



# COVIVIO

Paris, 28 November 2024, 7.00 am

## 2024 CAPITAL MARKETS DAY

### Opening a new phase

*Covivio is hosting its 2024 Capital Markets Day today in Paris. Building on the success of its strategic plan shared in Berlin at the end of 2022, Covivio's priorities are now to balance its portfolio between its three asset classes, to strengthen its centrality and hospitality approach and to extract growth potential from its assets.*

### A successful 2022-2024 strategy

At end-2022, in an environment impacted by inflation, rising interest rates and dropping values, Covivio had adjusted its strategy, announcing (i) a €1.5bn disposal plan, (ii) a reduction in investments, with a focus on the most central areas, and (iii) the target of increasing revenues on a like-for-like basis.

Two years later, Covivio has successfully implemented this action plan:

- €1.5 billion in new disposal agreements have been secured. More specifically, Covivio signed on 27 November 2024 an agreement with Valesco for the future Moncler headquarters in Milan, worth €200 million.
- The balance sheet has been strengthened through a return to a LTV (Loan-to-Value) below 40%, expected by the end of 2024, a decrease in Net Debt to EBITDA ratio (12.1x at end-June 2024 compared with 14.5x mid-2022) and a doubled available liquidity (€2.5bn at end-June 2024).
- At the same time, Covivio has extracted the rental growth potential of its portfolio, via a +13.6% cumulative like-for-like revenue growth since end-2022, enabling recurring net income to rise from €430 million at end-2022 to an expected €460 million by end-2024.

During this period, Covivio also entered a new growth phase with two strategic hotel operations in 2024:

- Increased stake in its subsidiary Covivio Hotels to 52.5% as of mid-2024, compared with 43.8% at end-2023. With this operation, which is equivalent to the acquisition of €500 million of assets, Covivio has strengthened its position in one of the highest-quality assets on the market and in a growing sector. Hotels now account for 20% of Covivio's portfolio, vs. 17% at end-2023.
- Consolidation of ownership of hotel operating and property companies jointly owned with AccorInvest. The deal, which will be completed in the next few days, will enable to acquire operating companies located in highly attractive tourist areas with significant value creation potential through repositioning and management optimisation ([link to press release](#)).

## Asset values stabilization in the second half of 2024

The end of 2024 marks a turning point for the real estate market, with inflation (+2% year-on-year in October in Europe) and interest rates falling sharply. This context has been accompanied by a gradual recovery in the investment market<sup>1</sup>, particularly in hotels (€15bn invested in Europe in the first nine months of 2024, up +55% year-on-year) and residential (up +50% in Germany, to €5.9bn at end-September). Investment volumes in offices stabilized, at €28 billion at end-September in Europe (-2% year-on-year).

This stabilization is reflected in the preliminary feedback from appraisals of Covivio's assets, which shows stability on a like-for-like basis for the second half of 2024. This preliminary feedback is driven by increases of around +1% in hotels and +1% in German residential. In offices, the decline in asset values slowed sharply to around -1%, thanks to outperformance in Paris and Milan.

## Strategic priorities for 2030

### Balance the portfolio

Covivio has set itself the target of portfolio rebalancing towards 1/3 exposure to each of its asset classes (hotels, residential, offices), compared with 20% hotels, 30% residential and 50% offices at end-June 2024.

More specifically, this will involve continued strengthening of the Group's exposure to hotels, with the aim of increasing the Group's exposure to Southern Europe. In offices, the refocusing on city-centers will continue, with the objective of 80% of the portfolio in city-centers, compared with 69% at end-June 2024. In residential, Covivio intends to continue strengthening its position in Berlin (57% of residential assets in 2024), one of Germany's most dynamic cities.

### Develop the hospitality approach across the entire portfolio

For many years now, Covivio has been keeping pace with the changing users' expectations, drawing in particular on its integrated operator approach, with an ambitious service policy and customer relations, backed up by flexible and tailor-made offerings. In offices, Covivio will continue to ramp up its operated office offer, the success of which has contributed to the steady rise in the occupancy rate to 95.6% at end-September.

In hotels, the Group took a new step forward in 2024 with the development of its hotel management platform as part of its operation to gather hotels operating and property companies. Covivio has given its platform a new identity: WiZiU ([link to press release](#)). This move towards a more operational model will enable Covivio to target operations with greater potential for value creation, in particular by optimising hotel performance and carrying out capex programs to achieve a significant yield increase.

In residential, Covivio intends to meet the growing demand for operated and serviced housing. The Group is studying the development of an operated residential offering in two of its buildings in France (via office-to-residential conversions) and in its mixed-use Alexanderplatz project in Berlin.

### Deploy a biodiversity strategy and maintain a leadership status in ESG

Covivio is well on track to achieve its target of reducing carbon emissions by 40% between 2010 and 2030, in particular through its €235 million green capex plan by 2030 and its low-carbon policy. At end-June 2024, 96% of the portfolio have environmental certification, close to the target of 100% by end-2025, making Covivio one of the leaders in terms of alignment rate to the EU taxonomy.

Faithful to its pioneering approach to ESG (having defined its first 2030 carbon trajectory in 2018) and aware of the real estate sector's impact on biodiversity, Covivio announces the launch of an ambitious biodiversity strategy. The company is committed to an action plan aimed at preventing the degradation of natural spaces, reducing resource consumption, and fostering urban nature development. The 21 associated objectives are detailed in the new Nature Report, published on the occasion of the Capital Markets Day ([link to the report](#)).

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<sup>1</sup> Sources: RCA, BNP Real Estate, JLL

By combining its carbon and biodiversity commitments within a Nature policy, Covivio intends to maintain its leadership position in ESG, which has been hailed by the extra-financial rating agencies (AAA status with MSCI and 5-star status with GRESB in 2024).

### Continue to extract growth from our portfolio

Covivio is benefiting from solid operating momentum across all its businesses, with strengthened fundamentals. At end-September, revenues were up by +6.8% on a like-for-like basis, of which +8.3% in offices, +4.2% in German residential and +7.1% in hotels. The occupancy rate was 97.3%, with an average firm lease term of 6.4 years.

Covivio intends to continue extracting growth potential from its assets through three levers:

- (i) **the full impact of the hotel expansion in 2024**, in particular the operating and property companies' consolidation, which should bring in €11 million in additional revenue in 2025;
- (ii) **development projects**: expected rental income from the committed pipeline, due for delivery by 2027, amounts to €70 million. In the medium term, the assets restructuring in Paris and the land development potential in Milan could generate more than €55 million in additional revenue for around €700 million capex;
- (iii) **active asset management**. In offices, Covivio intends to capture rental reversion on its city-centers assets, estimated at +15% and representing €14 million of potential additional rents on leases expiring between now and end-2028. In German residential, the +32% reversionary potential represents more than €50 million of additional rents to be captured through reletting and modernization capex programs. In hotels, the Group estimates a revenue growth of €22 million via the capex plan for hotels (around €170 million), mainly from consolidation of operating and property companies with AccorInvest and offices to hotels conversion.



## AGENDA

▶ 2024 annual results:

19 February 2025



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## ABOUT COVIVIO

Thanks to its partnering history, its real estate expertise and its European culture, Covivio is inventing today's user experience and designing tomorrow's city.

A preferred real estate player at the European level, Covivio is close to its end users, capturing their aspirations, combining work, travel, living, and co-inventing vibrant spaces.

A benchmark in the European real estate market with €23.0 bn in assets, Covivio offers support to companies, hotel brands and territories in their pursuit for attractiveness, transformation and responsible performance.

Build sustainable relationships and well-being, is the Covivio's Purpose who expresses its role as a responsible real estate operator to all its stakeholders: customers, shareholders and financial partners, internal teams, local authorities but also to future generations and the planet. Furthermore, its living, dynamic approach opens up exciting project and career prospects for its teams.

Covivio's shares are listed in the Euronext Paris A compartment (FR0000064578 - COV), are admitted to trading on the SRD, and are included in the composition of the MSCI, SBF 120, Euronext IEIF "SIIC France" and CAC Mid100 indices, in the "EPRA" and "GPR 250" benchmark European real estate indices, and in the ESG FTSE4 Good, CAC SBT 1.5°C, DJSI World & Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20), Euronext® CDP Environment France EW, ISS ESG, Ethibel and Gaïa ethical indices and also holds the following awards and ratings: CDP (A), GRESB (88/100, 5-Star), ISS-ESG (B-) and MSCI (AAA).

### Solicited ratings:

Financials: BBB+ / Stable outlook from S&P