COVIVIO

Résultats annuels 2019

Paris, le 13 février 2020, 19h

Résultats annuels 2019 : la force du modèle diversifié

« 2019 a été une nouvelle année riche pour Covivio, avec un patrimoine de 24 Md€ toujours plus centré sur les grandes métropoles européennes, plus vert et plus adapté aux besoins de nos clients. Les résultats attestent du succès de notre business model : +6% pour l'ANR par action et +4% pour le résultat récurrent par action et le dividende. Notre pipeline de développement de 8 Md€, notre récente acquisition d'hôtels haut de gamme et notre investissement majeur en bureaux allemands, annoncé ce jour, sont autant d'atouts pour poursuivre notre croissance durable ».

Christophe Kullmann, Directeur Général de Covivio

- **Succès des trois piliers stratégiques en 2019**
  - 24 Md€ de patrimoine (+1,2 Md€ sur un an), à 92% dans les Grandes Métropoles Européennes
  - 8 Md€ de pipeline de développement : 1 Md€ de nouveaux projets engagés en 2019
  - Culture clients : succès de notre offre de bureaux flexibles Wellio (99% de taux d'occupation) ; lancement de la transformation digitale

- **Résultats 2019 supérieurs aux attentes**
  - Revenus locatifs : +2,6% à périmètre constant
  - Valorisation du patrimoine : +5,3% à périmètre constant
  - Nouvel objectif de LTV (inférieure à 40%) déjà atteint, à 38,3%
  - EPRA Earnings : 452 M€ (+19%) et 5,31 €/action (+4,4% contre une guidance à >3%)
  - ANR EPRA : 9,3 Md€ (+12% sur un an) et 105,8 €/ action (+6,1%)

- **Covivio exprime sa raison d'être : Construire du bien-être et des liens durables**
  - Réduire l'impact sur l'environnement : 84% d'immeubles « verts » à fin 2019
  - Maximiser le bien-être de nos clients : Covivio récompensé pour son approche clients sur ses logements en Allemagne
  - Renforcer nos engagements sociétaux : création d'une Fondation et d'un Comité des parties prenantes

- **Investissement majeur en bureaux allemands**
  - Offre publique sur Godewind Immobilien ; environ 35% du capital de Godewind déjà sécurisés
  - Patrimoine de 10 immeubles de bureaux valorisés 1,2 Md€, à Hambourg, Francfort, Düsseldorf et Munich
  - Création d'une plateforme en bureaux allemands de 2,1 Md€

- **Perspectives 2020 : les bases solides d'une croissance durable**
  - Proposition d'un dividende de 4,80€, soit +4%, avec option de paiement du dividende en actions[1]
  - Objectif de EPRA Earnings 2020 par action supérieur à 5,40€

[1] Proposés à l'Assemblée Générale du 22 avril 2020

L'EPRA Earnings et l'ANR EPRA constituent des Indicateurs Alternatifs de Performance tels que définis par l'AMF et sont détaillés dans les sections 3. Eléments financiers, 5. Reporting EPRA et 7. Glossaire du présent document. Les comptes ont été arrêtés par le Conseil d'Administration du 13 février 2020. Les procédures d'audit sur les comptes consolidés ont été effectuées. Le rapport de certification sera émis après finalisation des vérifications spécifiques

2019, succès de nos piliers stratégiques

Accélération du pipeline de développement

Les enjeux de transformation et d'attractivité amènent les entreprises à privilégier toujours plus les immeubles neufs et flexibles. Fort d'un *track record* très solide et d'un patrimoine recélant un important potentiel de création de valeur, Covivio dispose d'un pipeline de projets de 8 Md€ (6,6 Md€ PdG) en Europe, en progression de 48% sur un an.

Le pipeline engagé s'est ainsi accru de 40%, à 2,3 Md€ (1,8 Md€ Part du Groupe), avec le lancement de 963 M€ (734 M€ PdG) et 168 000 m² de nouveaux projets. Ce pipeline est pré-loué à 54% et doit générer un rendement de 5,9%, pour un objectif de création de valeur supérieur à 30% :

- En Bureaux en France, aux cotés des projets So Pop (31 000 m² à la limite entre Paris 17e et Saint-Ouen), Gobelins (4 360 m² redéveloppés à Paris 5e) et Alis (redéveloppement de 20 500 m² à Levallois-Perret), Covivio a lancé une nouvelle extension du campus Dassault Systèmes à Vélizy.
  Ce nouveau bâtiment de 27 600 m², développé en partenariat avec Crédit Agricole Assurances sur la base d'un rendement de 7,2%, doit être livré fin 2022 et viendra compléter le campus existant de 69 400 m². A cette occasion, Dassault Systèmes a renouvelé son bail sur l'ensemble du Campus avec un nouveau bail de 10 ans fermes qui débutera en 2022.

- A Milan, Covivio a lancé le redéveloppement de l'actif Via Unione, à deux pas du Duomo, pour 4 200 m² et un rendement de 5,2%. Ce nouveau projet, qui sera livré en 2021, parachève une année 2019 active sur le pipeline de développement à Milan en particulier sur la zone de Symbiosis : lancement de Symbiosis D, pour 18 600 m², dont 6 400 m² déjà préloués pour 10 ans fermes à Boehringer Ingenheim ; succès du concours Reinventing Cities avec le projet de redéveloppement Vitae (10 000 m² de bureaux, laboratoires, espaces événementiels et de restauration). Il constituera un pôle innovant, à la pointe de la technologie et du développement durable (certifications LEED Platinum, WELL Gold et label BiodiverCity®).

- En Allemagne, 17 projets de logements sont engagés, pour la plupart à Berlin, représentant 819 nouveaux logements à livrer d'ici 2022, pour 211 M€ de coût de revient et une création de valeur attendue supérieure à 40%.

Un rythme actif de cessions : 1,2 Md€ sécurisés en 2019

Covivio a sécurisé pour 1,2 Md€ (1,0 Md€ PdG) de ventes, avec une marge moyenne de 5% sur la dernière valeur d'expertise.
En Bureaux, Covivio a cédé pour 221 M€ d'actifs à Charenton et Saint-Denis, sur la base d'un rendement de 4,9% (3% de marge), et 273 M€ à Milan, avec un rendement de 4,7% (10% de marge).

En résidentiel Allemand, 48 M€ de ventes à l'unité ont été réalisées à Berlin, avec une marge moyenne de 60% sur la dernière valeur d'expertise.

45 hôtels B&B, situés dans des localisations secondaires en France et Allemagne, ont été cédés pour 233 M€ et 28% de marge (4,7% de rendement).

L'année a également été marquée par la sortie des commerces en Italie, avec la vente pour 67 M€ de quatre centres commerciaux situés dans des localisations secondaires et disposant d'une durée résiduelle des baux limitée (4,4 ans).

Enfin, Covivio a réalisé pour 897 M€ (277 M€ PdG) d'acquisitions sur la base d'un rendement cible de 5,5% (rendement immédiat de 4,4%), dont 736 M€ (156 M€ PdG) d'hôtels dans les Grandes Métropoles Européennes (en particulier Paris et Dublin).

Un patrimoine de 24 Md€ centré sur les grandes métropoles européennes

L'activité de rotation d'actifs en faveur d'immeubles neufs dans des localisations centrales, et la croissance des valeurs d'actifs, ont permis au patrimoine d'augmenter de 1,2 Md€, à 24 Md€ (15,7 Md€ PdG). A périmètre constant, les valeurs progressent de 5,3% :

- La pénurie de logements et la compression des taux sur l'ensemble de nos localisations en Allemagne tire la croissance du patrimoine à périmètre constant, à +11% sur un an, dont +11% à Berlin, +13% à Hambourg, +14% à Dresde et Leipzig et +9% en Rhénanie-du-Nord Westphalie ;
- la valeur du portefeuille d'hôtels, en croissance de +5,5% à périmètre constant, bénéficie du renforcement dans les métropoles européennes et des marges élevées obtenues sur les ventes d'actifs ;
- en Bureaux, les valeurs d'actifs suivent la tendance positive des loyers et la compression des taux de capitalisation. Les valeurs d'actifs connaissent des progressions de +7% à Paris et dans les grandes métropoles régionales françaises, et de +3% à Milan.

Le pipeline de développement a été un moteur important de la croissance à périmètre constant, en assurant ¼ de la croissance de valeur du patrimoine.

PATRIMOINE 100%
24 Md€

PATRIMOINE PART DU GROUPE
16 Md€

VARIATION A PERIMETRE CONSTANT
+5,3%
Dont +16% sur les actifs en développement

Variation à périmètre constant

BUREAUX FRANCE	+4,6%	PARIS	+7,2%
		1ère COURONNE ET CROISSANT OUEST	+2,9%
		GRANDES METROPOLES REGIONALES	+6,6%
BUREAUX ITALIE	+0,8%	MILAN	+3,0%
		NON-CORE HORS MILAN	-4,3%
RESIDENTIEL ALLEMAND	+11,0%	BERLIN	+11,1%
		HAMBOURG	+12,8%
		DRESDE & LEIPZIG	+14,0%
		RNW	+9,3%
HOTELS EN EUROPE	+5,5%	PARIS	+7,0%
		BERLIN	+5,7%
		MADRID	+5,4%
		ROYAUME-UNI	+0%

Toujours plus proche de nos clients

En se concentrant sur les meilleures localisations et le développement d'immeubles neufs, Covivio axe sa stratégie sur les besoins de ses clients et les offres de services aux locataires. En Allemagne, pour la deuxième année consécutive, Covivio est la seule société privée sur neuf à obtenir le meilleur score (« Very Good ») au sein du Focus Money Survey 2020 (lien vers l'étude). Cette étude indépendante réalisée sur 23 sociétés récompense la qualité des services aux locataires sur notre patrimoine résidentiel en Allemagne.

L'offre de bureaux flexibles Wellio est également un succès. Cinq sites sont ouverts pour 15 200 m², à Paris (x3), Bordeaux et Marseille, et deux ouvriront en 2020, à Milan (Via Dante, pour 4 700 m²) et Paris (5e arrondissement, pour 4 300 m²). Le taux d'occupation des sites ouverts depuis plus d'un an atteint déjà 99%.

En 2019 Covivio a entamé sa transformation digitale, planifiée sur trois ans et pensée au service de la satisfaction clients, de la performance du patrimoine et de la mutation des expertises internes européennes. Parmi les leviers forts de cette transformation, Covivio a initié en 2019 la mise en place d'applications immeubles pour ses actifs de bureaux (en partenariat avec MonBuilding) et de logements (en partenariat avec Facilioo) afin d'améliorer l'expérience clients et d'offrir plus de services aux utilisateurs de ses immeubles.

Une étape majeure dans le verdissement du patrimoine

La stratégie de pipeline de développement et le recentrage sur les localisations stratégiques permettent d'accélérer le verdissement du patrimoine. En 2019, Covivio devient le premier opérateur à obtenir la certification HQE Exploitation pour l'ensemble de son patrimoine résidentiel allemand, soit près de 40 000 logements.
Dès lors, 84% du patrimoine total de Covivio dispose d'une labellisation environnementale (BREEAM, HQE ou LEED), en bonne voie vers l'objectif de 100% avant 2025.

Notre raison d'être : Construire du bien-être et des liens durables

En tant qu'opérateur immobilier responsable, attentif à ses impacts auprès de l'ensemble de ses parties prenantes, Covivio a exprimé en décembre 2019 sa raison d'être : **Construire du bien-être et des liens durables** (lien vers le manifeste). Notre raison d'être place l'humain au cœur de la ville, inscrit nos activités dans la durée et constitue la colonne vertébrale de notre développement. Elle nous incite à prendre des engagements concrets et ambitieux auprès de l'ensemble de nos parties prenantes :

Pour améliorer notre impact sur l'environnement
- Dès 2020, tous nos nouveaux projets de développement disposeront d'espaces verts (terrasses, patios, roof tops, agriculture urbaine…).
- A l'horizon 2030, nous visons une réduction de 34% de nos émissions de carbone par rapport à 2010.

Pour maximiser le bien-être de nos clients et nos équipes
- 96% de notre patrimoine est d'ores et déjà situé à moins de 5 minutes à pied des transports en commun.
- Dès 2020, tous nos nouveaux projets viseront une labellisation en matière de bien-être.
- Toute demande clients sera traitée sous 24h, la satisfaction sera régulièrement mesurée et valorisée dans la rémunération de nos équipes.
- En 2025, tous nos développements Bureaux bénéficieront d'un haut niveau de connectivité.
- Et tous nos immeubles multilocataires de bureaux offriront une large gamme de services accessibles via une application mobile.
- Tous les deux ans, une mesure du bien-être de nos équipes sera réalisée. Nous leur communiquerons les résultats et investirons avec elles dans les points d'amélioration exprimés.

Pour renforcer nos engagements sociétaux
- En 2020, Covivio créera une Fondation qui fédèrera l'ensemble de nos actions en faveur de l'égalité des chances et la préservation de l'environnement.
- Afin que nos équipes contribuent à démultiplier nos engagements, les collaborateurs de Covivio pourront consacrer chaque année une journée solidaire pour accompagner un projet sociétal identifié par la Fondation.

En 2020, afin de suivre ces engagements associés à notre Raison d'être, les challenger et les renouveler, Covivio créera un **Comité des parties prenantes**, qui rassemblera clients, fournisseurs et partenaires, représentants des équipes, actionnaires, collectivités, urbanistes, sociologues... Chaque année, ce Comité rendra publiques les conclusions de ses travaux sur le suivi de nos objectifs liés à la Raison d'être, et ses propositions de nouveaux engagements.

Résultats 2019 supérieurs aux attentes

Une bonne dynamique locative

Positionné sur des marchés locatifs en croissance et récoltant les fruits des choix stratégiques des dernières années, Covivio voit ses revenus progresser de 2,6% à périmètre constant, en ligne avec l'objectif annoncé en début d'année 2019 (+2,5%).

2019 - en M€	Revenus à 100%	Revenus Part du Groupe	Variation Part du groupe	Variation à périmètre constant	Taux d'occupation	Durée résiduelle ferme des baux
Bureaux France	257	226	-6,6%	2,6%	97,1%	4,6
Bureaux Italie	190	147	73,8%	1,3%	98,7%	7,2
Bureaux Allemagne	11	8	21,2%	n.a.	97,0%	n.a.
Résidentiel Allemagne	241	154	4,6%	4,3%	98,6%	n.a.
Hôtels en Europe	303	121	11,4%	1,2%	100,0%	13,7
Total activités stratégiques	**1002**	**657**	**11,4%**	**2,7%**	**98,3%**	**7,1**
Total activités non stratégiques	29	22	-16,8%	-1,2%	96,8%	5,2
Total	**1031**	**679**	**10,2%**	**2,6%**	**98,3%**	**7,1**

En Bureaux, les revenus locatifs à périmètre constant s'accroissent de 2,6% en France et de 1,3% en Italie (dont 1,8% à Milan). L'année 2019 a été particulièrement active avec 83 000 m² d'accords locatifs signés sur les immeubles en développement pour une durée moyenne ferme de 11 ans. Plus de 290 000 m² de baux ont aussi été renouvelés ou renégociés, avec un gain de +4% par rapport au loyer en place. Ces succès se traduisent par un taux d'occupation de près de 98% sur l'ensemble du patrimoine de bureaux.

En Hôtels (+1,2% à périmètre constant) : l'Ebitda des hôtels en contrat de management, en progression de 2,3% à périmètre constant, a tiré profit de l'environnement touristique favorable en Europe (hausse de 4% des arrivées touristiques en 2019 en Europe). Les hôtels loués à Accor ont été impactés par les programmes de travaux financés et réalisés en 2019 et 2020 par Accor sur 40% du patrimoine, entrainant une baisse des loyers variables de -0,6%. Ces travaux augmentent la valeur des hôtels et sont gages d'une croissance durablement plus élevée. A titre d'exemple, les capex réalisés sur 5 hôtels (1 500 chambres) en 2018 ont permis d'améliorer le chiffre d'affaires de 8% par rapport à 2017 (avant lancement des travaux).

La forte dynamique des loyers en **Résidentiel allemand** se traduit par une croissance de +4,3% à périmètre constant, dont +4,6% à Berlin et +4,0% dans les autres régions (Rhénanie-du-Nord Westphalie, Hambourg, Dresde et Leipzig).

<u>Evolution de la réglementation sur les loyers des logements à Berlin</u>

Le 30 janvier 2020, la Ville de Berlin a voté la loi prévoyant un gel des loyers des logements existants pendant 5 ans, un plafonnement de loyer pour les relocations et une baisse des loyers supérieurs de 20% au loyer plafond. Les logements livrés après le 1er janvier 2014 sont exclus de cette réglementation.

Dès son approbation, prévue fin février, cette loi, dont une partie des dispositions relève d'une décision fédérale et non locale et qui porte atteinte au droit de la propriété, devrait être remise en cause devant la cour constitutionnelle. La procédure d'annulation de la loi pourrait prendre 24 mois.

Par ailleurs, cette réglementation additionnelle risque d'accroitre la pénurie de logements dans la ville, conséquence d'une forte augmentation de la population de Berlin (+229 000 foyers entre 2008 et 2018, pour seulement 92 000 logements neufs créés[2]).

Malgré l'incertitude sur l'évolution des loyers à court terme, Covivio peut s'appuyer sur un positionnement solide permettant de conserver des perspectives de rentabilité élevées :

- un patrimoine de qualité : le patrimoine résidentiel à Berlin comprend 15 800 logements, situés dans des immeubles de petite taille (de 11 logements en moyenne) et des quartiers centraux de la ville. La

[2] Source : Scope

valorisation en bloc à 2 800€/m² à fin 2019 est très inférieure à la valeur à l'unité (60% de marge sur les ventes à l'unité réalisées en 2019).

- Un pipeline de développement fortement créateur de valeur : Covivio investit à Berlin au travers d'un pipeline de développement de 850 M€ (548 M€ PdG) et 3 400 logements. La création de valeur attendue de ces projets (dont une large part sera cédée) est attendue à plus de 40%.

- Des impacts limités : les logements à Berlin représentent 9% des revenus du groupe. L'impact maximum de la réglementation, si elle n'est pas remise en cause, est estimé à moins de 1% des revenus locatifs de Covivio.

Nouvel objectif de LTV inférieure à 40% d'ores et déjà atteint, et amélioration du rating S&P

L'option de paiement du dividende (de 4,60€) en actions, proposée aux actionnaires au titre du dividende 2018, a été un succès, ayant été choisie par 82,7% du capital. Cette opération représente une augmentation de capital de 315,9 M€ et illustre à nouveau la confiance des actionnaires dans la stratégie de Covivio. Ajoutée au programme de ventes, cette opération permet d'atteindre le nouvel objectif de LTV inférieure à 40%, fixé début 2019, avec une LTV de 38,3% à fin 2019 (contre 42% fin 2018) et de maintenir les capacités d'investissement. Soulignant ce renforcement de la solidité financière de Covivio et la qualité du patrimoine, S&P a relevé en avril 2019 la notation de Covivio à BBB+, perspective stable.

A fin 2019, Covivio bénéficie d'une dette longue (6,1 ans de maturité moyenne) et sécurisée (84% fixe ou couverte, pour 7,7 ans en moyenne), à un coût réduit de 1,55%.

Croissance de 19% de l'EPRA Earnings et de 4,4% par action, supérieure à l'objectif

Tiré par la fusion avec Beni Stabili fin 2018 et les investissements réalisés en 2018, le résultat opérationnel progresse de 14% sur l'année. Avec une stabilité des frais financiers, l'EPRA Earnings gagne 19% sur un an, à 452,2 M€ Part du Groupe. Par action, l'EPRA Earnings s'élève à 5,31€, soit +4,4%, dépassant l'objectif d'une croissance supérieure à +3% pour l'année. Le bénéfice net ressort quant à lui à 747 M€ Part du Groupe.

ANR EPRA en hausse de 12%, à 9,3 Md€ et 105,8€ par action (+6,1% sur un an)

Bénéficiant de la croissance des valeurs d'actifs et de l'augmentation de capital résultant de l'option de paiement du dividende en actions, l'ANR EPRA progresse de 12% et 1 Md€, à 9,3 Md€ (8,4 Md€ en Triple Net EPRA). Par action, l'ANR EPRA s'établit à 105,8€, soit +6,1% sur un an (95,7€ en Triple Net EPRA soit +4,4%).

Investissement majeur en bureaux allemands

Aujourd'hui Covivio a déjà sécurisé ~35% du capital dilué de Godewind Immobilien[3], foncière immobilière allemande cotée. En ce jour ont été conclus plusieurs accords définitifs avec des actionnaires de Godewind, acceptant de céder leurs participations pour un prix de 6,40€ par action, sous réserve de l'accord de l'autorité de la concurrence. De plus, Godewind s'est engagé à apporter à l'Offre Publique d'Achat toutes les actions auto-détenues.

Dans le cadre de la transaction, Covivio et Godewind ont signé un accord de rapprochement d'entreprises (« BCA ») définissant la stratégie future, les contours de l'offre publique et la gouvernance de Godewind. L'offre est soutenue par l'équipe de direction et le Conseil de surveillance de Godewind.

[3] Y compris 3% issus des options à exercer par le Directeur Général durant la période d'offre.

L'obtention de toutes les approbations des autorités en vigueur est prévue préalablement à l'ouverture de l'Offre Publique, qui devrait commencer d'ici fin mars. La clôture de l'offre et du processus de retrait de la cote initié par la Société sont prévus d'ici fin mai 2020.

Grâce à ce portefeuille de 1,2 Md€, Covivio disposera d'une taille critique sur le marché des Bureaux en Allemagne, avec un patrimoine total de 2,1 Md€[4].

Cette acquisition doit permettre d'acquérir un patrimoine core de 10 immeubles de bureaux (290 000 m²) ainsi qu'un développement potentiel. Le portefeuille existant est situé à Francfort (40% du patrimoine), Düsseldorf (28%), Hambourg (24%) et Munich (8%). Le rendement de l'investissement est attendu à 4,7% après réduction de la vacance actuelle (d'environ 8% ; rendement de 4,3% immédiat) et à plus de 5,0% potentiel compte tenu des leviers de création de valeur (potentiel de réversion supérieur à 10% et capacité de développement de 15 500 m² à Munich).

Présent en Allemagne depuis 2005 avec une plateforme de logements et hôtels, gérée par 570 personnes, Covivio franchit une étape naturelle de son développement outre-Rhin. Déjà propriétaire de 280 M€ de bureaux et de 600 M€ de projets de développement principalement à Berlin, Covivio accélère ainsi ses investissements en bureaux allemand avec cette acquisition et constitue une plateforme avec une taille critique de 2,1 Md€[5] (à la livraison des projets), répartie dans les principales métropoles allemandes que sont Berlin (38%), Francfort (23%), Düsseldorf (16%), Hambourg (14%) et Munich (7%).

Le marché des bureaux en Allemagne bénéficie des fondamentaux parmi les plus solides d'Europe. Depuis 2014, la demande placée sur les 7 principales villes allemandes a augmenté de 6% par an, quand l'offre immédiate se réduisait de 16% par an, créant une pénurie d'offre. Les faibles taux de vacance, 2% à Berlin et Munich, 3% à Hambourg et moins de 6% à Francfort et Düsseldorf, combinés à une offre disponible en construction représentant en moyenne une année de demande placée, alimentent la croissance des loyers (+4% attendu en 2020)[6].

Evolution du Conseil d'administration

A la suite de la démission de Delphine Benchetrit, que les administrateurs de Covivio remercient pour son engagement constant, le Conseil a coopté ce jour Alix d'Ocagne qui a, pendant 25 ans, développé l'étude Cheuvreux, d'abord comme collaboratrice, puis associée, associée-gérante et enfin présidente jusqu'en 2019. Elle apportera au Conseil toute son expertise dans le domaine des transactions immobilières, ainsi que son expérience entrepreneuriale.

Perspectives 2020 : les bases solides d'une croissance durable

Pour 2020 et les années suivantes, Covivio peut s'appuyer sur des moteurs de croissance solides :

- Le positionnement d'opérateur immobilier de premier plan en Europe permet d'identifier des opportunités d'acquisitions attractives. Aux côtés du renforcement en bureaux allemands, Covivio a signé en janvier 2020 l'achat d'un portefeuille prime de 8 hôtels principalement 5* pour 573 M€ (248 M€ Part du Groupe – lien vers le communiqué) avec un rendement cible de 5,8% (4,7% minimum garanti). L'acquisition sera finalisée au 2e trimestre.

- L'accélération du pipeline de développement portera ses fruits en 2020 avec un rythme record de 148 000 m² principalement de bureaux devant être livrés cette année. Le rendement de 6,3% est déjà en partie sécurisé par un taux de prélocation de 75% et la création de valeur attendue dépasse +30%.

[4] 1,5 Md€ d'actifs Bureaux et 600 M€ de développements (valorisés à leur coût de revient)
[5] Valeur des actifs existants et coût de revient des projets de développement
[6] Sources : Colliers et JLL

Par la suite, les projets maitrisés, de 5,8 Md€ à 80% à Paris, Berlin et Milan, permettront de renouveler le pipeline engagé. D'ici 2022, ce sont 2,0 Md€ de nouveaux projets qui seront engagés, en particulier à Paris QCA (immeubles Carnot, Anjou et Laborde, à Paris 17e et 8e), à Milan (zone de Symbiosis, Corso Italia) et Berlin (tour de 60 000 m² sur Alexanderplatz). Covivio se fixe comme objectif de livrer 600 M€ de projets par an.

Dividende de 4,80€, en hausse de 4,3% et option de paiement en actions

Fort des résultats 2019 et s'inscrivant dans une dynamique de croissance pérenne de son dividende, Covivio proposera à l'Assemblée générale du 22 avril 2020 la distribution d'un dividende de 4,80€, en progression de 4,3% sur un an (taux de distribution de 90%). Sera également proposée l'option de paiement du dividende en actions[7], contribuant, avec les cessions, au financement des acquisitions annoncées et du pipeline de développements. L'ensemble des actionnaires investisseurs institutionnels présents au Conseil d'administration de Covivio (représentant 49% du capital) se sont d'ores et déjà engagés à opter pour le paiement du dividende en actions, soit une augmentation de capital minimum de 200 M€.

Guidance d'EPRA Earnings 2020 supérieur à 5,40€ par action

En 2020, le bénéfice des acquisitions de l'année dernière et du début d'année, et la poursuite de la bonne dynamique locative feront plus que compenser l'effet en année pleine de la baisse de la LTV en 2019, alors que l'impact des livraisons se fera ressentir à plein en 2021. Covivio se donne ainsi comme objectif un EPRA Earnings 2020 par action supérieur à 5,40€.

AGENDA

Calendrier du dividende avec option de paiement en actions :

- Assemblée Générale et activité du 1er trimestre 2020 : 22 avril 2020
- Détachement du dividende : 27 avril 2020
- *Record Date* : 28 avril 2020
- Période de souscription à l'option de paiement du dividende en actions : du 29/04/2020 au 18/05/2020 (14/05/2020 pour les actionnaires au nominatif pur)
- Paiement du dividende : 22/05/2020

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A PROPOS DE COVIVIO

Fort de son histoire partenariale, de ses expertises immobilières et de sa culture européenne, Covivio invente l'expérience utilisateur d'aujourd'hui et dessine la ville de demain.
Acteur immobilier de préférence à l'échelle européenne, Covivio se rapproche des utilisateurs finaux, capte leurs aspirations, conjugue travailler, voyager, habiter, et coinvente des espaces vivants.

Opérateur européen de référence avec 24 Md€ de patrimoine Covivio accompagne les entreprises, les marques hôtelières et les territoires dans leurs enjeux d'attractivité, de transformation et de performance responsable. Construire du bien-être et des liens durables telle est ainsi la Raison d'être de Covivio qui exprime son rôle en tant qu'opérateur immobilier responsable auprès de l'ensemble de ses parties prenantes : clients, actionnaires et partenaires financiers, équipes internes, collectivités, générations futures. Par ailleurs, son approche vivante de l'immobilier ouvre à ses équipes des perspectives de projets et de parcours passionnants.

Le titre Covivio est coté sur le compartiment A d'Euronext Paris (FR0000064578 - COV), ainsi que sur le marché MTA (Mercato Telematico Azionario) de la bourse de Milan, admis au SRD et rentre dans la composition des indices MSCI, SBF120, Euronext IEIF « SIIC France », CAC Mid100, dans les indices de référence des foncières européennes « EPRA » et « GPR 250 », EPRA BPRs Gold Awards (rapport financier et développement durable), CDP (A-), Green Star GRESB, ainsi que dans les indices éthiques ESG FTSE4 Good, DJSI World et Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 et France 20), Euronext® CDP Environment France EW, Oekom, Ethibel et Gaïa.

Notations sollicitées :

Volet financier :	BBB+ / perspective Stable par Standard and Poor's
Volet extra-financier :	A1+ par Vigeo-Eiris

1. BUSINESS ANALYSIS

2019 showed strong operating results across all activities of Covivio, due to the strategic choices implemented and to supportive markets. The Group achieved key milestones on its strategic objectives: stepping-up the development pipeline, accelerating mature asset disposals and reducing the loan-to-value ratio.

Changes in scope:

Two changes occurred between 2018 and 2019, with an impact on Covivio's percentage ownership of its subsidiaries:

- The merger between Covivio and its Italian subsidiary Beni Stabili took effect on the 31st December 2018 (vs 52.4% ownership in the first quarter 2018 and 59.9% for the rest of the year 2018).
- Covivio's stake in its hotel subsidiary, Covivio Hotels, increased following the asset contribution from Covivio to Covivio Hotels, from 42.3% at year-end-2018 to 43.2% at year-end-2019.

A. REVENUES: +2.6% LFL GROWTH

	100%			Group share				
(€ million)	**2018**	**2019**	**Change (%)**	**2018**	**2019**	**Change (%)**	**Change (%) LfL [1]**	**% of revenue**
France Offices	**271.1**	**257.3**	**-5.1%**	**242.4**	**226.4**	**-6.6%**	**+2.6%**	**33%**
Paris	90.3	86.1	-4.7%	85.3	80.6	-5.4%	+4.7%	12%
Greater Paris (excl. Paris)	133.0	128.3	-3.5%	109.6	104.4	-4.7%	+0.4%	15%
Major regional cities	29.9	27.6	-7.9%	29.7	26.1	-12.1%	+5.9%	4%
Other French Regions	17.9	15.3	-14.6%	17.9	15.3	-14.6%	+2.4%	2%
Italy Offices	**190.0**	**190.3**	**+0.2%**	**84.6**	**147.0**	**+73.8%**	**+1.3%**	**22%**
Offices - excl. Telecom Italia	95.7	102.0	+6.7%	55.6	102.0	+83.7%	+1.6%	15%
Offices - Telecom Italia	94.3	88.2	-6.4%	29.0	45.0	+55.0%	+0.8%	7%
German Offices	**9.8**	**11.3**	**+14.8%**	**6.3**	**7.6**	**+21.2%**	**n.a.**	**1%**
Berlin	7.7	9.4	+22.0%	5.1	6.4	+26.3%	n.a.	1%
Other cities	2.2	1.9	-10.5%	1.2	1.2	+0.4%	n.a.	0%
German Residential	**231.3**	**240.5**	**+4.0%**	**147.6**	**154.3**	**+4.6%**	**+4.3%**	**23%**
Berlin	109.0	117.7	+8.0%	69.8	76.1	+9.1%	+4.6%	11%
Dresden & Leipzig	23.0	24.3	+5.7%	14.7	15.5	+5.8%	+3.8%	2%
Hamburg	15.6	15.9	+1.8%	10.4	10.4	-0.1%	+2.5%	2%
North Rhine-Westphalia	83.8	82.6	-1.4%	52.8	52.3	-0.9%	+4.5%	8%
Hotels in Europe	**282.9**	**302.8**	**+7.0%**	**108.8**	**121.2**	**+11.4%**	**+1.2%**	**18%**
Hotels - Lease Properties	**208.4**	**233.0**	**+11.8%**	**77.4**	**92.0**	**+18.9%**	**+0.7%**	**14%**
France	100.9	93.3	-7.5%	32.2	32.0	-0.6%	+0.9%	5%
Germany	27.9	34.1	+22.4%	11.5	14.4	+25.7%	+1.3%	2%
UK	-	42.8	n.a.	-	18.5	n.a.	n.a.	3%
Spain	34.3	34.5	+0.8%	14.5	14.9	+3.0%	+0.2%	2%
Belgium	20.9	15.3	-26.9%	8.8	6.6	-25.3%	+6.1%	1%
Others	24.5	12.9	-47.3%	10.4	5.6	-46.2%	+1.7%	1%
Hotels - Operating Properties (EBITDA)	**74.5**	**69.8**	**-6.2%**	**31.4**	**29.1**	**-7.1%**	**+2.3%**	**4%**
Total strategic activities	**985.1**	**1,002.1**	**+1.7%**	**589.7**	**656.7**	**+11.4%**	**+2.7%**	**97%**
Non-strategic	**45.2**	**29.0**	**-35.7%**	**26.4**	**21.9**	**-16.8%**	**-1.2%**	**3%**
Retail Italy	15.8	11.5	-26.9%	9.4	11.5	+23.0%	-0.5%	2%
Retail France	21.4	12.5	-41.7%	9.1	5.4	-40.4%	-1.9%	1%
Other (France Residential)	7.9	5.0	-36.9%	7.9	5.0	-36.9%	n.a.	1%
Total revenues	**1,030.3**	**1,031.2**	**+0.1%**	**616.0**	**678.6**	**+10.2%**	**+2.6%**	**100%**

[1] LfL : Like-for-Like

Group share revenues increased by 10.2% year-on-year (+€62.7 m) primarily due to:

- acceleration of like-for-like revenue growth of 2.7% from strategic activities (+€14.0 m) with:
  - +2.6% in France Offices, thanks to indexation (+1.3 pts) and good letting performance (+1.3 pts), particularly on leases signed or renewed in 2018.
  - +1.3% in Italy Offices driven by Offices in Milan (+1.8%),
  - +4.3% in German Residential, driven by Berlin (+4.6%) and North Rhine-Westphalia (+4.5%),
  - +1.2% in Hotels, driven by good EBITDA growth on management contracts (+2.3%) especially the operating portfolio in Germany (+2.9%)
- acquisitions (+€27.9 m) especially in Hotels (+€16.9 m), with a portfolio of 12 hotels in the United Kingdom acquired last year, and in German Residential (+€7.7 m), with the acquisition of around 3,000 units in 2018.
- deliveries of new assets (+€13.4 m), mainly in France with 4 projects in 2018 and 2019 and in Milan with the first building of the Symbiosis project and via Principe Amedeo.
- asset disposals: (-€47.1 m), especially:
  - in France Offices (-€11.7 m), half mostly comes from non-core assets disposals in the 2nd ring and Regions in 2018, and half from core mature assets in Paris sold in 2019,
  - in Italy (-€8.8 m), mostly through the disposal of Telecom Italia assets in second half 2018,
  - in German Residential (-€5.0 m) with the sale of close to 2,100 apartments in two years, including almost 50% of non-core assets in North Rhine-Westphalia,
  - in Hotels (-€8.4 m) with the disposal of non-core assets (mostly B&B assets and Sunparks resorts),
  - non-strategic assets (-€13.1 m) mainly Retail in Italy and France (the Excelsior gallery asset in Milan and Jardiland stores), and the remainder of our residential portfolio in France.
- vacating for redevelopment (-€13.3 m) in France Offices in Paris St-Ouen, Paris-Jean Goujon in the CBD and Gobelins in the Paris 5th in the second half of 2019.
- change in scope effects (+€67.8 m) mainly due to the increase in Covivio's stake in Beni Stabili to 100% at year-end-2018.

B. LEASE EXPIRIES AND OCCUPANCY RATES

1. Annualized lease expiries: 7.1 years of average lease term

(Years)	By lease end date (1st break)		By lease end date	
Group share	**2018**	**2019**	**2018**	**2019**
France Offices	4.6	4.6	5.4	5.4
Italy Offices	7.7	7.2	8.1	7.8
Hotels in Europe	13.8	13.7	15.5	14.9
Total strategic activities	**7.1**	**7.1**	**8.0**	**8.0**
Non-strategic	4.8	5.2	5.8	6.7
Total	**7.0**	**7.1**	**7.9**	**7.9**

The average firm residual duration of leases is stable at 7.1 years at year-end-2019, due to:

- strong rental activity in France offices, with 250,300 m² of renewals completed with more than 5 years extension on average
- acquisition of 2 remaining hotels in the UK, secured in 2018 with 25-year firm leases with IHG.

(€ million; Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	57.1	8%	35.3	5%
2021	55.5	8%	37.2	5%
2022	49.2	7%	47.8	7%
2023	40.5	6%	35.0	5%
2024	21.6	3%	22.6	3%
2025	42.8	6%	45.9	7%
2026	15.9	2%	15.9	2%
2027	25.1	4%	32.6	5%
2028	27.4	4%	41.5	6%
2029	23.7	3%	32.2	5%
Beyond	140.5	20%	153.6	22%
Total Offices and Hotels leases	499.5	72%	499.5	72%
German Residential	168.0	24%	168.0	24%
Hotel operating properties	30.3	4%	30.3	4%
Other (Incl. French Residential)	0.5	0%	0.5	0%
Total	**698.3**	**100%**	**698.3**	**100%**

The percentage of lease terms under three years stands at 23%, giving the Group excellent visibility over its cash flows.

The €57.1 m to expire in 2020 include:

- ~30% to long-term partners of the Group (EDF, Orange, Telecom Italia),
- ~55% involving assets in highly sought-after locations (mostly offices in Paris CBD and Milan CBD),
- ~10% relating to Cap18, an asset in Paris 18th where Covivio maintains short-term maturities with a view to development in the medium-term,
- ~5% of non-strategic retail assets in Italy that are under disposal agreement.

On the €55.5 m to expire in 2021 more than 50% relates to offices assets in France in the managed pipeline (Rueil Lesseps, Anjou, Laborde, Provence, etc.).

2. Occupancy rate: 98.3%

(%)	Occupancy rate	
Group share	**2018**	**2019**
France Offices	97.1%	97.1%
Italy Offices	97.9%	98.7%
German Residential	98.7%	98.6%
Hotels in Europe	100.0%	100.0%
Total strategic activities	**98.1%**	**98.3%**
Non-strategic	93.5%	96.8%
Total	**98.0%**	**98.3%**

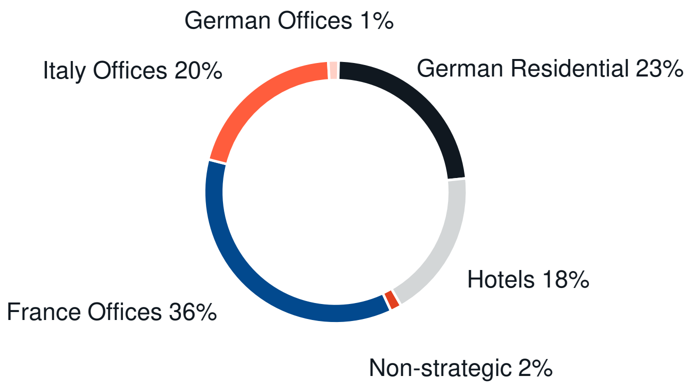
The occupancy rate increased to a record high of 98.3% for strategic activities. Covivio maintains a high occupancy level in the long-term with close to 97% on average over 10 years.

C. BREAKDOWN OF REVENUES – GROUP SHARE

By major tenants

(€ million, Group share)	Annualised revenues 2019	%
Orange	66.5	10%
Telecom Italia	45.1	6%
Accor	33.6	5%
Suez	22.5	3%
IHG	22.1	3%
B&B	15.6	2%
Vinci	14.1	2%
Tecnimont	13.5	2%
EDF / Enedis	13.2	2%
Dassault	12.7	2%
RHG	11.5	2%
Thalès	11.3	2%
Marriott	8.8	1%
NH	8.5	1%
Natixis	7.6	1%
Creval	6.9	1%
Intesa San Paolo	6.2	1%
Eiffage	6.2	1%
Fastweb	6.2	1%
Aon	5.6	1%
Cisco	5.2	1%
Other tenants <€5M	187.0	27%
German Residential	168.0	24%
French Residential	0.5	0%
Total	**698.3**	**100%**

By activity



In 2019, Covivio continued its strategy of diversifying its tenant base. As a result, exposure to the three largest tenants stands at around 21%. Last year, Covivio forged a new long-term partnership with IHG through the portfolio acquired in the United Kingdom, thus broadening its tenant base.

D. COST TO REVENUE RATIO BY BUSINESS

(€ million, Group share)	France Offices	Italy Offices (incl. retail)	German Residential	Hotels in Europe (incl. retail)	Other (Mainly France Residential)	Total	
	2019	2019	2019	2019	2019	2018	2019
Rental Income	226.4	158.6	162.0	97.4	5.0	584.7	**649.5**
Unrecovered property operating costs	-9.2	-16.9	-2.4	-1.0	-1.4	-20.6	**-30.9**
Expenses on properties	-2.1	-7.7	-12.6	-0.3	-0.6	-23.1	**-23.3**
Net losses on unrecoverable receivable	-1.9	-0.7	-1.3	0.0	0.0	-2.0	**-3.8**
Net rental income	**213.2**	**133.4**	**145.7**	**96.2**	**3.0**	**539.0**	**591.5**
Cost to revenue ratio[1]	**5.9%**	**15.9%**	**10.1%**	**1.3%**	**39.8%**	**7.8%**	**8.9%**

[1] Ratio restated of IFRIC 21 impact, smoothed over the year.

The cost to revenue ratio (8.9%) increased by 1.1 pts compared to 2018, mainly due to the merger with Beni Stabili, increasing the weight of Italy. In 2019 the cost to revenue ratio in Italy decreased from 18.2% at year-end-2018 to 15.9%.

E. DISPOSALS: €1.2 Bn OF NEW DISPOSALS IN 2019 (€1.0 M GROUP SHARE)

(€ million)		Disposals (agreements as of end of 2018 closed)	Agreements as of end of 2018 to close	New disposals 2019	New agreements 2019	Total 2019	Margin vs 2018 value	Yield	Total Realised Disposals
		1		2	3	= 2 + 3			= 1 + 2
France Offices	100 %	10	25	275	27	302	2.6%	4.6%	285
	Group share	10	25	319	30	349	2.3%	4.7%	329
Italy Offices	100 %	0	-	307	73	380	0.7%	5.6%	307
	Group share	0	-	306	71	377	0.8%	5.5%	306
Germany Residential	100%	26	3	82	9	91	38.2%	3.6%	108
	Group share	16	2	53	6	59	37.6%	3.6%	69
Hotels in Europe	100 %	283	-	162	133	295	20.4%	5.3%	445
	Group share	65	-	44	53	97	22.3%	5.3%	110
Non-strategic (France Resi., Retail in France and Italy)	100 %	182	26	53	32	85	-27.4%	10.7%	236
	Group share	182	26	39	30	70	-32.4%	12.4%	221
Total	**100 %**	**501**	**53**	**879**	**273**	**1,152**	**4.9%**	**5.5%**	**1,380**
	Group share	**274**	**52**	**761**	**190**	**951**	**1.2%**	**5.6%**	**1,035**

New disposals and agreements were signed valued at €1.2 billion (€1.0 billion Group share) with 4.9% average margin on last appraisal values and a 5.5% average yield.

Covivio has continued to improve its portfolio and crystallise value creation by accelerating disposals of mature assets and pursuing non-core and non-strategic assets disposals:

- **mature assets**: €695 m Group share (€713 m at 100%):
  - Office buildings in Paris: €326 m Group share including Green Corner in Saint-Denis (€167 m)
  - Office buildings in Milan: €291 m Goup share
  - Residential assets in Germany: €59 m of which €48 m of privatizations with a 60% margin
  - Hotel in Dresden: €20 m.

- **non-core assets**: €186 m Group share (€354 m at 100%):
  - Italy offices outside Milan for €86 m
  - France Offices in the 2nd ring and French regions for €23 m
  - Hotels: €77 m, mainly B&B hotels in France and Germany sold with an average margin of 28%.

- **non-strategic assets** represent €70 m of new commitments. The majority of which are retail assets in secondary locations in Italy. Non-strategic disposals secured at year-end-2018 were mainly composed of the French Residential portfolio sold this year (€207 m).

F. INVESTMENTS: €1.5 Bn REALISED IN 2019 (€0.8 BILLION GROUP SHARE)

(€ million Including Duties)	Acquisitions 2019 realised			Development capex 2019	
	Acquisitions 100%	Acquisitions Group share	Yield Group share[1]	Capex 100%	Capex Group share
France Offices	-	1	n.a.	330	242
Italy Offices	13	13	6.9%	78	78
Germany Offices	30	28	4.5%	93	93
Germany Residential	118	78	4.5%	83	57
Hotels in Europe	736	156	5.8%	29	13
Total	**897**	**277**	**5.3%**	**614**	**483**

[1] Target yield on acquisitions. Immediate yield of 4.4% overall

€1.5 billion (€760 m Group share) of investments were realised in 2019, as Covivio pursued acquisitions in Hotels and accelerated its committed pipeline in Offices in Paris, Milan and Berlin and in Residential in Berlin:

- Acquisitions totalling €897 m (€277 m Group share):
  - **Hotels:**
    - France and Belgium: 32% stake in a portfolio of 32 Accor hotels, for €550 m (€76 m Group share) in Paris & the city-centre of major cities in France and Belgium. Covivio also increased its stake in the Club Med Samoëns from 25% to 50% following the asset contribution of Caisse des Dépots to Covivio Hotels.
    - United-Kingdom: 2 hotels in Oxford leased to IHG, secured in 2018 and closed in the first half for €78 m, with 5.5% target yield.
    - Netherlands: 1 NH Hotel secured in 2018, with a 6.5% minimum guaranteed yield and a 7.6% target yield.
    - Ireland: acquisition of a 4* hotel located in the centre of Dublin, under a management contract with Hilton, for €45.5 m and a 6.4% yield. This hotel will benefit from a project to convert meeting rooms into additional hotel rooms from now to 2021, generating a target value creation of 30%.
    - Poland: 3 B&B hotels acquired for €24 m (Warsaw, Krakow & Lodz). The Group signed long-term leases with B&B (15 years firm) with a minimum guaranteed 6.3% yield and a 6.7% target yield in 2023.
  - **Germany Residential:** 4 residential deals for €118 m (€78 m Group Share), in NRW and Dresden & Leipzig at an average price of €2,144 /m². These assets will generate an attractive yield of 4.5% after re-letting the vacant surface area and have a 44% reversion potential.
  - **Germany Offices:** acquisition of a 10,200 m² office building in Berlin at a 4.5% yield, let to several tenants, with >50% of rent reversion potential.
- Capex in the development pipeline of €614 m (€483 m Group share), mostly related to development projects in Paris and Milan and acquisitions of land banks in Berlin to fuel future Residential and Office developments.
- Early 2020, Covivio secured the acquisition of a hotel portfolio in 2020 in Rome, Florence, Venice, Budapest, Prague and Nice for €573 m (CAPEX included) for a yield target of 5.8% and 4.7% minimum guaranteed yield. This portfolio of high-end hotels, the majority of which hold 5-star-ratings in prime locations include several iconic hotels such as the Palazzo Naiadi in Rome, the Carlo IV in Prague, the Plaza in Nice and the NY Palace in Budapest.

G. DEVELOPMENT PROJECTS: €8.0 Bn (€6.6 Bn GROUP SHARE)

1. Deliveries: 46,000 m² of offices and 682 hotel rooms delivered in 2019

Eleven projects were delivered in 2019 totalling 46,000 m² of office spaces in France and Italy and 682 hotel rooms mostly in France, with an average occupancy rate of 92%. These were:

- Ilôt Armagnac in Bordeaux (10,900 m²), 97% let
- Lezennes Hélios in Lille (9,000 m²), 100% let
- Cité Numérique in Bordeaux (19,200 m² of offices), 71% let
- Amedeo in Milan (6,500 m²), 100% let
- Three Meininger hotels: in Munich (173 rooms); in Paris (249 rooms) and in Lyon (176 rooms) all 100% let
- A B&B hotel in Paris region, Cergy (84 rooms), 100% let
- Three residential projects in Berlin and Essen (1,130 m), 100% let.

The yield achieved upon delivery of these projects was about 6.3%.

Committed projects: €2.3 Bn (€1.8 Bn in Group share)

Covivio stepped-up its committed pipeline in 2019 with 168,000 m² of new projects valued at over €963 m (€734 m in Group share), thus increasing it to €1.8 billion Group share. Currently, 44 projects are under way in three European countries, 80% in Paris, Berlin and Milan. They will be completed between 2020 and 2022. The new projects include:

- Paris So Pop – 31,000 m²: demolition and reconstruction of the former headquarters of Citroën in Paris 17th with a 70% extension of the surface area. The asset was acquired in 2012 at an 8.1% yield and a redevelopment was launched upon departure of the tenant in 2018. The project is located in a fast-growing business district north of Paris 17th (location of the new Paris Courthouse, new metro line 14).
  This development is 49.9% shared with Crédit Agricole Assurances and will be delivered in 2021.

- Levallois Alis – 20,500 m²: full redevelopment project of offices into a prime asset in the well-established business district of Levallois, right next to the metro line 3. In 2015, Covivio acquired the third building of this asset in view of redevelopment upon departure of the tenant, Lagardère, which vacated the building year-end-2018. Delivery is scheduled for 2022.

- DS Campus extension 2 – 27,600 m²: the second extension project of the Dassault Systems campus in Vélizy to be delivered in 2022. Covivio delivered the initial campus of 56,600 m² in 2008 and the first extension to the campus of 12,800 m² in 2016. This asset is 50% shared with Crédit Agricole Assurances. The leases for the entire campus were extended to 2032.

- Bordeaux, Jardins de l'Ars – 19,200 m²: prime office asset development in Bordeaux on a land bank acquired in 2019. The project is located near the high-speed train station in Bordeaux. Delivery is scheduled for 2022.

- Symbiosis D in Milan – 18,600 m²: third building of the Symbiosis project in a growing business district in the South of Milan. Building D is already 35% pre-let to Boehringer Ingelheim for their Italian headquarter. Delivery is scheduled for 2021.

- Reinventing Cities – 10,000 m²: in the first half of 2019, with the Project "VITAE", Covivio won the Reinventing Cities competition, a prestigious international tender for urban and environmental regeneration. The asset is already 18% pre-let to IFOM and Cirfood. Delivery is scheduled for 2022.

- Duca d'Aosta in Milan – 2,500 m²: full redevelopment of an office building into a hotel in the centre of Milan. 100% pre-let to Invest Hospitality in March 2019. Delivery is scheduled for 2020.

- Unione – 4,200 m²: office redevelopment project in Milan CBD, representing an investment of €43 m at a 5.2% yield. Delivery is scheduled for 2021.

- Residential projects in Berlin – 819 units: Covivio is ramping-up its development pipeline in Berlin, with €211 m of projects committed (x2 since end-2018). 58,300 m² of new construction & extensions are under way with a 4.7% yield on units to be let and more than 50% target margin on units to be sold.

Along with these new projects, Covivio signed a major lease contract for one of its projects in Italy:

- The Sign – 26,200 m²: after the full pre-letting of the first building to AON in 2018, Covivio signed a binding agreement with NTT Data, a leading global IT and digital engineering services provider on the second and third buildings (buildings B&C) for the entire office surface area (16,000 m²). The pre-letting was signed 18 months before delivery, scheduled in 2020.

Synthesis of Committed projects	Surface [1] (m²)	Pre-leased (%)	Total Budget [2] (€M, 100%)	Total Budget [2] (€M, Group share)	Target Yield [3]	Capex to be invested (€M, Group share)
France Offices	256,940 m²	48%	1,633	1,258	5.9%	540
Italy Offices	87,830 m²	62%	400	400	6.4%	125
German Residential	58,300 m²	n.a	211	135	4.7%	80
Hotels in Europe	108 rooms	100%	8	2	6.0%	0.2
Total	**403,070 m² & 108 rooms**	**54%**	**2,251**	**1,794**	**5.9%**	**746**

[1] Surface at 100%, [2] Including land and financial costs, [3] Yield on total rents including car parks, restaurants, etc

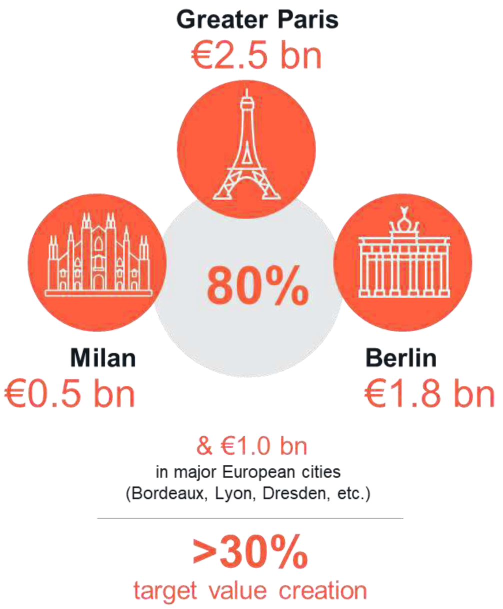
Committed projects	Location	Project	Surface[1] (m²)	Delivery	Target rent (€/m²/year)	Pre-leased (%)	Total Budget[2] (€M, 100%)	Total Budget [2] (€M, Group share)	Target Yield[3]	Capex to be invested (€M, Group share)
Meudon Ducasse	Meudon - Greater Paris	Construction	5,100 m²	2020	260	100%	22	22	6.4%	8
Belaïa (50% share)	Orly - Greater Paris	Construction	22,600 m²	2020	198	48%	65	33	>7%	13
IRO	Châtillon-Greater Paris	Construction	25,070 m²	2020	325	20%	139	139	6.3%	46
Flow	Montrouge - Greater Paris	Construction	23,500 m²	2020	327	100%	115	115	6.6%	48
Gobelins	Paris 5th	Regeneration	4,360 m²	2020	510	100%	50	50	4.3%	16
Total deliveries 2020			**80,630 m²**			**63%**	**391**	**359**	**6.2%**	**130**
Silex II (50% share)	Lyon	Regeneration-extension	30,900 m²	2021	312	53%	164	85	5.8%	34
Montpellier Bâtiment de services	Montpellier	Construction	6,300 m²	2021	224	8%	21	21	6.7%	14
Montpellier Orange	Montpellier	Construction	16,500 m²	2021	165	100%	49	49	6.7%	37
Jean Goujon	Paris 8th	Regeneration	8,460 m²	2021	820	100%	189	189	n.a	41
Paris So Pop (50% Share)	Paris 17th	Regeneration-extension	31,000 m²	2021	>400	0%	214	112	6.1%	57
Total deliveries 2021			**93,160 m²**			**55%**	**636**	**456**	**6.2%**	**182**
N2 (50% share)	Paris 17th	Construction	15,900 m²	2022	575	34%	156	85	4.2%	45
Bordeaux Jardins de l'Ars	Bordeaux	Construction	19,200 m²	2022	220	0%	72	72	6.1%	62
DS Extension 202 (50% share)	Vélizy - Greater Paris	Construction	27,550 m²	2022	325	100%	162	71	7.2%	61
Levallois Alis	Levallois - Greater Paris	Regeneration	20,500 m²	2022	>500	0%	215	215	5.0%	61
Total deliveries 2022			**83,150 m²**			**26%**	**606**	**443**	**5.4%**	**228**
Total France Offices			**256,940 m²**			**48%**	**1,633**	**1,258**	**5.9%**	**540**
Ferrucci	Turin	Regeneration	13,730 m²	2020	130	23%	33	33	5.4%	2
The Sign	Milan	Construction	26,200 m²	2020	285	98%	106	106	7.3%	20
Symbiosis School	Milan	Construction	7,900 m²	2020	225	99%	22	22	7.5%	11
Dante 7	Milan	Regeneration	4,700 m²	2020	560	100%	57	57	4.5%	5
Duca d'Aosta	Milan	Regeneration	2,500 m²	2020	n.a	100%	12	12	9.0%	2
Total deliveries 2020			**55,030 m²**			**90%**	**230**	**230**	**6.4%**	**40**
Symbiosis D	Milan	Construction	18,600 m²	2021	315	35%	85	85	7.0%	44
Unione	Milan	Regeneration	4,200 m²	2021	480	0%	43	43	5.2%	7
Reinventing Cities	Milan	Regeneration	10,000 m²	2022	315	18%	42	42	6.5%	34
Total 2021 deliveries and beyond			**32,800 m²**			**23%**	**170**	**170**	**6.4%**	**86**
Total Italy Offices			**87,830 m²**			**62%**	**400**	**400**	**6.4%**	**125**
German residential - deliveries 2020	**Berlin**	**Construction**	**12,400 m²**	**2020**	**n.a**	**n.a**	**43**	**27**	**4.9%**	**7**
German residential - deliveries 2021 and beyond	**Berlin**	**Construction**	**45,900 m²**	**2021 & Beyond**	**n.a**	**n.a**	**168**	**108**	**4.7%**	**74**
Total German Residential			**58,300 m²**			**n.a**	**211**	**135**	**4.7%**	**80**
B&B Bagnolet (50% shares)	Greater Paris	Construction	108 rooms	2020	n.a	100%	8	2	6.0%	0.2
Total Hotels in Europe			**108 rooms**			**100%**	**8**	**2**	**6.0%**	**0.2**
Total			**403,070 m² & 108 rooms**			**54%**	**2,251**	**1,794**	**5.9%**	**746**

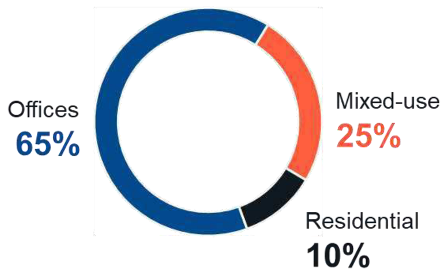
[1] Surface at 100%
[2] Including land and financial costs
[3] Yield on total rents including car parks, restaurants, etc.

2. Managed projects: €5.8 Bn (€4.8 Bn in Group share)

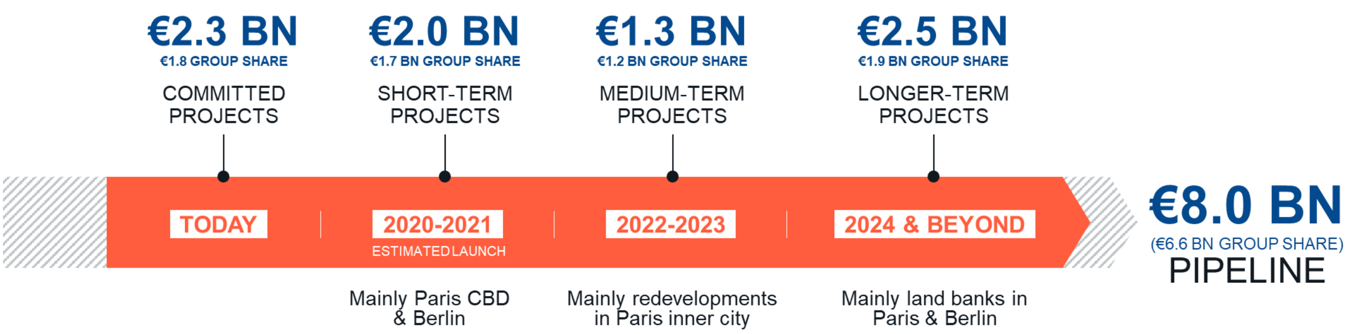
Following the review of its France office portfolio, Covivio strengthened its potential for future growth through a large pipeline of development and redevelopment projects of €5.8 billion (€4.8 billion in Group share) with target value >30%.

- €3.3 billion (€3.0 billion in Group share) of the pipeline is made up by France Offices projects (~430,000 m²), half of which are located in Paris inner-city.





- Capacity to maintain a sustained pace of commitments & deliveries in the long term



~€600 MILLION GROUP SHARE OF DELIVERIES PER YEAR ON AVERAGE

OF WHICH €400 MILLION IN FRANCE OFFICES

	Managed Projects	Location	Project	Surface [1] (m^2)	Commitment Timeframe
France Offices	Laborde	Paris CBD	Regeneration	6,200 m^2	2020-2021
	Carnot	Paris CBD	Regeneration	11,200 m^2	2020-2021
	Anjou	Paris CBD	Regeneration	10,100 m^2	2020-2021
	Opale	Meudon - Greater Paris	Construction	37,200 m^2	2020-2021
	Villeneuve d'Ascq Flers	Lille	Construction	22,100 m^2	2020-2021
	Cité Numérique - Terres Neuves	Bordeaux	Construction	9,800 m^2	2020-2021
	Sub-total short-term projects			**96,600 m^2**	
	Provence	Paris	Regeneration	7,500 m^2	2022-2023
	Voltaire	Paris	Regeneration	14,000 m^2	2022-2023
	Keller	Paris	Regeneration	3,400 m^2	2022-2023
	Bobillot	Paris	Regeneration	3,700 m^2	2022-2023
	Raspail	Paris	Regeneration	7,100 m^2	2022-2023
	Jemmapes	Paris	Regeneration	11,600 m^2	2022-2023
	Levallois Pereire	Levallois - Greater Paris	Regeneration	10,000 m^2	2022-2023
	Boulogne Molitor	Boulogne - Greater Paris	Regeneration	4,400 m^2	2022-2023
	Rueil Lesseps	Rueil-Malmaison - Greater Paris	Regeneration - Extension	41,700 m^2	2022-2023
	Campus New Vélizy extension (50% share)	Vélizy - Greater Paris	Construction	14,000 m^2	2022-2023
	Sub-total mid-term projects			**117,400 m^2**	
	Cap 18	Paris	Construction	90,000 m^2	>2024
	St Denis Pleyel	Saint Denis - Greater Paris	Regeneration	14,400 m^2	>2024
	Saint Ouen Victor Hugo	Saint Ouen - Greater Paris	Regeneration	36,600 m^2	>2024
	Dassault Campus extension 3 (50% share)	Vélizy - Greater Paris	Construction	29,000 m^2	>2024
	Silex 3	Lyon	Construction	5,900 m^2	>2024
	Lyon Ibis Part-Dieu - Bureaux (43% share)	Lyon	Regeneration	50,000 m^2	>2024
	Montpellier Pompignane	Montpellier	Construction	72,300 m^2	>2024
	Toulouse Marquette	Toulouse	Regeneration	7,500 m^2	>2024
	Sub-total long-term projects			**215,700 m^2**	
	Total France Offices			**429,700 m^2**	
Italy offices	The Sign - building D	Milan	Construction	11,400 m^2	2020
	Corso Italia	Milan	Refurbishment	12,200 m^2	2020
	Symbiosis (other buildings)	Milan	Construction	77,500 m^2	2020-2021
	Total Italy Offices			**101,100 m^2**	
Mixed-use	Alexanderplatz - 1st tower	Berlin	Construction	60,000 m^2	2020
	Alexanderplatz - 2nd tower	Berlin	Construction	70,000 m^2	>2024
	Additonal constructabilty (Hotels portfolio)	France, UK, Germany	Construction	50,000 m^2	>2024
	Mixed-Use			**180,000 m^2**	
	German Offices	**Berlin**	**Construction**	**20,200 m^2**	**2020-2021**
	German Residential	**Berlin**	**Extensions & Constructions**	**188,000 m^2**	**2020 & beyond**
	Total			**898,800 m^2**	

[1] Surfaces at 100%

H. PORTFOLIO

Portfolio value: +5.3% like-for-like growth

(€ million, Excluding Duties)	Value 2018 Group Share	Value 2019 100%	Value 2019 Group share	LfL [1] 12 months change	Yield [2] 2018	Yield [2] 2019	% of portfolio
France Offices	5,640	6,982	5,759	+4.6%	5.2%	5.1%	37%
Italy Offices	3,188	3,669	2,976	+0.8%	5.4%	5.4%	19%
German Offices	207	356	267	n.a.	4.6%	4.3%	2%
Residential Germany	3,535	6,162	3,962	+11.0%	4.3%	4.0%	25%
Hotels in Europe	2,250	6,526	2,513	+5.5%	5.4%	5.2%	16%
Total strategic activities	**14,820**	**23,695**	**15,477**	**+5.6%**	**5.0%**	**4.9%**	**99%**
Non-strategic	475	305	211	-16.6%	5.9%	9.1%	1%
Total	**15,295**	**24,001**	**15,688**	**+5.3%**	**5.0%**	**4.9%**	**100%**

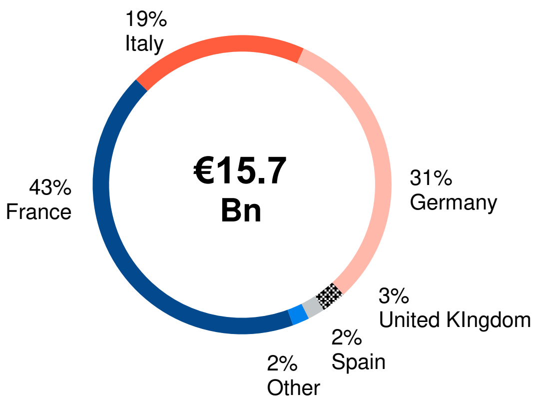
[1] LfL: Like-for-Like
[2] Yield excluding development projects

The portfolio grew by €393 m to €15.7 billion Group share (€24.0 billion in 100%) mostly due to the strong like-for-like value growth of +5.3% driven by:

- +16% by the development pipeline, driven by the French office developments thanks to pre-lettings (including the full pre-letting of the Flow project in Montrouge to EDF for 23,500 m²).
- +11% like-for-like growth on German residential. All Germany cities where Covivio's residential portfolio is located showed strong life-for-like growth: in Berlin (+11%), in North Rhine-Westphalia, the second largest exposure (+9.3%), Dresden & Leipzig (+14%) and Hamburg (+13%).
- +5.5% on Hotels thanks to good performance of Accor hotels, the growth in operating properties (+3.4%) and the value creation on the B&B portfolio due to recent disposals signed significantly above appraisal value (+28% margin).

Geographical breakdown of the portfolio at end-2019

92% in major European cities



I. LIST OF MAIN ASSETS

The value of the ten main assets represents almost 15% of the portfolio Group share (vs 14% at end-2018).

Top 10 Assets	Location	Tenants	Surface (m²)	Covivio share
CB 21 Tower	La Défense (Greater Paris)	Suez, AIG Europe, Nokia, Groupon	68,400	75%
Garibaldi Towers	Milan	Maire Tecnimont, LinkedIn, etc.	44,700	100%
Carré Suffren	Paris 15th	AON, Institut Français, Ministère Education	25,200	60%
Dassault Campus	Vélizy Villacoublay (Greater Paris)	Dassault Systèmes	97,000	50%
Art&Co	Paris 12th	Wellio, Adova, Bentley, AFD	13,500	100%
Anjou	Paris 8th	Orange	10,100	100%
Alis	Levallois-Perret (1st ring)	In development	20,100	100%
Jean Goujon	Paris 8th	Covivio	8,500	100%
Carnot	Paris 17th	Orange	11,200	100%
Percier	Paris 8th	Chloé	7,900	100%

2. BUSINESS ANALYSIS BY SEGMENT

The France Offices indicators are presented at 100% and in Group share (GS).

A. FRANCE OFFICES

1. Appetite for new surfaces, especially in the 1st ring

Covivio's France Offices portfolio of €7.0 billion (€5.8 billion Group share) is located in strategic locations in Paris, in the major business districts of the Greater Paris area and the centers of major regional cities.

The year 2019 showed a dynamic overall performance, even if the take-up has been penalized by a lack of supply, especially on new space.

- **Take-up** stood at 2.3 million m² down -10% vs 2018 and slightly above the ten-year average
  - 723,000 m² on new space (31% of the total) with 70% for the deals on surfaces > 5,000 m²
  - Volume decreased in all areas due to lack of supply, except the first ring, where the take-up on new space increased by 18%, driven by the attractiveness of growing business districts in the North.

- Record low **immediate supply** of 2.7 million m² (-8% vs year-end-2018) and vacancy rate (4.9%, -0.4 pt vs end-2018)
  - Vacancy rate dropping in all areas, especially in the first ring (6.1%, -1.4 pts vs end-2018)
  - Only 21% of the supply consists in new space
  - Marked scarcity in the area around Covivio projects: only 37,200 m² in Paris 17th North-Clichy-St Ouen, 15,500 m² in Montrouge-Malakoff-Chatillon and 9,400 m² in Levallois.

- **Future offer of new space** until 2022 represents **only 0.8 year of take-up**[1]
  - Constructions increased to 2.3 million m², with increasing pre-let ratio from 39% to 42%.
  - Strong increase in La Défense (+28%) with 400,000 m² under construction
  - Excluding la Défense, the future offer until 2022 represents between 0.4 year of take-up (in Paris) to 1.2 years (1st ring)

- Average **rents on new or restructured spaces** rose by 5% on average year-on-year in Greater Paris
  - Most areas benefitted: +4% in Paris, +3% in the 1st ring, +5% in the Western Crescent.

- **Investments** in Greater Paris offices remain buoyant, with €26.9 bn (+14% year-on-year). There is still a significant gap between prime yields (decreasing to 2.8% in the CBD of Paris, 3.5% in Lyon) and the OAT 10-year (close to 0.05% in January 2020).

In 2019, the France Offices activity was characterized by:

- **Strong rental income growth** of 2.6% on a like-for-like basis.
- Acceleration of **mature asset disposals** with €263 million secured, essentially in Greater Paris.
- Launch of **development projects** with 100,000 m² of offices, representing €684 million of total costs (€497 million Group share).
- **+4.6% like-for-like value growth** over one year, thanks to increasing market rents on new spaces and value creation on our development projects.

[1] Average take-up 2017-2019 vs immediate supply and available surfaces under construction
Sources: C&W, CBRE, Crane survey

Partially owned assets are the following:

- CB 21 Tower (75% owned) in La Défense,
- Carré Suffren (60% owned) in Paris,
- The Eiffage and Dassault campuses in Vélizy (50.1% owned and fully consolidated),
- The Silex 1 and 2 assets in Lyon (50.1% owned and fully consolidated),
- So Pop project in Paris 17th (50% owned and fully consolidated),
- N2 Batignolles project in Paris 17th (50% owned and fully consolidated),
- The New Vélizy campus for Thales (50.1% owned and accounted for following the equity method),
- Euromed Centre in Marseille (50% owned and accounted for under the equity method),
- Bordeaux Armagnac (34.7% owned and accounted for under the equity method),
- Cœur d'Orly in Greater Paris (50% owned and accounted for under the equity method).

2. Accounted rental income: +2.6% at a like-for-like scope

(€ million)	Surface (m²)	Number of assets	Rental income 2018 100%	Rental income 2018 Group share	Rental income 2019 100%	Rental income 2019 Group share	Change (%) Group share	Change (%) LfL [1] Group share	% of rental income
Paris Centre West	122,186	12	40.8	40.8	34.1	34.1	-16.6%	1.8%	15%
Paris South	72,184	8	30.0	25.0	31.5	26.0	4.0%	8.6%	11%
Paris North- East	109,320	6	19.5	19.5	20.6	20.6	5.7%	5.0%	9%
Total Paris	**303,690**	**26**	**90.3**	**85.3**	**86.1**	**80.6**	**-5.4%**	**4.7%**	**36%**
Western Crescent and La Défense	224,507	18	71.2	63.6	70.4	62.6	-1.5%	-0.6%	28%
Inner ring	467,743	21	55.9	40.1	52.7	36.6	-8.7%	1.8%	16%
Outer ring	49,701	21	5.9	5.9	5.2	5.2	-11.9%	2.2%	2%
Total Paris Region	**1,045,641**	**86**	**223.3**	**194.8**	**214.4**	**185.1**	**-5.0%**	**2.2%**	**82%**
Major regional cities	400,223	48	29.9	29.7	27.6	26.1	-12.1%	5.9%	12%
Other French Regions	197,623	67	17.9	17.9	15.3	15.3	-14.6%	2.4%	7%
Total	**1,643,487**	**201**	**271.1**	**242.4**	**257.3**	**226.4**	**-6.6%**	**2.6%**	**100%**

[1] LfL : Like-for-Like

Rental income decreased by 6.6%, to €226 m Group share (-€16.0 million) as a result of:

- improved **rental performance** with +2.6% growth on a like for like basis (+€5.7 m) including:
  - +1.3 pt from indexation
  - +0.6 pt from rent uplift on renewals, mostly on leases in Paris South and the Western Crescent
  - +0.7 pt due to new lettings, mainly on one asset in Paris South let in the first quarter of 2018.
- **deliveries** in 2018 and in the 1st half of 2019 (+€4.5 m) in major regional cities (Toulouse, Bordeaux, Lille)
- **vacating for redevelopment** in the second half of 2018 (-€11.8 m) on So Pop in Paris 17th, rue Jean Goujon in Paris CBD and Gobelins in Paris 5th.
- **disposals** (-€11.7 m), mostly in French regions and outer suburbs: -€6.3 m from 2018 disposals and -€5.4 M€ form 2019 disposals (mostly Charenton and Green Corner).

3. Annualised rents: €249 million Group share

3.1. Breakdown by major tenants

(€ million)	Surface (m²)	Number of assets	Annualised rents 2018 Group share	Annualized rents 2019 100%	Annualized rents 2019 Group share	Change (%)	% of rental income
Orange	337,417	90	67.4	67.2	66.5	-1.4%	27%
Suez	82,288	2	22.1	28.8	22.5	1.8%	9%
Vinci	51,775	3	15.8	14.1	14.1	-10.8%	6%
EDF / Enedis	121,985	16	15.0	13.2	13.2	-11.8%	5%
Dassault	69,395	2	12.7	25.4	12.7	0.0%	5%
Thalès	83,416	2	11.1	18.5	11.3	2.1%	5%
Natixis	26,590	1	10.9	7.6	7.6	-29.9%	3%
Eiffage	53,173	9	6.6	11.5	6.2	-6.9%	2%
Aon	24,861	1	5.5	9.4	5.6	2.1%	2%
Cisco	11,461	1	5.0	5.2	5.2	2.8%	2%
Other tenants	781,126	74	89.3	100.3	84.0	-5.9%	34%
Total	**1,643,487**	**201**	**261.5**	**301.2**	**249.0**	**-4.8%**	**100%**

The **10 largest tenants account** for 66% of annualised rental income (unchanged compared to 2018). The main changes affecting Key Accounts relate to the disposal of mature assets (Natixis) and non-core assets (Eiffage) in French Regions.

3.2. Geographic breakdown: 93% of rental income generated in strategic locations

(€ million)	Surface (m²)	Number of assets	Annualised rents 2018 Group share	Annualized rents 2019 100%	Annualized rents 2019 Group share	Change (%)	% of rental income
Paris Centre West	122,186	12	34.5	35.2	35.2	2.1%	14%
Paris South	72,184	8	28.5	33.6	27.3	-4.1%	11%
Paris North- East	109,320	6	19.6	20.9	20.9	6.5%	8%
Total Paris	**303,690**	**26**	**82.6**	**89.7**	**83.4**	**1.0%**	**33%**
Western Crescent and La Défense	224,507	18	69.8	76.9	68.1	-2.5%	27%
Inner ring	467,743	21	52.9	70.4	43.0	-18.8%	17%
Outer ring	49,701	21	5.2	5.2	5.2	-1.7%	2%
Total Paris Region	**1,045,641**	**86**	**210.5**	**242.1**	**199.7**	**-5.2%**	**80%**
Major regional cities	400,223	48	35.6	46.1	36.4	2.4%	15%
Other French Regions	197,623	67	15.4	12.9	12.9	-16.1%	5%
Total	**1,643,487**	**201**	**261.5**	**301.2**	**249.0**	**-4.8%**	**100%**

The weight of strategic locations is unchanged compared to 2018.

4. Indexation

The indexation effect is +€2.2 m over twelve months. For current leases:

- 87% of rental income is indexed to the ILAT (Service Sector rental index),
- 12% to the ICC (French construction cost index),
- the balance is indexed to the ILC or the IRL (rental reference index).

Rents benefiting from an indexation floor (1%) represent 27% of the annualised rental income and are indexed to the ILAT.

5. Rental activity: more than 317,000 m² renewed or let at the end of year 2019

	Surface (m²)	Annualised rents 2019 (€m, Group share)	Annualised rents 2019 (€/m²,100%)
Vacating	49,730	9.6	197.6
Letting	24,968	5.8	279.3
Pre-letting	41,605	7.9	333.1
Renewals	250,270	41.5	245.4

- 250,300 m² have been **renegotiated or renewed**, representing 17% of the rents, mainly in Paris, the 1st ring and the Western Croissant with +0.8% increase on IFRS rents and +5 years lease extension on average.
  - 157,700 m² renewed in Vélizy with maturities >2030 thus securing cash-flows in the long-term (+6 years extension).
    In particular, 69,400 m² have been renewed with Dassault Systems, as part of the development of the second extension on the campus: leases on the whole campus have been extended to 2032.
  - 92,600 m² renewed on assets mainly in Paris & Greater Paris business districts, with +3.3% IFRS rent increase and +4 years maturity on average.
- 66,600 m² have been **let or pre-let** over the year, including **41,600 m² on development projects** with:
  - 8,000 m² on projects delivered in 2019
  - 5,000 m² on IRO in Chatillon, 20% pre-let
  - 1,100 m² with Orsys on Silex2 in Lyon, in addition to the 9,900 m² pre-let in 2018. The project is now 53% pre-let.
  - 27,550 m² for the second extension of the Dassault campus to be delivered in 2022.
- 49,700 m² were vacated, including 4,440 m² early 2019 for a redevelopment in Paris (Gobelins in Paris 5th) and 16,280 m² on assets vacated for disposals through residential development.

6. Lease expiries and occupancy rate

6.1. Lease expiries: firm residual lease term of 4.6 years

(€ million)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	36.0	14%	24.8	10%
2021	45.0	18%	31.0	12%
2022	29.2	12%	29.3	12%
2023	26.6	11%	22.9	9%
2024	12.1	5%	11.0	4%
2025	34.6	14%	36.7	15%
2026	10.1	4%	8.8	4%
2027	14.6	6%	20.5	8%
2028	7.5	3%	22.3	9%
2029	3.7	1%	10.4	4%
Beyond	29.7	12%	31.3	13%
Total	**249.0**	**100%**	**249.0**	**100%**

The firm residual duration of leases is stable vs year-end-2018 especially due to the renegotiations carried out (extending the maturities by +5 years on average).

Out of the €36 m of expiries remaining in 2020:

- 42% with long-term partner (EDF and Orange), with whom leases are renegotiated at national level
- 13% relates to Cap18, an asset in Paris 18th where Covivio maintains short-term maturities with a view to development in the medium-term
- 45% assets with high-quality locations, half of which are in Paris and Levallois and half in major business districts.

6.2. Occupancy rate: a high level of 97.1%

(%)	2018	2019
Paris Centre West	99.5%	99.5%
Southern Paris	100.0%	100.0%
North Eastern Paris	92.8%	96.6%
Total Paris	**98.0%**	**98.9%**
Western Crescent and La Défense	99.3%	96.6%
Inner ring	97.1%	98.2%
Outer ring	92.2%	91.6%
Total Paris Region	**98.0%**	**97.8%**
Major regional cities	94.9%	96.2%
Other French Regions	91.1%	89.2%
Total	**97.1%**	**97.1%**

The occupancy rate remains high, at 97.1%. It remained above 95% since 2010 reflecting the Group's very good rental risk profile over the long term.

7. Reserves for unpaid rent

(€ million)	2018	2019
As % of rental income	0.0%	0.8%
In value [1]	0.0	1.9

[1] net provision / reversals of provison

The level of unpaid rent remains limited, albeit increasing due to one particular tenant going bankrupt whose rent is fully provisioned (Sequana on Boulogne Grenier). 30% of the building has already been relet since July and the remaining surface are under commercialization.

8. Disposals and disposal agreements: €349 M secured at the end of 2019

(€ million)	Disposals (agreements as of end of 2018 closed)	Agreements as of end of 2018 to close	New disposals 2019	New agreements 2019	Total 2019	Margin vs 2018 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Total Paris	2	19	0	0	0	n.a.	n.a.	2
Total Paris Region	2	25	221	20	241	4.5%	4.0%	223
Major regional cities	5	0	30	1	31	-2.5%	6.0%	35
Other French Regions	4	0	24	6	30	-1.9%	5.5%	28
Total 100%	**10**	**25**	**275**	**27**	**302**	**2.6%**	**4.6%**	**285**
Syndication of So Pop	0	0	43	3	46	0.0%	n.a.	43
Total Group share	**10**	**25**	**319**	**30**	**349**	**2.3%**	**4.7%**	**329**

Covivio has secured €302 m of disposals (€349 m in Group share), mostly on mature assets, enabling it to finance development and acquisition projects with strong value-creation potential.

- Acceleration of **mature asset disposals**, with €263 m signed in 2019 at 4.8% yield and +3.4% margin:
  - €167 m for a 20,800 m² office building in Saint-Denis, developed by Covivio and delivered in 2015 at 7% yield on cost, and sold at a 3.8% yield (+7% margin on appraisal value)
  - €54 m for an 11,500 m² building in Charenton, fully let to Natixis, with a +1.1% margin on appraisal value.
  - €42 m for two buildings of a total of 18,640 m² in Roubaix and Reims.
- €43 m for **syndication of the project So Pop** in Paris 17th (development project of 31,000 m²) to Crédit Agricole.
- €23 m in **non-core assets** have been signed, mainly in other French regions and the outer suburbs.
- €20 m for a land bank in Meudon.

9. Development pipeline: €4.8 Bn of projects (€4.3 Bn Group share)

Development projects are one of the growth drivers for profitability and quality improvement in the portfolio, both in terms of location and the high standards of delivered assets.

In Greater Paris, Covivio targets strategic locations in established business districts with strong public transport links. In the major regional cities (with annual take-up of more than 50,000 m²), the Group is targeting prime locations such as the La Part-Dieu district in Lyon.

9.1. Three projects delivered

Three projects were delivered in the first half of 2019:

- 30,100 m² in Bordeaux through two projects Armagnac let at 97% and Cité du Numérique let at 71%.
- 9,000 m² in Lille on the Hélios building, fully let to ITCE, a subsidiary of the Caisse d'Epargne group.

9.2. Committed pipeline: €1.6 billion of projects (€1.3 billion Group share)

In 2019, Covivio launched €684 m (€497 m Group share) of new projects in France, thus increasing its committed pipeline by nearly 50% to €1.6 billion (€1.3 billion Group share).

For more details on committed projects, see the table on page 20 of this document.

Five new projects were committed in 2019:

- Paris So Pop – 31,000 m²: demolition and reconstruction of the former headquarters of Citroën in Paris 17th with a 70% extension of the surface area. The asset was acquired in 2012 at an 8.1% yield and a redevelopment was launched upon departure of the tenant in 2018. The project is located in a fast-developing business district north of Paris 17th (location of the new Paris Courthouse, new stations of metro line 14).

  This development is shared at 49.9% with Crédit Agricole Assurances and will be delivered in 2021.

- Levallois Alis – 20,500 m²: full redevelopment project of offices into a prime asset in the well-established business district of Levallois, right next to the metro line 3. In 2015, Covivio had acquired the third building of this asset with a view to redevelop upon departure of the tenant, Lagardère, who vacated the premises in early 2019.
  Delivery is scheduled for 2022.

- DS Campus extension – 27,600 m²: the second extension project of the Dassault Systems campus in Vélizy to be delivered in 2022. Covivio delivered the initial campus of 56,600 m² in 2008 and the first extension to the campus of 12,800 m² in 2016. The yield on cost of this project stands at 7.2%. As part as this operaton, the leases of the whole campus were extended for 6 years until 2032.
  This asset is 50% shared with Crédit Agricole Assurances.

- Bordeaux, Jardins de l'Ars – 19,200m²: prime office asset development in Bordeaux on a land bank acquired in 2019. The project is located near the high-speed train station in Bordeaux. Delivery is scheduled in 2022.

- Montpellier Bâtiment de Services – 6,300 m²: a services building developed in Montpellier Pompignane as part of the future business hub of the area. Delivery is scheduled in 2021.

9.3. Managed pipeline: €3.2 billion of projects (€3.1 billion in Group share)

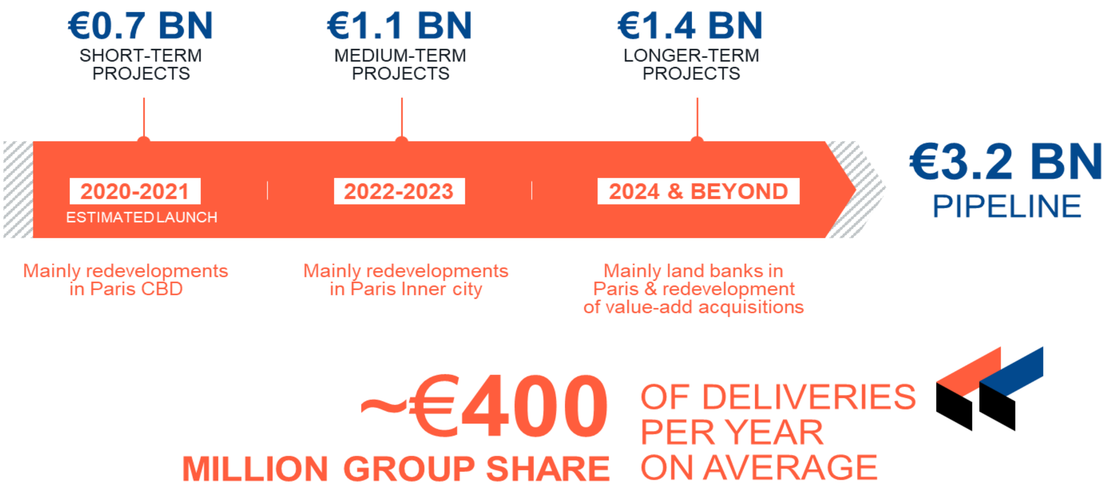
For a breakdown of managed projects, see the table on page 22 of this document.

Covivio enjoys a significant growth potential on its portfolio with a total of 500,000 m² of developments & redevelopments identified for a cost of €3.2 billion (€3.1 billion in Group share):

- €1.2 billion of redevelopment of historic assets in Paris inner-city, currently let to Orange
- €1.5 billion of land banks
- €0.5 billion of selective value-added acquisitions acquired in view of a redevelopment.

These projects will fuel the future revenue & value growth in the short, medium & long-term with:

- 50% of projects located in Paris inner-city
- >35% target value creation



10. Portfolio values

10.1. Change in portfolio values: +€119 million in Group Share in 2019

(M€, Including Duties Group share)	Value 2018	Acquis.	Invest.	Disp.	Value creation on acquis./disp.	Change in value	Franchise	Transfer	Change in scope	Value 2019
Assets in operation	5,127	1	55	-289	6	92	11	-92	-56	4,855
Assets under development	513	41	152	-43	3	161	1	92	-16	904
Total	**5,640**	**42**	**206**	**-332**	**9**	**253**	**12**	**-**	**-72**	**5,759**

The portfolio value has grown by €119 m since year-end-2018, boosted by like-for-like value growth (+€253m) and investments (+€206 m). Disposals (-€332 m) allowed Covivio to improve the quality of its portfolio and to finance investments in the development pipeline. Furthermore, upgrading work worth €19 m has been completed on assets in operation.

10.2. Like-for-like portfolio evolution: +4.6%

(€ million, Excluding Duties)	Value 2018 Group share	Value 2019 100%	Value 2019 Group share	LfL (%) change [1] 12 months	Yield [2] 2018	Yield [2] 2019	% of total
Paris Centre West	1,094	1,312	1,197	9.1%	3.9%	3.8%	21%
Paris South	647	834	690	5.3%	4.4%	4.2%	12%
Paris North- East	390	412	412	5.2%	5.0%	5.1%	7%
Total Paris	**2,131**	**2,558**	**2,298**	**7.2%**	**4.3%**	**4.2%**	**40%**
Western Crescent and La Défense	1,419	1,590	1,429	0.0%	5.4%	5.3%	25%
Inner ring	1,111	1,599	1,100	6.9%	5.5%	5.7%	19%
Outer ring	63	54	54	-6.8%	8.9%	9.6%	1%
Total Paris Region	**4,725**	**5,801**	**4,881**	**4.7%**	**5.0%**	**4.9%**	**85%**
Major regional cities	739	1,044	741	6.6%	6.0%	5.8%	13%
Other French Regions	177	137	137	-7.0%	8.8%	9.4%	2%
Total	**5,640**	**6,982**	**5,759**	**4.6%**	**5.2%**	**5.1%**	**100%**

[1] LfL : Like-for-Like
[2] Yield excluding assets under development

Values rose by +4.6% on a like-for-like basis mainly due to:

- +23.3% on assets under development, particularly driven by:
  - Montrouge-Flow with the pre-letting of the whole asset to EDF in early 2019, 18 months ahead of delivery.
  - Silex II with the pre-letting of 53% of the asset, including 9,900 m² to Solvay, 18 months ahead of delivery.
- +7% in Paris and major regional cities through increases in rental values.

11. Strategic segmentation of the portfolio

- The core portfolio is the strategic segment of key assets, consisting of resilient properties providing long-term income. Mature assets may be disposed of on an opportunistic basis in managed proportions. This frees up resources that can be reinvested in value-creating transactions, such as development projects or making new investments.

- The portfolio of assets “under development” consists of assets subject to a development project. Such assets will become *core assets* once delivered. They concern:
  - “committed” projects (appraised);
  - land banks that may be undergoing appraisal;
  - “managed” projects vacated for short/medium term development (undergoing internal valuation).

- Non-core assets form a portfolio segment with a higher average yield than the overall office portfolio, but with smaller, liquid assets in local markets, allowing their possible progressive sale.

	Core Portfolio	Development portfolio	Non-core portfolio	Total
Number of assets	77	18	106	**201**
Value Excluding Duties Group share (€ million)	4,635	904	221	**5,759**
Annualised rental income	227.4	0.3	21.3	**249**
Yield [1]	4.9%	0.0%	9.7%	**5.1%**
Residual firm duration of leases (years)	4.8	n.a	2.0	**4.6**
Occupancy rate	97.6%	n.a	90.7%	**97.1%**

[1] Yield excluding development

Core assets represent 80% of the portfolio (Group share) at end-2019.

The development portfolio value has increased sharply since end-2018 and represents 16% of the total portfolio.

Non-core assets now represent 4% of the portfolio (-1 pt since end-2018), due to disposals in French regions and the outer suburbs. About a third of those assets will be sold through a residential development to optimize the disposal value.

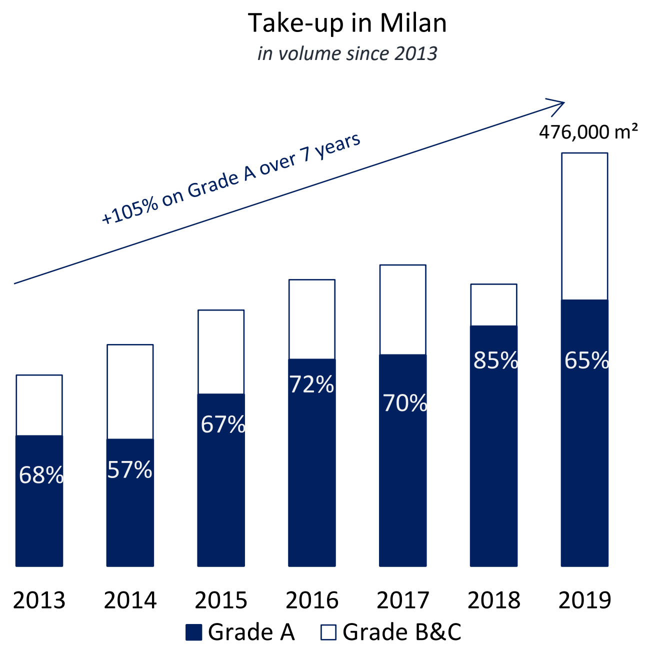
B. ITALY OFFICES

1. Milan Office Market continues to show sound results

Covivio's Italy strategy is focused on Milan, where the Group's acquisitions and developments are concentrated. At end-2019, the Group owned offices worth €3.7 billion (€3.0 billion Group share).

The Milan Office market set new records in 2019, after an already strong year 2018.

- Take-up reached a 10-year record of about 476,000 m² in 2019 (+22% year-on-year), driven especially by the CBD (record of 129,000 m²). Grade A accounts for 65% of the take-up (306,000 m²).
- The vacancy rate in Milan dropped again by 0.5 pts in 2019 and now stands at 8.9%, and even 4.2% of in Milan inner-city and semi-centre.
- Supply remains low at only 1.1 million m², of which only 108,000 m² are located in the CBD and the Centre. Only 23% of supply is Grade A (253,000 m²).
- Prime rents increased by 3% to €600 /m² in the CBD.
- Investments in Milan offices reached almost €3.6 billion in 2019 (+73% versus 2018). Milan represents 72% of total office investments in Italy (around €5 billion). The prime yield is stable in Milan at 3.3% (vs 3.4% in 2018)



Sources: BNP Real Estate ; C&W

Covivio's activities in 2019 were marked by:

- The acceleration and success of the development pipeline in Milan, with four new committed projects representing €182 million and the pre-letting of more than 41,000 m² especially:
  - the full pre-letting of the Sign project, with 16,000 m² leased to NTT DATA,
  - the launch of the third building of the Symbiosis area, 18,600 m² of offices already 35% pre-let,
  - the Reinventing Cities contest winning project, 10,000 m² of innovative office spaces 18% pre-let,
  - the launch of the 4,200 m² Unione in the CBD.

- The progress towards strategic objectives: exiting from non-strategic assets and focusing on Milan, with €380 million of asset disposals signed, thus pursuing the improvement of the quality of the portfolio through asset rotation.

2. Accounted rental income: +1.3% like-for-like growth

(€ million)	Surface (m²)	Number of assets	Rental income 2018 100%	Rental income 2018 Group share	Rental income 2019 100%	Rental income 2019 Group share	Change (%)	Change (%) LfL [1]	% of total
Offices - excl. Telecom Italia	446,868	73	93.4	54.2	100.3	100.3	85.1%	1.6%	53%
of which Milan	*290,478*	*37*	*72.9*	*42.3*	*81.6*	*81.6*	*92.7%*	*1.8%*	*43%*
Offices - Telecom Italia	907,679	128	94.3	29.0	88.2	45.0	55.0%	0.8%	46%
Development portfolio	183,155	12	2.3	1.4	1.7	1.7	27.4%	0.0%	1%
Total	**1,537,703**	**213**	**190.0**	**84.6**	**190.3**	**147.0**	**73.8%**	**1.3%**	**100%**

[1] LfL: Like-for-Like

Rental income increased by +74% compared to the full year 2018 due to:

- Change in the scope effects (+€60.3 million) due to the merger with Beni Stabili (+€61.4 million)
- The disposal of non-core assets in 2018 and 2019 (-€8.8 million), including the syndication of 9% of the Telecom Italia portfolio (-€2.1 million)

- The like-for-like rental growth of +1.3% (+€1.8 million) is due to the performance of Milan offices which was driven by:
  - +1.0 pt from indexation
  - +0.1 pt due to occupancy
  - +0.2 pt from renewals

- Acquisitions in Milan realised in 2018 (+€3.3 million) and deliveries (+€7.3 million)

- Vacating for development (-€1.5 million), mainly on Via Dante.

3. Annualised rental income: €140 million Group share

(€ million)	Surface (m²)	Number of assets	Annualised rents 2018 Group share	Annualised rents 2019 100%	Annualised rents 2019 Group share	Change (%)	% of total
Offices - excl. Telecom Italia	446,868	73	105.0	91.6	91.6	-12.8%	66%
Offices - Telecom Italia	907,679	128	45.0	88.4	45.1	0.3%	32%
Development portfolio	183,155	12	1.9	2.9	2.9	51.4%	2%
Total	**1,537,703**	**213**	**151.9**	**182.9**	**139.6**	**-8.1%**	**100%**

(€ million)	Surface (m²)	Number of assets	Annualised rents 2018 Group share	Annualised rents 2019 100%	Annualised rents 2019 Group share	Change (%)	% of total
Milan	537,491	55	97.2	90.3	83.2	-14.4%	60%
Rome	68,104	20	7.8	8.7	4.7	-39.6%	3%
Turin	105,434	9	5.3	8.1	6.3	18.7%	5%
North of Italy (other cities)	515,652	77	26.5	47.0	29.9	12.8%	21%
Others	311,021	52	15.1	28.9	15.5	2.4%	11%
Total	**1,537,703**	**213**	**151.9**	**182.9**	**139.6**	**-8.1%**	**100%**

Annualised rental income decreased by 8.1% mainly due to disposals, both mature assets in Milan & non-core offices outside Milan.

4. Indexation

The annual indexation in rental income is usually calculated by applying the increase in the Consumer Price Index (CPI) on each anniversary of the signing of the agreement.

During 2019, the average change in the CPI has been +0.5% over 11 months (December data still to be published).

5. Rental activity

(€ million)	Surface (m²)	Annualized rents 2019 Group share	Annualized rents 2019 (100%, €/m²)
Vacating	23,310	5.0	213
Lettings on operating portfolio	6,426	1.8	274
Lettings on development portfolio	41,481	12.7	305
Renewals	40,305	15.8	393

The rental activity in 2019 was marked by pre-lettings on the development pipeline with an average maturity of 12 years, thus showing the attractiveness of the areas where Covivio is developing new assets.

- More than 41,000 m² have been pre-let in the development pipeline
  - 16,000 m² on the Sign project to NTT DATA provider for 12 years firm. The asset is now 100% pre-let
  - 6,400 m² on Milan Symbiosis, on the recently committed Building D, now 35% pre-let
  - 4,700 m² on Milan – Via Dante for the first Wellio site in Italy
  - 1,625 m² on Milan-Principe Amedeo, mainly to Igenius, now 100% pre-let
  - 2,500 m² on Milan-Piazza Duca d'Aosta to Invest Hospitality, who will open an upscale hotel
  - 10,000 m² on Turin, Corso Ferrucci.

In addition, 40,000 m² were renewed with +12% IFRS rent increase and +9 years maturity, mainly thanks to the Garibaldi Complex in Milan (34,200 m² renewed for 9 years with Tecnimont).

6. Lease expiries and occupancy rates

6.1. Lease expiries: 7.2 years of average firm lease term

(€ million Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	17.8	13%	9.2	7%
2021	6.2	4%	5.0	4%
2022	14.8	11%	16.6	12%
2023	8.8	6%	8.1	6%
2024	7.5	5%	8.8	6%
2025	4.8	3%	5.0	4%
2026	5.0	4%	5.7	4%
2027	8.7	6%	9.7	7%
2028	17.0	12%	16.1	12%
2029	2.5	2%	3.3	2%
Beyond	46.5	33%	52.1	37%
Total	**139.6**	**100%**	**139.6**	**100%**

The firm residual lease term remains high at 7.2 years. It dropped by 0.5 years compared to year-end-2018 due to new leases in the operating portfolio signed with 7 years firm maturity, below the high-average of the portfolio.

Among the €17.8 million of lease expires in 2020 are:

- 19% on the Telecom Italia portfolio
- 11% on Corso Italia to be redeveloped in 2020
- 47% mainly related to break option that the tenant will not exercise
- 7% related non-core assets to be sold in 2020
- 16% on assets in highly-sought locations in Milan

6.2. Occupancy rate: a high-level of 98.7%

(%)	2018	2019
Offices - excl. Telecom Italia	97.1%	98.1%
Offices - Telecom Italia	100.0%	100.0%
Total	**97.9%**	**98.7%**

The occupancy rate of offices excluding Telecom Italia assets has improved and stands at 98.1% (+1.0 pt compared to year-end-2018) due to letting successes in Milan and disposals of non-core assets outside Milan.

7. Reserves for unpaid rent

(€ million)	2018	2019
As % of rental income	0.8%	0.4%
In value [1]	0.8	0.7

[1] net provision / reversals of provision

8. Disposals: €377 M secured in 2019

(€ million, 100%)	Disposals (agreements as of end of 2018 closed) 1	Agreements as of end of 2018 to close	New disposals 2019 2	New agreements 2019 3	Total 2019 = 2 + 3	Margin vs 2018 value	Yield	Total Realised Disposals = 1 + 2
Milan	-	-	234	39	273	10.2%	4.7%	234
Rome	-	-	41	-	41	-17.4%	7.4%	41
Other	0	-	32	34	66	-17.3%	8.0%	32
Total 100%	**0**	**-**	**307**	**73**	**380**	**0.7%**	**5.6%**	**307**
Total Group share	**0**	**-**	**306**	**71**	**377**	**0.8%**	**5.5%**	**306**

During 2019, Covivio signed new agreements for €377 million of disposals of core mature assets in Milan and non-core assets outside Milan:

- **A portfolio of €263.5 m of mature and non-core assets** including a building located in Milan, via Montebello, and 9 assets located in Rome, Bologna, Venice and other cities in Italy. The price is slightly above December 2018 book value and implies a net exit yield of approximately 4.9% (5.4% gross yield).

- **Disposal of €108.5 m of mature office buildings,** 5 office buildings in Milan semi-centre and 1 asset located in Rozzano at net yield of 3.3%.

9. Development pipeline: €0.9 Bn of projects (€0.9 Bn group share)

Covivio has around €0.9 billion of pipeline in Italy, focused on Milan, facing high demand for new or restructured spaces. The Group has boosted its development capacity since 2015, with nine committed projects at year-end-2019, which will drive the Group's growth in the coming years.

9.1. Delivered projects

In 2019, one project has been delivered. Principe Amedeo (6,500 m²) is a redeveloped asset located in the Porta Nuova business district of Milan, fully let to Gattai (law firm).

9.2. Committed projects: €400 million

For detailed figures on the committed projects, see page 20 of this document.

- Symbiosis Building D – 18,600m²: third building of the Symbiosis project, representing an investment of €85 m and a yield of 7%. 35% of the building has already been pre-let to Boehringer Ingelheim for their Italian headquarters. Delivery is scheduled for 2021.

- Symbiosis School - 7,900 m²: during the second half 2018 Covivio signed a preliminary contract with Ludum, part of NACE Schools, one of the six largest groups of private international schools in the world. The building is fully pre-let with delivery scheduled for 2020.

- The Sign – 26,200 m²: redevelopment project on Via Schievano, on the South West fringes of the centre of Milan in the Navigli business district. The first building had already been pre-let to AON in 2018 and the second & third buildings are now pre-let to NTT Data, bringing the pre-let ratio of the whole project to ca. 100%. The project will be delivered in 2020.

- Via Dante – 4,700 m²: renovation of a trophy building near the Piazza Duomo. Covivio will host its Wellio co-working brand there for the opening of its first site in Milan, expected in the first half of 2020.

- VITAE - 10,000 m²: during the first half 2019, Covivio won the Reinventing Cities competition with the Project "VITAE", a prestigious international tender for urban and environmental regeneration. 18% of the building is already pre-let to IFOM and Cirfood. Delivery is scheduled for 2022.

- Duca d'Aosta - 2,500 m²: redevelopment of an office building into a hotel space located in front of the Stazione Centrale railway station. The building is already fully pre-let to Invest Hospitality.

- Unione – 4,200 m²: office redevelopment project in Milan CBD, representing an investment of €43m and a yield of 5.2%. Delivery is scheduled for 2021.

- Corso Ferrucci – 13,700 m²: redevelopment project (39,500 m² in total) of the existing Ferrucci asset in Turin. The delivered surfaces are fully let and the remaining surface area is expected to be delivered during 2020-2021 and is 23% pre-let.

9.3. Managed projects: €475 million of projects in Milan

3 main managed projects are in the pipeline:

- Other buildings in the Symbiosis project, representing an additional potential of 77,500 m² of office space in the business district on the South East of Milan city-centre, opposite the Prada Foundation.
- The Sign, Building D: after the success of the first three buildings, Covivio acquired a land bank next to The Sign project, for €15 million. This will enable the Group to develop an additional 11,400 m² office building.
- Corso Italia: redevelopment project in Milan CBD totalling 12,200 m², expected to be launched in 2020 upon departure of the tenant.

10. Portfolio values

10.1. Change in portfolio values

(€ million, Group share Excluding Duties)	Value 2018	Acquisitions	Invest.	Disposals	Change in value	Transfer	Other	Value 2019
Offices - excl. Telecom Italia	2,073	13	21	-319	14	25	-4	1,823
Offices - Telecom Italia	720	-	1	-1	1			721
Development portfolio	395	15	77	-	15.5	-25	-45	432.3
Total	**3,188**	**28**	**100**	**-321**	**30**	**-**	**-49**	**2,976**

The portfolio decreased by 7% to €3.0 billion Groups share at year-end-2019, mainly due to the significant disposal activity, partially offset by the investment mainly on the development pipeline of €77 million.

10.2. Portfolio in Milan: 90% of the portfolio excluding Telecom Italia

(€ million, Excluding Duties)	Value 2018 Group share	Value 2019 100%	Value 2019 Group share	LfL [1] change	Yield [2] 2018	Yield [2] 2019	% of total
Offices - excl. Telecom Italia	2,073	1,823	1,823	0.4%	5.1%	5.0%	61%
Offices - Telecom Italia	720	1,414	721	0.1%	6.2%	6.2%	24%
Development portfolio	395	432	432	3.9%	n.a.	n.a.	15%
Total	**3,188**	**3,669**	**2,976**	**0.8%**	**5.4%**	**5.4%**	**100%**

[1] LfL: Like-for-Like

[2] Yield excluding development projects

(€ million, Excluding Duties)	Value 2018 Group share	Value 2019 100%	Value 2019 Group share	LfL [1] change	Yield [2] 2018	Yield [2] 2019	% of total
Milan	2,322	2,291	2,140	3.0%	4.8%	4.6%	72%
Turin	130	151	125	-6.3%	7.9%	8.5%	4%
Rome	143	179	96	1.5%	5.4%	4.9%	3%
North of Italy	383	654	410	-6.2%	7.2%	7.4%	14%
Others	210	393	205	-1.7%	7.2%	7.3%	7%
Total	**3,188**	**3,669**	**2,976**	**0.8%**	**5.4%**	**5.4%**	**100%**

[1] LfL: Like-for-Like

[2] Yield excluding development projects

Milan Offices represent 72% of the portfolio and 90% excluding Telecom Italia, thanks to the disposal activity of non-core assets in secondary locations outside Milan.

Milan showed an increase of +3.0% on a like-for-like basis compared to year-end-2018 and +9% on committed projects, in line with the market growth trend and the yield compression characterising the city.

C. GERMANY RESIDENTIAL & OFFICES

Covivio operates in the German Residential segment through its 61.7% held subsidiary Covivio Immobilien. The figures presented are expressed as 100% and as Covivio Group share.

Since 2019, Covivio has been expanding in the very dynamic German Offices sector: it is targeting the top 7 cities, with a focus on Berlin, where the Group already owns some office buildings and a major development in Alexanderplatz. This activity is owned at 100%.

1. German residential & offices markets: supported by sound fundamentals

Covivio owns around ~41,000 apartments located in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia, representing €6.2 billion (€4.0 billion Group share) of assets. In addition, the Group owns around 110,000 m² of offices at 90% in Berlin, worth €356 m (€267 m Group share).

Covivio's investment policy is focused on:

- Development pipeline in Berlin, both in Residential & Offices
- Acquisitions of existing German offices assets

Residential market: housing gap driving rents & prices

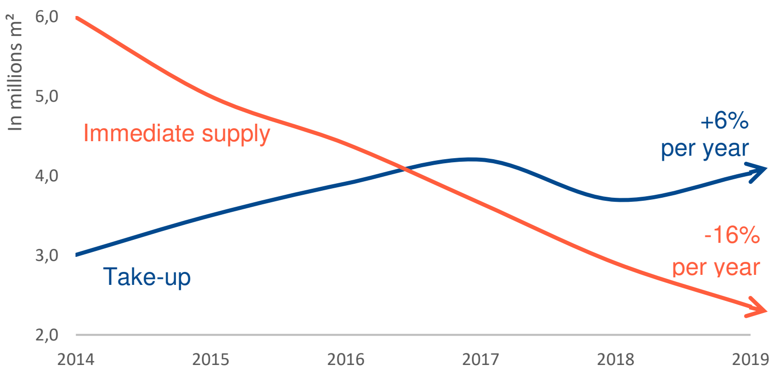
- **Housing gap** persists with a deficit of around 340,000 units in Germany
  - **Especially marked in Berlin** with a lack of ~140,000 units.
  - **Unlikely to resorb**: +5% population expected by 2030 while the number of building permits is decreasing (-2% at in the first 9 months 2019)
- As a consequence, **asking rents** for condominiums have grown again by +3% this year in Germany largest cities. The increase was stronger in Berlin, with +5% vs year-end-2018 to €11.8/m².
- **Asking price** for condominiums rose by 11.8% on average in Germany, including +11.9% in Berlin, where it reached a new high at €4,740/m².
- Appetite for **residential investments** remained strong in 2019, reaching €20 billion (+7% versus 2018) with Berlin accounting for 19% of the transactions (€3.7 billion, up 19% from 2018).

New regulation in Berlin

In January 2020, the city of Berlin voted a new law to freeze & cap the rents of most residential units (details can be found in the section 4 below). Worthy of note, new buildings are excluded from this regulation.

Although it will be implemented starting February 2020, much uncertainty remains on the final outcome due to legal challenges (federal vs state competence, interference with owners' property rights). Furthermore, it offers no solution to the current housing shortage. The next step is for local opposition and federal governing parties to challenge the law as soon as it is enacted.

Offices market: strong take-up & lack of new supply in the top 7 cities[1]



Future supply coming in the next 2 years
=
Only 1.1 years of take-up[2]

[1] Berlin, Frankurt, Munich, Hamburg, Dusseldorf, Stuttgart, Cologne; [2] Average take-up 2017-2019 vs Immediate supply + available surface under construction
Sources: DZ Hyp (estimated data for FY2019), Guthmann, Colliers

In 2019, Covivio's activities were marked by:

- a +4.3% increase in rental income on a like-for-like basis, in line with the pace of 2018. This performance was driven by Berlin (+4.6%) and North Rhine-Westphalia (+4.5%)
- the acceleration of the committed development projects in residential, which doubled to €211 million at end-2019 (€135 million Group share) out of a growing pipeline of €850 million in total
- the first acquisition in German offices, in Berlin, with 1 existing asset of 10,200 m² for €30 million and 2 development projects to build 20,200 m² for ~82 million development cost
- strong increase in values, with a like-for-like growth of +11.0%.

2. Accounted rental income: +4.3% at a like-for like scope

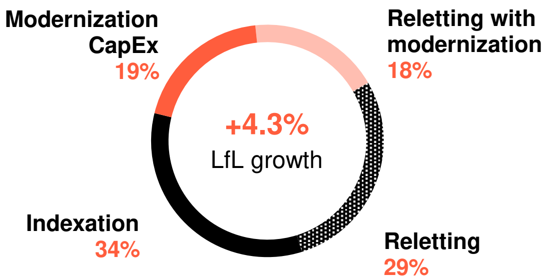
(€ million)	Rental income 2018 100%	Rental income 2018 Group share	Rental income 2019 100%	Rental income 2019 Group share	Change Group share (%)	Change Group share (%) LfL [1]	% of rental income
Berlin	116.6	74.8	127.1	82.5	10.3%	4.6%	51%
of which Residential	88.5	56.7	96.1	62.1	9.4%	4.6%	38%
of which Offices	7.7	5.1	9.4	6.4	26.3%	-	4%
of which Other commercial [2]	20.5	13.0	21.6	14.0	7.6%	-	9%
Dresden & Leipzig	23.3	14.8	24.5	15.7	5.6%	3.8%	10%
Hamburg	15.9	10.6	16.1	10.5	-0.7%	2.5%	6%
North Rhine-Westphalia	85.3	53.6	84.1	53.3	-0.7%	4.5%	33%
Essen	*28.4*	*17.7*	*29.3*	*18.2*	*2.6%*	*4.1%*	*11%*
Duisburg	*16.1*	*10.1*	*14.9*	*9.3*	*-8.0%*	*5.2%*	*6%*
Mulheim	*10.1*	*6.4*	*10.0*	*6.4*	*-0.4%*	*3.1%*	*4%*
Oberhausen	*10.5*	*6.5*	*10.4*	*7.0*	*6.7%*	*4.9%*	*4%*
Other	*20.2*	*12.9*	*19.5*	*12.4*	*-3.3%*	*5.2%*	*8%*
Total	**241.2**	**153.9**	**251.8**	**162.0**	**5.2%**	**4.3%**	**100%**
of which Residential	203.6	129.7	211.7	135.7	4.6%	-	84%
of which Offices	9.8	6.3	11.3	7.6	21.2%	-	5%
of which Other commercial [2]	27.8	17.9	28.8	18.6	4.3%	-	12%

[1] LfL: Like-for-Like

[2] Ground floor retail, car parks, etc

Rental income amounted to €162 million Group share in 2019, up 5.2% (+€8.1 million) due to:

- strong like-for-like rental growth of 4.3% (+€5.4 million) with good performance in all areas



- 2018 and 2019 acquisitions (+€7.7 million)
- disposals (-€5.0 million) mainly involving the last portfolios of non-core assets in North Rhine-Westphalia and mature assets in Berlin.

3. Annualised rental income: €168 million Group share

(€ million)	Surface (m²)	Number of units	Annualised rents 2018 Group share	Annualised rents 2019 100%	Annualised rents 2019 Group share	Change Group share (%)	Average rent €/m²/month	% of rental income
Berlin	1,310,434	17,034	81.2	131.5	85.7	5.5%	8.4 €/m²	51%
of which Residential	1,071,586	15,813	61.6	98.8	63.8	3.6%	7.7 €/m²	38%
of which Offices	75,677	308	5.3	10.5	7.4	39.2%	11.6 €/m²	3%
of which Other commercial [1]	163,171	913	14.3	22.2	14.4	0.7%	11.4 €/m²	9%
Dresden & Leipzig	320,919	5,219	15.6	24.9	15.9	2.1%	6.5 €/m²	9%
Hamburg	143,241	2,366	10.6	16.6	10.9	2.5%	9.6 €/m²	6%
North Rhine-Westphalia	1,127,633	16,698	52.5	87.7	55.6	5.8%	6.5 €/m²	33%
Essen	*385,303*	*5,619*	*18.1*	*30.8*	*19.1*	*5.8%*	6.7 €/m²	*11%*
Duisburg	*205,569*	*3,165*	*9.5*	*15.4*	*9.6*	*1.1%*	6.2 €/m²	*6%*
Mulheim	*130,244*	*2,180*	*6.4*	*10.3*	*6.5*	*2.3%*	6.6 €/m²	*4%*
Oberhausen	*145,861*	*1,962*	*6.9*	*10.7*	*7.2*	*4.2%*	6.1 €/m²	*4%*
Others	*260,656*	*3,772*	*11.6*	*20.5*	*13.1*	*12.3%*	6.6 €/m²	*8%*
Total	**2,902,227**	**41,317**	**159.9**	**260.7**	**168.0**	**5.0%**	**7.5 €/m²**	**100%**
of which Residential	2,589,544	39,672	134.8	218.5	140.1	3.9%	7.0 €/m²	83%
of which Offices	99,122	394	6.5	12.5	8.7	33.3%	10.5 €/m²	5%
of which Other commercial [1]	213,561	1,251	18.6	29.7	19.2	3.5%	11.6 €/m²	11%

[1] Ground floor retail, car parks, etc

The portfolio breakdown has been stable since year-end-2018, with Berlin generating around half of the rental income, through both residential units and commercial units (ground floor retail, office space).

Rental income per m² (€7.5/m²/month on average) offers solid growth potential through reversion, especially in Hamburg (20-25%), in Dresden and Leipzig (15-20%) and in North Rhine-Westphalia (15-20%).

4. Indexation

The rental income from residential property in Germany changes according to three mechanisms:

- **Rents for re-leased properties**:

In principle, rents may be increased freely.

As an exception to that unrestricted rent setting principle, cities like Hamburg, Cologne, Düsseldorf have introduced rent caps (“Mietpreisbremse”) for re-leased properties. In these cities, rents for re-leased properties cannot exceed the public rent reference (“Mietspiegel”) by more than 10%.

If construction works result in an increase in the value of the property (work amounting to more than 1/3 of new construction costs), the rent for re-let property may be increased by a maximum of 8% of the cost of the work.

In the event of complete modernisation (work amounting to more than 1/3 of new construction costs), the rent may be increased freely.

- **For current leases**:

The current rent may be increased by 15% to 20% depending on the region, however without exceeding the Mietspiegel or another rent benchmark. This increase may only be applied every three years.

- **For current leases with works carried out**:

If work has been carried out, rent may be increased by up to 8% of the amount of said work, in addition to the possible increase according to the rent index. This increase is subject to three conditions:

- the works serve to save energy, increase the utility value or improve the living conditions in the long run
- the tenant must be notified of this rent increase within three months
- the rent may not increase by more than 3€/m² for modernisations within a 6 years-period (€2/m² if the initial rent is below €7/m²).

On January 30th, the city of **Berlin voted in a new law** to freeze & cap the rents of most residential units:

- Freeze on existing rents for 5 years (i.e. until February 2025). An increase may be possible from 2022, up to the level of inflation (about 1.3%) without exceeding the rent ceilings. Rent ceilings can be increased by the Berlin Senate in line with real wages increase two years after the law is enacted.
- Reversal of rent increases since 18 June 2019 back to the rent levels agreed as of that date, except for new leases signed subsequent to that date.
- Application of a rent cap, for reletting and current leases, defined according to the year of construction of the building and the equipment of the dwelling.
- Excessive rent above 120% of the rent ceiling to be reduced to the 120% level, adjusted for the quality of the location, probably applicable from the last quarter of 2020.
- Increase in rents in case of energetic modernization or upgrading to accessibility standards for people with reduced mobility: +1 €/m².
- Housings built after 2014, public housings and subsidized housings are excluded.

The **estimated impacts** for Covivio on the rental income will be fairly limited, as Berlin residential rents accounts for only 9% of Covivio total annualised revenue in Group share:

- Freeze of existing rent
- Impact of rent decrease:
  - in 2020: -€1.5 m to -€1.9 m Group share
  - in 2021: -€6.0 m vs 2020

  ➔ Cumulative impact representing ~**1% of Covivio annualised rent** at end-2019.

5. Occupancy rate: a high level of 98.6%

(%)	2018	2019
Berlin	98.3%	98.1%
Dresden & Leipzig	99.2%	99.0%
Hamburg	99.8%	99.8%
North Rhine-Westphalia	98.9%	99.0%
Total	**98.7%**	**98.6%**

The occupancy rate of assets under operation remains high, at 98.6%. It has remained above 98% since the end of 2015 and reflects the Group's very high portfolio quality and low rental risk.

6. Reserves for unpaid rent

(€ million, Group share)	2018	2019
As % of rental income	0.8%	0.8%
In value [1]	1.2	1.3

[1] net provision / reversals of provison

7. Disposals and disposals agreements €91 M in 2019

(€ million)	Disposals 2018 (agreements as of end-2018 closed)	Agreements as of end-2018 to close	New disposals 2019	New agreements 2019	Total 2019	Margin vs end-2018 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Residential	**26**	**3**	**82**	**9**	**91**	**38%**	**3.6%**	**108**
Berlin	11	3	41	7	48	59%	1.8%	52
Dresden & Leipzig	-	-	34	-	34	14%	6.6%	34
Hamburg	-	-	-	-	-	-	-	-
North Rhine-Westphalia	14	-	7	3	9	55%	1.9%	21
Total 100%	**26**	**3**	**82**	**9**	**91**	**38%**	**3.6%**	**108**
Total Group share	**16**	**2**	**53**	**6**	**59**	**38%**	**3.6%**	**69**

After having sold the entirety of its non-core portfolio in North Rhine-Westphalia during the past few years, disposals now mostly consist of privatisations in Berlin. Only one mature portfolio remained in Dresden and was sold in the second half of 2019.

In 2019, Covivio privatised 130 units in Berlin for €48 million (€30 million Group share) at prices significantly higher than their latest appraisal values (+60% margin, around €4,200 /m²), thus crystallising the gap between book value and market value in condominium division.

In addition, a block sale of 578 units for €34 m (€21 m Group share) realised in Dresden with a margin of 14%.

8. Acquisitions: €148 M realised in 2019

(€ million, Including Duties)	Surface (m²)	Number of units	Acquisitions 2019 realised			Acquisitions 2019 secured		
			Acq. price 100%	Acq. price Group share	Gross yield [1]	Acq. price 100%	Acq. price Group share	Gross yield [1]
Residential	**56,388**	**410**	**118**	**78**	**4.5%**	**7**	**7**	**5%**
Berlin	2,838	38	10	6	4.8%	0	0	-
Dresden & Leipzig	28,114	3	52	35	4.3%	7	7	-
Hamburg	-	-	0	0	-	0	0	-
North Rhine-Westphalia	25,436	369	56	37	4.6%	0	0	-
Offices	**10,213**	**0**	**30**	**28**	**4.5%**	**0**	**0**	**0.0%**
Berlin	10,213	n.a.	30	28	4.5%	0	0	-
Other cities	-	-	0	0	0.0%	0	0	-
Total	**66,601**	**410**	**148**	**106**	**4.5%**	**7**	**7**	**4.5%**

[1] Yield in 2 years after reletting of vacant spaces. Immediate yield of 3.7% on acquisitions realised

In residential:

In 2019, Covivio closed 4 residential deals for €118 million (€78 million Group Share), mainly in North-Rhine Westphalia, Dresden & Leipzig where the rent and value increase potential is still significant:

- 1 transaction in Berlin of 38 units at €3,400 /m² with a high potential yield due to the asset's current vacancy (95%)
- 2 transactions in NRW of 369 units at €2,210 /m²
- 1 transaction in Leipzig and Dresden of 337 units at 2,075 €/m²
- The 2-year potential yield stands at 4.5% (after re-letting the vacant space) and will continue to rise due to the rent increase potential (c. 45% on average).

In offices:

Covivio acquired one office building of 10,200 m² in Berlin for €30 million (€28 million Group Share) at a 4.5% yield. It holds a significant value creation potential through reletting with 12% vacancy and >50% reversionary potential. This asset is located in the South of the Pankow district, 15 min from Alexanderplatz with the nearby tramway.

In addition to this acquisition, Covivio acquired two land banks for offices development in Berlin. More details are provided in the section below on development projects.

9. Residential Development projects: €850 M pipeline

In response to the supply/demand imbalance in new housing in Berlin, Covivio launched a residential development pipeline in 2017. A total of €850 million has been identified for new housing extensions, redevelopments and new construction projects.

This pipeline will enable Covivio to maximise value creation in its portfolio. Part of the units developed will remain in the portfolio and will be let with a yield on cost of around 5%. The other part will be sold in order to unlock the value creation with an expected margin above 40%.

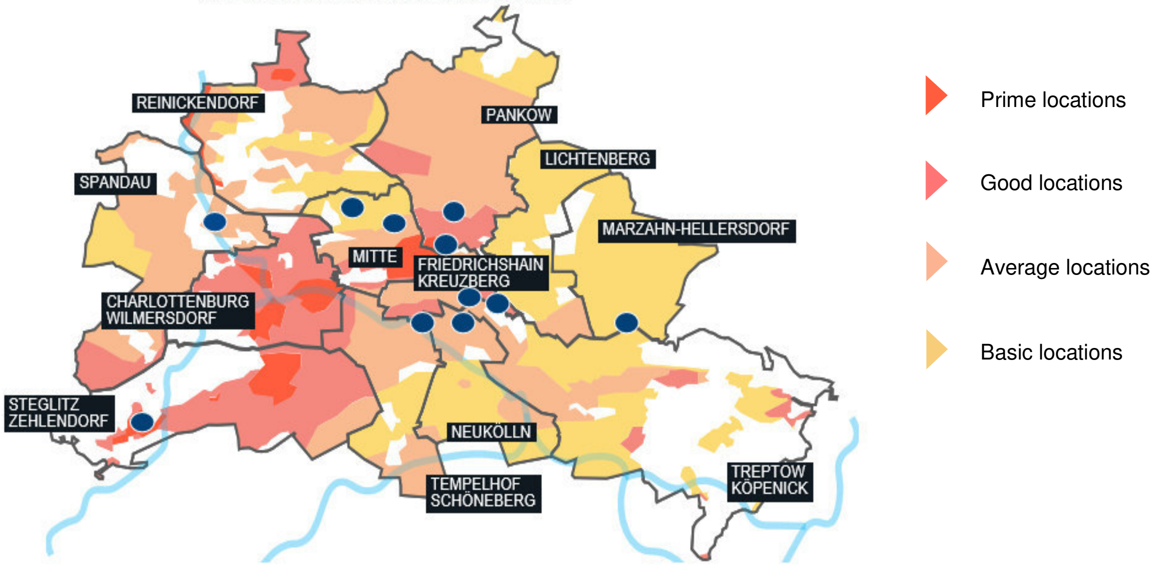
In 2019, Covivio delivered the first two residential projects in Germany of which one is located in Essen and one in Berlin with a yield of around 5.6%. These projects are part of the letting program and total 14 apartments for a €3 million cost.

9.1 Committed projects: €211 M (€135 M Group share)

For details on the committed projects, see page 20 of this document.

819 units are committed, primarily in Berlin, and developed at a cost of €3,617 /m², with a 4.7% yield on cost on units to be let and a target margin >50% on units to be sold.

Covivio development projects in Berlin



9.2 Managed projects: ~€640 million of projects (~€410 million Group share)

Covivio continues to strengthen its residential pipeline: in 2019, €39 million of land banks were acquired and will enable the development of 18,300 m² of housing.
In all, 67 additional development projects have already been identified, representing about €636 million in developments. They mainly consist of construction projects in the centre of Berlin for more than 2,300 new housing units on around 190,000 m².

10. Offices Development projects: €0.6 bn of developments projects in Berlin

Covivio launched last year its Office pipeline in Berlin with the flagship Alexanderplatz project. 2 additional projects have been acquired year-end-2019 as part of Covivio's strategy to expand in German offices, bringing the total development to ~80,000 m² in Berlin

- **Alexanderplatz**: 60,000 m² flag-ship mixed-use project in Alexanderplatz for the construction of a new tower in the heart of Berlin. The building will host offices, residential and ground-floor retail. The project is set to be delivered in 2024.
  In 2019, the pre-building permit was obtained, and the preparatory works started. The building permit obtention is expected for 2020.

  Beyond this first tower, the land bank holds potential for an additional 70,000 m² building.

- Two land banks were acquired, one in Schöneberg district and one in Aldershof district, totaling around 20,200m² of development. The development cost is estimated at around ~€82 m with a yield of ~6%.

11. Portfolio values

10.1. Change in portfolio value: 13% growth

(€ million, Group share, Excluding Duties)	Value 2018	Acqu.	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Change of scope	Value 2019
Berlin	2,220	38	107	-22	3	203	-44	2,505
Dresden & Leipzig	324	35	6	-20	-	37	-2	380
Hamburg	263	-	7	-	-	26	0	297
North Rhine-Westphalia	935	39	26	-12	-2	62	-1	1,047
Total	**3,743**	**113**	**147**	**-54**	**1**	**328**	**-48**	**4,229**

In 2019, the portfolio's value increased by 13% to stand at €4.2 billion Group share. This rapid growth was, driven first by the like-for-like increase in value (€328 million or 67% of the growth) and second, by the contribution of acquisitions and investments net of disposals and the associated value creation (42% of the growth).

10.2. Change on like-for-like basis: +11% of growth

(€ million, Excluding Duties)	Value 2018 Group share	Surface 100%	Value 2019 100%	Value 2019 €/m²	Value 2019 Group share	LfL [1] change	Yield 2018	Yield 2019	% of total value
Berlin	2,220	1,321,114 m²	3,816	2,889 €/m²	2,504	11.1%	3.7%	3.5%	59%
of which Residential	1,756	1,071,586 m²	2,994	2,794 €/m²	1,934	-	3.6%	3.3%	46%
of which Offices	126	86,357 m²	320	2,820 €/m²	244	-	4.3%	4.1%	6%
of which Other commercial [2]	339	163,171 m²	503	3,085 €/m²	327	-	4.7%	4.3%	8%
Dresden & Leipzig	324	320,919 m²	593	1,848 €/m²	380	14.0%	4.8%	4.2%	9%
Hamburg	263	143,241 m²	454	3,167 €/m²	297	12.8%	4.0%	3.7%	7%
North Rhine-Westphalia	935	1,127,633 m²	1,655	1,468 €/m²	1,047	9.3%	5.6%	5.3%	25%
Essen	339	385,303 m²	613	1,592 €/m²	382	10.0%	5.3%	5.0%	9%
Duisburg	160	205,569 m²	267	1,300 €/m²	167	8.5%	5.9%	5.8%	4%
Mulheim	111	130,244 m²	187	1,432 €/m²	119	8.3%	5.8%	5.5%	3%
Oberhausen	102	145,861 m²	165	1,133 €/m²	111	8.6%	6.8%	6.5%	3%
Other	223	260,656 m²	423	1,622 €/m²	269	9.7%	5.3%	4.9%	6%
Total	**3,743**	**2,912,907 m²**	**6,518**	**2,212 €/m²**	**4,229**	**11.0%**	**4.3%**	**4.0%**	**100%**
of which Residential	3159	2,589,544 m²	5,528	2,135 €/m²	3,552	-	4.3%	4.0%	84%
of which Offices	207	109,802 m²	356	2,553 €/m²	267	-	4.6%	4.3%	6%
of which Other commercial [2]	376	213,561 m²	634	2,969 €/m²	410	-	4.9%	4.5%	10%

[1] LfL: Like-for-Like

[2] Ground floor retail, car parks, etc

Covivio's residential portfolio in Germany is valued at €2,135 /m² on average, offering significant growth potential, especially in Berlin where the current valuation of the residential units stands below €2,800 /m², significantly below the average asking price of condominiums (€4,740 /m² at end-2019).

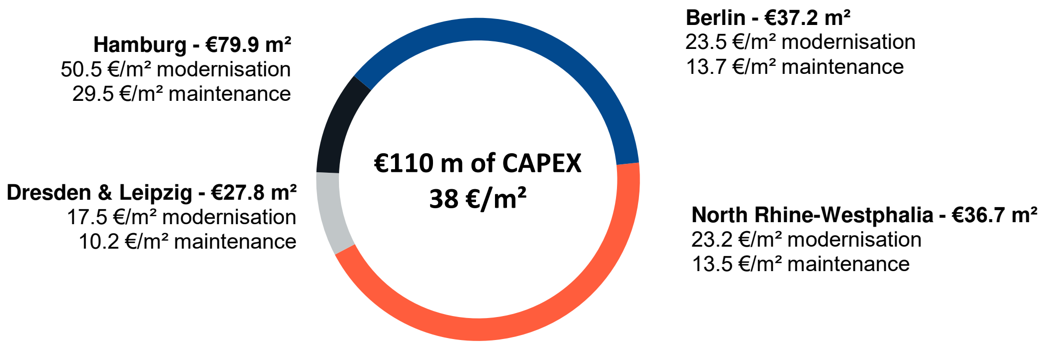
In 2019, values increased by +11.0% on a like-for-like basis since year-end-2018:

- +11.1% in Berlin after excellent performance in 2018 (+12.4%), mainly due to the substantial increase in rental income and values in highly sought-after locations.
- Hamburg (+12.8%) and Dresden and Leipzig (+14.0%) also generated strong performance under the same effects.
- the increase in values in North Rhine-Westphalia (+9.3%), shows the improved quality of the portfolio, following the modernisation and non-core asset disposal programmes.

12. Maintenance and modernisation CAPEX

In 2019, €110 million in CAPEX (€38 /m²) and €19 million in Opex (€6.4 /m²) were realised. CAPEX spending increased by 16% in €million and in €/m², compared to 2018, due to the modernisation program in North Rhine Westphalia, now that all non-core assets have been sold, and some modernisations program in Hamburg.

- **Modernisation CAPEX**, used to improve asset quality and increase rental income, accounts for 63% of the total, stable vs 2018.


Hamburg - €79.9 m²
50.5 €/m² modernisation
29.5 €/m² maintenance
Berlin - €37.2 m²
23.5 €/m² modernisation
13.7 €/m² maintenance
€110 m of CAPEX
38 €/m²
Dresden & Leipzig - €27.8 m²
17.5 €/m² modernisation
10.2 €/m² maintenance
North Rhine-Westphalia - €36.7 m²
23.2 €/m² modernisation
13.5 €/m² maintenance

D. HOTELS IN EUROPE

Covivio Hotels, a subsidiary of Covivio held at 43.2% at year-end-2019 (versus 42.3% at year-end-2018), is a listed property investment company (SIIC) and leading real estate player in Europe. It invests both in hotels under lease and hotel operating properties.

The figures presented are expressed at 100% and in Covivio Group share (GS).

1. The European hotel market continues to grow

Covivio owns a hotel portfolio worth €6.5 billion (€2.5 billion Group share) focused on major European cities. Benefitting from its geographic diversification (across 9 Western European countries), its broad revenue base (18 hotel operators/partners) and asset management possibilities via different ownership methods (hotel lease and hotel operating properties), Covivio holds major growth and value creation drivers in its portfolio. The Group is very well positioned to benefit from growth in the European hotel market.

The upturn in the European hotel market continued in 2019 after an exceptional year in 2018:

- Revenue per available room (RevPar) in Europe grew by +2.7% in 2019, driven both by the growth in Average Daily Rate (+1.9%) and the occupancy rate (+0.4 pt)
- The sector's trend is positive: the number of tourists in Europe grew by 4% in Europe in 2019 reaching a 743 million arrivals, well ahead of the latest forecast. Europe accounts for 51% of the global tourism market.
- Markets where the Group operates showed positive RevPar growth in 2019:

Country	RevPar change YTD (%)	Main driver
France	+1.7%	Paris +0.3%; Major cities +3.1%
Germany	+1.9%	Berlin +2.0%
Belgium	+6.1%	Brussels +7.8%
United Kingdom	+1.0%	London +2.6%
Spain	+5.1%	Madrid +10.7%; Barcelona +9.4%

- Investor appetite for hotels held steady in the beginning of 2019, with €23.3 billion in the twelve months to Q3 2019 (vs €23.0 bn in 2018), with around 50% of the transactions concentrated in the UK, Spain, and Germany. Yields remain stable overall across Europe, with the exception of Italy, where strong investor demand resulted in increasing values.

In 2019, Covivio's hotel activity was characterised by:

- Steady asset rotation
  - €736 million of acquisitions realised in 2019 (€156 million Group share), including a 32% stake in a portfolio of 32 Accor hotels worth €550 m in Paris and the city-centres of major cities in France and Belgium and a Hilton hotel under management contract in Dublin for €45 m.
  - €295 million (€97 million Group share) of new disposals signed in 2019 with a 20% margin, mainly non-core B&B Hotel in secondary locations in France & Germany.
  - €573 million of investment secured for 2020 (capex included) with a high-end portfolio of 8 hotels in Rome, Florence, Venice, Budapest, Prague and Nice Covivio will sign 15-year triple-net leases with NH Hotels offering a 5.8% target yield (4.7% minimum guaranteed).
- Positive like-for-like revenue growth (+1.2%) driven by the positive EBITDA performance from management contracts (+2.3%), particularly in Germany.
- The steady increase in hotel portfolio values (+5.5% on a like-for-like basis), in particular due to the high-margin secured on disposals expected in 2020 and the upturn of business in Germany.

Sources: UNTWO, MKG, CBRE

Assets not wholly owned by Covivio Hotels include:

- 94 B&B hotels in France (50.2% owned)
- 22 B&B assets in Germany (93.0%) of which 11 are under disposal agreements
- 8 B&B assets in Germany, formerly operating properties converted into leased properties in 2018, 5 of them held at 84.6% and the other 3 at 90%
- 2 Motel One assets in Germany (94.0%) acquired in 2015
- the Club Med Samoëns, delivered in 2017 and owned in partnership with ACM (50%).

2. Recognised revenues: +1.2% on a like-for-like basis

(€ million)	Number of rooms	Number of assets	Revenues 2018 Group share	Revenues 2019 100%	Revenues 2019 Group share	Change Group share (%) LfL [1]	% of revenues
Paris	5,557	20	10.9	27.4	11.3	+2.7%	9%
Inner suburbs	1,775	8	1.5	3.9	1.6	-4.7%	1%
Outer suburbs	3,699	36	4.3	12.3	4.2	+2.5%	3%
Total Paris Regions	**11,031**	**64**	**16.7**	**43.6**	**17.0**	**+2.0%**	**14%**
Major regional cities	6,921	62	8.7	23.0	8.3	-0.6%	7%
Other French Regions	5,281	69	6.8	26.8	6.7	+0.2%	6%
Total France	**23,233**	**195**	**32.2**	**93.3**	**32.0**	**+0.9%**	**26%**
Germany	7,305	66	11.5	34.1	14.4	+1.3%	12%
United Kingdom	2,226	12	-	42.8	18.5	n.a	15%
Spain	3,699	20	8.8	34.5	14.9	+0.2%	12%
Belgium	2,598	14	14.5	15.3	6.6	+6.1%	5%
Other	1,441	7	10.4	12.9	5.6	+1.7%	5%
Total Hotel - Lease properties	**40,502**	**314**	**77.4**	**233.0**	**92.0**	**+0.7%**	**76%**
France	1,197	9	6.7	14.9	6.4	+0.4%	5%
Germany	3,501	8	22.1	49.0	20.1	+2.9%	17%
Other (Ireland & Belgium)	568	3	2.6	6.0	2.6	+1.9%	2%
Hotel Operating properties (EBITDA)	**5,266**	**20.0**	**31.4**	**69.8**	**29.1**	**+2.3%**	**24%**
Total revenues Hotels	**51,034**	**334**	**108.8**	**302.8**	**121.2**	**+1.2%**	**100%**

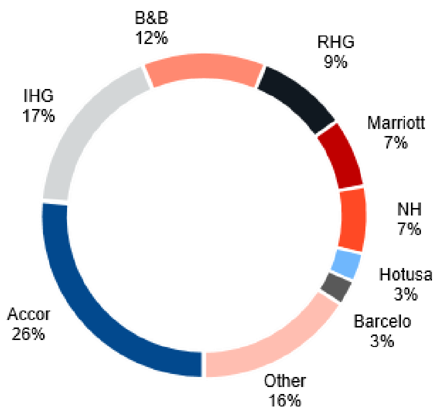
[1] LfL: Like-for-Like

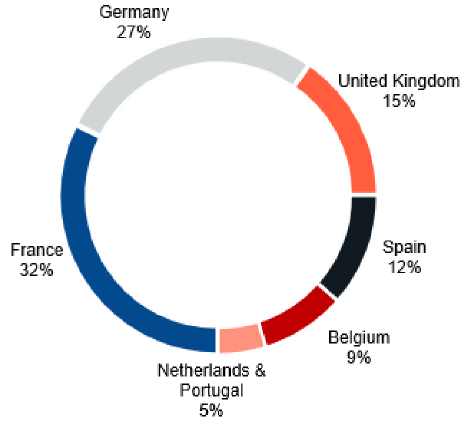
Hotel revenue grew by €12.4 million Group share compared to 2018, due to:

- +1.2% increase in revenues on a like-for-like basis (+€1.3 million)
  - +1.5% on fixed-indexed leases
  - -0.6% on Accor variable leases, due to the renovation works carried out by Accor in 2019 and part of 2020 on ~40% of the portfolio, which will boost future performance
  - +2.3% EBITDA growth on management contracts, mainly due to the business upturn in Germany (+2.9%), especially in Berlin.
- acquisitions (+€16.9 m), mainly the hotel portfolio in the United Kingdom, leased to IHG, realised in the second semester 2018.
- deliveries (+€1.6 m) of three Meininger hotels in Paris, Lyon and Munich and a B&B hotel in Greater Paris.
- disposals, both in 2018 and 2019, including the Westin hotel in Dresden (-€8.4 million)
- the increase of Covivio’s stake in Covivio Hotels from 42.3% to 43.2% (+€1.0 million) following the asset contribution of Covivio to Covivio Hotels (the Meridien hotel in Nice).

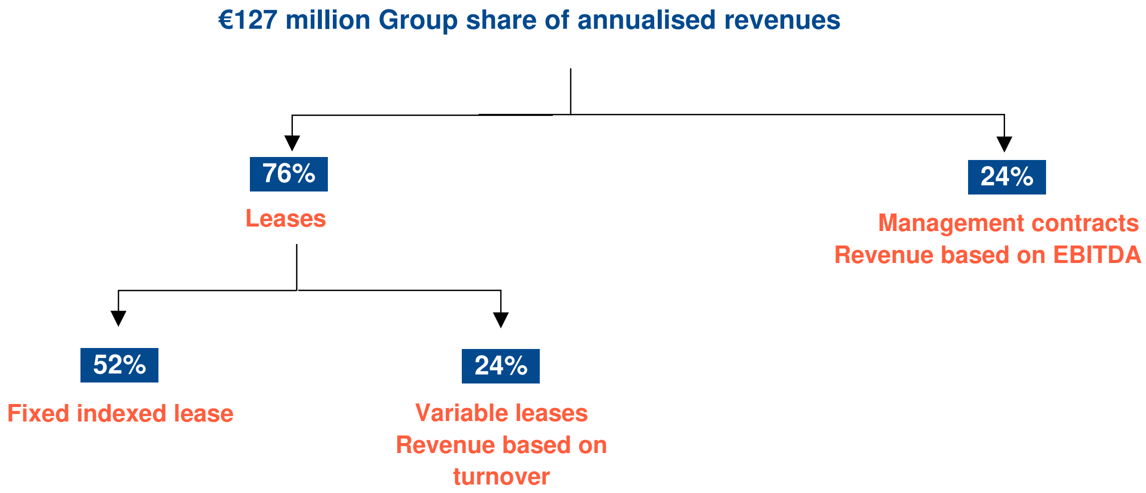
3. Annualised revenue: €127 million Group share

3.1. Breakdown by operators and by country





3.2. Structure of annualised revenues: balance between fixed & variable revenue



The revenue structure remained stable compared to year-end-2018, with an balance between fixed revenue & variable revenue. Thanks to this balance, Covivio benefits both from secured cash-flows with long-term visibility & the capacity to capture the growth supported by a well-oriented European hotel market.

4. Indexation

Fixed-indexed leases are indexed to benchmark indices (ICC and ILC in France and consumer price index for foreign assets).

5. Lease expiries: 13.7 years of firm residual lease term

(€ million, Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	1.2	1%	0.0	0%
2021	3.4	3%	0.5	1%
2022	3.4	3%	1.0	1%
2023	4.1	4%	2.5	3%
2024	0.0	0%	1.5	1%
2025	2.3	2%	2.6	3%
2026	0.7	1%	1.0	1%
2027	1.5	2%	1.5	2%
2028	0.4	0%	0.4	0%
2029	17.5	18%	18.5	19%
Beyond	62.3	64%	67.3	70%
Total Hotels in lease	**96.7**	**100%**	**96.7**	**100%**

Due to the signature of a 25-year firm lease with IHG in the United Kingdom, on two assets acquired in the first half of 2019, the firm residual duration at year-end-2019 is at a record high, over 13 years.

The occupancy rate remained at 100%.

6. Reserves for unpaid rent

As in 2018, no additional amounts were set aside for unpaid rents in the portfolio in 2019.

7. Disposals and disposal agreements: €295 M of new commitments

(€ million)	Disposals (agreements as of end of 2018 closed) 1	Agreements as of end of 2018 to close	New disposals 2019 2	New agreements 2019 3	Total 2019 = 2 + 3	Margin vs 2018 value	Yield	Total Realised Disposals = 1 + 2
Hotel Lease properties	283	0	113	133	**246**	22.9%	4.9%	396
Hotel Operating properties	0	0	49	0	**49**	8.8%	7.4%	49
Total Hotels - 100%	**283**	**0**	**162**	**133**	**295**	**20.4%**	**5.3%**	**445**
Total Hotels - Group share	**65**	**0**	**44**	**53**	**97**	**22.3%**	**5.3%**	**110**

Covivio continued its policy of rotating assets with €295 million (€97 million Group share) of new commitments in 2019:

- **non-core assets**: 34 B&B hotels in secondary locations for €118 million, signed with a 12% margin above year-end-2018 appraisal value and a 5.6% yield; 11 B&B hotels in Germany in secondary locations for €115 million, signed with a 39% margin above year-end-2018 appraisal value and a 4.2% yield.

- **one mature asset**: the five-star Westin Bellevue in Dresden, with 340 rooms for €48.5 million (€20 million Group share), with a margin of +8.8% on the appraisal value. Covivio is keeping the adjacent land reserve which offers strong residential development potential, thus feeding its development pipeline in Germany.

In addition, €283 million of non-core disposals signed in 2018 were realised this year, mainly a portfolio of B&B hotels in France in secondary locations sold for €272 million at a 5.5% yield.

8. Acquisitions: €736 M realised in 2019 & €573 m secured for 2020

(€ million, Including Duties)	Number of rooms	Location	Tenants	Acquisitions 2019 realised		
				Acq. price 100%	Acq. price Group share	Gross Yield [1]
UK portfolio (2 assets secured in 2018)	285	United Kingdom	IHG	79	34	5.5%
NH Amersfoort (secured in 2018)	114	Netherlands	NH	12	5	7.6%
AccorInvest portfolio (32 assets)	6,221	France	AccorInvest	550	76	5.4%
B&B Poland (3 assets)	433	Poland	B&B	24	10	6.7%
Club Med Samoëns (reinforcement in % ownership)	124	France	Club Med	26	11	5.6%
Total Lease properties	**7,177**	**-**	**-**	**690**	**136**	**5.6%**
Hilton Dublin	120	Ireland	Hilton	45	20	6.4%
Total Operating properties	**120**	**-**	**-**	**45**	**20**	**6.4%**
Total Acquisitions	**7,297**	**-**	**-**	**736**	**156**	**5.8%**

[1] Target yield after ramp-up phase. Immediate yield of 5.2%

During 2019, Covivio strengthened its presence in major European cities with €736 million (€156 million Group share) of acquisitions:

- A 32% stake in a portfolio of 32 Accor hotels in France and Belgium for €175 million, closed in early July 2019. The portfolio, valued at €550 million, comprises high-quality assets (recently renovated, sound EBITDAR margin >30%) located in Paris and in the city-centres of major regional cities. The purchase price implies a valuation of €88,000 per room, significantly below Covivio's similar Accor portfolio (valued €114,000/room at end-2018). The target yield is of 5.4% (immediate yield of 4.8%).

  The lease type, 100% variable, will enable Covivio to fully benefit from the growth in future performance. Link to the dedicated press release

- 3 B&B hotels acquired for €24 million in Poland (Warsaw, Krakow & Lodz). Covivio is accompanying the expansion of a long-term partner in a new dynamic market. B&B aims to open 1,500 in Poland largest cities in the medium-term.
  The Group signed long-term leases with B&B (15 years firm) with a minimum guaranteed yield of 6.3% and a target yield of 6.7% in 2023 through a variable component.

- Acquisition a 4* hotel located in the centre of Dublin, under a management contract with Hilton, for €45.5 million and a yield of 6.4%. With 120 rooms, this hotel will benefit from a project to convert meeting rooms into ten additional rooms from now to 2021, generating a target value creation of around 10%.

- 3 transactions secured in 2018 and closed in the first half for €91 million for 2 hotels in Oxford leased to IHG, with 5.5% target yield, and 1 NH Hotel in the Netherlands, with a 6.5% minimum guaranteed yield and a 7.6% target yield.

- The increase of Covivio's stake in the Club Med Samoëns from 25% to 50% following the asset contribution of Caisse des Dépots to Covivio Hotels.

In addition to the acquisitions realised this year, Covivio secured **investments for 2020**:

At year-end-2019, Covivio secured the acquisition of a hotel portfolio in 2020 in Rome, Florence, Venice, Budapest, Prague and Nice for €573 million (capex included) for a yield target of 5.8%, including 4.7% minimum guaranteed yield. This portfolio of high-end hotels mostly 5-star-rated in prime locations include several emblematic hotels such as the Palazzo Naiadi in Rome, the Carlo IV in Prague, the Plaza in Nice and the NY Palace in Budapest.

Totalling 1,115 rooms, these hotel s will be operated under the brands NH Collection, NH Hotels and Anantara Hotels & Resorts. For that, Covivio and NH Hotel Group (part of Minor International) signed long term triple net lease contracts with minimum guaranteed variable rent. The agreement has an initial duration of 15 years and may be extended at NH Hotel Group's option to 30 years. Covivio is now pursuing a CAPEX program for the entire portfolio, which shows great potential for growth.

Link to the dedicated press release

9. Development project

In 2019, Covivio continued to support its new and long-term partners' development expansion in major European cities.

Delivered projects

In 2019, Covivio delivered 682 hotel rooms through 4 projects, representing €106 million (€45 million Group share) of development costs at a 6.2% yield and with 31% value creation.

- The B&B Cergy in Greater Paris, totalling 84 rooms
- 3 Meininger hotels: one in Munich with 173 rooms delivered in the first half of 2019. And two in France: Meininger's first opening in Paris and Lyon; in Porte de Vincennes a hotel of 249 rooms and in Lyon Zimmermann of 176 rooms.

Committed projects: 1 B&B hotel in Greater Paris

Covivio continues to support the development of B&B, with one more hotel in construction in Greater Paris (Bagnolet) with 108 rooms for a total cost of €8 million (€2 m Group share). The asset is scheduled to be delivered in the second half 2020.

Managed projects: ~50,000 m² of additional constructible space

Covivio has identified close to 50,000 m² to be developed on land banks adjacent to existing hotels. Located in the city centres of key cities such as Paris, Lyon, Leipzig or Dresden, these projects offer a significant value creation potential through the development of Offices, Residential or Hotels and highlight the opportunities created through synergies between Covivio's activities.

10. Portfolio values

10.1. Change in portfolio values

(€ million, Excluding Duties, Group share)	Value 2018	Acquis.	Invest.	Disposals	Change in value	Reclustering	Change in scope	Value 2019
Hotels - Lease properties	1,697	142	9	-86	106	46	62	**1,976**
Hotels - Operating properties	506	39	4	-41	17	-	7	**536**
Assets under development	46	-	1	-	0	-46	0.0	**1**
Total Hotels	**2,250**	**181**	**14**	**-128**	**124**	**-**	**69**	**2,513**

The portfolio reached €2.5 billion Group share at year-end-2019, mainly due to the impact of the acquisitions and investments realised (+€195 million) and the increase in property values (+€124 million), partly offset by disposals of non-core and mature hotels (-€128 million).

10.2. Change on like-for-like basis: +5.5% growth

(€ million, Excluding Duties)	Value 2018 Group share	Value 2019 100%	Value 2019 Group share	LfL [1] change	Yield [2] 2018	Yield [2] 2019	% of total value
France	**666**	**2,299**	**724**	**+5.7%**	**5.1%**	**4.9%**	**29%**
Paris	277	876	318				13%
Greater Paris (excl. Paris)	109	520	139				6%
Major regional cities	162	542	171				7%
Other cities	117	360	96				4%
Germany	**260**	**755**	**319**	**+18.8%**	**5.4%**	**4.7%**	**13%**
Franckfurt	25	75	31				1%
Munich	18	73	31				1%
Berlin	25	73	31				1%
Other cities	192	534	226				9%
Belgium	**104**	**296**	**116**	**+3.3%**	**5.7%**	**5.8%**	**5%**
Brussels	29	103	36				1%
Other cities	75	193	80				3%
Spain	**269**	**668**	**289**	**+4.6%**	**5.3%**	**5.1%**	**11%**
Madrid	114	285	123				5%
Barcelona	99	239	103				4%
Other cities	56	145	62				2%
UK	356	966	417	**-0.0%**	**4.9%**	**4.9%**	17%
Other countries	**88**	**257**	**111**	**+5.9%**	**5.4%**	**5.3%**	**4%**
Total Hotel lease properties	**1,743**	**5,241**	**1,977**	**+6.1%**	**5.2%**	**5.0%**	**79%**
France	**96**	**273**	**118**	**-2.4%**	**6.1%**	**5.3%**	**5%**
Lille	52	116	50				2%
Other cities	44	157	68				3%
Germany[3]	**379**	**882**	**362**	**+5.4%**	**6.3%**	**6.2%**	**14%**
Berlin	255	612	251				10%
Dresden & Leipzig	100	217	89				4%
Other cities	23	53	22				1%
Other countries	**31**	**131**	**56**	**+4.0%**	**7.7%**	**6.8%**	**2%**
Total Hotel Operating properties	**506**	**1,285**	**536**	**+3.4%**	**6.3%**	**6.1%**	**21%**
Total Hotels	**2,250**	**6,526**	**2,513**	**+5.5%**	**5.4%**	**5.2%**	**100%**

[1] LfL : Like-for-Like
[2] Yield excluding assets under development; EBIDTA yield for hotel operating properties

87% of the portfolio is located in major European cities (cities with more than 2 million overnight stays per year)

The performance of the portfolio, both on leased properties and operating properties, validates the Group's strategy of strengthening its position in major European cities with:

- **+6.1%** like-for-like growth on **lease properties**:
  - +5.7% in France with the good performance of the Accor portfolio (both on assets under renovation by Accor and other assets) and the value creation on the B&B portfolio due to recent disposals with high margin above appraisal values
  - +18.8% in Germany with the value creation on the B&B portfolio due to recent disposals secured with high margin (€115 million of assets with 39% margin).
- **+3.4%** like-for-like growth in value for hotel **operating properties**, with +5.4% rise in values in Germany of the portfolio of 9 hotels under management contracts.

3. FINANCIAL INFORMATION AND COMMENTS

The activity of Covivio involves the acquisition or development, ownership, administration and leasing of properties, particularly Offices in France and Italy, Residential in Germany and Hotels in Europe.

Registered in France, Covivio is a public limited company with a Board of Directors.

CONSOLIDATED ACCOUNTS

3.1. Scope of consolidation

On 31st December 2019, Covivio's scope of consolidation included companies located in France and several European countries. The main equity interests in the fully consolidated but not wholly owned companies are the following:

Subsidiaries	31-Dec-2018	31-Dec-2019
Covivio Hotels	42.3%	43.2%
Covivio Immobilien	61.7%	61.7%
Sicaf (Telecom Italia portfolio)	51.0%	51.0%
OPCI CB 21 (CB 21 Tower)	75.0%	75.0%
Fédérimmo (Carré Suffren)	60.0%	60.0%
SCI Latécoëre (DS Campus)	50.1%	50.1%
SCI Latécoëre 2 (DS Campus extension)	50.1%	50.1%
SCI 15 rue des Cuirassiers (Silex 1)	50.1%	50.1%
SCI 9 rue des Cuirassiers (Silex 2)	50.1%	50.1%
Sas 6 Rue Fructidor (So Pop)	n.a	50.1%
SCI 11, Place de l'Europe (Campus Eiffage)	50.1%	50.1%
SCI N2 Batignolles (Paris N2)	50.0%	50.0%

Following the merger with Beni Stabili the 31st December 2018, the stake in the Italian subsidiary (Permanent Establishment) is 100% during the whole year 2019 (vs 52.4% ownership in the first quarter 2018 and 59.9% for the rest of the year 2018).

3.2. Accounting principles

The consolidated financial statements have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the date of preparation. These standards include the IFRS (International Financial Reporting Standards), as well as their interpretations. The financial statements were approved by the Board of Directors on 13rd February 2020.

3.3. Simplified income statement - Group share

(€ million, Group share)	2018	2019	var.	%
Net rental income	539.0	591.5	+52.5	+9.7%
EBITDA from hotel operating activity & flex-office	30.5	34.3	+3.8	+12.6%
Income from other activities (incl. Property development)	5.1	25.0	+19.8	n.a
Net revenue	**574.6**	**650.8**	**+76.2**	**+13.3%**
Net operating costs	-76.9	-77.8	-1.0	+1.3%
Amortizations of operating assets	-33.0	-39.5	-6.6	+20.0%
Net change in provisions and other	1.8	6.3	+4.5	n.a
Current operating income	**466.6**	**539.8**	**+73.1**	**+15.7%**
Net income from inventory properties	-0.6	-5.1	-4.5	n.a
Income from value adjustments	403.5	613.5	+210.0	+52.1%
Income from asset disposals	83.9	-12.4	-96.3	-114.8%
Income from disposal of securities	50.4	4.2	-46.2	-91.7%
Income from changes in scope & other	-70.8	-10.9	+59.9	n.a
Operating income	**932.8**	**1,129.0**	**+196.2**	**+21.0%**
Cost of net financial debt	-115.0	-137.5	-22.5	+19.6%
Interest charges linked to financial lease liability	-1.9	-6.2	-4.3	n.a
Value adjustment on derivatives	-6.2	-156.3	-150.1	n.a
Discounting of liabilities and receivables	-0.4	-0.2	+0.2	n.a
Early amortization of borrowings' cost	-6.6	-7.8	-1.2	+18.2%
Share in earnings of affiliates	18.0	17.7	-0.3	-1.7%
Income from continuing operations	**820.7**	**838.8**	**+18.1**	**+2.2%**
Deferred tax	-56.0	-78.9	-22.9	+40.9%
Corporate income tax	-15.2	-12.9	+2.3	-15.1%
Net income for the period	**749.6**	**747.0**	**-2.6**	**-0.3%**

▶ +13.3% increase in net revenue

Net rental income in Group share rose mainly due to the combined effect of the merger with Beni Stabili and the acquisitions of the year.

(€ million, Group share)	2018	2019	var.	%
France Offices	232.3	213.2	-19.1	-8.2%
Italy Offices (incl. retail)	76.9	133.4	+56.5	+73.5%
German Residential	139.8	145.7	+5.9	+4.2%
Hotels in Europe (incl. retail)	85.1	96.2	+11.1	+13.0%
Other (incl. France Residential)	4.9	3.0	-1.9	-38.8%
Total Net rental income	**539.0**	**591.5**	**+52.5**	**+9.7%**
EBITDA from hotel operating activity & flex-office	30.5	34.3	+3.8	+12.6%
Income from other activities	5.1	25.0	+19.9	n.a.
Net revenue	**574.6**	**650.8**	**+76.2**	**+13.3%**

France Offices: decrease mainly due to the release of assets under redevelopment (in Paris 17th So Pop, rue Jean Goujon in Paris CBD and Gobelins in Paris 5th).

Italy Offices: increase due to the merger with Beni Stabili, partly offset by disposals of assets in secondary locations outside Milan and non-strategic retail assets.

German Residential: increase driven by rental growth (+€5 m) and the investments realized net of disposals (+€1 million).

Hotels in Europe: revenue growth driven by rental growth (+€2 m), acquisitions (+€15 m), mainly the United Kingdom portfolio in 2018, offset by disposals of non-core hotels and non-strategic retail assets (-€9 million).

- **EBITDA from the hotel operating activity and flex-office:** +€3.8 million growth driven by the ramping-up of the flex-office activity (€6 million of EBITDA), with an occupancy rate close to 99% on the four sites open since January 2019. EBITDA from hotel operating activities (€29.2 million) declined slightly (-7%) due to disposals (mainly the Westin hotel in Dresden in 2019) and assets closed for renovation (Nice Méridien).

- **Income from other activities:** net income from other activities comes from the income generated by car park companies (€9.7 million) and property development activity (€15.2 million).
  The increase of +€19.9 million is due to:
  - the first application of IFRS 16-Leases, which involves replacing lease expenses by interest charge and an amortization of the right of use asset (+€6 million impact on the car parks activity).
  - the increase in property development fees (+€14 million) thanks to more developments in partnerships in France.

- **Net operating costs:**

Net operating costs increase slightly (+1.3%) mainly due to the increased ownership in Italy offices activity. Additionally, the workforce has grown in France & Germany with the expansion of our activities.

- **Amortization of operating assets:**

Amortization of operating assets rose as a result of the first application of IFRS 16-Leases (see Income from other activities comment above). Without IFRS-16, it is stable.

- **Net change in provision and other:**

Previous year, ground lease expenses and ground lease recharge were reported inside the net rental income. Because of the first application of IFRS16-Leases, there is no longer ground lease expense, therefore the ground lease recharge is reported in the caption “Net change in provision and other” so as to not increase artificially the Net rental income.

- **Net income from inventory properties:**

This item refers to the trading activity. Some inventory properties located in Italy outside Milan have been amortized.

- **Income from asset disposals & disposal of securities:**

Income from asset disposals (in asset or share transactions) contributed -€12.4 million during the year. This loss is due to the sale of assets in Italy (Offices & Non-strategic retail in secondary locations outside Milan) for which the sale price has been lower than the last appraisal report.

- **Change in the fair value of assets:**

The income statement recognizes changes in the fair value (+€614 million) of assets based on appraisals conducted on the portfolio.

This line item does not include the change in fair value of assets recognized at amortized cost under IFRS but taken into account in the EPRA NAV (hotel operating properties, flex-office assets and other own-occupied buildings).

For more details on the evolution of the portfolio by activity, see section A of this document.

- **Income from changes in scope and other:**

This item negatively impacted the income statement by -€10.9 million. This item includes the share deal costs linked to the acquisitions made mainly in the Hotels’ sector and residential Germany.

- **Cost of net financial debt:**

The cost of net financial debt increased under the effect of early debt restructuring (-€28 million), partly due to the redemption of a bond maturing in 2021.

- **Interest charges linked to finance lease liability:**

The Group applies the IAS 40 §25 standard for the leasehold linked to the investment property. This standard requires the rental cost to be replaced with an interest payment while recognizing a usage fee and rental liabilities on the balance sheet.

Since 1 January 2019 a similar rule (IFRS 16) is applied for all other lease contracts. The interest cost for rental liabilities was €6.2 million.

Value adjustment on derivatives:

The fair value of financial instruments (hedging instruments and ORNANE) was negatively impacted by decreasing interest rates, and the recycling of -€14.3 million from Other Comprehensive Income (OCI) due to the hedge accounting breach.

Share of income of equity affiliates

Group share	% interest	Contribution to earnings (€million)
OPCI Covivio Hotels	8.60%	5.3
Lénovilla (New Vélizy)	50.10%	-3.3
Euromed	50.00%	5.9
Cœur d'Orly	50.00%	5.7
Bordeaux Armagnac (Orianz / Factor E)	34.69%	3.0
Phoenix	14.40%	3.5
Other equity interests		-2.4
Total		**17.7**

The equity affiliates involve Hotels in Europe and the France Offices sectors:

- OPCI Covivio Hotels: two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) owned at 80% by Crédit Agricole Assurances.
- Lénovilla: the New Vélizy campus (47,000 m²), let to Thalès and co-owned with Crédit Agricole Assurances.
- Euromed in Marseille: two office buildings (Astrolabe and Calypso) and a hotel (Golden Tulip) in partnership with Crédit Agricole Assurances.
- Coeur d'Orly in Greater Paris: development project for new offices in the business district of Orly airport in partnership with ADP.
- Bordeaux Armagnac: development project delivered in 2019 in partnership with Icade of three buildings near the new high-speed train station. Covivio will retain one building at 100% in 2020.
- Phoenix hotel portfolio: new acquisition in 2019 by Covivio Hotels of a 32% stake in a portfolio of 32 Accor hotels in France & Belgium.

Taxes

The corporate income tax corresponds to the tax on:

- foreign companies that are not or are only partially subject to a tax transparency regime (Italy, Germany, Belgium, the Netherlands, United Kingdom and Portugal);
- French subsidiaries with taxable activity.

Corporate income tax amounted to -€12.9 million, including taxes on sales (-€5.1 million).

EPRA Earnings increased by 18.6% to €452.2 million (+€70.9 million vs 2018)

	Net income Group share	Restatements	EPRA E. 2019	EPRA E. 2018
Net rental income	**591.5**	**-**	**591.5**	**539.0**
EBITDA from hotel operating activity & flex-office	34.3	-	34.3	30.5
Income from other activities	25.0	-	25.0	5.1
Net revenue	**650.8**	**-**	**650.7**	**574.6**
Net operating costs	-77.8	1.2	-76.6	-76.9
Amortizations of operating assets	-39.5	19.1	-20.4	-10.2
Net change in provisions and other	6.3	-2.7	3.6	2.3
Operating income	**539.8**	**17.6**	**557.3**	**489.8**
Net income from inventory properties	-5.1	5.1	0.0	**-**
Income from asset disposals	-12.4	12.4	0.0	**-**
Income from value adjustments	613.5	-613.5	0.0	**-**
Income from disposal of securities	4.2	-4.2	0.0	**-**
Income from changes in scope & other	-10.9	10.9	0.0	**-**
Operating result	**1,129.1**	**-571.7**	**557.3**	**498.6**
Cost of net financial debt	**-137.5**	**27.8**	**-109.7**	**-108.3**
Interest charges linked to finance lease liability	-6.2	3.9	-2.3	-
Value adjustment on derivatives	-156.3	156.3	0.0	-
Discounting of liabilities and receivables	-0.2	-	-0.2	-0.4
Early amortization of borrowings' costs	-7.8	7.7	-0.1	0.0
Share in earnings of affiliates	17.7	-2.8	14.9	10.7
Pre-tax net income	**838.8**	**-378.8**	**460.0**	**391.9**
Deferred tax	-78.9	78.9	0.0	0.0
Corporate income tax	-12.9	5.1	-7.8	-10.6
Net income for the period	**747.0**	**-294.8**	**452.2**	**381.3**
Average number of shares			*85,236,197*	
Net income per share			**5.31**	

- The restatement of amortization of operating assets offsets the real estate amortization of flex-office and hotel operating activities.
- The restatement of net change in provisions consists to state the ground lease expenses linked to the UK leasehold (-€2.7 m, previously eliminated in accordance to IFRS16).
- There was an €28 million impact on the cost of debt due to early debt restructuring costs.
- The interest charges linked to finance lease liabilities relating to the UK leasehold, as per the IAS 40 §25 standard, (€4 million) was cancelled and replaced by the lease expenses paid (-€2.7 million). The lease expenses paid are included in the restatement of Net change in provisions and other.
- The restatement of corporate income tax is linked to the tax on disposals.

EPRA Earnings by activity

(€ million, Group share)	France offices	Italy offices (incl. Retail)	German Residential	Hotels in lease (incl. retail)	Hotel operating properties	Corporate or non-attributable sector (incl. French resi.)	2019
Net rental income	213.2	133.4	145.7	95.8	0.3	3.0	591.5
EBITDA from Hotel operating activity & flex-office	5.1	-	-	-	29.2	-	34.3
Income from other activities (incl. Property development)	11.7	-	3.5	-	-	9.7	25.0
Net revenue	**230.0**	**133.4**	**149.2**	**95.8**	**29.5**	**12.7**	**650.8**
Net operating costs	-32.2	-13.0	-24.6	-1.8	-1.0	-4.0	-76.6
Amortization of operating assets	-6.6	-2.0	-1.6	-	-2.6	-7.5	-20.4
Net change in provisions and other	9.1	0.1	-7.3	-5.4	6.1	1.0	3.6
Operating result	**200.3**	**118.5**	**115.7**	**88.6**	**32.0**	**2.2**	**557.3**
Cost of net financial debt	-33.7	-24.0	-25.8	-19.4	-5.9	-0.9	-109.7
Other financial charges	-0.2	-0.1	0.1	-1.1	-0.6	-0.5	-2.4
Share in earnings of affiliates	10.4	-	-	4.5	-	-	14.9
Corporate income tax	-0.2	-0.4	-2.9	-2.3	-1.5	-0.5	-7.8
EPRA Earnings	**176.6**	**94.0**	**87.1**	**70.3**	**24.0**	**0.3**	**452.2**

EPRA Earnings of affiliates

(€ million, Group share)	France Offices	Hotels (in lease)	2019
Net rental income	12.7	6.1	18.7
Net operating costs	-0.3	-0.5	-0.8
Amortization of operating properties	-	-	-
Cost of net financial debt	-1.9	-0.9	-2.8
Corporate income tax	-	-0.2	-0.2
Share in EPRA Earnings of affiliates	**10.5**	**4.5**	**14.9**

3.4. Simplified consolidated income statement (at 100%)

(€ million, 100%)	2018	2019	var.	%
Net rental income	883.8	888.8	+5.0	+0.6%
EBITDA from hotel operating activity & flex-office	75.8	75.1	-0.7	n.a
Income from other activities (incl. Property development)	4.8	16.8	+12.0	+250.6%
Net revenue	**964.4**	**980.7**	**+16.3**	**+1.7%**
Net operating costs	-106.3	-111.9	-5.6	+5.3%
Amortization of operating assets	-60.1	-65.0	-4.9	n.a
Net change in provisions and other	6.3	12.8	+6.5	n.a
Current operating income	**804.3**	**816.7**	**+12.4**	**+1.5%**
Net income from inventory properties	-1.1	-5.8	-4.7	+427.3%
Income from asset disposals	97.4	1.1	-96.3	-98.9%
Income from value adjustments	620.7	1,003.6	+382.9	+61.7%
Income from disposal of securities	119.3	7.7	-111.6	n.a
Income from changes in scope	-160.0	-22.3	+137.7	n.a
Operating income	**1,480.6**	**1,801.0**	**+320.4**	**+21.6%**
Income from non-consolidated companies	0.0	0.0	0.0	n.a
Cost of net financial debt	-188.0	-210.2	-22.2	+11.8%
Interest charge related to finance lease liability	-4.5	-13.5	-9.0	n.a
Value adjustment on derivatives	-16.1	-196.4	-180.3	n.a
Discounting of liabilities and receivables	-9.5	-0.2	+9.3	-97.9%
Early amortization of borrowings' costs	-25.7	-10.6	+15.1	-58.8%
Share in earnings of affiliates	22.8	29.3	+6.5	+28.5%
Income before tax	**1,259.6**	**1,399.5**	**+139.9**	**+11.1%**
Deferred tax	-90.0	-113.6	-23.6	+26.2%
Corporate income tax	-26.1	-24.0	+2.1	-8.0%
Net income for the period	**1,143.5**	**1,261.9**	**+118.4**	**+10.4%**
Non-controlling interests	-393.9	-514.8	-120.9	+30.7%
Net income for the period - Group share	**749.6**	**747.0**	**-2.6**	**-0.3%**

+€16.3 million (+1.7%) rise in consolidated net revenue

Net revenue increased by €16.3 million, mainly due to acquisitions in Hotels and the good rental performance in German Residential.

(€ million, 100%)	2018	2019	var.	%
France Offices	260.6	243.8	-16.8	-6.4%
Italy Offices (incl. Retail)	172.2	172.8	+0.6	+0.3%
German Residential	219.4	226.9	+7.5	+3.4%
Hotels in Europe (incl. Retail)	226.7	242.4	+15.7	+6.9%
Other (mainly France Residential)	4.9	3.0	-1.9	-38.8%
Total Net rental income	**883.8**	**888.9**	**+5.1**	**+0.6%**
EBITDA from hotel operating activity & flex-office	75.8	75.1	-0.7	-1.0%
Income from other activities	4.8	16.8	+12.0	+250.6%
Net revenue	**964.4**	**980.7**	**+16.3**	**+1.7%**

3.5. Simplified consolidated balance sheet (Group share)

(€ million, Group share) Assets	2018	2019	Liabilities	2018	2019
Investment properties	13,140	12,973			
Investment properties under development	748	1,131			
Other fixed assets	699	949			
Equity affiliates	201	257			
Financial assets	175	322			
Deferred tax assets	61	57			
Financial instruments	33	65	**Shareholders' equity**	**7,561**	**8,298**
Assets held for sale	325	239	Borrowings	7,879	7,842
Cash	901	1,155	Financial instruments	192	277
Inventory (Trading & Construction activities)	75	184	Deferred tax liabilities	501	594
Other	400	514	Other liabilities	625	835
Total	**16,759**	**17,847**	**Total**	**16,759**	**17,847**

▶ Investment properties, Properties under development and Other fixed assets

The portfolio (excluding assets held for sale) at the end of December by operating segment is as follows:

(€ million, Group share)	2018	2019	var.
France Offices	5,253	5,321	68
Italy Offices (incl. Retail)	3,318	2,943	-375
German Residential	3,691	4,235	544
Hotels in Europe (incl. Retail)	2,314	2,515	200
Car parks	11	40	29
Total Fixed Assets	**14,587**	**15,054**	**466**

The increase in **France Offices** (+€68 million) is mainly due to the increase in fair value of investment properties (+€188 million), the work and CAPEX completed mainly on investment properties under development (+€269 million), partly offset by the disposal of the year for (-€277 million including to mature assets in Greater Paris, Green Corner and Charenton), and the reallocation into the caption Asset held for sale (-€55 million for 11 buildings).

Additionally, one asset was reallocated from France Offices to Hotels in Europe (the Meridien hotel in Nice through an asset contribution, for -€53 million).

In Italy Offices, the change (-€375 million) is mainly due to the disposals of the year (-€362 million), the reclassification from investment property to assets held for sale (-€114 million), and from investment property to inventory (-€32.5 million), offset by the capex & acquisition of the year (+€126 million).

The increase in **German Residential** (+€544 million) is mainly due to the change in fair value (+€336 million), the acquisitions, CAPEX and acquisition including via share transactions over the period (+€260 million), offset by the disposal of the year (-€54 million).

The positive change in the **Hotels in Europe portfolio** (+€200 million) is mainly driven by acquisitions and CAPEX (+€84 million, including 2 remaining assets in the UK portfolio), the growth in fair value (+€85 million), and offset by the disposals realized and secured (-€60 million).
At the same time, the portfolio value in Group share increased due to the changed stake of Covivio in Covivio Hotels for (+€35 million), currency and accounting impacts of IFRS-16 of (€56 million).

The change in the Car parks activity **(+€29 million)** is mainly due to the first application of IFRS 16 – lease. €36 million of right-of-use (ROU) assets have been recognized as fixed assets while the same amount is stated as finance lease liability.

Assets held for sale, €239 million at the end of December 2019

Assets held for sale consists of assets for which a preliminary sales agreement has been signed. The breakdown by segment is as follow:

- 41 % offices in Italy
- 23% offices in France
- 22% Hotels in Europe
- 11% France Residential
- 3% Residential Germany

Total Group shareholders' equity

Shareholders' equity increased from €7,561 million at the end of 2018 to €8,298 million at 31st December 2019, i.e. an increase of €737 million, mainly due to:

- income for the period: +€747 million
- the impact of the dividend distribution: -€382 million (including 83% paid in shares)
- the capital increase from the dividend payment option in shares: +€316 million
- the capital increase from the conversion of the ORNANE 2019: +€27 million
- the impact of change in derivatives fair value recognized by Other Comprehensive Income (+€9.6 million)
- other movements including the conversion reserve (+€5.5 million), the change linked to own shares (+€2.5 million), and the impact of changes in shareholding.

The issuance of 4,317,008 new shares was related to the payment of the dividend payment option in shares, chosen by 83% of shareholders (3,885,719), the conversion of part of the Ornane maturing in 2019 (298,053) and the free share plan (133,236).

Deferred tax liabilities

Net deferred taxes represent €594 million in liabilities versus €501 million on 31 December 2018. This €109 million increase is mainly due to the growth of appraisal values in Germany (+€336 million) and new acquisitions in the UK and the Netherlands compensated by disposals.

Other liabilities

This item increased by €115 million following the first application of IFRS 16-Leases for a total amount of +€69 million. This item also increased by €31 million related to supplier debts (mainly due to development projects), by €93 million due to the property development activity (VAT debt and advance payment received).

3.6. Simplified consolidated balance sheet (at 100%)

(€ million, 100%) Assets	2018	2019	Liabilities	2018	2019
Investment properties	19,270	19,504			
Investment properties under development	870	1,334			
Other fixed assets	1,414	1,656			
Equity affiliates	250	374			
Financial assets	153	259	Shareholders' equity	7,561	8,298
Deferred tax assets	68	62	Non-controlling interests	3,797	4,061
Financial instruments	47	78	**Shareholders' equity**	**11,358**	**12,358**
Assets held for sale	559	324	Borrowings	11,060	10,888
Cash	1,172	1,302	Financial instruments	235	366
Inventory (Trading & Construction activity)	96	233	Deferred tax liabilities	844	984
Other	486	594	Other liabilities	887	1,124
Total	**24,384**	**25,720**	**Total**	**24,384**	**25,720**

4. FINANCIAL RESOURCES

Recognising Covivio's improved operational and financial profile and the ongoing enhancement of the quality of its portfolio, Standard and Poor's revised the financial rating of Covivio from BBB to BBB+, Stable outlook. Following this upgrade, the rating of Covivio Hotels has also been raised to BBB+.

In 2019, the Group continued to strengthen its financial profile by tightening its LTV guidance from 40-45% to below 40%. This target had already been reached at end-June 2019, with an LTV of 39.2% and the LTV now stands at 38.3% at end 2019, thanks to the success of the dividend payment in shares, chosen by 83% of shareholders, and to the disposal program.

4.1. Main debt characteristics

Group share	2018	2019
Net debt, Group share (€ million)	6,978	**6,688**
Average annual rate of debt	1.53%	**1.55%**
Average maturity of debt (in years)	6.0	**6.1**
Debt active hedging spot rate	76%	**84%**
Average maturity of hedging	6.9	**7.7**
LTV Including Duties	42.0%	**38.3%**
ICR	5.08	**5.73**

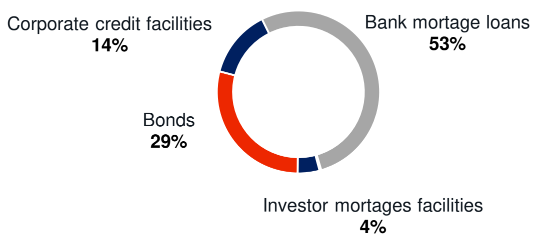
4.2. Debt by type

Covivio's net debt stands at €6.7 billion in Group share at end 2019 (€9.6 billion on a consolidated basis), slightly lower compared to end-2018: the disposals closed in 2019 (€1.0 bn Group share) exceeded the investments realised (€€0.8 bn Group share) and 83% of the shareholders chose to receive the dividend in shares.

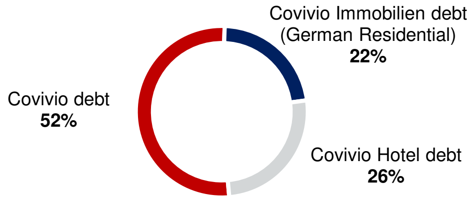
As regards the commitments attributable to the Group, the share of corporate debts (bonds and loans) remained stable at 54% at end-2019 compared to end-2018.

In addition, at end 2019, Covivio's available liquidity totalled nearly €2.7 billion Group share (€3.0 billion on a consolidated basis). In particular, Covivio had €1.4 billion in commercial paper outstanding at 31 December 2019.

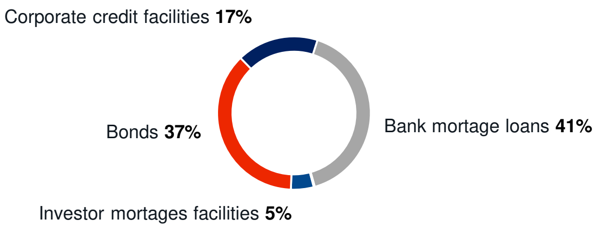
Consolidated commitments
by type



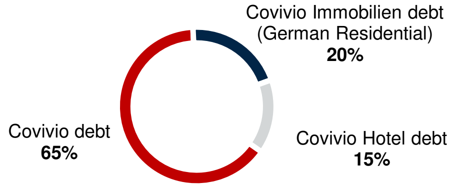
Consolidated commitments
by company



Group share commitments
by type



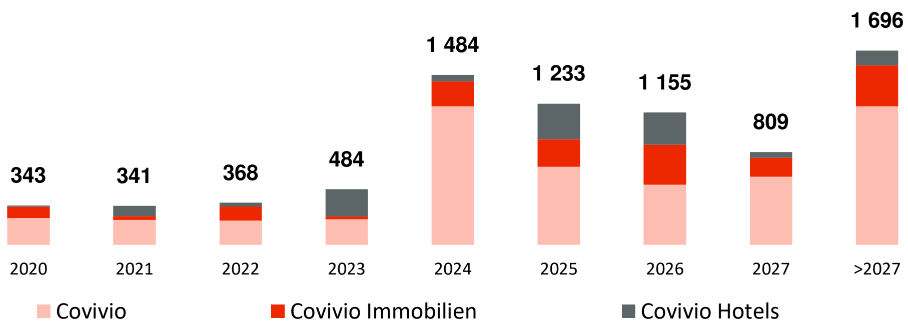
Group share commitments
by company



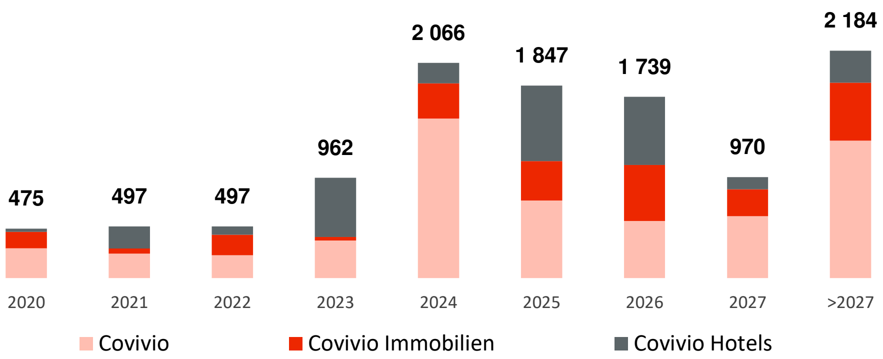
4.3. Debt maturity

The average maturity of Covivio's debt remained relatively stable at 6.1 years at end- 2019 (excluding commercial paper). Until 2024, there is no major maturity that has not already been covered or is already under renegotiation. The next biggest maturities occur in 2024 and are mainly composed of a bond of €300 million (issue in 2017 with a coupon rate of 1.625%) and a mortgage debt of €285 m Group share linked to the Telecom Italia portfolio.

Debt amortization schedule by company
€ million (Group share)



Debt amortization schedule by company
€ million (on a consolidated basis)

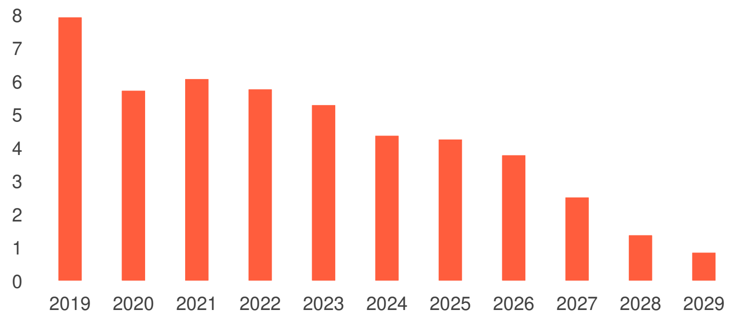


4.4. Hedging profile

In 2019, the hedging management policy remained unchanged, with debt hedged at 90% on average over the year, at least 75% of which through short term hedges, and all of which with maturities equivalent to or exceeding the debt maturity.

Based on net debt at 31 December 2019, Covivio is hedged at 84% with an average term of the hedges of 7.7 years (Group share).

Hedging maturities
€ billion, Group share



4.5. Average interest rate on the debt and sensitivity

The average interest rate on Covivio's debt remains stable, at 1.55% in Group share. For information purposes, an increase of 25 basis points in the three-month Euribor rate would have a negative impact of 0.1% on the EPRA Earnings.

Financial structure

Excluding debts raised without recourse to the Group's property companies, the debts of Covivio and its subsidiaries generally include bank covenants (ICR and LTV) applying to the borrower's consolidated financial statements. If these covenants are breached, early debt repayment may be triggered. These covenants are established on a Group share basis for Covivio and on a consolidated or Group share basis depending on the debt anteriority for Covivio Hotels and the other subsidiaries of Covivio (if their debt includes them).

- The most restrictive consolidated LTV covenants amounted, at 31 December 2019, to 60% for Covivio and Covivio Hotels.

The most restrictive ICR consolidated covenants applicable to the REITs are as follows:

- for Covivio: 200%;
- for Covivio Hotels: 200%;

With respect to Covivio Immobilien (German Residential), for which almost all of the debt raised is "non-recourse" debt, portfolio financings do not contain any consolidated covenants.

Lastly, with respect to Covivio, some corporate credit facilities are subject to the following ratios:

Ratio	Covenant	End-2019
LTV	60.0%	41.2%[1]
ICR	200%	573%
Secured debt ratio	25.0%	4.6%

[1] Excluding duties and sales agreements

All covenants were fully complied with at end 2019. No loan has an accelerated payment clause contingent on Covivio's rating, which is currently BBB+, Stable outlook (S&P rating).

Detail of Loan-to-Value calculation (LTV)

(€ million Group hare)	2018	2019
Net book debt	6,978	6,688
Receivables linked to associates (full consolidated)	-57	-132
Receivables on disposals	-325	-239
Security deposits received	-34	-82
Purchase debt	59	75
Net debt	**6,620**	**6,310**
Appraised value of real estate assets (Including Duties)	15,775	16,319
Preliminary sale agreements	-325	-239
Financial assets	16	27
Receivables linked to associates (equity method)	92	111
Share of equity affiliates	201	257
Value of assets	**15,759**	**16,474**
LTV Excluding Duties	**44.2%**	**40.3%**
LTV Including Duties	**42.0%**	**38.3%**

4.6. Reconciliation with consolidated accounts

Net debt

€ million	Consolidated accounts	Minority interests	Group share
Bank debt	10,888	-3,045	**7,842**
Cash and cash-equivalents	1,302	-148	**1,155**
Net debt	**9,585**	**-2,898**	**6,688**

Portfolio

€ million	Consolidated accounts	Portfolio of companies under equity method	Fair value of operating properties	Right of use of Investment properties	Minority interests	Group share
Investment & development properties	20,838	1,275	1,766	-203	-8,228	**15,449**
Assets held for sale	324	-			-85	**239**
Total portfolio	**21,162**	**1,275**	**1,766**	**-203**	**-8,313**	**15,688**

Interest Coverage Ratio

	Consolidated accounts	Minority interests	Group share
EBITDA (Net rents (-) operating expenses (+) results of other activities)	874.5	-298.7	**575.8**
Cost of debt	163.1	-62.6	**100.4**
ICR			**5.73**

5. EPRA REPORTING

5.1. Change in net rental income (Group share)

€ million	2018	Acquis.	Disp.	Developments	Change in percentage held/consolidation method	Indexation, asset management and others	2019
France Offices	232	0	-11	-7	-6	5	**213**
Italy Offices (incl. retail)	77	3	-11	5	57	2	**133**
German Residential	140	7	-5	0	-2	5	**146**
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	85	17	-12	2	4	1	**96**
Other (France Residential)	5	0	-3	0	1	0	**3**
TOTAL	**539**	**26**	**-42**	**-1**	**55**	**13**	**591**

Reconciliation with financial data

€ million	2019
Total from the table of changes in Net rental Income (GS)	**591**
Adjustments	-
Total net rental income (Financial data § 3.3)	**591**
Minority interests	298
Total net rental income (Financial data § 3.4)	**889**

5.2. Investment assets – Information on leases

Annualized rental income corresponds to the gross amount of guaranteed rent for the full year based on existing assets at the period end, excluding any incentives.

$$\text{Vacancy rate at end of period} = \frac{\text{Market rental value on vacant assets}}{\text{Contractual annualized rents on occupied assets} + \text{Market rental value on vacant assets}}$$

$$\text{EPRA vacancy rate at end of period} = \frac{\text{Market rental value on vacant assets}}{\text{Market rental value on occupied and vacant assets}}$$

(€ million, Group share)	Gross rental income (€ million)	Net rental income (€ million)	Annualised rents (€ million)	Surface (m²)	Average rent (€/m²)	Vacancy rate at year end	EPRA vacancy rate at year end
France Offices	226	213	249	1,643,487	183	2.9%	2.8%
Italy Offices (incl. retail)	159	133	148	1,593,605	120	1.5%	1.3%
German Residential & Offices	162	146	168	2,890,134	90	1.4%	1.4%
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	97	96	102	n.a.	n.a.	0.0%	0.0%
Other (France Residential)	5	3	1	7,083	75	n.a.	n.a.
Total	**649**	**591**	**668**	**6,134,309**	**109**	**1.7%**	**1.7%**

5.3. Investment assets - Asset values

(€ million, Group share)	Market value	Change in fair value over the year	Duties	EPRA NIY
France Offices	5,759	188	291	4.4%
Italy Offices (incl. Retail)	3,039	-10	105	4.0%
German Residential	4,229	338	290	3.3%
Hotels in Europe (incl. Retail)	2,585	98	119	4.9%
Other (France Resi. and car parks)	76	-1	0	n.a.
Total 2019	**15,688**	**614**	**805**	**4.1%**

The EPRA net initial yield is the ratio of:

$$\text{EPRA NIY} = \frac{\text{Annualized rental income after deduction of outstanding benefits granted to tenants (rent-free periods, rent ceilings) - unrecovered property charges for the year}}{\text{Value of the portfolio including duties}}$$

Reconcililiation with IFRS statements

€ million	2019
Total portfolio value (Group share, market value)	**15,688**
Fair value of the operating properties	**-964**
Fair value of companies under equity method	**-418**
Right of use on investment assets	**88**
Fair value of car parks facilities	**-50**
Investment assets Group share [1] (Financial data § 3.5)	**14,343**
Minority interests	6,819
Investment assets 100% [1] (Financial data § 3.5)	**21,162**

[1] Fixed assets + Developments assets + asset held for sale

€ million	2019
Change in fair value over the year (Group share)	**614**
Others	-
Income from fair value adjustments Group share (Financial data § 3.3)	**614**
Minority interests	390
Income from fair value adjustments 100% (Financial data § 3.3)	**1,003**

5.4 Assets under development

	Ownership type	% ownership (Group share)	Fair value December 2019	Capitalised financial expenses over the year	Total cost incl. financial cost [1] (€m, Group share)	% progress	Delivery date	Surface at 100% (m²)	Pre-leasing	Yield (%)
Meudon Ducasse	FC[2]	100%		0.2	22	59%	2020	5,100 m²	100%	6.4%
IRO	FC	100%		1.8	139	67%	2020	25,071 m²	20%	6.3%
Flow	FC	100%		1.4	115	46%	2020	23,500 m²	100%	6.6%
Silex II (50% share)	FC	50%		1.3	85	51%	2021	30,900 m²	53%	5.8%
Montpellier Bâtiment de services	FC	100%		0.1	21	27%	2021	6,300 m²	8%	6.7%
Montpellier Orange	FC	100%		0.1	49	19%	2021	16,500 m²	100%	6.7%
Paris So Pop (50% Share)	FC	50%		1.2	112	5%	2021	31,000 m²	0%	6.1%
N2 (50% share)	FC	50%		0.1	85	0%	2022	15,900 m²	34%	4.2%
DS Extension 2 (50% share)	FC	50%		0.0	71	0%	2022	27,548 m²	100%	7.2%
Levallois Alis	FC	100%		2.7	215	6%	2022	20,500 m²	0%	5.0%
Total France Offices			**627**	**8.9**	**913**	**26%**		**202,319 m²**	**39%**	**5.9%**
Ferrucci	FC	100%		0.0	33	84%	2020	13,733 m²	23%	5.4%
The Sign	FC	100%		2.5	106	70%	2020	26,200 m²	98%	7.3%
Symbiosis School	FC	100%		0.1	22	49%	2020	7,900 m²	99%	7.5%
Duca d'Aosta	FC	100%		0.1	12	63%	2020	2,500 m²	100%	9.0%
Symbiosis D	FC	100%		1.3	85	10%	2021	18,600 m²	35%	7.0%
Unione	FC	100%		0.1	43	0%	2021	4,800 m²	0%	5.2%
Total Italy Offices			**299**	**4.1**	**301**	**43%**		**73,733 m²**	**58%**	**6.8%**
B&B Bagnolet	FC	22%		0.0	2	86%	2020	108 rooms	100%	6.0%
Total Hotels in Europe	**FC**		**2**	**0.0**	**2**	**86%**		**108 rooms**	**100%**	**6.0%**
Total			**928**	**13.1**	**1,216**	**30%**		**276,052 m² & 108 rooms**	**44%**	**6.1%**

[1] Total cost including land and financial cost
[2] FC : Full consolidation

Reciliation with total committed pipeline (section 1.G of this document)

(€M, Group share)	**Capitalised financial expenses over the year**	**Total cost incl. financial cost (Group share)**
Projects fully consolidated	**13.1**	**1,216**
Projects consolidated under the equity method (Orly Belaïa)	0.5	33
Projects on own-occupied buildings (Paris Goujon, Paris Gobelins, Via Dante)	4.3	296
German Residential	-	135
Others (Bordeaux Jardins de l'Ars and Milan Reinventing Cities)	-	114
Total	**17.8**	**1,794**

Reconciliation with financial data	**2019**
Total fair value of assets under development	928
Project under technical review and non-committed projects	203
Assets under development (Financial data § 3.5)	**1,131**

5.5 Information on leases

	Firm residual lease term (years)	Residual lease term (years)	Lease expiration by date of 1st exit option Annualised rental income of leases expiring						
			N+1	N+2	N+3 to 5	Beyond	Total %	Total (€m)	Section
France Offices	4.6	5.4	14%	18%	27%	40%	100%	249	2.A.6
Italy Offices (incl. retail)	6.9	7.3	14%	5%	24%	58%	100%	148	2B.6
Hotels in Europe (incl. retail)	13.5	14.6	0%	3%	8%	88%	100%	102	2.D.5
Total	**7.1**	**7.8**	**11%**	**11%**	**22%**	**55%**	**100%**	**499**	**1.B.1**

5.6 EPRA Net Initial Yield

The data below shows detailed yield rates for the Group and the transition from the EPRA topped-up yield rate to Covivio's yield rate.

- EPRA topped-up net initial yield is the ratio of:

$$\text{EPRA Topped-up NIY} = \frac{\begin{array}{c}\text{Annualized rental income}\\ \text{after expiration of outstanding benefits granted to tenants (rent-free periods, rent ceilings)}\\ \text{- unrecovered property charges for the year}\end{array}}{\text{Value of the portfolio including duties}}$$

- EPRA net initial yield is the ratio of:

$$\text{EPRA NIY} = \frac{\begin{array}{c}\text{Annualized rental income}\\ \text{after deduction of outstanding benefits granted to tenants (rent-free periods, rent ceilings)}\\ \text{- unrecovered property charges for the year}\end{array}}{\text{Value of the portfolio including duties}}$$

(€ million, Group share) Excluding French residential and car parks	Total 2018	France Offices	Italy Offices (incl. Retail)	German Residential	Hotels in Europe (incl. Retail)	Total 2019
Investment, saleable and operating properties	**15,244**	5,759	3,039	4,229	2,585	**15,638**
Restatement of assets under development	**-771**	-674	-379	-	-2	**-1,055**
Restatement of undeveloped land and other assets under development	**-302**	-230	-53	-	-37	**-320**
Restatement of Trading assets	**-53**	-	-	-	-	**-**
Duties	**785**	291	105	290	119	**805**
Value of assets including duties (1)	**14,904**	**5,147**	**2,712**	**4,519**	**2,665**	**15,068**
Gross annualised IFRS revenues	**683**	241	130	168	132	**671**
Irrecoverable property charge	**-56**	-14	-21	-17	-2	**-54**
Annualised net revenues (2)	**627**	**226**	**109**	**151**	**131**	**618**
Rent charges upon expiration of rent free periods or other reductions in rental rates	**27**	8	16	-	-	**24**
Annualised topped-up net revenues (3)	**654**	**235**	**125**	**151**	**131**	**642**
EPRA Net Initial Yield (2)/(1)	**4.2%**	4.4%	4.0%	3.3%	4.9%	**4.1%**
EPRA "Topped-up" Net Initial Yield (3)/(1)	**4.4%**	4.6%	4.6%	3.3%	4.9%	**4.3%**
Transition from EPRA Topped-up NIY to Covivio yield						
Impact of adjustments of EPRA rents	**0.4%**	0.3%	0.8%	0.4%	0.1%	**0.4%**
Impact of restatement of duties	**0.3%**	0.3%	0.2%	0.3%	0.2%	**0.3%**
Covivio reported yield rate	**5.0%**	**5.1%**	**5.6%**	**4.0%**	**5.2%**	**4.9%**

5.7. EPRA cost ratio

(€million, Group share)	2018	2019
Cost of other activities and fair value	-20.4	-30.9
Expenses on properties	-23.3	-23.3
Net losses on unrecoverable receivables	-2.0	-3.8
Other expenses	-4.3	-4.2
Overhead	-94.8	-100.8
Amortisation, impairment and net provisions	2.3	3.8
Income covering overheads	22.6	29.8
Cost of other activities and fair value	-9.7	-5.4
Property expenses	0.6	0.6
EPRA costs (including vacancy costs) (A)	**-128.9**	**-134.2**
Vacancy cost	10.2	12.4
EPRA costs (excluding vacancy costs) (B)	**-118.8**	**-121.9**
Gross rental income less property expenses	584.1	648.9
EBITDA from hotel operating properties & coworking, income from other activities and fair value	56.0	87.8
Gross rental income (C)	**640.0**	**736.7**
EPRA costs ratio (including vacancy costs) (A/C)	**20.1%**	**18.2%**
EPRA costs ratio (excluding vacancy costs) (B/C)	**18.6%**	**16.5%**

The calculation of the EPRA cost ratio excludes car parks activities.

The decrease of Epra Cost ratio in 2019 is mainly driven by the increase in French revenues and especially the ramp up phase of our Wellio sites, which are well on track.

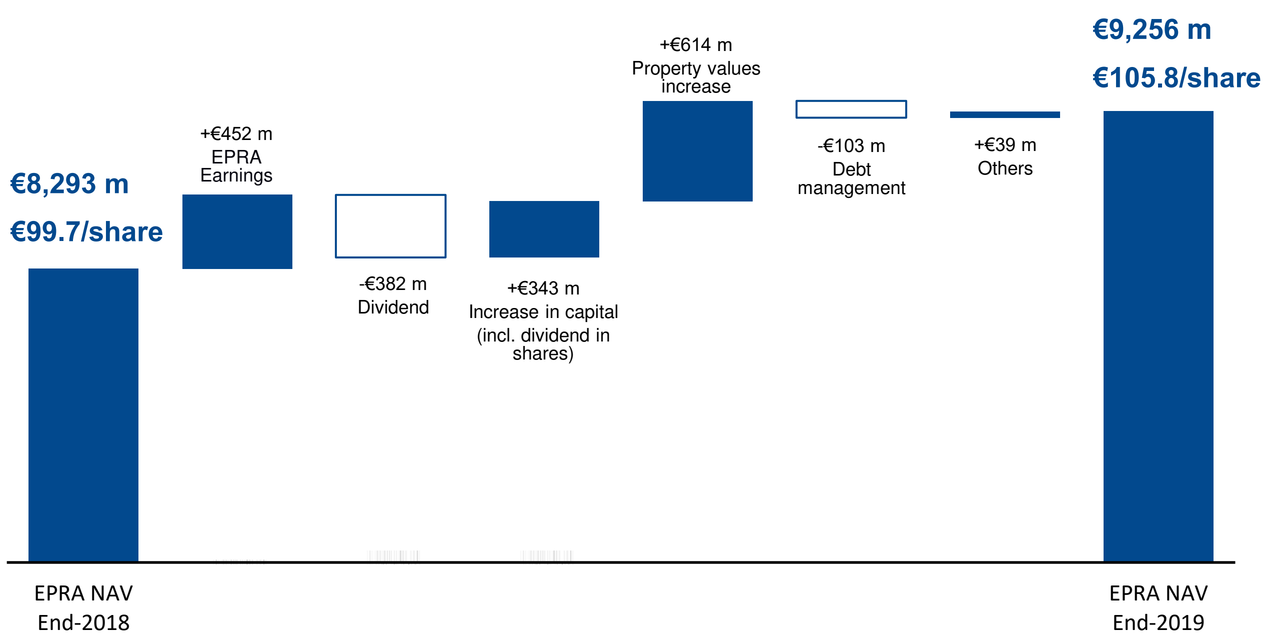
5.8. EPRA Earnings: +4.4% growth

(€million)	2018	2019
Net income Group share (Financial data §3.3)	**749.6**	**747.0**
Change in asset values	-403.5	-613.5
Income from disposal	-133.7	13.4
Acquisition costs for shares of consolidated companies	70.8	10.9
Changes in the value of financial instruments	6.2	156.3
Interest charges related to finance lease liabilities	1.9	3.9
Rental costs (leasehold > 100 years)	-1.5	-2.7
Deferred tax liabilities	56.0	78.9
Taxes on disposals	4.6	5.2
Adjustment to amortisation	24.7	19.1
Adjustments from early repayments of financial instruments	13.3	35.5
Adjustment to compensation	0.0	1.2
EPRA Earnings adjustments for associates	-7.3	-2.8
EPRA Earnings	**381.3**	**452.3**
EPRA Earnings in €/share	**5.08**	**5.31**

5.9. EPRA NAV and EPRA NNNAV

	2018	2019	Var.	Var. (%)
EPRA NAV (€ m)	8,293	**9,256**	963	+11.6%
EPRA NAV / share (€)	99.7	**105.8**	6.1	+6.1%
EPRA NNNAV (€ m)	7,625	**8,375**	750	+9.8%
EPRA NNNAV / share (€)	91.7	**95.7**	4.0	+4.4%
Number of shares	83,186,524	**87,499,953**	4,313,429	+5.2%

Evolution of EPRA NAV



Reconciliation between shareholder's equity and EPRA NAV

	M€	€/share
Shareholders' equity	**8,298**	**94.8**
Fair value assessment of operating properties	66	
Fair value assessment of car parks facilities	26	
Fair value assessment of hotel operating properties	39	
Fair value assessment of fixed-rate debts	-103	
Restatement of value Excluding Duties on some assets	49	
EPRA NNNAV	**8,375**	**95.7**
Financial instruments and fixed-rate debt	312	
Deferred tax liabilities	565	
ORNANE	5	
EPRA NAV	**9,256**	**105.8**
IFRS NAV	**8,298**	**94.8**

Valuations are carried out in accordance with the Code of conduct applicable to SIICs and the Charter of property valuation expertise, the recommendations of the COB/CNCC working group chaired by Mr Barthès de Ruyter and the international plan in accordance with the standards of the International Valuation Standards Council (IVSC) and those of the Red Book of the Royal Institution of Chartered Surveyors (RICS).

The real estate portfolio held directly by the Group was valued on 31 December 2019 by independent real estate experts such as Cushman, REAG, CBRE, HVS, JLL, BNP Real Estate, VIF, MKG, Christie & Co and CFE. This did not include:

- assets on which the sale has been agreed, which are valued at their agreed sale price
- assets owned for less than 75 days, for which the acquisition value is deemed to be the market value.

Assets were estimated at values excluding and/or including duties, and rents at market value. Estimates were made using the comparative method, the rent capitalisation method and the discounted future cash flow method.

Car parks were valued by capitalising the gross operating surplus generated by the business.

Other assets and liabilities were valued using the principles of the IFRS standards on consolidated financial statements. The application of the fair value essentially concerns the valuation of the debt coverages and the ORNANES.

For companies co-owned with other investors, only the Group share was taken into account.

Fair value assessment of operating properties

In accordance with IFRS, operating properties are valued at historical cost. To take into account the appraisal value, a €66.1 million value adjustment was recognised in EPRA NNNAV.

Fair value adjustment for the car parks

Car parks are valued at historical cost in the consolidated financial statements. NAV is restated to take into account the appraisal value of these assets net of tax. The impact on EPRA NNNAV was €25.5 M on the 31st December 2019.

Fair value adjustment for own occupied buildings and operating hotel properties

In accordance with IAS 40, owner-occupied buildings and operating hotel properties are not recognised at fair value in the consolidated financial statements. In line with EPRA principles, EPRA NNNAV was adjusted for the difference resulting from the fair value appraisal of the assets for €39.1 million. The market value of these assets is determined by independent experts.

Fair value adjustment for fixed- rate debts

The Group has taken out fixed-rate loans (secured bond and private placement). In accordance with EPRA principles, EPRA NNNAV was adjusted for the fair value of fixed-rate debt. The impact was -€103.0 million at 31 December 2019.

Recalculation of the base cost excluding duties of certain assets

When a company, rather than the asset that it holds, can be sold, transfer duties are re-calculated based on the company's net asset value (NAV). The difference between these re-calculated duties and the transfer duties already deducted from the value had an impact of €49.3 million at 31 December 2019.

5.10. Capex by type

€ million	2018		2019	
	100%	Group share	100%	Group share
Acquisitions [1]	446	328	50	30
Renovation on portfolio excl. Developments [2]	225	140	214	147
Developments [3]	204	136	379	308
Capitalized expenses on development portfolio [4] (except under equity method)	23	14	25	21
Total	**1,154**	**639**	**668**	**507**

[1] Acquisitions including duties

[2] Renovation on portfolio excluding developments

3 Total acquisition and renovation expenses (excl under equity method) on development projects

[4] Commercialization fees, financial expenses capitalized and other capitalized expenses

5.11. EPRA performance indicator reference table

EPRA information	Section	in %	Amount in €	Amount in €/share
EPRA Earnings	5.8		€452 m	5.31 €/share
EPRA NAV	5.9		€9,256 m	105.8 €/share
EPRA NNNAV	5.9		€8,375 m	95.7 €/share
EPRA NAV/IFRS NAV reconciliation	5.9			
EPRA net initial yield	5.6	4.1%		
EPRA topped-up net initial yield	5.6	4.3%		
EPRA vacancy rate at year-end	5.2	1.7%		
EPRA costs ratio (including vacancy costs)	5.7	18.2%		
EPRA costs ratio (excluding vacancy costs)	5.7	16.5%		
EPRA indicators of main subsidiaries	5.2 & 5.6			

6. FINANCIAL INDICATORS OF THE MAIN ACTIVITIES

	Covivio Hotels			Covivio Immobilien		
	2018	**2019**	**Var. (%)**	**2018**	**2019**	**Var. (%)**
EPRA Earnings (M€)	198.4	**209.2**	+5.5%	129.6	**139.6**	+7.7%
EPRA NAV (€ million)	3,406	**3,816**	+12.0%	3,240	**3,744**	+15.6%
EPRA NNNAV (€ million)	3,109	**3,401**	+9.4%	2,691	**3,078**	+14.4%
% of capital held by Covivio	42.3%	**43.2%**	+0.9 pts	61.7%	**61.7%**	+0.0 pts
LTV Including Duties	36.3%	**34.9%**	-1.4 pts	36.0%	**35.0%**	-1.0 pts
ICR	5.8	**5.1**	-72 bps	5.1	**5.2**	+4 bps

7. GLOSSARY

Net asset value per share (NAV/share), and Triple Net NAV per share

NAV per share (Triple Net NAV per share) is calculated pursuant to the EPRA recommendations, based on the shares outstanding as at year-end (excluding treasury shares) and adjusted for the effect of dilution.

Operating assets

Properties leased or available for rent and actively marketed.

Rental activity

Rental activity includes mention of the total surface areas and the annualized rental income for renewed leases, vacated premises and new lettings during the period under review.

For renewed leases and new lettings, the figures provided take into account all contracts signed in the period so as to reflect the transactions completed, even if the start of the leases is subsequent to the period.

Lettings relating to assets under development (becoming effective at the delivery of the project) are identified under the heading “Pre-lets".

Cost of development projects

This indicator is calculated including interest costs. It includes the costs of the property and costs of construction.

Definition of the acronyms and abbreviations used:

MRC: Major regional cities, i.e. Lyon, Bordeaux, Lille, Aix-Marseille, Montpellier, Nantes and Toulouse
ED: Excluding Duties
ID: Including Duties
IDF: Paris region (Île-de-France)
ILAT: French office rental index
CCI: Construction Cost Index
CPI: Consumer Price Index
RRI: Rental Reference Index
PACA: Provence-Alpes-Côte-d’Azur
LFL: Like-for-Like
GS: Group share
CBD: Central Business District
Rtn: Yield
Chg: Change
MRV: Market Rental Value

Firm residual term of leases

Average outstanding period remaining of a lease calculated from the date a tenant first takes up an exit option.

Green Assets

“Green” buildings, according to IPD, are those where the building and/or its operating status are certified as HQE, BREEAM, LEED, etc. and/or which have a recognised level of energy performance such as the BBC-effinergieR, HPE, THPE or RT Global certifications.

Unpaid rent (%)

Unpaid rent corresponds to the net difference between charges, reversals and unrecoverable loss of income divided by rent invoiced. These appear directly in the income statement under net cost of unrecoverable income (except in Italy where unpaid amounts not relating to rents were restated).

Loan To Value (LTV)

The LTV calculation is detailed in Part 4 “Financial Resources”

Rental income

Recorded rent corresponds to gross rental income accounted for over the year by taking into account deferment of any relief granted to tenants, in accordance with IFRS standards.

The like-for-like rental income posted allows comparisons to be made between rental income from one year to the next, before taking changes to the portfolio (e.g. acquisitions, disposals, building works and development deliveries) into account. This indicator is based on assets in operation, i.e. properties leased or available for rent and actively marketed.

Annualized “topped-up” rental income corresponds to the gross amount of guaranteed rent for the full year based on existing assets at the period end, excluding any relief.

Portfolio

The portfolio presented includes investment properties, properties under development, as well as operating properties and properties in inventory for each of the entities, stated at their fair value. For the hotel operating properties it includes the valuation of the portfolio consolidated under the quity method. For offices in France, the portfolio includes asset valuations of Euromed and New Vélizy, which are consolidated under the equity method.

Projects

- Committed projects: these are projects for which promotion or construction contracts have been signed and/or work has begun and has not yet been completed at the closing date. The delivery date for the relevant asset has already been scheduled. They might pertain to VEFA (pre-construction) projects or to the repositioning of existing assets.
- Managed projects: These are projects that might be undertaken and that have no scheduled delivery date. In other words, projects for which the decision to launch operations has not been finalised.

Yields/return

The portfolio returns are calculated according to the following formula:

$$\frac{\text{Gross annualized rent (not corrected for vacancy)}}{\text{Value excl. duties for the relevant scope (operating or development)}}$$

The returns on asset disposals or acquisitions are calculated according to the following formula:

$$\frac{\text{Gross annualized rent (not corrected for vacancy)}}{\text{Acquisition value including duties or disposal value excluding duties}}$$

EPRA Earnings

EPRA Earnings is defined as "the recurring result from operating activities". It is the indicator for measuring the company's performance, calculated according to EPRA's Best Practices Recommendations. The EPRA Earnings per share is calculated on the basis of the average number of shares (excluding treasury shares) over the period under review.

Calculation:

(+) Net Rental Income

(+) EBITDA of hotels operating activities and *Coworking*

(+) Income from other activities

(-) Net Operating Costs (including costs of structure, costs on development projects, revenues from administration and management)

(-) Depreciation of operating assets

(-) Net change in provisions and other

(-) Cost of the net financial debt

(-) Interest charges linked to finance lease liability

(-) Net change in financial provisions

(+) EPRA Earnings of companies consolidated under the equity method

(-) Corporate taxes

(=) EPRA Earnings

Surface

SHON: Gross surface

SUB: Gross used surface

Debt interest rate

Average cost:

$$\frac{\text{Financial Cost of Bank Debt for the period} + \text{Financial Cost of Hedges for the period}}{\text{Average cost of debt outstanding in the year}}$$

Spot rate: Definition equivalent to average interest rate over a period of time restricted to the last day of the period.

Occupancy rate

The occupancy rate corresponds to the spot financial occupancy rate at the end of the period and is calculated using the following formula:

$$1 - \frac{\text{Loss of rental income through vacancies (calculated at MRV)}}{\text{rental income of occupied assets + loss of rental income}}$$

This indicator is calculated solely for properties on which asset management work has been done and therefore does not include assets available under pre-leasing agreements. Occupancy rate are calculated using annualized data solely on the strategic activities portfolio.

The indicator “Occupancy rate” includes all portfolio assets except assets under development.

Like-for-like change in rent

This indicator compares rents recognised from one financial year to another without accounting for changes in scope: acquisitions, disposals, developments including the vacating and delivery of properties. The change is calculated on the basis of rental income under IFRS for strategic activities.

This change is restated for certain severance pay and income associated with the Italian real estate (IMU) tax.

Given specificities and common practices in German residential, the Lile-for-Like change is computed based on the rent in €/m² spot N versus N-1 (without vacancy impact) on the basis of accounted rents.

For operating hotels (owned by FDMM), like-for-like change is calculated on an EBITDA basis

Restatement done:

- Deconsolidation of acquisitions and disposals realized on the N and N-1 periods
- Restatements of assets under works, ie:
  - Restatement of released assets for work (realized on N and N-1 years)
  - Restatement of deliveries of assets under works (realized on N and N-1 years).

Like-for-like change in value

This indicator is used to compare asset values from one financial year to another without accounting for changes in scope: acquisitions, disposals, developments including the vacating and delivery of properties.

The like-for-like change presented in portfolio tables is a variation taking into account CAPEX works done on the existing portfolio. The restated like-for-like change in value of this work is cited in the comments section. The current scope includes all portfolio assets.

Restatement done:

- Deconsolidation of acquisitions and disposals realized on the period
- Restatement of work realized on asset under development during the N period