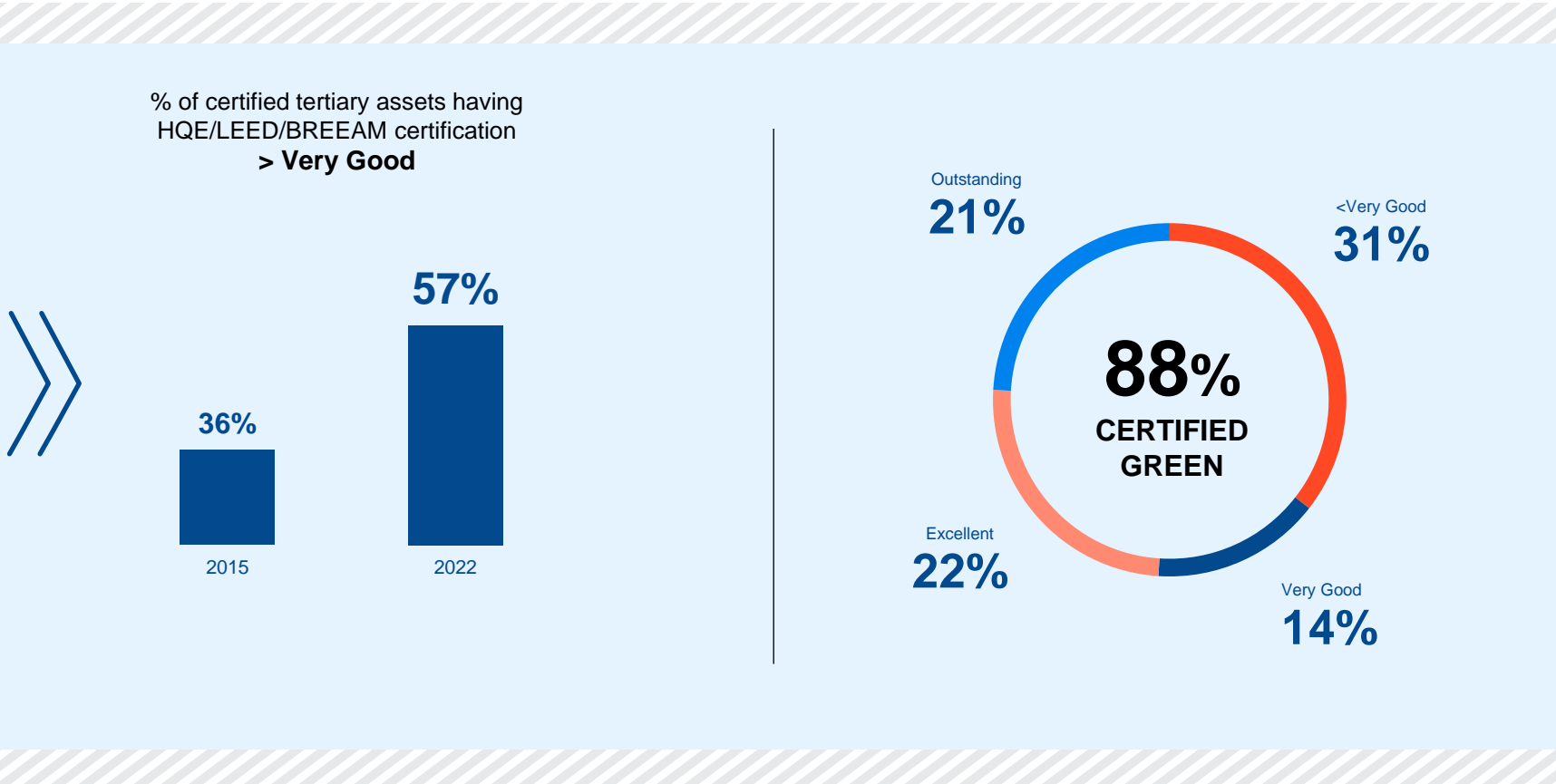


# A 91% CERTIFIED PORTFOLIO

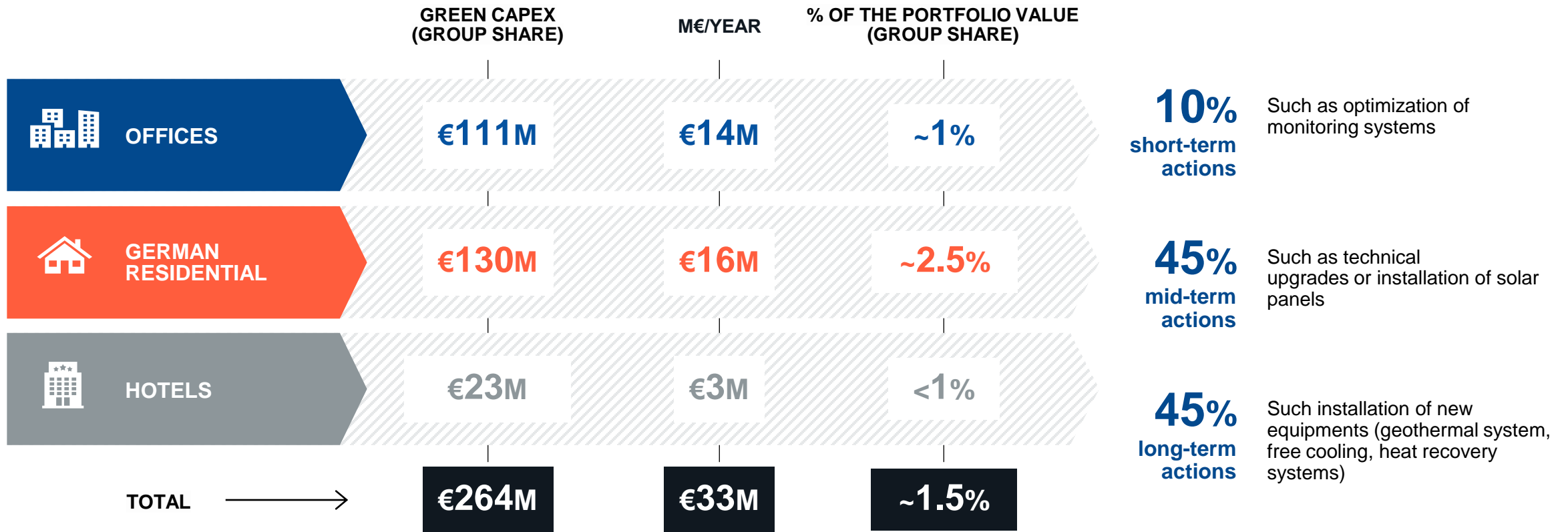
GERMAN RESIDENTIAL  
**100%**  
CERTIFIED GREEN  
30% OF THE PORTFOLIO

OFFICES  
**88%**  
CERTIFIED GREEN  
55% OF THE PORTFOLIO

HOTELS  
**80%**  
CERTIFIED GREEN  
15% OF THE PORTFOLIO



# GREEN CAPEX TO ACHIEVE OUR 2030 CARBON TRAJECTORY





# SELECTED EXAMPLES OF GREEN CAPEX



## OFFICES

Wellio Gare de Lyon, Paris



### €200K green capex plan:

- Improvement of the Air Handling Unit
- Renewal of inverters' and refrigerated units
- Connection to the district cooling network

### Target outcome:

- 575,000 kWh saved/year
- 56t CO2e saved/year
- Payback period\* = 6 years



## GERMAN RESIDENTIAL

Berlin Neukölln



### €250K green capex plan:

- Facade insulation
- Window modernization
- Water heat pump installation

### Target outcome:

- 137,700 kWh saved/year
- 47t CO2e saved/year
- Payback period\* = 7 years



## HOTELS

Park Inn Alexanderplatz



### €1.2M green capex plan:

- LED relamping
- Motion sensors
- Reinforce windows' sealing
- Room's heating management system
- Outdoor sun-protection system

### Target outcome:

- 2.5m kWh saved/year
- 450t CO2e saved/year
- Payback period\* = 3 years





## II. ESG: ON TRACK WITH OUR OBJECTIVES

II.1. SUSTAINABLE BUILDINGS

II.2. HIGH GOVERNANCE STANDARDS

II.3. OUTSTANDING RATINGS

# HIGH GOVERNANCE STANDARDS

Best practices board composition

Separate chairman & CEO

43% women members

57% independent members

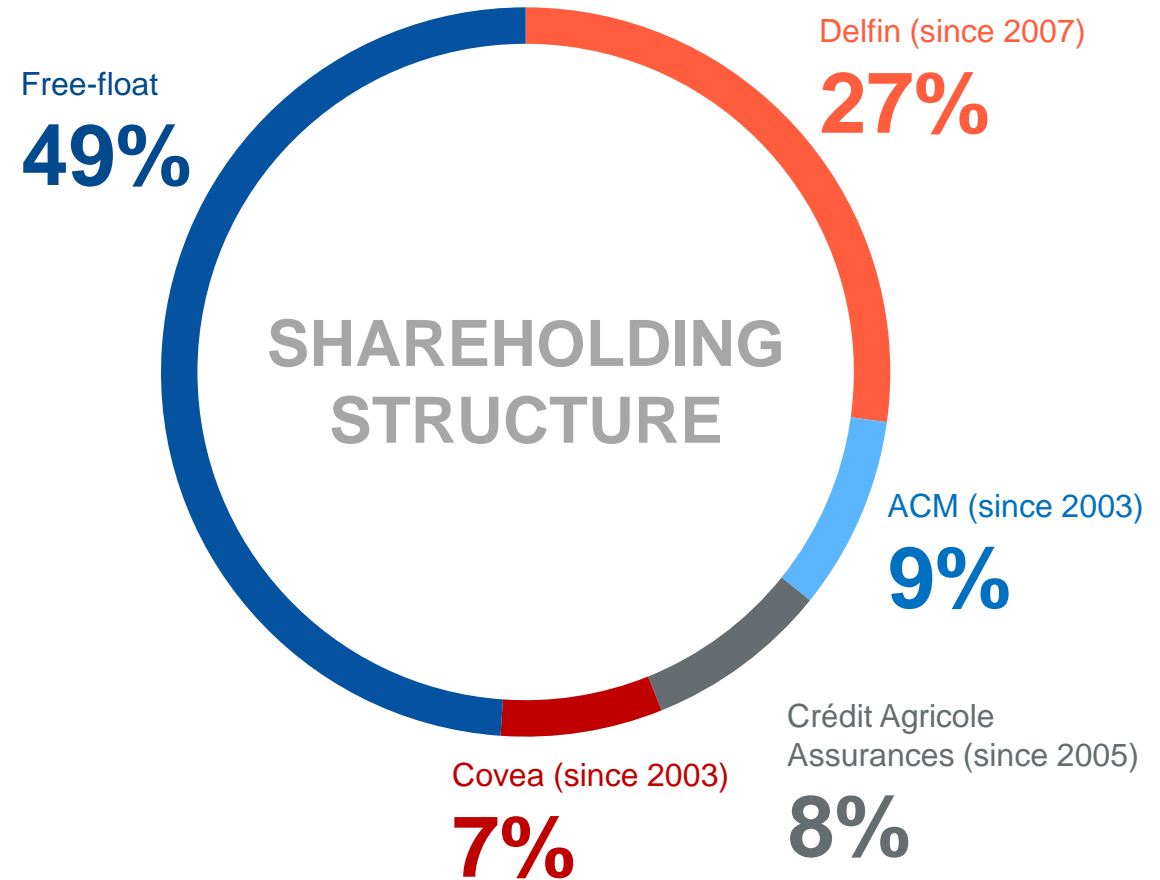
Strong experience with diversity of skills

Tackling ESG at every levels

ESG incentives in management remuneration

ESG Committee

Stakeholders committee





# EXPERIENCED BOARD & MANAGEMENT TEAM WITH PROVEN TRACK RECORD

**STRONG EXECUTIVE COMMITTEE WITH LONG EXPERIENCE IN THE INDUSTRY**



**JEAN-LUC BIAMONTI**

**CHAIRMAN OF THE BOARD**

- **Experience** in banking, private equity, hospitality & corporate strategy
- Member of the Board of Covivio **since 2011**. Previously Chairman of the **Audit Committee**
- Former Partner at **Goldman Sachs**



**11**  
Members

**23**  
Average years of experience in Real Estate

**13**  
Average years at Covivio

**49**  
Average age

**36%**  
Women





## II. ESG: ON TRACK WITH OUR OBJECTIVES

II.1. SUSTAINABLE BUILDINGS

II.2. HIGH GOVERNANCE STANDARDS

II.3. OUTSTANDING RATINGS

# A STRATEGY WELL RECOGNIZED BY ESG RATING AGENCIES



**B- rating**  
Prime universe since 2015



**Negligible risk**  
Best possible rating  
13<sup>nd</sup> in the sector (1,069 companies)



**88/100**  
Global sector leader



**AAA rating**  
Best possible rating  
Among the leaders



**83/100**  
Sector leader  
Top 10 worldwide across sectors



**81/100**  
Platinum  
Top 1% worldwide





### III. CBRE PRESENTATION ON GERMAN RESIDENTIAL

**CBRE**





## IV. UPDATE ON OUR 3 ASSET CLASSES





## **IV. UPDATE ON OUR 3 ASSET CLASSES**

**IV.1. GERMAN RESIDENTIAL: A PRIME PORTFOLIO WITH GROWTH DRIVERS**

**IV.2. OFFICES: A SUCCESSFUL STRATEGY**

**IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES**



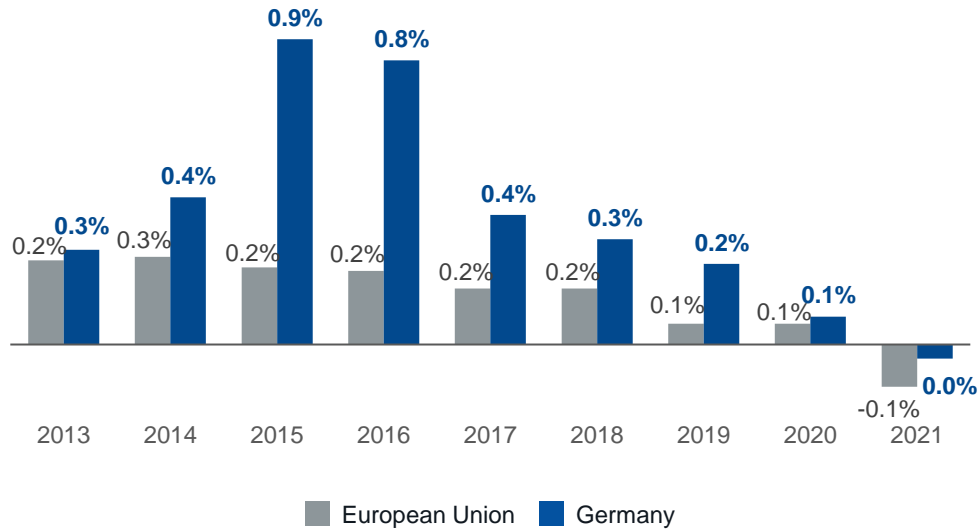
## **IV.1. GERMAN RESIDENTIAL: A PRIME PORTFOLIO WITH GROWTH DRIVERS**

### **A. GERMAN RESIDENTIAL MARKET**

# FAVOURABLE DEMOGRAPHIC TRENDS

## GERMANY CONTINUES TO OUTPERFORM EUROPEAN UNION

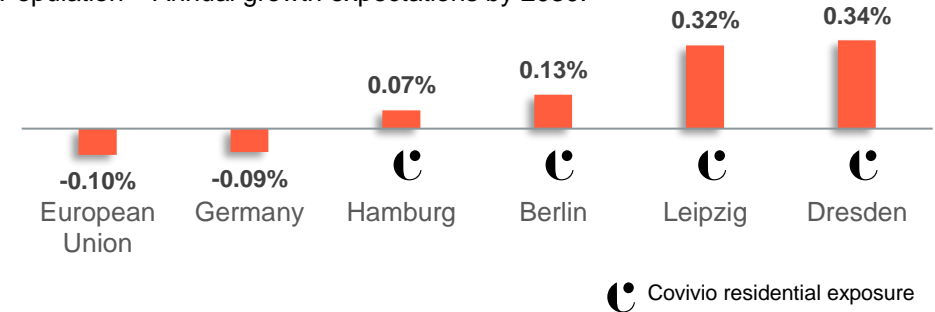
Demographic variations in Germany and European Union from 2013 to 2021



Between 2013 and 2021 the German population grew by **+3.1%** vs **+1.3%** for European Union

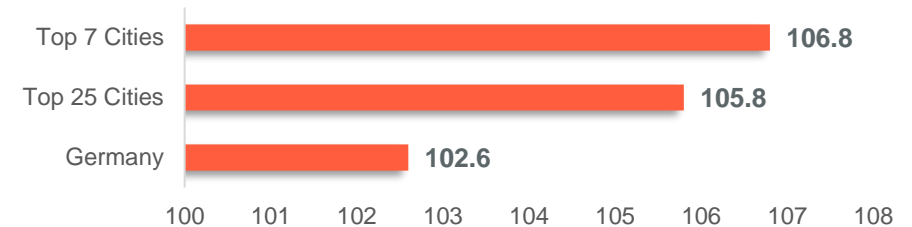
## POSITIVE EXPECTATIONS IN OUR CITIES BY 2030

Population – Annual growth expectations by 2030:



**Population fueled by immigration (>1M in 2022) & Increase in the number of households**

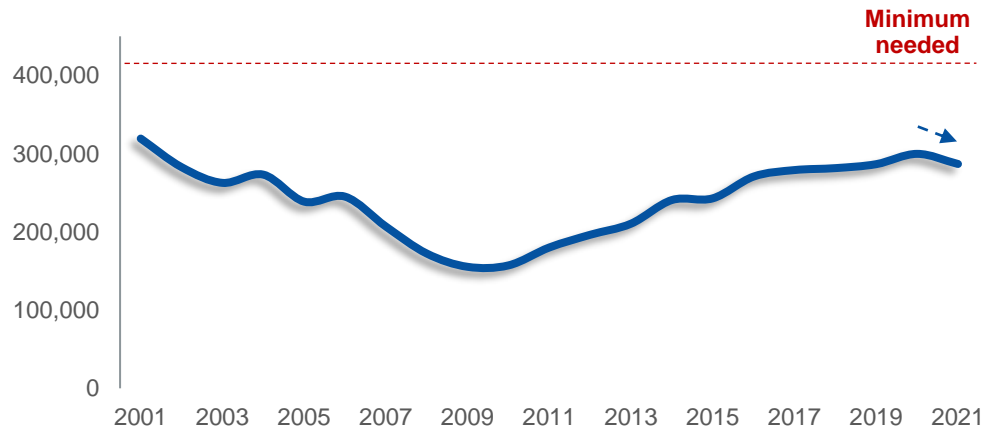
Estimated increase of German households in % until 2035 (2020=100)



# LACK OF OFFER IS FURTHER BUILDING UP

## STRUCTURAL UNDERSUPPLY IN GERMANY...

Completion volume of residential units in Germany



**670,000**

**Units**  
Housing shortage  
in Germany

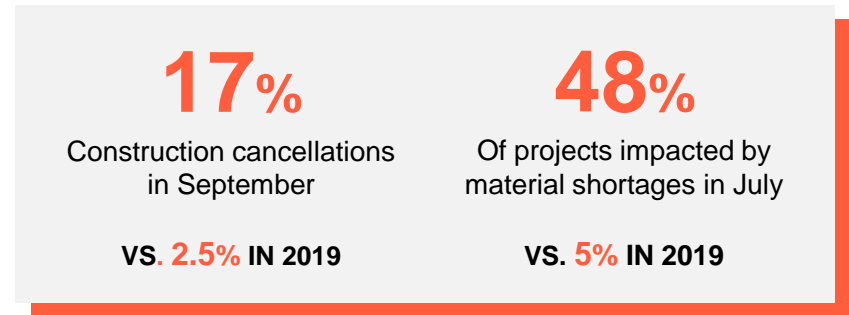
Of which

**>200,000**

**Units**  
Housing shortage  
in Berlin

## ...EXPECTED TO CONTINUE

Restrictions in Residential construction



**Building material shortage is driving inflation & shortage of labour continue to drive construction order cancellations.**



# CONTINUED RISE IN RENTS

## MARKET RENTS CONTINUE TO RISE IN GERMANY

MARKET RENT INCREASE

**+13.4%**

YOY MEDIAN ASKING RENT IN BERLIN



**€14.2/m<sup>2</sup>**

MIETSPIEGEL (RENTAL INDEX) INCREASE

**+6%**

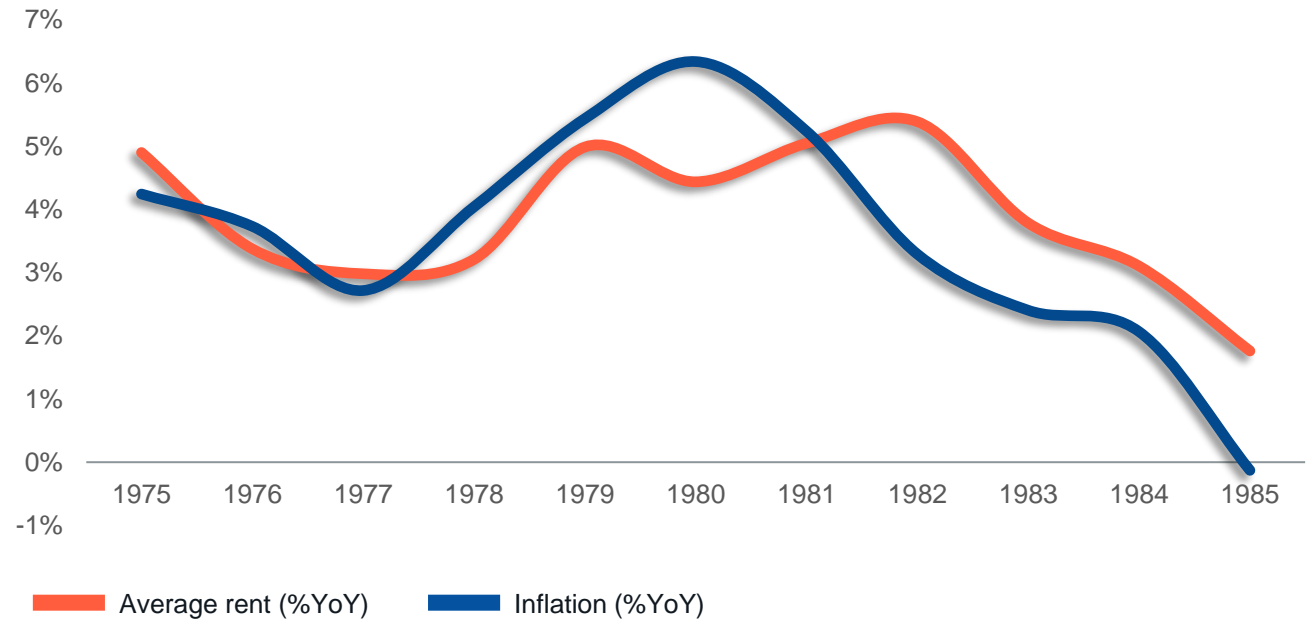
IN ESSEN IN 2022



MIETSPIEGEL UPDATE IN Q2 2023 IN **BERLIN**

## GROWTH IN RENTAL MARKETS FOLLOW INFLATION OVER THE MEDIUM TERM

Example of high inflation period



**Historically, times of rising inflation have been followed by years of stronger market rent rise.**

# GERMAN GOVERNMENT TO PROVIDE PUBLIC HELP AGAINST RISING CHARGES

## GERMAN GOVERNMENT ANNOUNCED A €200BN “DEFENSIVE SHIELD”<sup>(1)</sup> AGAINST SURGING ENERGY PRICES

The goal is to **protect** companies and households from the **impact of soaring gas and electricity costs** largely caused by a collapse in Russian gas supplies to Europe.

According to the plans, these actions will be carried out **from January 2023 to spring 2024**.

## DETAILS OF THE AID PACKAGE

Push to expand **Energy supplies**

**Electricity and gas price brake** that will be applied to consumers and companies, with an incentive to reduce consumption

Economic Stabilization Fund (**ESF**) reactivation

**Gas VAT reduction** from **19% to 7%** until spring 2024

## **IV.1. GERMAN RESIDENTIAL: A PRIME PORTFOLIO WITH GROWTH DRIVERS**

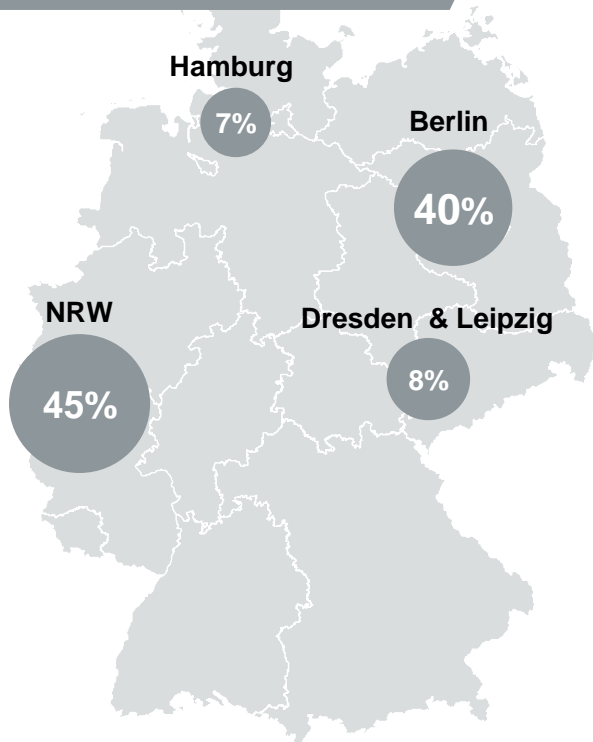
### **B. A HIGH-QUALITY PORTFOLIO**



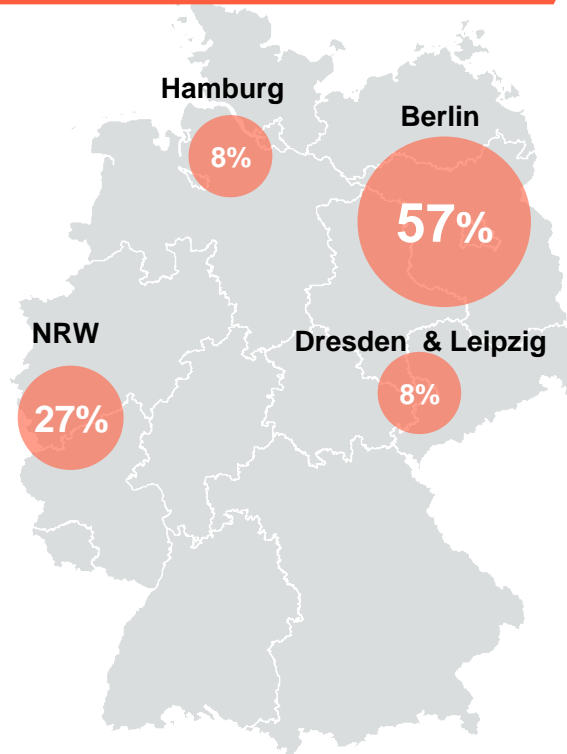
# QUALITY IMPROVEMENT AND SHIFT TOWARDS BERLIN

ACTIVE ON GERMAN RESIDENTIAL THROUGH ITS **61.7%** SUBSIDIARY ALONGSIDE LONG TERM INSURANCE COMPANIES

PORTFOLIO AT END-2015



PORTFOLIO AT END-JUNE 2022



**€5.4BN**  
PORTFOLIO  
VALUE  
(group share)

**41,300**  
UNITS

**€2,928/M<sup>2</sup>**  
VALUE

**STRONG REINFORCEMENT IN CENTRAL BERLIN AND STREAMLINING OF OUR NRW PORTFOLIO TOWARDS THE BEST BUILDINGS AND LOCATIONS**

# OUR KEY DIFFERENTIATING FACTORS

**#1**

A portfolio mostly exposed to **A-cities** in Germany

**100%**

In **Metropolitan areas** >1M inhabitants

**90%**

In **cities >500k** inhabitants

**#2**

Target the high-end of the **housing market**

**Lower tenant effort rate**

**Better margins**

**Better liquidity**

**~63%**

Buildings **built in or before 1950** in **Berlin**

**#3**

A highly liquid portfolio

**~€7M**

**Average size** of our buildings

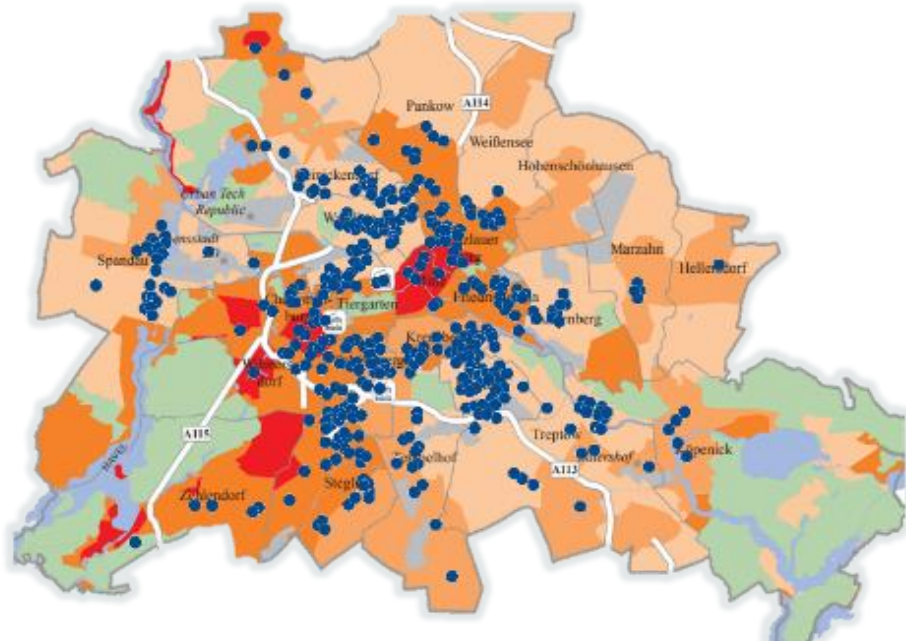
**62%**

**Already divided** in **Berlin**

# BERLIN – A PRIME PORTFOLIO (1/2)

**€3.1 BN<sup>(1)</sup> PORTFOLIO**

(Of which **€0.5bn** of commercial assets **fully indexed**)



**76%**  
Prime & good  
locations

**21%**  
Average  
locations

**3%**  
Basic  
locations

Source: Engel & Völkers

## HIGH-QUALITY LOCATIONS AND STRONG REVERSIONARY POTENTIAL

**HIGH-QUALITY BUILDINGS**

**63%**  
BUILDINGS BUILT  
BEFORE 1950

**AVERAGE RENT WELL BELOW REGULATED AND MARKET RENTS**

**€8.3/M<sup>2</sup>/Month**  
AVERAGE RENT

**REVERSIONARY POTENTIAL**

**+15/20%** VS REGULATED RENTS  
**+40%** VS MARKET RENTS

**VALUATION WELL BELOW REPLACEMENT VALUE**

**€3,467/M<sup>2</sup>**  
VALUE

**~€5,750/M<sup>2</sup>**  
REPLACEMENT VALUE



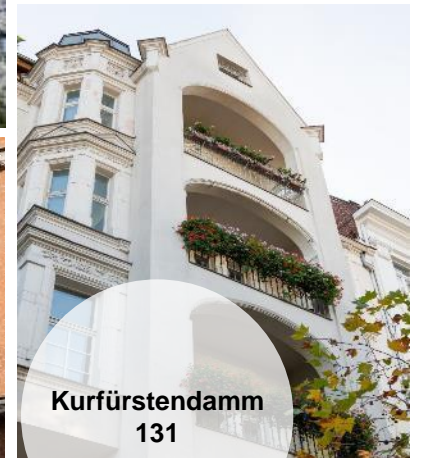
# BERLIN – A PRIME PORTFOLIO (2/2)

OUR PORTFOLIO  
IN BERLIN

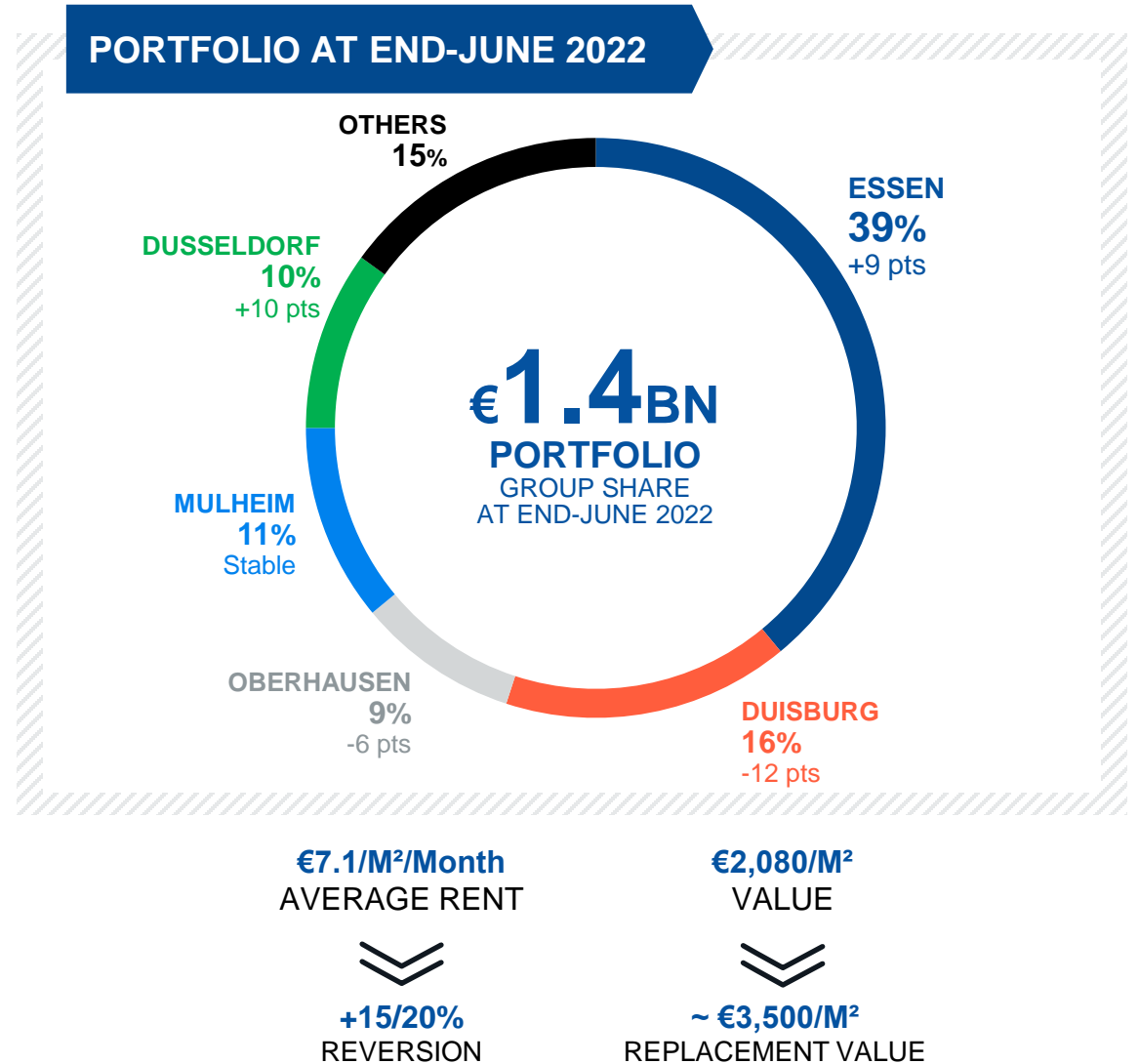
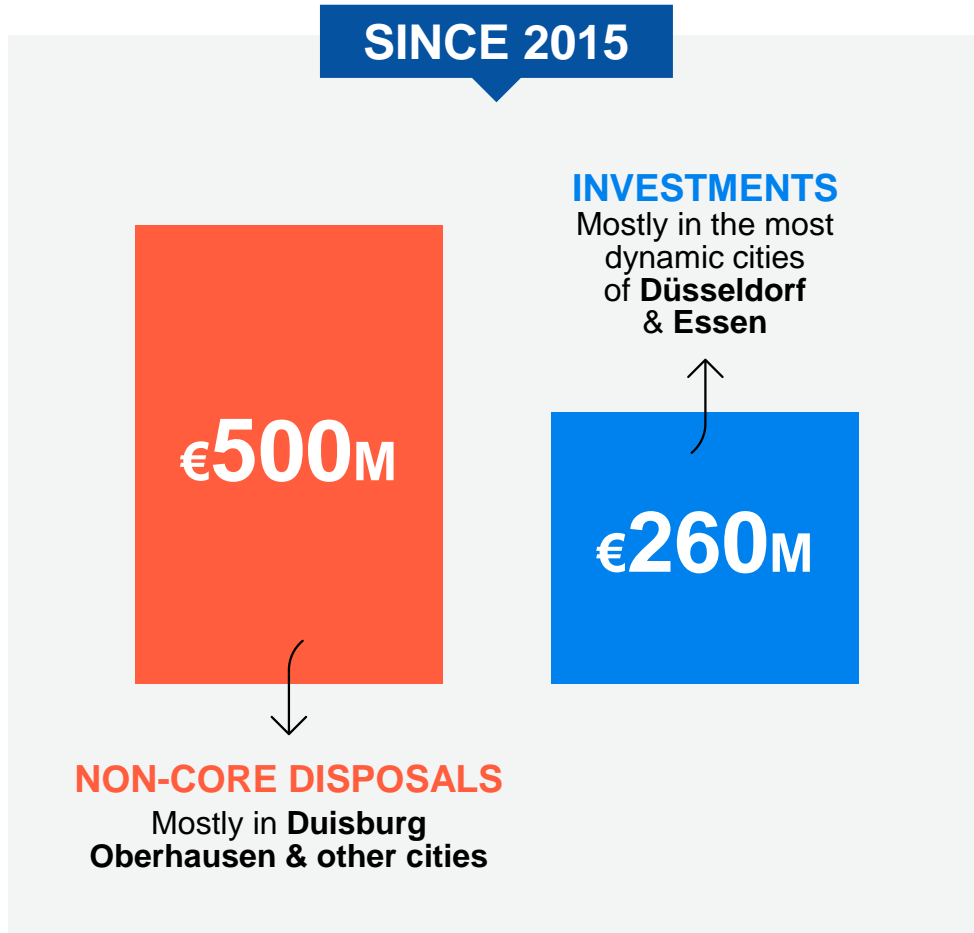
**16,862**  
RESIDENTIAL UNITS

**1,195**  
COMMERCIAL  
UNITS  
(FULLY INDEXED)

**98.5%**  
OCCUPANCY  
RATE



# NORTH-RHINE-WESTPHALIA – A REFOCUSSED PORTFOLIO





# NORTH-RHINE-WESTPHALIA – A REFOCUSSED PORTFOLIO

## OUR PORTFOLIO IN NORTH RHINE-WESTPHALIA

**€1.4BN**  
PORTFOLIO VALUE

**16,537**  
RESIDENTIAL  
UNITS

**99.5%**  
OCCUPANCY  
RATE

### Essen and Mülheim

▼  
**€0.7BN**  
PORTFOLIO VALUE  
**~€2,212/M<sup>2</sup>**  
VALUE

### Duisburg

▼  
**€0.2BN**  
PORTFOLIO VALUE  
**€1,835/M<sup>2</sup>**  
VALUE

### Oberhausen

▼  
**€0.1BN**  
PORTFOLIO VALUE  
**€1,622/M<sup>2</sup>**  
VALUE

### Düsseldorf

▼  
**€0.1BN**  
PORTFOLIO VALUE  
**~€3,606/M<sup>2</sup>**  
VALUE

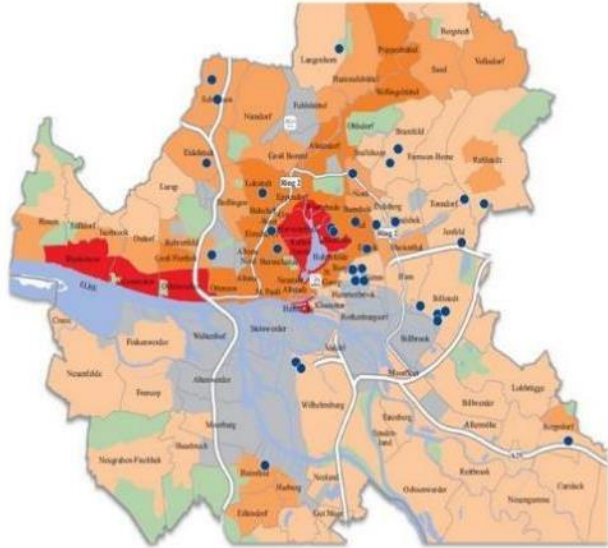




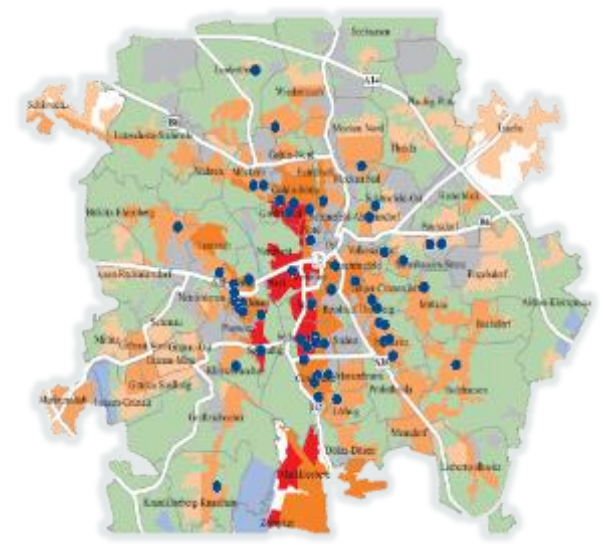
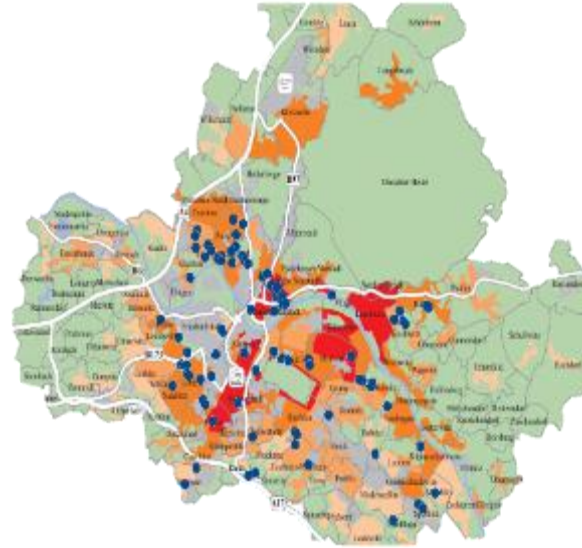
# DRESDEN, LEIPZIG AND HAMBURG – 3 DYNAMIC CITIES

A CONCENTRATED PRINT WITH HIGH GROWTH POTENTIAL

**HAMBURG: €0.4BN**



**DRESDEN & LEIPZIG: €0.4BN**



**€10.2/M<sup>2</sup>/Month**  
AVERAGE RENT

**€4,455/M<sup>2</sup>**  
VALUE



**+20/25%**  
REVERSION



**~ €5,250/M<sup>2</sup>**  
REPLACEMENT  
VALUE



**50%**  
Prime & good  
locations

**27%**  
Average  
locations

**24%**  
Basic  
locations

**€7.4/M<sup>2</sup>/Month**  
AVERAGE RENT

**€2,548/M<sup>2</sup>**  
VALUE



**+10/15%**  
REVERSION



**~ €4,500/M<sup>2</sup>**  
REPLACEMENT  
VALUE



# DRESDEN, LEIPZIG AND HAMBURG

OUR PORTFOLIO  
IN DRESDEN, LEIPZIG  
AND HAMBURG

**€0.9BN**  
PORTFOLIO VALUE

**6,723**  
RESIDENTIAL UNITS

**99.4%**  
OCCUPANCY RATE

**Marschner-  
strasse 15 - 27**  
Dresden



**Freiberger-  
strasse 5 - 27**  
Dresden



**Nordplatz 2**  
Leipzig



**Eppendorfer  
Weg 110 - 114**  
Hamburg



**Luisenweg  
22 - 28**  
Hamburg



**Bahrenfelder  
Chaussee 55**  
Hamburg



**Lohbekstieg  
16**  
Hamburg



**Sieveking-  
damm**  
Hamburg



**Carpzovstrasse**  
Leipzig



**Gleiwitzer  
Bogen**  
Hamburg



# A STRONG LOCAL TEAM WITH A PROVEN TRACK RECORD

More than **500** people to locally manage the **whole value chain**



**DANIEL FREY**  
CEO



**KEVIN LABUS**

Head of  
**Asset management**  
Acquisitions and disposals



**JOCHEN HUMPERT**

Chief  
**Operating officer**



**RAINER LANGENHORST**

Chief  
**Technical officer**



**MATTHIAS GÖBEL**

Head of  
**Development**



**KATJA STIEFENHÖFER**

CFO  
**Germany**

## ASSET MANAGEMENT, ACQUISITIONS AND DISPOSALS

**>€3BN**

acquisitions  
since 2011

**+3.6%**

annual rental growth  
on acquisitions

**>€2BN**

disposals  
since 2011

**20%**

average margin  
on **disposals** since 2011

## PROPERTY MANAGEMENT



**Fairest  
landlord award**  
Each year  
since 2018

**>98%**

occupancy rate  
since 2015

## DEVELOPMENT

**>45%**

Build-to-sell  
margins  
since 2019

**>35%**

Build-to-rent  
value creation  
since 2019



# PORTFOLIO QUALITY: HIGH TENANT SATISFACTION



**IN THE FOCUS MONEY SURVEY 2022**  
Independent survey updated every year among 26 German residential companies, including ~1,400 tenants surveyed

## THANKS TO OUR SOCIAL COMMITMENT

1

### HIGH CLIENT-CENTRICITY

360

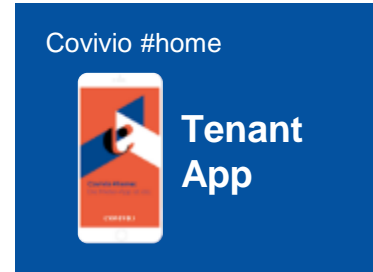
Employees taking care of customers directly or indirectly

23

Services centers

24/7

Call center and emergency management



2

### SOCIAL RESPONSIBILITY

Application of the **Hardship management agreement** for modernizations  
**Individual solutions** in case of **extra-ordinary situation**  
**Direct contact** between Covivio responsible employee and tenant

3

### STRONG PARTNERSHIPS



Partnership in place since 2020 to **support senior tenants**



To fight for the **inclusion of disabled people**



To **train children to the road traffic**

**COVIVIO FOUNDATION**  
Founded in 2020 to to promote the **equality of opportunities** and the **preservation of the environment**

## **IV.1. GERMAN RESIDENTIAL: A PRIME PORTFOLIO WITH GROWTH DRIVERS**

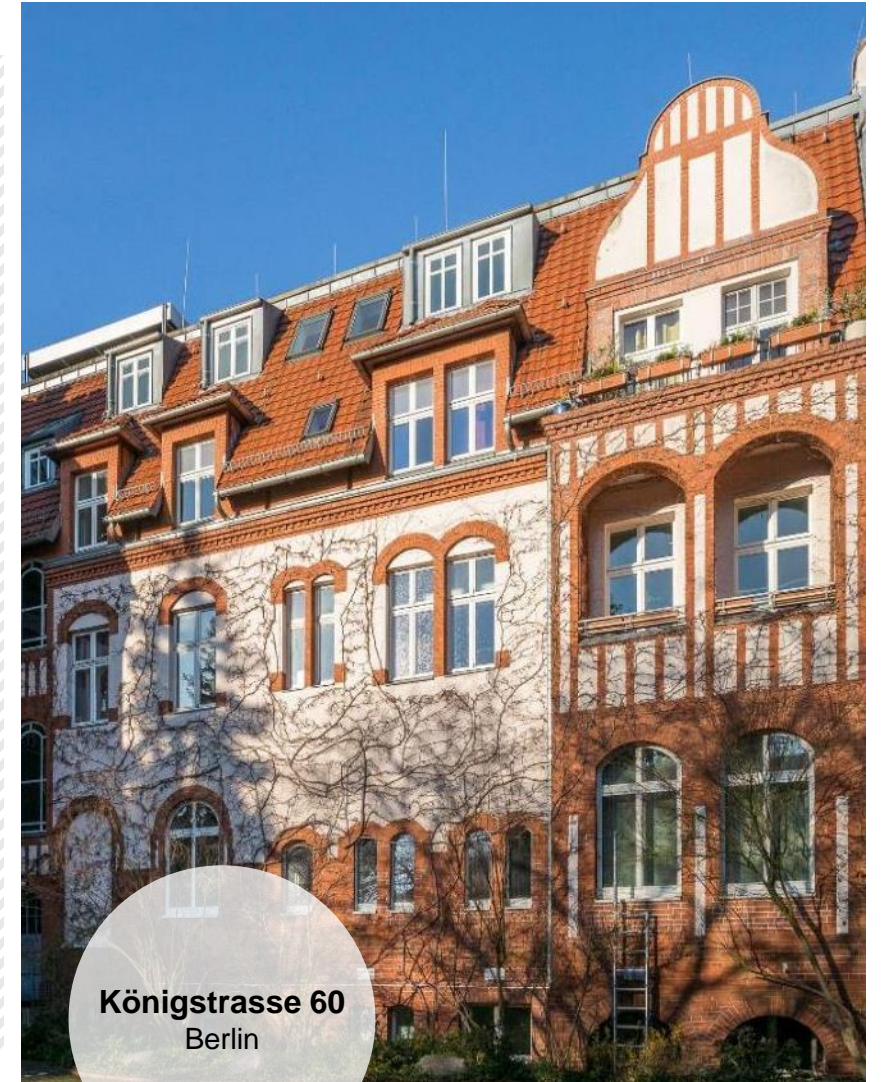
### **C. ADAPT THE PORTFOLIO STRATEGY AND RELY ON ITS GROWTH DRIVERS**

# ADAPT THE PORTFOLIO STRATEGY TO THE NEW ENVIRONMENT

**1** STREAMLINE THE DEVELOPMENT PIPELINE

**2** ACCELERATE DISPOSALS

**3** INCREASE RENT THROUGH ASSET MANAGEMENT





1

# A HIGH QUALITY PIPELINE

## TOTAL PIPELINE AT END-2021

**225,000m<sup>2</sup>**  
TOTAL SURFACE

**€639M**  
TOTAL BUDGET  
(€976M AT 100%)

€14M projects on average

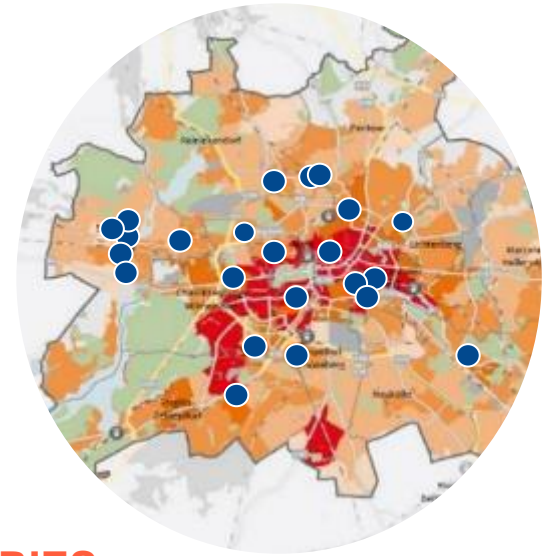
Rooftop extensions on well located existing assets

New developments on lands adjacent to owned assets acquired through portfolios over the last years

## WELL LOCATED PROJECTS

**82%**  
IN BERLIN

WHERE LACK OF OFFER IS THE **HIGHEST** IN GERMANY



## LATEST DELIVERIES



**Genterstrasse**  
Berlin



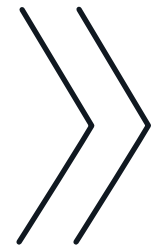
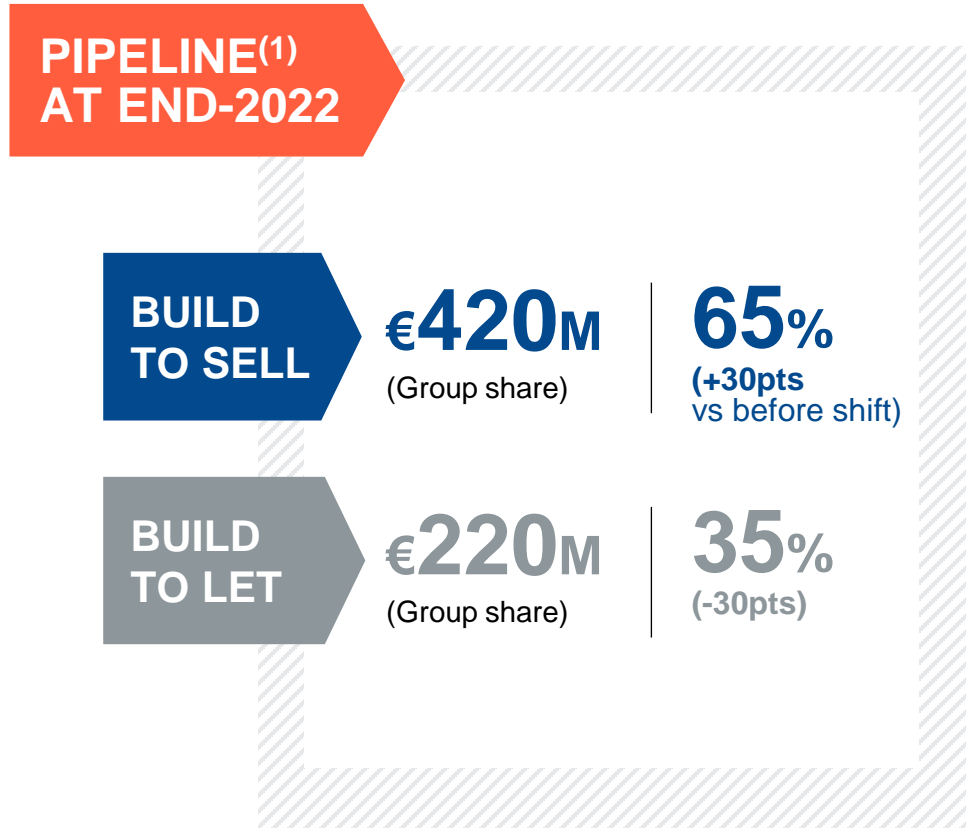
**Panierstrasse**  
Berlin



**Biersorf**  
Berlin

Source: Engel & Völkers

# 1 STRATEGIC SHIFT TO BUILT-TO-SELL



**MAIN IMPACTS**

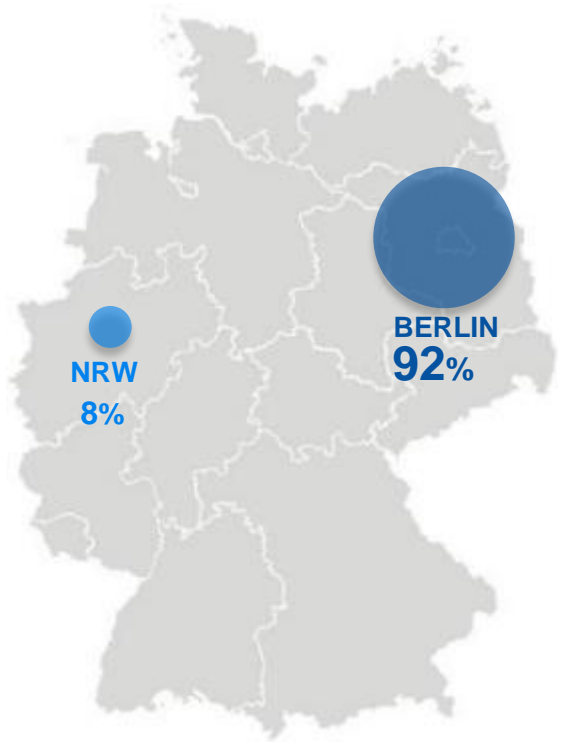
- #1 FINANCING NEEDS DECREASE**  
- **€100M BY 2025**  
of which - €30M in 2023
- #2 PROFITABILITY OPTIMIZATION**  
From value creation at block value **>15%**  
To profit margins at unit value **>25%**

# 1 FURTHER MARGINS AND VALUE CREATION

## COMMITTED PIPELINE

€196M

>90% IN BERLIN, TO BE DELIVERED BEFORE 2025



€139M Built-to-Sell | >25% Profit margin

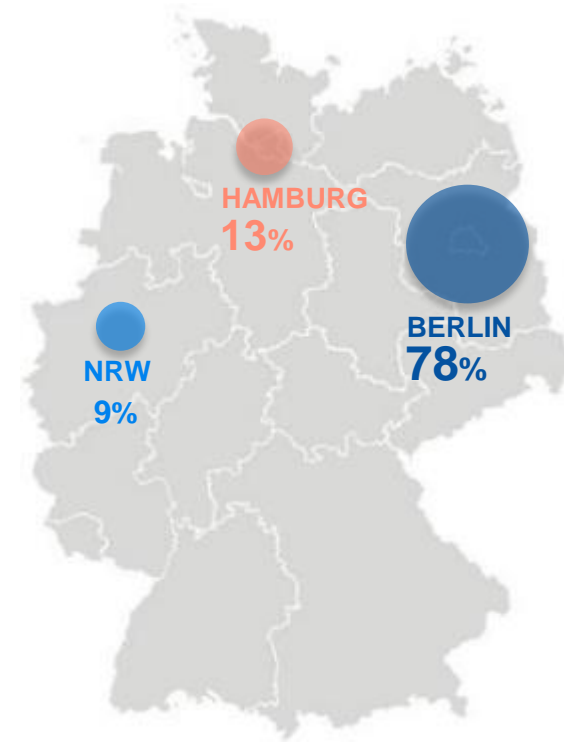
€57M Built-to-Let | 4.5% Yield on Cost

>15% Value creation

## MANAGED PIPELINE

€443M

TO BE LAUNCHED PROGRESSIVELY



€77M Current Book value

>20% Profit margin & Value creation



# PRENZLAUER PROMENADE: FROM BUILD-TO-RENT TO BUILD-TO-SELL

## INITIAL PROJECT IN BERLIN

(5km from city center)

➤ **€45M**  
build-to-sell ➤

**€6,500/M<sup>2</sup>**  
Price

Not fully delivered

**56%**  
Margin

70% sold

**€77M**  
budget  
(€50M GS)

➤ **€32M**  
build-to-rent ➤

Transferred to  
**Built-to-sell**

➤ **€4,200/M<sup>2</sup>**  
Cost



**278**  
UNITS

**c.18,000 m<sup>2</sup>**  
SURFACE

**2022**  
DELIVERY



# ADAPT THE PORTFOLIO STRATEGY TO THE NEW ENVIRONMENT

1

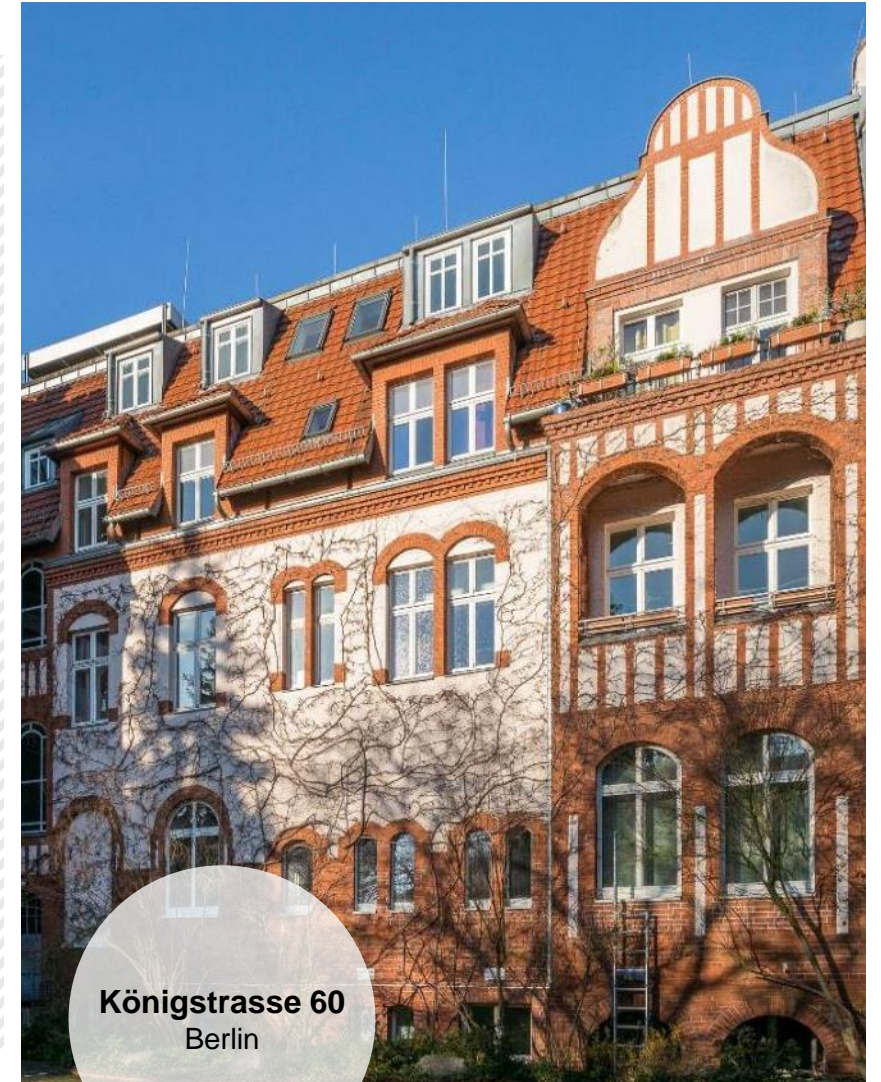
STREAMLINE THE DEVELOPMENT PIPELINE

2

ACCELERATE DISPOSALS

3

INCREASE RENT THROUGH ASSET MANAGEMENT



# ACCELERATING DISPOSALS THROUGH 2 SOURCES

#1

## BLOC SALES

Capacity to sell **small portfolios**  
(average value : **€7M/asset**)

to **different kind of buyers**  
(Family offices, funds, institutional, local administrations)

#2

## CONDOMINIUM

Sell **vacant units**  
with **high margins** vs. book values (**>30%**)



TARGET

**€150M**

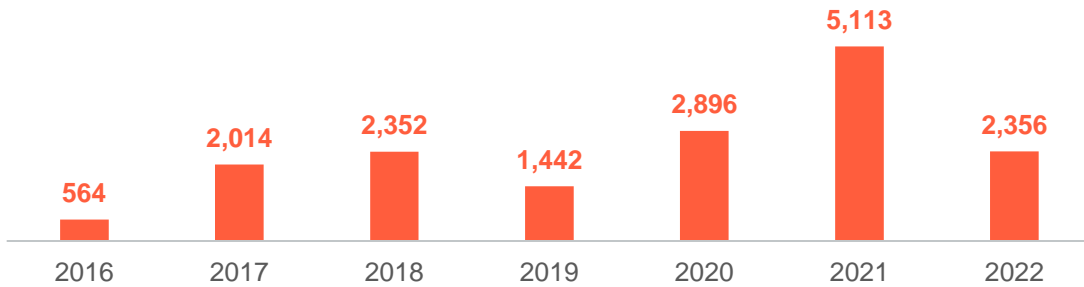
SALES

PER YEAR  
IN ADDITION TO BUILD-TO-SELL  
VS. c. **€60M** ON AVERAGE  
IN 2021/2022



# 2 CAPITALIZING ON PRIVATIZATIONS (1/2)

Since 2016, **2,700 units** divided per year...



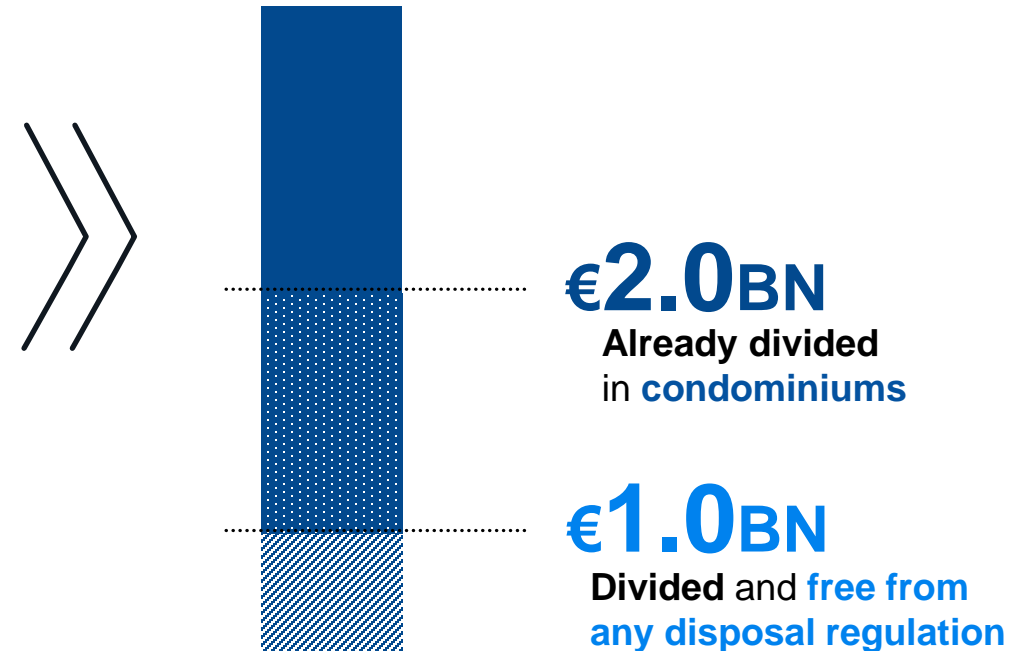
... leading to **14,000 units** divided in condominiums

BERLIN	DRESDEN & LEIPZIG	HAMBURG
<b>62%</b> OF BERLIN PORTFOLIO	<b>50%</b> OF D&L PORTFOLIO	<b>34%</b> OF HAMBURG PORTFOLIO

## HIGHLY DIVIDED PORTFOLIO

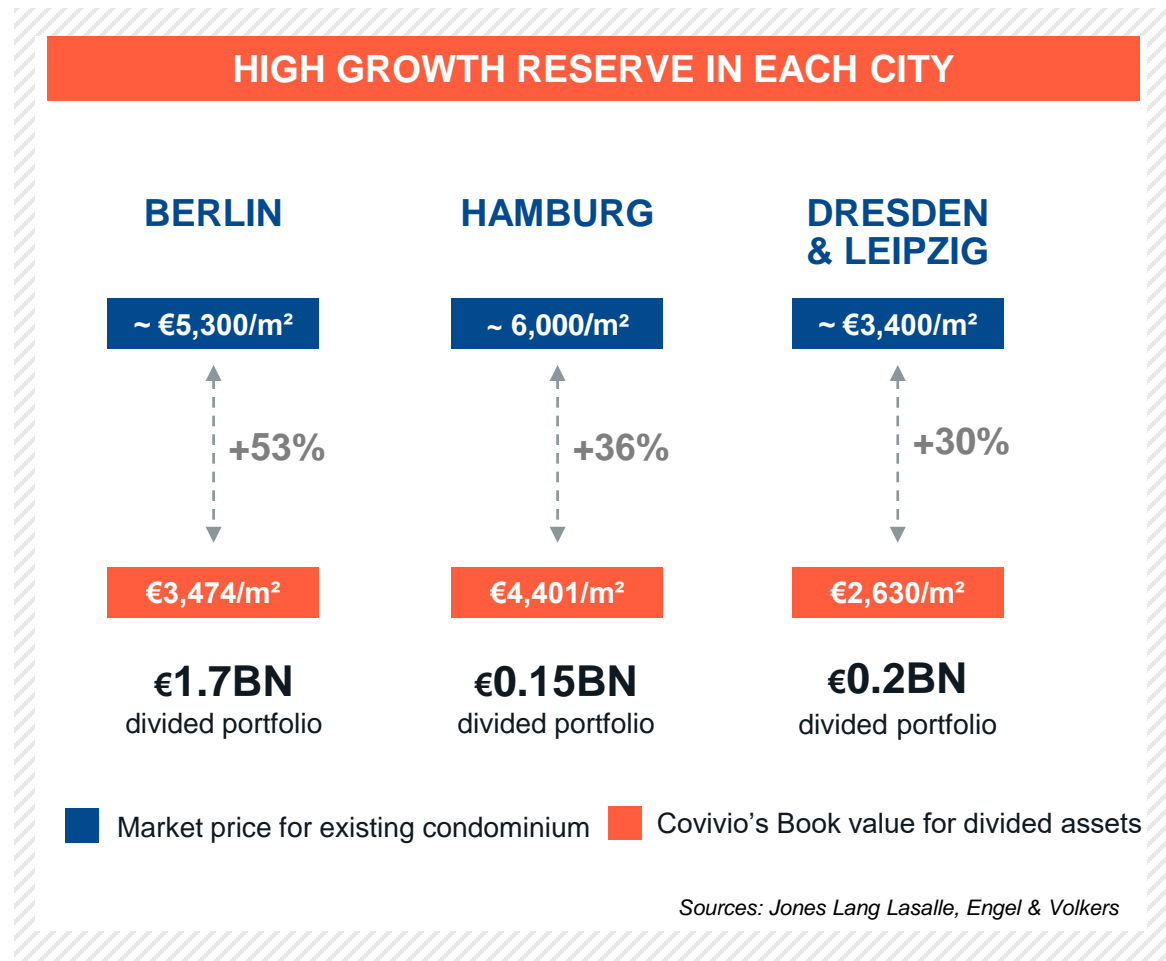
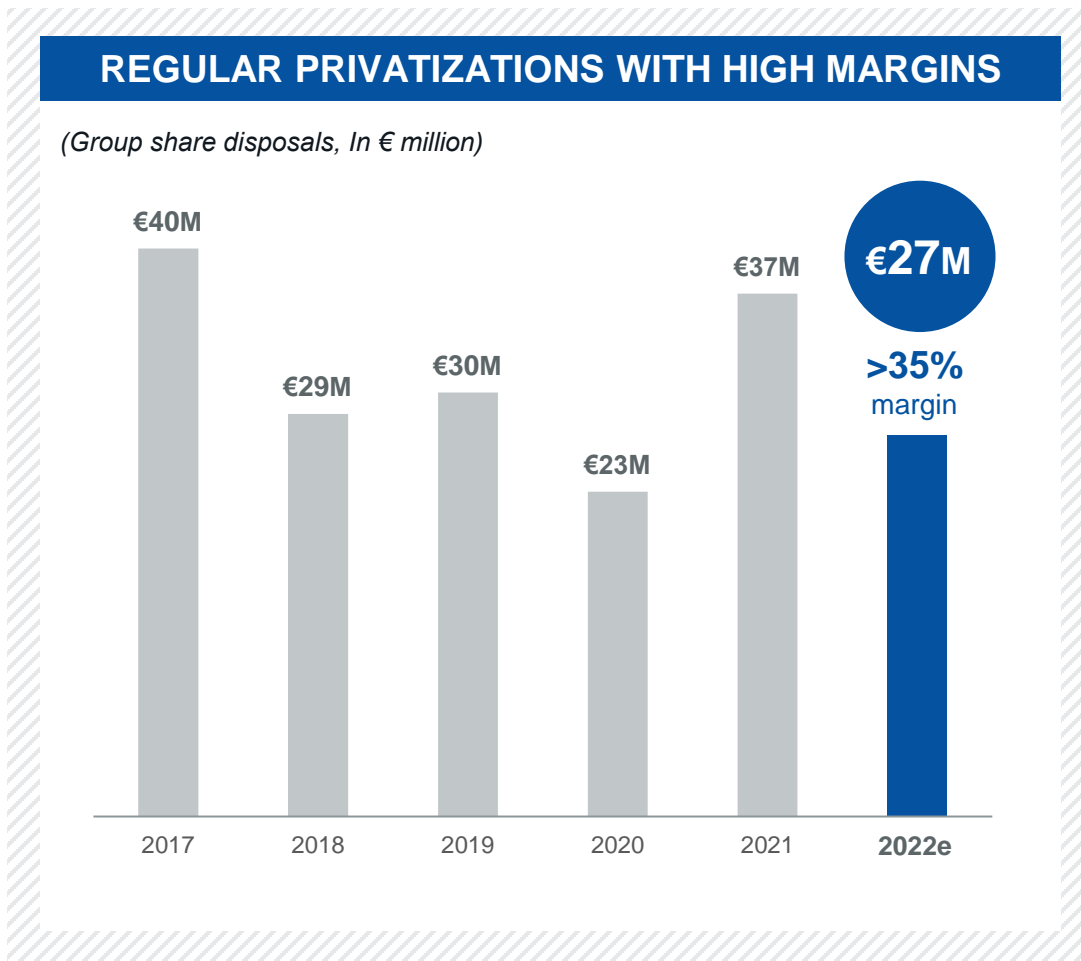
**€5.4BN**

Portfolio at end-june 2022



# 2 CAPITALIZING ON PRIVATIZATIONS (2/2)

## SOLID TRACK RECORD



# ADAPT THE PORTFOLIO STRATEGY TO THE NEW ENVIRONMENT

1

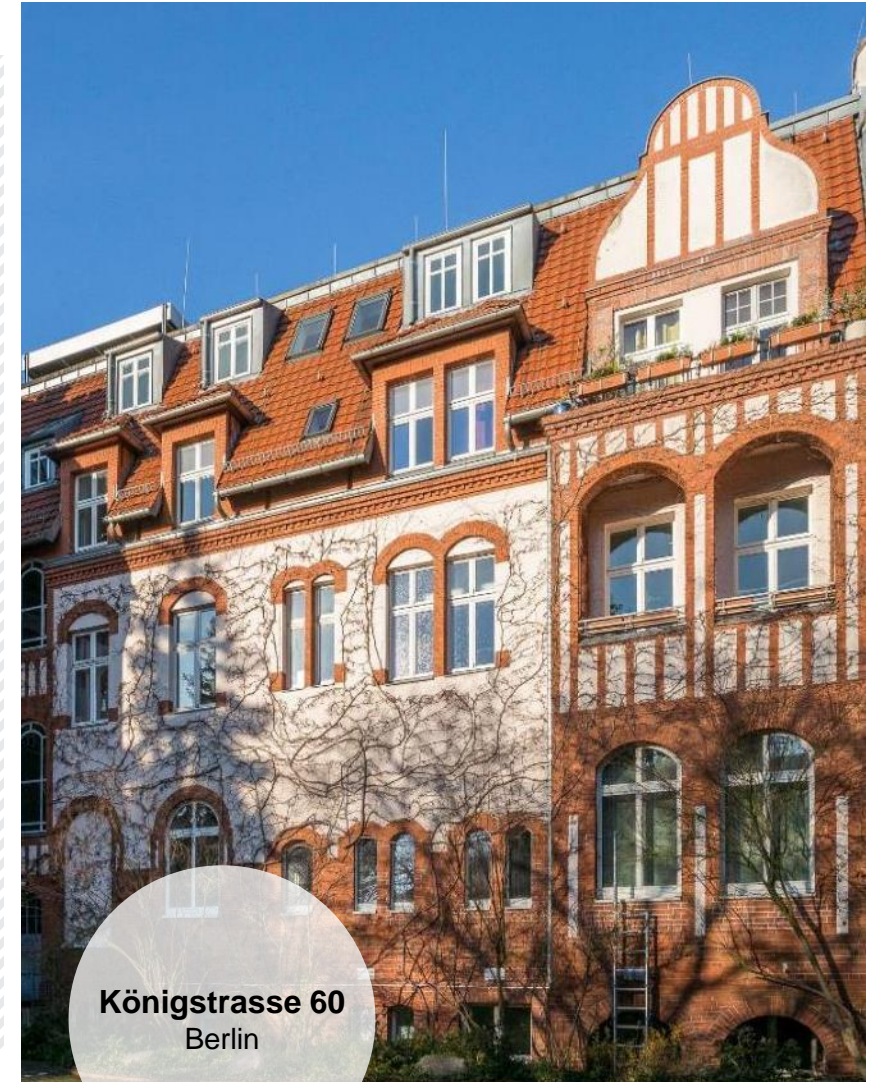
STREAMLINE THE DEVELOPMENT PIPELINE

2

ACCELERATE DISPOSALS

3

INCREASE RENT THROUGH ASSET MANAGEMENT





3

# 3 RENTAL GROWTH DRIVERS

## INDEXATION

**Increasing Mietspiegel**  
(85% of the rents)

New index to be published in **Berlin** in  
**H1 2023**



**Increasing inflation**  
(15% of the rents)

## RELETTINGS

**High reversionary potential**



**+15/20%**  
VS. REGULATED RENT

**> +30%**  
VS. MARKET RENT  
(of which > +40% for Berlin)

## MODERNIZATIONS

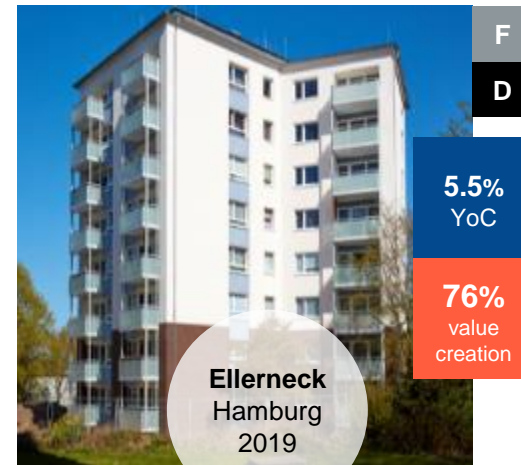
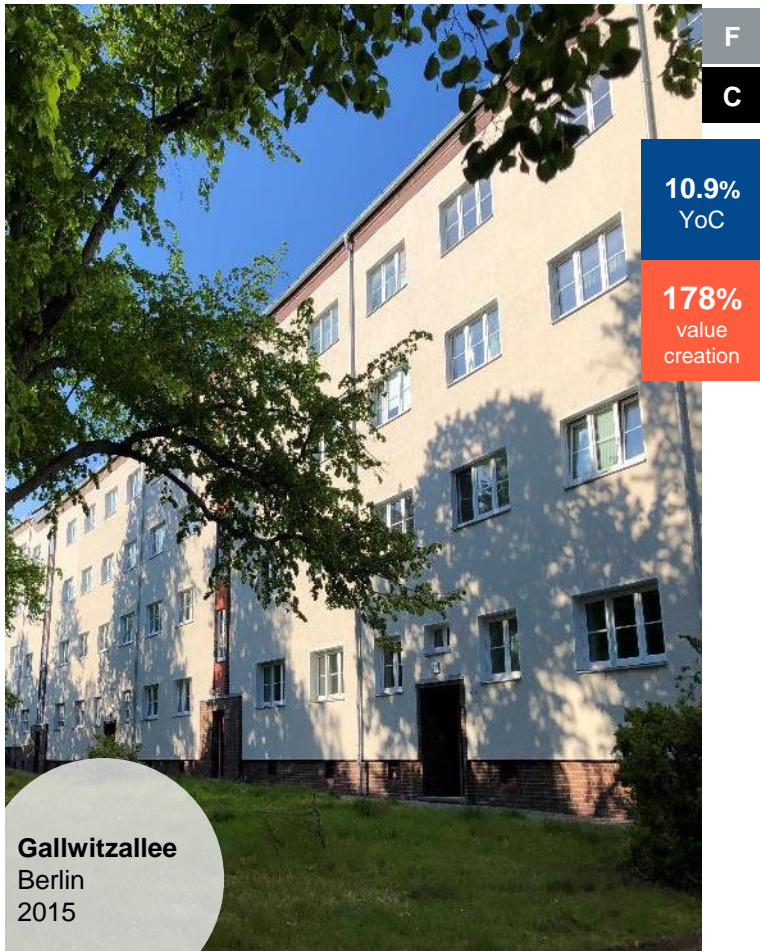
**Attractive Yield on Cost**



**>5%**  
YIELD ON COST

**3%**  
OF UNITS MODERNIZED  
EACH YEAR

# 3 FOCUS ON MODERNIZATIONS



**SOUND TRACK RECORD**

**€40M/year**  
MODERNIZATION CAPEX

---

**+30%**  
RENT INCREASE AT DELIVERY

---

**>5.0%**  
YIELD ON COSTS POST RE-LETTINGS

Energetic class before modernization  
  Yield on costs post-reletting  
 Energetic class post modernization  
  Value creation (only linked to investment)

# KEY TAKEAWAYS

#1

An asset class benefitting from positive long-term trends

#2

High quality portfolio

#3

Adapting the strategy to the changing environment

#4

Strong growth drivers

Build-to-sell  
Reversion  
Modernizations  
Privatizations





## **IV. UPDATE ON OUR 3 ASSET CLASSES**

**IV.1. GERMAN RESIDENTIAL: A PRIME PORTFOLIO WITH GROWTH DRIVERS**

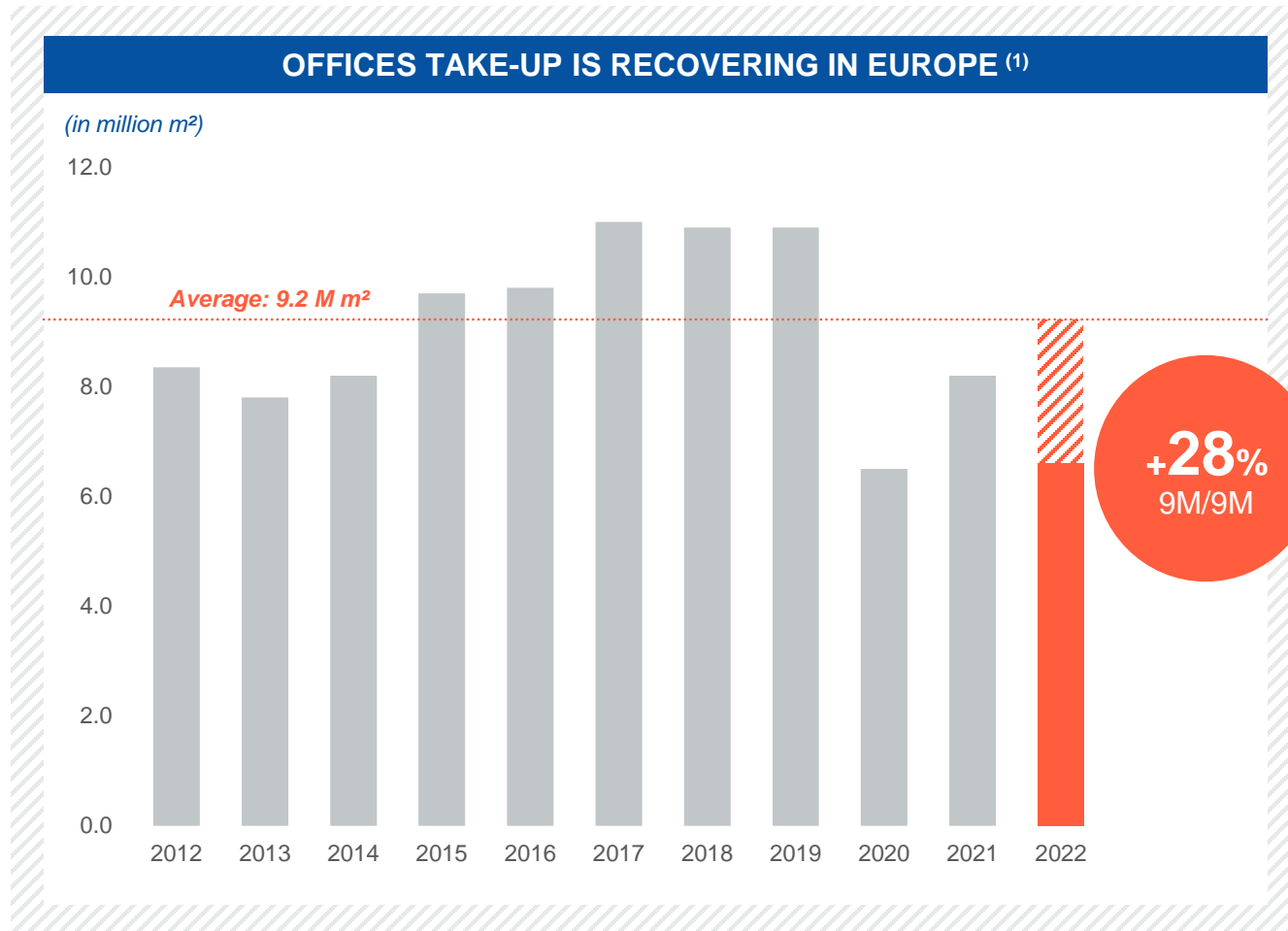
**IV.2. OFFICES: A SUCCESSFUL STRATEGY**

**IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES**




## **IV.2. OFFICES: A SUCCESSFUL STRATEGY**

### **A. INCREASING DEMAND AND POLARIZATION IN EUROPEAN OFFICE MARKETS**

# PURSUIT OF THE RECOVERY ACROSS OUR OFFICES MARKETS...



### 9-months 2022 figures

 <b>GREATER PARIS</b>	<b>1.5M m<sup>2</sup></b> TAKE-UP +20% YoY	<b>&gt; €980<sup>(2)</sup>/m<sup>2</sup></b> PRIME RENT +7% YoY
 <b>TOP 6 GERMAN CITIES</b>	<b>2.4M m<sup>2</sup></b> TAKE-UP +22% YoY	<b>€460/m<sup>2</sup></b> AVG PRIME RENT +8% YoY
 <b>MILAN</b>	<b>0.4M m<sup>2</sup></b> TAKE-UP +46% YoY	<b>€660/m<sup>2</sup></b> PRIME RENT +10% YoY

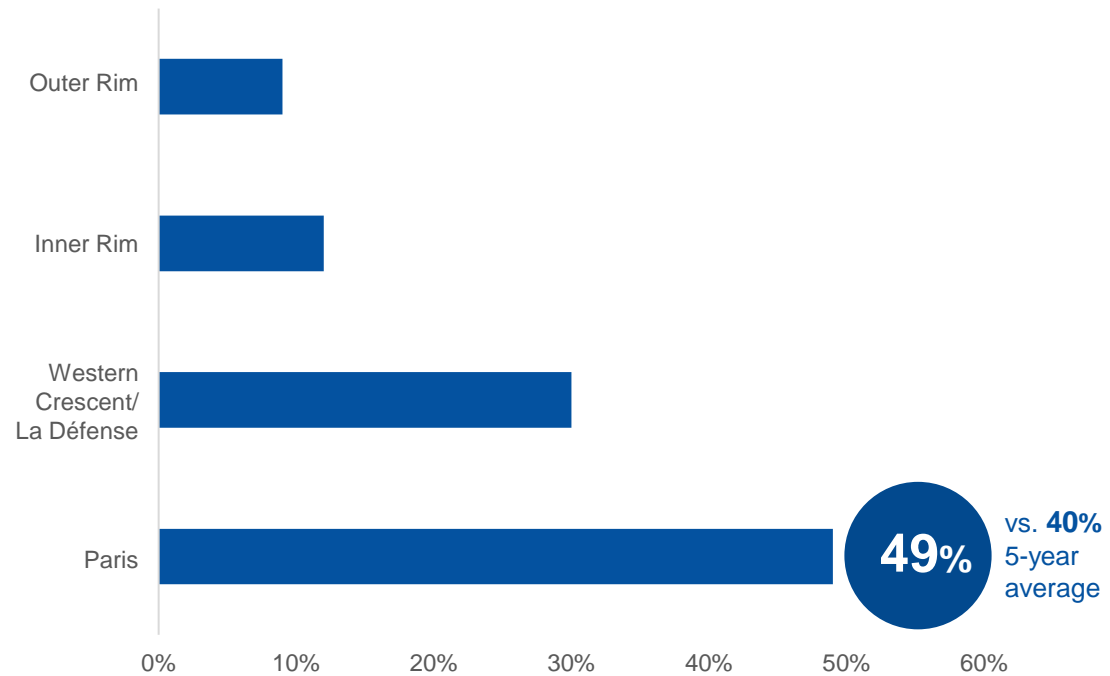
Sources: BNP Paribas Real Estate, JLL  
17 largest European cities  
(1) Expected by the end of the year



# ...WITH AN INCREASING POLARIZATION

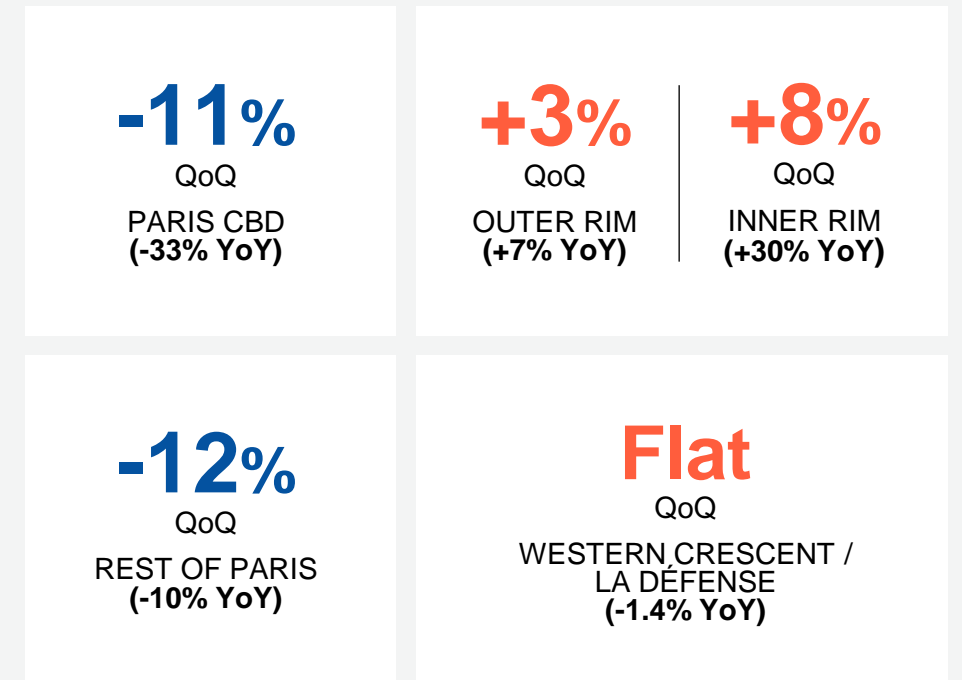
## OFFICE TAKE-UP STILL FOCUSED ON CENTRAL AREAS

9M Take-Up breakdown - Greater Paris (%)



## LEADING TO INCREASING POLARISATION

Changes in available supply - Greater Paris (%)



Sources: Immostat

## **IV.2. OFFICES: A SUCCESSFUL STRATEGY**

### **B. A HIGH-QUALITY OFFICES PORTFOLIO**

# OFFICE PORTFOLIO MOSTLY EXPOSED TO CITY-CENTERS

**CORE Assets  
in City-centers 64%**

Core assets in:  
**Paris/Levallois,**  
**Berlin**  
**Milan**  
**Düsseldorf**  
**Hamburg,**  
French **major regional cities**

## STRATEGY

Benefit from **Indexation**

Capture **reversion**

**Maintain/enhance high-quality**

**Selective disposals** of mature  
assets



**27% CORE Assets  
Outside City-centers**

Core assets in  
**Greater Paris,**  
**Italy,**  
**Periphery of German cities**

## STRATEGY

Benefit from **Indexation**

**Selective disposals**

**9% NON-CORE  
Assets**

Secondary assets outside City-centers  
in Germany, Italy, Greater Paris

## STRATEGY

Increase **Occupancy**

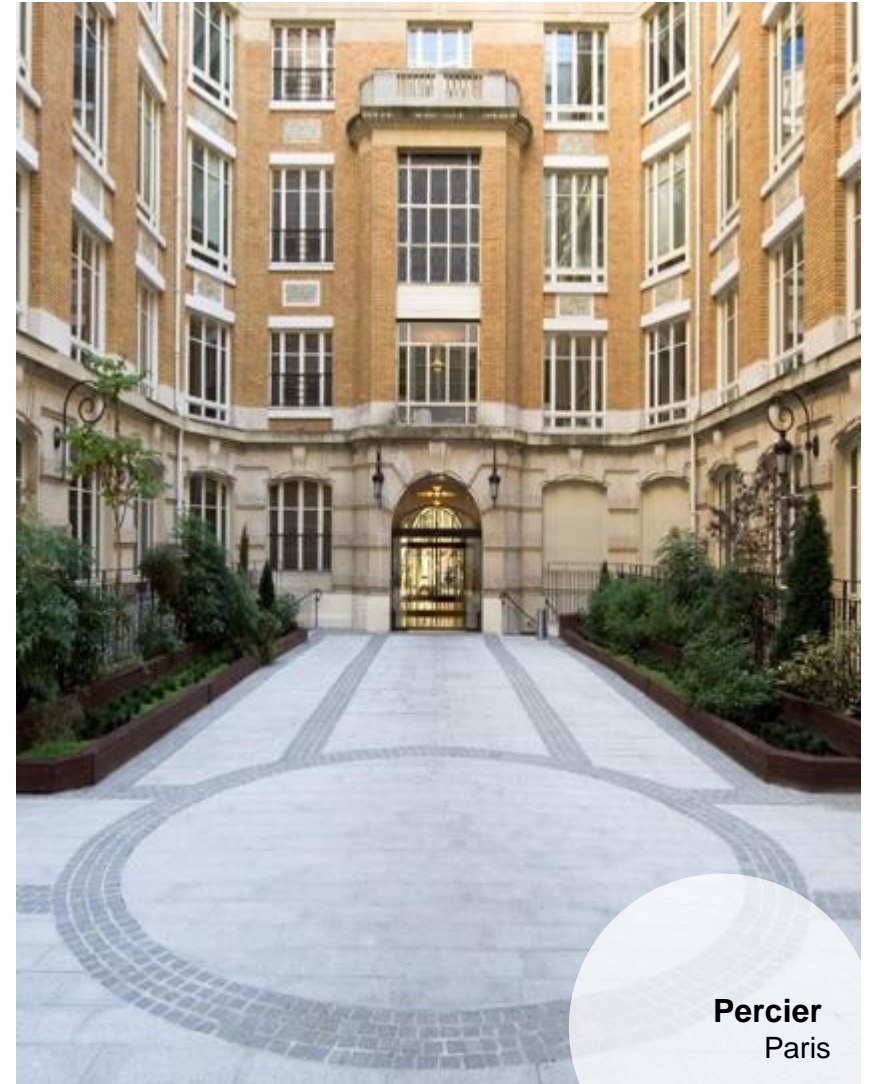
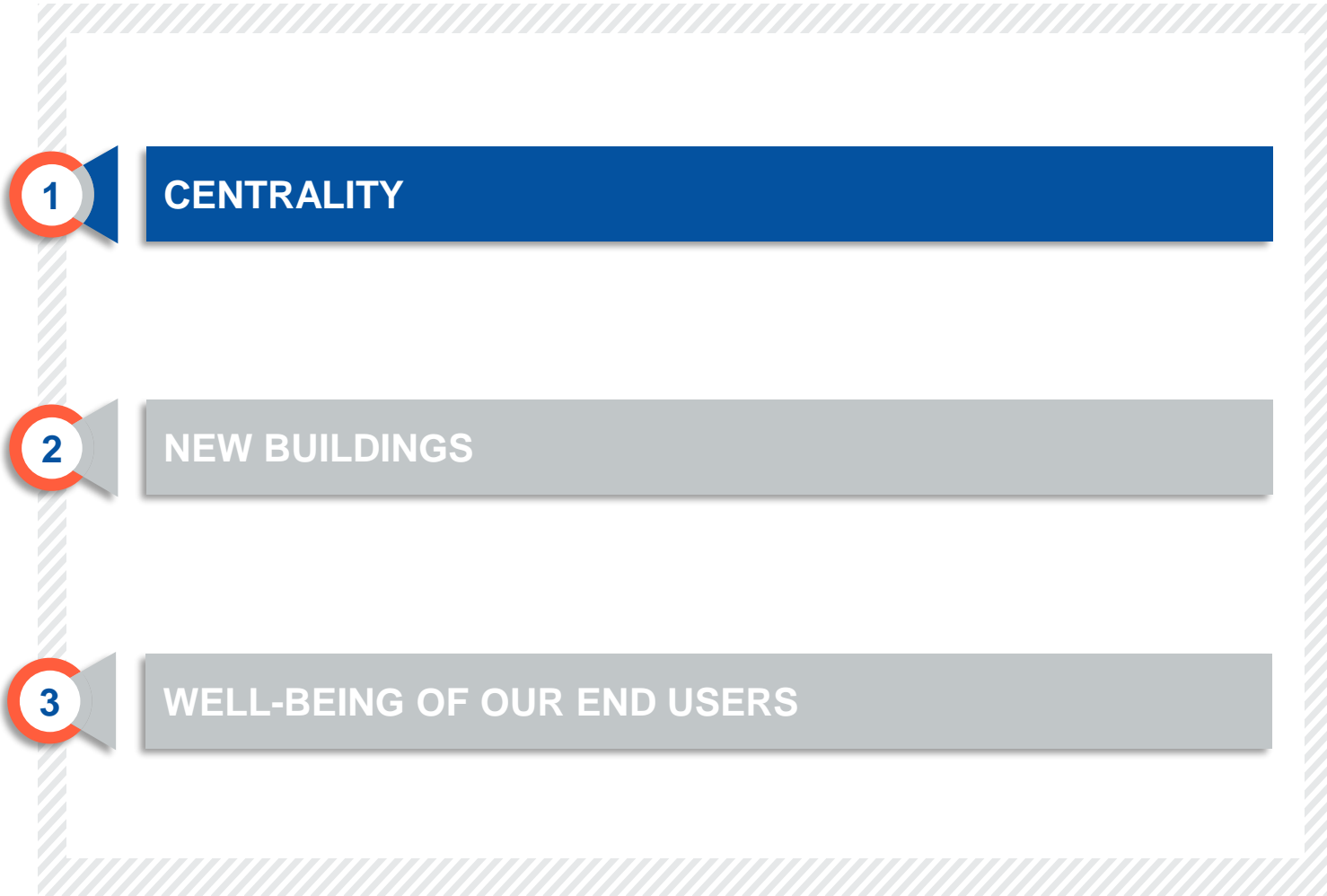
**Disposals**



## **IV.2. OFFICES: A SUCCESSFUL STRATEGY**

### **C. A PORTFOLIO BUILT AROUND 3 STRATEGIC PILLARS**

# 3 PILLARS TO TACKLE STRUCTURAL OFFICE CHANGES



# 1 CONTINUED CENTRALITY INCREASE

## SUSTAINED TRANSFORMATION OF OUR OFFICE PORTFOLIO IN FRANCE AND ITALY

**c.€1.6BN**

OFFICES SOLD  
BETWEEN EARLY  
2020 AND MID 2022

MOSTLY NON CORE  
AND OUTSIDE  
CITY-CENTER  
ASSETS

AT

**4.2%**  
MARGIN

REINVESTED IN  
**CENTRAL  
& PRIME**  
DEVELOPMENTS

**€1.1BN**  
ASSETS DELIVERED  
SINCE EARLY 2020



**2019**

**89%**

of Italian portfolio  
in Milan<sup>1</sup>

**57%**

of French portfolio  
in Paris and city-  
centers of Major  
regional cities

**H1 2022**

**95%**

of Italian portfolio  
in Milan<sup>1</sup>

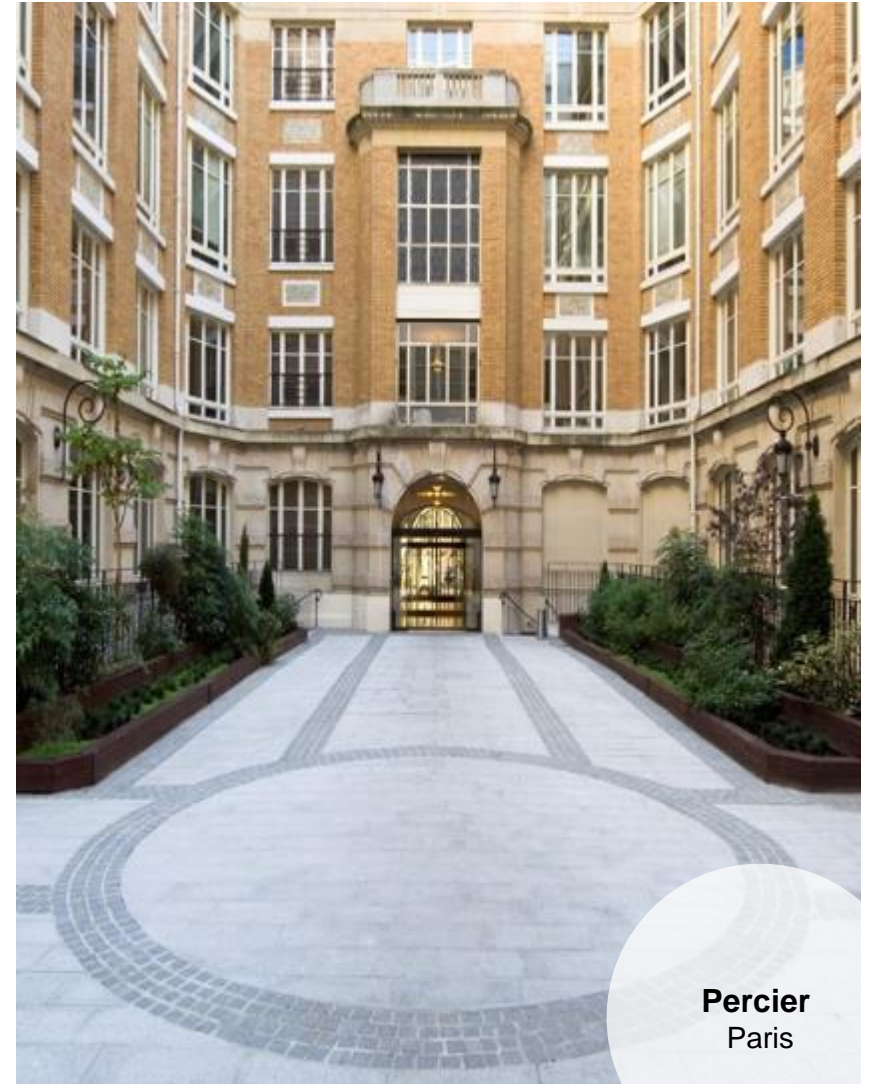
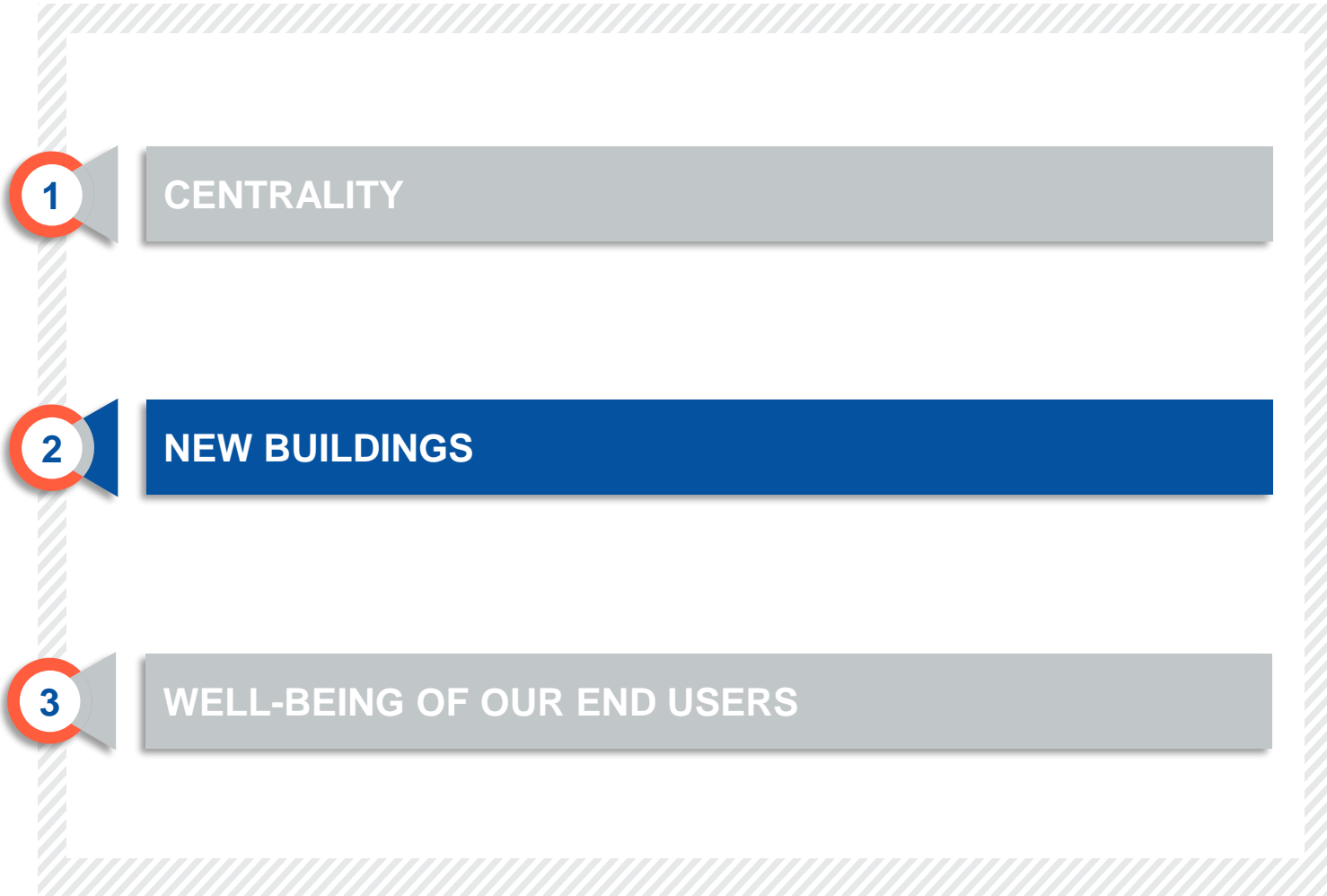
**64%**

of French portfolio  
in Paris and city-  
centers of Major  
regional cities

(1) Excluding Telecom Italia Portfolio



# 3 PILLARS TO TACKLE STRUCTURAL OFFICE CHANGES



2

# OFFER NEW BUILDINGS

A €2.0BN COMMITTED PIPELINE FITTING CLIENTS NEEDS & CREATING VALUE

80% IN CITY-CENTERS

20% IN TOP BUSINESS DISTRICTS



**SOLID PIPELINE**  
AT END-2022

**14**  
PROJECTS

---

**€2.0BN**  
TOTAL BUDGET

---

**65%**  
PRELET

---

**5.2%**  
TARGET YIELD

2

# OFFER NEW BUILDINGS

## 80% IN CITY-CENTERS

<p><b>Q1 2023</b> 30% pre-let</p> <p><b>Maslo, Levallois</b> 19,800m<sup>2</sup></p> 	<p><b>Q3 2023</b> 100% pre-let</p> <p><b>Madrid, Paris</b> 5,850m<sup>2</sup></p> 	<p><b>Q2 2025</b> 100% pre-let</p> <p><b>Anjou, Paris</b> 9,300m<sup>2</sup></p> 
<p><b>Q3 2024</b> 100% pre-let</p> <p><b>Corte Italia, Milan</b> 11,600m<sup>2</sup></p> 	<p><b>Q1 2024</b> 0% pre-let</p> <p><b>LOFT, Berlin</b> 7,600m<sup>2</sup></p> 	<p><b>Q4 2023</b> 53% pre-let</p> <p><b>Herzogterrassen, Düsseldorf</b> 55,700m<sup>2</sup></p> 
<p><b>Q3 2024</b> 92% pre-let</p> <p><b>The Sign D, Milan</b> 12,400m<sup>2</sup></p> 	<p><b>Q4 2024</b> 100% pre-let</p> <p><b>Symbiosis G+H</b> 38,000m<sup>2</sup></p> 	<p><b>Q1 2026</b> 0% pre-let</p> <p><b>ALXP, Berlin</b> 60,000m<sup>2</sup></p> 

€1.6bn  
Total Costs

58%  
Pre-let

## 20% IN TOP BUSINESS DISTRICTS

<p><b>Q1 2023</b> 0% pre-let</p> <p><b>Le Floria, Paris region</b> 9,300m<sup>2</sup></p> 	<p><b>Q2 2023</b> 100% pre-let</p> <p><b>Dassault extension, Paris region</b> 27,500 m<sup>2</sup></p> 
<p><b>Q2 2026</b> 100% pre-let</p> <p><b>Meudon Thalès 2, Paris region</b> 38,000m<sup>2</sup></p> 	<p><b>Q3 2023</b> 100% pre-let</p> <p><b>Beagle, Berlin</b> 5,000m<sup>2</sup></p> 
<p><b>Q2 2024</b> 28% pre-let</p> <p><b>Rozzano, Strada 8,</b> 26,000m<sup>2</sup></p> 	

€0.4bn  
Total Costs

83%  
Pre-let



# 2 ILLUSTRATION OF OUR OFFICES STRATEGY

## 21 GOUJON – A STATE-OF-THE-ART BUILDING IN PARIS CBD



**SURFACE AREA**  
**8,600 m<sup>2</sup>**

---

**COST (GS)**  
**€196M**

---

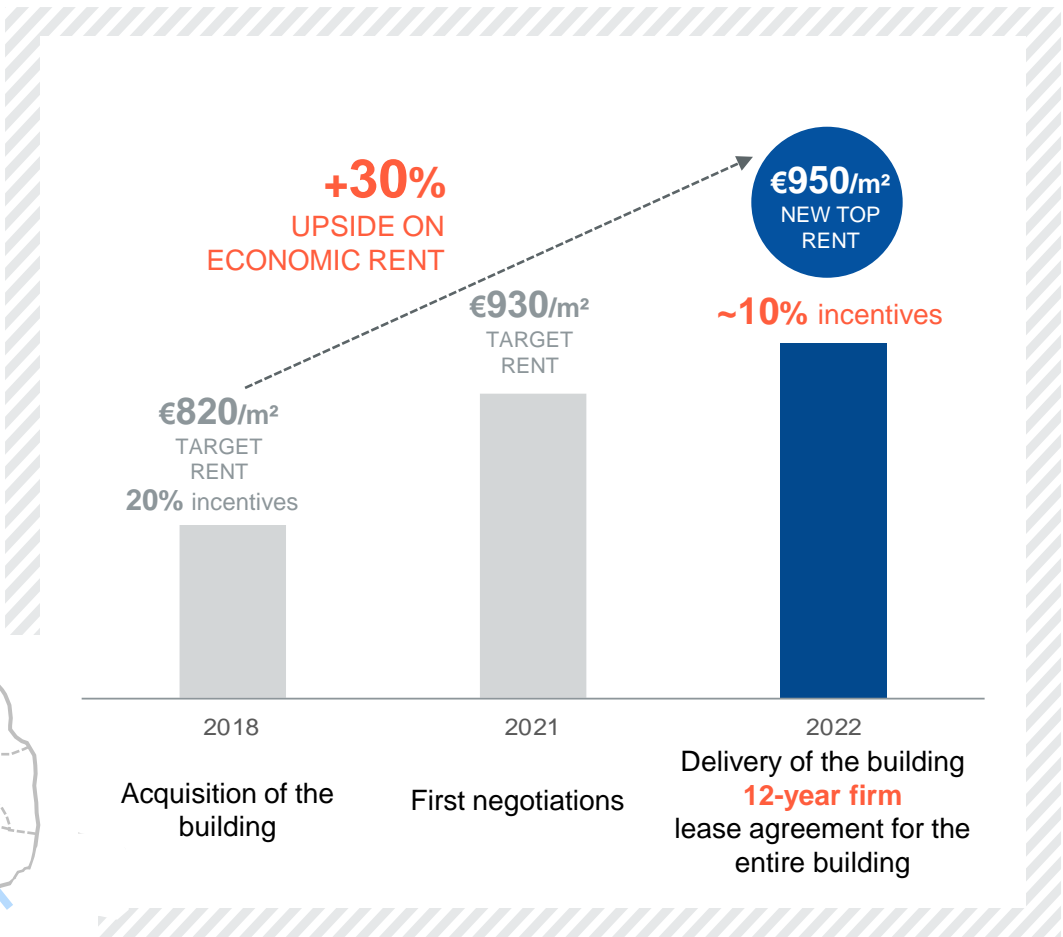
**DELIVERY**  
**Q3 2022**

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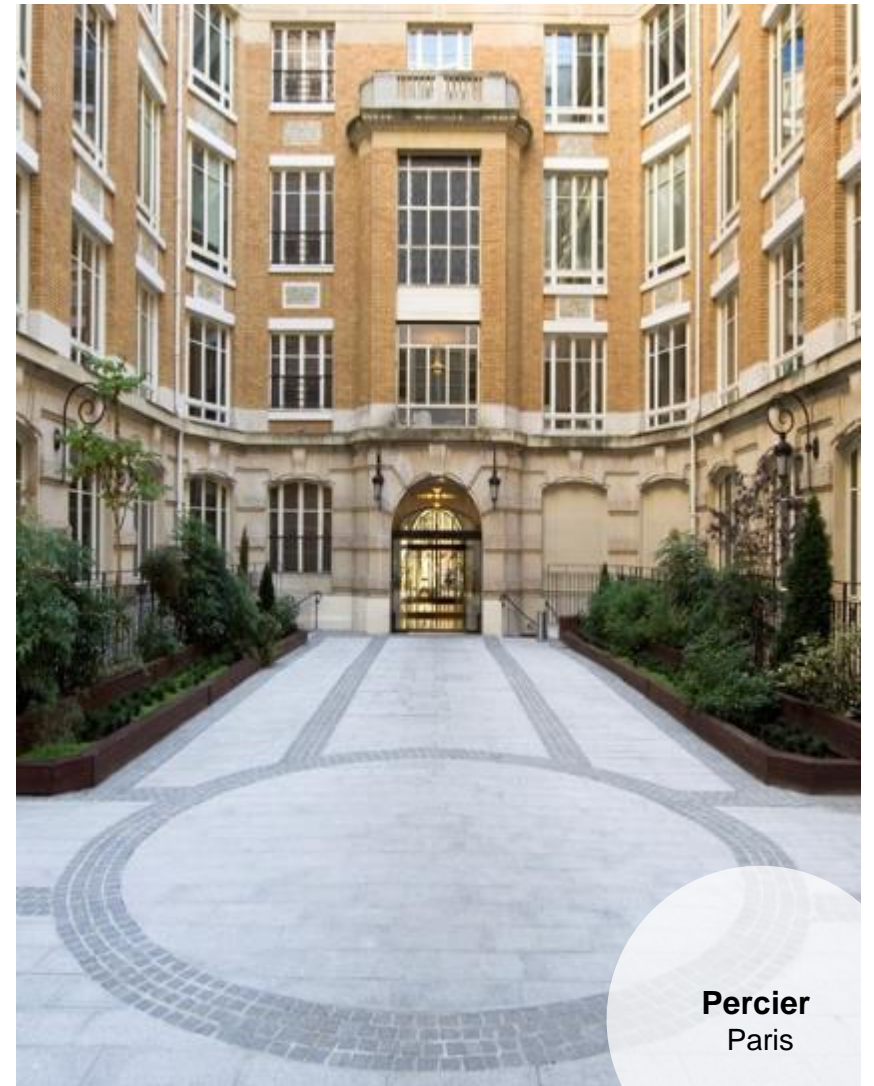
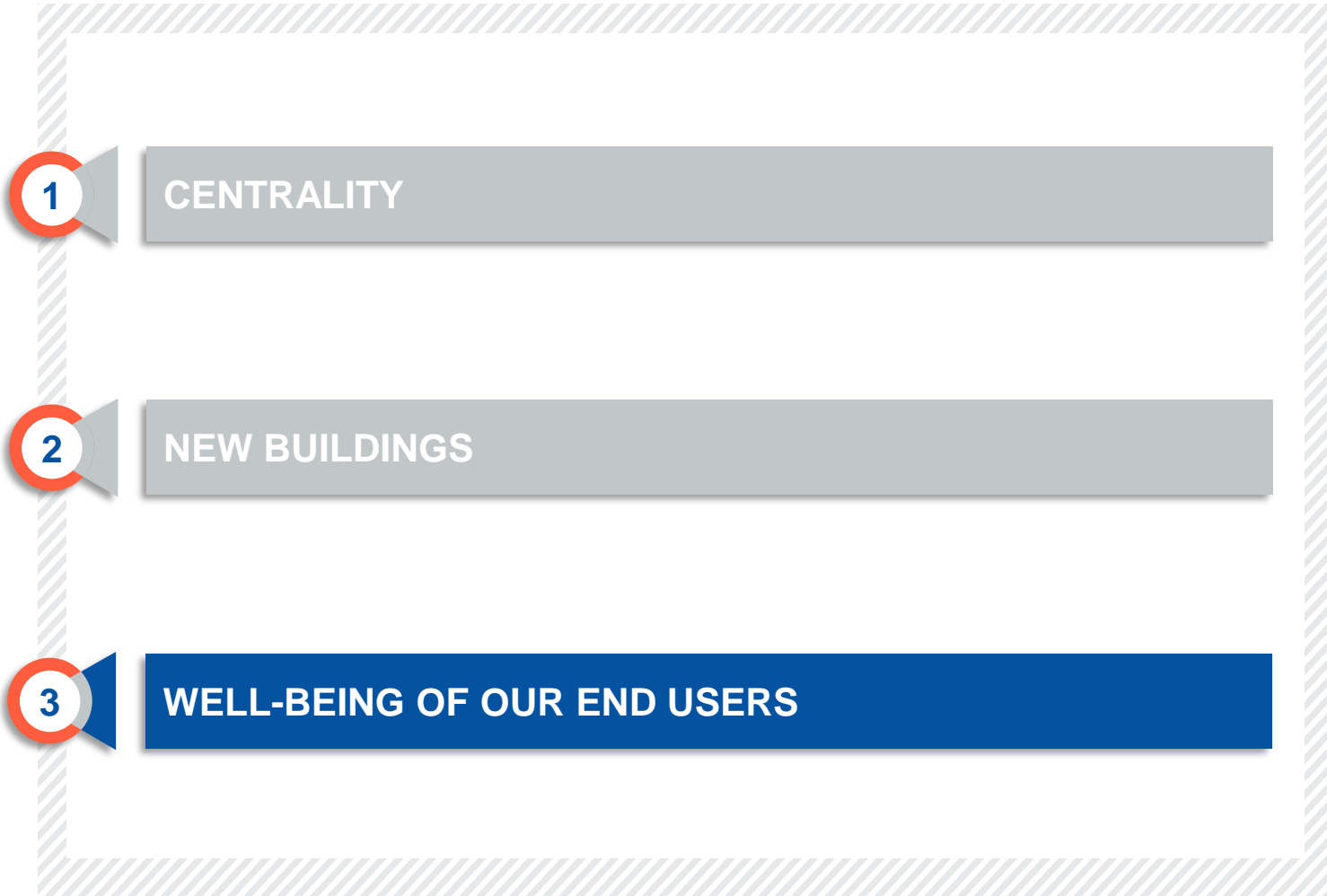
**OCCUPANCY**  
**100%**

---

**YIELD ON COST**    **PRIME YIELD**  
**4.2%**    ➤    **3.0%**



# 3 PILLARS TO TACKLE STRUCTURAL OFFICE CHANGES



# 3 IMPROVE THE WELL-BEING OF OUR END-USERS

## Design-Thinking Offer

A **Design thinking process** to involve all key stakeholders

## High-quality services

Offer best services to help our tenants to **attract and retain talents**

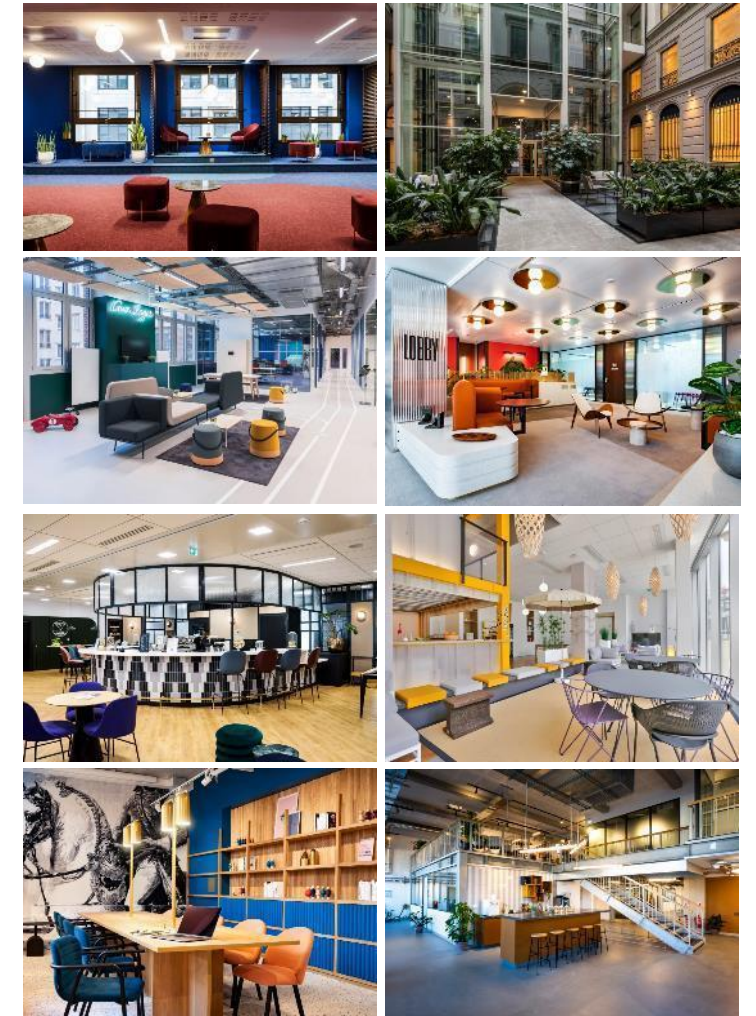
## High-quality buildings

**-40%** Carbon reduction target 2010-2030 (All scopes)

## Flexible approach

Ability to **operate working spaces** through Wellio, our flexible workspace offer

9 sites in operation as of today, in France and Italy





3

# HIGHER CUSTOMER SATISFACTION



<sup>1</sup> Results of Opinionway survey on French Offices on satisfaction regarding life in the building

<sup>2</sup> Survey on offices in France and Italy

# MILAN – SHOWCASE OF OUR SUCCESSFUL OFFICE STRATEGY

## STRATEGIC PRIORITIES

## SINCE 2015

## YTD PERFORMANCE

**Increasing  
centrality**

**+22pts**  
% portfolio  
in Milan

**95%**  
Of portfolio  
in Milan<sup>1</sup>

**98%**  
Of occupancy

**Accelerating  
on development**

**>50%**  
of Milan portfolio  
developed  
or refurbished

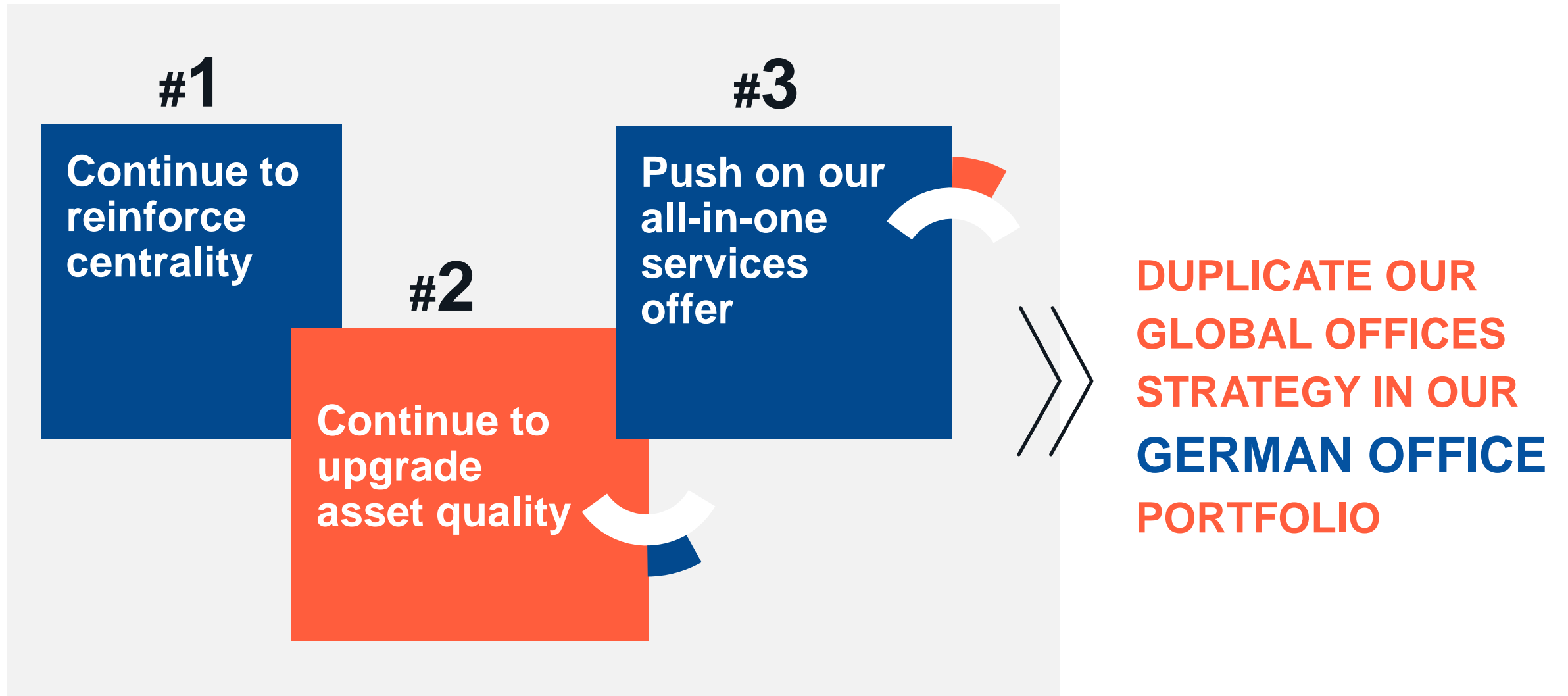
**€435M**  
Development Pipeline  
**90% Pre-let**

**Designing  
tailor made  
service offers**

**2**  
Wellio  
sites

**100%**  
Occupancy rate  
on Wellio sites

# STRATEGIC ROADMAP



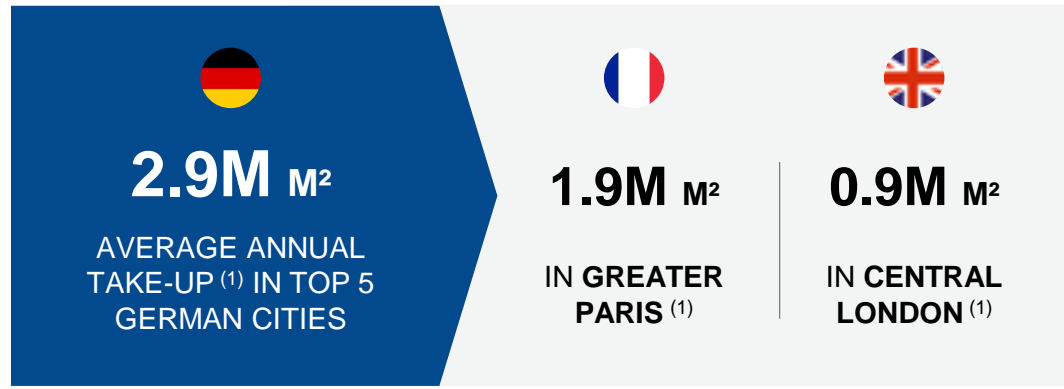


## **IV.2. OFFICES: A SUCCESSFUL STRATEGY**

### **D. GERMAN OFFICES: ASSET MANAGEMENT & REINFORCEMENT IN BERLIN**

# THE FIRST EUROPEAN OFFICE MARKET

## TOP 5 GERMAN CITIES OFFICES SUB-MARKETS

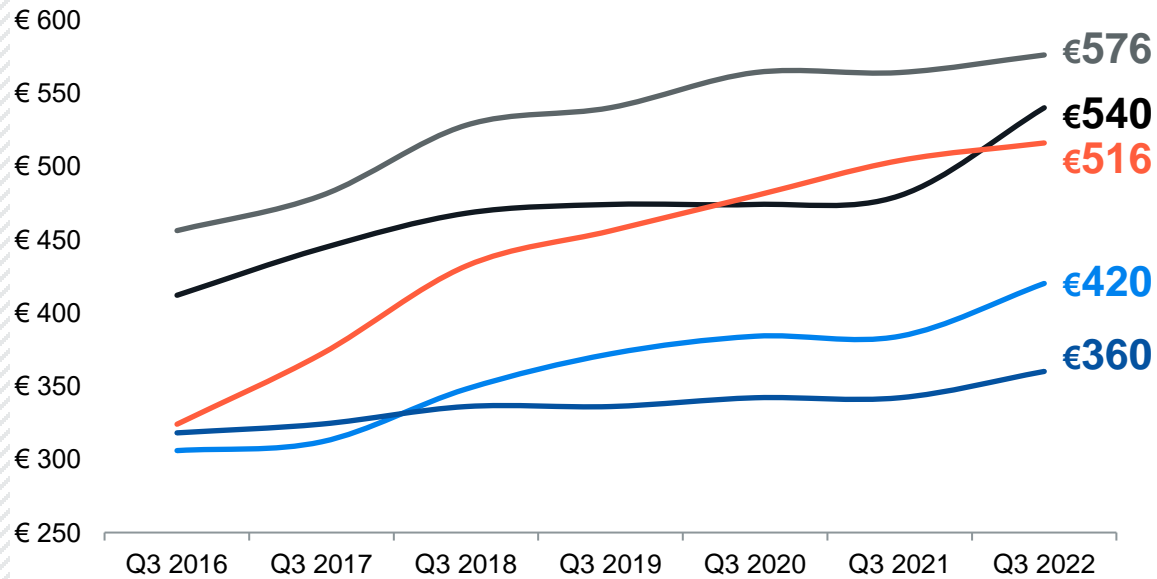


# CONTINUED RISE IN RENTS IN TOP 5 GERMAN CITIES

## PRIME RENT EVOLUTION

**+7%/year** on average since 2017 in **Berlin**

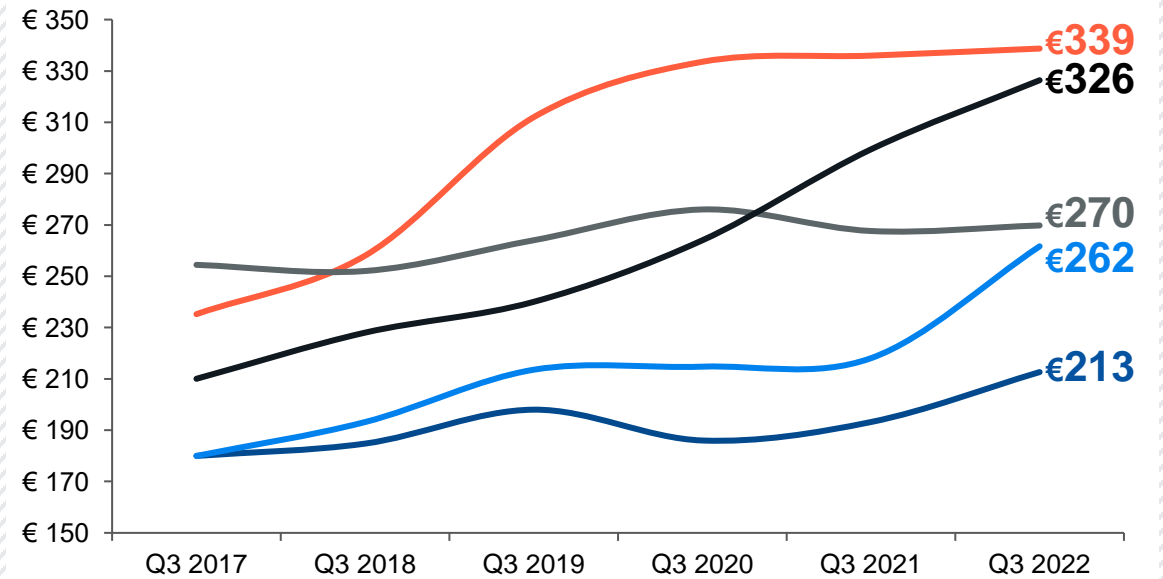
(in € / m<sup>2</sup> / Year)



## AVERAGE RENT EVOLUTION

**+8%/year** on average since 2017 in **Berlin**

(in € / m<sup>2</sup> / Year)

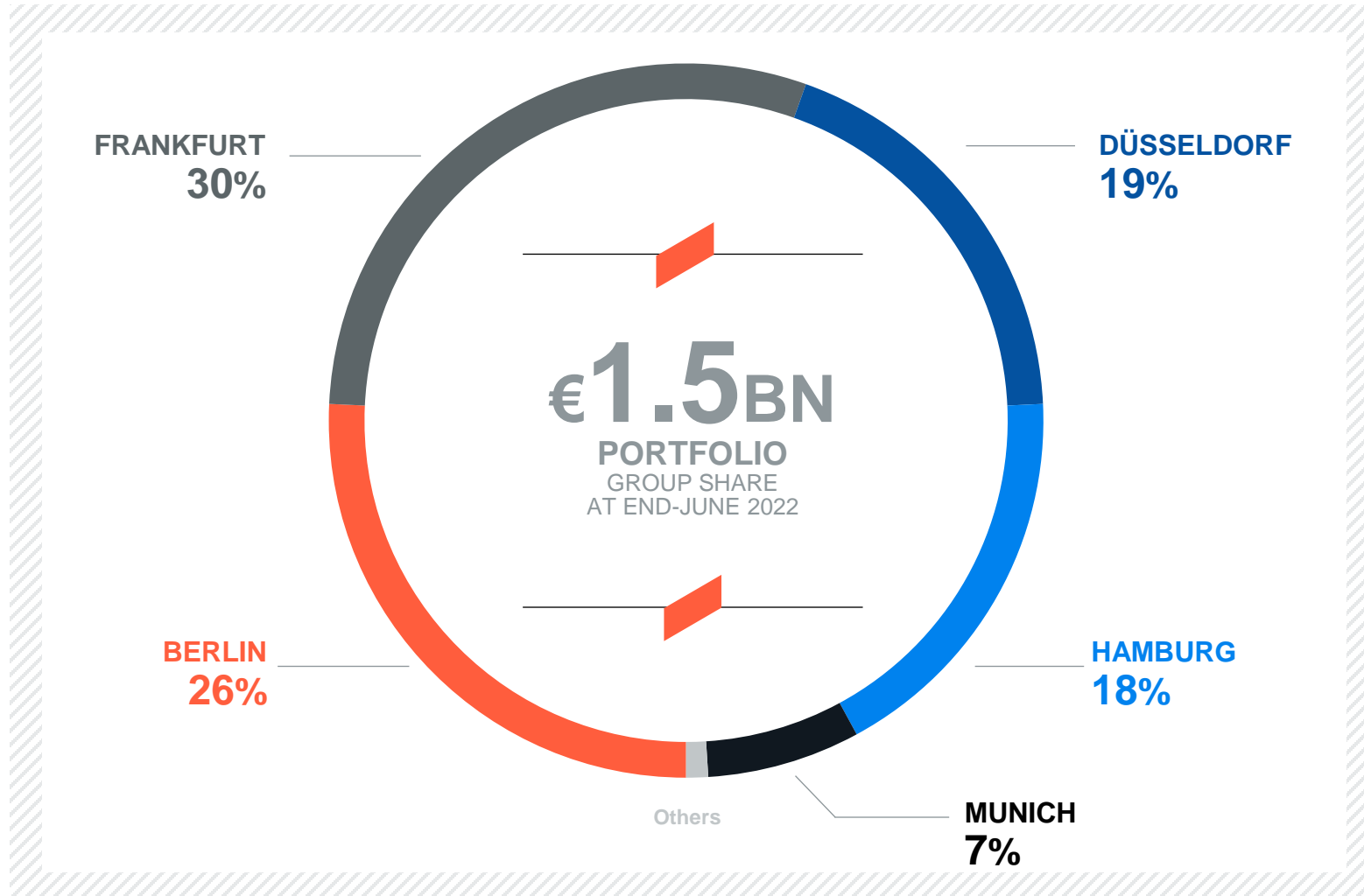


— Berlin — Hamburg — Düsseldorf — Munich — Frankfurt

Source: CBRE



# A PORTFOLIO CONCENTRATED ON TOP 5 GERMAN CITIES



**21**  
ASSETS

**17**  
IN OPERATION

**4**  
IN DEVELOPMENT  
MOSTLY IN  
**BERLIN**

# A NEW TEAM FOR A NEW STRATEGY ROADMAP



## FRIEDERIKE HOBERG

Head of German Offices

- Joined Covivio as **Head of German Offices in 2022**
- **+15 Years** of experience in real estate, leading **investment and asset management** teams across different asset classes
- Graduated from **Freie Universität Berlin** and **ESCP Business School**

## ASSET MANAGEMENT

5 EMPLOYEES

## DEVELOPMENT

8 EMPLOYEES

## PROPERTY MANAGEMENT

4 EMPLOYEES

# A PORTFOLIO MOSTLY MADE OF CORE ASSETS

**80% CORE ASSETS**

**66%**  
in operation

**34%**  
in development

**89%<sup>(1)</sup>**  
Occupancy rate

**€4,400/m<sup>2</sup><sup>(1)</sup>**  
Average value

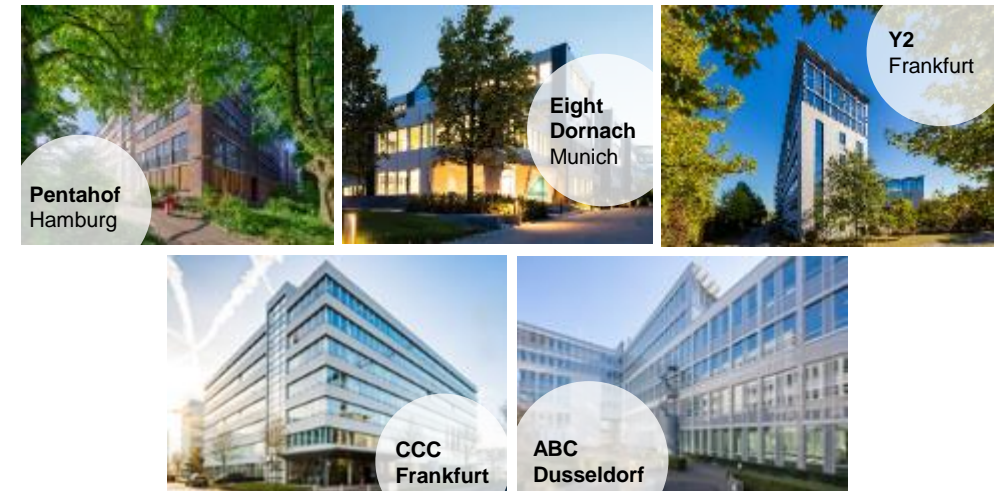
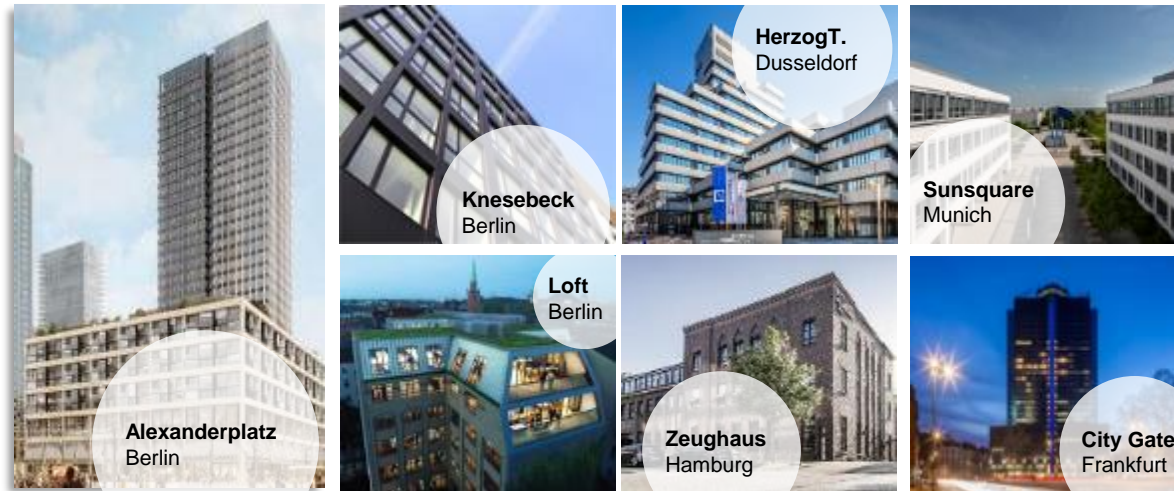
**€192/m<sup>2</sup><sup>(1)</sup>**  
Average rent

**20% NON-CORE ASSETS**

**76%**  
Occupancy rate

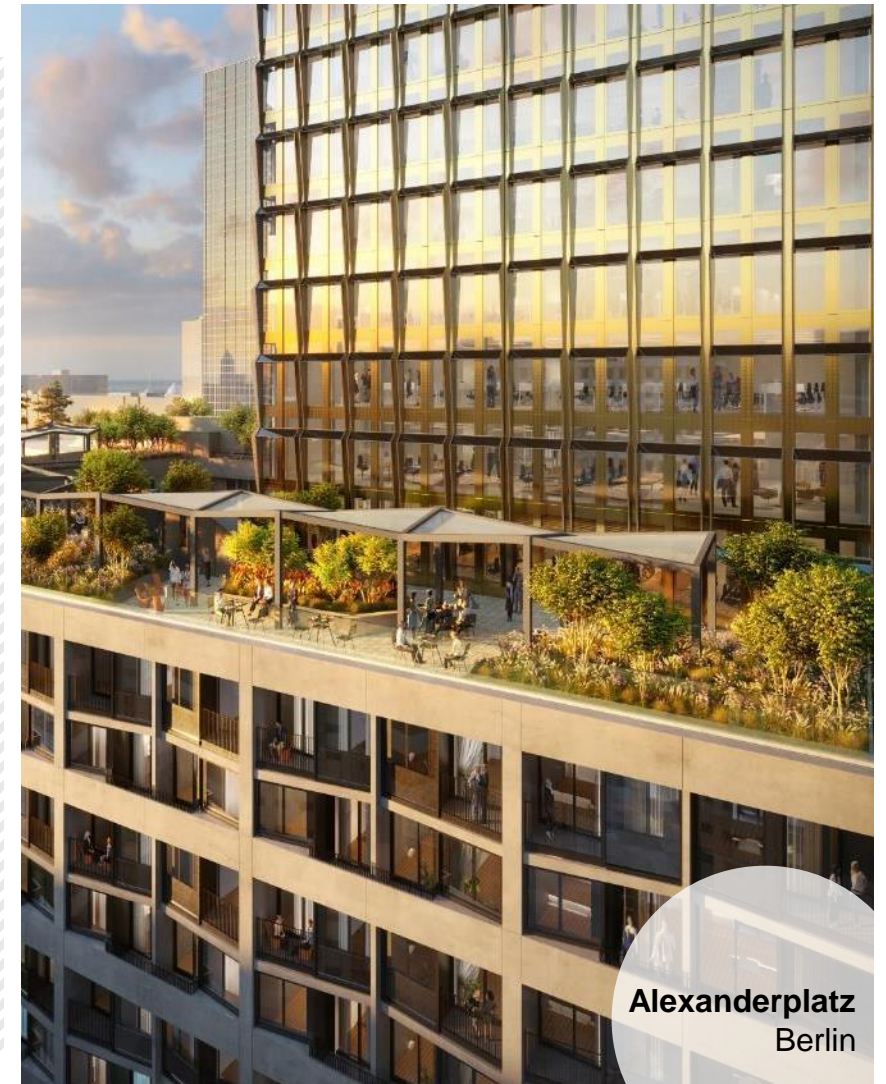
**€3,000/m<sup>2</sup>**  
Average value

**€149/m<sup>2</sup>**  
Average rent



# COVIVIO STRATEGY FOR OFFICES IN GERMANY

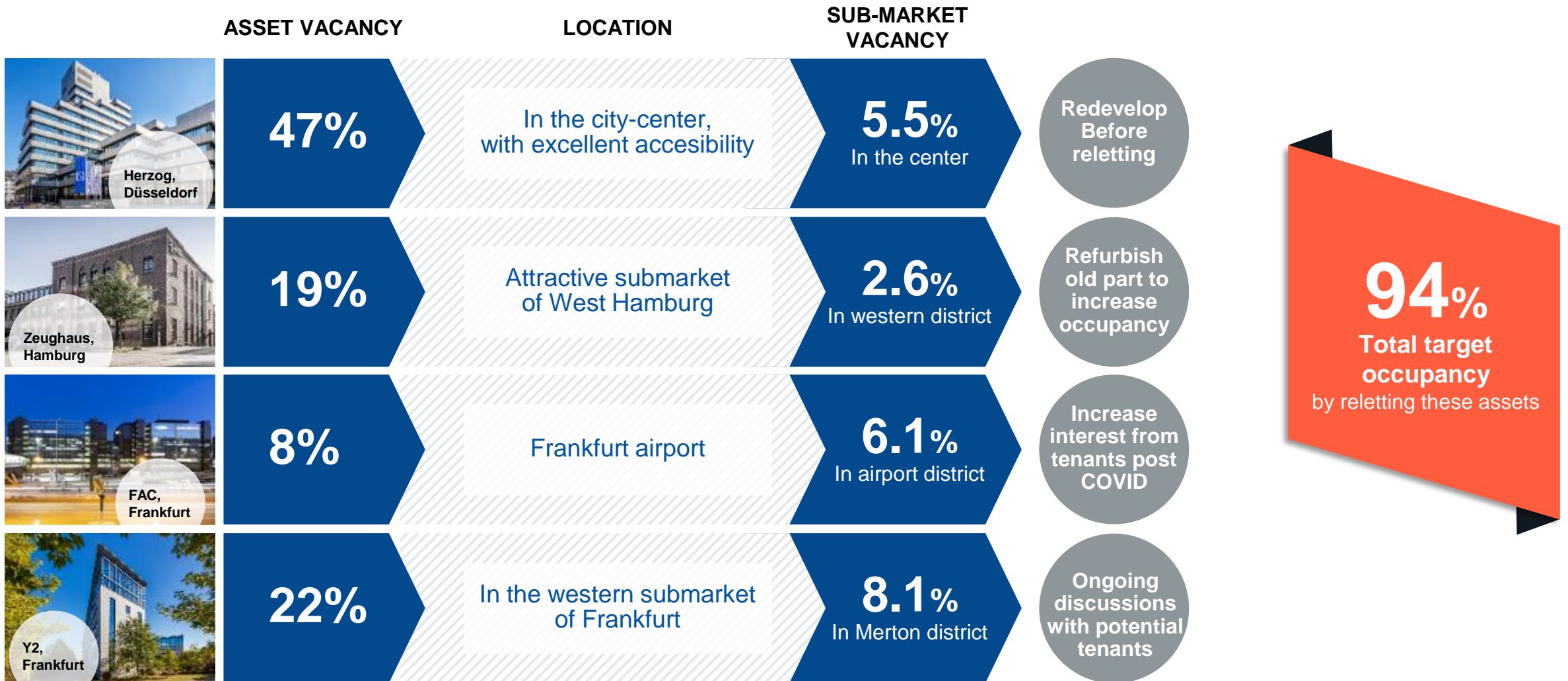
- 1 TACKLE LETTING CHALLENGES**
- DISPOSE NON-CORE ASSETS
- CAPTURE RENTAL GROWTH
- REINFORCE BERLIN EXPOSURE





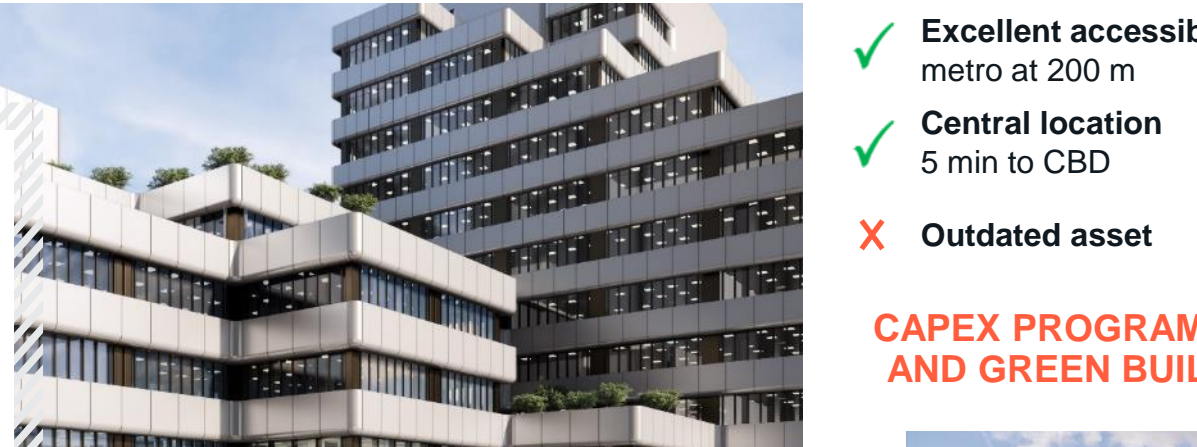
# 1 TACKLE LETTING CHALLENGES

LETTING CHALLENGES ARE **FOCUSED ON 4 ASSETS**



# 1 CASE STUDY: HERZOGTERRASSEN, DÜSSELDORF

CREATING A **NEW REFERENCE** IN THE HEART OF **DÜSSELDORF**



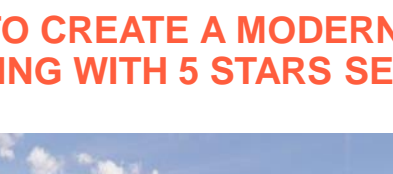
**SURFACE AREA**  
**55,700 m<sup>2</sup>**

**COST**  
**€68m**

**DELIVERY**  
**Q4 2023**

**OCCUPANCY**  
**53%**

**YIELD ON COST**  
(ASSET VALUE & CAPEX)  
**4.1%**



- ✓ **Excellent accessibility**  
metro at 200 m
- ✓ **Central location**  
5 min to CBD
- ✗ **Outdated asset**
- ✓ **Attractive rent**  
€252/m<sup>2</sup> vs €336/m<sup>2</sup> CBD
- ✓ **Iconic building**  
Large floorplans in central location
- ✓ **7,500 m<sup>2</sup> terraces & outdoor spaces**

**CAPEX PROGRAM TO CREATE A MODERN, SUSTAINABLE AND GREEN BUILDING WITH 5 STARS SERVICES OFFER**





# 1 CASE STUDY: ZEUGHAUS, HAMBURG

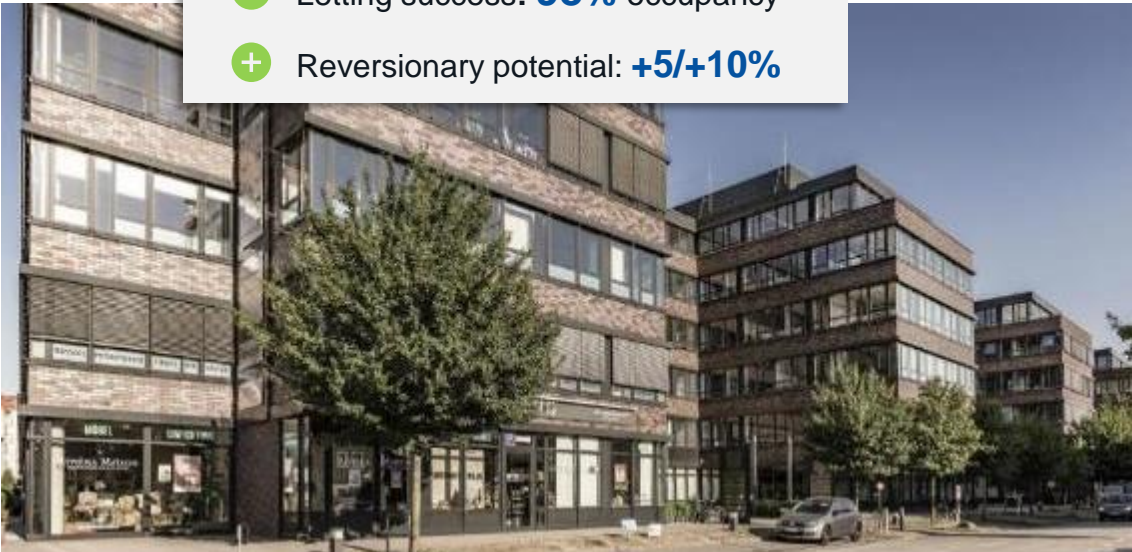
**42,000 m<sup>2</sup>** of offices  
in the **North of Hamburg**, 2 Parts:

**NEW PART:  
25,700 m<sup>2</sup>**

- + Efficient floorplans & technics
- + Letting success: **98%** occupancy
- + Reversionary potential: **+5/+10%**

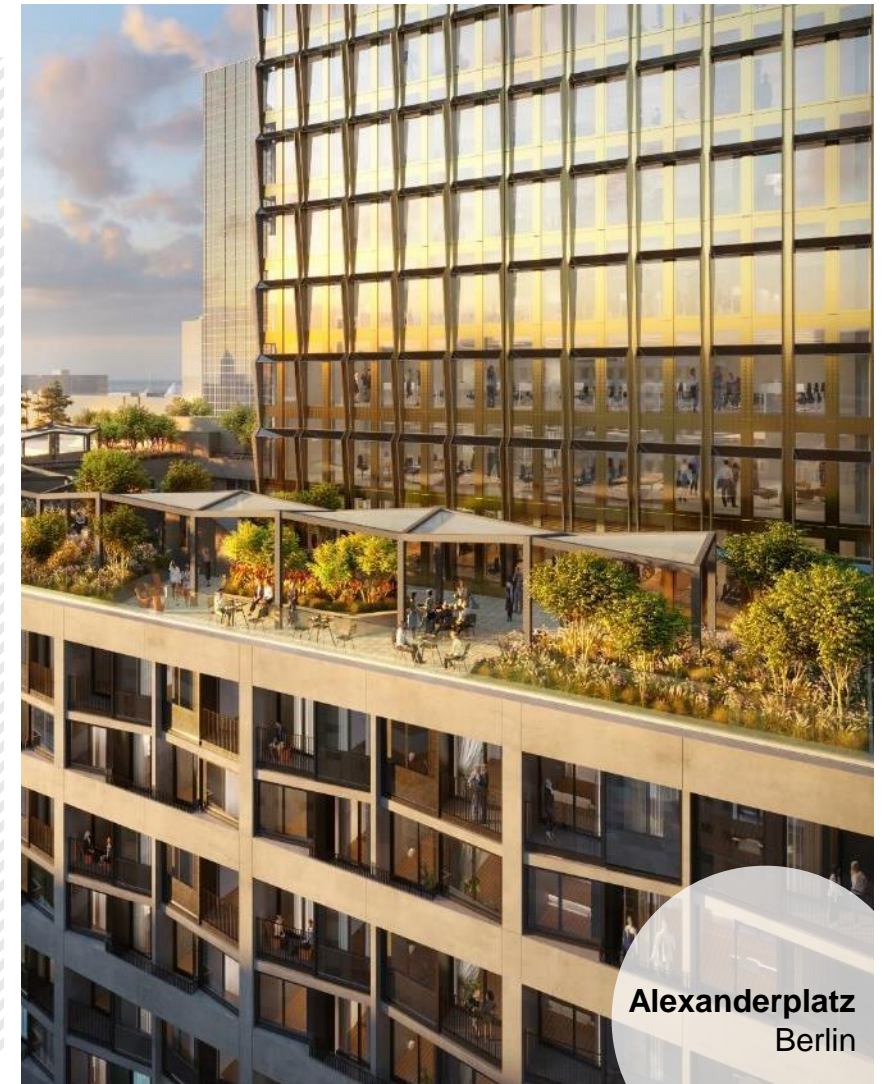
**HISTORICAL PART:  
15,900 m<sup>2</sup>**

- + Strong architectural identity  
Unique floorplans, with cathedral and triple heights
- **30% Occupancy**  
Technical upgrade  
Dedicated asset manager



# COVIVIO STRATEGY FOR OFFICES IN GERMANY

- 1 TACKLE LETTING CHALLENGES
- 2 **DISPOSE NON-CORE ASSETS**
- 3 CAPTURE RENTAL GROWTH
- 4 REINFORCE BERLIN EXPOSURE





2

# DISPOSAL OF NON-CORE ASSETS

**c.€300M**  
OF ASSETS TO BE  
SOLD TO IMPROVE  
PORTFOLIO  
QUALITY

**100%**  
OUTSIDE CITY  
CENTERS

**76%**  
OCCUPANCY  
RATE

Progressive  
disposal  
after asset  
management  
works



Pentahof  
Hamburg



Eight  
Dornach  
Munich



Y2  
Frankfurt



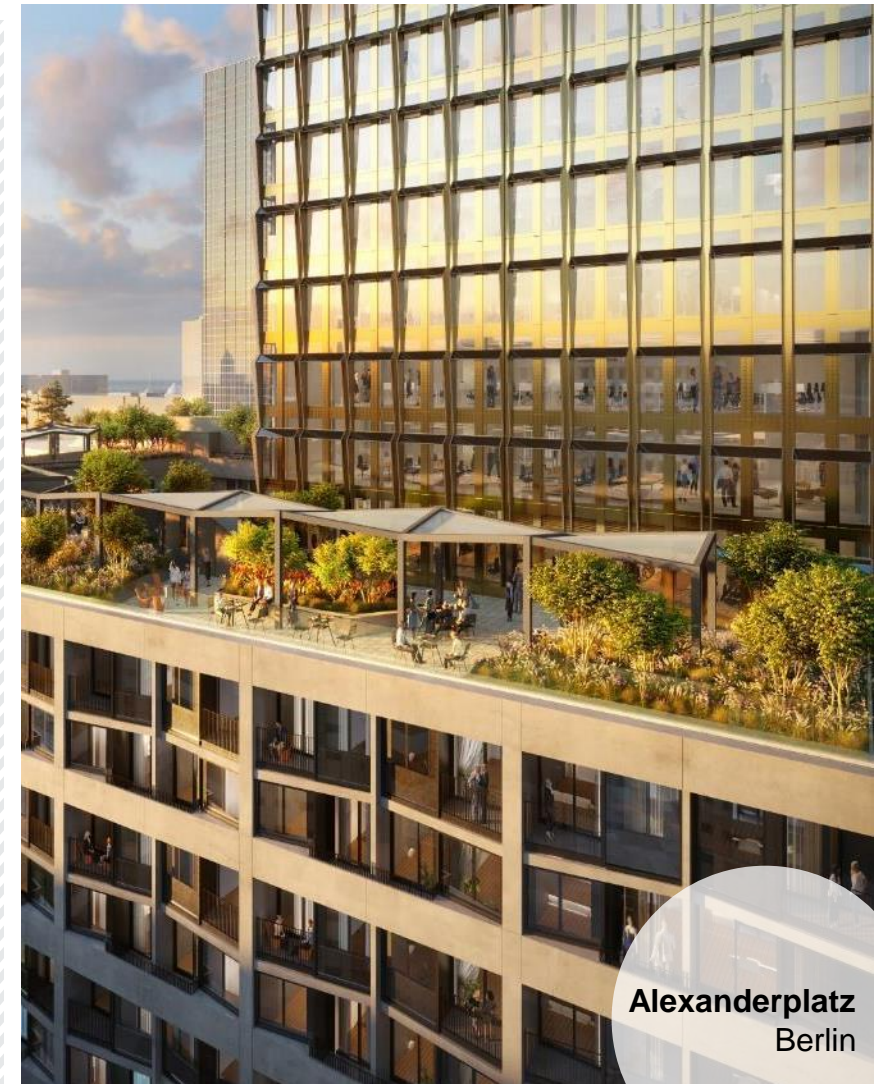
CCC  
Frankfurt



ABC  
Düsseldorf

# COVIVIO STRATEGY FOR OFFICES IN GERMANY

- 1 TACKLE LETTING CHALLENGES
- 2 DISPOSE NON-CORE ASSETS
- 3 **CAPTURE RENTAL GROWTH**
- 4 REINFORCE BERLIN EXPOSURE



Alexanderplatz  
Berlin

3

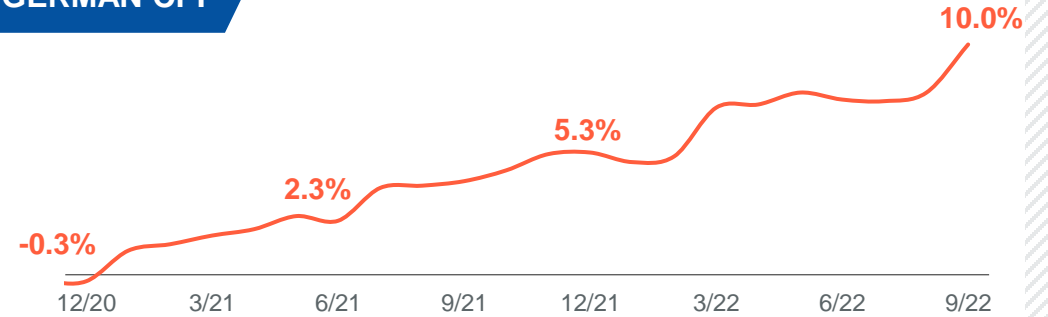
# CAPTURE RENTAL GROWTH

THROUGH INDEXATION

**+1.0%**  
Indexation  
FY 2021

**+4.2%**  
Indexation  
9M 2022

GERMAN CPI



THROUGH REVERSION

**+5 / +10%**  
REVERSIONARY  
POTENTIAL



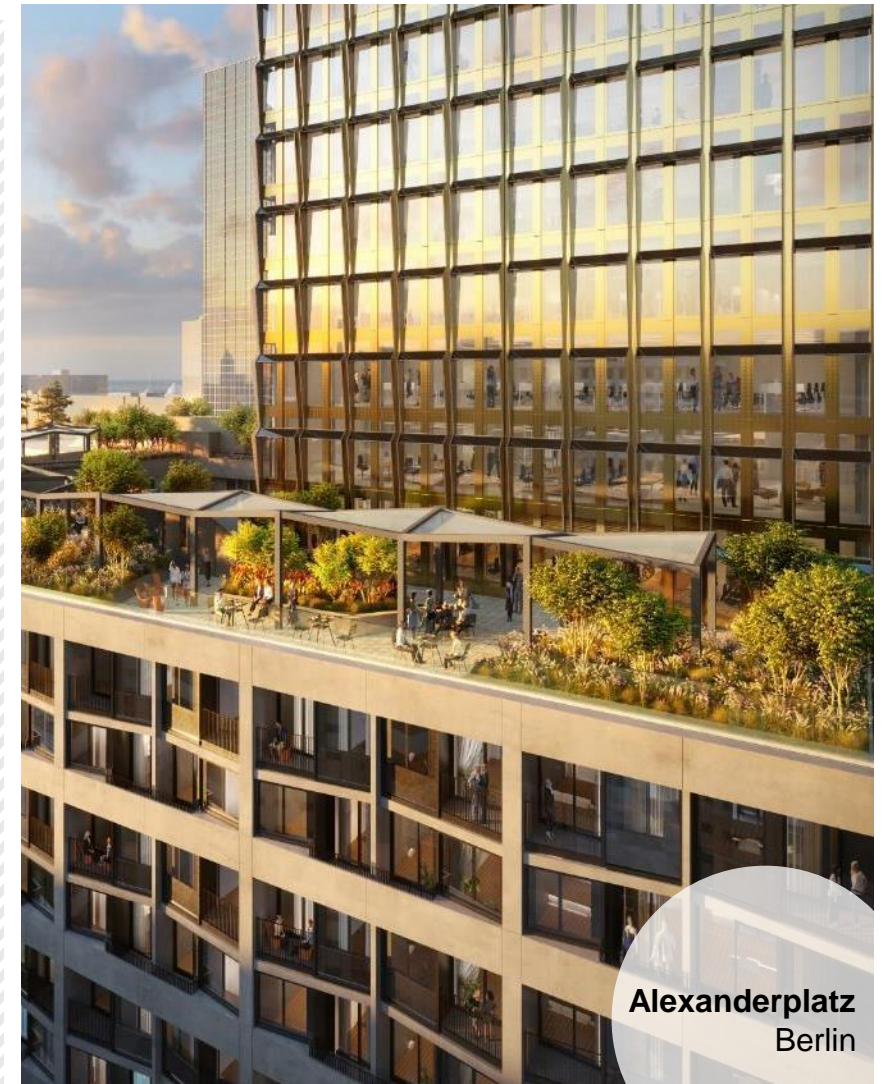
### 2021/2022 ACHIEVEMENTS

Renewals (46,000m<sup>2</sup>): +7% uplift on average  
Relettings (25,600m<sup>2</sup>): +13% uplift on average



# COVIVIO STRATEGY FOR OFFICES IN GERMANY

- 1 TACKLE LETTING CHALLENGES
- 2 DISPOSE NON-CORE ASSETS
- 3 CAPTURE RENTAL GROWTH
- 4 **REINFORCE BERLIN EXPOSURE**



Alexanderplatz  
Berlin

4

# INCREASE BERLIN EXPOSURE THROUGH PRIME DEVELOPMENTS



**ALEXANDERPLATZ**  
60,000m<sup>2</sup>  
Mixed-use (office, residential, retail)



**LOFT**  
7,600m<sup>2</sup>  
Mixed-use (office, residential)

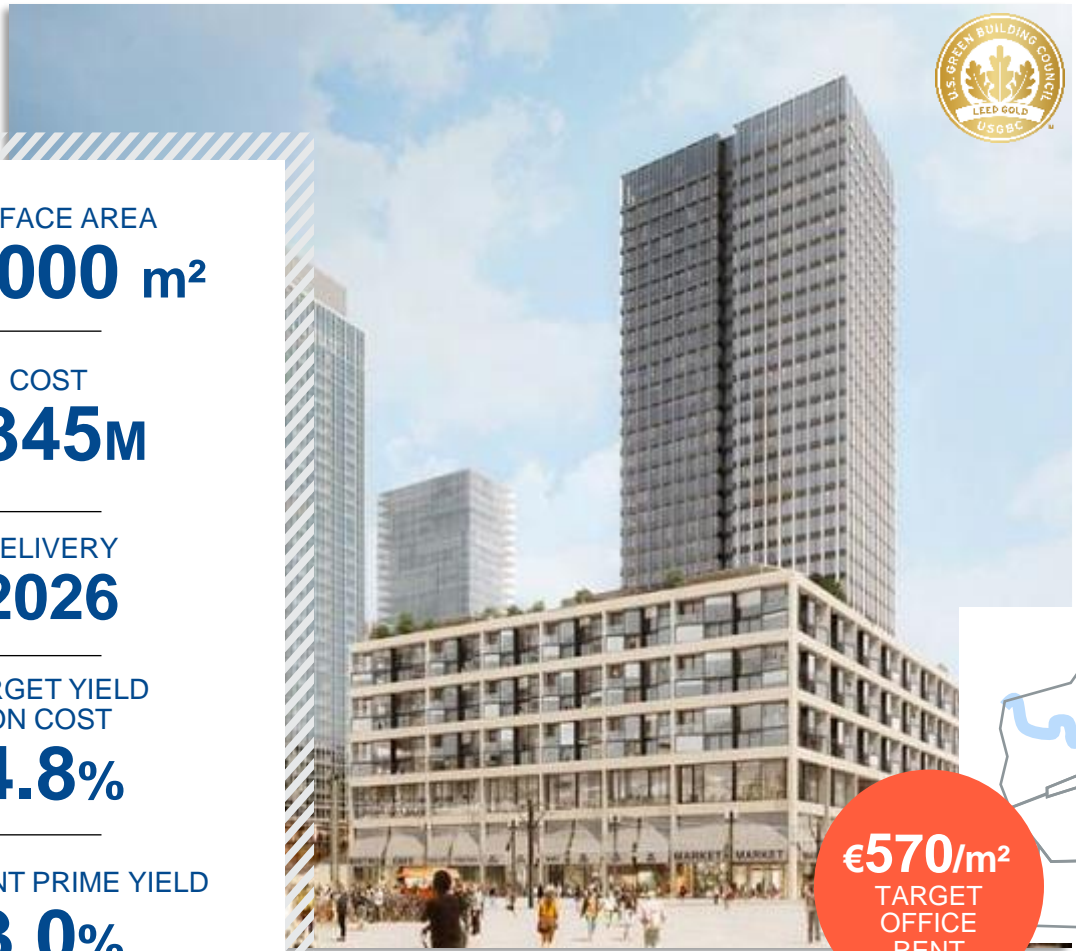


**BEAGLE**  
5,000m<sup>2</sup>  
Office

**€387M**  
TOTAL BUDGET

4

# ALEXANDERPLATZ, BERLIN



SURFACE AREA  
**60,000 m<sup>2</sup>**

---

COST  
**€345M**

---

DELIVERY  
**2026**

---

TARGET YIELD ON COST  
**4.8%**

---

CURRENT PRIME YIELD  
**3.0%**

**€570/m<sup>2</sup>**  
TARGET OFFICE RENT



## Urban Campus

**Mixed-use high-rise asset**, developed as an **urban campus**: flexible office space, furnished apartments, retail & community areas

**30,000m<sup>2</sup>** Office     **15,000m<sup>2</sup>** Residential     **15,000m<sup>2</sup>** Retail

A project located in the **Center of Berlin**, a **strong demand** area.





# 4 LOFT, BERLIN



SURFACE AREA  
**7,600 m<sup>2</sup>**

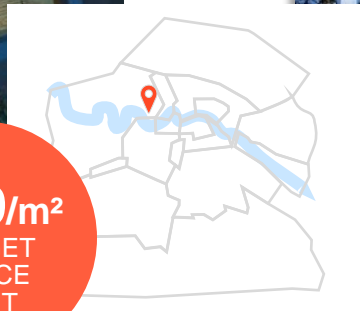
COST  
**c.€26M**

DELIVERY  
**Q1 2024**

TARGET YIELD  
ON COST  
**5.3%**

CURRENT PRIME YIELD  
**3.25%**

**€360/m<sup>2</sup>**  
TARGET  
OFFICE  
RENT



## Mixed-use property

located in a **trendy central location**, near **Berlin Central Station** & **Federal chancellery**

**Full refurbishment and roof extension (+1,000 m<sup>2</sup>)** of an existing asset in Moabit: an **attractive, lively, well-connected district** in **Berlin city-center**



**6,000m<sup>2</sup>**  
Modern office space  
with industrial charm

**1,600m<sup>2</sup>**  
Refurbished  
residential units

4

# BEAGLE, BERLIN



**100%**  
PRE-LET  
FOR 15 YEARS  
TO DEUTSCHE BAHN

SURFACE AREA  
**5,000 m<sup>2</sup>**

COST  
**€16M**  
(€4M CAPEX)

DELIVERY  
**Q3 2023**

TARGET YIELD ON COST  
**6.5%**

CURRENT PRIME YIELD  
**3.75%**

**€218/m<sup>2</sup>**  
RENT



## Office refurbishment

Existing asset from the 1980s, acquired by Covivio in **2019** in order to **refurbish** it

## Efficient accessibility

On the way to the **Airport**, with an efficient transport connection:

- ✓ **<500m** from metro;
- ✓ **Tramway & Bus** stops in front of the building



# OUR ROADMAP FOR THE MEDIUM TERM

## REPRODUCE THE SUCCESSFULL OFFICE STRATEGY FROM FRANCE AND ITALY



Continue to focus  
on **central locations**



Reinforce  
exposure  
to **central Berlin**



**Sell non core assets**



€300M  
**disposals over  
the medium term**



Accelerate the deployment  
of **services to clients**



**Services offer  
in Alexanderplatz  
& Herzogterrassen**  
To be deployed in the  
other part of the portfolio





THE WESTIN GRAND

## IV. UPDATE ON OUR 3 ASSET CLASSES

- IV.1. GERMAN RESIDENTIAL: A PRIME PORTFOLIO WITH GROWTH DRIVERS
- IV.2. OFFICES: A SUCCESSFUL STRATEGY
- IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES

## **IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES**

### **A. A LEADER IN HOTEL REAL ESTATE**

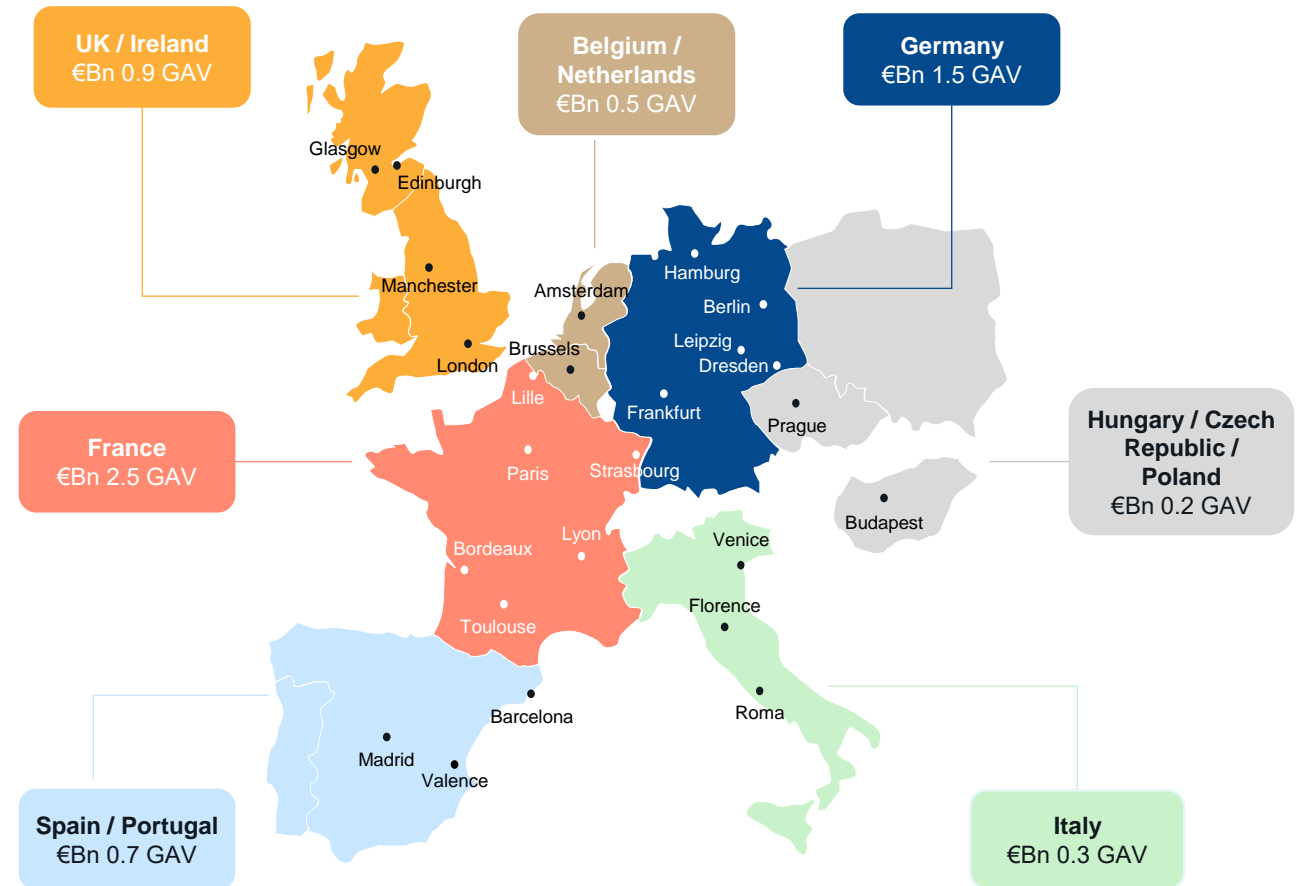
# A LEADER IN HOTEL REAL ESTATE

COVIVIO IS ACTIVE ON HOTELS THROUGH ITS SUBSIDIARY (COVIVIO HOTELS) OWNED AT 43.9%

### COVIVIO HOTELS BUSINESS AT A GLANCE

<p>€6.7BN PORTFOLIO 100%</p>	<p>€2.6BN PORTFOLIO GROUP SHARE</p>
<p>323 HOTELS</p>	<p>44,700 ROOMS</p>
<p>12 COUNTRIES</p>	<p>Prime locations</p>

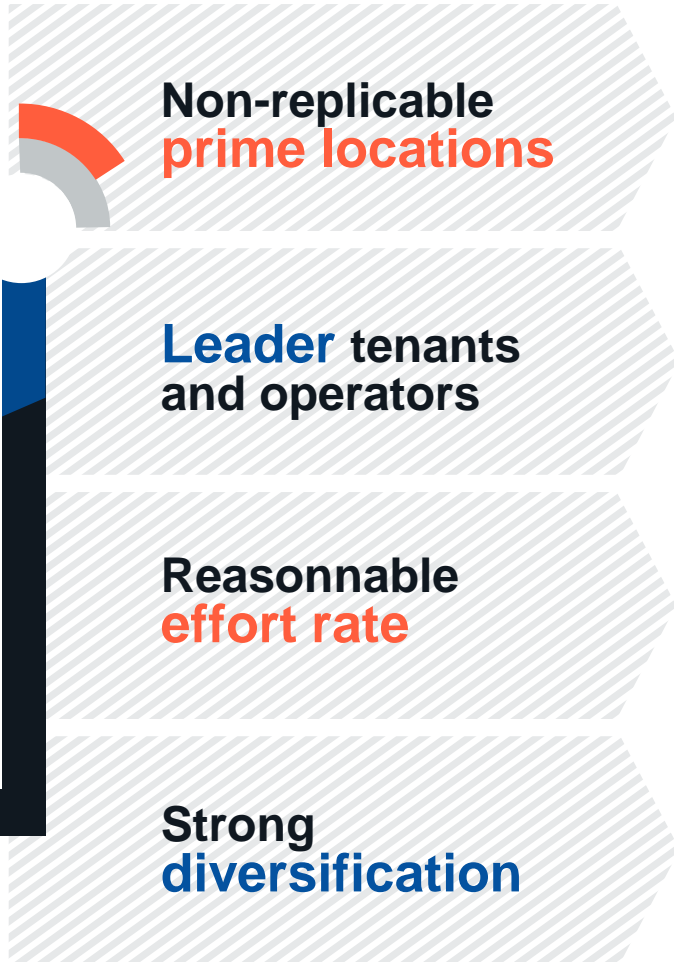
### A PAN-EUROPEAN PORTFOLIO





# A STRATEGIC PORTFOLIO FOR OPERATORS

**STRONG POSITIONING**



**8.8/10**

Average Booking.com Location grade

**12.3 Years**  
Lease duration

**Solid tenants Base**



**~60%**

Sustainable average effort rate

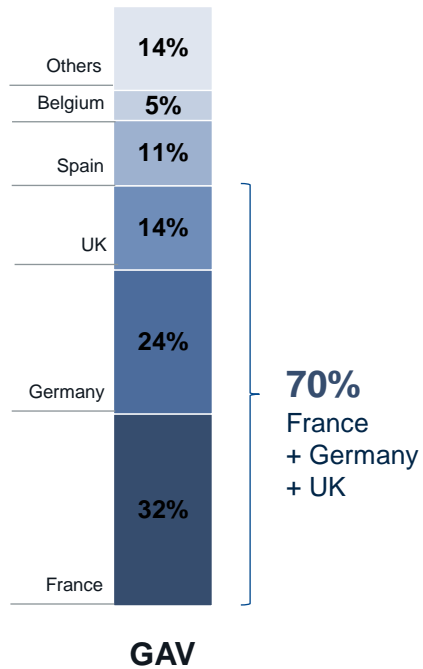
In terms of

<b>GEOGRAPHY</b>	<b>CONTRACT TYPE</b>
<b>SEGMENTS</b>	<b>OPERATORS</b>

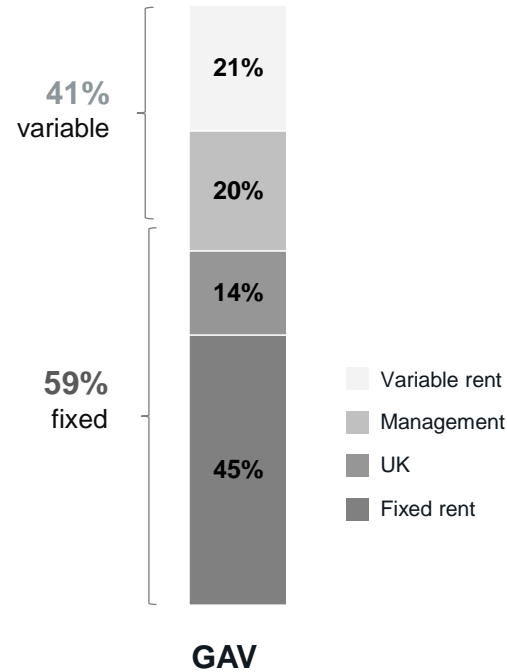
# A WELL-BALANCED AND DIVERSIFIED HOTEL PORTFOLIO

## BY COUNTRY GAV

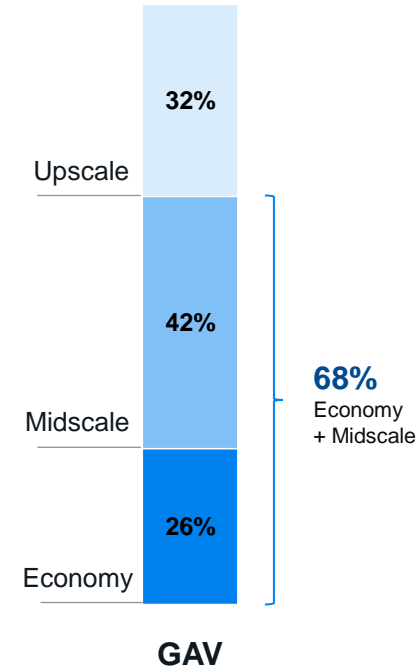
**€2.6BN**  
GS COVIVIO



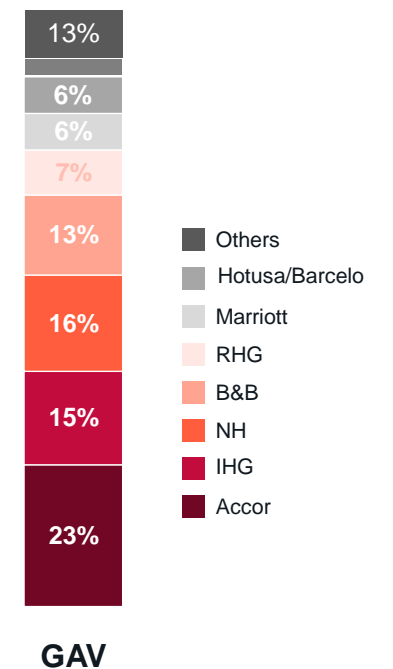
## BY CONTRACT TYPE GAV



## BY SEGMENT GAV



## BY OPERATOR GAV



# COVIVIO'S QUALITY HOTEL PORTFOLIO IN GERMANY

## LEASE PROPERTIES



**48%**  
AVERAGE EFFORT RATE<sup>(1)</sup>

## OPERATING PROPERTIES



**34%**  
AVERAGE EBITDA MARGIN<sup>(2)</sup>

**€1.5BN**

PORTFOLIO AT 100%  
(0.6BN GROUP SHARE)

44% Berlin  
13% Dresden & Leipzig  
5% Frankfurt  
4% Munich  
34% other cities

**63**  
HOTELS

**9,663**  
ROOMS

**8.9/10**

AVERAGE BOOKING.COM  
GRADE FOR LOCATION



# A PORTFOLIO MANAGED BY AN EXPERIENCED TEAM



**TUGDUAL MILLET**

**CEO**



**SEBASTIEN DE COURTIVRON**

**DEPUTY CEO – HOTEL OPERATIONS**



**SOPHIE GAUTIER**

**HEAD OF  
ASSET MANAGEMENT FRANCE  
+ NORTHERN EUROPE**



**CRISTINA HOYO**

**HEAD OF  
ASSET MANAGEMENT  
SOUTHERN EUROPE**



**PATRICK BOUR**

**CFO  
HOTELS**

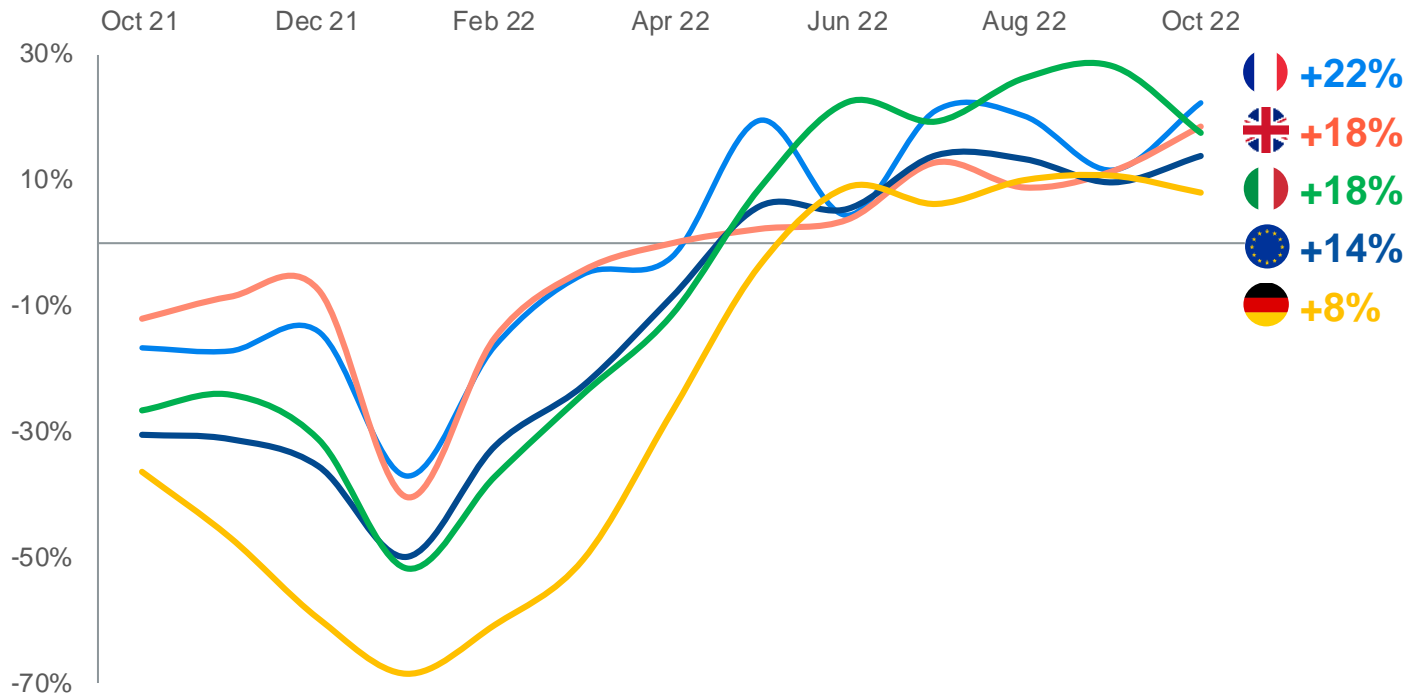
## **IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES**

### **B. THE INDUSTRY HAS SUCCESSFULLY FACED AN UNPRECEDENTED STRESS TEST**

# MARKET – RECOVERY FASTER AND HIGHER THAN EXPECTED

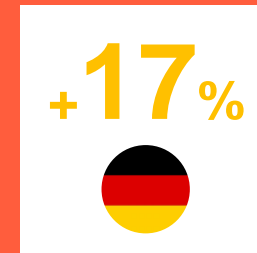
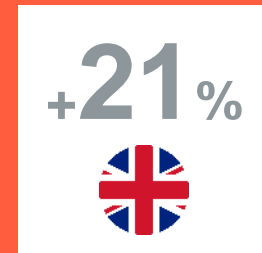
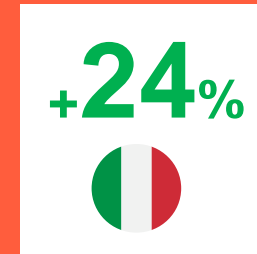
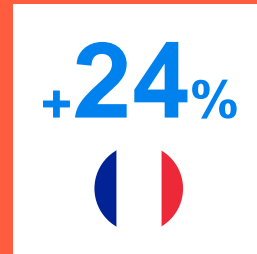
## CONTINUED RECOVERY MOMENTUM

*Monthly RevPAR <sup>(1)</sup> (%) vs 2019*



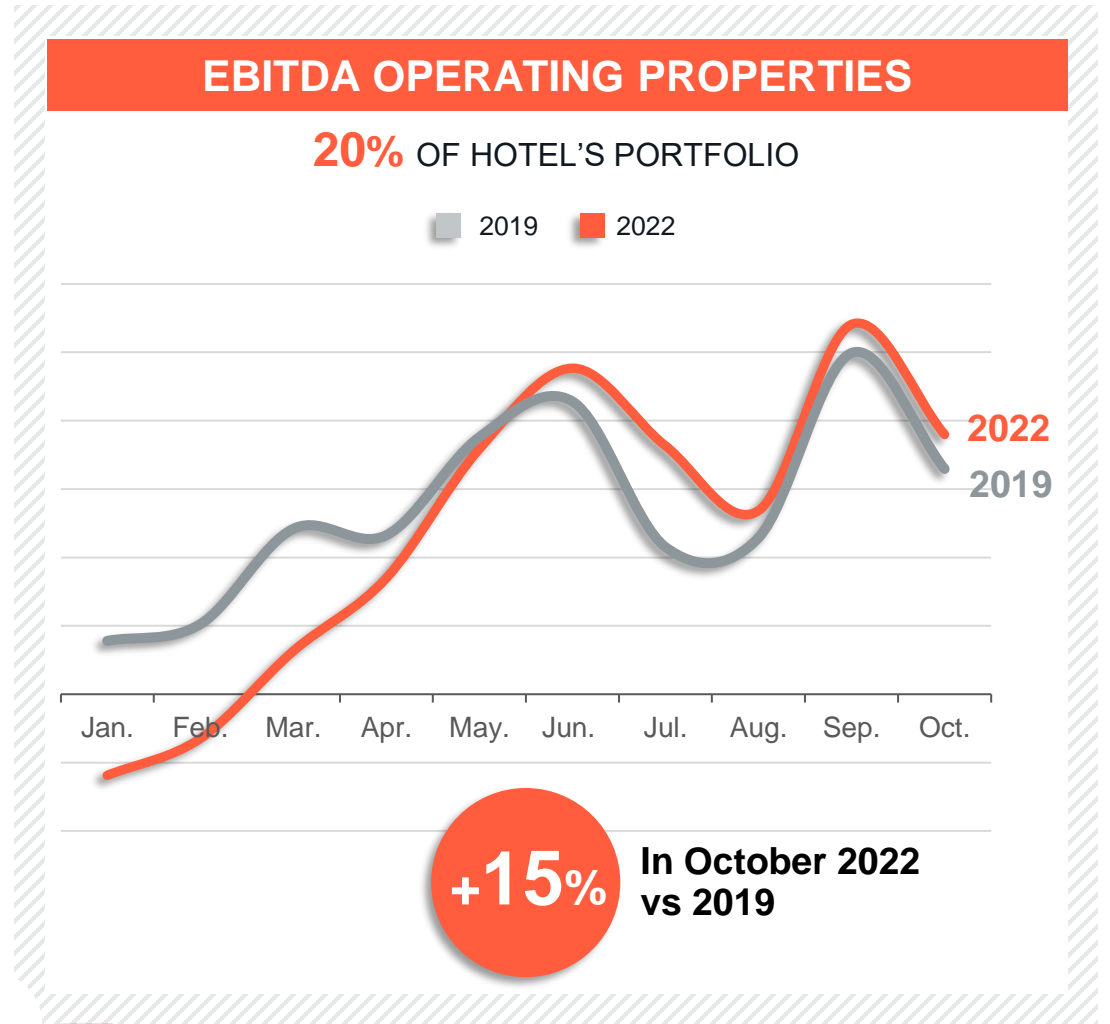
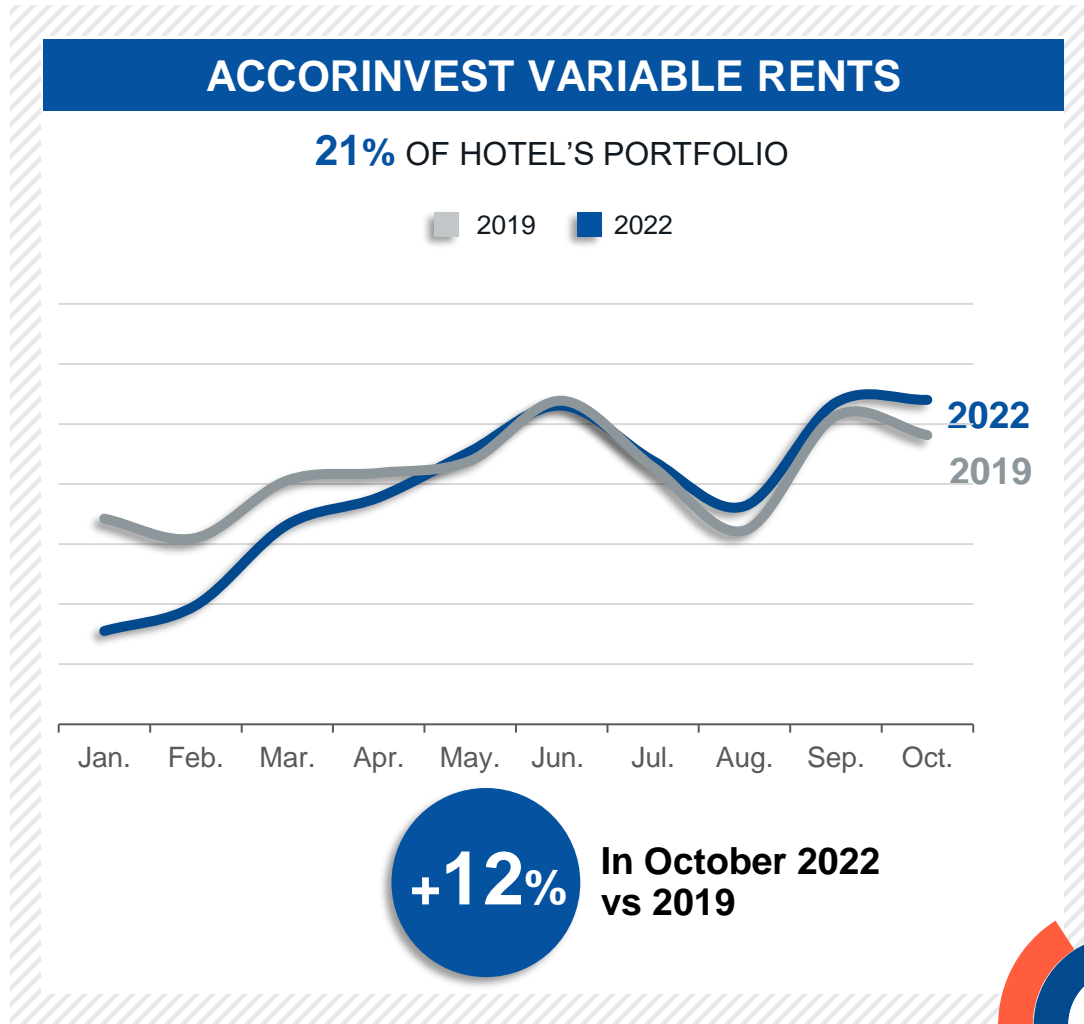
## STRONG PRICING POWER

AVERAGE PRICES PER ROOM BEATING 2019 LEVELS





# COVIVIO VARIABLES REVENUES ABOVE 2019 SINCE MAY

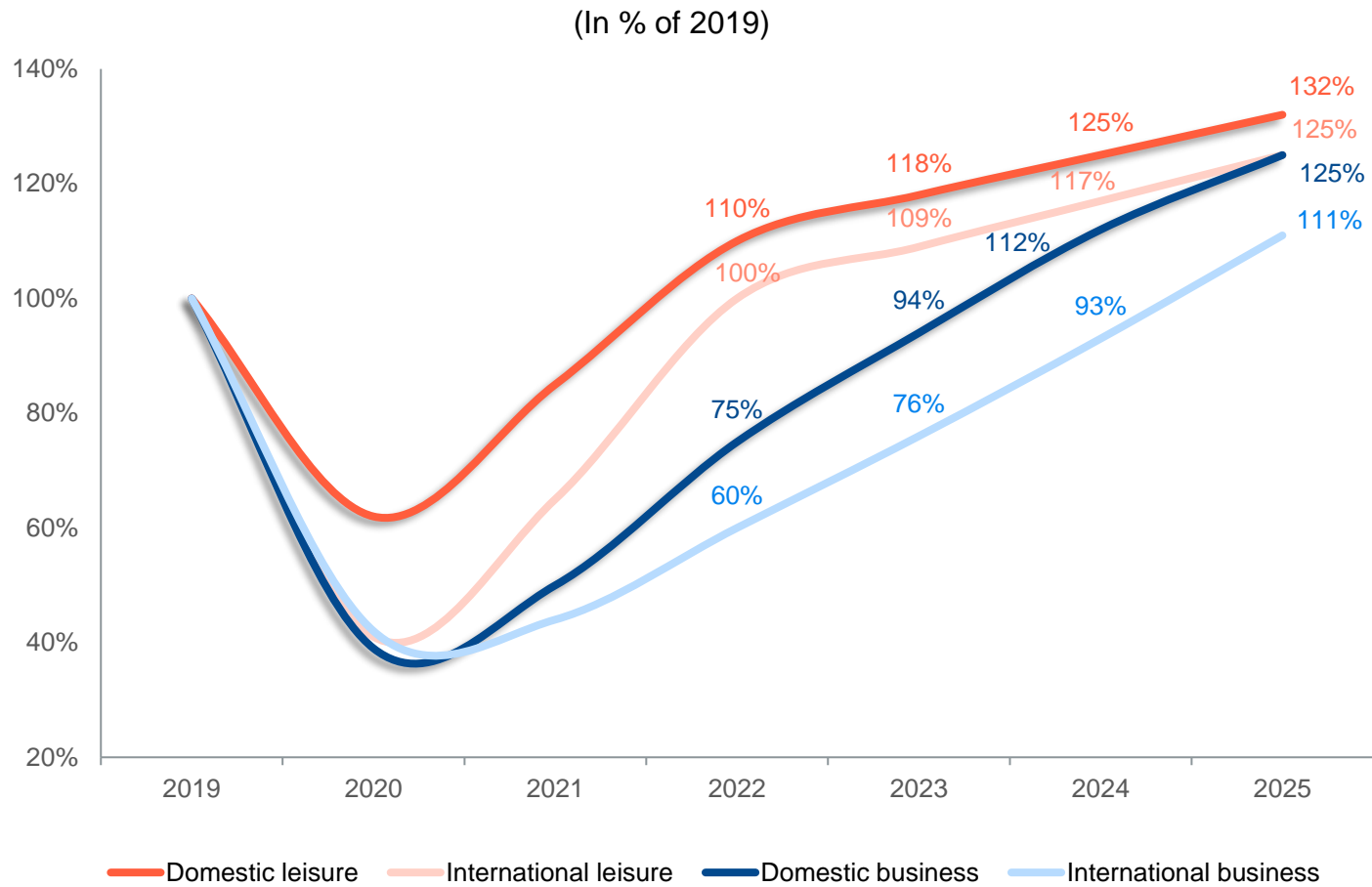


## **IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES**

### **C. THE RETURN TO A NEW NORMAL**

# LEISURE AND BUSINESS COMING BACK TO PRE-COVID LEVEL

## TRAVEL EXPENSES IN EUROPE



Sources: Oxford Economics, sept 22

## INDUSTRY WIDE TRENDS

- Extending a business trip has become a “new normal”
- Working from anywhere
- Sustainable travel policies
- Digital Nomads






**STRONG LEISURE DEMAND**

**PROGRESSIVE BUSINESS REBOUND**

# LEISURE AND BUSINESS COMING BACK TO PRE-COVID LEVEL

## REVPAR FORECASTS IN EUROPE

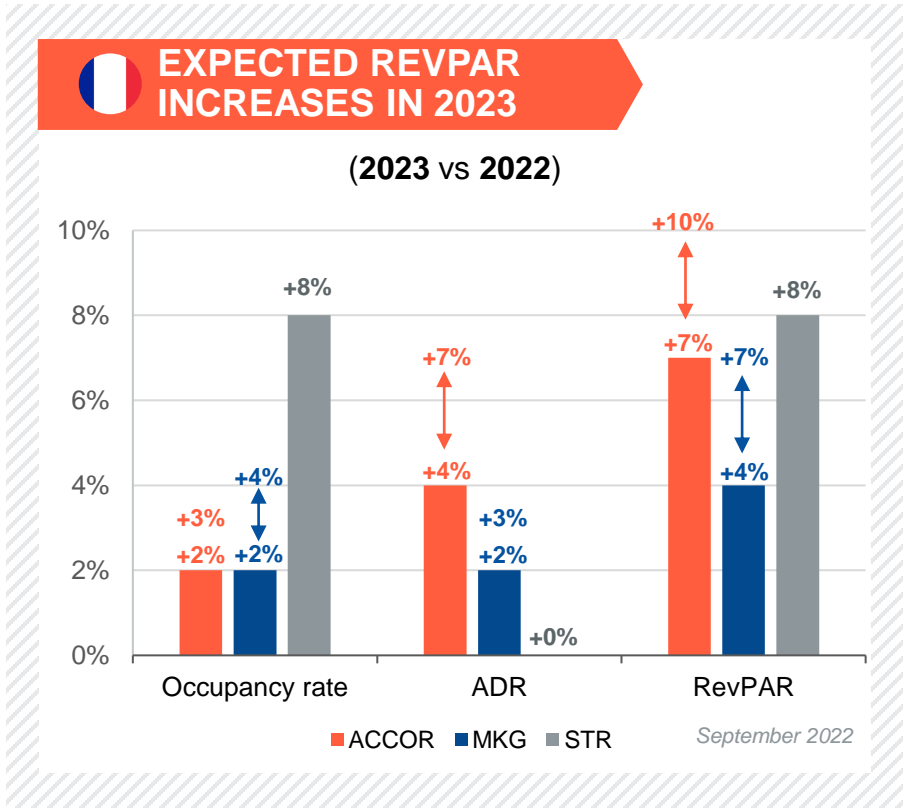
		(2023 vs 2022)	OCCUPANCY RATE	AVERAGE DAILY RATE
	<b>Individual Business</b>	Domestic	↑	↑
		International	↑	↑
	<b>Individual Leisure</b>	Domestic	↓	↑
		International	↑	→
	<b>Group Leisure</b>	Domestic	↑	↑
		International	↑	→

→ -5% to +5%

↑ +5% to +10%

↓ -10% to -5%

Source: Market Outlook 2023 Accor (sept 2022)



In 2023, major cities should benefit from:

- The return of business travelers
- The return of international demand (US clients driven by strong USD)
- Major events planned throughout the year (Rugby World Cup in France)

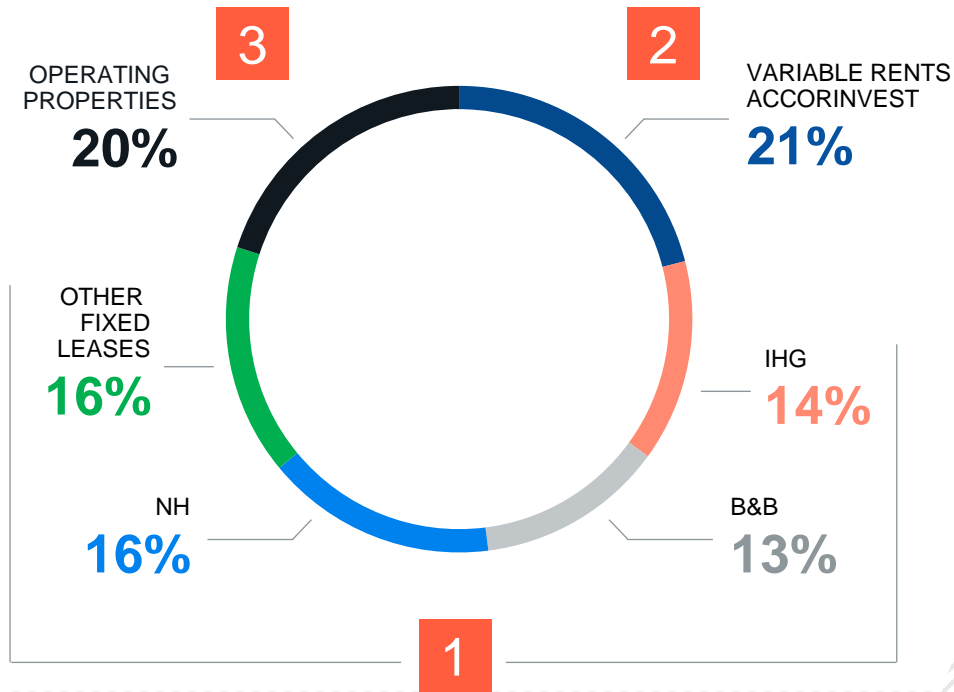


## **IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES**

### **D. ASSET MANAGEMENT OPPORTUNITIES TO BOOST PERFORMANCES**

# ASSET MANAGEMENT OPPORTUNITIES TO BOOST PERFORMANCES

## COVIVIO HOTELS PORTFOLIO BREAKDOWN



## 2023

1

### FIXED LEASES

Steady increase of performances, reasonable effort rate, significant indexation and additional variables revenues

Asset management opportunities to boost performances

2

### VARIABLE ACCORINVEST LEASES

Revpar and turnover increase in 2023 and asset management opportunities to boost performances (see example beyond)

3

### OPERATING PROPERTIES

Target an increase in RevPar more than offsetting pressure on hotel costs (energy and staff)

Asset management opportunities and capex to boost performances (see example beyond)

# INVEST IN ASSET AND CHOOSE TENANT TO INCREASE RENT

## 1 FIXED LEASES

## 2 VARIABLE LEASES

## 3 OPERATING PROPERTIES



**ACQUISITION**  
Acquired in 2017 with an existing independent tenant

**ASSET MANAGEMENT**  
End of the lease and launch a search for a new tenant/operator

**Significant increase in rent**  
Capex fully financed by operator

Opening in November 2022

New **20-year** leases with fixed + variable part

### Other opportunities to come on our fixed leased portfolio:

- Need for Tenant to invest in the hotel to improve performances and reduce energy consumption
- Opportunity for Covivio to negotiate a new lease, increase rents and benefit from the upside

Expected return on capex c. 15%

# ACCORINVEST PORTFOLIO: SUCCESSFUL ASSET MANAGEMENT

- 1 FIXED LEASES
- 2 VARIABLE LEASES**
- 3 OPERATING PROPERTIES

**UNTIL 2022**

**39 ASSETS LET TO ACCORINVEST**



**3,470 ROOMS** | **Variable rents**







**#1** **TRANSFORMING VARIABLE RENT IN FIXED RENT WITH B&B**

**30 Hotels**

**New lease:** 12 years firm

**Fixed rents:** highly above previous rents

**Covivio contributing to €7M** group share capex program

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**#2** **JOINT DISPOSALS**

**7 HOTELS** | **10% CAPITAL GAIN VS APPRAISAL VALUE**

**#3** **FROM LEASE TO FRANCHISE**

**2 Hotels in the heart of Bruges**

**Switch from variable leases to operating properties**

**Costs optimization** (mutualisation of admin and operating staffs)

**€15M RENOVATION PROGRAM**

**x2** EBITDA | **>20%** VALUE CREATION | **8%** YIELD



# INVEST IN ROOMS TO INCREASE ADR

1 FIXED LEASES

2 VARIABLE LEASES

3 **OPERATING PROPERTIES**

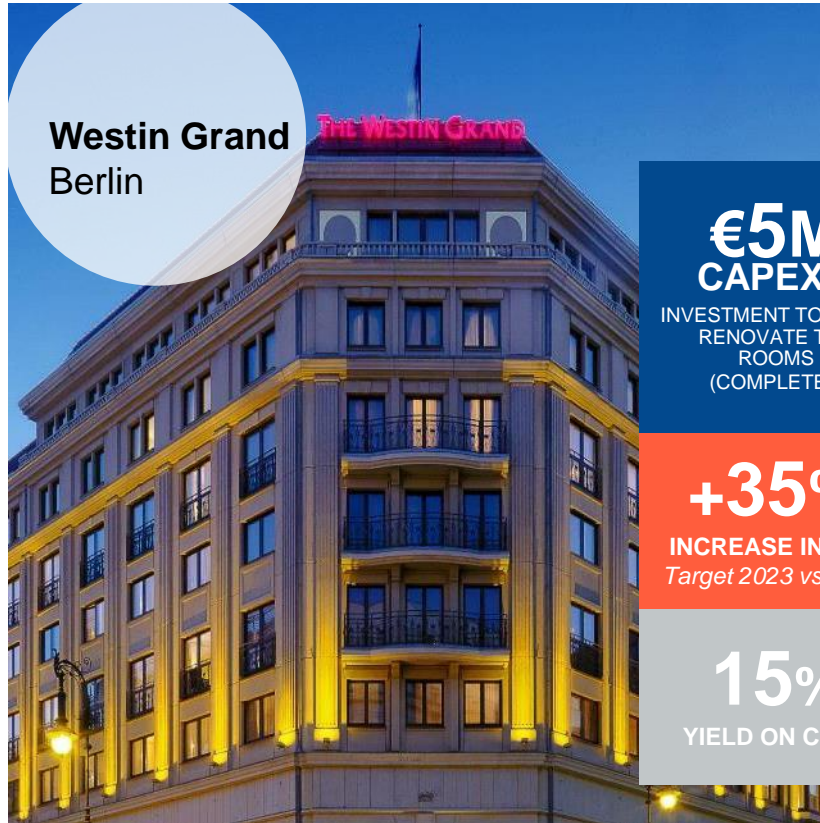


Meridien  
Nice

**€6M CAPEX<sup>(1)</sup>**  
 2019 INVESTMENT TO FULLY RENOVATE THE ASSET

**+34%**  
 INCREASE IN ADR  
 Target 2023 vs. 2019

**50%**  
 YIELD ON COST



Westin Grand  
Berlin

**€5M CAPEX<sup>(2)</sup>**  
 INVESTMENT TO FULLY RENOVATE THE ROOMS (COMPLETED)

**+35%**  
 INCREASE IN ADR  
 Target 2023 vs. 2019

**15%**  
 YIELD ON COST

## Opportunities on our operated portfolio:

- Costs and management optimisation
- Capex to boost performances and to reduce energy consumption

(1) €14M at 100%  
 (2) €11M at 100%

## **IV.3. HOTELS: PERFORMANCES ABOVE 2019 AND ASSET MANAGEMENT OPPORTUNITIES**

### **E. OUTLOOK**

# OUTLOOK FOR 2023

#1

**Positive trend on Revenues**

2019 is not a ceiling anymore

#2

**Benefit from indexation on the back of sustainable effort rate**

#3

**Asset management opportunities to boost performances**

#4

**Selective disposal of both fixed and variable revenues**





## V. KEY TAKEAWAYS



# KEY TAKEAWAYS

1

**DIVERSIFICATION AND PORTFOLIO QUALITY ARE KEY STRENGTHS  
IN A CHALLENGING AND VOLATILE ENVIRONMENT**

2

**SOLID FINANCIAL PROFILE TO BE FURTHER REINFORCED  
BY €1.5BN DISPOSAL PLAN AND REDUCED INVESTMENTS**

3

**STRONG OPERATING TREND ON ALL OUR SEGMENTS,  
SET TO CONTINUE**

# CONTACTS



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