



Paris, le 17 février 2021, 18h00

Des performances 2020 solides grâce à un patrimoine prime et diversifié

« L'année 2020 a été marquée par notre renforcement significatif en Allemagne, la réussite de notre plan de ventes et le succès de notre stratégie RSE. Notre patrimoine a montré sa résilience grâce à sa diversification et à sa qualité, dans un contexte de crise sans précédent. La centralité de nos actifs, le potentiel de nos développements, la flexibilité de nos offres et l'expertise reconnue de nos équipes, au plus près des clients, constituent les bases d'une performance durable. »

Christophe Kullmann, Directeur Général de Covivio

Année 2020 : de nombreux succès dans un contexte de crise

- ▶ **Renforcement en Allemagne** : +6 pts d'exposition dans le patrimoine de Covivio (à 37%) ;
- ▶ **Succès du plan de ventes** : 871 M€ Part du groupe (vs >600 M€ d'objectif) avec 8% de marge ;
- ▶ **Bureaux** : 72 500 m² de nouveaux engagements locatifs dans un marché locatif attentiste ;
- ▶ **Résidentiel allemand** : poursuite de la croissance, tant en loyer (+2,3% à périmètre constant) qu'en valeur (+8,2%).

Résultats financiers 2020 : des fondamentaux solides

- ▶ **Bonne performance en bureaux et résidentiel (85% du patrimoine)** : +1% de revenus à périmètre constant ; niveau de collecte des loyers très élevé, à 98%
- ▶ **Les revenus en hôtels (15% du patrimoine) impactés par la crise** : -55% à périmètre constant ;
- ▶ **Epra Earnings** : 385 M€ (4,21€/action), vs guidance communiquée en juillet de 380 M€ ;
- ▶ **Valeurs du patrimoine** : +1,3% à périmètre constant, portées par le résidentiel et les projets de développement ;
- ▶ **LTV de 40,9%**, proche de la politique <40% ;
- ▶ **EPRA NTA par action** de 100,1 €, en hausse de 2% sur le 2nd semestre ;
- ▶ **Proposition de dividende** : 3,60€ par action¹.

De nouvelles avancées dans la stratégie RSE

- ▶ **88% d'actifs « verts² » à fin 2020**, +10 points à périmètre constant, en bonne voie vers l'objectif de 100% d'ici 2025 ;
- ▶ **Culture clients** : Covivio désigné en Allemagne « Fairest Landlord » lors de l'édition 2020 du Focus Money Survey, obtenant la meilleure note « Very Good » sur l'ensemble des critères.

Perspectives 2021

- ▶ **La diversification du patrimoine et sa centralité** sont autant d'atouts pour tirer parti de la reprise à venir ;
- ▶ **Pipeline de développement** : des nouveaux projets dans les QCA de Paris, Berlin et Milan, et accélération de la stratégie de transformation de bureaux en logements ;
- ▶ **Adaptation des solutions immobilières avec plus de services et de flexibilités** pour les clients ;
- ▶ **Poursuite des cessions**, avec un objectif supérieur à 600 M€ ;
- ▶ **Objectif d'EPRA Earnings 2021** de 380 M€ à 395 M€ en fonction du profil de la reprise en hôtels.

¹ Proposé à l'Assemblée Générale du 20 avril 2021

² Patrimoine bénéficiant d'une certification et/ou labélisation environnementale (BREEAM, HQE ou LEED) sur l'exploitation et/ou le bâti
L'EPRA Earnings et l'EPRA NTA 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 17 février 2021. Les procédures d'audit sur les comptes consolidés ont été effectuées. Le rapport de certification sera émis après finalisation des vérifications spécifiques.

Covivio : un *business model* diversifié et un patrimoine de qualité

Avec un patrimoine de 25,7 Md€ (17,1 Md€ PdG) d'actifs en Europe, en croissance de 1,4 Md€ (+9%), Covivio a construit son développement sur la diversification dans des activités où il joue un rôle d'acteur de premier plan :

- ▶ **60% du patrimoine est composé de bureaux** en France, Italie et Allemagne, majoritairement dans des localisations centrales à Paris, Milan et Berlin ;
- ▶ **Le résidentiel en Allemagne représente 25% du patrimoine.** Il est situé dans les centres-villes de Berlin, Dresde, Leipzig et Hambourg et les grandes villes de la Rhénanie-du-Nord Westphalie ;
- ▶ **Les hôtels (15% du patrimoine),** situés dans les grandes villes touristiques européennes (Paris, Berlin, Rome, Madrid, Barcelone, Londres, etc.) sont loués ou gérés directement par les grands opérateurs tels qu'AccorInvest, IHG, B&B ou NH Hotels.

Ce patrimoine est géré selon **trois piliers stratégiques** :

1. **La localisation dans le cœur des grandes métropoles européennes**, en particulier Paris, Berlin et Milan. Ainsi, 96% des actifs se situent à moins de 5 minutes à pied d'un transport en commun.
2. **Le développement**, afin d'offrir un immobilier neuf, alliant performance énergétique, bien-être et adaptation à l'évolution des usages. Covivio développe aujourd'hui 1,2 Md€ part du groupe de projets de bureaux et 200 M€ de logements en Europe.
3. **La culture-clients**, qui place l'utilisateur au centre de la stratégie. Covivio accompagne dans la durée ses clients-locataires dans leurs stratégies immobilières, en nouant des relations partenariales fortes (maturité moyenne ferme des baux de 7 ans). Cela se traduit notamment par une approche servicielle ambitieuse et toujours plus de flexibilité, avec en particulier l'offre de bureaux flexibles Wellio.

Une stratégie environnementale différenciante initiée il y a plus de 10 ans

Face aux enjeux climatiques, **Covivio poursuit ses efforts de réduction de l'empreinte carbone de son patrimoine**, et s'appuie pour cela sur les outils et partenariats forgés depuis de nombreuses années avec ses clients et parties prenantes. Le Groupe a notamment défini une trajectoire carbone ambitieuse et différenciante :

- **Une baisse de 34% des émissions de gaz à effet de serre entre 2010 et 2030³**, approuvée dès 2018 par l'initiative [Science Based Targets](#) (SBT), intégrant la totalité du cycle de vie des bâtiments (y compris les scopes 1, 2 et 3) et sans tenir compte des initiatives de compensation carbone.
- Pour atteindre cet objectif, **Covivio ambitionne, entre autres, de détenir 100% d'immeubles certifiés « verts » d'ici à 2025.** A fin 2020, le patrimoine est déjà certifié à 88%⁴, en hausse de 10 points sur un an à périmètre constant. Près de 100% du patrimoine bureaux France est d'ores et déjà certifié, et 89% en bureaux Italie. Le patrimoine vert en hôtels s'inscrit en hausse de 15 points sur un an, à 72%, grâce à la certification du portefeuille au Royaume-Uni, alors qu'en résidentiel en Allemagne, Covivio est la première foncière à avoir obtenu une certification HQE exploitation sur l'ensemble de son patrimoine.

Cette trajectoire carbone est l'un des axes majeurs de la stratégie RSE de Covivio assise sur 4 piliers : le bâtiment durable, le sociétal, le social et la gouvernance. Plus amplement détaillée dans [la présentation dédiée](#), cette stratégie est régulièrement récompensée et place Covivio parmi les leaders européens et mondiaux auprès du

³ Objectifs s'inscrivant dans la trajectoire de réchauffement climatique de 2 degrés telle que mentionnée dans l'Accord de Paris de décembre 2015.

⁴ Hors actifs *non-core* en Bureaux France, qui représentent <1% du patrimoine.

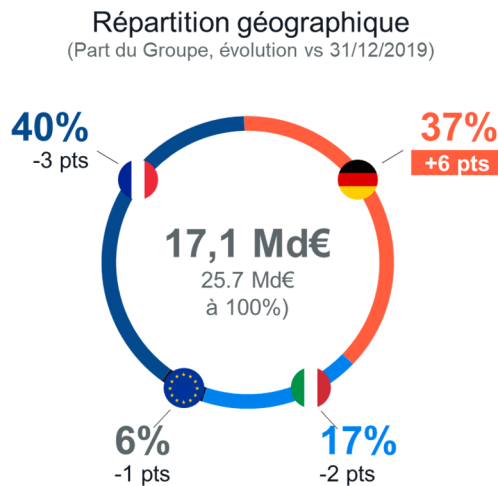
COVIVIO
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GRESB (statut « Sector Leader » monde dans sa catégorie avec une note de 85/100, en hausse de 5 points), MSCI (AA), Sustainalytics ([lien vers leur site](#)), Vigeo-Eiris (A1+, sector leader), ISS-ESG (B-, top 3% monde), CDP (A-), etc.

Année 2020 : de nombreux succès dans un contexte de crise

Renforcement en Allemagne : +6 points d'exposition

En 2020, Covivio a accru de 6 points son exposition à l'Allemagne, via l'accélération en bureaux allemands (avec l'acquisition de la société Godewind pour 1,1 Md€ PdG) et la poursuite du renforcement en résidentiel.



Succès du plan de ventes : 871 M€ de nouveaux accords de cessions, avec 8% de marge

Covivio a signé pour 871 M€ de nouveaux accords de cessions, avec une marge moyenne de 8% sur les valeurs d'expertise de fin 2019. Une part significative de ces transactions a été réalisée au quatrième trimestre 2020 (372 M€).

La plupart des accords concernent des **actifs de bureaux** (81% des ventes) dans le Croissant Ouest du Grand Paris, à Milan, Lyon, Marseille et Nancy, pour lesquels la totalité du travail de création de valeur (asset management et développement) a été réalisée. Ils illustrent l'efficacité de la stratégie et du savoir-faire de Covivio.

C'est le cas par exemple de l'immeuble EDO à Issy-les-Moulineaux, acheté en 2011 alors qu'il était occupé par Yves Rocher. Libéré en 2015, l'immeuble de bureaux de 10 900 m² a été redéveloppé avec une hausse de 45% de sa surface, et pré-loué à Transdev avant sa livraison en 2017. Un accord de cession a été conclu en décembre 2020.

Covivio a également signé en fin d'année un accord de cession pour un portefeuille de 44 000 m² de bureaux non core en régions en France, sur la base d'un prix supérieur à la valeur d'expertise fin 2019. Cette transaction fait suite à un travail d'asset management ayant permis de rallonger une partie des baux avec le locataire Orange.

Des succès locatifs en Bureaux dans un marché locatif attentiste

En 2020, **72 500 m² de nouveaux engagements locatifs** ont été signés, dont 42 000 m² au deuxième semestre. Ces nouveaux accords, d'une durée moyenne ferme de 8 ans, ont été réalisés sur l'ensemble des marchés de Covivio, à la fois sur des immeubles centraux à Paris, Milan et Berlin, mais aussi dans les marchés du Grand Paris et à Turin. A Milan en particulier, les relocations (4 500 m²) ont été réalisées en moyenne +8% au-dessus du loyer précédent.

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Les transactions locatives se sont poursuivies en particulier sur les nouveaux développements. L'immeuble Gobelins (4 360 m² à Paris 5^e) sera entièrement occupé dès sa livraison en mars 2021 par un organisme public, via un contrat de 5 ans fermes signé avec notre offre flexible Wellio. Plusieurs nouvelles signatures pour des durées fermes longues sont intervenues sur d'autres développements, tels que IRO à Chatillon (3 800 m² avec MAIF), Cité Numérique à Bordeaux (2 800 m²), Symbiosis D à Milan (2 500 m² avec un leader américain de l'alimentation) ou Ferrucci à Turin (9 300 m², désormais loué à 98%).

En 2020, Covivio a également renouvelé, pour 3 ans fermes en moyenne, les baux de 182 000 m² de bureaux, avec une hausse du loyer IFRS de 1% en moyenne.

Poursuite de la dynamique de croissance en Résidentiel allemand

La croissance de la population dans les villes allemandes, combinée au manque de nouveaux logements, se poursuit, contribuant à la **pression sur les loyers et sur les valeurs**. A Berlin en particulier, la nouvelle réglementation mise en place début 2020, portant sur le gel et le plafonnement des loyers, n'a fait qu'accroître la pénurie de logements : le nombre d'appartements proposés à la location a chuté de deux tiers en un an et les prix des appartements à la vente ont augmenté de 7%, dépassant maintenant 5 000 €/m² en moyenne. Le résultat de la procédure de remise en cause de cette réglementation devant la Cour fédérale de Karlsruhe est attendu pour la fin du 1^{er} semestre.

Le Groupe a poursuivi sa croissance en résidentiel avec **119 M€ (79 M€ Part du Groupe) de nouvelles acquisitions**, à la fois dans le centre de Berlin (534 logements à 2 750€/m²), et en Rhénanie du Nord-Westphalie, à Essen et Dortmund (195 logements à 1 900€/m²). Ces acquisitions font ressortir un rendement moyen de 3,7% et un potentiel de croissance significatif, à travers la réversion locative (28%) et les possibilités de privatisations à terme.

Covivio a également livré cette année **les premiers projets de développements résidentiels** à Berlin : 123 logements, représentant 29 M€ de coûts de développement, qui ont été vendus à la découpe avec 46% de marge.

Dans ce contexte, **la croissance des loyers** sur le patrimoine de Covivio s'est poursuivie en Rhénanie du Nord-Westphalie, Hambourg, Dresde et Leipzig, avec des progressions de 15% en moyenne lors des relocations, faisant plus que compenser l'impact de la réglementation sur les relocations à Berlin.

Par ailleurs, fort de sa culture-clients et de ses initiatives engagées en la matière, Covivio a été à nouveau récompensé en Allemagne par le Focus Money Survey⁵, obtenant cette année le titre de « **Fairest Landlord** » et la meilleure note « Very Good » sur l'ensemble des critères.

Hôtels : de nombreux accords signés avec les opérateurs

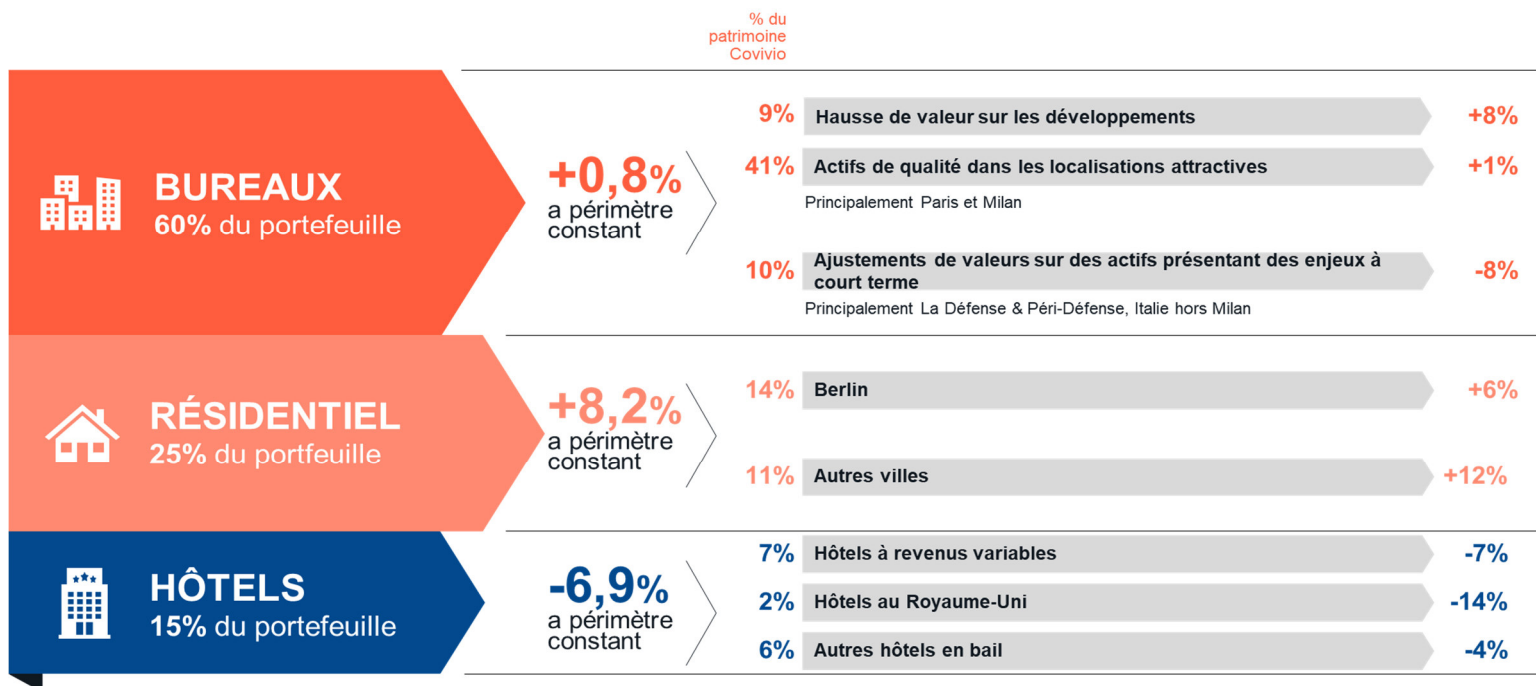
Face à une crise conjoncturelle sans précédent, Covivio a continué à **accompagner ses grands opérateurs hôteliers partenaires** afin de mettre en place des solutions leur permettant de traverser la crise. Les accords signés avec la quasi-totalité des opérateurs des hôtels en bail fixe ont permis de préserver leur trésorerie grâce à des franchises ou différés de paiement, tout en rallongeant la durée ferme de leurs engagements de 3 ans en moyenne.

⁵ [Lien vers l'étude](#)

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Hausse des valeurs d'actifs : +1,3% à périmètre constant

25,7 Md€ de patrimoine à 100% et 17,1 Md€ Part du Groupe



Le patrimoine progresse de +1,3% à périmètre constant, porté par la bonne tenue des valeurs en résidentiel et en bureaux :

- ▶ **En résidentiel allemand** (25% du patrimoine), les valeurs d'expertise gagnent +8,2%, grâce à une très bonne dynamique sur l'ensemble des villes, notamment en Rhénanie du Nord-Westphalie (+12,0%), mais aussi à Berlin (+5,7%).
- ▶ **En bureaux** (60% du patrimoine), les valeurs progressent de +0,8% en moyenne, sous plusieurs effets :
 - Dynamique de création de valeur sur les actifs en développement (9% du patrimoine) : +8% ;
 - Croissance ou bonne tenue des valeurs d'actifs sur la grande majorité des bureaux en exploitation (41% du patrimoine), grâce à leur qualité immobilière et leur localisation : +1% ;
 - Ajustements de valeur pour des actifs sur des marchés plus impactés par la conjoncture ou ayant une situation locative à risque, principalement à la Défense, péri-Défense et en Italie hors Milan (10% du patrimoine) : -8%.
- ▶ **En hôtels**, dans le contexte de crise sanitaire, la valeur du patrimoine a été ajustée à la baisse de 6,9% en moyenne, avec des impacts hétérogènes selon la typologie des revenus :
 - Sur les hôtels en revenus variables (7% du patrimoine), les expertises reflètent des prévisions de retour à la normale à horizon 2023/2024 : -7% d'ajustement de valeur ;
 - Sur le portefeuille britannique (2% du patrimoine), la valeur intègre des fermetures d'hôtels plus longues qu'initialement prévues : -14% ;
 - Sur les autres hôtels en bail (6% du patrimoine), Covivio bénéficie des accords signés avec les opérateurs : -4%.

Résultats financiers 2020 : un bilan maîtrisé malgré le défi de la crise

Un niveau de collecte des loyers très élevé

Covivio s'appuie sur sa base locative solide, composée principalement de grands groupes et de locataires résidentiels. Ainsi, en 2020, **97% des loyers quittancés ont été collectés** (94% y compris franchises et différés de paiement). En bureaux et résidentiel, le taux de collecte s'élève à 98%. En hôtels, 92% des loyers quittancés ont été payés (73% en incluant les franchises et différés de paiement accordés).

Revenus de 609 M€

Les revenus locatifs 2020 se sont élevés à 609 M€ (875 M€ à 100%), contre 679 M€ en 2019. **La performance à périmètre constant en bureaux et logements (85% du patrimoine) continue à être dynamique**, en croissance de +1% à périmètre constant sur un an, alors que **la crise a réduit les revenus hôteliers (15% du patrimoine) de 55% à périmètre constant**.

2020, M€	Revenus 2019 PdG	Revenus 2020 100%	Revenus 2020 PdG	Variation périmètre constant PdG	Taux d'occupation %	Maturité moyenne ferme des baux en années
Bureaux France	226.4	237.3	207.1	+0.7%	93.1%	4.6
Bureaux Italie	147.0	166.6	126.8	-0.3%	96.8%	7.4
Bureaux Allemagne	7.6	60.3	49.3	+2.9%	76.7%	4.9
Résidentiel Allemagne	154.3	245.6	157.7	+2.3%	98.7%	n.a.
SOUS-TOTAL BUREAUX & RESIDENTIEL	535.4	709.8	540.9	+1.0%	93.8%	5.5
Hôtels en Europe	121.2	147.2	57.6	-54.8%	100% ⁶	14.2
TOTAL ACTIVITES STRATEGIQUES	656.6	857.1	598.5	-9.4%	94.7%	7.3
Non-stratégique (commerces)	21.9	17.7	11.0	-10.1%	99.4%	9.8
TOTAL	678.6	874.7	609.5	-9.4%	94.8%	7.3

En bureaux (60% du patrimoine), les loyers progressent de +0,4% à périmètre constant, principalement sous l'effet de l'indexation. Le taux d'occupation s'établit à fin 2020 à 92%. En bureaux France, le taux d'occupation atteint 95,5% hors effet des livraisons de l'année, non entièrement louées. La vacance en bureaux allemands tient compte du retrait de Wework de son engagement locatif sur Herzogterrassen (immeuble situé en plein cœur de Düsseldorf), suite à la signature d'un accord financier (impact de -12 pts d'occupation sur le périmètre allemand).

En résidentiel allemand (25% du patrimoine), les loyers ont poursuivi leur bonne progression, avec une hausse de +2,3% à périmètre constant, tandis que le taux d'occupation se maintient à un niveau très élevé de 99%. Ce résultat est notamment le fruit du travail d'amélioration de la qualité des logements, qui permet d'atteindre des loyers à la relocation +15% supérieurs en moyenne au précédent loyer hors Berlin. A Berlin, les loyers progressent de +1,2% à périmètre constant, malgré les premiers effets de la nouvelle réglementation.

Sur l'hôtellerie (15% du patrimoine), les revenus de Covivio subissent directement l'impact de la fermeture exceptionnelle des établissements. Les revenus variables (loyers variables et EBITDA des contrats de management ; 7% du patrimoine) ont diminué de -81% à périmètre constant. Les hôtels au Royaume-Uni (2% du patrimoine) ont été directement impactés par les fermetures administratives, de sorte que la clause de sous-performance majeure incluse dans le bail a été déclenchée et qu'aucun loyer n'a été comptabilisé au titre de l'année 2020. Sur les autres hôtels en bail (6% du patrimoine), les accords obtenus avec les locataires ont permis de limiter la baisse des revenus (-3%).

⁶ Sur les hôtels en bail

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EPRA Earnings de 385 M€ (4,21€ par action)

Pénalisé par la baisse des revenus des hôtels, l'EPRA Earnings se réduit de -67 M€ sur un an, soit -15%, pour s'établir à 385 M€ à fin 2020 (vs 452 M€ en 2019). Ce résultat est supérieur à la guidance communiquée en juillet (380 M€), et ce malgré le deuxième confinement, notamment grâce au regain d'activité rapide des hôtels cet été, dès que les restrictions ont été levées.

Par action, l'EPRA Earnings s'établit à 4,21 € (vs 5,31 € en 2019). Le bénéfice net ressort à 360 M€.

Un bilan maîtrisé malgré le défi de la crise sanitaire

Au cours de l'année, **Covivio a su consolider son profil financier** grâce au succès du plan de ventes, à l'augmentation de capital de 343 M€ issue de l'option de paiement du dividende en actions (choisie par 82,3% du capital) et à l'émission obligataire de 500 M€ à 10 ans et 1,625%, émise en mai 2020.

Ainsi, la LTV à fin décembre s'établit à **40,9%**, proche de la politique de levier inférieur à 40%. L'ICR s'élève à 6,1x pour un taux moyen de la dette de 1,29%. Covivio peut également s'appuyer sur une liquidité abondante, avec 2,5 Md€ de trésorerie ou équivalent à fin décembre. L'ensemble de ces éléments ont contribué à la confirmation de la notation de crédit de Covivio par S&P en mai dernier, à **BBB+, perspective stable**.

EPRA NTA de 9,5 Md€, soit 100,1€ par action

L'indicateur EPRA Net Tangible Assets (EPRA NTA) a progressé de 360 M€ et 4% sur un an, à 9,5 Md€. Par action, l'EPRA NTA atteint 100,1 €, stable hors effet du paiement du dividende en actions (-4% y compris impact du paiement en actions) et en progression de 2% sur le second semestre.

L'ANR de liquidation (EPRA NDV - Net Disposal Value) s'élève quant à lui à 8,5 Md€ et 89,3€/action, et l'ANR de reconstitution (EPRA NRV - Net Reinstatement Value) atteint 10,5 Md€ et 110,3€/action.

Dividende

Covivio proposera à l'Assemblée générale du 20 avril 2021 la distribution d'un dividende de 3,60€ par action en numéraire, correspondant à un taux de distribution de 86% de l'EPRA Earnings.

Perspectives : un patrimoine de qualité et un profil adapté pour tirer parti de la reprise à venir

Bureaux : renforcement dans les centres-villes, adaptation du pipeline et différenciation par l'approche clients

L'immobilier de bureaux fait face à une accélération rapide des tendances, à la fois sous l'effet conjoncturel de la crise économique et des mutations structurelles liées au développement du télétravail. Dans un environnement plus compétitif, où les écarts de performances entre les différents acteurs et les différentes localisations seront d'autant plus marqués, Covivio poursuit l'amélioration de la qualité de son patrimoine et dispose d'atouts clés pour continuer à surperformer :

1- Renforcement dans les centres-villes des capitales européennes

Fort de la rotation soutenue du patrimoine en faveur des localisations stratégiques depuis de nombreuses années, le patrimoine bureaux de Covivio s'est transformé et recentré pour se situer dorénavant à :

- **63% dans Paris, Milan et les 5 principales villes allemandes**⁷, contre 42% il y a 5 ans ;
- **28% dans les meilleures localisations du Grand Paris** (Issy-les-Moulineaux, Boulogne, La Défense, Chatillon/Montrouge, Vélizy/Meudon) **et des Grandes Métropoles françaises**⁸.

Le solde du patrimoine (9%) est principalement constitué du portefeuille loué à Telecom Italia pour 11 ans fermes.

L'exposition à ces localisations clés ira croissante dans les prochaines années, notamment grâce aux nombreuses opportunités de redéveloppement au sein du patrimoine existant, situé dans les quartiers *prime*, qui viendront nourrir le pipeline de développement.

2- Adaptation du pipeline au nouvel environnement : davantage de projets centraux et de conversions en résidentiel

2^{ème} pilier stratégique de Covivio, le pipeline de développement est un élément clé permettant de transformer des immeubles obsolètes en espaces de travail attractifs, adaptés aux nouvelles demandes des clients, tout en générant une création de valeur financière et extra-financière importante. Dans un nouvel environnement de marché, Covivio adapte en continu son pipeline de développement :

- **Davantage de projets *prime*** : en 2021, 5 projets seront engagés à Paris QCA (Anjou, Carnot et Laborde), Milan QCA (Corso Italia) et Berlin QCA (Alexanderplatz), représentant près de 900 M€ de coût de revient (dont ~400 M€ de capex restant à décaisser). Le pipeline à fin 2021 sera constitué quasi-uniquement d'actifs situés dans Paris, Milan et Berlin intramuros, dont 70% dans les seuls QCA ;

A fin 2020, ce sont plus de 500 M€ de création de valeur qui doivent encore être captés sur les projets en cours de développement et les nouveaux engagements 2021.

- **Davantage de conversions de bureaux obsolètes en logements** : Covivio a identifié près de 150 000 m² de potentiel sur des actifs de bureaux obsolètes en France. Quatre projets sont d'ores et déjà engagés, représentant 44 M€ de coût de développement, auxquels s'ajouteront de nouveaux programmes en Île-de-France et dans les métropoles régionales. Covivio prévoit notamment de lancer un projet emblématique dans le nord de Bordeaux, destiné à accueillir 46 500 m² de nouveaux logements, à la place d'un ancien immeuble acheté en 2004 et loué à IBM jusqu'en 2018.

3- Services et flexibilité : une offre différenciante pour continuer à attirer de nouveaux clients

La qualité des services et le besoin de flexibilité ont été identifiés comme deux éléments clés pour les utilisateurs bureaux depuis 2017. Depuis, Covivio développe et nourrit sa stratégie bureaux avec :

- Le développement d'une **offre de services**, déjà mise en place dans plus de 80% des immeubles multi-locataires en France.
- Le lancement d'une **offre flexible**, Wellio, qui s'est accélérée depuis 2019, permettant de proposer un panel de solutions immobilières complet aux utilisateurs : bail classique avec services, offre mixte avec bail classique et espaces flexibles, offre 100% flexible.
- **L'accompagnement complet** des clients sur un projet (offre *All in one*), comme récemment sur l'immeuble Paris Gobelins, précommercialisé pour 5 ans à un groupe déjà client de Covivio, en contrat de prestations de services. Sur cet immeuble, Covivio a accompagné le preneur dans la définition et la conception des espaces de travail et opérera pour lui tous les aspects de l'immeuble (informatique, salles de réunions, accueil, sécurité, services, etc.).

⁷ Berlin, Francfort, Hambourg, Düsseldorf, Munich

⁸ Principalement Lyon, Bordeaux, Lille, Marseille, Toulouse

COVIVIO

RESULTATS ANNUELS 2020

Résidentiel allemand : des réserves de croissance importantes, notamment via le développement

Covivio a continué à **accroître la taille de son patrimoine** en résidentiel allemand en 2020, avec 4,3 Md€ Part du Groupe d'actifs à fin décembre (contre 4,0 Md€ à fin 2019), représentant 25% du patrimoine total du Groupe. Le pipeline de développement de 520 M€ PdG, situé pour l'essentiel à Berlin, constitue une **réserve de croissance importante** dans un contexte de pénurie. 157 M€ PdG de projets sont déjà engagés et les livraisons vont s'accélérer en 2021, avec 430 logements prévus. Covivio cible une création de valeur supérieure à 40% sur ce pipeline.

Covivio continuera à extraire le potentiel de réversion sur son patrimoine hors Berlin, estimé entre 10% et 20%, grâce notamment aux programmes d'amélioration de la qualité des logements (60 M€ PdG de capex dépensés en 2020 sur le patrimoine en exploitation).

Hôtels : un patrimoine orienté sur la clientèle domestique et loisir, bien positionné pour la reprise à venir

La crise exceptionnelle qu'affronte l'industrie hôtelière ne remet pas en question les fondamentaux solides du marché hôtelier européen (90% des nuitées sont réalisées par des européens), ni l'attractivité des grandes destinations touristiques dans lesquelles Covivio détient son patrimoine (Paris, Berlin, Rome, Madrid, Barcelone, Londres, etc.).

La reprise à venir de l'hôtellerie en Europe sera tirée dans un premier temps par trois principaux moteurs :

- 1- Les marchés avec une **clientèle à dominante domestique** et/ou régionale (via transport terrestre), comme la France (70% de clientèle domestique), l'Allemagne (85%) et le Royaume-Uni (85%) ;
- 2- Les marchés avec une **clientèle à dominante loisir**, où l'on retrouve la France (80%), l'Allemagne (80%), l'Italie (80%) et le Royaume-Uni (70%)⁹ ;
- 3- La **clientèle individuelle**, qui sera la première à profiter de la levée des restrictions gouvernementales.

Considérant ces éléments, le portefeuille hôtelier de Covivio est **bien positionné pour bénéficier de la reprise à venir** : les revenus variables, concentrés en France et Allemagne, ainsi que les revenus du portefeuille britannique, sont générés **essentiellement par une clientèle domestique ou régionale, qui voyage individuellement pour le loisir**¹⁰. La bonne dynamique de ces marchés, notamment la France et l'Allemagne, s'est vérifiée durant l'été 2020, avec une reprise rapide suite à la levée des restrictions gouvernementales : entre avril et août, les performances de RevPar en France et en Allemagne ont **surperformé le reste de l'Europe**, de respectivement 31 et 17 points¹¹.

Objectif d'EPRA Earnings 2021 : entre 380 M€ et 395 M€

Compte tenu de l'incertitude sur le calendrier de la reprise hôtelière, avec un premier trimestre pénalisé par les nouvelles restrictions en Europe, Covivio se donne un objectif d'EPRA Earnings entre 380 M€ et 395 M€ (4,0€ et 4,2€/action), en fonction du profil de la reprise en hôtels.

⁹ Source: World Travel & Tourism Council

¹⁰ En détail : part domestique ou régionale = 80% ; part loisir : 55%-60% ; part de client individuels : 75%

¹¹ Source : MKG



AGENDA

- Assemblée générale : 20 avril 2021
- Activité du 1^{er} trimestre 2021 : 20 avril 2021 (après bourse)
- Détachement du dividende : 26 avril 2021
- Paiement du dividende : 28 avril 2021
- Résultats du 1^{er} semestre 2021 : 21 juillet 2021 (après bourse)



CONTACTS

Relations Presse

Géraldine Lemoine
Tél : + 33 (0)1 58 97 51
geraldine.lemoine@covivio.fr

Relations Investisseurs

Paul Arkwright
Tél : + 33 (0)1 58 97 51 85
paul.arkwright@covivio.fr

Laetitia Baudon
Tél : + 33 (0)1 44 50 58 79
laetitia.baudon@shan.fr



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 25 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



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1. BUSINESS ANALYSIS

Changes in scope:

The main change is the acquisition of the Germany Offices company Godewind, in early 2020, owned at 94%.

A. REVENUES: €609 MILLION IN 2020

(€ million)	100%			Group share				
	2019	2020	Change (%)	2019	2020	Change (%)	Change (%) LfL ¹	% of revenue
France Offices	257.3	237.3	-7.8%	226.4	207.1	-8.5%	+0.7%	34%
Paris	86.1	87.8	+2.0%	80.6	82.3	+2.0%	+2.9%	13%
Greater Paris (excl. Paris)	128.3	103.8	-19.1%	104.4	85.4	-18.2%	-0.7%	14%
Major regional cities	27.6	35.9	+30.0%	26.1	29.6	+13.4%	+2.8%	5%
Other French Regions	15.3	9.8	-35.5%	15.3	9.8	-35.5%	-9.0%	2%
Italy Offices	190.3	166.6	-12.5%	147.0	126.8	-13.8%	-0.3%	21%
Offices - excl. Telecom Italia	102.0	85.4	-16.3%	102.0	85.4	-16.3%	-0.6%	14%
Offices - Telecom Italia	88.2	81.2	-8.0%	45.0	41.4	-8.0%	+0.2%	7%
German Offices	11.3	60.3	n.a.	7.6	49.3	n.a.	+2.9%	8%
Berlin	9.4	10.2	n.a.	6.4	7.2	n.a.	+2.3%	1%
Other cities	1.9	50.1	n.a.	1.2	42.1	n.a.	+2.9%	7%
German Residential	240.5	245.6	+2.1%	154.3	157.7	+2.2%	+2.3%	26%
Berlin	117.7	118.5	+0.7%	76.1	76.7	+0.7%	+1.2%	13%
Dresden & Leipzig	24.3	24.6	+1.2%	15.5	15.7	+1.4%	+3.2%	3%
Hamburg	15.9	16.3	+2.6%	10.4	10.7	+2.6%	+2.8%	2%
North Rhine-Westphalia	82.6	86.2	+4.3%	52.3	54.6	+4.4%	+3.6%	9%
Hotels in Europe	302.8	147.2	-51.4%	121.2	57.6	-52.5%	-54.8%	9%
Hotels - Lease Properties	233.0	139.3	-40.2%	92.0	54.3	-41.0%	-44.0%	9%
France	93.3	50.9	-45.5%	32.0	16.1	-49.8%	-51.4%	3%
Germany	34.1	30.7	-10.0%	14.4	13.1	-9.0%	-1.8%	2%
UK	42.8	0.0	n.a.	18.5	0.0	n.a.	-100.0%	0%
Spain	34.5	29.6	-14.2%	14.9	12.9	-13.7%	-14.2%	2%
Belgium	15.3	8.9	-41.7%	6.6	3.9	-41.4%	-41.4%	1%
Others	12.9	19.2	+48.5%	5.6	8.3	+49.3%	-3.6%	1%
Hotels - Operating Properties (EBITDA)	69.8	7.9	-88.7%	29.1	3.3	-88.7%	-88.4%	1%
Total strategic activities	1,002.1	857.0	-14.5%	656.7	598.5	-8.9%	-9.4%	98%
Non-strategic	29.0	17.7	-38.9%	21.9	11.0	-49.9%	-10.1%	2%
Retail Italy	11.5	5.4	-53.0%	11.5	5.4	-53.0%	-14.8%	1%
Retail France	12.5	11.9	-4.6%	5.4	5.2	-4.0%	-3.3%	1%
Other (France Residential)	5.0	0.4	-92.3%	5.0	0.4	-92.3%	n.a.	0%
Total revenues	1,031.2	874.7	-15.2%	678.6	609.5	-10.2%	-9.4%	100%

¹ LfL: Like-for-Like

Group share revenues decreased by 10% (-9% like-for-like) year-on-year (-€69 million) primarily under the following effects:

- ▶ **Solid results on Offices and Residential activities**, with like-for-like revenues increasing by +1.0% (+€4.8 m):
 - +0.7% in France Offices, thanks to indexation.
 - -0.3% in Italy Offices driven by Offices in Milan (+0.8%) when the lockdowns and the crisis impacted the ground floor retail in Milan.
 - +2.9% in German Offices (excluding the newly acquired Godewind portfolio).
 - +2.3% in German Residential, driven by North Rhine-Westphalia (+3.6%).

- ▶ **On Hotels activity**, the like-for-like revenues decreased by 54.8% (-€65.4 million) due to:
 - Significant decrease in variable revenues, both on variables leases (-73%) and EBITDA from management contracts (-88%).
 - Hotels located in the UK leased to IHG, especially impacted by the strict lockdown in the country and the late lifting of restrictions. This triggered a major underperformance clause (MAC clause) included in this contract. No rent has been accounted on this portfolio as of end 2020.
 - On other leases, agreements reached with 95% of fixed lease operators limited the decrease to -3%.
- ▶ **Acquisitions** (+€47.9 million) especially in German offices (+€42.1 million), with a portfolio of 10 assets through the Godewind acquisition in 2020.
- ▶ **Deliveries of new assets** (+€9.8 million), mainly in Italy (+€5.0 million) with 5 projects fully let delivered in 2020 in Milan and Turin and in France (+€3.3 million) with the full effect of 2019 deliveries.
- ▶ **Asset disposals**: (-€48.6 million), especially:
 - In France Offices (-€13.5 million), most from mature assets disposals in Greater Paris in 2019.
 - In Italy (-€18.9 million), mostly through the disposal of two portfolios of mature and non-core assets in 2019.
 - In German Residential (-€2.3 million).
 - In Hotels (-€3.9 million) with the disposal of non-core assets in 2019 and 2020 (mostly B&B hotels).
 - Non-strategic assets (-€10.0 million) mainly retail in Italy.
- ▶ **Vacating for redevelopment** (-€7.6 million), in Paris and Milan on committed projects in the CBDs.
- ▶ Other effects (-€10.0 million) mainly early release compensations received in 2019.

B. LEASE EXPIRIES AND OCCUPANCY RATES

1. Annualized lease expiries: 7.3 years average lease term

Average firm lease duration by activity

(Years)	By lease end date (1st break)		By lease end date	
	2019	2020	2019	2020
Group share				
France Offices	4.6	4.6	5.4	5.5
Italy Offices	7.2	7.4	7.8	7.9
Germany Offices	n.a.	4.9	n.a.	7.9
Hotels in Europe	13.7	14.2	14.9	15.7
Total strategic activities	7.1	7.3	8.0	8.4
Non-strategic	5.2	9.8	6.7	7.9
Total	7.1	7.3	7.9	8.4

The average firm residual duration of leases increased to 7.3 years at end 2020. The main changes are:

- The integration of the German office portfolio with a 4.9 firm lease duration at end-2020,
- In Hotels, the agreements reached with 95% of fixed-lease tenants, extending the firm duration of their commitments and of the overall Hotels portfolio by +1.5 years.

Lease expiries schedule

(€ million ; Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2021	61.7	9%	49.5	7%
2022	61.3	9%	47.2	7%
2023	47.2	7%	30.1	4%
2024	26.0	4%	18.7	3%
2025	39.9	6%	39.4	6%
2026	17.5	2%	18.5	3%
2027	33.3	5%	29.4	4%
2028	22.5	3%	38.2	5%
2029	26.8	4%	46.8	7%
2030	52.0	7%	49.8	7%
Beyond	128.7	18%	149.1	21%
Total Offices and Hotels leases	516.8	73%	516.8	73%
German Residential	156.4	22%	156.4	22%
Hotel operating properties	31.2	4%	31.2	4%
Other (Incl. French Residential)	0.4	0%	0.4	0%
Total	704.9	100%	704.9	100%

Out of the €61.7 million of lease expiries remaining scheduled for 2021, representing 9% of Covivio annualized revenues:

- ▶ 2% relate to tenants with no intent to vacate the property.
- ▶ 3% relate to assets to be redeveloped after the tenant departure, including 3 mature assets in Paris CBD occupied by Orange.
- ▶ 1% relate to non-core assets in attractive locations:
- ▶ 3% to be managed, relating to assets in strategic locations, in Paris inner-city, Milan inner-city and Berlin, as well as top business districts in the 1st ring.

2. Occupancy rate: 95%

(%)	Occupancy rate	
Group share	2019	2020
France Offices	97.1%	93.1%
Italy Offices	98.7%	96.8%
German Offices	n.a.	76.7%
German Residential	98.6%	98.7%
Hotels in Europe	100.0%	100.0%
Total strategic activities	98.3%	94.7%
Non-strategic	96.8%	99.4%
Total	98.3%	94.8%

The occupancy rate stands at 94.7% for strategic activities, accounting for the impact of lockdowns on the commercialization of recently developed assets:

- ▶ **On offices**, the occupancy rate stands at 92.0%. Only 6 assets represent 5 pts of vacancies. All these assets are being actively managed and subject to recent renovations and/or service upgrades.
 - 93% in France Offices, down 4 pts due to delays in the commercialization of assets delivered during 2020. Excluding those assets, the occupancy rate of operating offices stands at 95.4%.
 - in Italy Offices the very high level of 97% attests to the attractiveness and resilience of the market and the quality of Covivio's portfolio.
 - 77% in Germany Offices due to the financial agreement reached with WeWork for the termination on their lease in Düsseldorf, which had an impact of -12 pts on the occupancy rate of the portfolio.
- ▶ **On Germany Residential** assets, the positive trends continued despite the lockdown and current crisis to drive the occupancy rate, which improved by 0.1 point compared to 2019 and stands at 98.7%

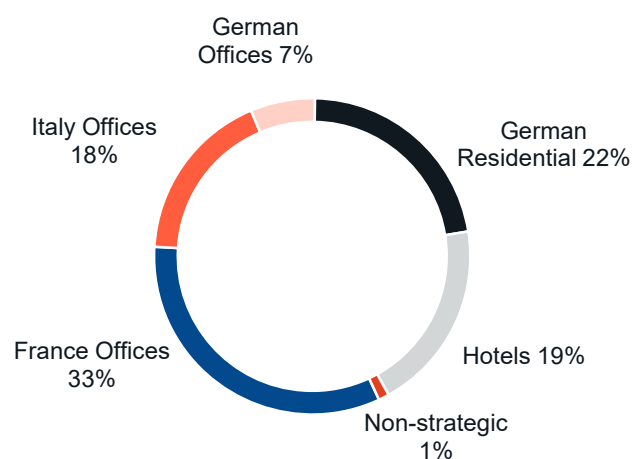
C. BREAKDOWN OF REVENUES

By major tenants

(€ million, Group share)	Annualized revenues ¹	
	2020	%
Orange	51.0	7%
Telecom Italia	40.8	6%
Accor	33.8	5%
IHG	21.3	3%
Suez	21.0	3%
NH	20.0	3%
B&B	13.8	2%
Tecnimont	13.5	2%
Dassault	12.7	2%
Thalès	11.4	2%
EDF / Enedis	11.2	2%
Vinci	10.4	1%
Natixis	7.6	1%
Creval	6.4	1%
Fastweb	6.2	1%
Eiffage	5.9	1%
Intesa San Paolo	5.4	1%
Cisco	5.2	1%
Hotels lease properties	20.6	3%
Other tenants <€5M	230.4	33%
German Residential	156.4	22%
Total	704.9	100%

¹: The hotels annualized revenues are based on the 2019 revenues

By activity



Covivio can rely on a strong tenant base, with 91% of large corporates in offices, resilient revenues in German residential and partnerships with major hotel operators in Hotels.

In 2020, Covivio continued its strategy of diversifying its tenant base, with the integration of the newly acquired Germany offices portfolio that enjoys a tenant base composed of 87% of large corporations. As a result, exposure to the three largest tenants decreased to 18% against 21% at end-2019.

D. COST TO REVENUE RATIO BY BUSINESS

(€ million, Group share)	France Offices	Italy Offices (incl. retail)	Germany Offices	German Residential	Hotels in Europe (incl. retail)	Other (Mainly France Residential)	Total	
	2020	2020	2020	2020	2020	2020	2019	2020
Rental Income	207.1	132.2	42.5	164.5	59.5	0.4	649.5	606.2
Unrecovered property operating costs	-9.8	-14.1	-4.2	-1.3	-0.7	-0.2	-30.9	-30.3
Expenses on properties	-2.5	-4.7	-1.5	-12.4	-0.2	-0.0	-23.3	-21.5
Net losses on unrecoverable receivable	-1.2	-4.4	-1.3	-2.2	-6.2	0.0	-3.8	-15.4
Net rental income	193.5	109.1	35.4	148.5	52.3	0.2	591.5	539.0
Cost to revenue ratio	6.6%	17.5%	16.6%	9.7%	12.0%	n.a	8.9%	11.1%

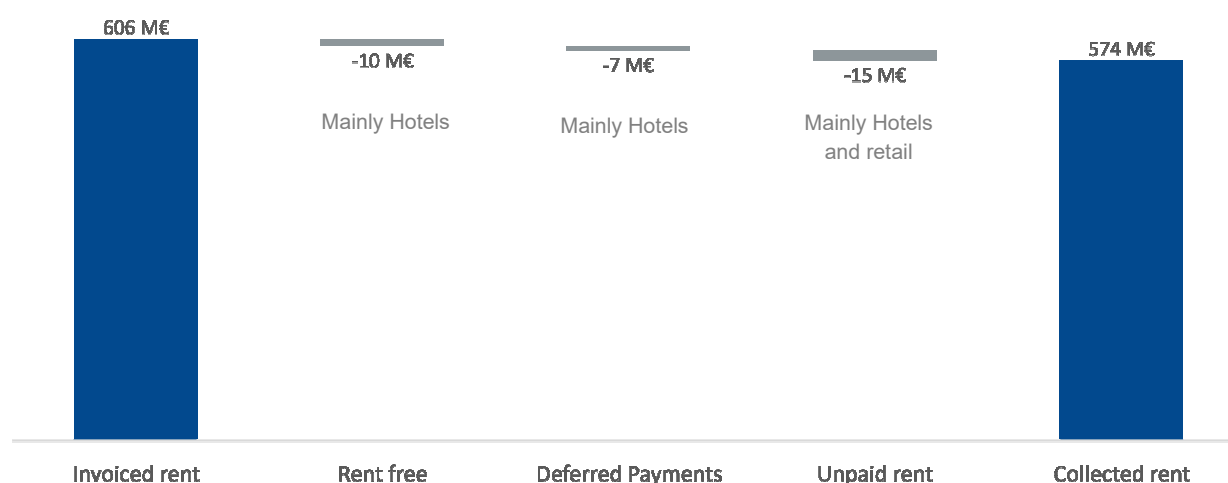
The cost to revenue ratio (11.1%) increased by 2.2 pts compared to 2019, mainly due to:

- The integration of the Germany offices portfolio which has a cost to revenue ratio of 16%, due to current vacancy rate at end-2020.
- The increase in unpaid rent coming from retail in Italy and France and from hotels.

E. RESERVES FOR UNPAID RENT

Collection rate: was as high as 95% on strategic activities, and of 73% on hotels. Excluding rent-free periods and deferred payments granted, the collection rate was of 97%, with 98% on offices and residential and 92% on hotels.

All unpaid rents in 2020 have been provisioned



Provisions: At end-2020, a €15 million provision has been accounted for.

F. DISPOSALS: €871 OF NEW DISPOSALS AGREEMENTS IN 2020 WITH 8% MARGIN



(€ million)		Disposals (agreements as of end of 2019 closed)	Agreements as of end of 2019 to close	New disposals 2020	New agreements 2020	Total 2020	Margin vs 2019 value	Yield	Total Realised Disposals
		1		2	3	= 2 + 3			= 1 + 2
France Offices	100 %	1	29	170	298	468	8.2%	5.2%	171
	Group share	1	29	170	254	424	7.2%	5.3%	171
Italy Offices	100 %	73	-	266	31	297	6.2%	4.8%	338
	Group share	71	-	254	26	280	6.7%	4.7%	325
Germany Residential	100%	12	-	186	13	199	20.2%	2.9%	197
	Group share	8	-	121	8	129	19.9%	3.0%	129
Hotels in Europe	100 %	120	13	-	19	19	0.0%	7.5%	120
	Group share	48	5	-	8	8	0.0%	7.5%	48
Non-strategic (France Resi., Retail in France and Italy)	100 %	18	23	40	21	61	-2.5%	6.9%	57
	Group share	17	23	21	10	30	-4.7%	7.1%	38
Total	100 %	223	65	661	382	1,043	8.8%	4.8%	884
	Group share	144	57	565	306	871	8.2%	4.8%	710

New disposals and agreements were signed for €871 million Group share (€1,043 million at 100%) with 8.2% average margin on last appraisal values. Covivio notably accelerated the pace of mature office disposal agreements on which the value creation potential has been fully extracted.

In details, the disposals agreements include:

- ▶ **Mature assets:** €723 million Group share (€848 million at 100%):
 - 9 offices in Greater Paris (Issy-les-Moulineaux, Nanterre), major French cities (Lyon and Marseille) and Milan: €585 million Group share.
 - Some privatization and bloc sales in German residential: €130 million Group share.
 - Mainly one hotel in Spain: €8 million Group share.
- ▶ **Non-core assets:** €117 million Group share (€135 million at 100%) in secondary locations in France and in Italy outside Milan.
- ▶ **Non-strategic assets:** €30 million Group share (€61 million at 100%), mainly Jardiland stores in France.

G. INVESTMENTS: €1.4 BN REALISED IN 2020 GROUP SHARE



€1.9 billion (€1.4 billion Group share) of investments were realized in 2020:

- ▶ The acquisition of a **German office** portfolio for €1.2 bn (€1.1 billion Group Share): 10 core office buildings through the takeover of Godewind. The portfolio totals 290,000 m² located in the largest German cities: Frankfurt, Düsseldorf, Hamburg, and Munich. The acquisition was completed through the public offer and delisting of Godewind Immobilien AG (renamed Covivio Office AG). The target yield is 4.7%.
- ▶ The acquisition of 8 hotels located in Rome, Venice, Florence, Prague, and Budapest for €573 million (€248 million Group share). This 1,115 room-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. In parallel, Covivio and NH Hotel Group signed a long-term triple net lease of 15 years firm. The portfolio has a 4.7% minimum guaranteed yield.
- ▶ Covivio closed several residential deals for €119 million (€79 million Group Share) mainly in Berlin and North Rhine-Westphalia. These assets offer an attractive potential yield of 3.7%.
- ▶ CAPEX in the **development pipeline** total €403 million (€345 million Group share), mostly related to:
 - development projects in Paris (€178 million)
 - development projects in Milan (€73 million)
 - acquisitions of land banks mainly in Berlin to fuel future Residential and Office developments (€94 million)

H. DEVELOPMENT PROJECTS:

- 1- Committed Office Pipeline
- 2- Committed France Residential Pipeline
- 3- Committed Germany Residential Pipeline
- 4- Managed Pipeline

1. Committed Office Pipeline

Covivio has a pipeline of office buildings in France, Germany and Italy:

Committed projects	Surface ¹ (m ²)	Total Budget ² (€m, 100%)	Total Budget ² (€m, Group share)	Pre-let (%)	Target yield ³ (%)
France offices	184,460 m ²	1,342	986	41%	5.4%
Italy offices	49,900 m ²	252	252	52%	6.5%
Total offices	234,360 m²	1,594	1,238	43%	5.6%

Deliveries: 91 460 m² of offices and 108 hotel rooms delivered in 2020

Thirteen projects were delivered in 2020 totaling 91,460 m² of office spaces in France and Italy and 108 hotel rooms in France with an average occupancy rate of 62%. These were:

- ▶ IRO in Chatillon (25,600 m²), 37% let.
- ▶ Ducasse in Meudon (5,060 m²), 100% let.
- ▶ Belaïa in Orly (22,600 m²), 53% let.
- ▶ Four offices in Milan: The Sign A (9,260 m²) / 100% let, Dante (4,700 m²) / 100% Wellio space, Duca d'Aosta (2,560 m²) / 100% let, Symbiosis School (7,940 m²) / 99% let.
- ▶ Ferrucci in Turin (13,750 m²), 98% let.
- ▶ B&B in Paris Region (108 rooms), 100% let.

The yield achieved upon delivery of these projects was about 6.4% at full occupancy.

Committed projects: €1.2 Bn Group share pre-let at 81% for the next 12 months

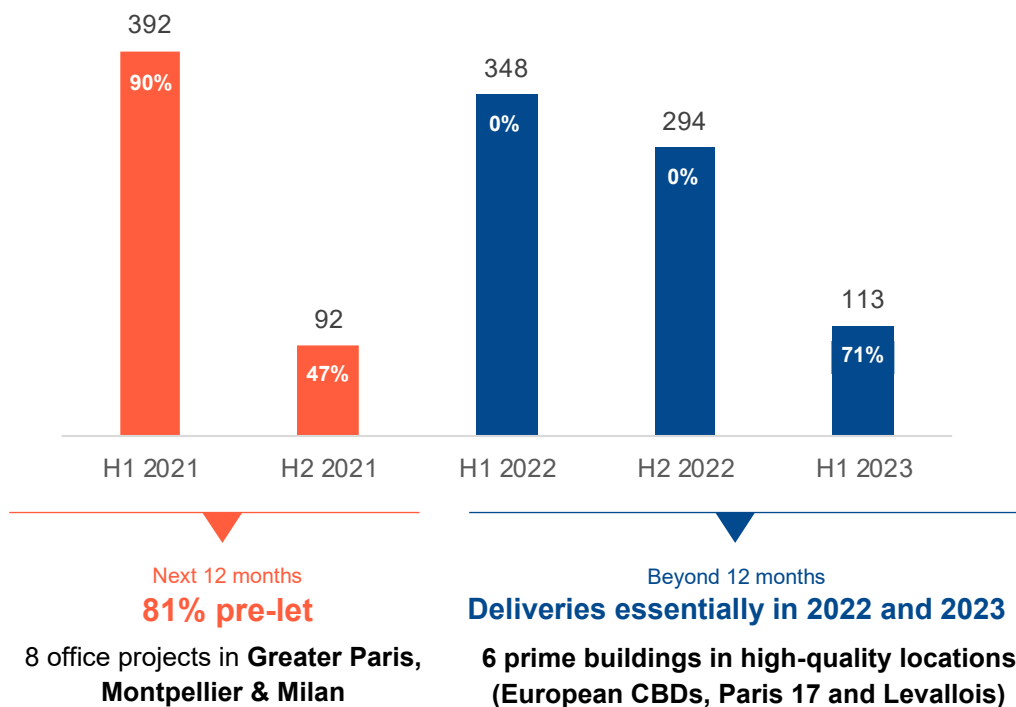
- ▶ There were no commitments in 2020.
- ▶ The current pipeline is composed of 14 projects representing 234,360 m², a total cost of €1.6 billion (€1.2 billion Group Share) with an average occupancy rate of 43% and a 5.6% yield. As of 2020, it remains €0.4 billion Group Share of capex to invest.
- ▶ Five projects (Laborde, Carnot, Anjou, Corso Italia and Alexanderplatz) will be committed next year representing 98,900 m² and an estimated total cost of €900 million.

For detailed figures on the committed projects, see page 22 of this document.

Pipeline at end 2020:



€x m Cost in Group share x% % pre-let
■ Delivery schedule



Committed projects	Location	Project	Surface ¹ (m ²)	Delivery	Target rent (€/m ² /year)	Pre-leased (%)	Total Budget ² (€M, 100%)	Total Budget ² (€M, Group share)	Target Yield ³	Capex Remaining to be spent
Flow	Montrouge Greater Paris	Construction	23,600 m ²	2021	327	100%	115	115	6.6%	
Gobelins	Paris 5th	Regeneration	4,360 m ²	2021	510	100%	50	50	5.0%	
Silex II (50% share)	Lyon	Regeneration	30,900 m ²	2021	312	53%	169	85	5.8%	
Montpellier Bâtiment de services	Montpellier	Construction	6,300 m ²	2021	224	n.a	21	21	6.7%	
Montpellier Orange	Montpellier	Construction	16,500 m ²	2021	165	100%	49	49	6.7%	
Total deliveries 2021			81,660 m²			87%	404	320	6.2%	66
Jean Goujon	Paris 8th	Regeneration	8,600 m ²	2022	>900	0%	189	189	4.0%	
Paris So Pop (50% Share)	Paris 17th	Regeneration	31,300 m ²	2022	>400	0%	230	112	6.1%	
N2 (50% share)	Paris 17th	Construction	15,600 m ²	2022	575	0%	168	84	4.2%	
Levallois Alis	Levallois - Greater Paris	Regeneration	19,800 m ²	2022	>500	0%	210	210	5.0%	
DS Extension 2 (50% share)	Vélizy - Greater Paris	Regeneration	27,500 m ²	2023	325	100%	141	71	7.2%	
Total deliveries 2022 and beyond			102,800 m²			15%	938	666	5.0%	214
Total France Offices			184,460 m²			41%	1342	986	5.4%	280
The Sign B+C	Milan	Construction	16,900 m ²	2021	299	97%	72	72	7.3%	
Symbiosis D	Milan	Construction	18,500 m ²	2021	315	47%	91	91	6.8%	
Total deliveries 2021			35,400 m²			70%	163	163	7.0%	39
Unione	Milan	Regeneration	4,500 m ²	2022	480	0%	47	47	4.6%	
Vitae	Milan	Construction	10,000 m ²	2023	315	18%	42	42	6.5%	
Total 2022 deliveries and beyond			14,500 m²			10%	89	89	5.5%	43
Total Italy Offices			49,900 m²			52%	252	252	6.5%	82
Total Offices			234,360 m²			43%	1594	1238	5.6%	362

¹ Surface at 100%

² Including land and financial costs

³ Yield on total rents including car parks, restaurants, etc

2. Committed Pipeline France Residential

Covivio transforms obsolete office buildings into housing. 150,000 m² has been identified, mainly in Greater Paris, Bordeaux, Nantes & Nice representing around €430 million of development.

- ▶ The current pipeline is composed of three projects located in the Greater Paris, representing 12 260 m², a total cost of €44 million Group Share and are fully pre-sold with approximately 10% margin.
- ▶ One project valued at €11 million will be delivered this year.

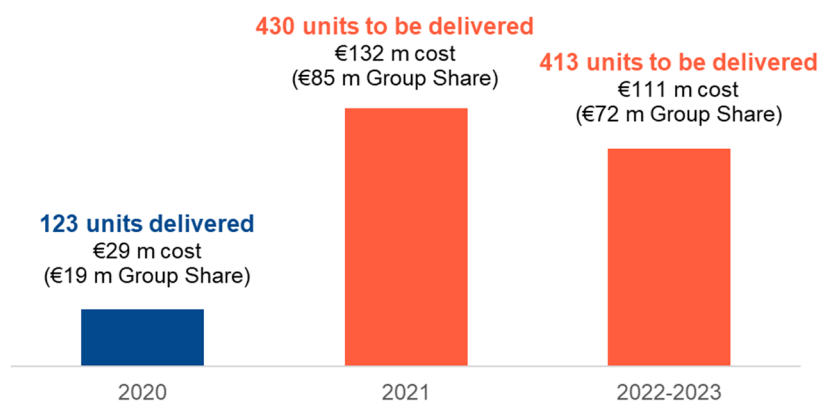
Committed projects	Units	Total Budget ² (€M, 100%)	Total Budget ² (€M, Group share)	Target Yield
Meudon, Observatoire	26	11	11	n.a
To be sold in 2021	26	11	11	n.a
Le Raincy	97	20	20	n.a
Saint-Germain-Les-Corbeil	82	13	13	n.a
To be sold in 2022 and beyond	179	33	33	n.a
Total France Resi	205 units	44	44	n.a

² Including land and financial costs

3. Committed pipeline Germany Residential

- ▶ Four residential projects in Berlin were delivered totaling 123 residential units and a total cost of €19 million Group share sold with a 47% margin.
- ▶ Four residential projects were committed totaling 116 residential units and a total costs of €21 million group share.
- ▶ At end 2020, the pipeline is composed of fourteen projects mainly located in Berlin, totaling 843 residential units and a total cost of €157m Group share with a value creation or margin of sales target of 40%.

Delivery timeline for committed projects



Committed projects	Units	Total Budget ² (€M, 100%)	Total Budget ² (€M, Group share)	Target Yield
To be sold in 2021	197	57	37	n.a
To be sold in 2022 and beyond	265	97	64	n.a
Total Germany Resi Sales	462 units	154	100	n.a
To be let in 2021	129	22	14	5.3%
To be let in 2022 and beyond	252	67	44	4.7%
Total Germany Resi Letting	381 units	89	57	4.9%

² Including land and financial costs

4. Managed Pipeline

Offices to be committed in 2021: 100% CBD

- ▶ Covivio will launch 5 projects all located in European CBDs with an estimated total cost including land at €0.9 billion, of which €0.4 billion of remaining CAPEX to spend.

The next office projects are expected to be committed in 2021 in central locations:

Paris CBD

Laborde – Paris CBD
6,200 m² - 100% prelet



Anjou – Paris CBD
9,300 m²



Carnot – Paris CBD
10,800 m²



Milan

Corso Italia- Milan CBD
11,600 m²



Berlin

Alexanderplatz
60,000 m²



Projected office pipeline at end 2021:

The projected pipeline at en 2021 is estimated at €1.7 billion Group Share total cost including land:

- ▶ 70% in European CBDs.
- ▶ 26% in Paris 17 and Levallois.
- ▶ 4% in Velizy.

Germany residential managed projects:

Covivio continues to strengthen its medium term pipeline thanks to existing landbanks and acquisition of new lands. This is 175,000 m² of residential areas that could be progressively launched in 2022 and beyond, most of it in Berlin and represent a total cost of ~€600 million (€390 million Group share).

Potential medium term projects in the office portfolio:

In 2022-2023, most of the assets to be potentially vacated considering the lease breaks and be redeveloped in office or residential properties are located in Paris (4 building currently let to Orange; 22,000 m²), with two others in Greater Paris (46,000 m²).

Landbanks:

Covivio owns landbanks :

- in Greater Paris (60,000 m²) and Major French Cities (70,000 m² mainly for turnkey developments);
- in Milan with Symbiosis (77,000 m²), The Sign (11,500 m²) and Porta Romana (70,000 m²);
- in Berlin with the potential for a second tower of 70,000 m² in Alexanderplatz.

I. PORTFOLIO

Portfolio value: +1.3% like-for-like growth

(€ million, Excluding Duties)	Value 2019 Group Share	Value 2020 100%	Value 2020 Group share	LfL ¹ 12 months change	Yield ² 2019	Yield ² 2020	% of portfolio
France Offices	5,759	7,249	5,933	+1.7%	5.1%	4.8%	35%
Italy Offices	2,976	3,396	2,719	-1.4%	5.4%	5.2%	16%
German Offices	267	1,722	1,541	+4.8%	4.3%	3.4%	9%
Residential Germany	3,962	6,619	4,257	+8.2%	4.0%	3.7%	25%
Hotels in Europe	2,513	6,501	2,532	-6.9%	5.2%	5.5%	15%
Total strategic activities	15,477	25,487	16,982	+1.5%	4.9%	4.4%	99%
Non-strategic	211	191	123	-11.6%	9.1%	9.4%	1%
Total	15,688	25,677	17,105	+1.3%	4.9%	4.5%	100%

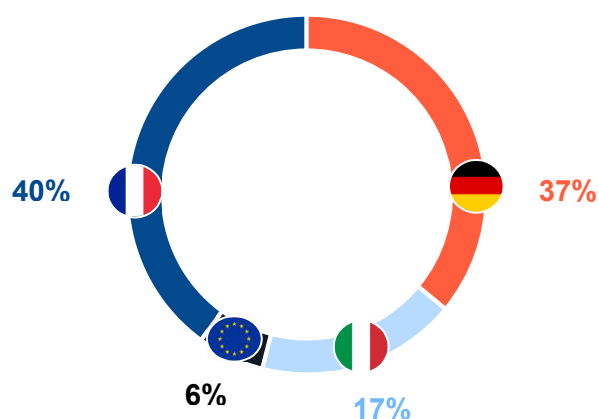
¹ LfL: Like-for-Like

² Yield excluding development projects. Yield on hotels based on 2020 fixed revenues and 2019 variable revenues

The portfolio grew by €1.4 billion to €17.1 billion Group share (€25.7 billion in 100%) mostly with the acquisition of the German Offices portfolio. At constant scope, Covivio proved its solidity with a +1.3% increase despite the difficult environment explained by:

- ▶ +8% driven by the development pipeline, as an acknowledgement for Covivio's development strategy for high quality assets in attractive locations.
- ▶ +8% like-for-like growth on German residential. All German cities where Covivio's residential portfolio is located showed like-for-like growth: in Berlin (+5.7%) despite the regulatory environment, in North Rhine-Westphalia, the second largest exposure (+11.9%), Dresden & Leipzig (+10.3%) and Hamburg (+11.6%).
- ▶ -6.9% on Hotels, holding up reasonably well thanks to the rental agreements that have been secured with 8 operators and despite uncertainty on future cash-flows.

Geographical breakdown of the portfolio at 2020 94% in major European cities and +6 pts in Germany vs 2019



J. LIST OF MAIN ASSETS

The value of the ten main assets represents almost 15% of the portfolio Group share stable vs end 2019.

Top 10 Assets	Location	Tenants	Surface (m ²)	Covivio share
CB 21 Tower	La Défense (Greater Paris)	Suez, Verizon, BRS	68,400	75%
Garibaldi Towers	Milan	Maire Tecnimont, LinkedIn, etc.	44,700	100%
Herzogterrassen	Düsseldorf	NRW Bank, Deutsche Bank, Mitsui	55,700	93%
Frankfurt Airport Center	Frankfurt	Lufthansa, Fraport, Operational Services	48,100	93%
Dassault Campus	Vélizy (Greater Paris)	Dassault Systèmes	97,000	50%
Carré Suffren	Paris 15th	AON, Institut Français, OCDE	25,200	60%
Art&Co	Paris 12th	Wellio, Adova, Bentley, AFD	13,500	100%
Zeughaus	Hamburg	Universitätsklinikum Hamburg-Eppendorf	43,500	93%
Flow	Montrouge (Greater Paris)	Edvance (EDF)	23,600	100%
Alis	Levallois (Greater Paris)	In development	19,800	100%

2. BUSINESS ANALYSIS BY SEGMENT

A. OFFICES: 60% COVIVIO'S PORTFOLIO

The offices' market is facing a rapid acceleration of trends, both under the cyclical effect of the economic crisis and the structural changes linked to the development of teleworking. In a more competitive environment, where the differences in performance between the different players and locations will be all the more marked, Covivio is continuing to improve the quality of its portfolio and has key assets to continue to outperform.

Covivio owns offices in France, Italy and Germany with a portfolio of **€12.4 billion (€10.2 billion Group share)** at end-2020. For several years now, the Group has implemented an active asset rotation policy, reinforcing its footprint on inner-city locations. Thus, Covivio's portfolio has been refocused to now be located:

- ▶ **63% in Paris, Milan and the 5 main German cities**, compared to 42% 5 years ago;
- ▶ **28% in the best locations in Greater Paris** (Issy-les-Moulineaux, Boulogne, La Défense, Chatillon/Montrouge, Vélizy/Meudon) and the **major French cities**.
- ▶ The remaining 9% are mainly attributable to the portfolio leased to Telecom Italia for a 11-year term.

Exposure to these key locations will increase over the next few years, in particular due to the many redevelopment opportunities within the existing portfolio, located in prime areas, which will feed the development pipeline.



(a) Excluding assets under disposals agreements in France from office portfolio (0.26 bn Group Share)

Paris & Neuilly / Levallois Offices portfolio (28%^(a) ; €2.8 billion)

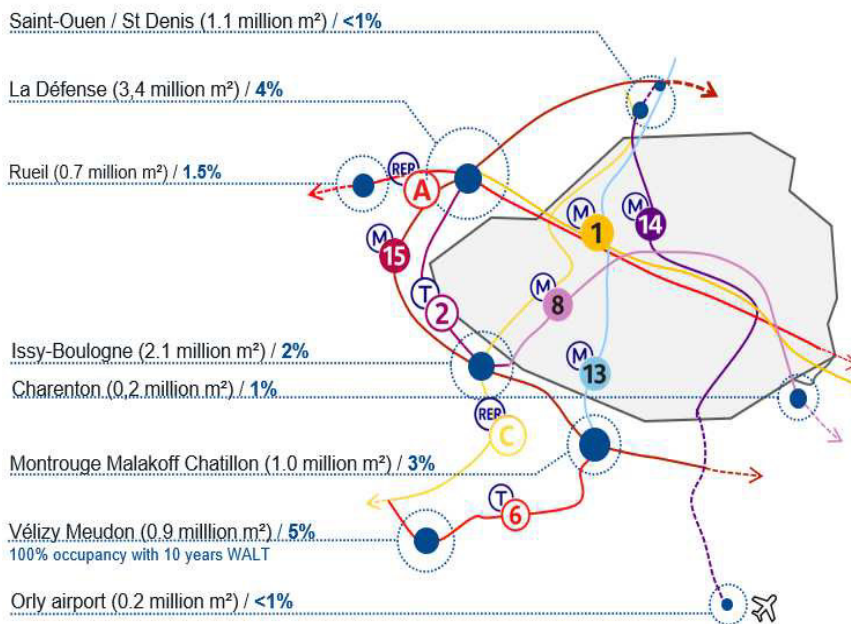


- New / renovated assets €1.0 billion
- Committed & to be committed development projects €0.9 billion
- Occupied assets with development potential €0.8 billion

Greater Paris Offices portfolio (21%^(a) ; €2.1 billion)



Business districts (size of office area in m²) / % of Covivio office portfolio



UNCOMPROMISING QUALITY OF REAL ESTATE

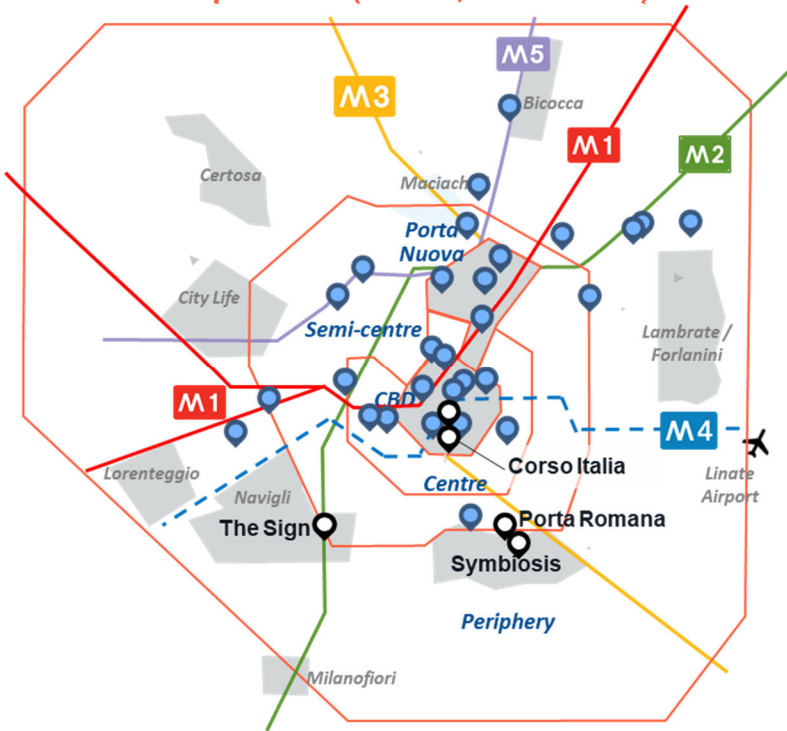
- <5 min walk from rail transport **86%** of portfolio + 10% within 10 min walk
- Certified green assets **99%**
- Services operated by Covivio **60%** Target 100% by 2025

AND OTHER COMPETITIVE ELEMENTS

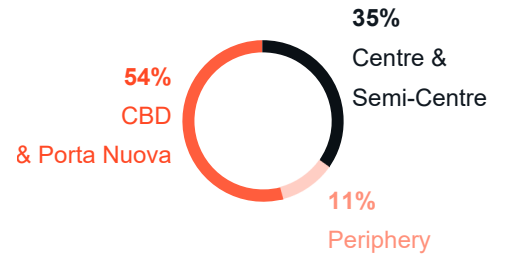
- Size of the buildings & floors **14,000 m²** median size of buildings
- Lower cost **€280 to €400/m²** on new space

a) Excluding assets under disposals agreements in France from office portfolio (0.26 bn Group Share)

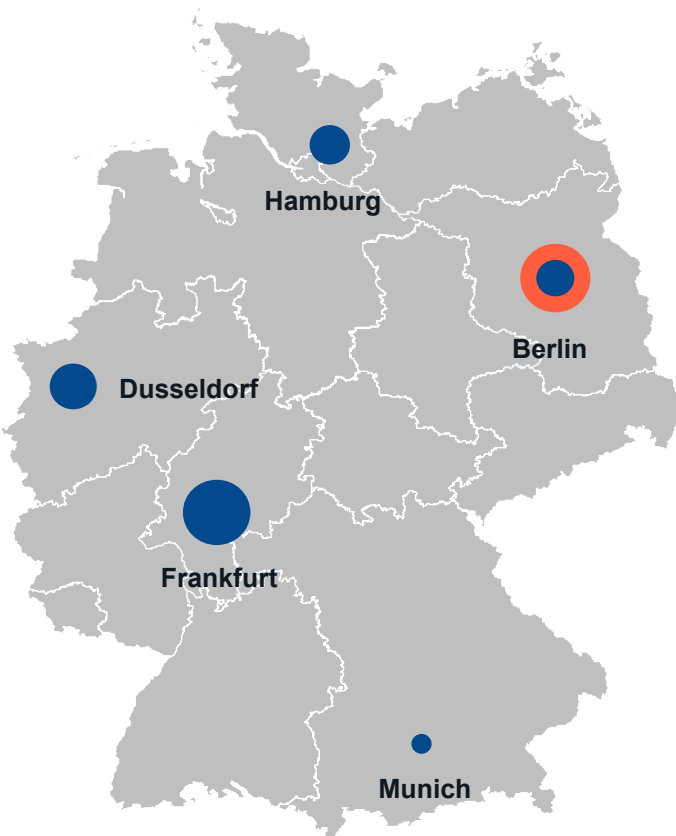
Milan Offices portfolio (20%^(a) ; €2.0 billion)



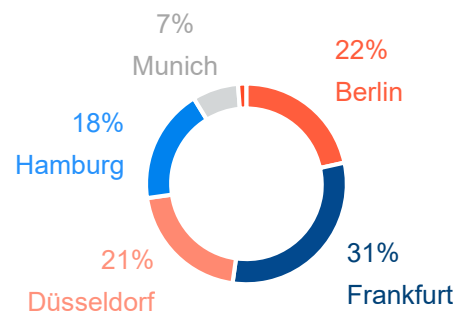
- Operating portfolio
- Committed developments



Germany Offices portfolio (15%^(a) ; €1.5 billion)



- Operating portfolio
- Developments



a) Excluding assets under disposals agreements in France from office portfolio (0.26 bn Group Share)

B. FRANCE OFFICES: 35% OF COVIVIO'S PORTFOLIO

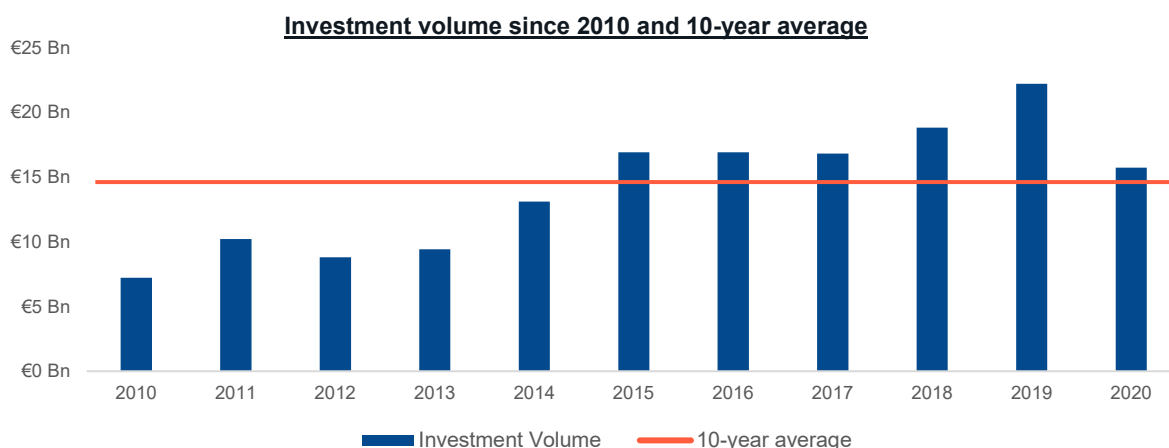
Covivio owns an office portfolio in France of €7.2 billion (€5.9 billion Group share) located:

- 50% in Paris & Neuilly / Levallois
- 37% in top business districts of Greater Paris
- 13% in the centre of major regional cities.

1. Challenging letting market, supportive investment dynamic

The year 2020 was marked by the pandemic causing two lockdowns, weighing on the office letting market, while the investment market for offices remained very dynamic.

- ▶ **Take-up** in Paris region was low at 1.3 million m² (-46% vs 2019), although with a brief recovery in the third quarter when restrictions were eased (+23% take-up vs second quarter)
 - **In Paris**, take up decreased by 48% to 0.5 million m², particularly on new spaces (-58%), still in scarce supply
 - **In Greater Paris** (excl. 2nd ring), the take-up also decreased by 44% to 0.7 million m², but the take-up on new and refurbished segment performed better (-31%)
- ▶ **Vacancy rate** increased to 6.8% from the historic low in 2019 at 4.9%, in line with the 10-year vacancy rate at 6.7%. The **immediate supply** now represents 3.7 million m², of which 23% of new space.
 - **In Paris**, where Covivio will launch development projects in 2021, **the vacancy rate remains low (3.2%)**
 - **In Greater Paris** top business districts, where Covivio is developing new buildings, the immediate supply of new space remains healthy: ~2.5% of the existing stock in Montrouge/Malakoff/Chatillon and in Levallois, ~3.8% in Paris 17th/St Ouen/Clichy
- ▶ **Future available supply** at end-2020 is stable with 2.4 million m² stock under construction, with 30% pre-let
 - **Excluding La Défense**, where several speculative projects are under way, the pre-let ratio reached 38%
 - In the markets of Covivio's development projects, **future available supply is limited** compared to the total stock: 2% in Paris, 5% in Levallois, 3% in Montrouge/Malakoff/Chatillon
- ▶ Average **headline rents on new or restructured space** rose by 2% on average year-on-year in Greater Paris while second-hand space remains stable.
 - Prime rents increased by 7% year-on-year in Paris reaching a record of €930 m²/year
 - Incentives in the Paris region remained stable over the year to 20.8%, in line with the 5-year average (21%)
- ▶ **Investments** in 2020 in Greater Paris offices totalled €15.7 billion, above the 10y average (€14.9 billion) despite the crisis. The €100-300 million segment has been the most dynamic with €8.6 billion in 49 deals. There is still a significant gap between prime yields (decreasing to 2.6% in Paris) and the 10-year OAT (-0.3% end-2020).



¹ Sources: Immostat, CBRE, Crane Survey

In 2020, the France Offices activity was marked by:

- ▶ Acceleration of **mature asset disposals** with €424 million secured in Greater Paris and major regional cities:
 - Assets developed by Covivio between 2013 and 2019 where the **value has been fully extracted**
 - +7% margin vs end-2019 value
- ▶ **+1.7% like-for-like value growth** over one year, thanks mainly to value creation on our development projects offsetting decreases on temporary challenging assets
- ▶ **Occupancy rate** staying above 95% at constant scope (excl. deliveries where commercialization is taking longer with the two lockdowns)

2. Accounted rental income: **+0.7%** at a like-for-like scope

(€ million)	Rental income 2019		Rental income 2020		Change (%) Group share	Change (%) Lfl ¹ Group share
	100%	Group share	100%	Group share		
Paris Centre West	34.1	34.1	35.5	35.5	+4%	+5.5%
Paris South	31.5	26.0	31.7	26.2	+1%	+1.7%
Paris North- East	20.6	20.6	20.6	20.6	-0%	+0.9%
Total Paris	86.1	80.6	87.8	82.3	+2%	+2.9%
Western Crescent and La Défense	70.4	62.6	51.0	48.7	-22%	-2.2%
First ring	52.7	36.6	49.5	33.4	-9%	+1.5%
Second ring	5.2	5.2	3.3	3.3	-37%	+2.2%
Total Paris Region	214.4	185.1	191.6	167.7	-9%	+0.8%
Major regional cities	27.6	26.1	35.9	29.6	+13%	+2.8%
Other French Regions	15.3	15.3	9.8	9.8	-36%	-9.0%
Total	257.3	226.4	237.3	207.1	-9%	+0.7%

¹ Lfl: Like-for-Like

Overall, rental income decreased by 8.5% to €207 million Group share (-€19.3 million) as a result of:

- ▶ **improved rental performance** (+€1.4 million) with +0.7% on a like-for-like basis, mostly driven by indexation;
- ▶ **deliveries** (+€3.3 million) in 2019 in major regional cities and in 2020 in the 1st ring;
- ▶ **releases of assets, essentially for residential redevelopment** in the second half of 2020 (-€5.2 million), especially in the Western Crescent;
- ▶ **disposals** (-€13.5 million), in 2019 and 2020 of mature assets in the 1st ring and French regions;
- ▶ -€1.8 million due to a **one-shot indemnity** mainly received in H1 2019;
- ▶ -€3.5 million related to other effects.

3. Annualized rents: €232 million Group share

(€ million)	Surface (m ²)	Number of assets	Annualized rents 2019	Annualized rents 2020	Annualized rents 2020	Change (%)	% of rental income
			Group share	100%	Group share		
Paris Centre West	90 904	11	35.2	33.4	33.4	-5%	14%
Paris South	72 276	8	27.3	30.6	25.7	-6%	11%
Paris North- East	140 053	7	20.9	20.8	20.8	0%	9%
Total Paris	303 232	26	83.4	84.8	79.8	-4%	34%
Western Crescent and La Défense	195 384	12	68.1	68.9	61.3	-10%	26%
First ring	483 748	18	43.0	75.3	46.3	8%	20%
Second ring	47 303	20	5.2	3.1	3.1	-41%	1%
Total Paris Region	1 029 667	76	199.7	232.0	190.5	-5%	82%
Major regional cities	386 911	34	36.4	43.6	33.2	-9%	14%
Other French Regions	148 618	54	12.9	8.3	8.3	-36%	4%
Total	1 565 196	164	249.0	283.9	232.0	-7%	100%

Thanks to the restructuring of the asset portfolio in the past years, the portfolio is now focused on:

- 26 assets in Paris with high potential for redevelopment;
- 64 assets of high quality in Greater Paris and Major Regional Cities;
- 65 non-core assets, 37 which are under disposal agreements.

The 7% decrease of annualized rents is due to the combination of disposals realised in the second semester while the delivery of development projects initially expected for 2020 has been postponed to the first semester of 2021 due to the lockdown.

In the Western Crescent including La Défense, the 10% decrease is mainly explained by the activation of a clause in the Suez' contract signed in 2013, reviewing the rent by -10%. Suez is still engaged on CB21 for 4.4 years, for 66% of the surfaces of the tower.

4. Indexation

The indexation effect is +€1.4 million (Group share). For current leases:

- ▶ 88% of rental income is indexed to the ILAT (Service Sector rental index);
- ▶ 10% to the ICC (French construction cost index);
- ▶ The balance is indexed to the ILC or the IRL (rental reference index)

5. Rental activity: more than 166,000 m² renewed or let during 2020

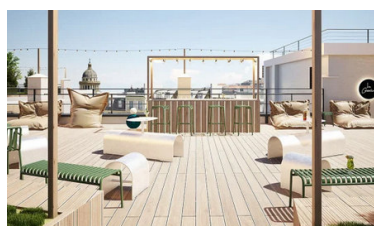
	Surface (m ²)	Annualised rents 2020 (€m, Group share)
Vacating	48 040	11.6
Letting	10 262	2.6
Pre-letting	12 731	4.2
Renewals	99 280	24.2

Despite the 2 lockdowns, Covivio proved its ability to sign contracts in a challenging environment :

- ▶ **Close to 100,000 m²** were **renegotiated or renewed** in 2020 with an upside of 3.1% on IFRS rents and +3.3 years lease extension. Covivio has been very active with its largest tenant Orange, with several asset management actions, including:
 - A 6-year extension on 23 non-core assets in the third quarter, which were sold in the fourth quarter at a price above the 2019 appraisal value;
 - A 6-year extension accompanied with a rent increase on the Paris/Maillot asset (10,000 m²) in exchange for a departure 2 years earlier on the Levallois/Pereire building in 2023 (8,000 m²) with potential for residential conversion.

- ▶ **48,000 m² were vacated**, mostly in French regions (29,000 m²) and La Défense (8,000 m²), including:
 - 21,200 m² for redevelopment, including Laborde in Paris CBD;
 - 17,700 m² on well positioned assets in central locations (mainly in Paris 15 & La Défense), or well connected to public transports (in front of underground stations).

- ▶ **23,000 m² were let** in 2020, mainly in the following assets:
 - **3,300 m² in Paris-Carré Suffren**: 3 new leases for 9 years;
 - **3,800 m² in Chatillon-IRO**, where a new lease was signed with MAIF in September for 3,800 m² under similar conditions compared to the previous deal signed end-2019 (Siemens, 5,000m²);
 - **2,800 m² in Bordeaux-Cité Numérique**;
 - **2,800 m² in St-Ouen / St-Denis** on two value-add assets with development potential in the long-term.



In addition, Covivio pre-commercialized 100% of its development project in **Paris 5th Gobelins** (4,500 m² to be delivered in March 2021) with a **full Plug & Play contract** for the next 5 years.

This transaction illustrates Covivio's teams' ability to provide attractive workplaces with relevant services, and thus attract new clients in a challenging environment.

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
2021	38	16%	35	15%
2022	38	16%	27	11%
2023	32	14%	20	9%
2024	11	5%	7	3%
2025	31	13%	29	12%
2026	9	4%	8	3%
2027	23	10%	20	9%
2028	8	3%	21	9%
2029	7	3%	22	9%
2030	20	9%	17	7%
Beyond	17	7%	27	12%
Total	232	100%	232	100%

The firm residual duration of leases was stable vs year-end-2019.

€38 million of expiries are coming in 2021, representing 5% of Covivio annualised revenues. They include:

- ▶ 2% of Covivio annualised revenues (€13 million) to be managed, half of it in Paris and Levallois (€6 m).
- ▶ 4% of Covivio annualised revenues (€25 million) under full control, mainly on assets to be vacated for redevelopment in Paris CBD (Anjou, Carnot, Laborde) and some where the break option will not be exercised.

6.2. Occupancy rate: 93% at end-2020

(%)	2019	2020
Paris	98.9%	97.1%
Western Crescent and La Défense	96.6%	92.9%
Inner ring	98.2%	87.3%
Outer ring	91.6%	86.8%
Total Paris Region	97.8%	92.9%
Major regional cities	96.2%	96.8%
Other French Regions	89.2%	84.1%
Total	97.1%	93.1%

Following deliveries in the second half of 2020 of assets not yet fully let, the occupancy rate stands at 93%.

Excluding those assets, **the occupancy rate reached 95.5%**, reflecting the Group's good rental risk profile over the long term. This level is in slight decline vs end-2019 (-1.6 pts) is due to some releases in Paris and La Défense, where space has already been partially re-let despite the slowdown in the letting market.

7. Disposals: €424 M secured in 2020

(€ million)	Disposals (agreements as of end of 2019 closed)	Agreements as of end of 2019 to close	New disposals 2020	New agreements 2020	Total 2020	Margin vs 2019 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Total Paris	-	19	-	-	-	-	-	-
Total Paris Region	-	25	81	147	228	0%	4,6%	81
Major regional cities	-	1	55	110	165	21%	3,5%	55
Other French Regions	1	3	35	41	75	12%	8,0%	36
Total 100%	1	29	170	298	468	8%	5,2%	171
Total Group share	1	29	170	254	424	7%	5,3%	171

Half Covivio's disposals this year were realized in France offices, with €424 million of new disposals secured with +7% margin vs end-2019 appraisal:

- ▶ **€336 million of mature assets**, on which Covivio extracted the full potential of value creation through the entire real estate cycle: development, full letting at delivery achieving top rent, asset management and disposal, capturing a 65% of value creation since delivery:
 - Two assets in Greater Paris: 11,177 m² in Nanterre delivered in 2015 and 10,889 m² in Issy-les-Moulineaux delivered in 2018.

- In Major Regional Cities: 12,755 m² office building in Lyon-Villeurbanne delivered in 2013 and an 14,446 m² office building in Marseille delivered in 2015.

- ▶ **€88 million of non-core assets** in the first ring and French regions. The high margin achieved (+24%) reflects the active asset management work.

Now only 28 of non-core assets remain, equivalent to 1% of the France Offices' portfolio.

8. Portfolio values

8.1. Change in portfolio values: +€180 million in Group Share since 2019

(M€, Including Duties Group share)	Value 2019	Acquis.	Invest.	Disp.	Value creation on acquis./disp.	Change in value	Franchise	Transfer	Change in scope	Value 2020
Assets in operation	4 855	2	88	-171	8	14	3	20		4 819
Assets under development	904	-	143	-	-0	88	-	-20		1 115
Total	5 759	2	231	-171	7	102	3	-	-	5 933

The portfolio value has grown by €180 million since year-end-2019 mainly driven by:

- ▶ + €102 million from **like-for-like** value growth.
- ▶ + €231 million invested in **development projects** (+€143 million) and in **upgrading work** on assets in operations (+€88 million).
- ▶ - €171 million from **disposals** that allowed Covivio to crystallize the value of mature assets and to finance investments in the development pipeline.

8.2. Like-for-like portfolio evolution: **+1.7%**

(€ million, Excluding Duties)	Value 2019 Group share	Value 2020 100%	Value 2020 Group share	LfL (%) change ¹ 12 months	Yield ² 2019	Yield ² 2020	% of SubTotal
Paris Centre West	1,197	1,287	1,233	7.8%	3.8%	3.4%	22%
Paris South	690	861	711	0.3%	4.2%	3.9%	13%
Paris North- East	412	617	515	1.9%	5.1%	5.0%	9%
Total Paris	2,298	2,764	2,459	4.3%	4.2%	3.9%	44%
Western Crescent	1,254	1,299	1,148	-4.0%	5.5%	5.5%	21%
<i>Neuilly / Levallois</i>							5%
<i>La Défense / Péri Défense / Rueil</i>							12%
<i>Issy-les-Moulineaux / Boulogne</i>							4%
Inner ring	1,122	1,778	1,251	2.2%	5.7%	5.1%	22%
<i>Montrouge / Malakoff / Châtillon</i>							6%
<i>Vélizy / Meudon</i>							10%
<i>Other</i>							5%
Total Paris Region	4,674	5,841	4,858	1.7%	4.9%	4.6%	87%
Major regional cities	688	997	708	1.4%	5.7%	5.6%	13%
<i>Lyon / Marseille / Bordeaux</i>							6%
<i>Other</i>							7%
SubTotal	5,363	6,838	5,566				100%
Other French Regions and Outer ring	147	104	104	-5.4%	9.3%	7.3%	-
Assets under disposals agreement	249	306	262	5.2%	5,6%	4,6%	-
Total	5,759	7,249	5,933	1.7%	5.1%	4.8%	-

¹ LfL: Like-for-Like

² Yield excluding assets under development

Covivio's France Office portfolio locations breaks down as follows:

- ▶ 50% in Paris/Levallois
- ▶ 37% in top business districts in Greater Paris
- ▶ 13% in top locations in major regional cities (Lyon, Marseille, Bordeaux)

The high quality of the portfolio explains the increase in values by 1.7% in 2020 on a like-for-like basis, further illustrating Covivio's secured profile in France Offices made up of:

- ▶ A dynamic **development portfolio** with significant value increase (+9.2%) explained by its strong and attractive locations. These locations resulted in strong catch-up in terms of capital value, confirming the potential of some of the most promising Greater Paris locations (Levallois, Châtillon, Montrouge, Paris 17th / Saint-Ouen).
- ▶ Slight increase on asset values (+1.7%) for **dynamic locations and top business districts** in major cities in tough economic times, thanks to the good asset profile (~5 years WALL and high occupancy).
- ▶ Decreases on the temporarily **challenged assets** mainly in La Défense/Peri-Defense/Rueil (-8.2%)

9. Assets partially owned

Partially owned assets are the following:

- CB 21 Tower (75% owned) in La Défense.
- Carré Suffren (60% owned) in Paris.
- 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 Eiffage and Dassault campuses in Vélizy (50.1% owned and fully consolidated).
- The New Vélizy campus for Thales (50.1% owned and accounted for under 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).

C. ITALY OFFICES: 16% OF COVIVIO'S PORTFOLIO

Covivio's Italy strategy is focused on Milan, where the Group's acquisitions and developments are concentrated. At end-2020, the Group owned offices worth €3.4 billion (€2.7 billion Group share) composed of:

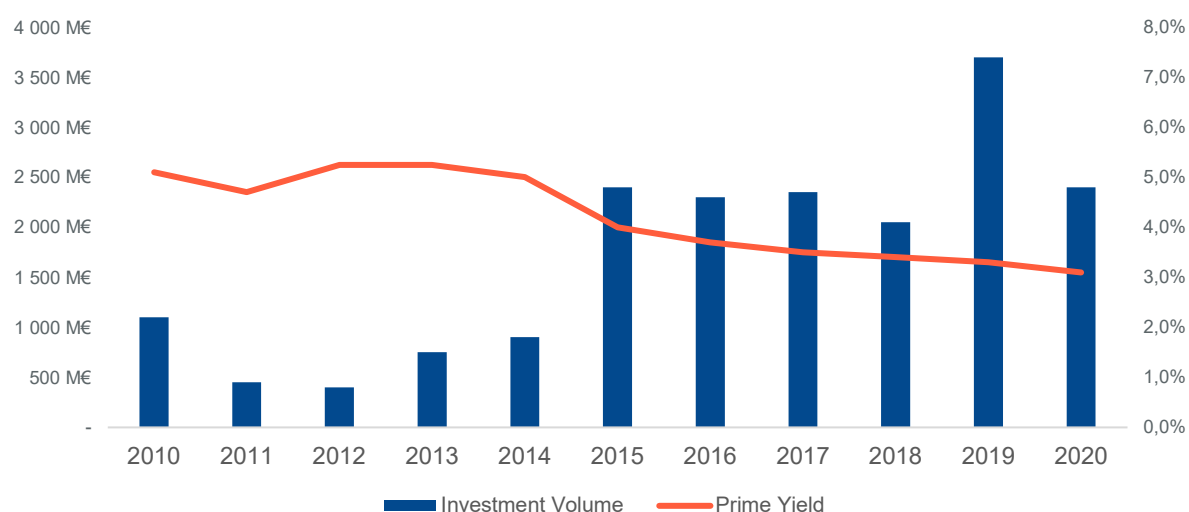
- 73% (€2.0 billion) of offices in Milan, mostly in the CBD and centre of the city;
- 20% (€0.5 billion Group share) Telecom Italia assets outside Milan, 100% occupied with 11 years firm lease.
- 7% (€0.2 billion) non-core assets outside Milan;

1. Milan office market demonstrates strong resilience

Despite a performance below the record year of 2019, Milan's office market showed its solid fundamentals in 2020, resisting very well in spite of the economic context and outperforming the 10-year average on major indicators:

- ▶ Milan office **take-up** stood at 278,000 m² end-2020, only 12% below the 10-year average despite the pandemic. Grade A building were the most in demand (66% of the take-up).
- ▶ The **vacancy rate** slightly increased to 5.3% in the inner-city, where Covivio's portfolio is located, representing only 300,000 m² of immediate supply.
- ▶ **Prime rents** remained stable in the CBD at €600/m² but increased in the semi-centre at €370/m² (vs €350/m² end-2019).
- ▶ Total **investment volumes** in Milan reached €2.3 billion, 50% above the 10-year average. Prime yields in Milan slightly decreased to 3.1% (3.3% at end-2019) as investors have been focusing on core assets.

Investment volume since 2010 and prime yield



Covivio's activities in Italy in 2020 were marked by:

- ▶ A resilient **occupancy rate of 97%**
- ▶ Acceleration of **mature office disposals**, with €250 million in Milan with a 9% margin
- ▶ **Solid values in Milan** with +0.4% like-for-like value growth

2. Accounted rental income: -0.3% like-for-like

(€ million)	Rental income 2019 100%	Rental income 2019 Group share	Rental income 2020 100%	Rental income 2020 Group share	Change (%)	Change (%) LfL ¹	% of total
Offices - excl. Telecom Italia	100.3	100.3	85.4	85.4	-14.8%	-0.6%	51%
<i>of which Milan</i>	81.6	81.6	68.9	68.9	-15.5%	-0.7%	41%
Offices - Telecom Italia	88.2	45.0	81.2	41.4	-8.0%	0.2%	49%
Development portfolio	1.7	1.7	0.0	0.0	-99.9%	0.0%	0%
Total	190.3	147.0	166.6	126.8	-13.8%	-0.3%	100%

¹ LfL: Like-for-Like

Overall, rental income decreased by €20.2 million compared to the full year 2019 due to:

- ▶ **disposals** of non-core and core-mature assets (-€18.9 million)
- ▶ **like-for-like rental decrease** of -0.3% (-€0.4 million) mainly due to the impact of Covid incentives granted to ground floor retailers. **In office only in Milan, LFL rent increases (+0.8%)**
- ▶ **deliveries** (+€5.0 million) including 5 new buildings in 2020
- ▶ **releases for redevelopment** (-€4.8 m), essentially in Milan CBD
- ▶ other effects (-€1.1 m).

3. Annualised rental income: €125 million Group share

(€ million)	Surface (m ²)	Number of assets	Annualised rents 2019 Group share	Annualised rents 2020 100%	Annualised rents 2020 Group share	Change (%)	% of total
Offices - excl. Telecom Italia	375 904	43	91.6	83.9	83.9	-8.4%	67%
Offices - Telecom Italia	882 322	122	45.1	80.1	40.9	-9.3%	33%
Development portfolio	116 824	7	2.9	0.0	0.0	n.a	n.a
Total	1 375 051	172	139.6	164.0	124.7	-10.6%	100%

(€ million)	Surface (m ²)	Number of assets	Annualised rents 2019 Group share	Annualised rents 2020 100%	Annualised rents 2020 Group share	Change (%)	% of total
Milan	456 126	41	83.2	82.3	75.3	-9.6%	60%
Rome	66 510	11	4.7	8.1	4.2	-11.2%	3%
Turin	102 796	9	6.3	8.7	6.9	9.4%	6%
North of Italy (other cities)	433 039	61	29.9	38.7	24.3	-18.5%	20%
Others	316 579	50	15.5	26.1	14.1	-9.0%	11%
Total	1 375 051	172	139.6	164.0	124.7	-10.6%	100%

Annualized rental income decreased by 10.6% mainly due to disposals combined with delay in deliveries (postponed to 2021).

4. Indexation

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

In 2020, the average monthly change in the CPI was +0.2%.

5. Rental activity

(€ million)	Surface (m ²)	Annualized rents 2020 Group share	Annualized rents 2020 (100%, €/m ²)
Vacating	24 716	6.9	279
Lettings on operating portfolio	12 854	3.3	254
Lettings on development portfolio	12 184	2.4	200
Renewals	55 232	14.5	262

In 2020, around **80,300 m² of new leases or renewals** were signed, including:

- ▶ 12,900 m² of new contracts, including 4,500 m² in Milan and 7.900 m² in Rozzano
- ▶ 55,200 m² of renewals, including 32,600 m² in the context of the Covid pandemic (10,000 m² concern ground floor retails) with an average lease duration extension of ~2 years

In total in Milan, 27,000 m² of offices have been commercialized or renewed with a +3.5 years lease increase at a +2% LFL rent and even +8% LFL increase on new contracts.

- ▶ 12,200 m² on development projects:
 - 9,300 m² Turin – Ferrucci fully delivered in 2020 and now 98% occupied.
 - 2,500 m² pre-let to a US leader in the food industry in Milan – Symbiosis D.

24,700 m² were vacated in 2020 in Milan:

- ▶ 12,084 m² vacated for development (mainly Milan, Corso Italia);
- ▶ 6,137 m² has already been re-let or sold;
- ▶ 2,514 m² under negotiation for potential disposal;
- ▶ 3,981 m² still to be managed.

6. Lease expiries and occupancy rates

6.1. Lease expiries: 7.4 years of average firm lease term

7.4
years

(€ million Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2021	15	12%	8	6%
2022	14	11%	15	12%
2023	4	3%	3	2%
2024	5	4%	4	3%
2025	3	2%	4	3%
2026	6	5%	8	7%
2027	5	4%	5	4%
2028	14	11%	14	11%
2029	5	4%	5	4%
2030	22	17%	22	17%
Beyond	34	27%	37	29%
Total	125	100%	125	100%

The firm residual lease term increased thanks to new deliveries at 7.4 years. In 2021, the €15 million of lease expiries representing 2% of Covivio annualized revenues are split as follow:

- ▶ 0.4% of Covivio annualised revenues (€3 million) to be managed on assets located in Milan
- ▶ 2% of Covivio annualised revenues (€12 million) already managed due to
 - Break option not exercised (€8 million)
 - Partial re-let of an asset with redevelopment potential (€4 million)

6.2. Occupancy rate: a high-level of 97%

(%)	2019	2020
Offices - excl. Telecom Italia	98.1%	95.4%
Offices - Telecom Italia	100.0%	100.0%
Total	98.7%	96.8%

The occupancy rate remained at a high level of 97%, proving the attractiveness and resilience of Covivio's portfolio in a challenging year.

The decrease in Offices excluding Telecom Italia mainly concerns assets located in Milan.

7. Disposal agreements: €280 secured during 2020



(€ million. 100%)	Disposals (agreements as of end of 2019 closed)	Agreements as of end of 2019 to close	New disposals 2020	New agreements 2020	Total 2020	Margin vs 2019 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Milan	39	-	231	19	250	9.4%	4.6%	270
Rome	-	-	8	-	8	-4.8%	6.7%	8
Other	34	-	26	12	39	-8.7%	5.6%	61
Total 100%	73	-	266	31	297	6.2%	4.8%	338
Total Group share	71	-	254	26	280	6.7%	4.7%	325

In 2020, Covivio signed new agreements for €280 million of disposals of core mature assets in Milan and non-core assets outside Milan at a 7% margin.

Over the year Covivio made the most of the asset rotation potential offered by the dynamic Milan market with the disposal of mature assets:

- ▶ €250 million of mature disposals with a 9% margin on 4 assets in Milan

The disposals of non-core assets outside Milan are in line with Covivio's strategy to focus on the city.

- ▶ Disposal of non-core assets, 11 small assets located outside Milan, including a bank branch, 1 vacant asset located in Gorizia, 1 in Padova and 1 in Cinisello Balsamo.

8. Portfolio values

8.1. Change in portfolio values

(€ million, Group share Excluding Duties)	Value 2019	Invest.	Disposals	Change in value	Transfer	Value 2020
Offices - excl. Telecom Italia	1,823	10	-286	-46	178	1,678
Offices - Telecom Italia	721	-	-14	-3	-	704
Development portfolio	432	71	-	11	-178	337
Total strategic activities	2,976	82	-301	-38	-	2,719

The portfolio value decreased by 8.6% to €2.7 billion (Group share) at year-end-2020 under the effect of disposals (€301 million) partially offset by investments (€82 million) concentrated on the development pipeline in Milan.

8.2. Portfolio in Milan: 91% of the portfolio excluding Telecom Italia

(€ million, Excluding Duties)	Value 2019 Group share	Value 2020 100%	Value 2020 Group share	LfL ¹ change	Yield ² 2019	Yield ² 2020	% of total
Offices - excl. Telecom Italia	1,823	1,678	1,678	-2.7%	5.0%	5.0%	61.7%
Offices - Telecom Italia	721	1,381	704	-0.4%	6.2%	5.8%	25.9%
Development portfolio	432	337	337	3.1%	n.a.	n.a.	12.4%
Total	2,976	3,396	2,719	-1.4%	5.4%	5.2%	100%

¹ LfL: Like-for-Like

² Yield excluding development projects

(€ million, Excluding Duties)	Value 2019 Group share	Value 2020 100%	Value 2020 Group share	LfL ¹ change	Yield ² 2019	Yield ² 2020	% of total
Milan	2,140	2,135	1,983	0.4%	4.6%	4.6%	73%
Turin	125	149	123	-4.3%	8.5%	5.6%	5%
Rome	96	172	88	0.7%	4.9%	4.7%	3%
North of Italy	410	538	309	-10.5%	7.4%	7.6%	11%
Others	205	402	216	-2.3%	7.3%	6.8%	8%
Total	2,976	3,396	2,719	-1.4%	5.4%	5.2%	100%

¹ LfL: Like-for-Like

² Yield excluding development projects

The weight of Milan Offices now represents 73% of the portfolio (+1 pt vs end-2019) and **91% excluding Telecom Italia** assets. Milan's large share is in line with Covivio strategy to focus on this major European city.

- ▶ Milan is the city least affected by the crisis, showing great stability and resilience to turbulences. Milan portfolio values grew slightly (+0.4%), sustained by development portfolio's good performance (+3.1%) despite some value adjustments on high street retail surfaces (-3.7%).
- ▶ Telecom Italia showed stability again (-0.4%), relying on its strong fundamentals:
 - 100% occupancy
 - 11 years average lease term
- ▶ Non-core offices (outside Milan) continue to show a decrease (-18%) due to the general market situation. Covivio has greatly reduced its exposure in the last few years to these assets, which now represent only 7% of the portfolio

D. GERMANY OFFICES: 9% OF COVIVIO'S PORTFOLIO

Since 2019, Covivio has reinforced its presence in Germany Offices, capitalising on its existing platform with local teams, €200 million of existing assets in Berlin and a flagship development project in Berlin-Alexanderplatz.

Three acquisitions were made in Berlin in late 2019, and Covivio accelerated its strategy in early 2020 by acquiring 10 office assets located in Frankfurt, Düsseldorf, Hamburg and Munich through the public offer and delisting of Godewind Immobilien AG (renamed Covivio Office AG). The acquisition, announced on February 13th, was closed on May 14th with the company's delisting.

Covivio owns close to 100% of share capital and the rental income deriving from this portfolio was consolidated at 44.9% in the first quarter, at 89.3% in the second quarter and 99.8% in the second half of 2020 following the completion of the public offer.

Today Covivio boasts a strong Germany Office platform of 29 assets worth €1.7 billion (€1.5 billion Group share), located in the top 5 German cities (Berlin, Frankfurt, Düsseldorf, Hamburg and Munich).

1. German offices market: sound fundamentals in the top 7 cities¹

- ▶ Take-up in German's top six markets fell by 34% in 2020 year-on-year to 2.5 million m². The Berlin market showed a little more resilience with its take-up decreasing by 26% compared to last year.
- ▶ Immediate supply remains scarce with a vacancy rate at 3.5%, having increased slightly vs 2019 (+0.2 pt), with Berlin displaying the tightest vacancy level at 2.0%, Hamburg (3.4%), Cologne (3.3%), Düsseldorf (6.3%) and Munich (2.9%).
- ▶ Future supply is also limited, with around 4.5 million m² under construction until 2022:
 - Pre-let ratio remains high at 50%.
 - Consequently, future available space until 2022 represents 4% of the current existing stock.
- ▶ Despite the environment and falling demand, prime rents have continued growing at an overall 3.6% rate with +2.7% in Berlin and +6.9% Hamburg
- ▶ Investments in Germany Offices were at €18.9 billion, 16% above the 10-year average, 51% of the investment are concentrated in Berlin (€~5 billion) and Frankfurt (€4.7 billion). The office prime yield of 2.8% offers a strong premium compared to the Germany 10-year yield of -0.5%
- ▶ The Germany Office market is supported by strong fundamentals and is unlikely to suffer from office space demand losses resulting from the growing trend of working-from-home. According to a study from the German Economic Institute (IW – february 2021) only 6.4% of companies plan to reduce their space over the next 12 months.

In 2020, Covivio's activities were marked by:

- ▶ The acquisition and integration of Godewind, its portfolio and teams.
- ▶ Strong value growth: +5.8% increase on a like-for-like basis, including +5.4% in Berlin.

2. Accounted rental income: €49 million Group share in 2020

(€ million)	Rental income 2019 100%	Rental income 2019 Group share	Rental income 2020 100%	Rental income 2020 Group share	Change (%) LfL ¹ Group share	% of rental income
Berlin	9.4	6.4	10.2	7.2	2.3%	15%
Frankfurt	0.0	0.0	19.7	16.0	n.a	32%
Düsseldorf	0.0	0.0	15.5	14.1	n/a	29%
Hamburg	0.2	0.1	10.5	8.7	1.1%	18%
Munich	0.0	0.0	2.6	2.2	n.a	4%
Other	1.7	1.1	1.8	1.2	5.2%	2%
Total	11.3	7.6	60.3	49.3	2.9%	100%

¹ LfL: Like-for-Like

The Germany Offices rental income grew by €41.6 million in Group share compared to 2019, thanks to the acquisition of the 10 offices portfolio.

With a like-for-like scope, excluding Godewind, the performance of +2.9% shows the positive trend of the Germany Office market supported by a low vacancy rate and increasing rents.

3. Annualised rents: €47 million Group share

Geographic breakdown

(€ million)	Surface (m ²)	Number of assets	Annualised rents 2019 Group share	Annualised rents 2020 100%	Annualised rents 2020 Group share	Change Group share (%)	% of rental income
Berlin	78,747	15	7.4	10.4	7.2	-3.7%	15%
Frankfurt	118,649	4	0.0	20.5	19.1	n.a	41%
Düsseldorf	68,882	2	0.0	8.9	8.3	n.a	18%
Hamburg	70,746	2	0.1	8.8	8.2	n.a	18%
Munich	37,104	2	0.0	2.8	2.7	n.a	6%
Other	21,765	2	1.2	1.9	1.2	1.6%	3%
Total	395,893	27	8.7	53.4	46.6	n.a	100%

4. Indexation

Rents are indexed on the German consumer price index. At end 2020, it showed an increase of +0.2% year-one-year.

5. Rental activity

	Surface (m ²)	Annualised rents 2020 (€m, Group share)
Vacating	30,556	5.9
Letting	24,422	4.2
Renewals	27,033	4.7

The rental activity in 2020 was marked by:

- ▶ About 27,000 m² were renewed with +6 years maturity, of which around 18,300 m² in Frankfurt, 5,500 m² in Hamburg and 1,700 m² in Düsseldorf.
- ▶ 24,422 m² were let during 2020, including an asset of about 5,000 m² in Munich and 3,800 m² in Frankfurt.
- ▶ 30,556 m² of vacated space, including about 4,000 m² in Munich previously occupied by Wirecard, 8,000 m² in Hamburg and about 2,000 m² vacated space for development.

6. Lease expiries and occupancy rate

6.1. Lease expiries: firm residual lease term of 4.9 years

(€ million)	By lease end date (1 st break)	% of total	By lease end date	% of total
2021	7.1	15%	6.5	14%
2022	6.2	13%	5.0	11%
2023	6.1	13%	4.3	9%
2024	9.0	19%	6.5	14%
2025	3.8	8%	4.1	9%
2026	2.8	6%	2.8	6%
2027	4.5	10%	2.8	6%
2028	0.7	2%	3.0	6%
2029	1.7	4%	5.2	11%
2030	0.4	1%	0.6	1%
2031 beyond	4.2	9%	5.8	13%
Total	46.6	100%	46.6	100%

The firm residual duration of leases stands at 4.9 years

Most of the €7.14 million of expiries in 2021 (1% of Covivio's rents), are rental agreements on small office spaces, renewed automatically once a year and made with liberal companies (e.g. Medical doctors' offices).

▶ **6.2. Occupancy rate of 77%**

(%)	2020
Berlin	96.8%
Frankfurt	86.2%
Düsseldorf	58.3%
Hamburg	77.4%
Munich	51.4%
Other	98.2%
Total	76.7%

The occupancy rate stands at 77% at end 2020. The main components of the vacancy on the portfolio are:

- ▶ 12 pts due to the financial agreement reached with WeWork for the termination their firm lease contract in Düsseldorf (21.600 m² on Herzog-Terrassen).
- ▶ The vacated space on Eight Dornach in Munich, previously occupied by Wirecard.
- ▶ The vacated space on Zeughaus in Hamburg, located in the inner city, previously occupied by GMG.

7. Acquisition



Early 2020, Covivio consolidated its strategic position on the dynamic Germany Office market by acquiring 10 office assets valued at €1.2 billion (€1.1 billion in Group share). The portfolio is made up of 10 assets totalling 290,000 m² and are located in Frankfurt, Düsseldorf, Hamburg, and Munich. The acquisition was completed through the public offer and delisting of Godewind Immobilien AG (renamed Covivio Office AG). The appraisal value at end 2020 is in line with the acquisition price including duties.

In addition to this acquisition, Covivio closed the acquisition of two assets in Berlin, secured in 2019.

8. Portfolio values

8.1. Change in portfolio values

(€ million, Group share, Excluding Duties)	Value 2019	Acqu.	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Other	Value 2020
Berlin	244	31	52	-	-	5.9	-	333
Frankfurt	-	446	13	-	-	-	13	471
Düsseldorf	0	319	5	-	-	0.0	-7	317
Hamburg	4	274	1	-	-	0.3	6	285
Munich	-	93	3	-	-	-	17	114
Other	19	-	1	-	-	1.1	-	21
Total	267	1,163	75	-	-	7	29	1,541

The portfolio value grew by €1,274 million since year-end 2019. The growth was fuelled by the acquisition of the 10 office assets portfolio from Godewind in February 2020.

8.2. Like-for-like portfolio evolution: +4.8% of growth

(€ million. Excluding Duties)	Value 2019 100%	Value 2019 Group share	Value 2020 100%	Value 2020 Group share	LfL ¹ change	Yield 2019	Yield 2020	% of total value
Berlin	320	244	413	333	4.3%	n.a.	4.1%	22%
Frankfurt	0	0	513	471	n.a.	n.a.	4.0%	31%
Düsseldorf	0	0	337	317	5.8%	n.a.	2.7%	21%
Hamburg	6	4	305	285	9.1%	3.2%	2.9%	18%
Munich	0	0	121	114	n.a.	n.a.	2.3%	7%
Other	30	19	33	21	8.8%	6.0%	5.6%	1%
Total	356	267	1,722	1,541	4.8%	n.a.	3.4%	100%

¹ LfL: Like-for-Like

Covivio Germany Office portfolio reached a critical size with €1.7 billion of assets and boasts strong fundamentals:

- ▶ Strategic locations in the center of Germany's top 5 cities.
- ▶ A balanced portfolio of existing assets and development projects in Berlin, especially Alexanderplatz at yield-on-cost of more than 5%.
- ▶ A current valuation standing at 4,350 €/m² on existing assets, still below most European office hubs.
- ▶ The like-for-like performance (+4.8%) excludes the recently acquired portfolio but does give however a good insight into the dynamism of the office platform. As for acquired assets, the portfolio value is in line with the acquisition price and still holds potential via the expected vacancy reduction.

E. GERMANY RESIDENTIAL

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.

Covivio owns around ~40,300 apartments in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia, representing €6.6 billion (€4.3 billion Group share) of assets.

1. Widening housing shortage and resilient market

- ▶ **The housing shortage** continues to widen in Germany: ~400,000 new units are needed each year against 293,000 new deliveries in 2019. The situation is especially dire in Berlin, where the existing housing shortage, compounded by the effect of the rent freeze law, is estimated at around 200,000 units. The supply of apartments to rent in the city has fallen by almost 2/3 in 2020.
- ▶ This shortage continues to drive an important **increase in rents & values** in Germany. In the top 8 cities:
 - Rents rose by an average of 3.5% in 2020, to an average of €8.3 /m²
 - Asking prices for apartments increased by 11% in 2020, bringing the cumulated 5-year growth to 56%
- ▶ **In Berlin**, in February 2020, the city implemented the Mietendeckel law to freeze housing rents for five years and in November 2020 it set rent caps on most residential units. This law is being challenged in court: on May 6, 2020, CDU/CSU and FDP members of the Federal Parliament brought legal action before the Federal Constitutional Court against this new Berlin regulation to determine the extent to which the federal states have the right to independently set the caps on residential rents or whether this is the sole responsibility of the federal government. The judicial review is ongoing with a ruling expected in 2021.

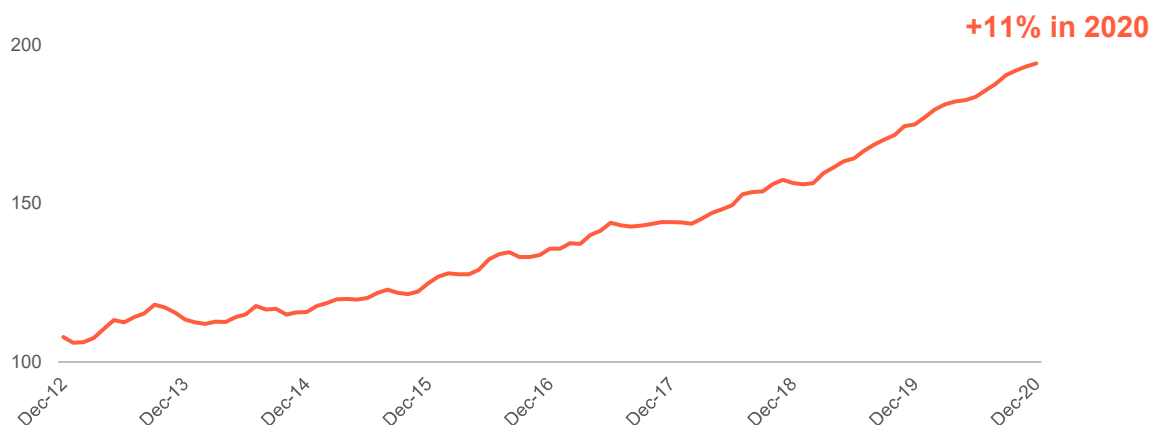
For additional details on the application of this law and its impacts on Covivio's residential activity refer to section 2.4 of this chapter.

In line with the overall market, the same trends can be observed despite the rent freeze in Berlin:

- The average **asking rent** on new buildings increased by 6.8% to €18.0 /m² in 2020 and by 46% within the last 5 years. On existing building, rent grew again despite the regulation (+3.5% to €11.6 /m²).
- The average **asking price grew by 7%** and now stands above 5,000 €/m², well above the current valuation of Covivio's residential portfolio (€2,970 /m² in Berlin). Price for **new buildings also reached a new high** of €6,800 /m² (+7.5%).
- ▶ Despite a decline in overall German real-estate investments by 11%, the residential market registered its highest transaction volume and grew by +15% compared to 2019 to reach €25 billion (including the acquisition of Adler Real Estate which was the largest single-asset transaction of the year).

Prices for apartments continue to rise in Germany

Housing price index for apartments in Germany (basis of 100 in 2005)



In 2020, Covivio's activities were marked by:

- ▶ The pursuit of rental growth: +2.3% on a like-for-life basis, driven by NRW, Hamburg, Dresden & Leipzig (+3.4% on average).
- ▶ Strong value growth: +8.2% increase on a like-for-like basis, including +5.7% in Berlin despite the Mietendeckel law.

2. Accounted rental income: +2.3% at a like-for like scope

Rental income amounted to €158 million Group share in 2020, up 2.3% (+€3.4 million) due to:

(In € million)	Rental income 2019 100%	Rental income 2019 Group share	Rental income 2020 100%	Rental income 2020 Group share	Change Group share (%)	Change Group share (%) LfL ¹	% of rental income
Berlin	117.7	76.1	118.5	76.7	0.7%	1.2%	49%
of which Residential	96.1	62.1	96.4	62.3	0.3%	n.a	39%
of which Other commercial ²	21.6	14.0	22.2	14.4	2.6%	n.a	9%
Dresden & Leipzig	24.3	15.4	24.6	15.7	2.0%	3.2%	10%
Hamburg	15.9	10.3	16.3	10.7	3.3%	2.8%	7%
North Rhine-Westphalia	82.6	52.5	86.2	54.6	4.1%	3.6%	35%
Essen	29.3	18.2	30.8	19.1	5.4%	3.1%	12%
Duisburg	14.9	9.3	15.4	9.6	3.3%	4.0%	6%
Mulheim	10.0	6.4	10.2	6.5	2.2%	2.9%	4%
Oberhausen	9.3	5.9	9.7	6.5	10.6%	3.8%	4%
Other	19.1	12.7	20.2	12.8	0.7%	4.3%	8%
Total	240.5	154.3	245.6	157.7	2.2%	2.3%	100%
of which Residential	211.7	135.7	216.0	138.5	2.1%	n/a	88%
of which Other commercial ²	28.8	18.6	29.6	19.2	3.0%	n/a	12%

¹ LfL: Like-for-Like

² Ground-floor retail, car parks, etc

- ▶ In Berlin, the like-for-like rental growth continues to be positive at +1.2% at end-2020 despite the start of the implementation of the new regulation (the Mietendeckel law); rent freeze since February and the rent cap since November 2020.
- ▶ Outside Berlin, like-for-like rental growth was strong in all areas (+3.4% on average) mainly due to the reletting impact.
- ▶ Acquisitions in 2019 and 2020 (+€2.5 million).
- ▶ Disposals (-€2.3 million) mainly involving a portfolio of mature assets in Berlin and Leipzig in 2020 as well as some privatisations in Berlin.

3. Annualised rental income: €156 million Group share

(In € million)	Surface (m ²)	Number of units	Annualised rents 2019 Group share	Annualised rents 2020 100%	Annualised rents 2020 Group share	Change Group share (%)	Average rent €/m ² /month	% of rental income
Berlin	1,229,731	16,727	78.2	113.4	73.4	-6.2%	€7.7 /m ²	47%
of which Residential	1,070,113	15,843	63.8	90.6	58.6	-8.1%	€7.1 /m ²	37%
of which Other commercial ¹	159,618	884	14.4	22.8	14.8	2.5%	€11.9 /m ²	9%
Dresden & Leipzig	270,084	4,374	15.8	22.5	14.4	-8.8%	€6.9 /m ²	9%
Hamburg	141,820	2,340	10.7	17.0	11.1	3.8%	€10.0 /m ²	7%
North Rhine-Westphalia	1,122,412	16,847	54.6	90.8	57.5	5.4%	€6.7 /m ²	37%
Essen	397,264	5,807	19.1	33.1	20.6	8.0%	€6.9 /m ²	13%
Duisburg	205,532	3,164	9.6	15.9	9.9	3.5%	€6.5 /m ²	6%
Mulheim	129,057	2,160	6.5	10.5	6.7	2.3%	€6.8 /m ²	4%
Oberhausen	133,389	1,953	6.5	9.9	6.7	2.7%	€6.2 /m ²	4%
Others	257,170	3,763	12.8	21.3	13.6	5.9%	€6.9 /m ²	9%
Total	2,764,046	40,288	159.3	243.7	156.4	-1.8%	€7.3 /m²	100%
of which Residential	2,551,134	39,055	140.1	212.9	136.5	-2.6%	€7.0 /m ²	87%
of which Other commercial ¹	212,912	1,233	19.2	30.8	20.0	3.7%	€12.0 /m ²	13%

¹ Ground-floor retail, car parks, etc

The portfolio breakdown has been relatively stable since end-2019, with Berlin generating around half of the rental income, through residential units and some commercial units (mainly Ground-floor retail). Due to recent acquisitions and continued growth in North Rhine-Westphalia, exposure increased by 3%.

Rental income per m² (€7.3 /m²/month on average) offers solid growth potential through reversion, especially in Hamburg (20-25%), in Dresden and Leipzig (10-15%) and in North Rhine-Westphalia (15-20%).

4. Indexation

Rental income from residential property in Germany changes according to multiple mechanisms:

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

In principle, rents may be increased freely, provided the property is not financed through governmental subsidies.

As an exception to the unrestricted rent setting principle, cities like Hamburg, Cologne and 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%, except in the following conditions:

If the property has been modernised in the past three years, the rent for the re-let property may exceed the +10% limit by a maximum of 8% of the costs to modernise it.

In the event the property is completely modernised (work amounting to more than one-third of new construction costs), the rent may be increased freely.

If the rent received from the previous tenant is higher than the +10% limit, then the previous rent will be the limit in the case of re-letting.

Properties built after 1 October 2014 do not adhere to the rent cap.

- **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 and after at least 12 months of fixed rent. The rent can be adjusted through the three methods stated below:

Rent increase through an agreement of both parties, usually in the case of work to modernise the property on the tenant's request.

Rent increase in accordance with the *Indexmiete*, which is determined by the German statistical office.

Rent increase through a contract agreement with fixed dates for the rent increase. In case of such an agreement, rent increases according to the *Mietspiegel* or through work to modernise the property are not applicable.

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

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

- The work aims 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 work to modernise the property within a six-year period (€2/m² if the initial rent is below €7/m²).

In February, the city of **Berlin implemented a new law** to freeze & cap the rents of most residential units:

- Freeze on existing rents for five years (i.e., until February 2025). An increase may be possible from 2022, up to the level of inflation (of about 1.3%) without exceeding rent ceilings. Rent ceilings can be increased by the Berlin Senate in line with increases in real wages 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 after that date.
- Application of a rent cap, for re-letting and current leases, defined according to the year of construction of the building and the equipment in the dwelling.
- Excessive rents that are 120% above the rent ceiling to be reduced to the 120% level, adjusted for the quality of the location, applicable from the last quarter of 2020.
- Increase in rents for work to modernise a property's energy consumption or to upgrade the property to meet accessibility standards for people with reduced mobility: +€1/m².
- Housing built after 2014, public housing and subsidised housing are excluded.

The law is being challenged in court: on 6 May 2020, CDU/CSU and FDP members of the Federal Parliament brought legal action before the Federal Constitutional Court against this new Berlin law, considering that this law is not compatible with the German constitution. More information about the development of the case will be provided by the court in the second quarter of 2021.

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

- Freeze of existing rents.
 - Impact of rent decrease:
 - in 2020: -€1.7 million Group share.
 - in 2021: -€5.5 million vs 2020.
- ➔ Cumulative impact representing **around 1% of Covivio's annualised rent** at end-2020.

5. Occupancy rate: a high level of 98.7%

(%)	2019	2020
Berlin	98.1%	98.3%
Dresden & Leipzig	99.0%	99.3%
Hamburg	99.8%	100.0%
North Rhine-Westphalia	99.0%	98.9%
Total	98.6%	98.7%

The occupancy rate remains high, at 98.7%. It has remained above 98% since the end of 2015 and reflects the Group's very high portfolio quality and low rental risk.

6. Disposals and disposals agreements: €129 M with a 20% margin on appraisal value

(In € million)	Disposals 2019 (agreements as of end-2019 closed)	Agreements as of end- 2019 to close	New disposals 2020	New agreements 2020	Total 2020	Margin vs end-2019 value	Yield	Total Realised Disposals
	1	-	2	3	= 2 + 3			= 1 + 2
Berlin	9	-	104	13	117	24%	2.3%	114
Dresden & Leipzig	-	-	78	0	78	14%	4.0%	78
Hamburg	-	-	-	0	-	-	-	-
North Rhine-Westphalia	3	-	3	0	4	77%	2.5%	6
Total 100%	12	-	186	13	199	20%	2.9%	197
Total Group share	8	-	121	8	129	20%	3.0%	129

In 2020, Covivio secured disposals for about €120 million of mature assets, both through bloc sales and some privatisations in Berlin.

- ▶ Privatisations: 106 units almost entirely in Berlin for €34 million (€23 million Group share) for a 55% margin. These privatisations at around €4,150 /m² reflect the highly unbalanced momentum in Berlin (demand vs supply and new construction).

7. Acquisitions: €119 M realized in 2020

(In € million, Including Duties)	Surface (m ²)	Number of units	Acquisitions 2020 realised		
			Acq. price 100%	Acq. price Group share	Gross yield
Berlin	31,315	534	86	58	3.3%
Dresden & Leipzig	3,174	31	7	5	4.5%
Hamburg	-	-	-	-	-
North Rhine-Westphalia	13,061	195	25	17	5.2%
Total	47,549	760	119	79	3.7%

During 2020, Covivio closed several residential deals for €119 million (€79 million Group Share), mainly in Berlin and North Rhine-Westphalia:

- ▶ Acquisition of 534 existing units in Berlin at an average of €2,750 /m² and 195 units in NRW at an average of €1,900/m². Average rent reversion reached 28%.
- ▶ Additionally, with these transactions 13,750 m² of land bank were acquired for €8 million on which about 370 units could be developed.

8. Portfolio: €6.6 billion (€4.3 billion Group share)

8.1. Change in portfolio: +€294 million Group share in 2020

(In € million, Group share, Excluding Duties)	Value 2019	Acqu.	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Change of scope	Value 2020
Berlin	2,261	61	20	-62	5	100	1	2,387
Dresden & Leipzig	377	5	4	-45	0	30	-	371
Hamburg	293	-	6	-	-	28	-	327
North Rhine-Westphalia	1,031	16	31	-2	0	92	3	1,171
Total	3,962	83	61	-109	6	250	4	4,256

In 2020, the portfolio's value increased by 7.4% to stand at €4.3 billion Group share. This growth was first driven by the like-for-like increase in value (€250 million or 85% of the growth) and second, by the contribution of acquisitions and investments net of disposals (12% of the growth).

8.2. Change on a like-for-like basis: +8.2% growth

(In € million, Excluding Duties)	Value 2019 Group share	Surface 100% in m ²	Value 2020 100%	Value 2020 in €/m ²	Value 2020 Group share	Lfl ¹ change	Yield 2019	Yield 2020	% of total value
Berlin	2,261	1,229,731	3,689	2,999	2,387	5.7%	3.5%	3.1%	56%
of which Residential	1,934	1,067,874	3,176	2,974	2,054	6.3%	3.3%	2.9%	48%
of which Other commercial ²	327	161,857	513	3,168	333	2.2%	4.4%	4.4%	8%
Dresden & Leipzig	377	270,084	581	2,151	371	10.4%	4.2%	3.9%	9%
Hamburg	293	141,820	500	3,524	327	11.6%	3.7%	3.4%	8%
North Rhine-Westphalia	1,031	1,122,412	1,850	1,648	1,171	12.0%	5.3%	4.9%	28%
Essen	381	397,264	714	1,797	445	12.1%	5.0%	4.6%	10%
Duisburg	167	205,532	301	1,465	188	13.2%	5.8%	5.3%	4%
Mulheim	118	129,057	207	1,606	132	12.0%	5.5%	5.1%	3%
Oberhausen	103	133,389	170	1,273	115	12.0%	6.4%	5.8%	3%
Other	263	257,170	458	1,780	292	10.9%	4.9%	4.7%	7%
Total	3,962	2,764,046	6,619	2,395	4,256	8.2%	4.0%	3.7%	100%
of which Residential	3,552	2,587,469	5,923	2,289	3,805	8.1%	4.0%	3.6%	89%
of which Other commercial ²	410	176,577	696	3,940	451	9.6%	4.6%	4.4%	11%

¹ Lfl: Like-for-Like

² Ground-floor retail, car parks, etc

Covivio's residential portfolio in Germany is valued at €2,289 /m² on average, offering a significant growth potential, especially in Berlin where the current valuation of residential units stands at €2,974 /m², significantly below the average asking price of condominiums (€5,070 /m² at end-2020).

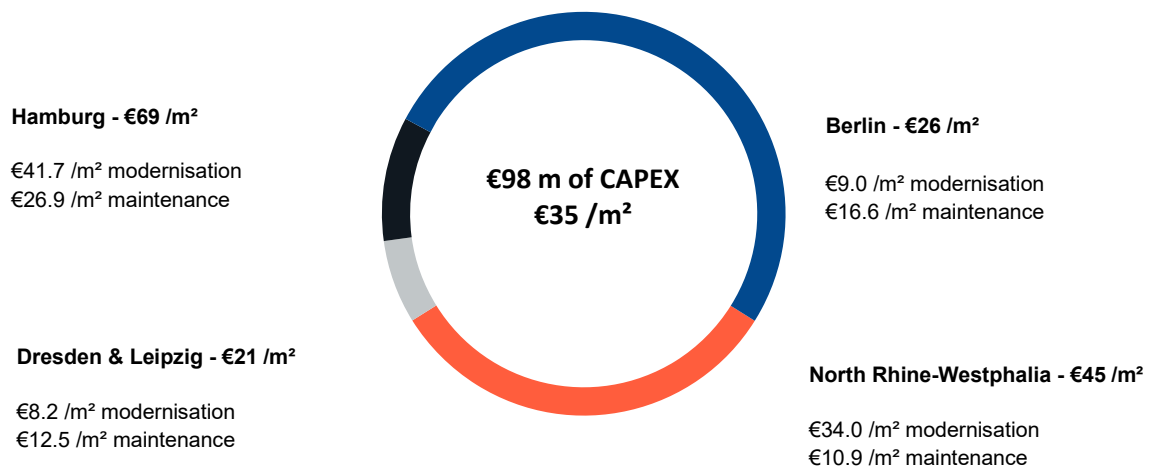
In 2020, values increased by +8.2% on a like-for-like basis since end-2019 which represents yet another dynamic period of growth:

- ▶ +5.7% in Berlin mainly due to the increase in values in highly sought-after locations despite the impacts of Covid-19 and the Mietendeckel.
- ▶ Strong increase in NRW (+12%), Hamburg (+11.6%) and Dresden and Leipzig (10.4%) thanks to the continued dynamic of rental growth and the increase in value in large German cities.

9. Maintenance and modernisation CAPEX

In 2020, CAPEX totalled €98 million, (€35 /m²; €64 million in Group share) and OPEX came to €18 million (€6.4 /m² ; €12 million in Group share), in line with the CAPEX spent in 2019.

Modernisation CAPEX, used to improve asset quality and increase rental income, accounts for 60% of the total. In Berlin, the amount invested was reduced by 62% compared to 2019, due to the new regulation limiting modernisation. Elsewhere, efforts to improve the portfolio continued with an increase of +20% on average.



F. HOTELS IN EUROPE

Covivio Hotels, a subsidiary of Covivio held at 43.5% at end- 2020, is a listed property investment company (SIIC) and leading hotel 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).

Covivio owns a high-quality hotel portfolio worth €6.5 billion (€2.5 billion in Group share), focused on major European cities and let or operated by 16 major hotel operators such as AccorInvest, B&B, IHG, NH Hotels, etc. This portfolio offers geographic and tenant diversification (across 12 European countries) and asset management possibilities via different ownership methods (hotel lease and hotel operating properties).

1. Market: an unprecedented crisis

After a positive year in 2019 (+2.7% in RevPar) for the European hotel market, the outbreak of the Covid-19 deeply impacted 2020. The different lockdown measures and travel restrictions forced many European hotels to close causing RevPar performance in Europe to fall by -67%¹, driven by a decline in occupancy rates (-43.5 pts) and a 18.2% drop in ADR.

- ▶ The lifting of restrictions last June testifies to the conjunctural feature of the current crisis and demonstrates the resilience of the market's fundamentals.
- ▶ Following the partial lifting of restrictions in June, France and Germany (which account for about 60% of the portfolio) outperformed Europe by +54 pts and +30 pts, mainly thanks to:
 - A larger exposure to leisure and domestic travel (90% and 80% respectively).
 - A qualitative land-based transportation network subject to less scrutiny and heavy movement constrains.

In 2020, Covivio Hotels' activity was strongly impacted by the Covid-19 pandemic:

- ▶ At the peak of the crisis, only 22% of the hotel portfolio was open². But as soon as the lockdown measures eased, the activity quickly started to recover, before being hurt again by the second lockdown.
- ▶ Like-for-like values decreased by only -6.9%, thanks to the quality of the portfolio, 88% of which is located in major regional cities, and to the agreements secured with the hotel operators. The rebound of the activity should come firstly from leisure clientele (vs business), individuals (vs groups) and domestic customers (vs international). With more than 70% of individual, about 80% of domestic and European and 55% to 60% of leisure customers, variable income hotels (in France, Germany and the UK) are particularly well positioned to take advantage of the recovery.

Assets not wholly owned by Covivio Hotels include:

- 8 operating properties in Germany (94.9% owned)
- 90 B&B assets in France (50.2%)
- 11 B&B assets in Germany (93.0%)
- 8 B&B assets in Germany, 5 of them held at 84.6% and the other 3 at 90.0%
- 2 Motel One assets in Germany (94.0%)
- Club Med Samoëns (50.1%)
- 32 AccorInvest assets in France (30 assets) and Belgium (2 assets), owned at respectively 31.2% (26 assets) and 33.3% (6 assets)

¹ MKG Data as of the end of December 2020

² Based on the number of rooms

2. Recognised revenues: **-55 %** on a like-for-like basis

(In € million)	Revenues 2019 100%	Revenues 2019 Group share	Revenues 2020 100%	Revenues 2020 Group share	Change Group share (%) LfL ¹
Hotel Lease properties - Variable	59.9	25.9	16.2	7.0	-73%
Hotel Lease properties - UK	42.7	18.5	0.0	0.0	-100%
Hotel Lease properties - Fixed	130.3	47.5	123.1	47.1	-3%
Operating properties - EBITDA	69.8	29.1	7.9	3.3	-88%
Total revenues Hotels	302.8	121.0	147.2	57.4	-55%

¹ LfL: Like-for-Like

Hotel revenue decreased by €63.6 million Group share compared to 2019, due to:

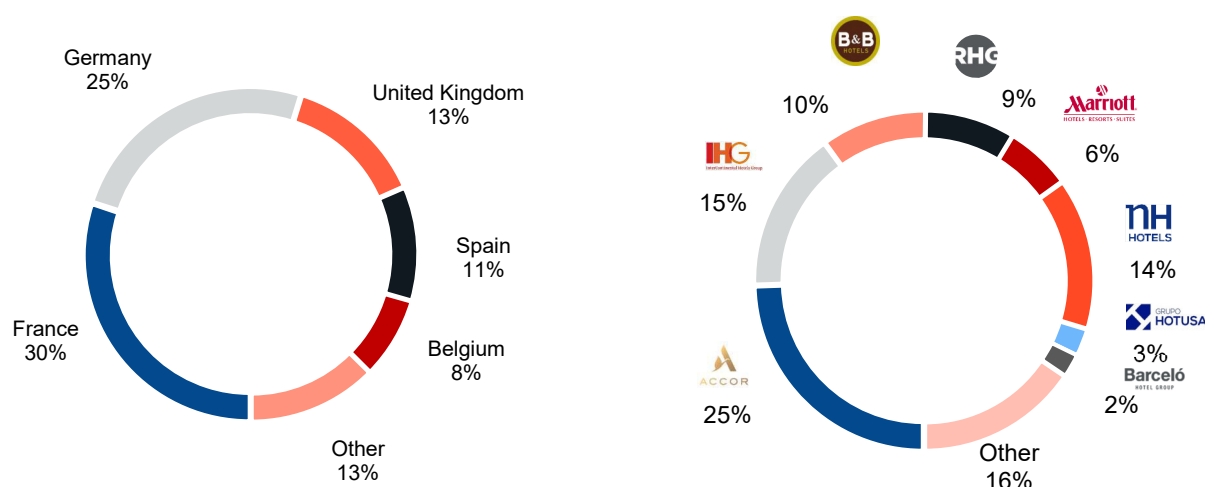
▶ **Leased hotels:**

- The **AccorInvest hotel portfolio** (22% of the hotel portfolio), which is indexed on hotel turnover, degraded by 73% compared to 2019 due to the complete shutdown of a large part of the hotel properties from mid-March until the end of May and the following renewed restrictions. These midscale and economy hotels are located in France and Belgium.
- **Hotels located in the UK** (13% of the hotel portfolio), leased to IHG were directly impacted by the administrative closure of hotels from the end of March to July and from November in Great Britain and in Scotland. These exceptional events and the major loss in turnover for hotels should trigger an underperformance (MAC) clause included in this contract. This clause reduces the rent when the loss of the NOI of the hotels is higher than one-third of the annual rent. As a result of the application of the underperformance clause, no rent was recognised in this scope for 2020.
- **Other leases:** agreements with operators helped limit the decrease to -3%, of which -€0.5 million was due to Covid negotiations and -€0.9 million was due to the temporary impact of a tenant change in a hotel in Spain.

- ▶ **Operating hotels:** mainly located in Germany and in the north of France. The majority of the hotels were closed during the lockdowns and lost consequently 88% of EBITDA compared to 2019. In 2020 there was also a €7.5 million reversal of provisions made on past accounting periods given the signature of an amendment to the management contract of the Pullman Roissy Airport hotel.

3. Annualised revenue:

Breakdown by operators and by country (based on 2020 fixed revenues and 2019 variable revenues) which amounted to €137 million in Group share.



4. Indexation

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

5. Lease expiries: 14.2 years of firm residual lease term

(In € million, Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2021	1.3	1%	0.0	0%
2022	2.4	2%	0.0	0%
2023	4.8	4%	2.2	2%
2024	1.0	1%	0.6	1%
2025	2.0	2%	2.2	2%
2026	0.0	0%	0.0	0%
2027	0.9	1%	0.9	1%
2028	0.0	0%	0.0	0%
2029	13.8	13%	14.8	14%
2030	10.2	10%	10.2	10%
Beyond	69.8	66%	75.2	71%
Total Hotels in lease	106	100%	106	100%

The firm lease duration reached a record high of 14.2 years (+0.5 year vs end-2019), thanks to agreements reached with 95% of fixed-lease tenants (B&B, NH Hotels, Barceló, Motel One, Meininger, Melia Hotels International, HCI, Club Med, Groupe Pierre & Vacances, Hotusa), which have helped to alleviate difficulties and preserve the cash flow of operators, via franchises or payment facilities, while extending the firm duration of their commitments and of the overall portfolio by +1.5 years.

The occupancy rate remained at 100% on hotels in leases.

6. Disposals and disposal agreements: €19 M of new commitments

(In € million)	Disposals (agreements as of end of 2019 closed)	Agreements as of end of 2019 to close	New disposals 2020	New agreements 2020	Total 2020	Margin vs 2019 value	Yield	Total realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Hotel Lease properties	120	13	0	19	19	0.0%	7.5%	120
Hotel Operating properties	-	-	-	-	-	-	-	-
Total Hotels - 100%	120	13	0	19	19	0.0%	7.5%	120
Total Hotels - Group share	48	5	0	8	8	0.0%	7.5%	48

Covivio continued its policy of rotating assets with €19 million (€8 million Group share) of new commitments in 2020 in line with the 2019 appraisal value. In addition, €120 million (€47 million Group share) of B&B hotels disposals signed in 2019 were realised in April 2020. The latter mainly consists of 11 B&B hotels in Germany, sold at a yield of 4.2% and with a 39% margin.

7. Acquisitions

In January 2020, Covivio signed the acquisition of 8 hotels located in Rome, Venice, Florence, Prague, Nice and Budapest for €573 million (€248 million Group Share), of which €86 million of CAPEX, which has been completed in September 2020. This 1,115 room-portfolio of high-end hotels, the majority of which hold 5 stars 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 New York Palace in Budapest.

At the same time, Covivio and NH Hotel Group signed a long-term triple net lease of 15 years firm.

8. Portfolio values

8.1. Change in portfolio values

(In € million, Excluding Duties, Group share)	Value 2019	Acquis.	Invest.	Disposals	Change in value	Others	Value 2020
Hotels - Lease properties	1,977	223 ¹	2.8	-47	-131	-2.7	2,022
Hotels - Operating properties	536	-	7	-	-40	6	510
Total Hotels	2,513	223	10	-47	-171	4	2,532

¹: Including the acquisition of NH Hotel portfolio and excluding CAPEX to be disbursed in 2021

At year-end 2020, the portfolio reached €2.5 billion Group share, up €19 million compared to year-end 2019, mainly due to the acquisition of the European portfolio of 8 assets (€223 million) and despite the like-for-like value impact (-€171 million).

8.2. Change on a like-for-like basis: -6.9%

(In € million, Excluding Duties)	Value 2019 Group share	Value 2020 100%	Value 2020 Group share	LfL ¹ change	Yield ² 2019	Yield ³ 2020	% of total value
France	724	2,245	716	-5.4%	4.9%	5.0%	28%
Paris	318	832	304				12%
Greater Paris (excl. Paris)	139	492	132				5%
Major regional cities	171	573	187				7%
Other cities	96	348	93				4%
Germany	319	627	269	-3.0%	4.7%	4.9%	11%
Franckfurt	31	73	31				1%
Munich	31	47	21				1%
Berlin	31	71	30				1%
Other cities	226	435	187				7%
Belgium	116	285	112	-4.6%	5.8%	6.2%	4%
Brussels	36	100	35				1%
Other cities	80	185	77				3%
Spain	289	634	276	-5.9%	5.1%	5.5%	11%
Madrid	123	273	119				5%
Barcelona	103	227	98				4%
Other cities	62	135	59				2%
UK	417	783	340	-14.3%	4.9%	5.5%	13%
Italy	0	260	113	n.a.	n.a.	5.2%	4%
Other countries	111	451	196	-3.2%	5.3%	5.2%	8%
Total Hotel lease properties	1,977	5,284	2,021	-6.8%	5.0%	5.3%	80%
France	118	254	111	-10.2%	5.3%	5.5%	4%
Lille	50	109	47				2%
Other cities	68	146	63				3%
Germany	362	841	347	-6.2%	6.5%	6.8%	14%
Berlin	251	587	242				10%
Dresden & Leipzig	89	199	82				3%
Other cities	22	55	23				1%
Other countries	56	121	52	-7.6%	6.8%	7.3%	2%
Total Hotel Operating properties	536	1,217	510	-7.3%	6.1%	6.4%	20%
Total Hotels	2,513	6,501	2,532	-6.9%	5.2%	5.5%	100%
Non-strategic (Retail)	72	120	52	-9.8%	7.3%	7.9%	-

¹ LfL : Like-for-Like

² Yield excluding assets under development; EBIDTA yield for hotel operating properties

³ Yields calculated on the basis of 2020 fixed revenues and 2019 variable revenues

At the end of 2020, Covivio held a unique hotel portfolio of €2,5 billion (€6.5 billion at 100%) in Europe. This strategic portfolio is characterised by:

- **High-quality locations:** 88% in the centre of major European cities.
- **Major hotel operators** with long-term leases: 16 hotel operators with an average lease duration of 14.2 years
- **Hotels with a good profitability profile** before the crisis: 1.8x rent coverage in 2019

The portfolio value decreased by -6.9% LfL, a mix of:

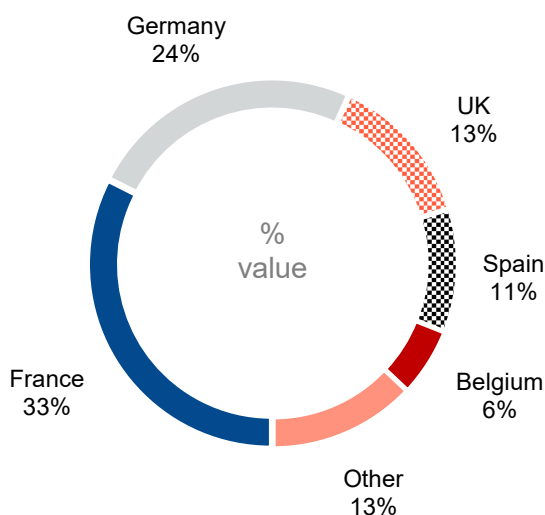
1- Value adjustments on assets with challenged revenues:

- ▶ **Variable income assets (42% of Hotels)** which fell by 6.7% due to rents fully based on hotel turnover and hence strongly impacted for the next three to four years:
 - -6.3% on the AccorInvest portfolio located in France and Belgium,
 - -7.3% on operating assets mainly in Germany.
- ▶ **The UK portfolio (13% of Hotels)**, -14.3% on these 12 assets leased to IHG, due to the longer lockdown period and MAC clause and their impact on the rent forecasts.

2- Relatively resilient fixed leased assets:

- ▶ **Fixed leased hotels (44% of Hotels)** value decreased by only -4.0%, mainly thanks to the negotiated extension of the leases' duration which supports the value of the assets for a longer period.

Portfolio breakdown by value and geography



88% in major European cities



3. FINANCIAL INFORMATION AND COMMENTS

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

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

The German Residential information in the following sections include some Office assets owned by the subsidiary (Covivio Immobilien).

CONSOLIDATED ACCOUNTS

3.1. Scope of consolidation

On 31 December 2020, 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 as follows:

Subsidiaries	31-Dec-2020
Covivio Hotels	43.5%
Covivio Immobilien	61.7%
Covivio Office 6 GmbH	89.7%
Covivio Office GmbH (Godewind)	94.0%
Sicaf (Telecom Italia portfolio)	51.0%
OPCI CB 21 (CB 21 Tower)	75.0%
Fédérismo (Carré Suffren)	60.0%
SCI Latécoère (DS Campus)	50.1%
SCI Latécoère 2 (DS Campus extension)	50.1%
SCI 15 rue des Cuirassiers (Silex 1)	50.1%
SCI 9 rue des Cuirassiers (Silex 2)	50.1%
Sas 6 Rue Fructidor (So Pop)	50.1%
SCI 11, Place de l'Europe (Campus Eiffage)	50.1%
SCI N2 Batignolles (Paris N2)	50.0%

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 17 February 2021.

3.3. Simplified income statement - Group share

(In € million, Group share)	2019	2020	var.	%
Net rental income	591.5	539.0	-52.5	-9%
EBITDA from hotel operating activity & flex-office	34.3	9.0	-25.3	-74%
Income from other activities (incl. Property development)	25.0	31.5	+6.5	+26%
Net revenue	650.8	579.5	-71.3	-11%
Net operating costs	-77.8	-83.2	-5.4	+7%
Amortisations of operating assets	-39.5	-41.5	-2.0	+5%
Net change in provisions and other	6.3	1.7	-4.6	-73%
Current operating income	539.7	456.5	-83.2	-15%
Net income from inventory properties	-5.1	-3.8	+1.3	-25%
Income from value adjustments	613.5	148.3	-465.2	-76%
Income from asset disposals	-12.4	-1.1	+11.3	-91%
Income from disposal of securities	4.2	8.1	+3.9	+93%
Income from changes in scope & other	-10.9	-13.8	-2.9	+27%
Operating income	1,129.0	594.2	-534.8	-47%
Cost of net financial debt	-137.2	-101.0	+36.2	-26%
Interest charges linked to financial lease liability	-6.2	-6.6	-0.4	+6%
Value adjustment on derivatives	-156.3	-79.5	+76.8	-49%
Discounting of liabilities-receivables, and Result of change	-0.4	-0.2	+0.2	-50%
Early amortisation of borrowings' cost	-7.8	-0.7	+7.1	-91%
Share in earnings of affiliates	17.7	7.8	-9.9	-56%
Income before tax	838.8	413.9	-424.9	-51%
Deferred tax	-78.9	-34.8	+44.1	-56%
Corporate income tax	-13.0	-19.3	-6.3	+48%
Net income for the period	747.0	359.8	-387.2	-52%

► 11% decrease in net revenue

Net rental income in Group share decreased mainly due to the Hotels activities.

(In € million, Group share)	2019	2020	var.	%
France Offices	213.2	193.5	-19.7	-9.2%
Italy Offices (incl. retail)	133.4	109.1	-24.3	-18.2%
German Residential	144.7	148.5	+3.8	+2.6%
Hotels in Europe (incl. retail)	96.2	52.3	-43.9	-45.6%
German Offices	1.0	35.4	+34.4	n.a.
Other (incl. France Residential)	3.0	0.3	-2.7	-91.4%
Total Net rental income	591.5	539.0	-52.5	-8.9%
EBITDA from hotel operating activity & flex-office	34.3	9.0	-25.3	-73.8%
Income from other activities	24.9	31.5	+6.6	n.a.
Net revenue	650.7	579.5	-71.2	-10.9%

France Offices: decrease mainly due to the sale of assets in 2019 (-€14 million), to releases for redevelopment (-€3 million) and a one-shot indemnity received in 2019 (-€2.2 million).

Italy Offices: decrease due to the disposals in secondary locations outside Milan and non-strategic retail assets (-€25 million), to space for redevelopment (-€4.8 million) offset by the delivery of developed assets (+€6 million).

Germany Offices: increase of additional net rental income on the Germany Offices' activity, driven mainly by the acquired portfolio.

German Residential: the rent income grew by +€3.8 million.

Hotels in Europe: activity significantly hit by the coronavirus crisis, with a €44 million drop in revenues.

- ▶ **EBITDA from the hotel operating activity and flex-office:** €5.7 million of EBITDA on the flex-office activity that increased slightly thanks to the ramp-up of this activity and the opening of new spaces in Milan. The hotel operating activity (€3.3 million) declined significantly (-89%) because of the closure of hotels during general lockdowns.
- ▶ **Income from other activities:** net income from other activities comes from the income generated by car park companies (€7 million) and the property development activity (€25 million).
The car park activity decreased by -€2.8 million mainly due to the lockdown, while the property development activity increased by +€9 million due to the increase in the number of projects (notably in German Residential) and due to the increase in the percentage of completion.
- ▶ **Net operating costs:** -€83.2 million including +€21.8 million in property management fees.
Net operating costs increased by €5.4 million (+6.9%) under the effect of:
 - A decrease in property fees for the hotel activity, following the disposal of the B&B assets in 2019 (+€8 million).
 - Partly balanced by a significant savings on staff costs and travel expenses (-€2.5 million) despite the integration of the former Godewind teams in Germany Offices.
- ▶ **Amortisation of operating assets:**
Note that this item includes the amortisation linked to the right of use according to IFRS 16. This amortisation of right of use is mainly related to owner-occupied buildings and headquarters. The increase for the year is mainly due to the integration of the Germany Offices activity.
- ▶ **Net change in provision and other:**
Before the application of IFRS 16, ground lease expenses and ground lease recharge were reported within net rental income. Because of the application of IFRS16 “Leases”, there is no longer a ground lease expense (this expense is replaced by an interest charge), therefore the ground lease recharge is reported under “Net change in provision and other” so as to not artificially increase Net rental income. During 2020 there was no ground lease recharge in UK companies; however, the amount was €2.7 million in 2019.
- ▶ **Net income from inventory properties:**
This item refers to the trading activity, mainly in Italy.
- ▶ **Income from asset disposals & disposal of securities:**
Income from asset disposals (in assets or share transactions) contributed +€7 million during the year. This gain is mainly in German Residential.
- ▶ **Change in the fair value of assets:**
The income statement recognises changes in the fair value (+€148.3 million) of assets based on appraisals carried out on the portfolio.

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

For more details on changes in the portfolio by activity, see section 1 of this document.
- ▶ **Income from changes in scope and other:**
This item negatively impacted the income statement by around -€14 million. It includes costs linked to the acquisition of a Germany Offices listed company, and goodwill depreciation tied to the hotel operating activity (-€3 million).

▶ **Cost of net financial debt:**

The cost of net financial debt decreased thanks to continuous debt restructuring efforts. This line item was impacted last year by an early reimbursement of €27.8 million, while this year these costs are equal to €8 million.

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

The Group rents some land. According to IFRS 16, such rental costs are stated as interest charges. The interest charges refer to the hotel activity for an amount equal to -€5 million.

▶ **Value adjustment on derivatives:**

The fair value of financial instruments (hedging instruments and ORNANE) was negatively impacted by decreasing interest rates. For the year, the P&L impact is a charge of -€79.5 million, while for 2019 it was -€156.3 million.

Share of income of equity affiliates

Group share	% interest	Contribution to earnings (€million)	Value 2020	Change in equity value (%)
OPCI Covivio Hotels	8.6%	-2.8	36.3	-9.1%
Lénovilla (New Vélizy)	50.1%	4.6	62.4	3.5%
Euromed	50.0%	9.7	56.2	12.6%
Cœur d'Orly	50.0%	-2.9	25.8	-13.4%
Bordeaux Armagnac (Orianz / Factor E)	34.7%	1.8	15.7	12.9%
Phoenix (Hotels)	14.4%	-7.1	45.2	-8.5%
Other equity interests		0.5	13.3	-4.3%
Total		3.8	254.8	-0.9%

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

- OPCI Covivio Hotels: two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) 80%-owned 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: two buildings in the Orly airport business district 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.
- Phoenix hotel portfolio: 32% stake held by Covivio Hotels in a portfolio of 32 Accor Invest 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 a taxable activity.

The corporate income tax amounted to -€19.3 million, including taxes on sales (-€14.1 million).

EPRA Earnings decreased by -15% to €385 million (-€67 million vs 2019)

	Net income Group share	Restatements	EPRA E. 2020	EPRA E. 2019
Net rental income	539.0	-	539.0	591.5
EBITDA from the hotel operating activity & flex-office	9.0	-	9.0	34.3
Income from other activities (incl. Property development)	31.5	-	31.5	25.0
Net revenue	579.5	-	579.5	650.7
Net operating costs	-83.2	-	-83.2	-76.6
<i>Management & administration income</i>	21.8	-	21.8	29.8
<i>Operating costs</i>	-105.1	-	-105.4	-106.4
Amortisations of operating assets	-41.5	18.9	-22.6	-20.4
Net change in provisions and other	1.7	-2.8	-1.1	3.6
Operating income	456.5	16.1	472.6	557.3
Net income from inventory properties	-3.8	3.8	0.0	-
Income from value adjustments	148.3	-148.3	0.0	-
Income from asset disposals	-1.1	1.1	0.0	-
Income from disposal of securities	8.1	-8.1	0.0	-
Income from changes in scope & other	-13.8	13.8	0.0	-
Operating result	594.2	-121.6	472.6	557.3
Cost of net financial debt	-101.0	8.1	-92.9	-109.5
Interest charges linked to finance lease liability	-6.6	4.0	-2.6	-2.3
Value adjustment on derivatives	-79.5	79.5	0.0	-
Discounting of liabilities-receivables and Foreign Exchange Result	-0.2	-	-0.2	-0.4
Early amortisation of borrowings' costs	-0.7	0.6	-0.1	-0.1
Share in earnings of affiliates	7.8	5.7	13.5	14.9
Pre-tax net income	413.9	-23.7	390.2	460.0
Deferred tax	-34.8	34.8	0	0.0
Corporate income tax	-19.3	14.1	-5.2	-7.8
Net income for the period	359.8	25.2	385.0	452.2
<i>Average number of shares</i>			91,383,658	85,236,197
Net income per share	5.31		4.21	5.31

- ▶ The restatement of the amortisation of operating assets (+€18.9 million) offsets the real estate amortisation of the flex-office and hotel operating activities.
- ▶ The restatement of the net change in provisions (-€2.8 million) consists of the ground lease expenses linked to the UK leasehold.
- ▶ There was an €8.1 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 IAS 40 §25, €4 million was cancelled and replaced by the lease expenses paid (see the amount of -€2.8 million under the line item "Net change in provisions and other").
- ▶ The restatement of the share in earnings of affiliates allows for the EPRA earnings contribution to be displayed.
- ▶ The restatement of the corporate income tax (+€14.1 million) is linked to the tax on disposals.

EPRA Earnings by activity

(In € million, Group share)	France Offices	Italy Offices ¹	Germany Residential	Germany Offices	Hotels in lease ¹	Hotel operating properties	Corporate or non-attributable sector	2020
Net rental income	193.5	109.1	148.5	35.4	52.2	0.0	0.2	539.0
EBITDA from Hotel operating activity & flex-office	5.4	0.3	0.0	0.0	0.0	3.3	0.0	9.0
Income from other activities (incl. Property development)	13.1	0.7	11.8	0.3	0.0	0.0	5.7	31.5
Net revenue	212.0	110.1	160.3	35.7	52.2	3.3	5.9	579.5
Net operating costs	-34.1	-12.0	-24.2	-4.4	-3.7	-1.0	-3.9	-83.2
amortisation of operating assets	-6.3	-2.3	-2.0	-0.9	0.0	-2.9	-8.3	-22.6
Net change in provisions and other	7.6	-2.0	-1.0	-1.1	-5.3	0.1	0.6	-1.1
Operating result	179.2	93.8	133.0	29.3	43.2	-0.5	-5.6	472.6
Cost of net financial debt	-20.8	-17.9	-24.3	-5.6	-19.3	-4.9	0.0	-92.9
Other financial charges	-0.5	-0.2	0.1	-0.5	-1.0	-0.6	-0.4	-2.9
Share in earnings of affiliates	12.0	0.0	0.0	0.0	1.5	0.0	0.0	13.5
Corporate income tax	0.1	-0.1	-3.0	-0.2	-1.2	-0.4	-0.3	-5.2
EPRA Earnings	170.0	75.7	105.7	23.0	23.2	-6.3	-6.3	385.0

1: Including non-strategic retail in the subsidiary scope

EPRA Earnings of affiliates

EPRA Earnings of affiliates consolidated under the equity method

(In € million, Group share)	France Offices	Hotels (in lease)	2020
Net rental income	14.0	2.9	16.9
Net operating costs	-0.6	-0.5	-1.1
amortisation of operating properties	-	0.1	0.1
Cost of net financial debt	-1.4	-1.0	-2.4
Corporate income tax	-	-	-
Share in EPRA Earnings of affiliates	12.0	1.5	13.5

3.4. Simplified consolidated income statement (at 100%)

(In € million, 100%)	2019	2020	var.	%
Net rental income	888.8	776.10	-112.7	-12.7%
EBITDA from hotel operating activity & flex-office	75.1	13.6	-61.5	-81.9%
Income from other activities (incl. Property development)	16.8	26.4	+9.6	+57.1%
Net revenue	980.7	816.1	-164.6	-16.8%
Net operating costs	-111.9	-116.5	-4.6	+4.1%
amortisation of operating assets	-65.0	-67.3	-2.3	+3.5%
Net change in provisions and other	12.8	4.4	-8.4	-65.6%
Current operating income	816.7	636.7	-180.0	-22.0%
Net income from inventory properties	-5.8	-3.4	+2.4	-41.4%
Income from asset disposals	1.1	-1.2	-2.3	-209.1%
Income from value adjustments	1,003.6	128.2	-875.4	-87.2%
Income from disposal of securities	7.7	12.1	+4.4	+57.1%
Income from changes in scope	-22.3	-16.1	+6.2	-27.8%
Operating income	1,801.0	756.3	-1,044.7	-58.0%
Cost of net financial debt	-210.2	-172.4	+37.8	-18.0%
Interest charge related to finance lease liability	-13.5	-14.0	-0.5	+3.7%
Value adjustment on derivatives	-196.4	-115.5	+80.9	-41.2%
Discounting of liabilities and receivables	-0.2	-0.1	+0.1	-50.0%
Early amortisation of borrowings' costs	-10.6	-1.2	+9.4	-88.7%
Share in earnings of affiliates	29.3	0.2	-29.1	-99.3%
Income before tax	1,399.5	453.3	-946.2	-67.6%
Deferred tax	-113.6	-25.8	+87.8	-77.3%
Corporate income tax	-24.0	-35.3	-11.3	+47.1%
Net income for the period	1,261.9	392.3	-869.6	-68.9%
Non-controlling interests	-514.8	-32.5	+482.3	-93.7%
Net income for the period - Group share	747.0	359.8	-387.2	-51.8%

The -€387.2 million (-51.8%) decrease in net income for the period is related to the increase in value of the properties of +€1 billion last year vs +€128 million this year.

Net revenue decreased by ca.€165 million, mainly due to the decrease in the Hotels activity (-€169 million).

(In € million, 100%)	2019	2020	var.	%
France Offices	243.8	222.9	-20.9	-8.6%
Italy Offices (incl. Retail)	172.8	145.3	-27.5	-15.9%
German Residential	225.9	231.5	+5.6	+2.5%
German Offices	1.0	41.4	+40.4	n.a.
Hotels in Europe (incl. Retail)	242.4	134.8	-107.6	-44.4%
Other (mainly France Residential)	3.0	0.2	-2.8	-92.4%
Total Net rental income	888.9	776.0	-112.9	-12.7%
EBITDA from the hotel operating activity & flex-office	75.1	13.6	-61.5	-81.9%
Income from other activities	16.8	26.4	+9.6	+57.1%
Net revenue	980.7	816.1	-164.6	-16.8%

3.5. Simplified consolidated balance sheet (Group share)

(In € million, Group share)	2019	2020	Liabilities	2019	2020
Assets					
Investment properties	12,973	14,127			
Investment properties under development	1,131	1,411			
Other fixed assets	949	903			
Equity affiliates	257	255			
Financial assets	322	408			
Deferred tax assets	57	83			
Financial instruments	65	77	Shareholders' equity	8,298	8,582
Assets held for sale	239	296	Borrowings	7,842	8,995
Cash	1,155	1,134	Financial instruments	277	312
Inventory (Trading & Construction activities)	184	190	Deferred tax liabilities	594	684
Other	514	395	Other liabilities	835	705
Total	17,847	19,279	Total	17,847	19,279

► Investment properties, Properties under development and Other fixed assets

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

(In € million, Group share)	2019	2020	var.
France Offices	5,376	5,523	147
Italy Offices (incl. Retail)	3,041	2,749	-292
German Offices	108	1,393	n.a.
German Residential	4,134	4,440	307
Hotels in Europe (incl. Retail)	2,568	2,587	20
Car parks (and other)	66	45	-21
Total Fixed Assets	15,293	16,737	1,444

The increase in **France Offices** (+€147 million) was mainly due to the investment in development CAPEX (+€226 million) and the change in fair value (+€73.7 million), partly offset by -€163 million in disposals for the year, including mature assets like Nanterre Respiro, Villeurbanne Le Patio and Nancy origin.

In Italy Offices, the change (-€292 million) was mainly due to disposals for the year (-€337 million), the decrease in fair value (-€43 million) due to the negative performance on assets outside Milan and non-strategic retail assets, offset by the CAPEX & acquisition of the year (+€88 million).

The increase in **German Residential** (+€307 million) was mainly due to the change in fair value (+€265.7 million), acquisitions, CAPEX and acquisitions (+€83 million), offset by the disposal for the year (-€19 million) and the change in scope (sale and acquisition via a share deal for -€24 million).

The increase in the **Hotels in Europe portfolio** (+€20 million) was mainly driven by the acquisition of a Hotels portfolio located in Italy, the Czech Republic, Hungary and France (+€234 million) and CAPEX (+€17 million), offset by the decrease in fair value (-€140 million), the disposal (-€64 million) and the change in foreign currency mainly in the UK portfolio (-€27 million).

► **Assets held for sale (included in the total fixed assets above), €296 million at the end of December 2020**

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

- 80% of offices in France.
- 9% of offices in Italy.
- 7.5% of hotels in Europe.

► **Total Group shareholders' equity**

Shareholders' equity increased from €8,298 million at the end of 2019 to €8,582 million at 31 December 2020, i.e., an increase of €285 million, mainly due to:

- Income for the period: +€360 million.
- The dividend distribution: -€417 million.
- Capital increase through the scrip dividend option chosen by 82% of shareholders: +€343 million.

The issuance of 7,324,326 new shares was related to the payment of the dividend payment option in shares, chosen by 82% of shareholders (7,185,223), and the free share plan (139,103).

► **Deferred tax liabilities**

Net deferred taxes represent €601 million in liabilities versus €537 million on 31 December 2019. This €64 million increase is mainly due to the acquisition of new entities in Germany Offices (+€47 million), the growth of appraisal values in Germany (+€34 million), the increase of the deferred tax liability in Italy Offices tied to fiscal amortisation (+€9 million), partly offset by the change in fair value in the Hotels activity and the deferred tax asset tied to a tax loss carry forward in the Hotels operating activity (both equal to -€27 million).

3.6. Simplified consolidated balance sheet (at 100%)

(In € million, 100%)						
Assets	2019	2020	Liabilities	2019	2020	
Investment properties	19,504	20,912				
Investment properties under development	1,334	1,713				
Other fixed assets	1,656	1,602				
Equity affiliates	374	361				
Financial assets	259	282	Shareholders' equity	8,298	8,582	
Deferred tax assets	62	104	Non-controlling interests	4,061	3,986	
Financial instruments	78	99	Shareholders' equity	12,358	12,568	
Assets held for sale	324	335	Borrowings	10,891	12,296	
Cash	1,302	1,246	Financial instruments	362	429	
Inventory (Trading & Construction activity)	233	249	Deferred tax liabilities	984	1,077	
Other	594	475	Other liabilities	1,124	1,009	
Total	25,720	27,380	Total	25,720	27,380	

4. FINANCIAL RESOURCES

Summary of the financial activity

Covivio is rated BBB+ with a stable outlook by S&P.

At end-2020, Covivio's Loan-to-Value (LTV) ratio stood at 40.9% close to its 40% policy, thanks to active asset rotation and financial discipline with a capital increase (scrip dividend). The main effects on LTV where:

- ▶ The acquisition made in Germany Offices this year (€1.1 billion Group share) and continued investment in the development pipeline (€328 million)
- ▶ €871 million of disposals signed this year with an 8% margin above appraisal values.
- ▶ The success of the dividend payment in shares, chosen by 82% of shareholders (+€343 million capital increase)

The liquidity position is also strong, with €2.5 billion available at end-2020 on Covivio SA, including €1.3 billion of undrawn credit lines and €1.2 billion of cash.

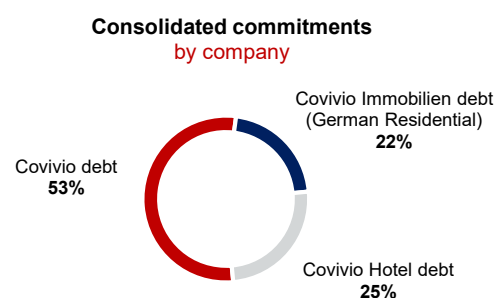
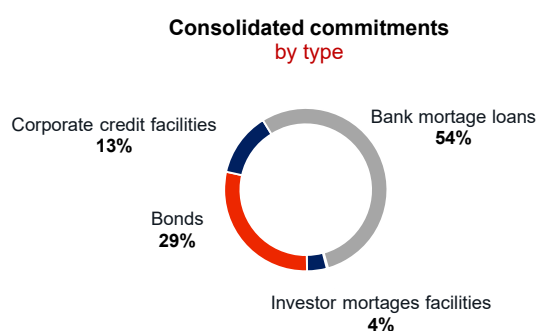
4.1. Main debt characteristics

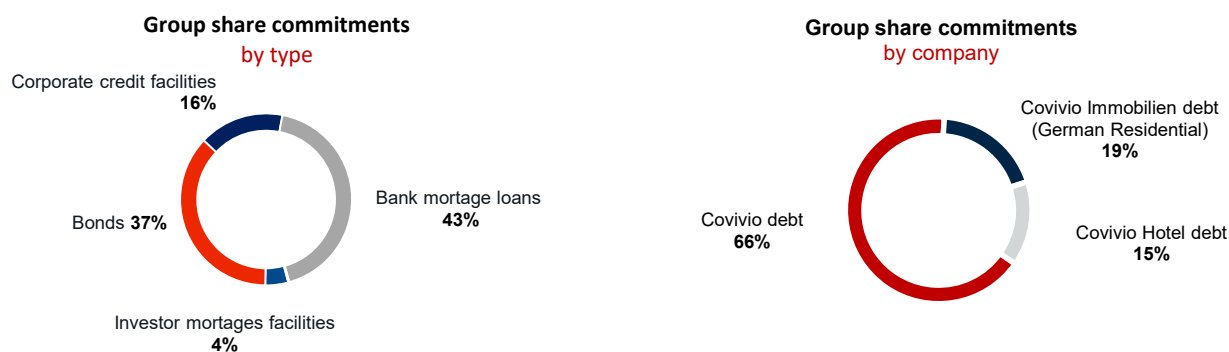
Group share	2019	2020
Net debt, Group share (€ million)	6,688	7,861
Average annual rate of debt	1.55%	1.29%
Average maturity of debt (in years)	6.1	5.7
Debt active hedging spot rate	84%	81%
Average maturity of hedging	7.7	6.5
LTV including duties	38.3%	40.9%
ICR	5.7	6.1

4.2. Debt by type

Covivio's net debt stands at €7.9 billion in Group share at end-2020 (€11.0 billion on a consolidated basis), €1.2 billion higher compared to end-2019 due to the acquisition of the Germany Office portfolio.

As regards the commitments attributable to the Group, the share of corporate debts (bonds and loans) remains at 53% at end-2020. Additionally, Covivio had €1.5 billion in commercial paper outstanding at 31 December 2020.



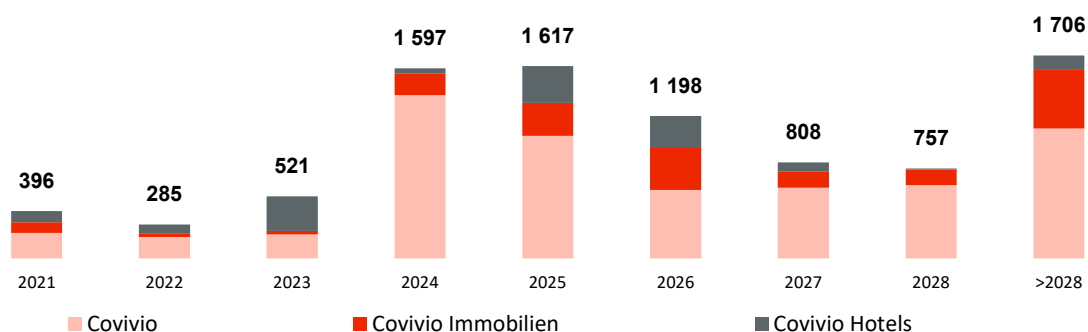


4.3. Debt maturity

The average maturity of Covivio's debt stands at 5.7 years at end-2020 (excluding commercial paper). Until 2024, there is no major maturity that has not already been covered or is already under renegotiation.

The next large 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 million Group share linked to the Telecom Italia portfolio.

Debt amortization schedule by company € million (Group share)¹

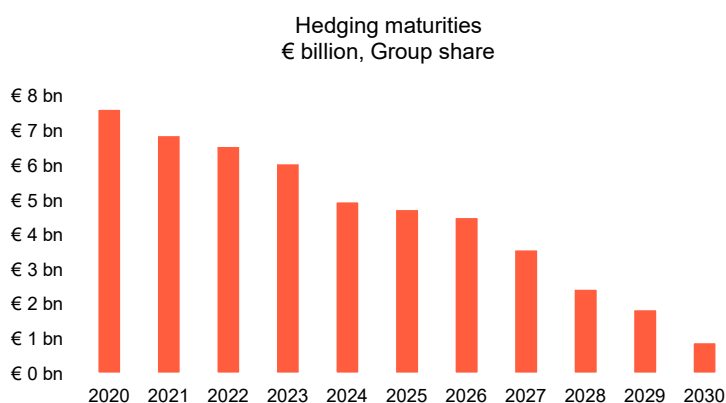


¹ Excluding commercial papers

4.4. Hedging profile

At end-2020, 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 2020, Covivio is hedged at 81% with an average term of the hedges of 6.5 years Group share.



4.5. Average interest rate on debt and sensitivity

The average interest rate on Covivio's debt decreased again significantly by 26 bps to 1.29% in Group share. For information purposes, an increase of 25 basis points in the three-month Euribor rate would have a negative impact of 1.4% 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 2020, to 60% for Covivio and Covivio Hotels.
- ▶ The most restrictive ICR consolidated covenants applicable to the REITs, at 31 December 2020, are of 200% for Covivio and Covivio Hotels.

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	2020
LTV	60.0%	44.1% ¹
ICR	200%	605%
Secured debt ratio	25.0%	4.7%

¹ Excluding duties and sales agreements

All covenants were fully complied with at end-2020. 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)

(In € million Group hare)	2019	2020
Net book debt	6,688	7,861
Receivables linked to associates (full consolidated)	-132	-173
Receivables on disposals	-82	-119
Preliminary sale agreements	-239	-325
Purchase debt	75	82
Net debt	6,310	7,327
Appraised value of real estate assets (including duties)	16,319	17,838
Preliminary sale agreements	-239	-325
Financial assets	27	15
Receivables linked to associates (equity method)	111	110
Share of equity affiliates	257	255
Value of assets	16,474	17,892
LTV excluding duties	40.3%	43.1%
LTV including duties	38.3%	40.9%

4.6. Reconciliation with consolidated accounts

Net debt

(In € million)	Consolidated accounts	Minority interests	Group share
Bank debt	12,296	-3,301	8,995
Cash and cash equivalents	1,246	-112	1,134
Net debt	11,050	-3,188	7,861

Portfolio

(In € million)	Consolidated accounts	Portfolio of companies under the equity method	Fair value of operating properties	Right of use of investment properties	Minority interests	Group share
Investment & development properties	22,625	1,288	1,657	-229	-8,533	16,809
Assets held for sale	335				-39	296
Total portfolio	22,961	1,288	1,657	-229	-8,572	17,105

Duties	884
Portfolio group share including duties	17,989
(-) share of companies consolidated under the equity method	-435
(+) Fair value of trading activities	190
(+) Right of use of operating properties	52
(+) Advances and deposits on fixed assets	41
Portfolio for LTV calculation	17,838

Interest Coverage Ratio

	Consolidated accounts	Minority interests	Group share
EBITDA (net rents (-) operating expenses (+) results of other activities)	708.0	-203.4	504.5
Cost of debt	145.0	-61.7	83.4
ICR			6.05

5. EPRA REPORTING

The German Residential information in the following sections include some Office assets owned by the subsidiary (Covivio Immobilien).

5.1. Change in net rental income (Group share)

€ million	2019	Acquis.	Disposals	Developments (deliveries & vacating for redevelopment)	Indexation, asset management & occupancy	Rent provisions & other effects	2020
France Offices	213	0	-13	1	-6	-1.8	194
Italy Offices (incl. retail)	133	0	-20	0	-3	-2.2	109
German Offices	-	35	0	0	0	0	35
German Residential	146	2	-2	0	3	0	148
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	96	3	-4	1	-41	-3	52
Other (France Residential)	3	0	-3	0	0	0	0
Total	591	40	-41	3	-47	-7	539

Reconciliation with financial data

€ million	2020
Total from the table of changes in Net rental Income (GS)	539
Adjustments	-
Total net rental income (Financial data § 3.3)	539
Minority interests	237
Total net rental income (Financial data § 3.4)	776

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 (€m)	Net rental income (€m)	Annualised rents (€ m)	Surface (m ²)	Average rent (€/m ²)	Vacancy rate (%)	EPRA vacancy rate (%)
France Offices	207	194	232	1,565,196	181	6.9%	6.5%
Italy Offices (incl. retail)	132	109	128	1,385,775	121	3.2%	2.8%
German Offices	42	35	47	395,893	135	23.3%	21.8%
German Residential	164	149	156	2,764,046	88	1.3%	1.3%
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	60	52	110	n.c	n.c	-	-
Total ¹	606	539	674	6,111,572	110	5.2%	5.0%

1. Including French residential and others

Average metric rents are computed on total surfaces, including land banks and vacancy on development projects.

5.3. Investment assets - Asset values

(€ million, Group share)	Market value	Change in fair value over the year	Duties	EPRA NIY
France Offices	5,933	74	284	3.9%
Italy Offices (incl. Retail)	2,742	-43	95	3.7%
German Residential (Covivio Immobilien)	4,257	257	307	3.1%
German Offices	1,541	-	82	2.3%
Hotels in Europe (incl. Retail)	2,584	-139	116	4.4%
Other (France Resi. and car parks)	48	0	0	n.a.
Total 2020	17,105	148	884	3.6%

The EPRA net initial yield is the ratio of:

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

Reconciliation with IFRS statements

€ million	2020
Total portfolio value (Group share, market value)	17,105
Fair value of the operating properties	-896
Fair value of companies under equity method	-435
Right of use on investment assets	106
Fair value of car parks facilities	-46
Investment assets Group share ¹ (Financial data § 3.5)	15,834
Minority interests	7,127
Investment assets 100% ¹ (Financial data § 3.5)	22,961

¹ Fixed assets + Developments assets + asset held for sale

Reconciliation with IFRS

€ million	2020
Change in fair value over the year (Group share)	148
Others	-
Income from fair value adjustments Group share (Financial data § 3.3)	148
Minority interests	-20
Income from fair value adjustments 100% (Financial data § 3.3)	128

5.4 Assets under development

	Ownership type	% ownership (Group share)	Fair value December 2020	Capitalised financial expenses over the year	Total cost incl. financial cost 1 (€m, Group share)	% progress	Delivery date	Surface at 100% (m ²)	Pre-leasing	Yield (%)
Flow	FC	100%		2.0	115	60%	08/04/2021	23,600 m ²	100%	6.6%
Silex II (50% share)	FC	50%		1.8	85	54%	30/06/2021	30,900 m ²	38%	5.8%
Montpellier Bâtiment de services	FC	100%		0.3	21	77%	30/04/2021	6,300 m ²	23%	6.7%
Montpellier Orange	FC	100%		0.3	49	54%	31/05/2021	16,500 m ²	100%	6.7%
Paris So Pop (50% Share)	FC	50%		1.3	112	12%	31/03/2022	31,300 m ²	0%	6.1%
N2 (50% share)	FC	50%		1.1	84	28%	30/09/2022	15,600 m ²	0%	4.2%
DS Extension 2 (50% share)	FC	50%		0.1	71	13%	30/04/2023	27,500 m ²	100%	7.2%
Levallois Alis	FC	100%		2.5	210	10%	31/07/2022	19,800 m ²	0%	5.0%
Jean Goujon	FC	100%		4.1	189	20%	31/03/2022	8,600 m ²	0%	3.7%
Total France Offices			859	13.6	935	28%		180,100 m²	29%	5.4%
The Sign B+C	FC	100%		1.5	72	69%	31/03/2021	16,900 m ²	97%	7.3%
Symbiosis D	FC	100%		1.4	91	38%	31/10/2021	18,500 m ²	47%	6.7%
Unione	FC	100%		1.0	47	11%	31/12/2021	4,500 m ²	0%	5.3%
Total Italy Offices			172	3.9	210	43%		39,900 m²	54%	6.6%
Total Hotels in Europe			-	-	-			-		
Total German Offices			-	-	-			-		
Total			1,032	17.5	1,145	31%		220,000 m²	34%	5.6%

¹ Total cost including land and financial cost

² FC : Full consolidation

¹ Total cost including financial cost (€M, Group share) : € 705 million of projects in companies consolidated under the equity method (Orty Belaia) and projects committed in 2020. The total cost of committed projects is therefore € 1.793 million (cf 1.G. Development projects).

Reconciliation with total committed pipeline

(€M, Group share)	Capitalised financial expenses over the year	Total cost incl. financial cost (Group share)
Projects fully consolidated	17.5	1,145
Projects on own-occupied buildings (Paris Gobelins)	0.9	50
French Residential	n.a.	44
German Residential	n.a.	157
Others (Vitae)	-	42
Total	18.4	1,439

Reconciliation with financial data	2020
Total fair value of assets under development	1032
Project under technical review and non-committed projects	379
Assets under development (Financial data § 3.5)	1411

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				Total (€m)	Section
			N+1	N+2	N+3 to 5	Beyond		
France Offices	4.6	5.5	16%	16%	31%	36%	100%	2.B.6
Italy Offices (incl. retail)	7.4	7.8	12%	11%	10%	66%	100%	2.C.6
Germany Offices	4.9	5.8	15%	13%	41%	31%	100%	2.D.6
Hotels in Europe (incl. retail)	14.1	15.5	1%	2%	7%	89%	100%	2.F.5
Total¹			9%	9%	16%	67%	100%	

1. Percentage of lease expiries on total revenues

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:

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

- ▶ EPRA net initial yield is the ratio of:

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

(€ million, Group share) Excluding French Residential and car parks	Total 2019	France Offices	Italy Offices (incl. Retail)	German Offices	German Residential	Hotels in Europe (incl. Retail)	Total 2020
Investment, disposable and operating properties	15,638	5,933	2,742	1,541	4,257	2,584	17,105
Restatement of assets under development	-1,055	-904	-273	-148	-	-22	-1,347
Restatement of undeveloped land and other assets under development	-320	-132	-64	-10	-	0	-206
Duties	805	284	95	92	298	116	884
Value of assets including duties (1)	15,068	5,182	2,500	1,475	4,554	2,678	16,436
Gross annualised IFRS revenues	671	218	112	41	156	134	661
Irrecoverable property charge	-54	-14	-20	-7	-15	-16	-72
Annualised net revenues (2)	618	204	92	34	141	118	589
Rent charges upon expiration of rent free periods or other reductions in rental rates	24	16	16	6	-	7	45
Annualised topped-up net revenues (3)	642	219	108	40	141	125	634
EPRA Net Initial Yield (2)/(1)	4.1%	3.9%	3.7%	2.3%	3.1%	4.4%	3.6%
EPRA "Topped-up" Net Initial Yield (3)/(1)	4.3%	4.2%	4.3%	2.7%	3.1%	4.7%	3.9%
Transition from EPRA topped-up NIY to Covivio yield							
Impact of adjustments of EPRA rents	0.4%	0.3%	0.8%	0.5%	0.4%	0.6%	0.5%
Impact of restatement of duties	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Covivio reported yield rate	4.9%	4.8%	5.3%	3.4%	3.7%	5.5%	4.5%

5.7. EPRA cost ratio

(€million, Group share)	2019	2020
Cost of other activities and fair value	-30.9	-30.3
Expenses on properties	-23.3	-21.5
Net losses on unrecoverable receivables	-3.8	-15.4
Other expenses	-4.2	-5.1
Overhead	-100.8	-99.9
Amortisation, impairment and net provisions	3.8	-0.9
Income covering overheads	29.8	21.8
Cost of other activities and fair value	-5.4	-3.9
Property expenses	0.6	0.7
EPRA costs (including vacancy costs) (A)	-134.2	-154.5
Vacancy cost	12.4	12.8
EPRA costs (excluding vacancy costs) (B)	-121.9	-141.7
Gross rental income less property expenses	648.9	605.5
EBITDA from hotel operating properties & coworking, income from other activities and fair value	87.8	62.0
Gross rental income (C)	736.7	667.5
EPRA costs ratio (including vacancy costs) (A/C)	18.2%	23.2%
EPRA costs ratio (excluding vacancy costs) (B/C)	16.5%	21.2%

The EPRA cost ratio is increasing due to the decrease of revenue in hotels and the increase of unpaid rents on retails. The calculation of the EPRA cost ratio excludes car parks activities.

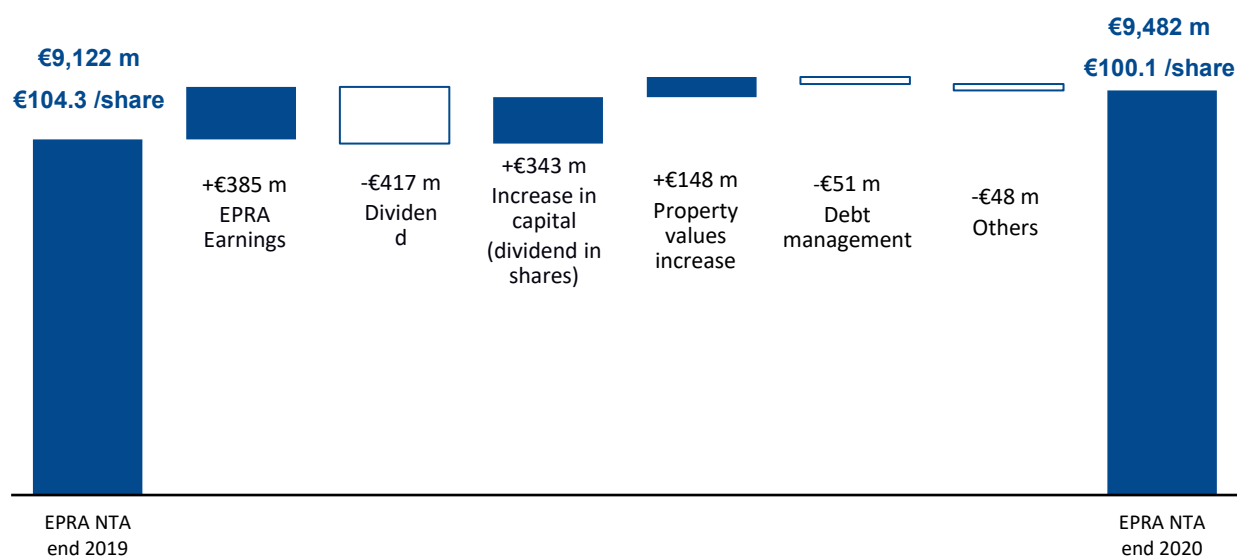
5.8. EPRA Earnings: €385 m in 2020

(€million)	2019	2020
Net income Group share (Financial data §3.3)	747.0	359.8
Change in asset values	-613.5	-148.3
Income from disposal	13.4	-3.2
Acquisition costs for shares of consolidated companies	10.9	13.8
Changes in the value of financial instruments	156.3	79.5
Interest charges related to finance lease liabilities (leasehold > 100 years)	3.9	4.0
Rental costs (leasehold > 100 years)	-2.7	-2.8
Deferred tax liabilities	78.9	34.8
Taxes on disposals	5.2	14.1
Adjustment to amortisation	19.1	18.9
Adjustments from early repayments of financial instruments	35.5	8.7
Adjustment to directors departure compensation	1.2	0.0
EPRA Earnings adjustments for associates	-2.8	5.7
EPRA Earnings	452.3	385.0
EPRA Earnings in €/share	5.31	4.21

5.9. EPRA NRV, EPRA NTA and EPRA NDV

	2019	2020	Var.	Var. (%)
EPRA NRV (€ m)	9,996	10,452	456	+4.6%
EPRA NRV / share (€)	114.2	110.3	-3.9	-3.4%
EPRA NTA (€ m)	9,122	9,482	360	+3.9%
EPRA NTA / share (€)	104.3	100.1	-4.2	-4.0%
EPRA NDV (€ m)	8,265	8,464	200	+2.4%
EPRA NDV / share (€)	94.5	89.3	-5.2	-5.5%
Number of shares	87,499,953	94,773,299	7,273,346	+8.3%

Evolution of EPRA NTA



	€ m	€/share
Shareholders' equity	8,582	90.6
Fair value assessment of operating properties	124	
Duties	884	
Financial instruments and ORNANE	240	
Deferred tax liabilities	621	
EPRA NRV	10,452	110.3
Restatement of value Excluding Duties on some assets	-839	
Goodwill and intangible assets	-82	
Deferred tax liabilities	-49	
EPRA NTA	9,482	100.1
Optimization of duties	-45	
Intangible assets	24	
Fixed-rate debts	-185	
Financial instruments and ORNANE	-240	
Deferred tax liabilities	-572	
EPRA NDV	8,464	89.3

Reconciliation between shareholder's equity and EPRA NAV

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 31st December 2020 by independent real estate experts such as Cushman, REAG, CBRE, HVS, JLL, BNPP Real Estate, MKG 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 €75.6 million value adjustment was recognised in EPRA NRV.

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 NRV was €24.2 million on the 31st December 2020.

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 NRV was adjusted for the difference resulting from the fair value appraisal of the assets for €24.6 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 NDV was adjusted for the fair value of fixed-rate debt. The impact was -€185,3 million at 31 December 2020.

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 €45,0 million at 31 December 2020.

Deferred tax liabilities

The EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

For this purpose, the Group uses the following method:

- **Offices:** takes into account 50% of deferred tax considering the regular asset rotation policy,
- **Hotels:** takes into account deferred tax on the non-core part of the portfolio, expected to be sold within the next few years
- **Residential:** includes the deferred tax linked to the building classified as Assets available held for sale, considering the low level of asset rotation in this activity.

5.10. Reminder of previous EPRA NAV metrics

	2019	2020	Var.	Var. (%)
EPRA NAV (€ m)	9,256	9,613	357	+3.9%
EPRA NAV / share (€)	105.8	101.4	-4.4	-4.2%
EPRA NNNAV (€ m)	8,375	8,566	192	+2.3%
EPRA NNNAV / share (€)	95.7	90.4	-5.3	-5.5%
Number of shares	87,499,953	94,773,299	7,273,346	+8.3%

	M€	€/share
Shareholders' equity	8,582.2	90.6
Fair value assessment of operating properties	75.6	
Fair value assessment of car parks facilities	24.2	
Fair value assessment of hotel operating properties	24.6	
Fair value assessment of fixed-rate debts	-185.3	
Restatement of value Excluding Duties on some assets	45.0	
EPRA NNNAV	8,566.3	90.4
Financial instruments and fixed-rate debt	425.2	
Deferred tax liabilities	621.3	
ORNANE	0.2	
EPRA NAV	9,613.0	101.4
IFRS NAV	8,582.2	90.6

5.11. CAPEX by type

€ million	2019		2020	
	100%	Group share	100%	Group share
Acquisitions ¹	50	30	50	39
Renovation on portfolio excl. Developments ²	214	147	205	141
Developments ³	379	308	313	271
Capitalized expenses on development portfolio ⁴ (except under equity method)	25	21	32	28
Total	668	507	601	480

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

5.12. EPRA performance indicator reference table

EPRA information	Section	in %	Amount in €	Amount in €/share
EPRA Earnings	5.8	-	€385 m	€4.2 /share
EPRA NRV	5.9	-	€10,452 m	€110.3 /share
EPRA NTA	5.9	-	€9,482 m	€100.1 /share
EPRA NDV	5.9	-	€8,464 m	€89.3 /share
EPRA NAV	5.10	-	€9,613 m	€101.4 /share
EPRA NNNAV	5.10	-	€8,566 m	€90.4 /share
EPRA NAV/IFRS NAV reconciliation	5.10	-	-	-
EPRA net initial yield	5.6	3.6%	-	-
EPRA topped-up net initial yield	5.6	3.9%	-	-
EPRA vacancy rate at year-end	5.2	5.0%	-	-

6. FINANCIAL INDICATORS OF THE MAIN ACTIVITIES

	Covivio Hotels			Covivio Immobilien		
	2019	2020	Change. (%)	2019	2020	Change. (%)
EPRA Earnings (In € million)	209.2	38.8	-81.5%	139.6	156.6	+12.1%
EPRA NAV (In € million)	3,816	3,363	-11.9%	3,744	4,145	+10.7%
EPRA NNAV (In € million)	3,401	3,000	-11.8%	3,078	3,397	+10.4%
EPRA NRV	4,032	3,582	-11.2%	n.a	4,595	n.a
EPRA NTA	3,630	3,195	-12.0%	n.a	4,147	n.a
EPRA NDV	3,202	2,819	-12.0%	n.a	3,397	n.a
% of capital held by Covivio	43.2%	43.5%	+0.3 pts	61.7%	61.7%	+0.0 pts
LTV including duties	34.9%	41.9%	+7.0 pts	35.0%	34.4%	-0.6 pts
ICR	5.1	2.2	-290 bps	5.2	6.1	+95 bps

7. GLOSSARY

▶ **Net asset value per share (NRV/share), NTA and NDV per share**

NRV per share (NTA and NDV 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.

▶ **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 equity 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 - Loss of rental income through vacancies (calculated at MRV)

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 Like-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